

September 2009 Quarterly Report

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Highlights for the September 2009 Quarter

Baramine Project – Manganese and Iron Ore (70% Shaw River)

- Geophysical surveys using IP and EM identify over 200 new manganese drill targets for follow up.
- Structural mapping and 3-D interpretation generate another four new target areas for manganese drilling.
- A 4,000m RC drill program will commence in November 2009.

Mt Minnie and Dingo Creek Projects – Manganese (100% Shaw River)

- Expansion of West Pilbara manganese project by 979km² with the application for three additional tenements.
- At Mt Minnie, new tenement applications extend the strike over target manganese horizon by 33km.
- At Dingo Creek, new applications cover approximately a 70km strike

701 Mile Project – Manganese, Iron Ore (70% Shaw River)

- Field sampling confirms surface enrichment over a wide area, including material under shallow cover, extending over 6km².
- Samples are being analysed by metallurgical consultants to determine coarse and fine potential manganese product.
- Resource drilling is planned for early 2010.

Corporate

- \$5 million capital raising announced in September and completed in early October 2009.
- Current cash position is \$6.9 million.
- Farm-in to East Pilbara Manganese Project with Talisman Mining Ltd.
- Option agreement to acquire Butre Manganese Project in Ghana.

Exploration Plans for the December 2009 Quarter

Baramine - 4,000m manganese drilling program will commence in November 2009.

701 Mile - Metallurgical test results expected in November 2009, resource drill planning to commence following receipt of these results.

Mt Minnie, Dingo Creek - Airborne reconnaissance, sampling and mapping **Skull Springs Project** (Talisman farm-in) – Evaluate EM data and plan mapping and sampling over tenement in early 2010.

Butre Project, Ghana (Option agreement) – Coffey to conduct mapping and rock chip sampling to determine extent of in-situ and sedimentary manganese.

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MANGANESE STRATEGY

Shaw River Resources (ASX: SRR) (“Shaw River” or “the Company”) is a West Australian based mineral exploration company with exploration leases forming ten projects located in the Pilbara region of Western Australia. Shaw River is now operating six manganese exploration projects, with its primary focus being on its Baramine Project in the East Pilbara manganese province.

Shaw River’s manganese exploration strategy has strong support from its major shareholders, in particular iron ore producer Atlas Iron Limited. Shaw River plans to progress its Baramine Project targets, targeting high grade direct shipping ore (DSO) orebodies (+40% Mn), while simultaneously developing resources of manganese suitable for beneficiation (+20% Mn)

Shaw River is expanding its strategy by seeking and gaining exposure to suitable manganese projects in prospective geological settings, which have scale potential and are close to existing infrastructure. During the September quarter, two transactions were finalised in line with this strategy, with the farm-in of the Skull Springs Project, 40km west of Woodie Woodie and the acquisition of an option over a strategically located manganese project on the south coast of Ghana, in English speaking West Africa.

The new projects match the strategic attributes of Baramine;

- Being in world class manganese provinces;
- Being close to ports and infrastructure corridors; and
- Having scale potential to deliver economically significant deposits of manganese.

Manganese is a critical component in modern steelmaking, with quality projects in the world’s best manganese belts being highly sought after. Australian manganese ores from Bootu Creek, Woodie Woodie and Groote Eyland attract premium prices in the world markets.

Pricing and demand for manganese is expected to increase over the coming years as steel demand returns following the global financial crisis. Shaw River is establishing itself as a significant global explorer for this critical commodity.

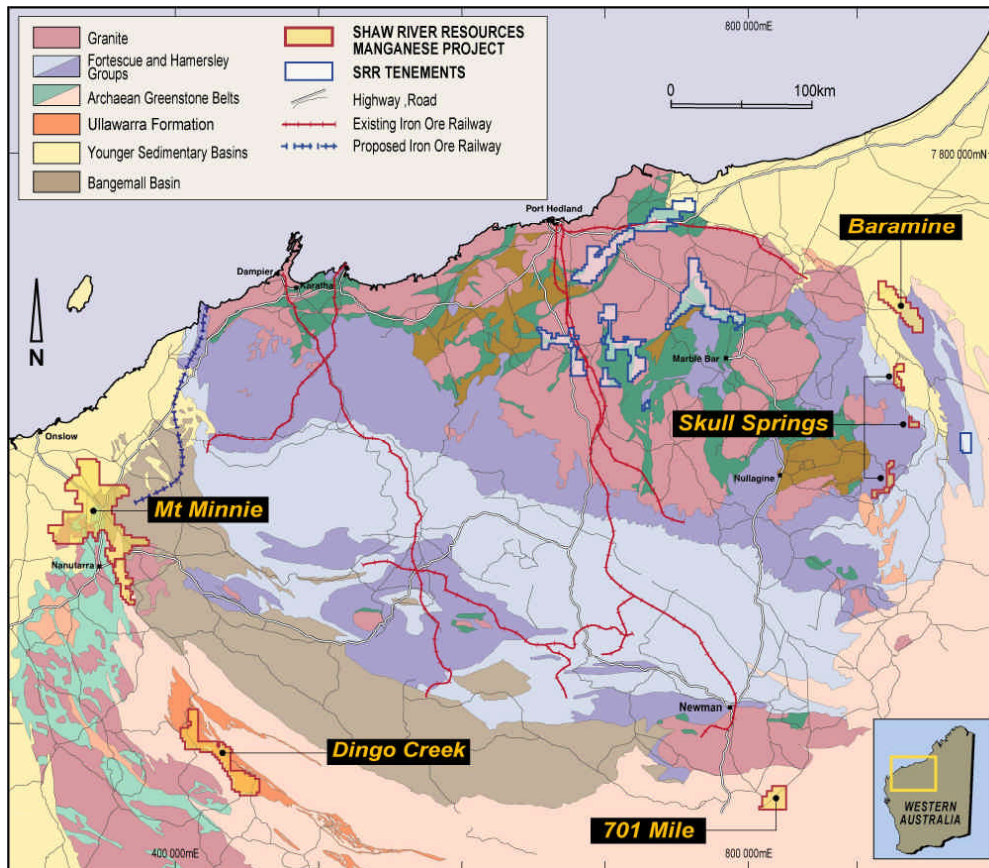


Figure 1. Shaw River Pilbara Manganese Project Locations

PROJECTS

BARAMINE (70% Shaw River – Manganese and Iron Ore)

“Since identifying near surface manganese at Baramine in first-pass drilling, Shaw River has completed a detailed structural map over Baramine as well as a range of geophysical surveys. The November 2009 drilling will target extensions to known areas with manganese resource potential and test at least four entirely new manganese target areas for that we have identified.”

The Baramine Manganese Project consists of three tenements located 80km northwest of the Woodie Woodie Manganese Mine and 280km east of the town of Port Hedland (see Figure 1). The geology has similarity to the nearby Woodie Woodie deposits, which host high grade (+40% Mn) direct shipping ores (DSO).

Similar to the manganese deposits at Woodie Woodie, manganese is associated with the Carawine Dolomite and Pinjian Chert, over a minimum estimated area of 70km² at Baramine.

First pass drilling in the June 2009 quarter returned 45 significant (>2m thick >9.5%Mn) near-surface manganese drill intersections spread across 14km of exposed target geology. Manganese grades over 15%Mn and up to 38.7% Mn were intersected in 16 of the 61 holes drilled.

Activity

During the September 2009 Quarter, the exploration teams primary objective was to generate additional drill targets around existing intersections and in new areas across the project. Following input from our consultants, geophysical surveys were recommended as

having been a critical part of DSO manganese discoveries at the nearby Woodie Woodie deposits.

During the quarter the following work was completed ahead of the planned drilling program in November 2009:

- A detailed structural mapping and 3-D interpretation were completed, generating at least four entirely new large target areas for initial drilling. Ground follow-up identified associated surface manganese.
- An IP (Induced Polarisation) geophysical survey was conducted over Area 5 and Area 1. Both areas were selected based on previous high grade drill intersections and intense zones of manganese dissolution. Four lines, each over 1km in length were completed and chargeable anomalies were identified on all lines. These anomalies will be tested in the November drilling.
- A time domain electromagnetic survey (EM), suitable for detecting conductive bodies at various depths up to 120m below surface was conducted over 112km² of target geology. 200 drill targets have been identified from the first pass interpretation.
- A short drill programme conducted in August 2009 was terminated prematurely due to machinery, safety and sampling issues with the drilling contractor. A single hole was drilled before the program was terminated. BRC064 intersected 6m at 14%Mn from 16m, including 1m at 22.7%Mn from 19m with very encouraging low iron values (4.3%Fe over 6m).

Plans for the December 2009 Quarter

A 4,000m RC drilling program will be conducted in November 2009. Targets will include extensions to known trends and in addition will test new IP, EM and structural targets.

Drilling results from the program are expected to be available in January 2010.

MT MINNIE PROJECT and Dingo Creek (100% Shaw River – Manganese)

“Shaw River’s recent new applications have added 979km² of prospective geology to its West Pilbara manganese projects. Focusing on identification of surface manganese occurrences in locations close to infrastructure, we plan to demonstrate the potential for new manganese discoveries in Proterozoic rocks in the West Pilbara.”

Shaw River’s Mt Minnie Project is located 200km south-west of Karratha in the West Pilbara region of Western Australia (see Figure 1). During the September quarter, Shaw River announced the addition of the new Dingo Creek project, 114km south east of the Mt Minnie Project area, and a new tenement application at Mt Minnie, expanding its ground position in this prospective new manganese region by 979km².

Previous mapping by Shaw River identified manganese and iron mineralisation located in prospective dolomite rock sequences. Economic deposits of manganese around the world and in Australia are closely associated with dolomite sequences. Sizeable occurrences of manganese in a very similar setting to Mt Minnie are known in the Cane Well area, 60km to the north east and further east in similar age rocks.

Shaw River’s new Dingo Creek Project consists of two licence applications over 748km² of the western extension of the Ullawarra Formation. The project covers a 70km strike extent of the prospective formation. Manganese occurrences up to 55%Mn have recently been highlighted in the western Pilbara with reported discoveries in the Ullawarra Formation of the Bangemall basin.

Shaw River further extended its Mt Minnie manganese project during the quarter by the successful application for a new tenement covering 33km of additional strike length of the Proterozoic dolomites of the Edmund Group, where Shaw has previously identified rock chip samples up to 41%Mn.

Based on our work at Mt Minnie, Shaw River will utilise its increasing manganese knowledge base to develop manganese drill targets for testing in 2010. The recent finds in the west Pilbara region greatly increase the possibility of a new manganese province developing in the area.

Plans for the December 2009 Quarter

- Sampling over known manganese occurrences will be completed at Mt Minnie before the end of 2009.
- Ground evaluation of existing gravity targets will be conducted to identify potential drill sites.
- Planning of an initial drill program to test potential stratabound manganese targets to be undertaken in the first quarter of 2010.
- Reconnaissance mapping and sampling will be conducted over new Dingo Creek Project.

701 MILE PROJECT (70% Shaw River – Manganese, Iron Ore)

“Work conducted during the quarter has confirmed the presence of extensive manganese rich laterites at 701 Mile. Combined with known enriched outcropping manganese shales and sampled grades up to 48.6%Mn, Shaw River plans to proceed to outline shallow free-dig manganese resources suitable for simple beneficiation”

The 701 Mile tenements are located 80km south of the iron ore town of Newman (see Figure 1). The 701 Mile Project is located in Proterozoic rock sequences which contain known occurrences of manganese and iron.

- The geology underlying the tenements are a continuation of the shallow dipping Balfour Formation rocks, where previous work identified manganese enrichment over a 3km² area. Composite 1m rock chip traverses include 17m @ 40.3%Mn and 17m @ 37.8%Mn.
- During the quarter, a coarse lag sampling program over a 6km² manganese gravel plain was conducted. Assays and preliminary beneficiation test work are being conducted to determine if a coarse and fine manganese product can be produced. These results will be available in late November 2009.
- Manganese assay results combined with geological mapping indicate potential for shallow, moderate to high grade free-dig manganese resources which may be suitable for upgrading via simple crush-screen-wash beneficiation. Low iron contents overall offer further encouragement.

Plans for the December 2009 Quarter

A heritage survey will be conducted during the December 2009 quarter. Following the results of the beneficiation testing, areas will be selected for bulk sampling and a shallow drilling program will be planned for early in 2010.

NEW MANGANESE PROJECTS

Talisman Mining JV – Skull Springs Project (Shaw River earning 70%)

Shaw River and Talisman signed a letter agreement on 12 October 2009 setting out the terms and conditions of a farm-in on Talisman’s East Pilbara manganese tenements, located less than 50km from Shaw River’s Baramine Project and the prolific Woodie Woodie Manganese Mine. The new project, known as the Skull Springs Project after the nearby manganese deposit located within 10km of the main prospect, comprises four tenements known as the Wandanya, Yilgalong and Gangarrigan prospects. The tenements are located on exposed and covered Carawine Dolomite and Pinjian Chert, which are the target horizons for high grade DSO (+40%) manganese ore in the Woodie Woodie region (see Figure 1).

At Wandanya, located 40km southwest of the Woodie Woodie Operations, high grade rock chips up to 65% Mn have been assayed in outcrops of manganese mineralisation trending NE-SW. Talisman has conducted airborne EM over the Wandanya prospect and has identified a number of potential targets, which will now be followed up by Shaw River.

The northern-most project tenements lie just 50km South of Baramine and half way between two prominent historical manganese mining centres, Mt Sydney and Ripon Hills. The sealed Telfer-Port Hedland road cuts through the tenement.

Exploration Plans

Shaw River plans to apply the \$300,000 farm-in exploration expenditure to evaluate the target area at the new Skulls Springs Project as an extension to its Baramine exploration programs which are well underway. Activities over the coming months will include:

- Review of EM manganese targets;
- Mapping and systematic rock chip sampling to identify areas of mineralisation and intense dissolution of manganese, both excellent indicators of buried mineralisation; and
- RC drill testing, to coincide with the first drill program at Baramine in 2010.

The key terms of the farm-in agreement are summarised as follows;

- Shaw River to earn up to a 70% interest by the expenditure of \$300,000 over a two year period.
- Up-front payment of 1,000,000 shares and \$50,000 in cash.
- The shares issued to Talisman will be held in voluntary escrow for three months from the date of issue.
- A joint venture will be formed once the expenditure commitment has been achieved and its earned interest has been transferred.
- Both parties have pre-emptive right to acquire the other's interest.

Mwana Africa PLC – Butre Ghana Manganese Project (Shaw River option to earn 80%)

Shaw River announced on 21 October 2009 that it had agreed with Mwana Africa PLC (MWA) to an exclusive six month evaluation option for Shaw River to acquire MWA's 80% interest in a manganese project located 30km from the bulk port of Takoradi, in the mining friendly Republic of Ghana in West Africa (See Figure 4).

The Butre Project is strategically located 30km on sealed roads from the bulk port of Takoradi, and 200km west of the Capital Accra. Takoradi currently ships around one million tonnes per annum of manganese ore from the world class Nsuta Manganese Mine, operated by Palmay Enterprises (owners of the Woodie Woodie Manganese Mine), which has been operating since 1923 and has produced some 25 million tonnes of high grade oxide manganese ore.

The Butre Project contains known manganese occurrences at Jimra Bepo, consisting of multiple in situ manganese oxide seams up to 12 metres thick. Shaw River intends to confirm an initial exploration target of in-situ DSO oxide manganese ore (as defined by historical exploration) of 1.7 to 1.9 million tonnes at 35 to 45% manganese, and an additional 1.5 to 1.7 million tonnes at 15 to 25% manganese of sedimentary ores which will require beneficiation (see note below on exploration targets). The project lease contains other manganese occurrences of oxide manganese not yet evaluated. Ghana and West Africa have long been one of the key suppliers of high quality manganese oxide ore for the steel market.

Gold drilling conducted by MWA (16 RC drillholes) intersected gold mineralisation over a strike length of 500 metres. Best intersections include 2m @3.95 g/t Au, 18m@3.36g/t Au, and 5m @2.99g/t Au.

The key terms of the option agreement between Shaw River and MWA, are as follows:

- Shaw River has a six month exclusive option to acquire MWA's 80% interest in the Butre Project;
- A maximum cost over the exclusive evaluation period of USD\$50,000 is required to be expended on management of the existing joint venture over the evaluation period;
- If Shaw River elects to exercise the option to acquire MWA's entire 80% stake in the Butre Project, a consideration of USD\$150,000 in cash will be paid to MWA; and
- The agreement allows for Shaw River to negotiate in good faith with the 10% joint venture partner to acquire its share of the Butre project. The Ghanaian Government will hold the remaining 10% interest.

Exploration Plans

Shaw River has engaged Coffey Geoscience Ghana (formerly RSG), a well respected team of exploration consultants with over 13 years of direct operational experience in Ghana and West Africa, to assist in the evaluation of the Butre Project during the evaluation period from October 2009 to March 2010. Shaw River and Coffey's teams will seek to confirm and increase the exploration targets for manganese oxide resources during this period.

MINERAL PROJECTS – Abydos, Hedland, Mt Minnie (100% Shaw River – Copper, Zinc, Gold, Lead, Silver)

Shaw River has a number of promising gold and base metal projects such as Abydos (copper-zinc and gold), Hedland (gold) and Mt Minnie (copper, lead, zinc, silver and gold). Using a combination of soil and rock chip sampling, mapping, geophysics and drilling, the projects have been advanced to drill ready status with further activity to take place at the appropriate time.

A short field program was undertaken at the Abydos base metal and gold project in the September 2009 Quarter for expenditure requirements.

- Anomalous copper results were obtained from gossans along a strike length of 150m at the AxeGrinder1 VHMS prospect, with a peak result of 14.5% Cu with co-incident anomalous Zn (0.2%)-Au (0.2g/t)-Ag (49g/t). A second sample also went 0.78g/t Au with anomalous Cu (980ppm).
- Anomalous gold results were obtained along a 500m strike length of sub-cropping quartz veins (s) at the MacDonalds Prospect, with a peak result of 2.5g/t Au. These results follow up on results to 14.9g/t Au collected in 2008.

Shaw River will continue to progress its 100% owned Pilbara mineral projects, although for the medium term the focus will continue to be on its highly prospective manganese portfolio.

CORPORATE

- A capital raising of \$5 million was announced in September 2009 at a price of 15 cents per share and was completed in early October 2009. Strong shareholder support was received for Shaw River's manganese strategy. Atlas Iron Limited and OM Holdings limited participated in the raising.
- A farm-in to a new East Pilbara Manganese Project with Talisman Mining Ltd was announced following end of the quarter
- An option agreement with Mwana Africa PLC to acquire 80% of its Butre Manganese Project in Southern Ghana was announced following end of the quarter.
- Shaw River's cash position at 30 September 2009 is \$6.94 million.

SHAREHOLDER INFORMATION

As at 30 September 2009 Shaw River Resources had 188,490,238 of shares on issue. The top 20 shareholders hold 66.46% of the issued capital of Shaw River Resources Limited.



Vincent Algar
Managing Director
28 October 2009

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

Competent Person Statement

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 and Mr Glenn Martin who are Members of the Australasian Institute of Mining and Metallurgy. Mr Vincent Algar and Mr Glenn Martin are full-time employees of the company and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Vincent Algar and Mr Glenn Martin consent to the inclusion in the report of the matters based on their information in the form and context in which it appears

Forward Looking and Exploration Target Statements

Some statements in this announcement regarding future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward-looking statements include, but are not limited to, statements concerning the Company's exploration programme, outlook, target sizes, resource and mineralised material estimates. They include statements preceded by words such as "potential", "target", "scheduled", "planned", "estimate", "possible", "future", "prospective" and similar expressions. The terms "Direct Shipping Ore (DSO)", "Target" and "Exploration Target", where used in this announcement, should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004), and therefore the terms have not been used in this context. Exploration Targets are conceptual in nature and it is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Reserve.

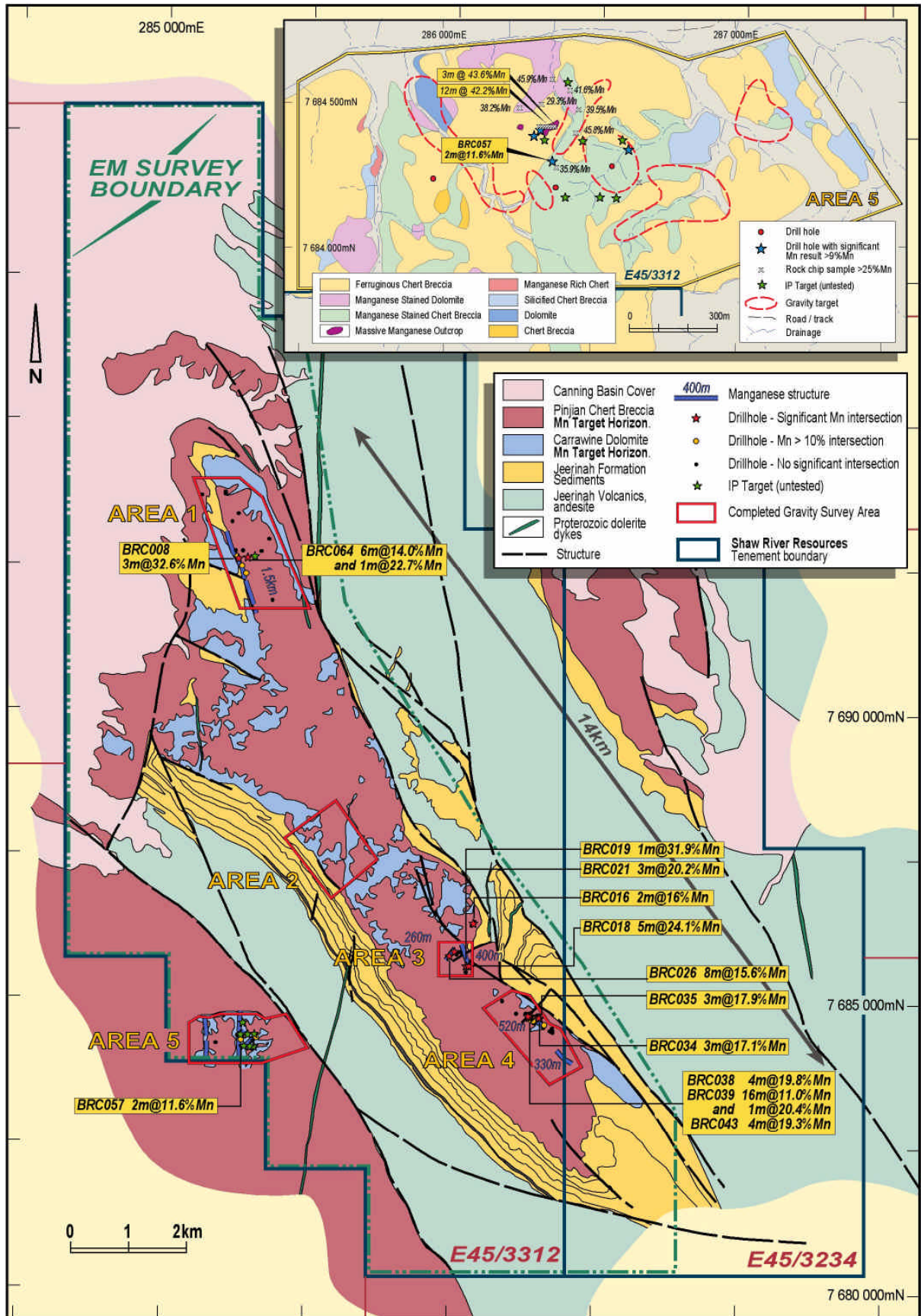


Figure 2 Baramine Project geology, previous drilling and follow-up target areas

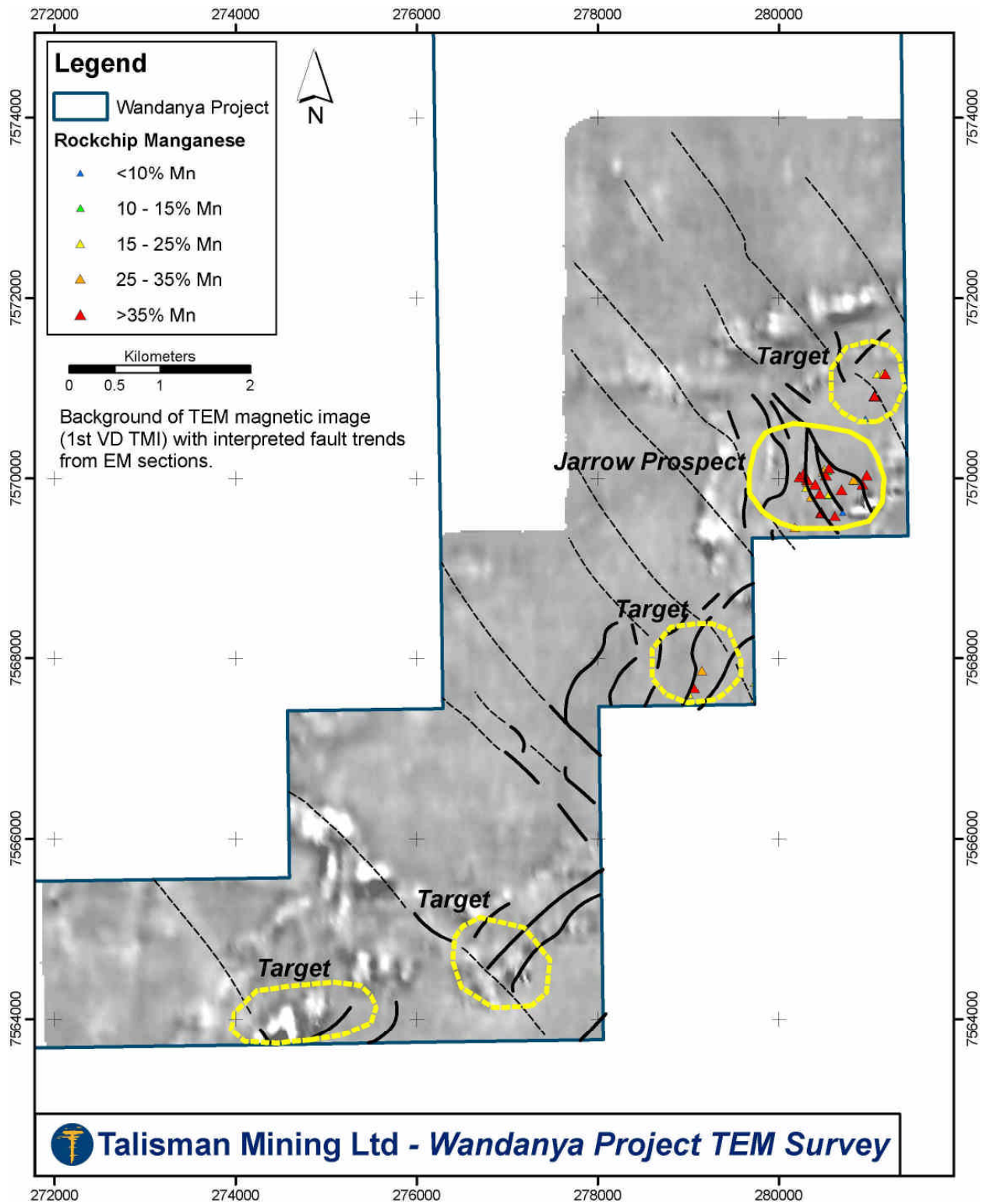


Figure 3. EM Survey image from the Wandanya Prospect, Skull Springs Project, East Pilbara

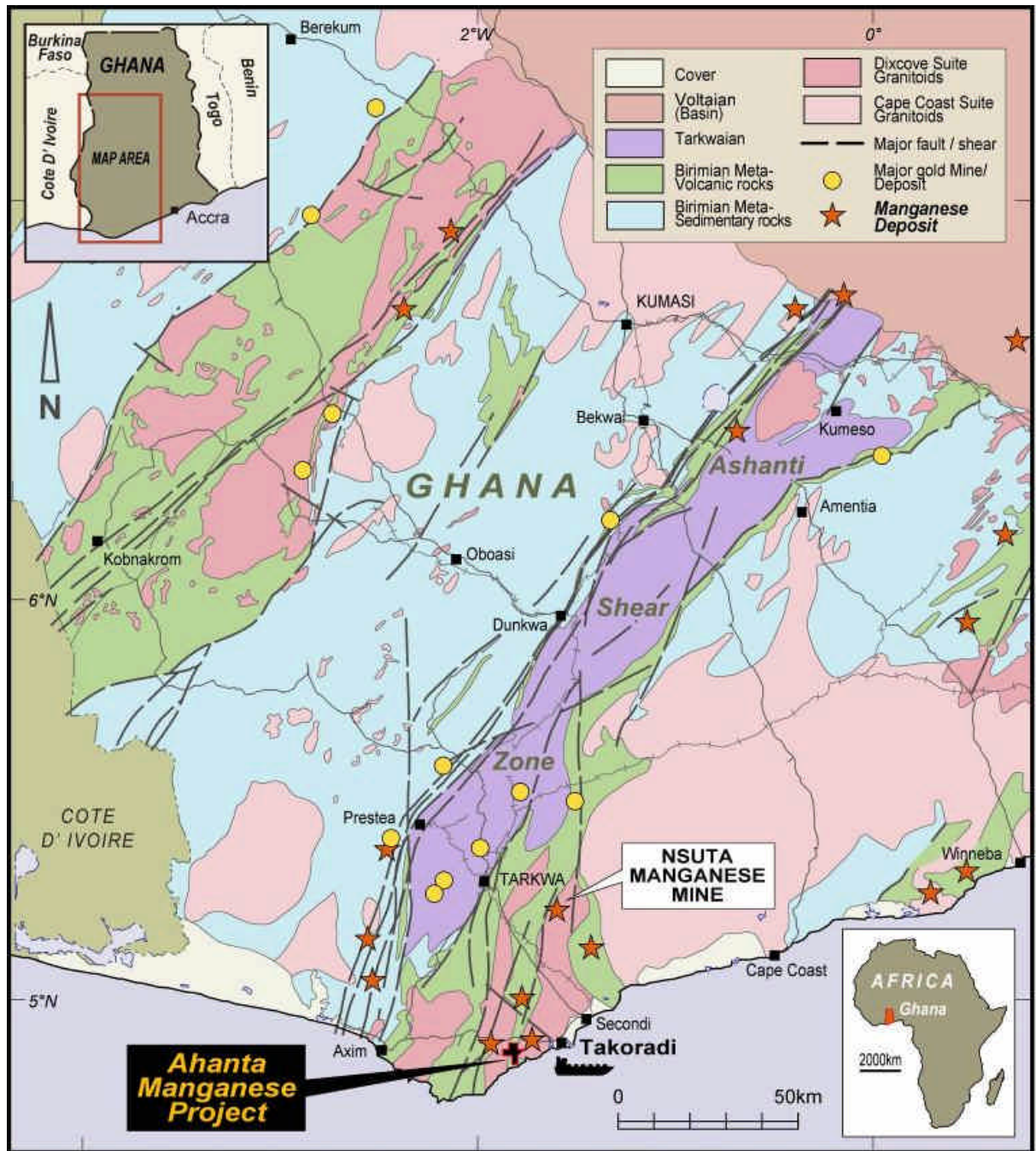


Figure 4. Ghana Geology and Butre Project Location