



## ASX ANNOUNCEMENT

31 May 2011

# Shaw River commences drilling to increase resources at Otjozondu Manganese Project

Results to underpin Feasibility Study due for completion in December 2011 Quarter

### Highlights

- 3,000 meter diamond drilling program commences at Shaw River's 75.5% owned Otjozondu ("Otjo") Manganese Project in Namibia.
- Two additional RC drill rigs and crews are planned to be on site within weeks to begin an aggressive resources extension drill program of over 7,000 meters.
- First results from the program are anticipated in July 2011. A resource upgrade is expected in September 2011. First production is targeted for June 2012.
- JORC Inferred Resources currently stand at 6.8Mt at 23% Mn and the Project Exploration Target of 35Mt to 50Mt grading 23%Mn to 27%Mn\*.
- A feasibility study is underway with engineers GTI, an experienced international team with extensive African and Namibian project experience.
- Scoping study has indicated strong economics from an proposed initial 250,000tpa operation from 2012 targeting ramp-up to 500,000tpa, producing a high-grade, high-quality product using simple beneficiation methods. Manganese product grade estimated 38-40% Mn.

Shaw River Resources Limited ("Shaw River") (ASX: SRR) is pleased to advise that a significant diamond drilling program has commenced at its 75.5% owned Otjozondu Manganese Project in Namibia. In addition, two additional RC drill rigs and crews will arrive on site in the coming weeks, as part of the plan to substantially grow the existing resource inventory and be in production of manganese in 2012.

The results, which are expected to start flowing in July from the 3 drill rigs that will be operating at Otjo, will help underpin the feasibility study already underway on the Otjo Project. The study is focused on production of a gravity-beneficiated manganese lump ore for export via the Port of Walvis Bay.

Shaw River holds exploration and mining licences over 1,700 sqkm of covering 144km of the strike of the Otjozondu Manganese Field in Namibia. The project currently has defined Inferred JORC resources of 6.8Mt at 23.1% Mn. (See Table 1). The current resources are based on 33,000m of historical drilling (22,000m of diamond drilling and 11,000m of RC drilling).

"This drilling program is the next step in Shaw's plan to be a manganese producer in 2012," Shaw Managing Director Vincent Algar said.

The details of the resource extension and upgrade drilling program are outlined below;

- 1,000m of PQ diamond core will be drilled for beneficiation test purposes and ore characterisation on three Inferred Resource project areas within the current mining licence, Bosrand, Nth Bosrand and Labusrus. (see Figure1).
- 2,000m of NQ diamond core drilling will be undertaken to improve resource quality within conceptual pit outlines and improve the resource delineation.
- 7,000m of RC drilling at Bosrand, Labusrus and North Bosrand prospects. All of these prospect areas host Inferred JORC resources (see Table 1) and lie within a granted Mining Lease.
- Ongoing RC drilling will then target excellent brownfield prospects within the 5 granted EPLs, including the Uitkomst prospect.

Initial results from the drilling are anticipated in July with a flow of results following, including an anticipated resource upgrade in September 2011.

Deposit (using 15% Mn Cutoff)	Mt	Mn%	Fe %	P%	Category
Labusrus*	0.89	25.9	14.2	0.09	Inferred
North Bosrand*	1.33	22.9	14.2	0.02	Inferred
Bosrand*	2.75	22.6	13.5	0.03	Inferred
Uitkomst	1.84	22.7	14.0	0.03	Inferred
Total	6.81	23.1	13.9	0.04	Inferred

Table 1. Otjozonde Manganese Project - Mineral Resource Summary (\*Deposit lies entirely within granted Mining Lease)

## About Otjo

Otjo is located 150km north-east of the Namibian capital of Windhoek (Figure 2) and lies in a historical manganese field which has produced in aggregate approximately 550,000t of high grade (~48%) manganese since the 1950's. Production at Otjo was recently by way of a shallow drill-and-blast mining method, utilising a basic crushing and jigging circuit to produce saleable ore.

Shaw River's is planning the introduction of modern technology, mine planning practices and processing expertise to allow production to re-commence in early 2012. This would involve the use of a jigging or dense media separation plant, which would produce manganese lump and fines products. A feasibility study is currently underway to guide development for an open cut mining operation, targeting production at 250,000tpa of manganese product commencing in 2012, before ramping up to 500,000tpa

Shaw River proposes to use a combination of existing road and rail infrastructure to transport ore 538km to the Walvis Bay port where it will be loaded onto Handymax-sized vessels of up to 25,000 tonnes.

Favourable geology, shallow open-pittable mineralisation and the availability of existing infrastructure are expected to underpin low operating costs and attractive margins, using conservative long term manganese pricing. Ore will be delivered by road and rail to Walvis Bay Port, for export to predominantly Asian markets.

## About Shaw River Resources

Shaw River is a manganese explorer and developer, currently exploring manganese projects in the Pilbara, Ghana and Namibia. Shaw River's acquisition of a 75.5% interest in the Otjozundu Manganese Project in Namibia, will fast track the Company's goal of becoming a global manganese producer. Shaw River offers excellent exposure to this strategic metal, critical to the global steel industry. Manganese is a metal used in the steel industry and has no known substitute in modern steelmaking processes. Manganese ore offers investors the benefits of a high unit sale price, strong global demand and low capital and time costs for the development of feasible projects. Shaw River is currently aggressively advancing its projects at Otjozundu (Namibia), Baramine (Pilbara), Butre (Ghana). Shaw River is maintaining its active manganese project acquisition strategy as it continues to build its manganese project pipeline.

Shaw River's largest shareholder, Atlas Iron Limited (45.42%), is a strong supporter of Shaw River's manganese strategy.

For further details, contact Vincent Algar, Managing Director, on (08) 9226 4455.

### 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 of Shaw River Resources Ltd and Mr. Adriaan du Toit of Aemco Pty Ltd who are Members of the Australasian Institute of Mining and Metallurgy. Mr. Vincent Algar is a full-time employee of the company and Mr. Adriaan du Toit, an independent consultant, who 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. Adriaan du Toit 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.

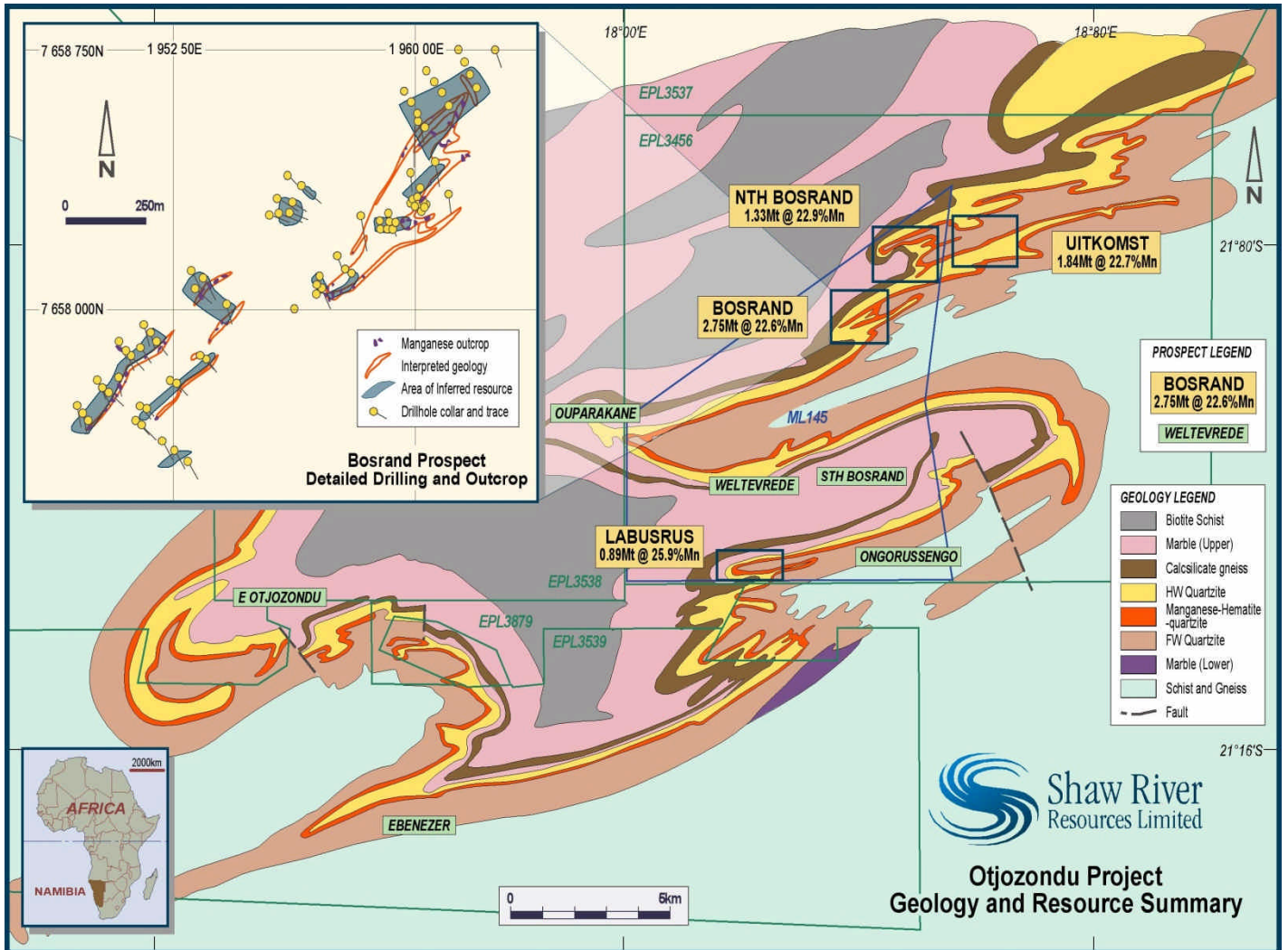


Figure 1  
Manganese Resources and Prospects at Otjozondu , Namibia



Figure 2: Location Map and Geology, Namibia