



July 21, 2011

## Strong drilling results highlight growth potential of Ghanaian manganese project

### Highlights

- Drilling at Shaw River's 80%-owned Butre Manganese Project in Ghana intersects grades of up to 35% manganese with low iron and other impurities
- Strike length of mineralised zone confirmed over 600m
- New understanding of the mineralisation reveals strong potential to increase Butre both over strike and at depth
- Eight drill holes in latest 25-hole program returned significant intersections with grades exceeding 15% Mn.
- Best Intersections include;
  - 27m at 20.48% Mn, 4m at 22.85% Mn
  - 4m at 22.5% Mn, including 2m at 27.3% Mn
  - 9m at 21.1% Mn, including 3m at 27.4% Mn and 6m at 25.3% Mn
  - 17m at 19.6% Mn, including 3m at 25.1% Mn and 3m at 25.37% Mn
  - 2m at 25.3% Mn and 17m at 16.9% Mn, including 5m at 20.1% Mn, 3m at 21.9% Mn and 1m at 35.1% Mn
- RC drilling program planned for December Quarter 2011 to identify depth and strike extensions and carbonate ore potential
- Bulk sampling for further beneficiation processing to take place in September Quarter to support previous testwork, indicating dense media product grades of 34-37% Mn.

Shaw River Manganese Limited (ASX: SRR) is pleased to announce that strong new drilling results from its 80%-owned Butre Manganese Project in Ghana, reveal the potential to increase the deposit significantly both along strike and at depth. Shaw's Butre project lies just 50km south of the existing Nsuta Manganese mine, currently exporting carbonate manganese ore through the port of Takoradi 30km to the East (See Figure 1).

The latest infill drilling at 50m intervals focused on intersecting the steeply north-west dipping manganese-rich zones identified in the first program and has confirmed the mineralisation over a 600m strike length and to a depth below surface of 40m. Further encouragement comes from four of the holes ending in mineralisation over 15% Mn.

"Our initial drilling success at Butre for manganese in 2010 has been followed by an excellent second round of results," Shaw Managing Director Vincent Algar said. "Drilling in this program was tighter and more focused and has achieved the desired results with more significant intersections and an increase in strike and depth potential."

Given the success of this limited program, a further round of drilling is now being planned at depth to determine the manganese oxide and carbonate ore potential over the entire 1km length and 100m height of the hill (see Figure 2).

“The project at Butre is showing enormous promise,” Mr Algar said. “We already have the evidence that simple beneficiation can deliver a saleable, high-value manganese product. The project is located within 30km of a bulk port at Takoradi and has excellent access to road infrastructure and booming services in the Takoradi region of Ghana. These facts, including the presence of high-grade gold veins in such an accessible part of English-speaking West Africa is extremely encouraging.”

### **Further RC-Drilling Planned for Ghana**

An RC drilling program is being planned for the December Quarter 2011 following the success of the current round of aircore drilling in identifying the extended strike (see Figure 2, plan view of hill showing mineralization extensions), dip and orientation of the mineralised manganese zone that runs through Jimra Bepo Hill (See Figure 2- Section inset, section view showing down dip potential).

This program is likely to consist of over 2,000m of RC drilling focusing on the down-dip and strike extension of the manganese oxide horizon and potential for carbonate manganese ore at depth. It is highly likely that a carbonate proto-ore exists below the level of oxidation of manganese as seen at the world-class Nsuta Mine to the north, which currently ships over 1MTPA of carbonate ore from Ghana.

Given the projects location in close proximity to a Port and attractive distance to European markets, a low cost operation could produce an attractive margin from even a medium grade, low iron, oxide manganese ore product. The growing market for carbonate ores as seen by the increasing sale of nearby Nsuta carbonate ore to China is seen as a major potential upside of the Butre Project.

Shaw River will be in a position to assess the resource potential and product specifications and project economics following the completion next RC drill program

### **Beneficiation testing results**

Shaw River has previously undertaken beneficiation testing at NAGROM laboratories in Perth on two composites from BUAC013 drilled in the first program in 2010. These included the entire composite (feed grade of 17% Mn), and a shorter high grade interval grading 21% Mn.

Initial results indicated that a product grade of 34-37 per cent Mn was attainable using DMS and Wet Tabling methods. The report indicated however that jigging would be a far better way of recovering most of the mass of manganese than the DMS separation methods used in the tests. Due to the fine nature of the drilling samples (crushed fine by drilling), 60% of the manganese reported to the fine (-1mm) fraction.

In order to best assess the product potential of the existing oxide mineralization a bulk sampling programme of the manganese cap zone, as well as sedimentary manganese slope deposits will be undertaken and assessed for upgrading via simple gravity processes. This work will take place in the September Quarter 2011.

## About Shaw River Manganese

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 in 2012. Shaw River is currently undertaking a feasibility study to confirm the Otjozundu Project is capable of producing up to 500,000 tons per year of high grade manganese ore for export from Namibia.

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 Manganese Ltd who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Vincent Algar is a full-time employee of the company, who has 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.*

Hole_Id	Easting	Northing	Elev	Depth	Dip	Nat Azi	Type		mFrom	mTo	Mn % Intercept	Fe %
BUAC010*	619041.39	536715.206	110	40	-60	132.33	AC		36	40	4m @ 22.85 %	5.91
BUAC013*	619139.83	536748.098	118.2	40	-60	132.33	AC		3	30	27m @ 20.48 %	6.14
BUAC022*	619325.26	536844.631	104.9	16	-60	132.33	AC		14	16	2m @ 15.16 %	3.70
BUAC026	618830.21	536563.572	106.1	25	-60	132.33	AC		14	20	6m @ 17.92 %	5.91
								inc	14	19	5m @ 17.97 %	6.07
BUAC027	618841.11	536552.877	109.8	47	-60	132.33	AC		0	3	3m @ 18.31 %	9.31
BUAC036	619007.14	536680.776	103.2	47	-60	132.33	AC		1	4	3m @ 18.57 %	7.23
BUAC038	619032.09	536724.099	108.5	25			AC		6	10	4m @ 22.49 %	5.15
								inc	7	9	2m @ 27.30 %	4.54
BUAC041	619098.93	536721.094	116.8	45	-60	132.33	AC		0	9	9m @ 21.07 %	4.72
								inc	5	8	3m @ 27.42 %	4.24
								inc	3	9	6m @ 25.34 %	4.38
BUAC042	619098.18	536721.846	116.8	50	-90	0	AC		0	17	17m @ 19.55 %	13.4
									3	6	3m @ 25.05 %	5.26
									8	11	3m @ 25.37 %	19.3
BUAC043	619138.5	536748.997	118	45	-90	0	AC		5	22	17m @ 16.92 %	5.44
									20	21	1m @ 35.14 %	4.44
									20	22	2m @ 25.27 %	4.61
BUAC047	619232.14	536796.328	107.6	29	-90	0	AC		24	26	2m @ 23.82 %	4.4

Table 1 BUTRE 2011 Air Core Drill Intercepts, National Grid WGS84 Zone 30N

Min Cut off grade: 15 Mn% Maximum Internal Dilution: 2m. \*Denotes drillholes from 2010 Drill Program

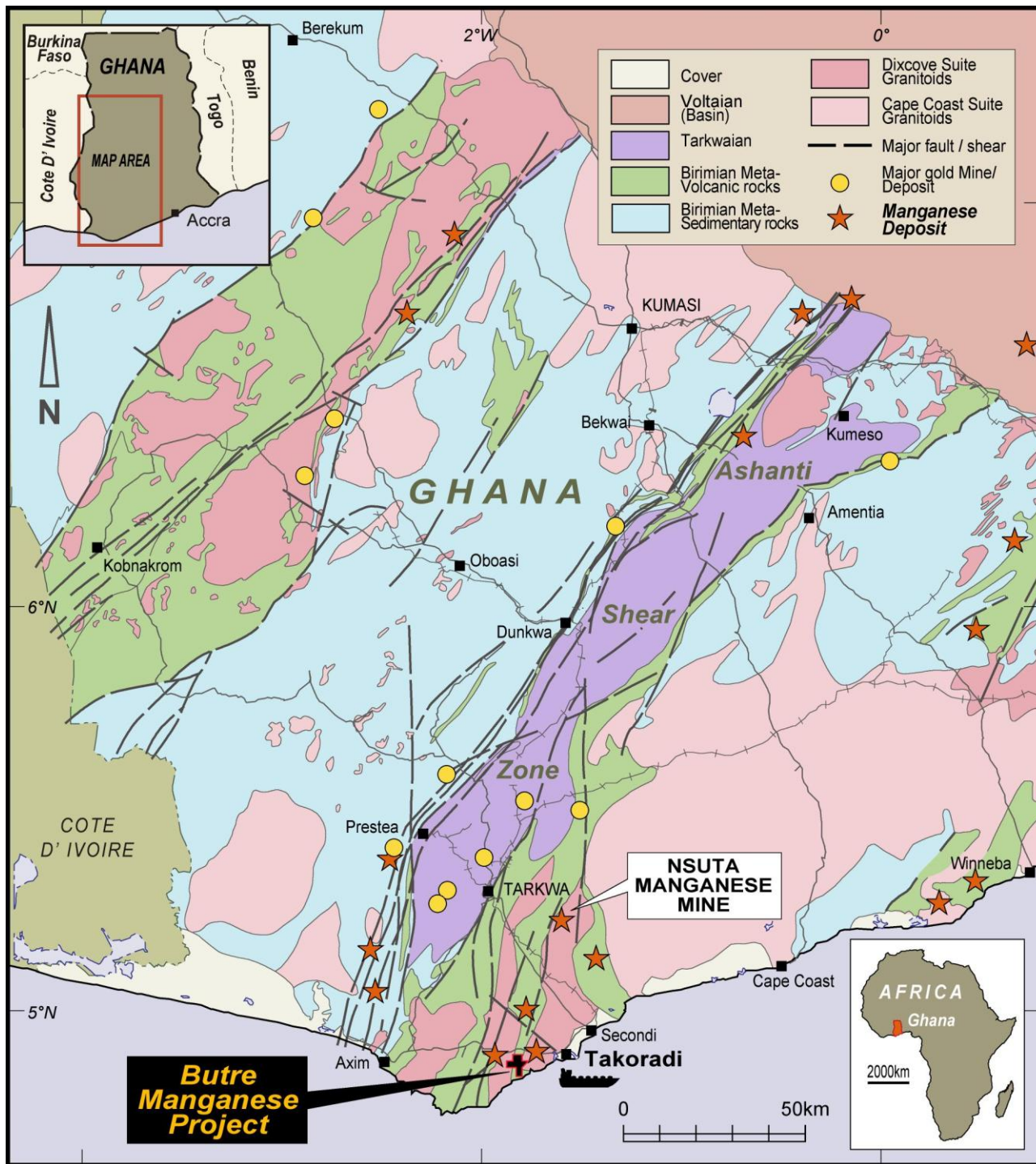


Figure 1 Location - Butre Manganese Project, Ghana

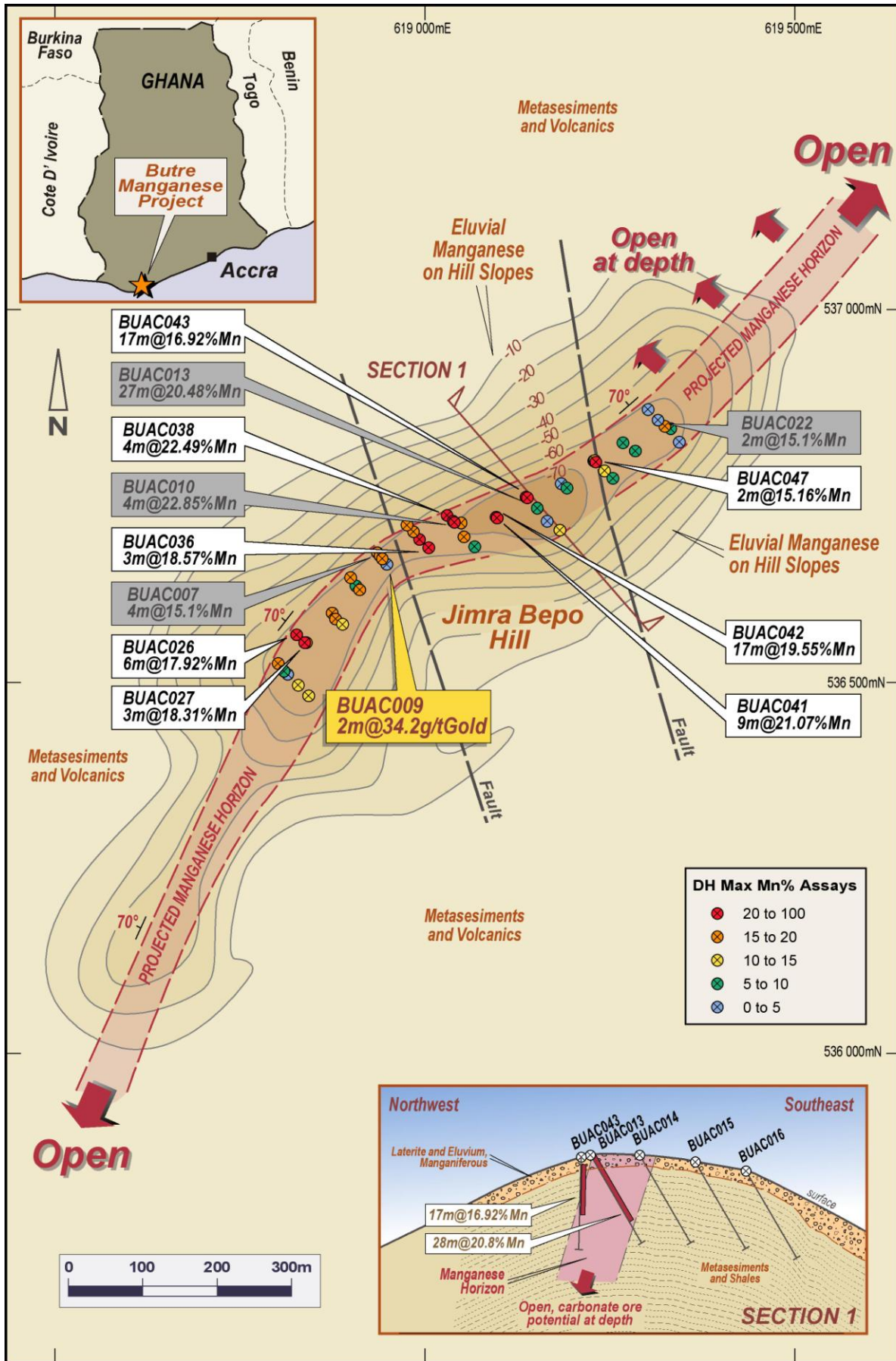


Figure 2: Detailed Drilling – Jimra Bepo Hill, Butre Manganese Project, grey shaded intersections denote 2010 drilling (see Table 1)