DECEMBER 2007 QUARTERLY REPORT — 29 January 2008

SHAW RIVER RESOURCES LTD

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CONTACTS

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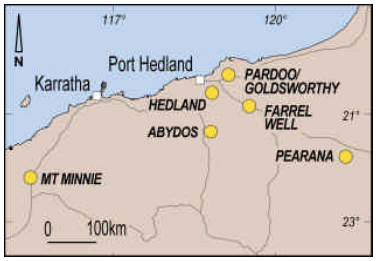
Projects (100%)

- Hedland – East Pilbara : gold, zinc-silver
- Mt Minnie – Ashburton: gold, uranium, zinc-lead-copper-silver
- Farrel Well – East Pilbara: gold, nickel , zinc-lead-copper-silver
- Abydos – Central Pilbara: gold, tin, tantalum, nickel, copper-zinc
- Pardoo/Goldsworthy – East Pilbara: gold, zinc-copper, nickel
- Pearana – Far East Pilbara : copper, gold



HIGHLIGHTS FOR THE QUARTER

Hedland Project – Gold and Base Metals

- New gold discovery in unexplored greenstone belt.
- Drill intersections on three prospects over 3.7km of strike.
- Best intersections included;
  1m at 6.65 g/t Au;
  9m at 1.81 g/t Au including 2m at 5.76 g/t Au and
  1m at 2.21 g/t Au.

Mt Minnie Project – Gold, Copper, Uranium and Base Metals

- Gold intersection of 1m at 3.2 g/t Au adjacent to previous WMC copper drill intersection of 10m at 0.17% Cu.
- Uranium drilling program completed. Enrichment of Uranium in channels sediments identified up to 55ppm.
- Five base metal drill targets identified.
- Three Iron Oxide Copper Gold (IOCG) drill targets identified.

Farrel Well Project – Base Metals and Gold

- VTEM survey identified eight new nickel and base metal targets.
- Nickel anomalism (0.6% Ni in rock chips) identified at Gorge Range prospects.

Corporate

- The company reached agreement to raise $3.0m from sophisticated and professional investors as part of a two tranche placement to fund exploration activity.
- Agreement was reached with Atlas Iron to acquire mineral rights over 14 additional, highly prospective gold and base metals tenements at Abydos and Goldsworthy in the Pilbara region of Western Australia.
- Following completion of the capital raising, Shaw River will have $4.0m dollars in cash available for exploration.

Plans for the March Quarter

- **Gold**
  - RC Drilling at Hedland to follow up gold intersections at the Transformer Prospect identified in previous quarter.
  - Further gold drilling target generation at Hedland, Goldsworthy, Mt Minnie and Abydos
- **Base Metals.** Finalise drill targets at Mt Minnie base metal targets.
- **Nickel.** Confirm Farrel Well nickel drill targets from VTEM anomalies.

1. HEDLAND PROJECT (SHAW RIVER 100%- Gold and Base Metals)

"*The new drilling results add to our growing belief in the potential of this project to host significant gold mineralisation. Drill intersections like the* ***9m at 1.8g/t gold in STRC026*** *increase our confidence in locating economic mineralisation in the immediate area.****"***

Shaw River's Hedland Project, 42km south-east of Port Hedland hosts the extension and intersection of the crustal scale Tabba Tabba Shear Zone and Mallina Shear. Both of these geological structures are host to base metal and gold mineralisation to the south-west along their entire length.

Shaw River holds 14km of the north-eastern end of the Tabba Tabba Shear Zone near Port Hedland. This section of the belt has never been drilled, despite the occurrence of gold and base metal mineralisation on structures along strike to the south west at Indee (529,000 oz gold), Wingina Well (200,000 oz gold), and Orchard Tank (zinc-lead-silver-gold). The Hedland Project occupies a unique geological position for potential economic mineralisation.

During the quarter, Shaw River conducted an RC drilling program of 29 holes for 3785m. This program was the first ever drilled into this section of the greenstone belt and delivered excellent first pass results with gold discoveries over three prospects covering 3.7km of strike (see Figure 1).

Best results from the program included:

- **9m at 1.8g/t gold from 77m including 2m at 5.76 g/t gold from 83m and 2m at 1.5g/t gold from 77m in SCRC026 at Transformer**
- **1m at 2.2 g/t gold from 101m in SCRC017at Hunky Dory**
- **1m at 6.65 g/t gold from 36m in SCRC013 at Screamer**
- **2m at 1.15 g/t gold from 47m in SCRC006 at Screamer**
- **8m at 0.69 g/t gold from 130m including 3m @ 1.54 g/t gold from 133m in SCRC012 at Screamer**

Information to date indicates that gold mineralisation appears to be related to north-west trending structural offsets along the crustal scale Tabba Tabba Shear Zone with an anomalous arsenic-barium-sulphur signature. Lab results indicate the presence of a component of coarse gold in the drill samples often associated with higher grades. Significant amounts of hydrothermal alteration have been noted by our geologists.

Plans for the March 2008 Quarter

Shaw River will have continuous activity at Hedland in 2008, with a view to establishing a gold resource before the end of the calendar year. Follow-up drilling is planned for the project during the first quarter of 2008. The company's exploration team has analysed and interpreted the current results to ensure the maximum effectiveness of the upcoming programs over this exciting project. Specific activities will include:

- Extensive MMI sampling program over southern 9km of the belt to commence in late January 2008 to assist with RC drillhole targeting. An MMI orientation study in 2007 validated the techniques' application to the project area.
- 3000 metres of RC drilling at Transformer prospect will follow up the 9m at 1.81 g/t gold intersection in SCR026, which included 2m at 5.76 g/t gold.
- Commencement of a regional sampling program over the Mallina Shear Zone along a 46km length held by Shaw River.

2. MT MINNIE PROJECT (SHAW RIVER 100% - Gold, Uranium, Base Metals)

"We dedicated time and effort on early stage exploration at Mt Minnie in 2007, and the results are now starting to give us a taste of the area's potential. In 2008 Shaw River will drill numerous targets across this exciting project."

Shaw River's Mt Minnie Project is located 200km south-west of Karratha in the Ashburton region of Western Australia. The 1,800km^2 project is located on ten granted tenements that lie adjacent to the western edge of the Pilbara Craton, a geological location that is very favourable for the formation of large mineral deposits. An extensive system of Cretaceous age sandstone channels exists in the area. The channels have potential to host sandstone uranium roll front deposits similar to the nearby (7km south) Manyingee deposit (10,000 t U_3O_8) owned by Paladin Resources.

The Mt Minnie area is also a target for base metal and gold mineralisation. Known shear-hosted copper-lead-silver occurrences occur at the excised Turtle and Range mining tenements located in the centre of the project. In the mid-1990s, WMC Exploration identified numerous potential IOCG (Iron Oxide Copper Gold) targets using geophysical and geochemical techniques. Shaw River Resources reviewed and extended these targets and interpretations in mid-2007. Follow-up exploration and sampling identified at least five new base metal targets and confirmed the IOCG potential of a number of untested WMC targets.

A total of 36 aircore drillholes (1714m), 4732 soil samples, 132 rock chip samples and 340 stream sediment samples have been analysed from Mt Minnie in 2007.

During the quarter, soil sampling has identified five co-incident copper-zinc-silver-gold anomalies at the Area 51 prospect adjacent to the excised Turtle and Range Mining leases (currently being drilled by Jutt Holdings Ltd). Area 51 has potential to host shear-hosted poly-metallic veins. Follow-up sampling has confirmed these anomalies and five drill targets have been identified.

Soil sampling over the WMC Tiger Prawn anomaly has outlined co-incident high order copper-gold-uranium anomalies associated with a gravity high. The area has potential to host an IOCG-type system.

Reconnaissance aircore drilling of 34 holes over a potential sandstone uranium prospect at Mt Minnie in October 2007 confirmed the presence of redox fronts, indicating the enrichment of uranium in sand units of between 20ppm and 55ppm over background values of 2-5 ppm. Follow-up exploration will focus on proximity to uranium-enriched granite source rocks (known up to 70 ppm) south of the recent drilling. (Scimitar and Paladin Resources hold uranium-mineralised ground to the south of the project)

During the uranium drilling program, **drillhole MMAC036 intersected 1m at 3.2 g/t gold** in basement rocks below channel sediments. This gold intersection occurs in a structural corridor adjacent to the Lobster copper-gold prospect which yielded 10m at 0.17% copper in 1990's drilling by WMC making the new gold result of strategic significance in the search for copper-gold systems at Mt Minnie (see Figure 2).

Plans for the March 2008 Quarter

The company plans to continue its programs at Mt Minnie during 2008. A 12,500m RAB/Aircore drill program is planned over a number of gold, copper-gold, base metal and uranium targets early in the second quarter. Work towards completing these programs will begin in the first quarter, specifically:

- Finalise copper-zinc-silver-gold anomalies at Area 51 ahead of drilling. (Area 51 surrounds two copper-silver occurrences)
- Infill geochemical sampling over IOCG targets at Tiger Prawn, Lobster and Sailfish South to refine drill locations.
- Extensive uranium sampling and an infill gravity survey in southern region of high-uranium background granite basement.
- Obtain Government permits and conduct heritage/flora clearing activities ahead of the planned drilling.

3. FARREL WELL PROJECT (SHAW RIVER 100% - Gold, Nickel, Base Metals)

"The VTEM targets generated at Farrel Well have created new opportunities for discovery, particularly for copper-nickel mineralisation."

The Farrel Well gold and base metals project is located 100km south-east of Port Hedland where Shaw River is targeting gold, base metals and nickel. The company is targeting VHMS (Volcanogenic Hosted Massive Sulphide) deposits similar to the nearby Sulphur Springs deposit, as well as structural hosted base metal targets, such as the Coongan lead-silver occurrence. Copper-gold (Myrna's Hill) anomalies and anomalous nickel in ultramafic and mafic rocks (Gorge Range) are being actively explored. The area has abundant gold anomalism, which has been the subject of earlier exploration work.

During the quarter, the results of the VTEM survey were made available. Figure 4 shows the location of eight discrete bedrock conductors identified by the survey. These are described below and will be the subject of follow-up exploration and drilling in 2008.

- Four bedrock conductor targets in the north-east of the project, located in a linear trend hosted in amphibolite rocks. Follow-up soil sampling shows anomalism in copper, nickel and zinc.
- Four bedrock conductors in the south-west of the project, located close to the top of the greenstone sequence. Follow-up work will determine their potential for base metal mineralisation.
- Two areas of bedrock conductivity in the south-east of the project, at Pear Creek are considered to be hosted in layered ultramafic sequences and prospective for copper-nickel mineralisation.
- Numerous stratigraphic conductors were identified by the survey and these provide valuable structural information in the search for mineralisation.

The VTEM technology has been highly successful internationally and elsewhere in the Pilbara, locating buried massive sulphide bodies and highlighting important structural trends.

Plans for the March 2008 Quarter

Exploration will focus on understanding and refining drill targets over the VTEM targets identified.

Exploration targeting will also focus on areas of high background arsenic soil anomalism that is known to exist in the Gorge Central area. Information and analogies drawn from the gold discoveries at the Hedland project are allowing re-evaluation of gold targets at Farrel Well, which has traditionally focused on chert-hosted mineralisation.

During the quarter, the company plans to evaluate the Manganese potential at Farrel Well. Rock chip samples containing 48% manganese has been taken from the area which contains known manganese breccias. The Edsel area also contains felsic volcanics, lead anomalism and high copper values in soils and rock chips. Follow-up exploration will take place at Edsel in the first quarter to quantify the manganese, cobalt and base metal potential of the area.

4. ABYDOS PROJECT (SHAW RIVER 100% Mineral Rights - Gold, Nickel, Tantalum)

The Abydos project is located 110km by sealed road south of Port Hedland. Gossanous nickel ironstones (assaying up to 6.7% nickel in rock chip samples) and pyrrhotite (copper-iron sulphide) occurrences have previously been reported on the project area. The close proximity of the project area to the Wodgina tin-tantalum mine are also encouraging indicators for future exploration success in tin, tantalum and Rare Earth Elements (REE).

The area has considerable gold discovery potential; gold mining previously took place at the nearby Lynas Find and Lallah Rookh Gold Mines.

During the Quarter Shaw River agreed with Atlas Iron Limited to acquire the mineral rights to gold, base metals, nickel, and Platinum Group Elements (PGE) over six granted tenements in the Abydos area.

Detailed mapping of the tenements at Abydos took place during the December quarter 2007.

Plans for the March 2008 Quarter

Exploration in the area will begin in February with the evaluation of gold targets adjacent to the Lynas Find gold field. A number of base metal and nickel anomalies will be followed-up on existing and new tenements The Company has hired a project geologist to manage exploration over the enlarged Abydos project area in 2008, which will now consist of eight granted tenements. More information is provided under section 7 of this report.

5. PARDOO/GOLDSWORTHY (SHAW RIVER 100% Mineral Rights - Gold, Nickel, Base Metals)

Pardoo/Goldsworthy is located 50km east of Port Hedland and is the primary location of Atlas Iron Limited's flagship project, currently under development. Shaw River conducted a review of Pardoo's non-iron mineral potential in the third quarter of 2007.

No activity was carried out at Pardoo during the December quarter 2007.

During the quarter Shaw River agreed with Atlas Iron Limited to acquire the mineral rights to gold, base metals, nickel, and PGE's over three granted tenements and five tenement

applications in the Pardoo/Goldsworthy area. More information is provided under section 7 of this report.

Plans for the March 2008 Quarter

With the inclusion of the new tenements at Goldsworthy, Shaw River will expand its activities from the Hedland project into this area during the year. In the first quarter Shaw River will conduct:

- A review of the gold exploration conducted by Independence Group, which identified a 14km-long corridor of gold arsenic and antimony mineralisation in altered rock sequences on the tenements;
- A 1,500 sample MMI program will be conducted over previously identified gold prospects TG1 and TG2;
- Investigation and sampling of the unconformity between the older, Ord Range Greenstone Belt and the younger Paradise Plains Formation at the eastern boundary of the tenements, which have potential for gold mineralisation; and
- A detailed investigation of available geophysical data targeting Whim Creek-style base metal mineralisation in felsic volcanics in the Tabba Tabba/Mallina Shear Zones.

6. PEARANA PROJECT (SHAW RIVER 100% - Gold, Copper)

The tenement application at Pearana is well located between the Woody Woody Manganese Mine and the Nifty Copper Mine in the Archaean Gregory Range complex 250km north east of Newman. Copper mineralisation up to 1%, and elevated gold, lead and silver values have been reported from previous exploration. The project has potential to host high-grade copper gold mineralisation similar to the Anketell discovery 75km to the north.

No exploration activity occurred on the Pearana Project during the December quarter 2007.

Plans for the March 2008 Quarter

Efforts to get the tenement granted will be stepped up in the first and second quarters, with a view to exploration work starting by the third quarter of 2008.

7. CORPORATE

"We are very pleased to have reached agreement in relation to the acquisition from Atlas Iron of its mineral rights over 14 additional Pilbara tenements at Abydos and Goldsworthy for a placement of shares. We are delighted with the support that we have received from Atlas Iron, Shaw River's largest shareholder. The acquisition provides us with a natural extension to our exploration strategy in the Pilbara, with significant target potential across the newly acquired ground. Completion of the Placement will provide Shaw River with the funds it needs to aggressively pursue exploration on its existing exciting projects and new mineral rights tenements acquired from Atlas"

During the quarter, the company reached agreement to raise $3.0m from sophisticated and professional investors as part of a two tranche placement to fund exploration activity. At the same time Shaw River agreed with Atlas Iron Limited to acquire the gold, base metals, nickel and PGE mineral rights on 14 Pilbara tenements (1,328 km^2) from Atlas Iron for 8.2 million shares and 2.5 million options in Shaw River. The acquisition and placement of the second tranche of $1.8m is subject to shareholder approval at a general meeting of shareholders expected to be held on 29 February 2008. Atlas Iron will participate in the second part of the placement by contributing $1.2m for ordinary shares in Shaw River.

The tenements at Abydos lie adjacent to known deposits, such as Lynas Find (gold) and Sulphur Springs (copper-zinc) and contain areas that have undergone limited exploration using modern methods. The Goldsworthy tenements lie on the northern extension of the Tabba Tabba Shear Zone and contain numerous gold occurrences identified by Independence Group.

Following completion of the Placement, Shaw River will have cash reserves of $4m, and will be fully funded to continue its aggressive Pilbara exploration program.

BACKGROUND INFORMATION ON THE NEW MINERAL RIGHTS TENEMENTS

The 14 tenements (nine granted and five applications) are located adjacent to Shaw River's existing project areas in the Abydos and Goldsworthy regions of the East Pilbara. The new ground expands Shaw River's land holding by a further 1,328 km^2 to over 6,000km^2 (see Figure 3).

The tenements are located adjacent to known gold and base metal deposits and existing Shaw River projects at Hedland, Pardoo and Abydos. The tenements are considered highly prospective for gold and base metals such as zinc, lead and copper, and have potential for nickel and PGE.

Shaw River intends to begin mineral exploration on the tenements immediately, with a focus on generating of drill targets. The company will target areas adjacent to or along strike of known mineral occurrences and historical deposits.

Abydos

The Abydos group of tenements consists of six granted tenements located 110km south of the town of Port Hedland and are additional to the company's two existing tenements in the area.

The tenements are currently being explored by Atlas Iron for iron ore in the Pincunah Greenstone Belt. Historical mining in the area includes the Lynas Find goldfield (+140,000oz mined) and the Lallah Rookh Gold Mine (31,900 oz mined). The eastern tenements of the group include rocks of the Sulphur Springs Group, which hosts the Sulphur Springs VHMS deposit (10mt @ 3.5% Zn and 1.5% Cu), 8km to the east. Historical information shows the presence of multiple known occurrences of gold, base metals (copper-zinc-lead-silver), nickel, and PGE anomalism across the tenements being acquired.

Tenement E45/2404 in the package includes the southern end of the prospective Tabba Tabba Shear Zone which is currently being explored by Shaw River with exciting new gold results at its Hedland Project. This mineralised greenstone belt hosts base metal, gold and PGE mineralisation.

Shaw River commenced a joint mapping program and a specific target generation study with Atlas Iron over the Abydos tenements in late November 2007, which is due for completion in late January 2008. This detailed geological mapping and study will allow the company's exploration team to immediately target potential mineralisation by creating an improved and consistent understanding of the geology and mineralisation of the areas.

Goldsworthy

The Goldsworthy tenement group consists of three tenements and five tenement applications adjacent to Shaw River's Pardoo and Hedland projects. The tenements cover an area under shallow cover on the north-eastern extension of the mineralised Tabba Tabba and Mallina Shear Zones where they collide and wrap around the south end of the Ord Ridley Greenstone Belt. Previous work by Independence Group included shallow RAB drilling and geophysics into the sediments and sheared rocks located in the area. Gold intersections included 10m at 0.26 g/t Au including 1m at 1.33 g/t Au in GWA107, 8m at 0.53 g/t Au including 1m at 2.2g/t Au in GWA117 and 6m at 0.5 g/t Au including 1m at 2.63 g/t Au in GWA 115.

Regional geophysics suggests a complex geological environment with evidence for numerous styles of gold and base metal mineralisation.

Shaw River regards this area as highly prospective given the results to date from its adjacent Hedland project. The new tenement acquisition with associated data will improve Shaw River's geological model and allow the company to extend its programs and opportunities. Work on this area is likely to commence immediately following exploration that is currently underway on Shaw River's Hedland project.

8. SHAREHOLDER INFORMATION

As at 31 December 2007 Shaw River Resources had 67,696,500 of shares on issue. The top 20 shareholders hold 52.69% of the issued capital of Shaw River Resources.

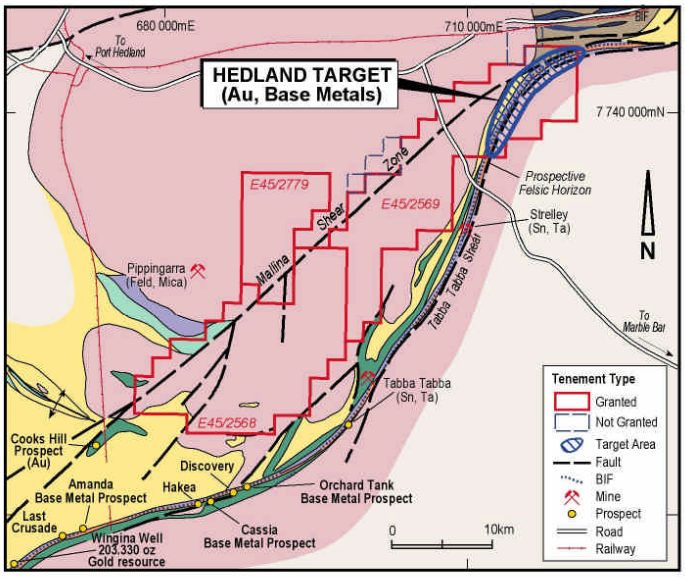
Vincent Algar

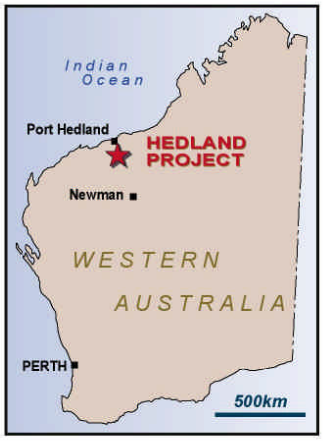
Managing Director

29 January 2008

This information can be downloaded from www.shawriver.com.au

The information in this report to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Vincent Algar who is a Member of the Australasian Institute of Mining and Metallurgy. Vincent Algar is a full-time employees of the Company. Vincent Algar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Vincent Algar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.





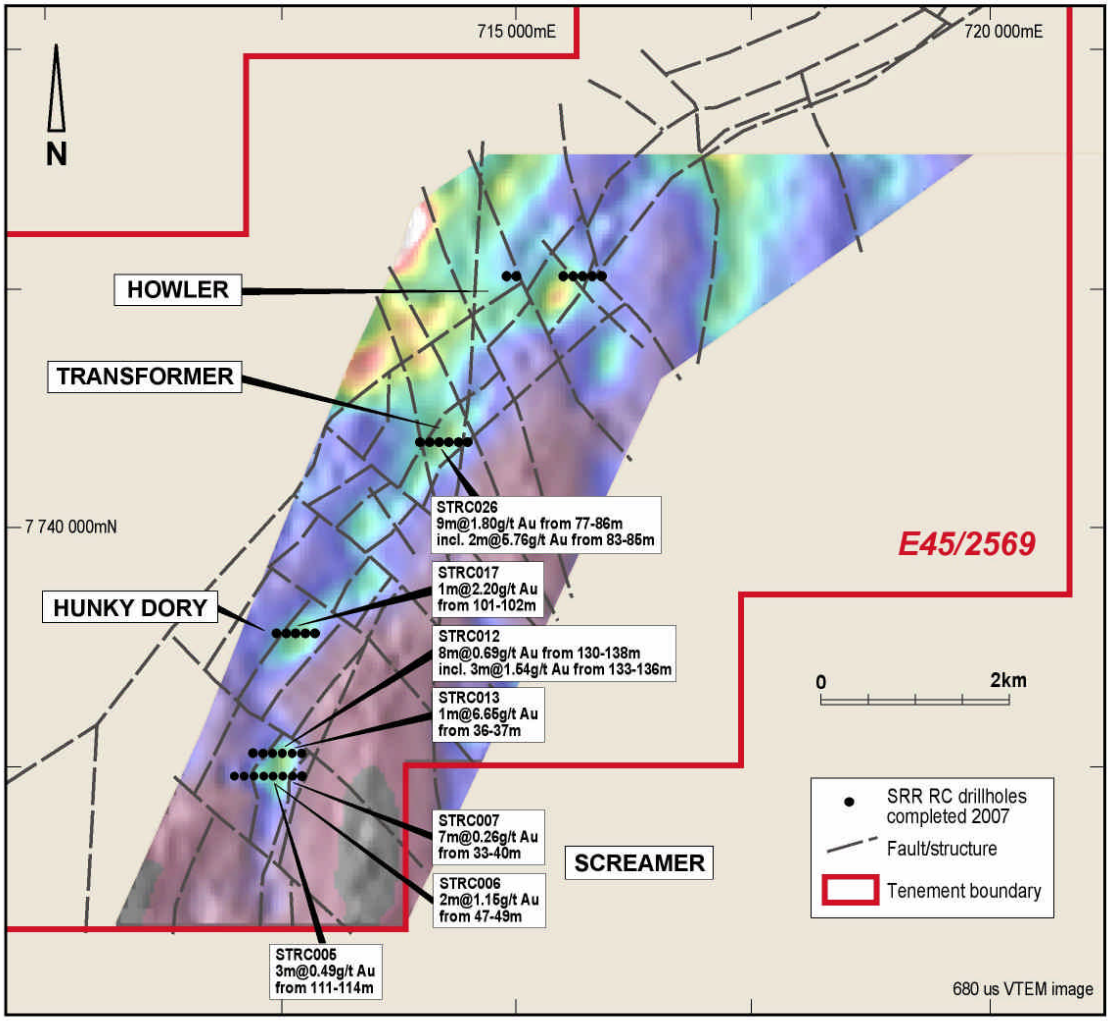


Fig.1 Hedland Progress

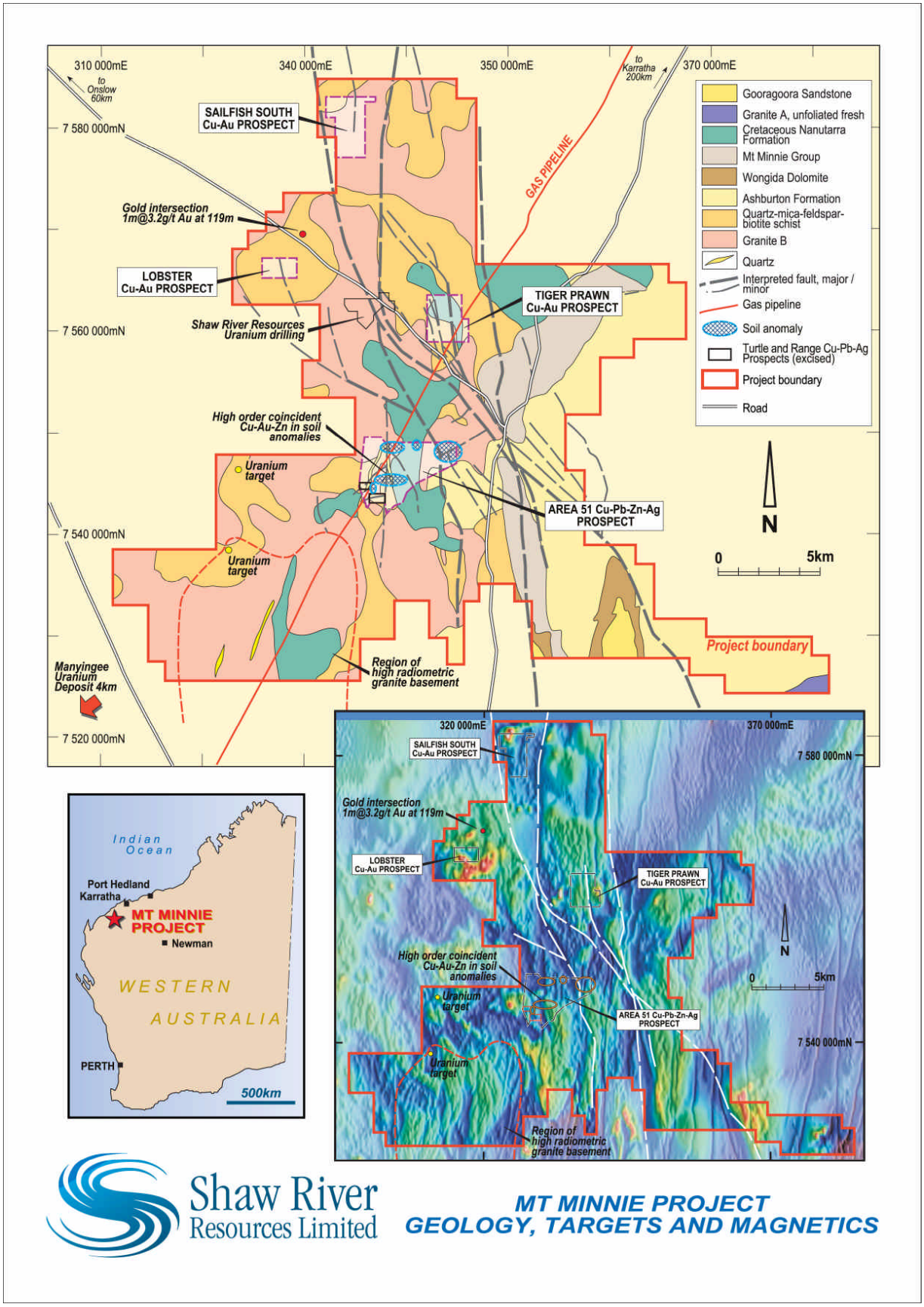


Fig.2 Mt Minnie Progress

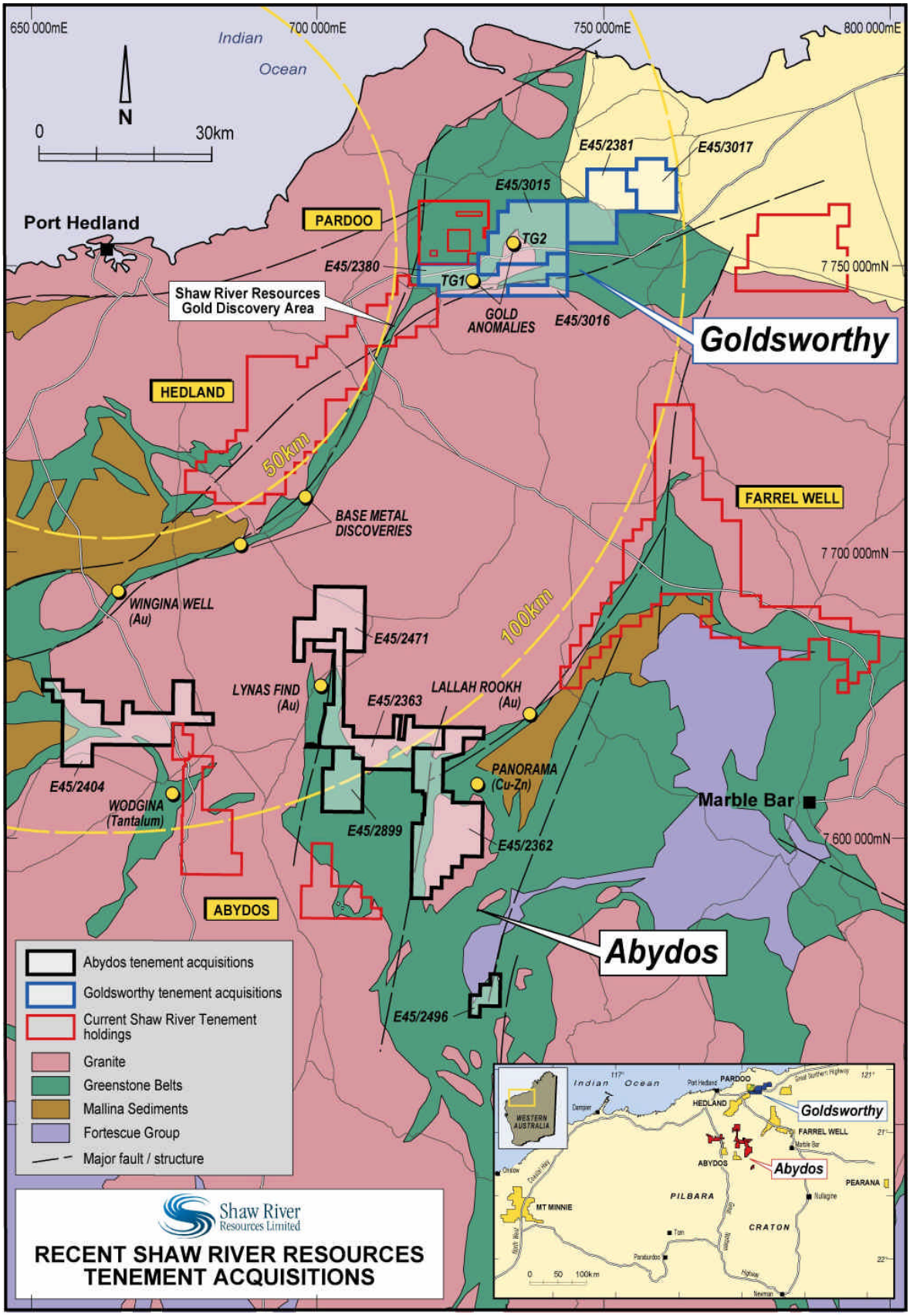


Fig.3 New Tenement Acquisitions

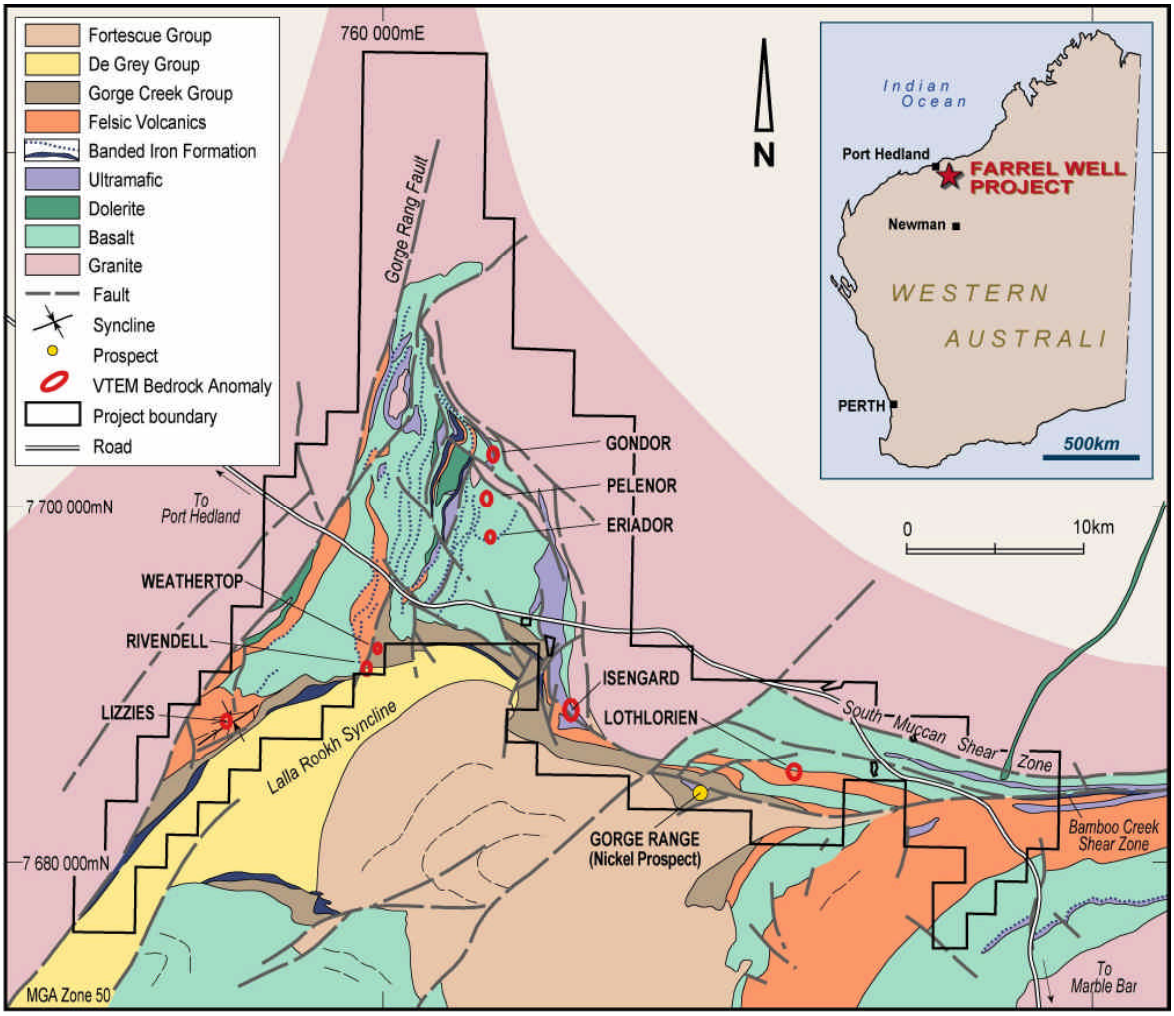


Fig.4 Farrel Well VTEM targets

Hole ID	East	North	Hole Depth	Azimuth	Dip	M from	m to	Width (m)	Au(g/t)
STRC013	712650	7737500	63	90	50	36	37	1	6.65
STRC012	712550	7737500	147	90	50	130	138	8	0.69
STRC012	712550	7737500	147	90	50	133	136	3	1.54
STRC007	712650	7737250	140	90	51	33	40	7	0.26
STRC006	712550	7737250	120	90	50	47	49	2	1.15
STRC005	712450	7737250	150	90	49	111	114	3	0.49
STRC026	714100	7740750	138	90	50	77	86	9	1.81
STRC026	714100	7740750	138	90	50	83	85	2	5.76
STRC026	714100	7740750	138	90	50	77	79	2	1.50
STRC017	712700	7738750	151	90	50	101	102	1	2.21
MMAC-036	329796	7 569497	124	0	90	119	120	1	3.2

Table 1. Significant Intersections RC drilling program. Sample digest Aqua Regia. Analysis by ICP.