



**Shaw River**  
Manganese Limited



13 August 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: 93,800,000

### Major Shareholders

Atlas Iron: 53.45%  
OM Holdings: 4.01%

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## NEW FUNDING TO SUPPORT OTJOZONDU DEVELOPMENT

- New funding arrangement to support the development and advancement of the 100% owned Otjozondou Manganese Project in Namibia
- Proposed provision of up to A\$8 million in debt under two facilities provided by Bryve Resources Pty Ltd
- Bryve to immediately acquire 9.69% of Shaw River equity from major shareholder Atlas Iron Limited, and an option to acquire the remaining 43.76% of Shaw River shares currently held by Atlas (subject to Shaw River shareholder approval and approval under the Namibian Competition Act)
- Mr Peter Cunningham to be appointed as Shaw River Managing Director
- Shaw River to work with Bryve to consider the utilisation of Bryve's expertise in mining, haulage equipment and services for the Otjozondou Project



Shaw River Manganese Limited (ASX:SRR, "Shaw River" or "Company") is pleased to advise it has entered into documentation with Bryve Resources Pty Ltd ("Bryve") to provide the Company with new funding. The funding will enable the Company to undertake an in-fill drill program, conduct further metallurgical test work and to develop a bulk sample for jig test trials over the coming quarter for the 100% owned Otjozonde Manganese Project in Namibia ("Otjozonde Project").

Shaw River has entered into a loan facility agreement (the "Bryve Facility") with Bryve whereby Bryve will provide up to A\$8 million in debt funding under two separate, secured facilities under the following structure:

- Facility 1: an amount up to A\$2 million convertible loan facility
- Facility 2: an amount up to A\$6 million contingent working capital facility

Drawdown under the Bryve Facility by Shaw River is subject to the satisfaction of conditions precedent. Drawdowns of amounts above A\$1.4 million under Facility 1 and all drawdowns under Facility 2 are subject to consent of the Bryve board. Further details of the Bryve Facility are contained in "Annexure 1".

Shaw River has granted Bryve an all assets security in respect of its obligations under the Bryve Facility and certain subsidiaries of Shaw River associated with its Namibian operations will also grant security over certain of their assets to Bryve in respect of the obligations of Shaw River under the Bryve Facility.

In addition, Shaw River's major shareholder Atlas Iron Limited ("Atlas") will sell 9.69% of Shaw River's issued capital to Bryve at a price of A\$0.0035 per share. Subject to Shaw River shareholder approval, Atlas will also grant Bryve a six month option to acquire Atlas's remaining 43.76% shareholding in Shaw River at an exercise price of A\$0.0035 per share. Completion of the purchase of these remaining shares following exercise of the option is subject to approval under the Namibian Competition Act.

Shaw River shareholder approval will also be sought to allow the option for Tranche 1 of the Bryve Facility to be converted to Shaw River shares at a price of A\$0.01 per share. A shareholder meeting to vote on these matters is expected to be held by the end of October.

In addition to the execution of the documents in respect of the Bryve Facility, the Company has entered into documentation to amend the terms of its existing loan facility with Atlas. The amendments to the existing loan facility with Atlas will reduce the interest rate payable from 11% to 6% per annum and extends the repayment of the loan facility for a period of five years.

The Shaw River Board also intends to appoint Mr Peter Cunningham as Managing Director. Mr Cunningham is a mining engineer with more than 30 years' experience in mine development and operations. He was an Executive Director of Hill 50 Gold NL, Abelle Limited, Managing Director of Bluestone Tin Limited and Chairman of Exterra Resources Limited until 2013. Mr Cunningham is currently President and CEO of TSX listed mining company, Cadan Resources Corporation, and Managing Director of Auvex Manganese Limited, an unlisted private company. Mr Cunningham will be retiring from current directorships to focus on the development of Shaw River and Otjozonde. Details of Mr Cunningham's proposed executive employment arrangements are contained in "Annexure 2".



Shaw River thanks outgoing Managing Director, Mr Peter Benjamin, for the considerable achievements made since his appointment in March 2012.

Once available, the new funding will provide working capital to enable Shaw River to rapidly progress the development of the Otjozundu Project and bring it into production as quickly as possible. Up to 40% of the free cash flow generated from the Otjozundu Project will be used to repay Shaw River's debt, with the A\$4.95 million owed to Atlas under the existing loan facility to be repaid as a priority and ahead of any repayments to the Bryve Facility.

Shaw River Chairman, Mr Michael Walters said: "The funding provided by Bryve will support Shaw River to fast track the development of the Otjozundu Project which is consistent with the path that the Company has been pursuing. We have conducted a thorough process to evaluate funding options available and believe this transaction is the best possible outcome for all Shaw River shareholders. In the past 12 months Shaw River has successfully consolidated 100% ownership of the Otjozundu Project and continued to seek out capital alternatives to bring the Project to production as efficiently as possible. It has resolved a number of issues to ensure that the Otjozundu Project is now free of all encumbrances. The project now has a clearly identified operating strategy to realise its full potential and following a thorough review process, in conjunction with PCF Capital Group, a suitable cornerstone investor has been secured to fund the development of the project."

Atlas Managing Director, Ken Brinsden, commented that "Shaw River was spun out of Atlas back in 2006 to focus on realising potential in Atlas' non-iron assets. With Shaw's activity having progressively evolved towards the development of the Otjozundu Manganese project in Namibia, the equity investment is no longer consistent with Atlas' iron ore development strategy and we wish Shaw River every success in the future."

The Otjozundu Project presents logistical challenges to Shaw River and Bryve intends to bring its experience, together with additional funding for drilling, development and metallurgical test work, to move the Otjozundu Project closer to production. Shaw River has agreed to work with Bryve to consider the utilisation of Bryve's expertise in mining and haulage equipment and services for the Otjozundu Project.

Further details on the funding package, including the findings of an Independent Expert's Report, will be provided to Shaw River shareholders in a Notice of Meeting to be released in September.

PCF Capital Group acted as sole corporate adviser to Shaw River in the transaction.



For further information please contact:

Investors

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Join the electronic mailing list and find more information about Shaw River at: [www.shawriver.com.au](http://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 Otjondou Manganese Project in Namibia.



## Annexure 1 - Key terms of Bryve Facility

The key terms and conditions to the Bryve Facility are as follows:

- Two Facilities with an aggregate facility limit of up to A\$8,000,000
- Five year term
- Interest rate of 10% per annum, payable semi-annually
- First ranking security
- Covenants and warranties typical for a facility of this nature
- Facility 1
  - Up to A\$2,000,000
  - Convertible into Shaw River shares at a price of A\$0.01 per share (subject to shareholder approval)
  - Conditions precedent to funding, including confirmation from ASX that Listing Rule 10.1 does not apply to the execution of the Security (or the grant of an applicable waiver)
  - Minimum drawdown commitments of A\$200,000
  - Drawdowns beyond A\$1,400,000 are subject to approval by Bryve
- Facility 2
  - Up to A\$6,000,000
  - Conditions precedent to funding, including perfection of further security
  - Minimum drawdown commitments of A\$500,000
  - All drawdowns are subject to approval by Bryve



## Annexure 2 - Key terms of Mr Peter Cunningham's Executive Employment Arrangements

Base Salary (exc Super)	\$200,000 per annum
Termination Period	3 months
Options <i>(subject to shareholder approval)</i>	10 million \$0.01 SRR 3 year options
Performance Rights <i>(subject to shareholder approval)</i>	10 million performance rights which convert to ordinary shares upon First Commercial Ore Shipment from Otjozundu
	10 million performance rights which convert to ordinary shares upon the market capitalisation of Shaw River being above \$25m in any consecutive 30 day period
	10 million performance rights which convert to ordinary shares upon the market capitalisation of Shaw River being above \$50m in any consecutive 30 day period