



# SEPTEMBER 2010 QUARTERLY REPORT

20 OCTOBER 2010

## SUMMARY OF QUARTERLY ACTIVITIES

**BARAMINE PROJECT - SHAW RIVER 70%, WA** (80km northwest of the Woodie Woodie Manganese Mine and 280km east of the town of Port Hedland)

- 10,000 metre RC drilling program completed at Baramine during September 2010 Quarter.
- Four new discoveries and major extensions to two known trends expand the Baramine Project potential to deliver large scale manganese resources over time.
- Shaw River has determined an initial Exploration Target\* at Baramine of between 10 million tonnes and 15 million tonnes of manganese ore in-situ grading between 18 % Mn and 25% Mn.
- Best drilling results from the recent program reported to date include:
  - Area 3: 8m at 22.4% Mn from 34m (including 2m at 36.2% Mn from 36m) in BRC169;
  - Area 3 :11m at 15.1% Mn from 25m (including 1m at 32.9% Mn from 27m) BRC172;
  - Area 4: 7m at 18.8% Mn from 15m (including 3m at 30.7% Mn from 19m) in BRC208;
  - Area 4: 11m at 16.1% Mn from 71m (including 2m at 26.3% Mn from 71m) in BRC205; and
  - Big Mn Prospect: 2m at 20.4% Mn from 7m (including 1m at 26.7% Mn) and 3m at 20.4% Mn from 23m (including 1m at 33.5% Mn) in BRC219.
- Selected intervals of RC samples have been sent to NAGROM laboratories for washing and DMS testing to identify basic upgrade characteristics, with results expected in November 2010.
- Further drilling results from the recent program are expected in late October and November 2010.
- Planning for major drilling activity in 2011 is underway, with further beneficiation testing and economic studies to commence in the current quarter.

**BUTRE PROJECT - SHAW RIVER 80%, GHANA** (30km west of bulk port of Takoradi)

- Bulk sampling of manganese source material to be taken and sent for beneficiation testing in the December Quarter, results expected in December 2010.
- Planning completed for a drilling program to commence in the December Quarter to follow-up previous manganese and gold drill intersections, subject to drill rig availability.

**SKULL SPRINGS PROJECT - SHAW RIVER 80%, WA** (located 30km from the Woodie Woodie manganese mine)

- Shaw River has progressed planning at Skull Springs and intends to undertake a 1,200m first pass RC drill program in early 2011. Drilling at the Skull Springs Project will target outcropping manganese over 2.5km of strike.

## MANGANESE EXPLORATION STRATEGY

With continued strong results emerging from the Baramine and Butre Projects, the December 2010 Quarter is expected to be an important period for Shaw River Resources, providing further drill results and beneficiation test work that will establish the framework for an aggressive exploration program in 2011.

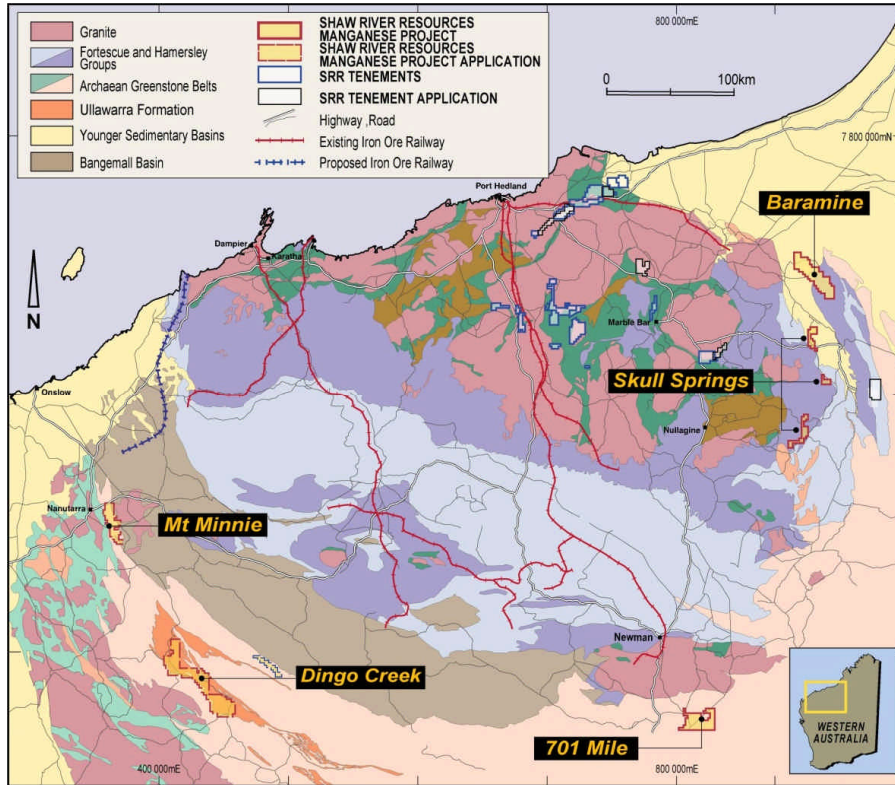


Figure 1. Shaw River Pilbara Manganese Project Locations

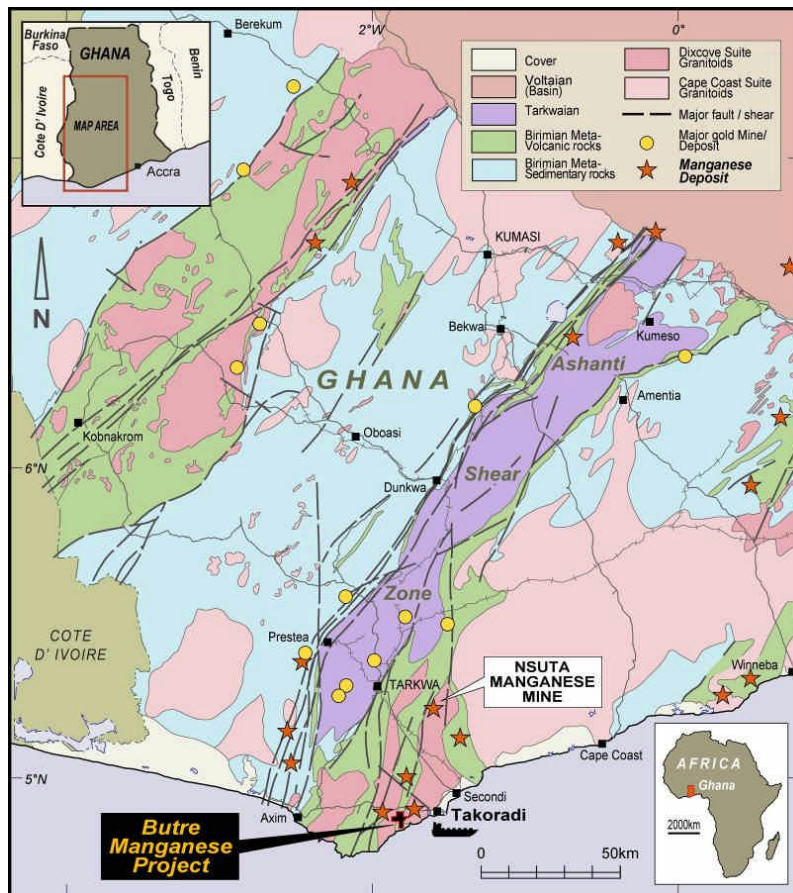


Figure 2. Ghana Geology and Butre Project Location

## PROJECTS

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

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 great 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 at Baramine is associated with the Carawine Dolomite and Pinjian Chert over a minimum estimated area of 70 km<sup>2</sup>.

#### September 2010 Quarter Activity

During the September 2010 quarter, Shaw River completed a 10,000m RC drilling program at Baramine. Results received to date from the drilling revealed four new significant discoveries and extensions to known trends in at least two prospect areas. Best drilling results received to date include:

- Extensions to Area 3 Prospect, including new zone discovered (see Fig 4):
  - 8m at 22.4% Mn from 34m (including 2m at 36.2% Mn from 36m) in BRC169;
  - 11m at 15.1% Mn from 25m (including 1m at 32.9% Mn from 27m) BRC172; and
  - A new discovery in Area 3 of 13m of 16% Mn from 17m (including 2m at 22.8% Mn from 18m and 2m at 20.9% Mn from 24m) in BRC177 adds a new zone to the prospect.
- Extensions to Area 4 Prospect (see Fig 5), with results including:
  - 7m at 18.8% Mn from 15m (including 3m at 30.7% Mn from 19m) in BRC208;
  - 11m at 16.1% Mn from 71m (including 2m at 26.3% Mn from 71m) in BRC205;
  - 2m @ 22.3% Mn from 39m in BRC207; and
  - 2m @ 18.7% Mn from 59m in BRC210.
- A series of new discoveries (see Figure 3) including:
  - Nells Prospect: Significant width and grades in BRC135 containing 9m at 21.2% Mn from 48m including 1m at 32.8% Mn from 48m;
  - Area 4 South Prospect: 3m at 17.9% Mn from 33m in BRC213 including significant intersections of over 18% Mn in each of the four scout holes drilled;
  - Big Mn Prospect: 2m at 20.4% Mn from 7m (including 1m at 26.7% Mn) and 3m at 20.4% Mn from 23m (including 1m at 33.5% Mn) in BRC219; and
  - Beebie Prospect: 3m at 16% Mn from 48m (including 1m at 23.9% Mn) in BRC224.

Manganese is highly suited to upgrading by gravity separation methods. Samples from the current program, including holes from Nells, Area 3, Area 4 and Area 5, have been sent for DMS (Dense Media Separation) testing at NAGROM Mineral Processors near Perth. Results from this work will be available in October 2010.

Following the initial highly encouraging outcomes of the current drilling program, Shaw River's geological team has determined an initial Exploration Target\* at Baramine of 10 million tonnes to 15 million tonnes grading between 18% Mn and 25% Mn of in-situ ore based on the mineralisation and trends observed from drilling. It should be noted this target is based on only a limited number targets from the over 100 drill targets Shaw River has identified within the target geology at Baramine.

#### \*Exploration Target Statement:

It should be noted that the potential quantity and grade of the stated Exploration Target are conceptual in nature, that there is currently been insufficient exploration to define a Mineral Resource, and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

## Plans for the December 2010 and March 2011 Quarters

Shaw River is seeking to define large-scale manganese resources at Baramine to pave the way for a long-life mining operation. Activity over the coming months will focus on delivering this outcome, which is expected to provide investors with regular news flow including:

- Further manganese results are expected from Area 5, Area 3 and Nells in October and November 2010;
- Beneficiation test results from RC holes in Area 3, Nells, Area 4 and Area 5 are expected in November 2010 and will assist with orebody modelling and economic product studies;
- Exploration planning will be completed with the aim of converting Shaw River's Baramine Project Exploration Target on key prospects to Mineral Resources in 2011;
- Results of beneficiation testing will be followed up during the coming months with a 1,000 metre diamond drilling program to determine beneficiation parameters and product characteristics;
- 15,000m of RC drilling is being planned to commence in early 2011;
- Economic studies will commence in the current quarter; and
- Heritage, environmental and mining application processes will commence in early 2011.

### BUTRE PROJECT GHANA (Shaw River 80% - Manganese and Gold)

Shaw River's Butre Project is located in the mining friendly Republic of Ghana in West Africa (see Figure 2). Ghana and West Africa have long been key suppliers of high quality manganese oxide ore for the steel market.

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 nearby Nsuta Manganese Mine, which has been operating since 1923 and has produced some 25 million tonnes of high grade oxide manganese ore.

Butre is also located directly adjacent to ground held by Adamus Resources Limited, which is currently developing the multi-million ounce Salman Gold Project 30km to the west of Butre.

#### Activities

Final planning for the upcoming drilling program was concluded during the September quarter.

### Plans for the December 2010 Quarter

- To gain a better understanding of the ore types at Butre (enriched in-situ manganese horizon and alluvial slope deposits), bulk samples are planned for metallurgical testing. These samples will be sent to a specialist facility to determine the nature of the manganese product they can produce. This information will be incorporated into the financial scoping study being undertaken by the team at Shaw River for Butre.
- At least 1,500m of close spaced (50m centres) follow up RC drilling is planned to be completed at Jimra Bepo Hill, targeting the north-west dipping manganese horizons identified in the first drill program. Drilling is planned to commence in November 2010.

### SKULL SPRINGS PROJECT (Shaw River earning 70%, Manganese)

The Wandanya Prospect at Skull Springs (see Figure 1) is located only 40km south-west of the Woodie Woodie operations. High grade rock chips grading up to 65% Mn have previously been identified in outcrops of manganese mineralisation trending NE-SW at Skull Springs. Airborne EM has been completed over the Wandanya Prospect and a number of targets were outlined within prospective geology.

## Activities

Planning for the forthcoming drill program proceeded during the September quarter, with hole locations selected and flagged in the field. Appropriate applications for drilling permits were also completed.

### Plans for the December 2010 and March 2011 Quarters

Shaw River intends to drill a 1,200m first pass RC drilling program at Wandanya in early 2011. The drilling will target three outcrop areas extending over 2.5km of strike where hydrothermal signatures, structures and manganese alteration are most intense. Available resources will be directed to conduct field mapping and sampling at the northern Skull Springs tenements during late 2010.

## CORPORATE

- The Company's cash position at 30 September 2010 is \$2.0 million.
- Shaw River continues to assess new manganese project acquisition opportunities both domestically and internationally.
- Shaw River's manganese strategy enjoys the strong support of its 45.4% shareholder, Atlas Iron Limited.

## SHAREHOLDER INFORMATION

As at 30 September 2010 Shaw River Resources had 198,398,572 of shares on issue. The top 20 shareholders hold 68% of the issued capital of Shaw River Resources Limited.



Vincent Algar

Managing Director

20 October 2010

This information can be downloaded from [www.shawriver.com.au](http://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.

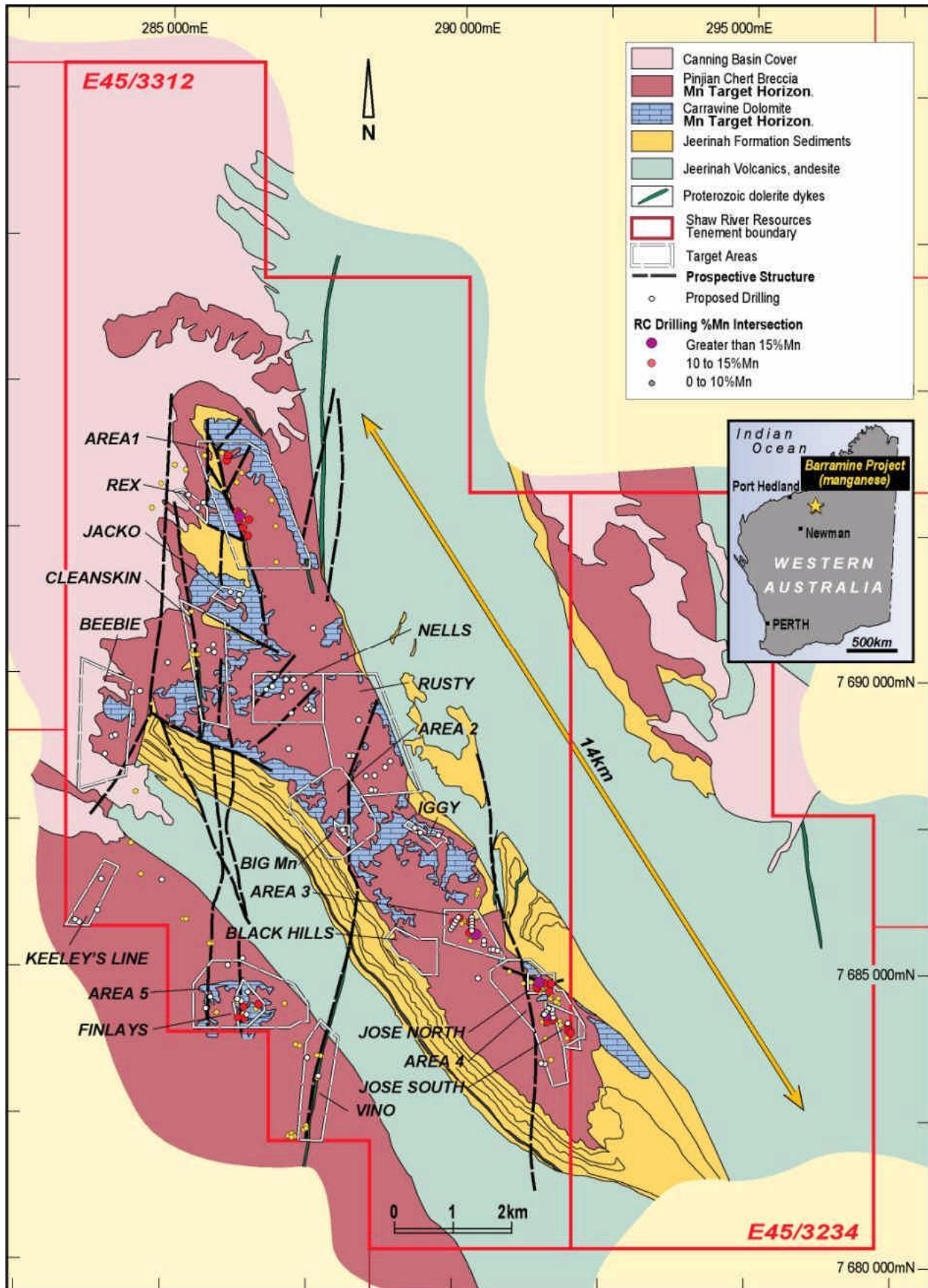


Figure 3. Baramine geology showing previous Shaw River drilling and current target areas

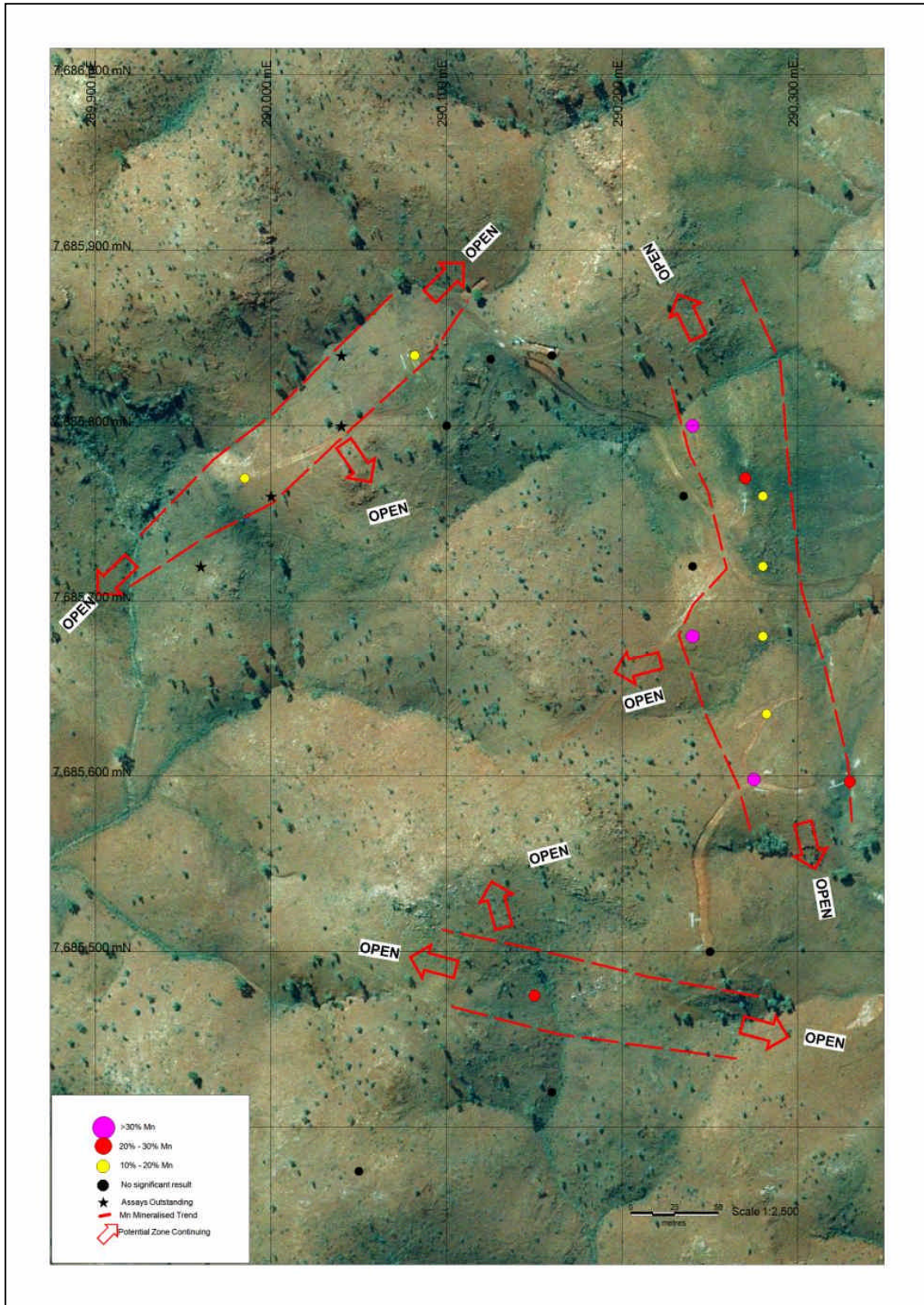


Figure 4. Area 3 Current maximum drill intersections (coloured legend) showing resource target areas and potential. Each grid square is 100m x 100m

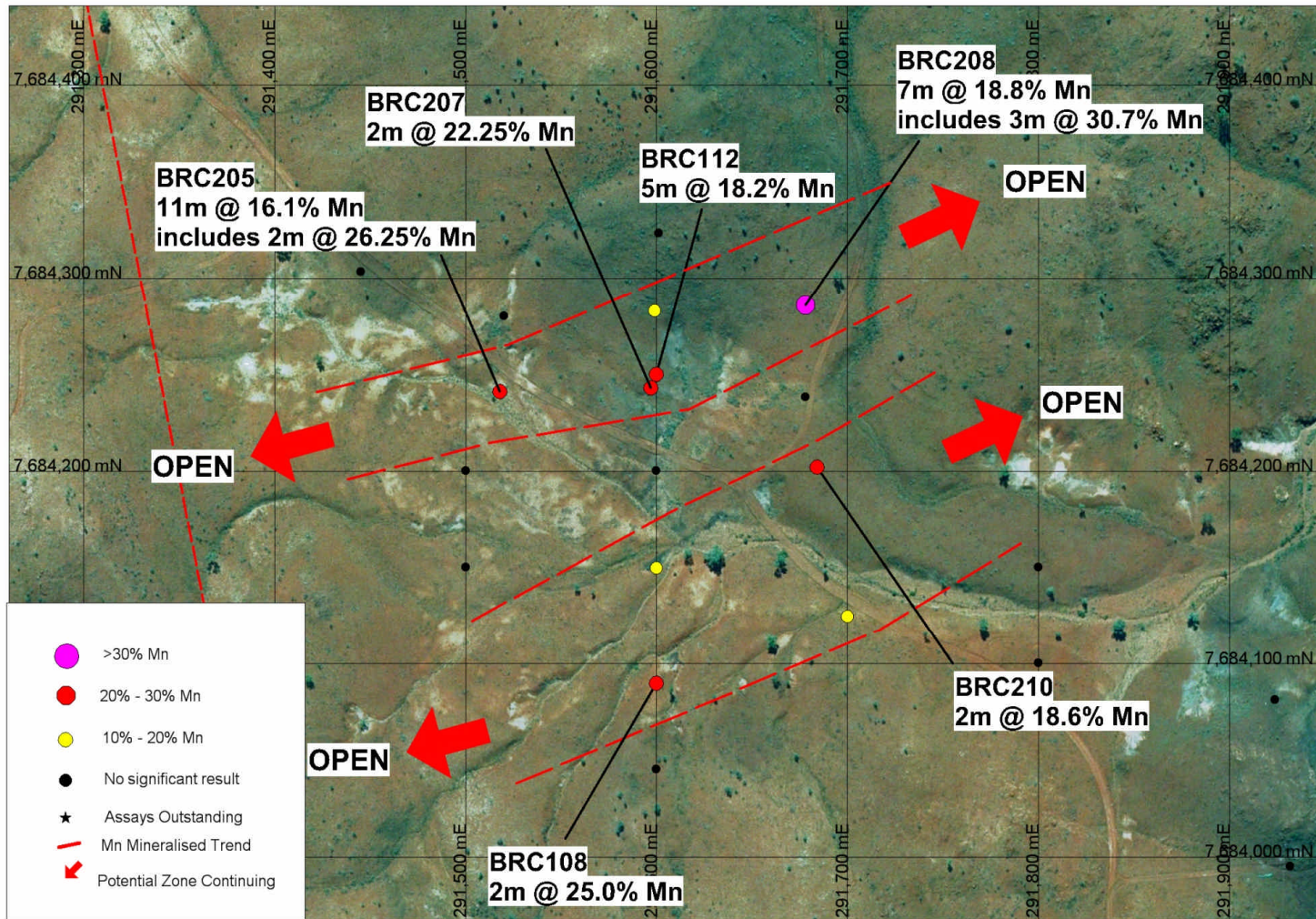


Figure 5: Area 4 Mineralised manganese regions with maximum drill assays (coloured legend) and drill intersections. Each grid square is 100m x 100m