



31 July 2014

About

Board of Directors
Mr Michael Walters
Chairman

Mr Peter Benjamin
Managing Director

Jeremy Sinclair
Non-Executive Director

ASX: SRR

Capital Structure
Shares on issue: 903,315,606
Unlisted options: 96,800,000

Major Shareholders
Atlas Iron: 53.45%
OM Holdings: 4.01%

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www.shawriver.com.au

JUNE 2014, QUARTERLY REPORT

- The Company's efforts remain on the Otjozundu Manganese Project ("Otjo Project") in Namibia.
- Shaw River continues to progress the "Start-Up Production Plan" ("SPP") which targets a low capital, staged, development option for the project.
- The first stage of the SPP, was to identify an "at surface manganese bulk sample" for the basis of a start-up inventory for mining and subsequent processing.
- Shaw River has successfully outlined an "at surface" manganese bulk sample of up to 265,000 tonnes from up to 8 areas with some zones >36% Manganese.
- During the quarter, Shaw River became the 100% owner of the Otjo Project following the purchase of the remaining 12.8% of Otjozundu Mining (Pty) Ltd from Oreport.
- Shaw River continues to progress negotiations in relation to the future funding and development of the SPP at the Otjozundu Project
- In the interim, continued surface sampling is testing additional areas with an aim of increasing the "at surface inventory".



DETAILS

Shaw River Manganese Limited (“Shaw River” or “the Company”) (ASX: SRR) is pleased to provide the following update on its activities during the June 2014 quarter.

OTJO PROJECT – NAMIBIA: OPERATING STRATEGY

Shaw River continues to build confidence in the key parameters of its Otjo Project with a focus on those areas with better grades and metallurgical response.

Shaw River will obtain this information by targeting a start-up “at surface” bulk sample inventory in lieu of a more costly prefeasibility study.

This approach is considered appropriate because:

- The manganese mineralisation occurs at surface or under shallow (<3 metres) Kalahari sands.
- The areas chosen, such as Labusrus and S-Bend, contain Mineral Resources delineated during the 12,060 metre resource drilling program completed in December, 2012 and this is supported by sampling which indicate that material of suitable manganese grade (>25% Mn) “occurs at surface”.
- Shaw River has existing infrastructure and equipment; Terex crusher, screens, conveyors, a fines JIG, including an electricity allocation, water, workforce, and mining lease with all approvals in place.
- Future mining would be via shallow open pit and the manganese processed using existing, well established technology, such as, a JIG plant.
- Two companies are operating nearby and producing manganese product using similar operational practices, one for 10+ years and which is producing >120-140Kt pa of manganese product from the same geological Otjo manganese field, albeit from small, unconnected mine leases representing about 10% of the area of the Otjo Project.
- There are existing transport solutions to sales channels that are available to Shaw River.

Otjozundu Manganese Project - Results

The areas chosen preferentially for this drilling and sampling program were those on the granted mining lease (ML 145), had a mineral resource reported in accordance with JORC 2004, (refer to SRR:ASX release December 11th, 2012) contained areas of higher manganese grades, were close to the planned process plant site and had visual “at surface” manganese mineralisation. This area corresponded with the Labusrus area then westwards to S-Bend deposits and finally eastwards to Ongorussengo (Figure 1 & 2).



The trenching and blast hole drilling and sampling program (Refer to SRR: ASX Release May 1st, 2014) was completed in mid-March 2014 for a total of 68 trenches, dug with an excavator, usually every 25 metres along strike. Whilst Areas A, B, C and S-Bend were the main focus of sampling, Areas D, D “Additional” and Ongorussengo are new zones and have added to the mineral inventory.

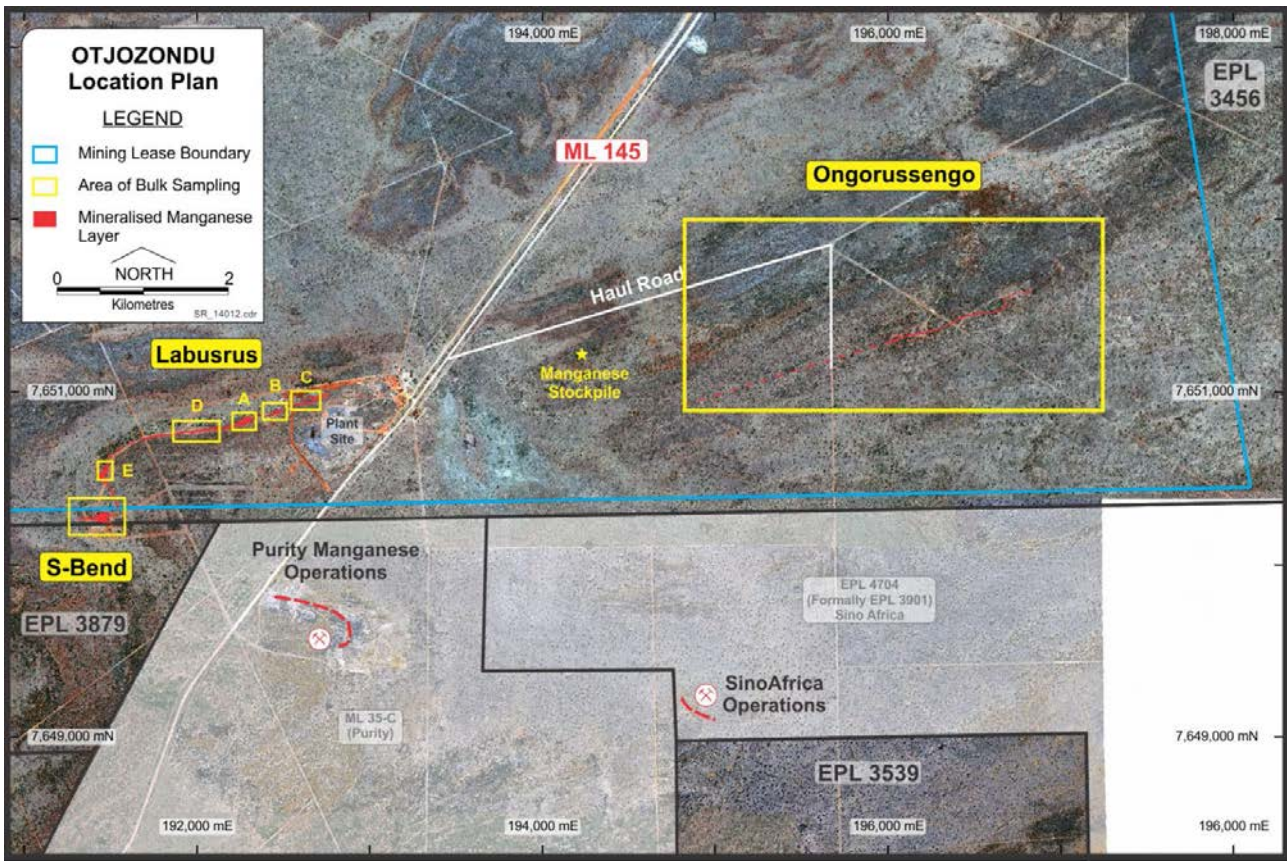


Figure 1: Otjozundu Location Plan, S Bend, Laburus & Ongorussengo

The manganese lode has now been exposed along more than 1,300 metres of strike. Geological mapping puts the overall thickness of the manganese lode varying between 4 and up to 40 metres, estimated horizontal width (EHW) and averaging more than 13 metres (EHW) at surface. At Ongorussengo the manganese mineralisation has been identified along 650 metres of strike and varies from 1 to around 6 metres, (EHW).

The combined total for all areas is approximately 265,000 tonnes, to a depth of 5 metres and this material will be considered as a “bulk sample” to test for grade, geological continuity, and metallurgical yield.

The next step is to review these areas for mining, either bulk or selective and determine the priority areas to mine and process this material.

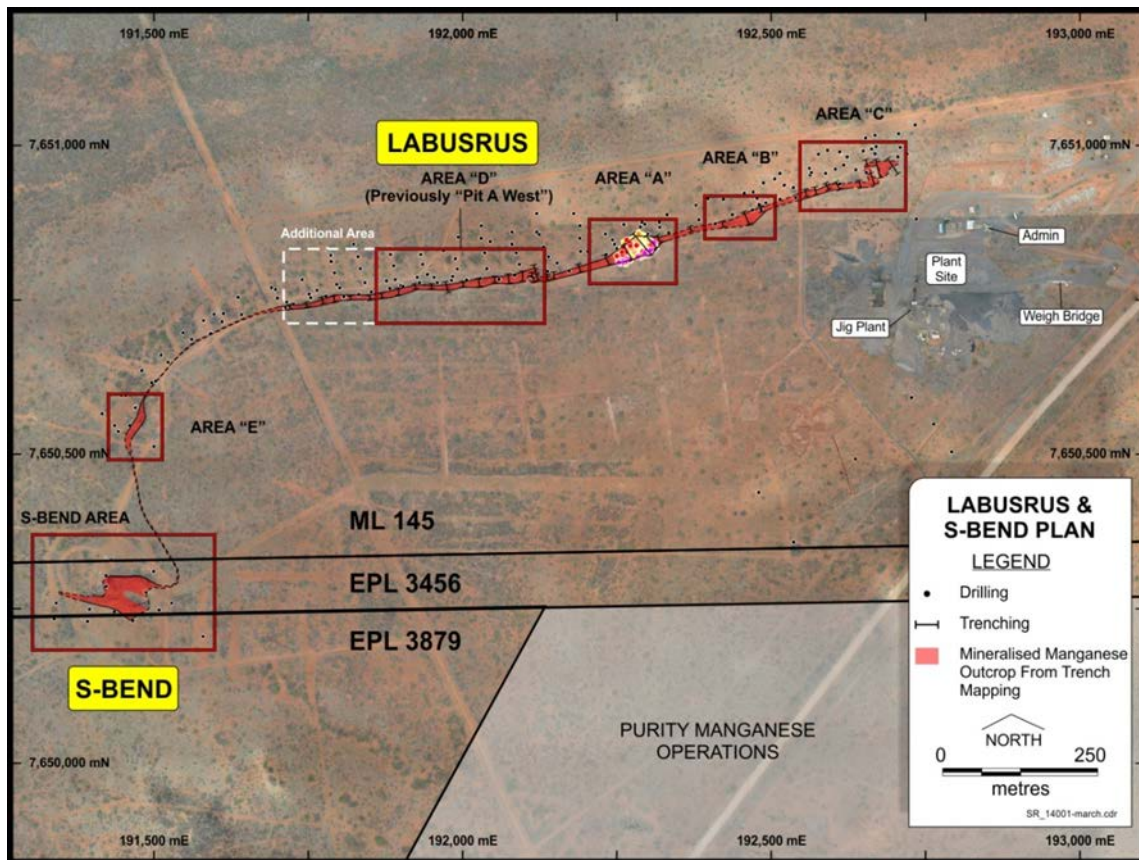


Figure 2: Plan of S-Bend, Labusrus Areas, Otjozondu, Namibia

In preparation for the implementation of the SPP, the Terex J1175 jaw crusher and Terex Finlay 604 Supertrack screen units were moved from Bosrand to the Labusrus site (Figure 3) and have undergone minor maintenance prior to commissioning. The weighbridge has been re-calibrated, pumps for the second water bore have been ordered and all on site electrical generators are now operational.



Figure 3: Terex J1175 Crusher and Terex Finlay 604 Supertrack Screen at Labusrus Plant Site

OTJO PROJECT – OWNERSHIP

During the quarter, the Company completed a Share Sale and Settlement Agreement (“Agreement”) for the acquisition of the remaining 12.8% of Otjozondou Mining (Pty) Ltd (“OM”) from its former joint venture partner, Oreport Holdings (Pty) Ltd (“Oreport”), (Refer to SRR : ASX release May 15th, 2014).

Under the terms of the Agreement, Shaw River paid Oreport approximately A\$950,000 for its 12.8% stake in OM and the transfer of loans due to Oreport from OM totalling approximately A\$3,100,000. Shaw River is now the 100% owner of OM and the Otjo Project in Namibia.

OM's marketing agreement with Oreport has also been terminated as part the Agreement, leaving OM with full flexibility to enter into a future transaction involving the off-take and/or marketing rights for its product. The parties also released each other from any past or future claims.

Shaw River and Atlas Iron Limited (“Atlas”) are parties to a Loan Agreement dated 5th July 2013 (“Loan Agreement”) whereby Shaw River could borrow up to \$4 million. Under a variation to the Loan Agreement, Atlas agreed to extend the loan facility by \$950,000 in order to fund the acquisition.



OTJO PROJECT – NAMIBIA EXPLORATION

Shaw River continues to build upon its successful exploration program at the Otjo Project using a combination of relatively low-cost soil sampling, rock chip sampling, mapping, trenching and geophysics aimed at identifying new zones of manganese mineralisation for future inventory.

A new area being assessed for future inventory is the Bosrand deposit which contains strong visual “at surface” manganese mineralisation. This area also corresponds with a mineral resource reported in accordance with JORC 2004, (refer to SRR:ASX release December 11th, 2012) and contains areas of higher manganese (and higher iron) grades and is located some 9 kilometres north east of the Labusrus plant site.

Surface rock chip sampling completed along the manganese horizon, which was the pre-cursor methodology to the successfully implemented trenching program at Labusrus and S-Bend, confirms the presence of a significant “at surface” manganese mineralisation, in excess of 25% manganese (Figure 4). Three new areas with potential have also been highlighted, Areas A, B and C.

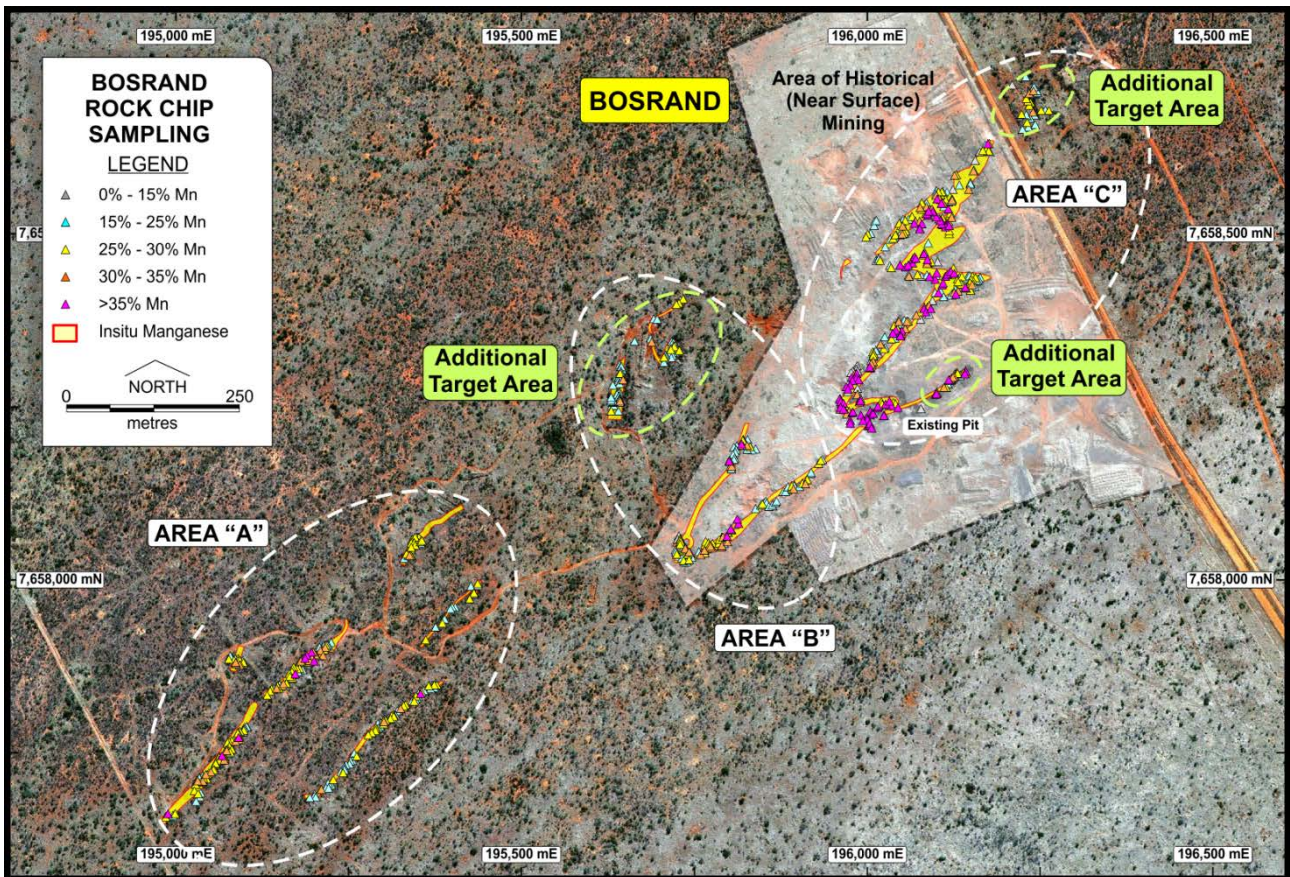


Figure 4: Rock chips results, Bosrand Deposit



CORPORATE

Divestment of non-core, low priority projects in Australia continues. Iron ore producer Atlas Iron Limited holds 53.45% of Shaw River and is a strong supporter of Shaw River's manganese strategy. As at 30 June 2014, Shaw River had fully drawn down on its AUD\$4.95 million loan agreement with Atlas Iron Limited.

Shaw River continues to progress negotiations in relation to the future funding and development of the SPP at the Otjozundu Project.

SHAREHOLDER INFORMATION

At quarter end, Shaw River had 903,315,606 ordinary shares on issue. The top 20 shareholders held 68.4% of the Company's issued capital.

Investors

Peter Benjamin

Managing Director

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Join the electronic mailing list and find more information about Shaw River at: www.shawriver.com.au

About Shaw River

Shaw River is a manganese-focused development and exploration company headquartered in Perth, Western Australia. The Company is targeting a low-cost, scalable start-up development of its flagship 100% owned Otjozundu Manganese Project in Namibia.

Competent Person Statement:

The information in this announcement that relates to Exploration Results was extracted from Shaw River's ASX announcements dated March 11th, April 4th and May 1st, 2014 entitled "First Area Successfully Tested In Blast Hole Sampling Program At Otjozundu Project" and "Three More Areas Successfully Tested In Surface Sampling Program" which are available to view on the Company's website at www.shawriver.com.au. The information in the original ASX announcements that related to Exploration Results is based on information compiled by Mr. Braam Jankowitz of Gemsbok Consulting Services CC. Mr Jankowitz has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Shaw River confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcements. Shaw River confirms that the form and context in which the Competent Person's findings are presented in this announcement have not been materially modified from the original ASX announcements.



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 program, outlook, target sizes, resource and mineralized 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 (2012), and therefore the terms have not been used in this context. The potential quantity and grade of 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.

Appendix 1 - Shaw River Manganese Limited Tenement Schedule as at 30 June 2014

Project / Location	Tenement	Status	Shaw River Equity %
Otjozondu / Namibia	ML145	Granted	100
	EPL3456	Granted	100
	EPL3537	Granted	100
	EPL3538	Granted	100
	EPL3539	Granted	100
	EPL3879	Granted	100
Hedland / Western Australia	E45/3850	Granted	100
Farrell Well / Western Australia	E45/2996	Granted	10 ⁽¹⁾
Northern Territory	EL27606	Application	100
	EL27607	Application	100
	EL27608	Application	100
	EL27609	Application	100
	EL27610	Application	100
	EL27611	Application	100
Butre / Ghana	Prospecting Licence LVB1044/96	Granted	90

Notes:

(1) 100% of Mineral Rights other than Fe