ASX ANNOUNCEMENT

29 August 2011

Drilling hits manganese grades of up to 46% at Baramine Project in Pilbara, WA

Highlights

- Drilling at Baramine returns manganese grades up to 46%Mn
- Results indicate strong potential for low capital, beneficiation operation.
- Shaw expects to release an initial resource at Baramine in Q4 2011
- Results from Area 3 at Baramine include :
    - 10m at 31% Mn from 36m in BRC 290, including 1m at 37.2% Mn and 1m at 46.3% Mn
    - 6m at 28.8% Mn from 67m in BRC 290, including 1m at 46.4% Mn, (part of 3m at 39.7% Mn)
    - 5m at 22.8% Mn from 46m in BRC 307 including 2m at 30.4% Mn
- Results from Area 4 at Baramine include10m at 19.3% Mn from 91m in BRC 266 including 2m at 35.3% Mn (part of 6m at 25% Mn)
- 4km strike length zone identified for resource definition
- Current Exploration Target* at Baramine is 10 Mt to 15 Mt at18 % to 25% Mn.

Shaw River Manganese Limited (ASX:SRR) (Shaw River) is pleased to announce that drilling at its Baramine Project in WA's Pilbara has returned a host of highly promising results with grades of up to 46% manganese.

The latest intersections originate from Shaw River's recently completed 10,000m RC drilling program at Baramine, which is located 70km north of the producing Woodie Woodie manganese mine and 270km East of Port Hedland, one of the world's largest bulk port facilities.

The results highlight Baramine's strong potential and Shaw River intends to proceed with resource estimation, drilling and beneficiation testwork.

The drilling followed up earlier encouraging drilling results which identified a prominent corridor of manganese mineralisation known as the Area 3-Area 4 corridor (see Figures 1-3).

The latest assay results include two intersections of 46% Mn, the highest achieved at the project to date.

The identification of a coherent zone of manganese at Area 3 includes potentially economic material such as 10m at 31% Mn and 28m at 20% Mn. BRC 290 in Area 3, drilled to a depth of 152m, contained an average of 10% Mn over its entire length from surface.

Area 4 intersections in the current program include 10m at 19% Mn, 6m at 18% Mn and individual 1m intersections with grades of up to 35% Mn.

Earlier beneficiation test work using DMS (Dense Media Separation) indicated the ability of 20% Mn feed material from Baramine being able to produce a concentrate grading of 43% Mn and 10% Fe.

Building on Baramine Historical Success

Exploration at Shaw River's Pilbara manganese flagship, Baramine, has previously identified widespread manganese occurrences in a similar setting to those elsewhere in the East Pilbara Manganese province. These occur at the interface between the Carawine Dolomite and the Pinjian Chert Breccia with more intense and larger scale mineralisation occurring along fault structures. At Baramine, such a zone of intense manganese mineralisation was identified through rock chip sampling, soil sampling, mapping and drilling. This zone extends over a distance of 4km from Area 3 in the North to Area 4 in the South with an average width of alteration across strike of 150m (See Figure 1-2).

At Area 3 previous drilling has intersected;

- 18m at 21.4% Mn from 73m, including 4m @ 25.8% Mn from 74m
- 4m at 33.6% Mn from 86m including 1m @ 40.2% Mn from 86m
- 15m at 17.2% Mn including 5m @ 27.6% Mn from 57m
- 11m at 15.1%Mn from 25m including 1m at 32.9% Mn from 27m

At Area 4 previous drilling has intersected;

- 7m at 18.8% Mn from 15m (including 3m at 30.7% Mn from 19m
- 11m at 16.1% Mn from 71m (including 2m at 26.3% Mn from 71m)
- 5m at 18.2% Mn from 18m

The scale and extent of surface alteration and drilling intersections to date support Shaw River's initial Exploration Target* at Baramine of between 10 million tonnes and 15 million tonnes of manganese grading between 18 % Mn and 25% Mn.

Current Drilling Program Results

The current program consisted of 86 holes of RC drilling for 10,308m. Sampling was undertaken on 1m intervals and sent to the SGS laboratory (NATA accredited) in Perth for full XRF analysis.

Significant results (grades greater than 15 per cent) from the program are summarized below with details in Table 1. Overall 42 of the 81 holes analysed to date (51%) in the program intersected greater than 8 per cent Mn mineralisation.

Area 3 Results include:

- 10m at 31% Mn from 36m in BRC 290, including 1m at 37.2% Mn and 1m at 46.3% Mn
- 6m at 28.8% Mn from 67m in BRC 290, including 1m at 46.4%Mn, (part of 3m at 39.7% Mn)
- 5m at 22.8% from 46m in BRC 307 including 2m at 30.4% Mn
- 10m at 15% Mn from 11m in BRC 304 including 4m at 20.1% Mn
- 8m at 19.8%Mn from 31m in BRC 292 including 1m at 31.6% Mn
- BRC 290, drilled to a depth of 152m contained an average of 10% Mn over its entire length from surface.

Area 4 results include:

- 10m at 19.3%Mn from 91m in BRC 266 including 2m at 35.3% Mn (part of 6m at 25% Mn)
- 6m at 18% Mn from 70m in BRC 269

A number of drillhole samples which have encountered visible manganese have not yet been received. These samples are currently in the laboratory and will be reported when their results are received.

Area 3 and Area 4 Geology

The Area 3 mineralisation is confined to a steeply dipping complex zone of deformation and alteration in which chert breccia and dolomite are juxtaposed against a north-trending structural contact with the underlying shales. Mineralisation appears to have a strong plunge component and is open ended to the north. At this stage coherent +10% Mn mineralization has been defined through drilling over a 270m strike length. This zone contains numerous open ended high grade pods of plus 20% Mn extending over 120m of strike (See Figure 3). Strong iron alteration near the manganese mineralized zone has also been observed. On the surface, this zone of enrichment presents as a semi-continuous outcrop of high grade near surface manganese (cryotomelane/psilomelane) over a distance of at least 500m.

High grade manganese mineralization in the Jose South area is situated within a zone of chert breccia and altered dolomite. Mineralisation appears to be moderately south dipping. Younger palaeo-channel clays of the manganese subgroup and younger rocks up to a depth of 45m overly much of this prospect.

The zones of mineralisation at these two prospects form part of an intense alteration corridor associated with a single N-S structural contact and associated NE-SW splay structures. Surface manganese alteration has been identified conforming with this zone, which reaches up to 700m in places (150m on average) and can be traced for 4km.

The style of manganese mineralisation identified by the current drilling at Baramine is high grade plunging chutes in a more coherent zone of +10% Mn and is very similar in nature to many of the deposits at the nearby Woodie Woodie Mine (56 deposits mined over 50 years , average tonnage 500,000 tons, grade 40%). The zones of narrow high grade bodies historically mined at Woodie Woodie occur within a wider trending mineralised zone and are similar in nature to the observed mineralization at Baramine Area 3 and Area 4 and are highly encouraging for the further identification of additional mineralization

Current and future work program at Baramine

Following the success of the current program, follow up drill programs including diamond drilling for beneficiation test work are being planned to infill and extend the discoveries at Area 3-Area 4.

The mineralisation intersected to date and trends identified on the surface strongly warrant resource definition and further work on manganese recovery. Earlier work on DMS (Dense Media Separation) indicated the ability of 20% Mn feed material being able to produce a concentrate grading 43% Mn and 10% Fe which would add strongly to the prospects of a future operation at Baramine.

A number of regional drilling targets have been defined and ranked through a re-interpretation of available geophysical and geochemical data including XTEM, gravity, rock chip and trenching data. Follow up drilling during the 2012 drilling season will include drilling on these targets.

Early results from a geochemical survey over prospective lithologies has been strongly encouraging and supporting of the mapped trends within the Area 3 – Area 4. The survey is currently being extended to cover the entire Baramine project area.

STRATEGY FOR THE BARAMINE PROJECT

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

- Using available information, Shaw River will calculate an initial resource estimate at Baramine in Q4 2011.
- Exploration planning for follow-up drilling programs with the aim of delineating additional resources on key prospects in 2012;
- Additional beneficiation testing following earlier positive DMS results and current positive drilling results. A range of test sampling, including possible bulk sampling and diamond drilling program are being considered to determine beneficiation parameters and product characteristics;
- Economic studies will commence in the current quarter; and
- Heritage, environmental and mining application processes will commence following the release of an initial resource estimate.

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 Otjozondu 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 Otjozondu (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 and Mr. Adriaan du Toit who are Members of the Australasian Institute of Mining and Metallurgy. Mr. Vincent Algar and Mr. Adriaan du Toit are full-time employees of the company, 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.

Exploration Target Statement:

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

Prospect Area	Hole	North	East	From	To	Metres	Mn%	Fe%
3	BRC290	7685803	290284	12	14	2	24.05	21.55
			And	37	47	10	30.95	5.3
			Includes	39	40	1	37.2	4.92
			Includes	45	46	1	46.3	4.25
			And	67	73	6	28.77	14.98
			Includes	69	70	1	46.4	7.93
			Part Of	68	71	3	39.7	10.61
3	BRC 292	7685763	290281	31	39	8	19.73	16.08
			Includes	34	35	1	31.6	5.08
3	BRC304	7685599	290272	11	21	10	15.02	24.63
			Includes	11	15	4	20.13	21.66
	BRC307	7685520	290200	46	51	5	22.86	4.61
			Includes	49	51	2	30.4	3.67
3	BRC318	7685683	290289	10	20	10	19.37	22.9
Jose South (Area 4)	BRC266	7684123	291675	91	101	10	19.28	36.77
			Includes	93	95	2	35.3	19.95
			Part Of	92	98	6	25	31.25
Jose South (Area 4)	BRC269	7684205	291644	70	76	6	18	4.62
Jose South (Area 4)	BRC 332	7683933	291960	37	44	7	22.3	17.3

Table 1 Significant Manganese RC drill Intersections, current program, Baramine.
Vertical and angle holes. RC drilling samples, riffle split, 2-5kg samples, Analysis by X-Ray Fluorescence.
Cutoff grade used for significant intersections: Greater than 15%Mn.

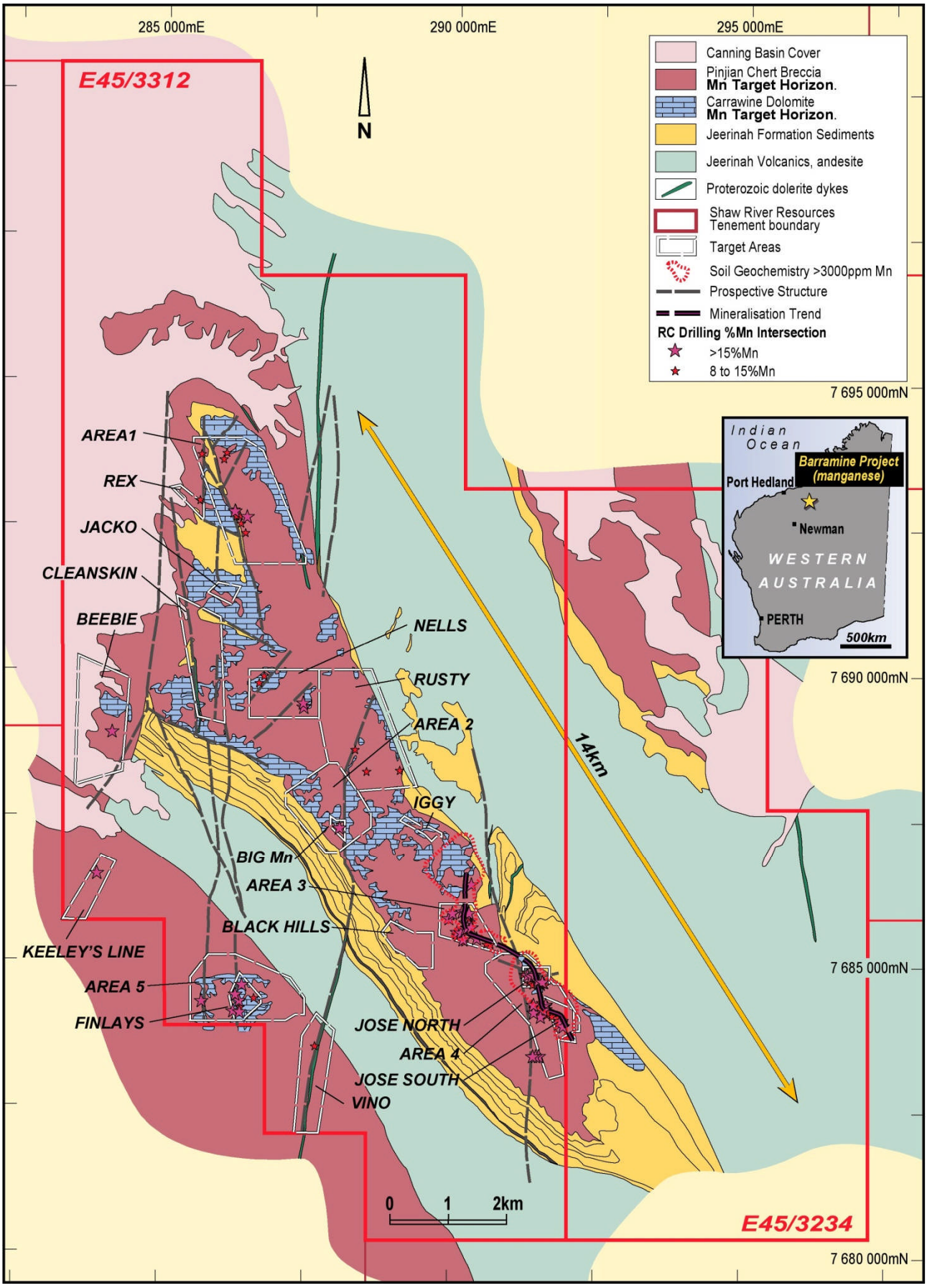

Figure 1: Baramine geology showing previous Shaw River drilling and current program target areas

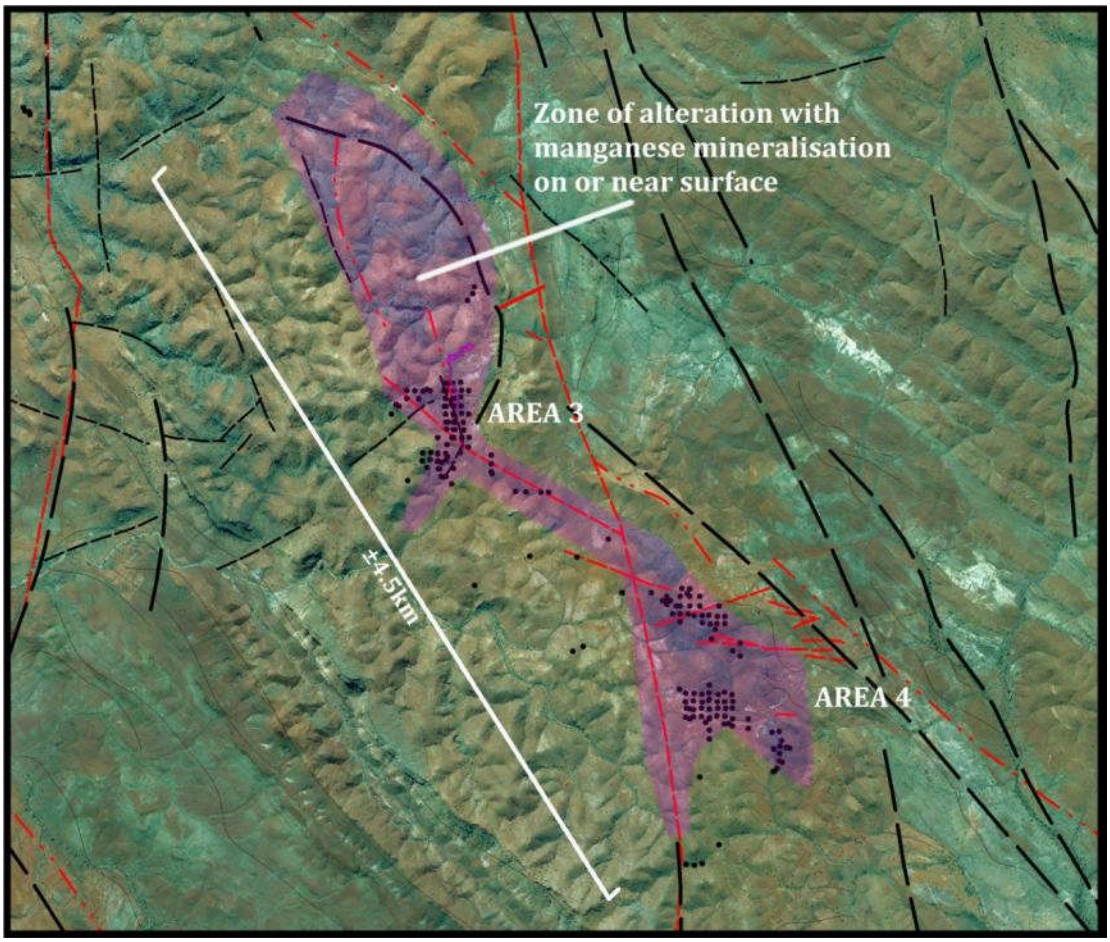

Figure 2: Baramine Area 3- Area 4 Corridor of Manganese Alteration and current drilling

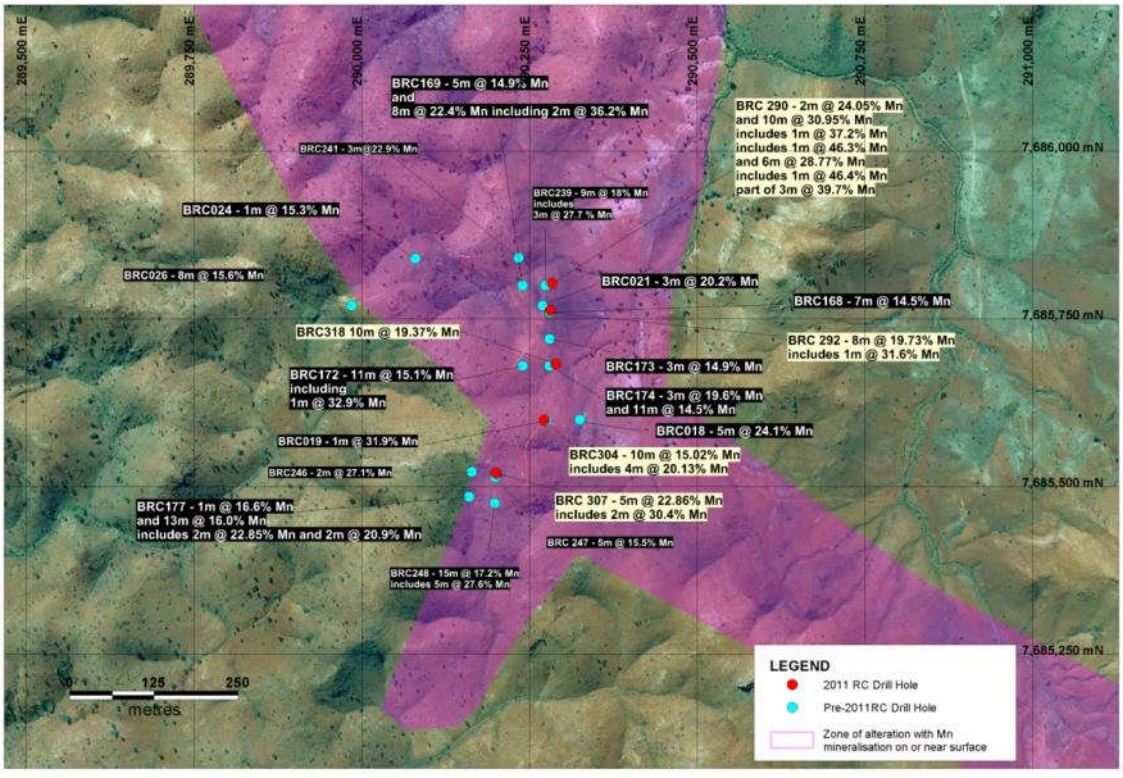

Figure 3: Area Drill Results showing resource target areas and potential. Grid squares are 100m x 100m.