



DECEMBER 2010 QUARTERLY REPORT

31 JANUARY 2010

SUMMARY OF QUARTERLY ACTIVITIES

HIGHLIGHTS

- SHAW TO ACQUIRE 75.5% INTEREST IN NAMBIAN MANGANESE DEVELOPMENT PROJECT, (OTJOZONDU)
- HIGH GRADE DRILL RESULTS FROM 2010 BARAMINE MANGANESE DRILLING PROGRAM
- HIGHLY ENCOURAGING BENEFICIATION TEST RESULTS FOR BARAMINE MANGANESE
- COMPLETION OF CAPITAL RAISING OF \$7.5 MILLION VIA SUCCESSFUL PLACEMENT AND OVERSUBSCRIBED SHARE PURCHASE PLAN

PLANS FOR THE MARCH 2011 QUARTER.

- COMPLETE NAMIBIAN MANGANESE ACQUISITION (OTJOZONDU) AND
 - COMMENCE INFILL DRILLING PROGRAM
 - START FEASIBILITY STUDY
 - RELEASE OF MAIDEN JORC RESOURCE
- 1,500M DRILLING PROGRAM AT BUTRE MANGANESE, GHANA
- 1,500M DRILLING PROGRAM AT SKULL SPRINGS MANGANESE, PILBARA
- PREPARATION FOR 20,000M DRILLING PROGRAM AT BARAMINE MANGANESE, PILBARA IN APRIL 2011

Shaw River Resources Limited is a manganese focused explorer with the potential to be a producer of manganese in 2012.

Shaw River is currently finalizing the acquisition of a 75.5% stake in the Otjozondou (Otjo) Manganese Project in Namibia. On completion, expected in February 2011, the Otjo Manganese Project will add an advanced manganese project to Shaw River's project pipeline. Shaw River intends to bring Otjo into production in 2012, as it continues to advance its other projects through resources and feasibility.

In 2011, Shaw River will aggressively advance its projects at Baramine (Pilbara), Butre (Ghana) and Skull Springs (Pilbara) projects as it advances Otjo from feasibility study towards production.

Shaw River's largest shareholder, Atlas Iron Limited (45.2%), is a strong supporter of Shaw River's manganese strategy.

Shaw River offers excellent exposure to this strategic metal, critical to the global steel industry. Manganese offers investors the benefits of a high unit sale price and strong global demand.

PROJECTS

OTJOZONDU MANGANESE PROJECT, NAMIBIA- SHAW RIVER (Agreement to Acquire 75.5%)

In December 2010, Shaw River announced that it had reached an agreement to acquire a 75.5% interest in the Otjozundu Manganese Project in Namibia ("Otjo"), in a deal which will potentially see Shaw River join the ranks of global manganese producers by 2012. Shaw River has now completed due diligence and received shareholder approval. Shaw River expects that all conditions precedent should be satisfied in February 2011. Shaw River will acquire 75.5% interest in Otjo through the purchase of 100% of Otjozundu Holdings Pty Ltd, a Namibian company that holds a 75.5% stake in Otjo.

Otjo represents an important acquisition for the Company. Shaw River plans to release a maiden resource for Otjo in the March 2011 quarter, commence a significant infill drilling program at Otjo and commence a feasibility study. Shaw River plans to release a maiden reserve for Otjo in July 2011 and complete the feasibility study on Otjo in October 2011 in time for the Shaw River Board to make a development decision in the December 2011 quarter.

The Otjo project will be progressed along with Shaw River's other manganese projects in the Pilbara and in Ghana, pursuing the Company's strategy to build a global manganese business. Shaw River will continue its strategy of developing and adding to its pipeline of manganese exploration and production assets.

Historical Manganese Field

Otjo is located 150km north-east of the Namibian capital of Windhoek (see Figure 2), and lies in a historical manganese field which has produced in aggregate approximately 500,000t of high grade manganese since the 1950's. Production at Otjo is currently by way of a shallow drill-and-blast mining method, using a basic crusher and jigging circuit to produce saleable ore. Otjo has been periodically mined since 2008, however, previous mining and processing has been based on very limited mine planning, infrastructure planning and limited laboratory scale metallurgical testwork to refine manganese recovery. Recently, the Otjo project has produced manganese on a trial mining basis at a relatively limited rate, producing a manganese product grading approximately 38% manganese. It has plant and equipment capable of producing 10,000t per month of manganese product. It is believed that the Otjo project's operating costs, scale and product quality delivery can be vastly improved with adequate planning, testwork, capital investment and best practice operations management.

Near Term Production

Shaw River's technical due diligence to date, including multiple site visits, technical and logistics reviews, has confirmed that the introduction of modern technology, mine planning practices and processing expertise could see production commence in early 2012.

Otjo provides Shaw River with the opportunity to realise its plan to become a global manganese producer. Shaw River will leverage its manganese expertise to transform Otjo into a world-class manganese project. Otjo has significant potential to expand through additional exploration, resource development and investment in processing and mine planning. Shaw River intends to make Otjo a major, low-cost manganese producer that will generate significant future cashflows.

The acquisition of Otjo is complementary to Shaw River's manganese strategy, and its existing manganese projects in the Pilbara region of WA and in Ghana. Shaw River believes the Otjo project can be transformed into a lucrative world-class operation within two years with a substantial resource inventory which is significantly leveraged to the manganese price.

Resource & Exploration Potential

Extensive technical due diligence undertaken by Shaw River has concluded that there is excellent potential to increase the manganese inventory. This confidence stems in part from Shaw River's estimated exploration target of 35 to 50 million tonnes grading 23% to 27% manganese contained in seven deposits. This covers just 24% of the total 44km interpreted strike length at Otjo. Importantly, most of the existing drilling does not extend below 85m depth. Following completion of the acquisition, Shaw River will immediately undertake a resource/reserve definition drilling program in the March 2011 quarter and expects to report a maiden reserve estimate at Otjo, on three of the seven deposits in July 2011.

Namibia

Namibia is a politically stable country with a modern system of mineral tenement management. The process of tenement application and renewal is reported to be comparable with other politically stable countries. In addition, the Namibian mining industry and government is very supportive of foreign investment in the country. Paladin Energy Limited and Rio Tinto Limited have been successfully operating in Namibia for a number of years.

Completion of Otjo Acquisition

Shaw River has agreed to acquire 100% of the issued capital of Otjozondou Holding Pty Ltd ("OH"), the company that holds a 75.5% interest in Otjo.

Completion of the Otjo Acquisition in the March 2011 quarter is subject to a number of outstanding conditions precedent, including but not limited to:

- a) Shaw River agreeing terms for the assignment of overdrafts and equipment leases at Bank Windhoek by 31 January 2011;
- b) The Namibian Minister of Mines and Energy approving the acquisition by Shaw River of the 100% interest in OH, and consequently the 75.5% interest in OH's subsidiary Otjozondou Mining (Pty) Ltd ("OM") by 31 March 2011; and
- c) Namibian competition authorities unconditionally approving in writing the transaction by 31 March 2011

All other conditions precedent have been satisfied as at the date of this report.

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

The Baramine Manganese Project consists of three tenements located 80 km northwest of the Woodie Woodie Manganese Mine and 280 km 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).

Manganese at Baramine is associated with the Carawine Dolomite and Pinjian Chert over a minimum estimated area of 70 km². Shaw River is targeting manganese mineralisation similar to that at the world-class Woodie Woodie deposits (see targets, Figure 1).

Following the highly encouraging outcomes of the September 2010 drilling program, Shaw River's geological team has determined an initial Exploration Target* at Baramine of 10 to 15 million tonnes grading between 18% Mn and 25% Mn of in-situ ore. This figure is based on observed mineralisation and trends interpreted from drilling as well as detailed rockchip sampling and mapping.

Highlights for the Dec 2011 Quarter - Baramine

- Drilling results identify high grades over significant widths in Area 3 including 4m at 33.6% Mn and 1m at 40.2% Mn
- Fixed Loop EM over Area 3 generates new manganese drilling targets.
- DMS (Dense Media Separation) and gravity separation tests show Baramine manganese can be upgraded from approximately 20% feed to 43% product, pointing to a highly saleable product. Positive DMS (Dense Media Separation) test results:
 - 76% of the manganese metal was recovered from 35% of the mass in the DMS, pointing to extremely favourable mining and processing economics
 - Material tested comes from five prospects at Baramine spanning 4km of continuous mineralisation
 - Beneficiation tests provide more strong evidence that Baramine will host an economic manganese project utilising a low-cost DMS process to upgrade the ore

Significant Drillhole intercepts

Shaw River completed a successful 10,000m RC drilling program at Baramine in September 2010, which returned intersections up to 45.8% Mn and identified extensive zones of significant mineralisation at six prospects. A review of the drilling samples (257 RC holes) to assist with geological modelling and interpretation found that drillhole BRC241 in Area 3 (North) contained an additional strongly mineralised zone on manganese (see Figure 2). Further assaying on BRC241 has returned:

- New deeper intervals returned 18m @ 21.4% Mn from 73m, including 4m @ 25.8% Mn from 74m and 4m @ 33.6% Mn from 86m including 1m @ 40.2% Mn from 86m

Fixed Loop Electromagnetics (EM) Survey

The recent drill program in Area 3 South (see Fig 2), identified manganese mineralisation including 5m at 27.6% Mn from 57m in BRC248 and 2m @ 27.1% Mn from 40m in BRC246, from targets generated using XTEM airborne time-domain geophysics. Following this success, a one square-kilometre (1km²) fixed loop EM survey was commissioned to follow up the discovery at BRC 248 and surrounding mineralised trends. This survey was completed on Friday 3 December and results of the survey identified a number of significant untested anomalies which will be followed up with field mapping and drilling in the second Quarter of 2011.

Beneficiation Testwork Results

Shaw River conducted positive beneficiation testwork at its Baramine Project in Western Australia during the Quarter. The test results demonstrated that Baramine material can be upgraded to 43% manganese through simple Dense Media Separation ("DMS") and gravity separation. DMS separation processing plants are in place at OM Holdings' Bootu Creek Mine and at Consolidated Minerals' Woodie Woodie Operations.

The results of Shaw River's testwork provide more strong evidence that Baramine will host a low-cost manganese project capable of producing a high-grade, high-quality product, which is expected to be in strong demand on world markets.

The beneficiation results were conducted on composite RC drill samples from five different manganese zones at Baramine. The tests, undertaken by Nagrom Laboratories in Perth, were designed to determine the potential for upgrading the combined (blended) feed material from Baramine. The results of the tests were extremely encouraging because they show that DMS and gravity separation can be used to generate economic grades of manganese and deliver an attractive product for sale from the source material available at Baramine. These tests are preliminary and will be optimised in future programmes.

Strong encouragement can also be derived from the attractive yields from the DMS (76% Mn yield and around 35% mass yield) and low contaminants (10% Fe, 0.34% BaO, 0.04%P). Overall for coarse and fine material, a mass yield of 28% was achieved, capturing 60% of the total manganese in the feed material.

These positive results will now form part of the scoping study on Baramine, which will commence early in 2011. Further details of the beneficiation testwork program can be found in Attachment 1 following.

RECENT BARAMINE DRILLING SUCCESS

Recent drilling at Baramine has identified intersections of up to 45.8% Mn and identified significant mineralisation at six prospects. Recent drilling identified five new discoveries and extended two known mineralised trends.

Drill intersections identified a range of different mineralisation types, some similar in nature to those known at the nearby operating Woodie Woodie Mine. These included high manganese-low iron, high iron and high carbonate styles of mineralisation. Intersections include:

- 14m at 21%Mn including 3m at 35%Mn and 1m at 45.8%Mn
- 4m at 33.6%Mn including 1m at 40.2%Mn
- 5m at 28%Mn
- 9m at 21%Mn
- 8m at 22%Mn

Overall, drilled mineralisation trends have been extended to 4km, just 11% of the 35km of mineralised target trends tested thus far at Baramine.

Shaw River has determined an initial Exploration Target at Baramine of between 10 million tonnes and 15 million tonnes of manganese grading between 18 % Mn and 25% Mn.

Plans for the March 2011 Quarter

- Planning and field activity including Native Title approval and earthworks underway in preparation for commencement of 20,000 metres drilling program in April 2011
- Economic Scoping study and orebody modelling of existing data underway.
- Heritage, environmental and mining application processes will commence.

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

Shaw River's Butre Manganese Project located in the mining friendly Republic of Ghana in West Africa (see Figure 3). Ghana and West Africa have long been one of the key suppliers of high quality manganese oxide ore for the steel market.

The Butre Project is strategically located 30 km 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.

Activity during the December 2010 quarter was limited due to the rainy season in Southern Ghana. Track and drill pad clearing was undertaken in anticipation of a rig becoming available in December. The rig was held up with drilling now expected to start in early February 2011.

Plans for the March 2011 Quarter

- Follow up drill program of up to 1,500 metres on Jimra Bepo Manganese Occurrence will be

completed during the March 2011 quarter to follow-up previous manganese and gold drill intersections, subject to drill rig availability.

- Bulk sampling of manganese source material to be taken and sent for beneficiation will be undertaken during the March 2011 quarter
- An economic study on a potential operation at Butre using the Port of Takoradi, just 30km from the project, will commence on the receipt of drilling results and bulk sample test results
- Follow up on the extensive gold anomalism at Butre will be planned for the June quarter of 2011.

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

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

Plans for the March 2011 Quarter

- Shaw River will undertake a 1,500 metre first pass RC program in the March 2011 quarter. Drilling at the Skull Springs Project will target outcropping manganese over 2.5km of strike.

CORPORATE

- During the December 2010 quarter Shaw River completed a placement to sophisticated investors including Atlas Iron Limited and OM Holdings Ltd under the 15% placement capacity raising \$3.575 million as well as completing a fund raising via a Share Purchase Plan (SPP) which closed oversubscribed to raise \$1.8 million. Hartleys Limited was the Corporate Advisor to the Offer.
- The Company's cash position at 31 December 2010 is \$7.1 million.

SHAREHOLDER INFORMATION

As at 31 December 2010 Shaw River Resources had 252,564,485 of shares on issue. The top 20 shareholders hold 65.2% of the issued capital of Shaw River Resources Limited.



Vincent Algar
Managing Director
31 January 2011

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

Exploration Target Statement:

Exploration Target is conceptual in nature and there has currently been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

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 is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Vincent Algar is a full-time employee 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 consents 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.

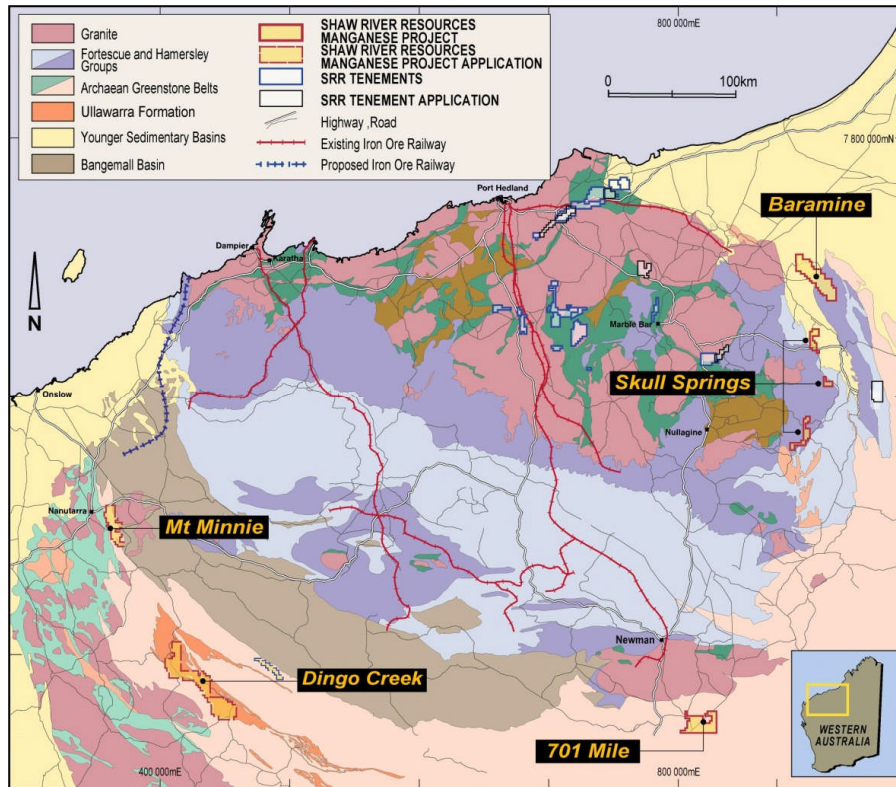


Figure 1. Shaw River Pilbara Manganese Project Locations



Figure 2 Location Diagram Otjozondou Manganese Project, Namibia, Walvis Bay Port



Plate 1: The Otjozondu Manganese Project and bulk exploration/trial mining infrastructure



Plate 2: Bulk sampling/Trial Mining Infrastructure in use



Plate 3 Crushed Manganese Ore at Otjozondu

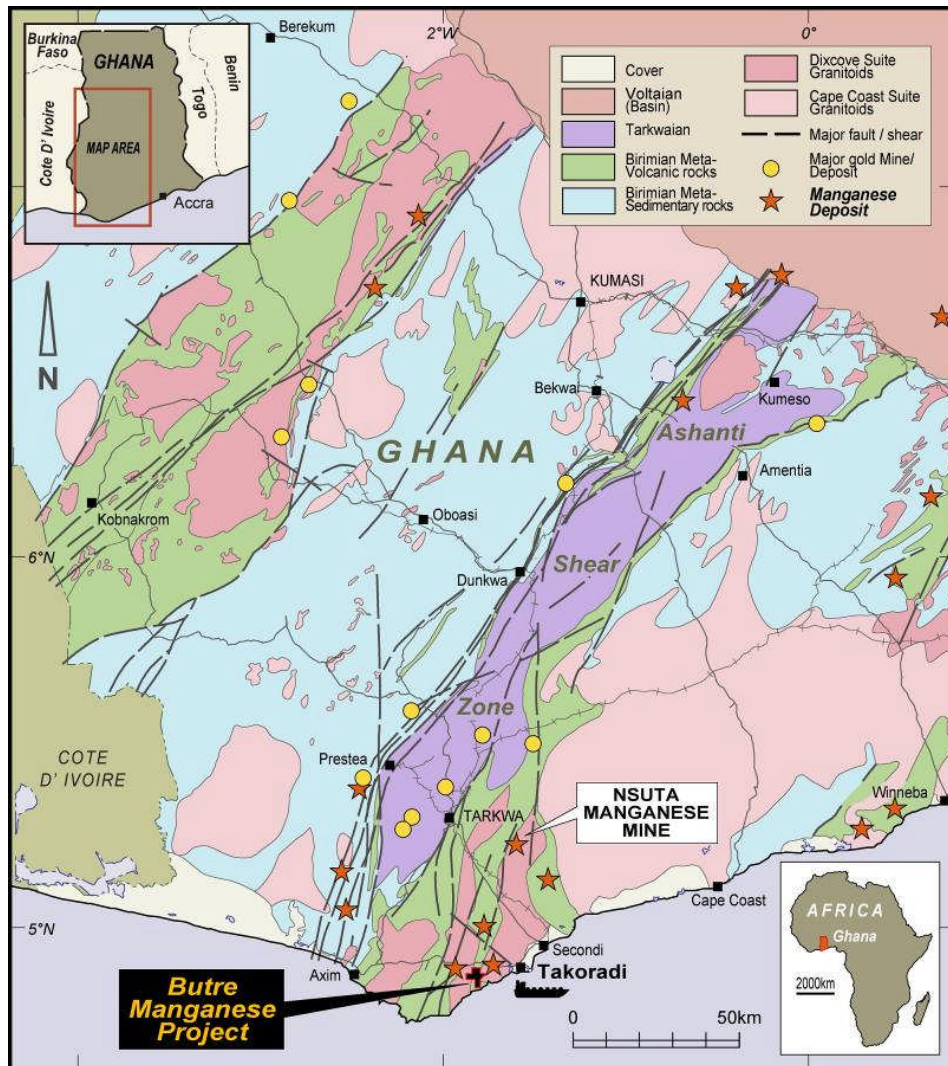


Figure 3. Ghana Geology and Butre Project Location

ATTACHMENT 1
BENEFICIATION TESTWORK DETAILS

Table 1-4 and Figure 2 below shows the overall results of the combined weighed samples used for coarse (DMS) and fine (gravity separation) testwork.

Table 1 ,2 and 4 as well as Figure 2 refer to DMS and gravity Test1 composites. Table 3 refers to Test2 composites.

Description	Mn %	Fe %	SiO ₂ %	BaO%	P%	CaO%	Al ₂ O ₃ %	Mass Yield %	Mn Recovery %
Coarse Concentrate +0.5mm									
DMS	42.6	10.2	12.9	0.34	0.04	0.28	0.77	35.1	76.3
Fine Concentrate- -0.5mm									
Gravity	35.8	12.2	19.6	0.31	0.03	0.44	1.06	18.0	32.6
Overall Combined	41.0	10.7	14.6	0.33	0.04	0.32	0.84	27.8	60.0

Table 1. Test 1 Baramine overall DMS and gravity concentrate results. Results are weighted averages of XRF Laboratory analyses. Details are shown in Table 2 and 3 of this report.

The tests were conducted on samples from seven drill holes, spread over five prospects, these being representative of the current mineralisation identified so far at Baramine. These tests include:

- Wet sizing at +0.5mm and -0.5mm
- DMS density determination (tests run between 3.0-3.8SG on +0.5mm fraction)
- DMS determinations for composites using SG 3.3 on +0.5mm fraction
- Wilfley Gravity Table concentrates for -0.5mm fraction

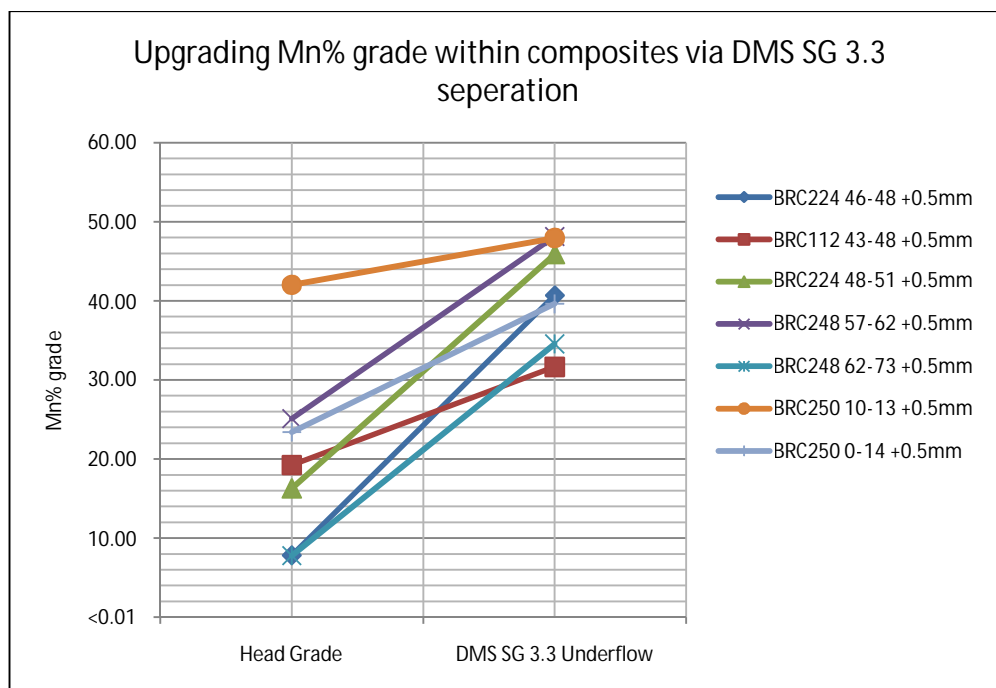


Figure 2: Chart showing upgrade of manganese composite samples by DMS from Test 1 (Table 2 below)

DMS AND GRAVITY TEST RESULTS

Hole Composite	Prospect	From	To	Description	Mn %	Fe %	SiO ₂ %	Mass Yield %	Mn Recovery %
BRC112	Area4	43	48	Feed	19.1	13.2	46.1	100.0	100.0
				DMS	31.6	19.5	15.9	41.7	69.0
BRC224	Beebie	46	48	Feed	9.0	1.2	81.1	100.0	100.0
				DMS	40.7	2.7	25.4	9.1	40.9
BRC224	Beebie	48	51	Feed	15.4	1.8	70.5	100.0	100.0
				DMS	45.9	1.7	21.3	24.8	74.0
BRC248	Area3	57	62	Feed	27.0	7.0	40.2	100.0	100.0
				DMS	48.1	4.5	14.5	48.4	60.8
BRC248	Area3	62	73	Feed	8.8	9.2	64.7	100.0	100.0
				DMS	34.6	14.3	20.5	15.5	60.8
BRC250	Area5	10	13	Feed	42.7	11.4	8.4	100.0	100.0
				DMS	48.0	10.4	3.5	81.7	91.6
BRC250	Area5	0	14	Feed	21.4	11.5	42.3	100.0	100.0
				DMS	39.6	14.4	10.1	34.9	64.6
Average				Feed	19.6	7.8	51.9	100.0	100.0
				DMS	42.7	10.2	12.91	35.1	76.3

Table 2 Test 1 :DMS fractions represent underflow of test at 3.3 SG with +0.5mm feed . Assays determined by Laboratory XRF Analysis. Seven composites from four separate prospects were analysed. All samples produced DMS results over 30%.

Hole Composite	Prospect	From	To	Description	Mn %	Fe %	SiO ₂ %	Total Mass Yield %	Mn Recovery %
BRC135	Nells	4	8	Feed	32.1	15.8	3.8	100.0	100.0
				DMS	47.2	8.8	2.4	16.1	23.7
BRC172	Area3	2	4	Feed	29.6	20.2	17.0	100.0	100.0
				DMS	36.4	17.8	10.5	66.4	81.5
BRC177	Area3	2	4	Feed	19.6	15.0	39.7	100.0	100.0
				DMS	39.3	16.3	7.3	40.9	81.9
BRC177	Area3	8	9	Feed	17.6	4.4	61.8	100.0	100.0
				DMS	48.8	3.4	12.5	27.4	76.2
Average				Feed	24.7	13.8	30.6	100.0	100.0
				DMS	40.6	13.8	9.1	37.7	61.8

Table 3 Test 2, Additional composites: DMS fractions represent underflow of test at 3.3SG with +0.5mm feed. Assays determined by Laboratory XRF Analysis. Four composites from two separate prospects were analysed. All samples produced DMS results over 30%. Average is weighted by samples masses (not shown)

Hole Composite	Prospect	From	To	Description	Mn %	Fe %	SiO ² %	Total Mass Yield %	Mn Recovery %
BRC112	A4 South	43	48	Feed	5.3	4.3	67.2	100.0	100.0
				Supercon	28.6	4.5	40.4	1.5	7.9
				Con	10.9	2.5	73.9	8.8	18.2
				Fines Prod	13.4	2.8	69.2	10.3	26.1
BRC224	Beebie	46	48	Feed	15.2	11.4	54.7	100.0	100.0
				Supercon	37.0	18.9	7.9	3.3	8.1
				Con	24.4	20.0	26.9	11.4	18.3
				Fines Prod	27.3	19.7	22.6	14.7	26.5
BRC224	Beebie	48	51	Feed	17.2	3.2	62.2	100.0	100.0
				Supercon	49.5	2.5	14.0	5.1	14.8
				Con	33.3	2.3	40.9	9.0	17.4
				Fines Prod	39.2	2.4	31.1	14.1	32.2
BRC248	Area3	57	62	Feed	25.1	6.6	39.5	100.0	100.0
				Supercon	58.0	2.2	2.1	5.2	12.0
				Con	47.3	5.4	11.4	11.7	21.9
				Fines Prod	50.6	4.4	8.5	16.8	33.9
BRC248	Area3	62	73	Feed	16.8	9.2	51.6	100.0	100.0
				Supercon	43.7	11.6	10.0	5.2	13.5
				Con	15.1	14.7	47.3	11.6	10.4
				Fines Prod	23.9	13.7	35.8	16.8	23.9
BRC250	Area5	10	13	Feed	32.5	14.4	14.1	100.0	100.0
				Supercon	45.9	13.1	2.9	7.3	10.3
				Con	41.1	16.3	4.1	19.8	25.0
				Fines Prod	42.3	15.4	3.8	27.1	35.3
BRC250	Area5	0	14	Feed	19.3	12.1	39.0	100.0	100.0
				Supercon	44.3	12.8	5.0	3.7	8.6
				Con	35.4	16.9	11.7	14.9	27.4
				Fines Prod	37.2	16.0	10.3	18.6	36.0
Average				Feed	20.1	9.7	43.5	100.0	100.0
				Supercon	45.8	10.5	7.2	4.7	10.6
				Con	33.5	13.7	20.5	13.3	22.0
				Fines Prod	36.7	12.9	17.1	18.0	32.6

Table 4 Test 1: All sample material screened below 0.5mm were treated on a Wilfley table (see Table2) for Composites on holes 112,224,248 and 250. The combined superconcentrate and concentrate grade and yield are shown. Assays determined by Laboratory XRF Analysis .Average is weighted by samples masses (not shown)

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