
SHAW RIVER RESOURCES LIMITED
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NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 33 Ventnor Avenue, West Perth, Western Australia on Tuesday, 30 November 2010 at 3.00pm (WST).

SHAW RIVER RESOURCES LIMITED

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Shaw River Resources Limited ("**Company**") will be held at the 33 Ventnor Avenue, West Perth, Western Australia on Tuesday, 30 November 2010 at 3.00pm (WST) ("Meeting").

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 28 November 2010 at 5.00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

Financial, Directors' and Auditor's Reports

To receive the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2010.

1. Resolution 1 – Remuneration Report

To consider, and if thought fit pass as an ordinary resolution with or without amendment, the following:

"That the Remuneration Report be adopted by the Shareholders."

Short Explanation: *The provisions of the Corporations Act provide that Resolution 1 need only be an advisory vote of Shareholders. Accordingly, Resolution 1 is advisory only and does not bind the Directors. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.*

2. Resolution 2 – Re-election of Mr Ken Brinsden as a Director

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That Mr Kenneth Brinsden, who retires in accordance with the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

3. Resolution 3 – Ratification of Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders approve and ratify the allotment and issue of up to 27,500,000 Shares each at 13 cents per share to sophisticated and professional investors on the terms and conditions in the Explanatory Memorandum accompanying this Notice."

Short Explanation: Approval is sought under Listing Rule 7.4 to ratify the allotment and issue of 27,500,000 Shares to sophisticated and professional investors pursuant to a placement announced on 28 October 2010. Refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who participated in the Placement and any associates of those persons.

4. Resolution 4 - Approval to issue Shares under a Share Purchase Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 6,000,000 Shares each at each at 13 cents per share to existing Shareholders pursuant to a Share Purchase Plan and on the terms and conditions in the Explanatory Memorandum."

Short Explanation: Approval is sought under Listing Rule 7.1 for the allotment and issue of up to 6,000,000 Shares to existing Shareholders pursuant to a Share Purchase Plan announced on 28 October 2010. Refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this resolution by existing Shareholders who have participated in the Share Purchase Plan announced on 28 October 2010 and any person who may obtain a benefit, except in the capacity of a holder of ordinary shares, if the resolution is passed, and any associates of those persons.

5. Resolution 5 - Approval to issue Shares under a Share Purchase Plan to Mr Ken Brinsden

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 80,000 Shares each at each at 13 cents per share to Mr Ken Brinsden pursuant to a Share Purchase Plan and on the terms and conditions in the Explanatory Memorandum."

Short Explanation: Approval is sought under Listing Rule 10.11 for the allotment and issue of up to 80,000 Shares to Mr Brinsden pursuant to a Share Purchase Plan announced on 28 October 2010. Refer to the Explanatory Statement for details.

Voting exclusion: The Company will disregard any votes cast on this resolution by Mr Brinsden, his nominee or any of his associates.

6. Resolution 6 - Approval to issue Shares under a Share Purchase Plan to Mr Vincent Algar

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 80,000 Shares each at each at 13 cents per share to Mr Vincent Algar pursuant to a Share Purchase Plan and on the terms and conditions in the Explanatory Memorandum."

Short Explanation: Approval is sought under Listing Rule 10.11 for the allotment and issue of up to 80,000 Shares to Mr Vincent Algar pursuant to a Share Purchase Plan announced on 28 October 2010. Refer to the Explanatory Statement for details.

Voting exclusion: The Company will disregard any votes cast on this resolution by Mr Algar, his nominee or any of his associates.

7. Resolution 7 - Approval to issue Shares under a Share Purchase Plan to Mr Anthony Walsh

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 80,000 Shares each at each at 13 cents per share to Mr Anthony Walsh pursuant to a Share Purchase Plan and on the terms and conditions in the Explanatory Memorandum."

Short Explanation: Approval is sought under Listing Rule 10.11 for the allotment and issue of up to 80,000 Shares to Mr Anthony Walsh pursuant to a Share Purchase Plan announced on 28 October 2010. Refer to the Explanatory Statement for details.

Voting exclusion: The Company will disregard any votes cast on this resolution by Mr Walsh, his nominee or any of his associates.

8. Resolution 8 - Approval to issue Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 6,000,000 Shares each at each at 13 cents per share to Atlas Iron Limited and OM Holdings Limited and on the terms and conditions in the Explanatory Memorandum."

Short Explanation: Approval is sought under Listing Rule 7.1 for the allotment and issue of up to 6,000,000 Shares to Atlas Iron Limited and OM Holdings Limited. Refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this resolution by Atlas Iron Limited and OM Holdings Limited and any person who may obtain a benefit, except in the capacity of a holder of ordinary shares, if the resolution is passed, and any associates of those persons.

9. Resolution 9 – Ratification of issue of shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders approve and ratify the allotment and issue of up to 980,000 Shares each at a deemed issue price of 20 cents per share to Alpina Group Limited on the terms and conditions in the Explanatory Memorandum accompanying this Notice."

Short Explanation: Approval is sought under Listing Rule 7.4 to ratify the allotment and issue of 980,000 Shares to Alpina Group Limited, a 100% subsidiary of Mwana Africa Plc. Refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this resolution by Alpina Group Limited, Mwana Africa Plc and any associates of those persons.

10. Resolution 10 – Authority to Grant Options to Mr Brinsden

To consider and if thought fit to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of Rule 10.11 of the Listing Rules of ASX Limited and all other purposes, the issue of 500,000 options to acquire fully paid ordinary shares in the capital of the Company to Mr Ken Brinsden (or his nominee) on the terms and conditions described in the Explanatory Memorandum to this Notice, is approved."

Short explanation: Approval is sought under Listing Rule 10.11 to allow the Company to issue these options to Mr Ken Brinsden. Please refer to the Explanatory Memorandum for details.

Voting exclusion: The Company will disregard any votes cast on this resolution by Mr Ken Brinsden, his nominee or any of his associates.

11. Resolution 11 – Authority to Grant Options to Mr Algar – Managing Director

To consider and if thought fit to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 10.11 and all other purposes, Shareholders approve the issue of 1,000,000 options to acquire ordinary fully paid shares in the capital of the company on terms and conditions in the Explanatory Memorandum accompanying this Notice, to Mr Vincent Algar or his nominee for nil consideration as part of his remuneration package."

Short Explanation: Approval is sought under Listing Rule 10.11 to allow the Company to issue these options to Mr Vincent Algar. Please refer to the Explanatory Memorandum for details.

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr Vincent Algar, his nominee or any of his associates.

12. Resolution 12 – Authority to Grant Options to Mr Walsh

To consider and if thought fit to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Rule 10.11 of the Listing Rules of ASX Limited and all other purposes, the issue of 500,000 options to acquire fully paid ordinary shares in the capital of the Company to Mr Anthony Walsh (or his nominee) on the terms and conditions described in the Explanatory Memorandum to this Notice, is approved.”

Short explanation: Approval is sought under Listing Rule 10.11 to allow the Company to issue these options to Mr Anthony Walsh. Please refer to the Explanatory Memorandum for details.

Voting exclusion: The Company will disregard any votes cast on this resolution by Mr Anthony Walsh, his nominee or any of his associates.

13. Resolution 13 – Appointment of auditor

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That pursuant to section 327B of the Corporations Act, KPMG, having been nominated by a Shareholder and having consented in writing to act under section 328A of the Corporations Act, be appointed auditor of the Company, subject to Stantons International receiving consent from ASIC to resign as auditor of the Company.”

Short Explanation: Approval is sought appoint KPMG as the Company’s auditor to replace Stantons International.


Voting Exclusion – Resolutions 3 through to 12

The Company need not disregard a vote in Resolutions 3 to 12 if:

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
 - *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*
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Dated 29 October 2010

By Order of the Board



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Tony Walsh
Company Secretary

SHAW RIVER RESOURCES LIMITED

ACN 121 511 886

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 33 Ventnor Avenue, West Perth, Western Australia on Tuesday, 30 November 2010 at 3.00pm (WST) ("Meeting").

Financial, Directors' and Auditor's Reports

The Company has sent to those Shareholders who requested it, the Annual Report, which includes the financial report for the year ended 30 June 2010, a Directors' report in relation to that financial year and the auditor's report on the financial report. A copy of the Annual Report is on the Company's website: www.shawriver.com.au or can be obtained by contacting the Company on Telephone No: (08) 9226 4455.

There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition to taking questions at the meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- the preparation and content of the Auditor's Report;
- the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit

may be submitted no later than 5 business days before the date of the Meeting to the Company Secretary at the Company's registered office, 33 Ventnor Avenue, West Perth, WA 6005, or Facsimile: (08) 9226 4255.

1. Resolution 1 –Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Annual Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive director, specified executives and non-executive directors of the Company.

The provisions of the Corporations Act provide that Resolution 1 need only be an advisory vote of Shareholders.

Accordingly, Resolution 1 is advisory only and does not bind the Directors. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report; however, the Board will take the outcome of the vote into consideration when considering the remuneration policy.

The chairman of the Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

2. Resolution 2 – Re-election of Mr Ken Brinsden

Article 6.3(c) of the Constitution requires that one third of Directors must retire at each annual general meeting and seek re-election at the annual general meeting.

Article 6.3(c) provides that a Director who retires under Article 6.3(c) is eligible for re-election. Pursuant to these Articles, Mr Kenneth Edward Brinsden will retire and seeks re-election.

A brief resume of Mr Brinsden is contained in the Annual Report.

The Board believes that Mr Brinsden has performed the duties and responsibilities of a director diligently and professionally, in the best interests of all Shareholders. The Board unanimously supports the re-election of Mr Brinsden.

3. Resolution 3 – Ratification of Placement

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring shareholder approval.

Resolution 3 is required to be approved in accordance with ASX Listing Rule 7.4 to ratify the previous issue of Shares to existing shareholders of Shaw River including Atlas and OM Holdings, and sophisticated and professional investors who are clients of Hartleys Limited ("Hartleys").

The Company confirms that the issue and allotment of the Shares the subject of Resolution 3 did not breach ASX Listing Rule 7.1. The Company confirms that Atlas, OM Holdings and sophisticated and professional investors who are clients of Hartleys Limited ("Hartleys") are not related parties of the Company. The Company confirms that none of the parties issued Shares under this placement were related parties.

The reason for an approval under ASX Listing Rule 7.4 is to reinstate the capacity of the Company to issue up to 15% of its securities without the approval of its Shareholders.

Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.4 and the following information is included in this Explanatory Statement for that purpose:

- (a) The total number of securities issued by the Company is 27,500,000 Shares;
- (b) The Shares will be issued prior to the annual general meeting to existing shareholders of Shaw River including Atlas and OM Holdings, and sophisticated and professional investors who are clients of Hartleys Limited ("Hartleys") at an issue price of 13 cents each;
- (c) The Shares rank equally with the existing Shares on issue;
- (d) \$3.57 million was raised by this placement; and
- (e) Funds raised by the Company from this placement will be used to fund further exploration on its existing manganese tenements in Australia and Ghana, funding drilling on the Company's manganese tenements and maintaining the Company's other tenements in good standing.

A voting exclusion statement is included in this Notice for Resolution 3.

4. Resolution 4 – Approval to issue Shares under a Share Purchase Plan

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of Shares pursuant to the Share Purchase Plan announced on 28 October 2010. The passing of Resolution 4 will allow the Directors to issue up to 6,000,000 Shares without using up the Company's 15% placement capacity under ASX Listing Rule 7.1.

Listing Rule 7.1 restricts the Company's ability to issue equity securities in certain circumstances, unless approval is obtained from the Shareholders. The effect of passing Resolution 4 will be to allow the Directors to issue up to 6,000,000 Shares, without using up the Company's 15% placement capacity under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rules 7.3, information regarding the Shares is provided as follows:

- (a) The maximum number of Shares the Company can issue under the Share Purchase Plan is up to 6,000,000.
- (b) The Shares will be issued on one date no later than three months after the date of the Meeting, or such longer periods of time as ASX may in its discretion allow. It is expected that the Shares will be issued simultaneously with the Shares issued under Resolution 5.
- (c) Shares will be issued by the Company at an issue price of 13 cents each.
- (d) The Shares rank equally with the existing Shares on issue.
- (e) Up to \$780,000 will be raised by issuing the Shares pursuant to the Share Purchase Plan.
- (f) The Shares will be issued to existing shareholders of the Company pursuant to the Share Purchase Plan announced on 28 October 2010.
- (g) Funds raised by the Company from this issue will be used to fund further exploration on its existing manganese tenements in Australia and Ghana, funding drilling on the Company's manganese tenements and maintaining the Company's other tenements in good standing.

A voting exclusion statement is included in this Notice for Resolution 4.

5. Resolutions 5, 6 and 7 – Approval to issue Shares under a Share Purchase Plan to Mr Brinsden, Mr Algar and Mr Walsh

Resolutions 5, 6 and 7 seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of Shares pursuant to the Share Purchase Plan announced on 28 October 2010 to the directors of the Company, being Messrs Brinsden, Algar and Walsh. This will enable the directors to participate in the Share Purchase Plan on the same basis as all other shareholders.

Listing Rule 10.11 restricts the Company's ability to issue equity securities in certain circumstances to related parties, unless approval is obtained from the Shareholders. The effect of passing Resolutions 5, 6 and 7 will be to allow the issue of up to 80,000 Shares each to Messrs Brinsden, Algar and Walsh, who are related parties, under the Share Purchase Plan.

For the purposes of ASX Listing Rules 10.13, information regarding the Shares is provided as follows:

- (a) The maximum number of Shares the Company will issue under the Share Purchase Plan to Messrs Brinsden, Algar and Walsh is 80,000 Shares each, being in aggregate a maximum of 240,000 Shares.
- (b) The Shares will be issued on one date no later than one month after the date of the Meeting, or such longer periods of time as ASX may in its discretion allow. It is expected that the Shares will issued simultaneously with the Shares issued under Resolutions 4 and 8.
- (c) Shares will be issued by the Company at an issue price of 13 cents each.
- (d) The Shares rank equally with the existing Shares on issue.
- (e) Up to \$31,200 (a maximum of \$10,400 from each of Messrs Brinsden, Algar and Walsh) will be raised by issuing the Shares pursuant to the Share Purchase Plan announced on 28 October 2010 under Resolutions 5, 6 and 7.
- (f) Funds raised by the Company from this issue will be used to fund further exploration on its existing manganese tenements in Australia and Ghana, funding drilling on the Company's manganese tenements and maintaining the Company's other tenements in good standing.
- (g) Shareholder approval is being sought under Listing Rule 10.11 and, as such, approval is not required under Listing Rule 7.1

A voting exclusion statement is included in this Notice for Resolutions 5, 6 and 7.

6. Resolution 8 – Approval to issue Shares

Resolution 8 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of Shares following the Share Purchase Plan announced on 28 October 2010 to Atlas Iron Limited and OM Holdings Limited to enable them to maintain their percentage interest in the Company. The passing of Resolution 8 will allow the Directors to issue up to 6,000,000 Shares without using up the Company's 15% placement capacity under ASX Listing Rule 7.1.

Listing Rule 7.1 restricts the Company's ability to issue equity securities in certain circumstances, unless approval is obtained from the Shareholders. The effect of passing Resolution 8 will be to allow the Directors to issue up to 6,000,000 Shares, without using up the Company's 15% placement capacity under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rules 7.3, information regarding the Shares is provided as follows:

- (a) The maximum number of Shares the Company can issue under this resolution is up to 6,000,000.
- (b) The Shares will be issued on one date no later than three months after the date of the Meeting, or such longer periods of time as ASX may in its discretion allow. It is expected that the Shares will issued simultaneously with the Shares issued under the Share Purchase Plan announced on 28 October 2010.
- (c) Shares will be issued by the Company at an issue price of 13 cents each.
- (d) The Shares rank equally with the existing Shares on issue.
- (e) Up to \$780,000 will be raised by issuing the Shares.
- (f) The Shares will be issued to Atlas Iron Limited and OM Holdings Limited.
- (g) Funds raised by the Company from this issue will be used to fund further exploration on its existing manganese tenements in Australia and Ghana, funding drilling on the Company's manganese tenements and maintaining the Company's other tenements in good standing.

A voting exclusion statement is included in this Notice for Resolution 8.

7. Resolution 9 – Ratification of issue of shares

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

Resolution 9 is required to be approved in accordance with ASX Listing Rule 7.4 to ratify the previous issue of Shares to Alpina Group Limited, a 100% subsidiary of Mwana Africa Plc.

The Company confirms that the issue and allotment of the Shares the subject of Resolution 9 did not breach ASX Listing Rule 7.1. The Company confirms that Alpina Group Limited is not a related party of the Company.

The reason for an approval under ASX Listing Rule 7.4 is to reinstate the capacity of the Company to issue up to 15% of its securities without the approval of its Shareholders.

Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.4 and the following information is included in this Explanatory Statement for that purpose:

- (a) The total number of securities issued by the Company is 980,000 Shares;
- (b) The Shares were issued to Alpina Group Limited, a 100% subsidiary of Mwana Africa Plc, on 21 October 2010 at a deemed issue price of 20 cents each;
- (c) The Shares rank equally with the existing Shares on issue;
- (d) The Shares were issued to Alpina Group Limited, a 100% subsidiary of Mwana Africa Plc pursuant to an agreement to acquire an 80% interest in exploration tenements in Ghana; and
- (e) No funds raised by the Company from this issue.

A voting exclusion statement is included in this Notice for Resolution 9.

8. Resolution 10 - Authority to Grant Options to Mr Ken Brinsden

Resolution 10 seeks Shareholder approval in accordance with Listing Rule 10.11 for the issue of 500,000 Options to Mr Ken Brinsden (or his nominee).

The primary purpose of the grant of the Options to Mr Brinsden is not to raise capital, but to form part of his Director's remuneration package.

Shareholder approval is required for the grant of the 500,000 Options under Listing Rule 10.11 because Mr Brinsden, as a Director, is a related party of the Company. Furthermore, Shareholder approval of the issue of the 500,000 Options means that this issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Under the Company's present circumstances, the Board considers that the issue of the Options is a cost effective and appropriate component of the Directors' remuneration packages, and is preferred over the payment of further cash consideration. No funds will be raised from the issue of the Options. Any funds raised from exercise of the Options will be used for general working capital purposes. There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed. Mr Brinsden must contribute his own money to the Company to fund the exercise price of their respective Options.

Information required by the Listing Rules

For the purposes of Listing Rule 10.13 information regarding the 500,000 Options the subject of Resolution 10 is provided as follows:

- (a) 500,000 Options will be issued to Mr Ken Brinsden (or his nominee).
- (b) The issue price of each Option is nil and therefore no funds will be raised by the issue of the Options.
- (c) The Company will issue the Options no later than one month after the date of the Meeting or such longer period of time as ASX may in its discretion allow.
- (d) Each Option entitles the holder to subscribe for one Share, at an exercise price of 50% above the closing market price of Shares traded on ASX on the date that shareholders approve Resolution 10, and is exercisable on or before 30 November 2015.
- (e) The Options will not be quoted on ASX.
- (f) The terms and conditions of the Options are set out in Schedule 3.
- (g) A voting exclusion statement is included in the Notice.
- (h) Shareholder approval is being sought under Listing Rule 10.11 and, as such, approval is not required under Listing Rule 7.1.

The Board has formed the view that remuneration in the form of Options is reasonable given the Company's circumstances, and Mr Brinsden's circumstances (including his responsibilities). The Board is of the opinion that the terms of issue of the Options to Mr Brinsden are reasonable.

Corporate governance

The Listing Rules set out practice recommendations for ASX listed companies, including a suggestion that non-executive directors should not receive options or bonus payments. It is important to note that these guidelines are not prescriptions and do not require a "one size fits all" approach to corporate governance. In the Board's view, the guideline is inappropriate to the Company's circumstances, where the preservation of the Company's cash resources is paramount and the retention of high quality and well credentialed non-executive directors is considered important to the ongoing development of the Company and its iron ore projects.

Financial implications

Australian International Financial Reporting Standards require the Options to be expensed which is guided by AASB 2 – Share Based Payments. As these Options vest immediately, they are expected to be expensed in the financial year in which the Options are granted. Expensing the Options will have the effect of increasing both the expenses and contributed equity of the Company. Whilst there will be a reduction in profit, there will be no impact on the net assets or the cash position or financial resources of the Company as a result of expensing the Options. There are no tax implications for the Company in issuing these Options.

Dilution

If the Options to be issued to Mr Brinsden are exercised, this will have a diluting effect on the percentage interest of existing Shareholders' holdings. The diluting effect if the 500,000 Options are exercised is approximately 0.25% of the Company's current Share capital. If the Options are exercised and the Share price is higher than the exercise price, the value of the Company's shares may be diluted.

9. Resolution 11 - Authority to Grant Options to Mr Vincent Algar – Managing Director

Resolution 11 seeks Shareholder approval in accordance with Listing Rule 10.11 for the issue of 1,000,000 Options to Mr Vincent Algar (or his nominee).

Mr Vincent Algar is Managing Director of the Company. The Board has determined, subject to obtaining prior Shareholder approval under the Listing Rules, to offer Mr Vincent Algar, as part of his Long Term Incentive Package, 1,000,000 Options.

Shareholder approval is required for the grant of the 1,000,000 Options under Listing Rule 10.11 because Mr Vincent Algar, as a Director, is a related party of the Company. Furthermore, Shareholder approval of the issue of 1,000,000 Options means that this issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

The primary purpose of the grant of the Options to Mr Vincent Algar is not to raise capital, but to form part of Mr Vincent Algar's remuneration package. Under the Company's present circumstances, the Board considers that the incentive represented by the issue of the Options is a cost effective and appropriate component of Mr Vincent Algar's remuneration package, and is preferred over the payment of further cash consideration. No funds will be raised from the issue of the Options. Any funds raised from exercise of the Options will be used for general working capital purposes. There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed. Mr Vincent Algar must contribute his own money to the Company to fund the exercise price of the Options.

Information required by the Listing Rules

For the purposes of Listing Rule 10.13 information regarding the 1,000,000 Options the subject of Resolution 11 is provided as follows:

- (a) 1,000,000 Options will be issued to Mr Vincent Algar (or his nominee).
- (b) The issue price of each Option is nil and therefore no funds will be raised by the issue of the Options.
- (c) The Company will issue the Options no later than one month after the date of the Meeting or such longer period of time as ASX may in its discretion allow.
- (d) Each Option entitles the holder to subscribe for one Share, at an exercise price of 50% above the closing market price of Shares traded on ASX on the date that shareholders approve Resolution 11, and is exercisable on or before 30 November 2015.
- (e) The Options will not be quoted on ASX.
- (f) The terms and conditions of the Options are set out in Schedule 3.
- (g) A voting exclusion statement is included in the Notice.
- (h) Shareholder approval is being sought under Listing Rule 10.11 and, as such, approval is not required under Listing Rule 7.1.

The Board has formed the view that remuneration in the form of Options is reasonable given the Company's circumstances, and Mr Vincent Algar's circumstances (including his responsibilities). The Board is of the opinion that the terms of issue of the Options to Mr Vincent Algar are reasonable.

Corporate governance

Mr Vincent Algar is an executive director of the Company. Recommendation 8.2 of ASX's Corporate Governance Principles and Recommendations encourages ASX listed companies to find a balance between short term and long term performance objectives. In the Board's view, the issue of Options to Mr Vincent Algar is an appropriate means of providing these long term performance objectives. The Board also considers that the

retention of high quality and well credentialed executive directors, like Mr Vincent Algar, is important to the ongoing development and success of the Company and its projects.

Financial implications

The financial implications for the Company are the same as those set out in the Explanatory Memorandum for Resolution 2.

Dilution

If the Options to be issued to Mr Vincent Algar are exercised, this will have a diluting effect on the percentage interest of existing Shareholders' holdings. The diluting effect if the 1,000,000 Options are exercised is approximately 0.5% of the Company's current Share capital. If the Options are exercised and the Share price is higher than the exercise price, the value of the Company's shares may be diluted.

10. Resolution 12 - Authority to Grant Options to Mr Anthony Walsh

Resolution 12 seeks Shareholder approval in accordance with Listing Rule 10.11 for the issue of 500,000 Options to Mr Anthony Walsh (or his nominee).

The primary purpose of the grant of the Options to Mr Anthony Walsh is not to raise capital, but to form part of his Director's remuneration package.

Shareholder approval is required for the grant of the 500,000 Options under Listing Rule 10.11 because Mr Anthony Walsh, as a Director, is a related party of the Company. Furthermore, Shareholder approval of the issue of the 500,000 Options means that this issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Under the Company's present circumstances, the Board considers that the issue of the Options is a cost effective and appropriate component of the Directors' remuneration packages, and is preferred over the payment of further cash consideration. No funds will be raised from the issue of the Options. Any funds raised from exercise of the Options will be used for general working capital purposes. There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed. Mr Anthony Walsh must contribute his own money to the Company to fund the exercise price of their respective Options.

Information required by the Listing Rules

For the purposes of Listing Rule 10.13 information regarding the 500,000 Options the subject of Resolution 12 is provided as follows:

- (a) 500,000 Options will be issued to Mr Anthony Walsh (or his nominee).
- (b) The issue price of each Option is nil and therefore no funds will be raised by the issue of the Options.
- (c) The Company will issue the Options no later than one month after the date of the Meeting or such longer period of time as ASX may in its discretion allow.
- (d) Each Option entitles the holder to subscribe for one Share, at an exercise price of 50% above the closing market price of Shares traded on ASX on the date that shareholders approve Resolution 12, and is exercisable on or before 30 November 2015.
- (e) The Options will not be quoted on ASX.
- (f) The terms and conditions of the Options are set out in Schedule 3.
- (g) A voting exclusion statement is included in the Notice.

- (h) Shareholder approval is being sought under Listing Rule 10.11 and, as such, approval is not required under Listing Rule 7.1.

The Board has formed the view that remuneration in the form of Options is reasonable given the Company's circumstances, and Mr Anthony Walsh's circumstances (including his responsibilities). The Board is of the opinion that the terms of issue of the Options to Mr Anthony Walsh are reasonable.

Corporate governance

The Listing Rules set out practice recommendations for ASX listed companies, including a suggestion that non-executive directors should not receive options or bonus payments. It is important to note that these guidelines are not prescriptions and do not require a "one size fits all" approach to corporate governance. In the Board's view, the guideline is inappropriate to the Company's circumstances, where the preservation of the Company's cash resources is paramount and the retention of high quality and well credentialed non-executive directors is considered important to the ongoing development of the Company and its iron ore projects.

Financial implications

Australian International Financial Reporting Standards require the Options to be expensed which is guided by AASB 2 – Share Based Payments. As these Options vest immediately, they are expected to be expensed in the financial year in which the Options are granted. Expensing the Options will have the effect of increasing both the expenses and contributed equity of the Company. Whilst there will be a reduction in profit, there will be no impact on the net assets or the cash position or financial resources of the Company as a result of expensing the Options. There are no tax implications for the Company in issuing these Options.

Dilution

If the Options to be issued to Mr Anthony Walsh are exercised, this will have a diluting effect on the percentage interest of existing Shareholders' holdings. The diluting effect if the 500,000 Options are exercised is approximately 0.25% of the Company's current Share capital. If the Options are exercised and the Share price is higher than the exercise price, the value of the Company's shares may be diluted.

11. Resolution 13 – Appointment of auditor

The Corporations Act requires Shareholders in general meeting to approve the appointment of a new auditor of the Company.

Due to its internal restructure, Stantons International (the Company's current auditor), has given written notice to ASIC applying for consent to resign as auditor of the Company with effect from the close of the Meeting. As at the date of this Notice, consent from ASIC to the resignation of Stantons International has not been received.

Following completion of a review process, the Company has selected KPMG to become the next external auditor of the Company, subject to receiving Shareholder approval. A copy of the notice of nomination of KPMG as auditor of the Company, provided by a Shareholder, is included as Schedule 2 to this Notice.

Having received consent to act as auditor from KPMG, Shareholders are asked to vote on the appointment of KPMG. If Shareholder approval is received, and subject to ASIC providing approval for Stantons International to resign, KPMG will commence as auditor of the Company from the close of the Meeting.

Stantons International has been the auditor of the Company since it listed on ASX, and the Board would like to publicly thank them for their work over that period.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of the appointment of KPMG as auditors of the Company, subject to ASIC giving its consent to the resignation of Stantons International.

12. Action to be taken by Shareholders

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Schedule 1 - Definitions

In this Explanatory Memorandum and Notice:

Annual Report means the 2010 Annual Report of the Company and its controlled entities (if any) a copy of which was lodged with the ASX.

Article means an article of the Constitution.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Company means Shaw River Resources Limited ACN 121 511 886.

Constitution means the Constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company and **Directors** means the directors of the Company.

Directors' Report means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities (if any).

Explanatory Memorandum means the explanatory memorandum to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities (if any).

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Option means an option to acquire a Share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Annual Report.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Share Purchase Plan means the Share Purchase Plan announced on 29 October 2010 by the Company.

Shaw River means the Company.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 - Notice of nomination of KPMG as auditor of the Company

Board of Directors
Shaw River Resources Limited
33 Ventnor Avenue
WEST PERTH WA 6005

28 October 2010

Dear Sirs

Nomination of KPMG as new auditor of Shaw River Resources Limited

I, Anthony Walsh, being a member of Shaw River Resources Limited (**Atlas**), nominate KPMG for appointment as auditor of Shaw River Resources Limited at its 2010 annual general meeting to be held on 30 November 2010.

I consent to the distribution of a copy of this nomination as a schedule to Shaw River Resources Limited's 2010 notice of annual general meeting, as required by section 328B of the *Corporations Act 2001* (Cth).

Yours faithfully

A handwritten signature in black ink that reads "Anthony Walsh". The signature is written in a cursive style with a large, looping initial 'A'.

Anthony Walsh

Schedule 3 -- Terms and Conditions of Options To be issued to Mr Brinsden, Mr Algar and Mr Walsh the subject of Resolutions 7, 8 and 9.

The options terms and conditions are as follows:

1. Each option shall be issued for no consideration.
2. Each option entitles the holder (**Holder**) to subscribe for one Share in Shaw River Resources Limited (**Company**).
3. Each option has an exercise price of 50% (Fifty percent) above the closing market price of Shares traded on ASX on the date of the Company's shareholders approving the grant of that option.
4. Options will expire at 5.00 pm, (Perth time) on 30 November 2015 (**Expiry Date**).
5. Options are not transferable and will not be listed for official quotation on ASX.
6. There are no participating rights or entitlements inherent in the options and the Holder will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.
7. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the options, the exercise price of the options will be adjusted in accordance with the formula Listing Rule 6.22.2.
8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
9. Options will expire as follows:
 - (a) the date the Holder is disqualified from holding the office of director or officer of the Company; or
 - (b) one month after the date the Holder ceases to be a director or officer of the Company because of:
 - (i) voluntary retirement;
 - (ii) voluntary cessation, or
 - (iii) by mutual agreement of the Company and the Holder.
10. Options are exercisable immediately following issue and ending on the Expiry Date (**Exercise Period**) by the delivery to the registered office of the Company of a notice in writing (**Notice**) stating the intention of the Holder to exercise all or a specified number of options accompanied by an option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options will not affect the rights of the Holder to the balance of the options held.

11. On exercise of an option and subject to the Company having received the subscription monies for the Shares in cleared funds:
- (a) The Company will issue the Share within 5 Business Days of receipt of the Notice.
 - (b) A Share issued on the exercise of an option shall rank equally with the existing ordinary shares of the Company in all respects.
 - (c) A Share issued on the exercise of an option must not be offered for sale by the Holder unless:
 - (i) the offer is made under circumstances that do not require disclosure to investors under Part 6D.2 of the Corporations Act; or
 - (ii) one of the following occurs:
 - (A) the Company gives ASX a notice that complies with section 708A(6) of the Corporations Act within 5 trading days of the issue of the Share;
 - (B) the Company lodges a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act; or
 - (C) expiry of 12 months after issue of the Shares.
 - (d) Application will be made by the Company to ASX for official quotation of the Share issued on the exercise of an option.

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SHAW RIVER RESOURCES LIMITED

ACN 1 2 1 5 1 1 8 8 6

PROXY FORM

The Company Secretary
Shaw River Resources Limited

By delivery: 33 Ventnor Avenue, **West Perth WA 6005** **By post:** PO Box 1259 **West Perth WA 6872** **By facsimile:** (08) 9226 4255

I/We ¹ _____
of _____

being a Shareholder/Shareholders of the Company and entitled to _____
votes in the Company, hereby appoint ² _____

or failing such appointment the chairman of the annual general meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held at the 33 Ventnor Avenue, West Perth, Western Australia on Tuesday, 30 November 2010 at 3.00pm (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is * []% of the Shareholder's votes*/ [] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

IMPORTANT:

The chairman of the annual general meeting intends to vote undirected proxies in favour of the Resolution.

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Brinsden as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of issue of Shares pursuant to Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of issue of Shares pursuant to Share Purchase Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of issue of Shares to Mr Brinsden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of issue of Shares to Mr Algar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of issue of Shares to Mr Walsh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of issue of Top Up Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Ratification of issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval of issue of options to Mr Brinsden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval of issue of options to Mr Algar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Approval of issue of options to Mr Walsh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Authorised signature/s This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director/Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹Insert name and address of Shareholder

²Insert name and address of proxy

*Omit if not applicable

The Chair of the meeting intends to vote undirected proxies in favour of the resolutions

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution/s and that votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Proxy Notes:

A Shareholder entitled to attend and vote at the annual general meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that annual general meeting. If the Shareholder is entitled to cast 2 or more votes at the annual general meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that annual general meeting, the representative of the body corporate to attend the annual general meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the annual general meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Perth office of the Company or by post to 33 Ventnor Avenue, West Perth, WA 6005, or Facsimile (08) 9226 4255 if faxed from within Australia or +61 8 9226 4255 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the annual general meeting (WST).