SHAW RIVER MANGANESE LIMITED

ABN 85 121 511 886

ANNUAL REPORT

2014

COMPANY DIRECTORY

Directors

Michael Walters (Chairman)
Peter Cunningham (Managing Director)
Jeremy Sinclair (Non-executive Director)

Company Secretary

Pierre Malherbe

Registered Office

Ground Floor, 1205 Hay Street
WEST PERTH WA 6005
Telephone:(08) 9226 4455
Facsimile:(08) 9226 4255

Bankers

National Australia Bank
1232 Hay Street
WEST PERTH WA 6005

Auditors

KPMG
235 St Georges Terrace
Perth WA 6000

Home Exchange

Australian Securities Exchange Ltd
2 The Esplanade
PERTH WA 6000

Share Registry

Security Transfers Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Lawyers

Hardy Bowen
Level 1, 28 Ord Street
West Perth WA 6005

ASX Code: SRR
Web Address: www.shawriver.com.au
Email Address: info@shawriver.com.au
ACN: 121 511 886

CONTENTS

DIRECTORS' REVIEW OF ACTIVITIES

Overview

Shaw River Manganese Limited ("Shaw River" or "the Company") (ASX: SRR) is an exploration and development company dedicated to manganese. During 2014, Shaw River effort was concentrated on developing the Otjozondu Project ("Otjo Project" or "Otjo") in Namibia. Over this time, Shaw River resolved issues perceived to be impediments to financing, to free the Company of encumbrances and achieve full ownership of the Project. Attracting new investment funding became the next challenge. The Company's priorities have been:

- Implementing a low capital cost, staged, development option for the Otjo Project
- Identifying at surface manganese ore as a start-up inventory
- Negotiating purchase of the minority Oreport Holding (Pty) Ltd's equity in Otjozondu Mining (Pty) Ltd.
- Conducting a search for a cornerstone investor to provide capital for the Otjo Project.
- Resolving concerns raised by the Namibian Ministry of Mines and Energy.
- Instilling improvements in safety culture and processes
- Disposal of non-core assets and,
- Continued reduction of overheads and other cost savings.

Shaw River completed a blast-hole-drilling and sampling program at Otjo. Eight areas were tested to identify at surface manganese ore to form the basis of a start-up inventory for mining and processing.

This sampling program was the forerunner of a broader plan. The plan is to by-pass the step of completing a more costly Pre-Feasibility Study, by improving our understanding of key operating parameters, such as geological continuity and grade, and metallurgical yield during an initial start-up period.

Culminating work in the second half of the financial year, in August 2014 Shaw River completed a new funding arrangement sufficient to bring the Otjo Project into production, sustain it during the initial start up period, and fund working capital as the operation is scaled up. This funding solution provides for up to A$8 million in debt under two facilities provided by Bryve Resources Pty Ltd (Bryve). At the same time Bryve acquired 9.69% of Shaw River equity from major shareholder Atlas Iron Limited (Atlas), and an option to acquire the remaining 43.76% of Shaw River shares currently held by Atlas (this option subject to Shaw River shareholder approval and approval under the Namibian Competition Act).

During the year, the Company relinquished several tenements including the Baramine Project. Other projects, such as Butre in Ghana have been retained with minimum expenditure. The divestitures ensure a clear focus and maximum value from available funds.

The Company's safety culture, particularly in Namibia, has been strengthened and there has been a progressive improvement in statistics as well as new and updated procedures and policies.

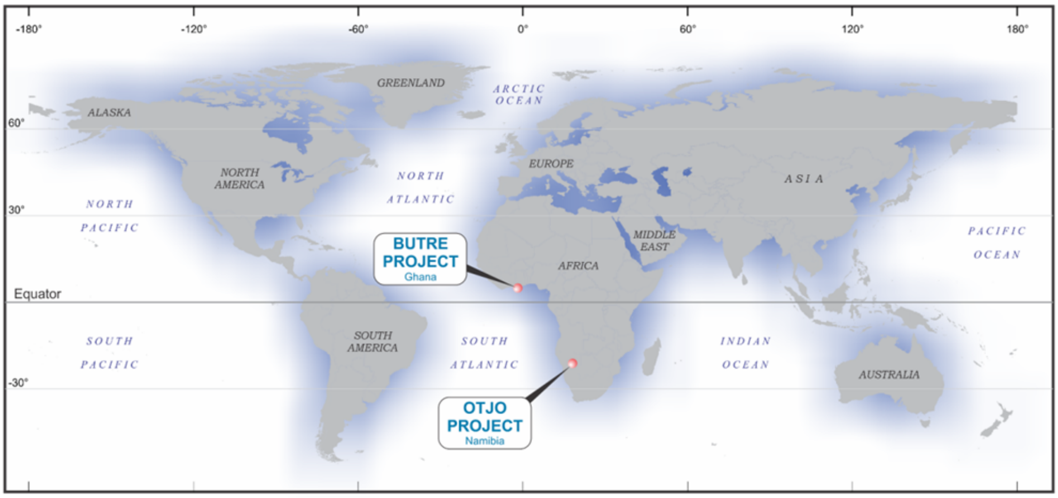

Figure 1: Shaw River Manganese Projects by Region

Company Strategy

Shaw River aims to deliver value to shareholders by being a successful explorer, developer and producer of manganese.

Shaw River's strategy is to concentrate effort on its 100% owned Otjo Project, in Namibia, and achieve a rapid transition to development and production.

Otjozondu Project Ownership

Otjozondu Holdings (Pty) Ltd, a wholly owned subsidiary of Shaw River, and Oreport Holdings (Pty) Ltd (Oreport) were the shareholders of Otjozondu Mining (Pty) Ltd (OM) pursuant to a Shareholders Agreement dated 14th December, 2007. In May 2014, Shaw River completed, under a Share Sale and Settlement Agreement (Agreement), acquisition of Oreport's remaining equity in OM. Oreport is a wholly owned subsidiary of Grindrod Trading Holdings Pty Ltd.

Under the terms of the Agreement, (refer SRR:ASX release May 15th, 2014) Shaw River paid Oreport the equivalent of A$950,000 for its remaining 12.8% stake in OM and the transfer of loans due to Oreport from OM totalling approximately A$3,100,000.

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

Manganese Marketing

Manganese is essential in the production of steel and this is its most common use. It improves the strength of steel and approximately 8 kilograms of manganese (0.8%) are used in the production of every tonne of steel. Approximately 50-55 million tonnes of manganese ore of varying grades are consumed each year. Of this some 20-22 million tonnes are imported by the major consumers, of which China imports approximately 16 million tonnes.

Steelmakers have the option to use either a combination of alloys - ferromanganese (FeMn) and ferrosilicon (FeSi) - or silicomanganese (SiMn), to provide manganese and silicon units for alloying, desulphurising and deoxidising. These alloys are produced in submerged arc furnaces and the economics of production are determined by power prices and cost of suitable ores. In large part due to cost, steelmakers preference has shifted towards SiMn. In this context one of the ores to be produced at Otjo will be a siliceous ore type, suitable for the production of silicomanganese. The Otjo ores are particularly low in phosphorus content, making them attractive as blending ores. Potential also exists to produce a second product, a high iron manganese ore (>50% Mn+Fe) in addition to the 36% manganese grade product.

Shaw River will benefit fully from upside in the manganese price.

Safety Management

Safety is a priority for Shaw River management and board and personnel. The development of appropriate safety systems and a culture of safety are of key importance for Shaw River.

The core aspects of the safety management system are investing and empowering personnel, incident reporting and investigation, contractor management, emergency response and document and data control.

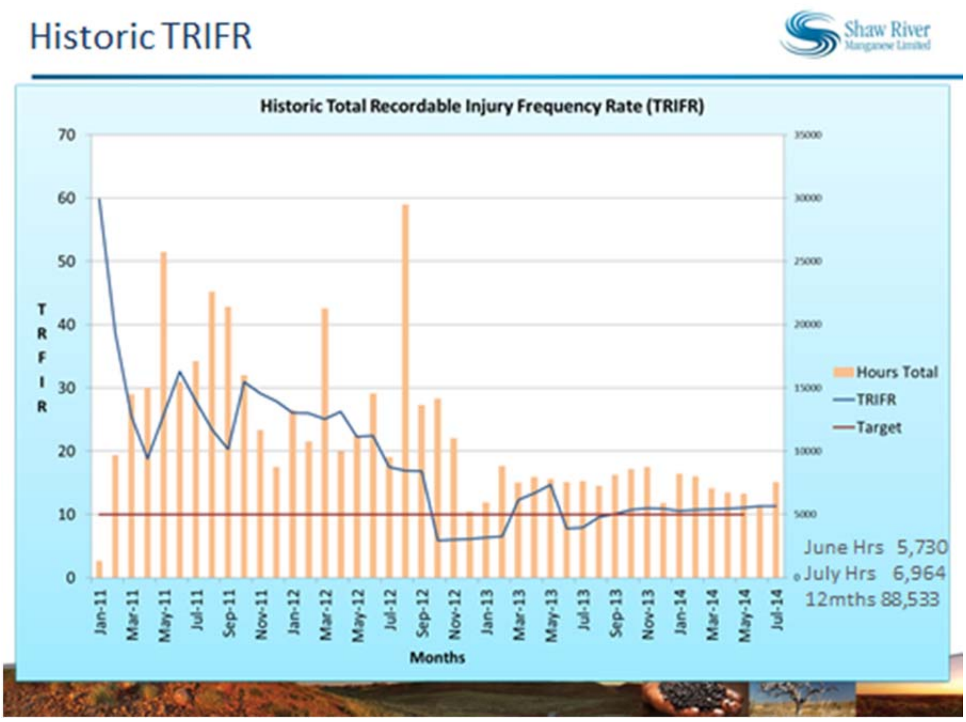

Figure 2: Historic Moving Average TRIFR (since Jan' 2011) Shaw River Manganese

Shaw River's safety measure, a Total Recordable Injury Frequency Rate (TRIFR) is around 10.9 and very close to the target of 10.0.

Environmental

At the Otjo Project, a series of base line environmental and social impact studies have been undertaken in preparation for development and production activity, and expansions of the existing Mining Licence area.

All studies have been completed under the management of GCS Namibia, a well-respected environmental consultancy. Studies have included;

- Bio-Diversity (Flora/Fauna)
- Hydrological (Surface water)
- Hydrogeological (Subsurface water)
- Social Impact Assessment
- Air Quality
- Noise

During the year, the Otjo project submitted the required Environmental reports and received clearance certificates from Ministry of Environment and Tourism (MET) for all EPL tenements.

Community Engagement

The Company is supporting the communities in and around the Otjo Project. The Company is committed to the Namibian Affirmative Action program to support development, training and advancement of previously disadvantaged Namibian people.

The Company is currently preparing a Community and Social Responsibility (CSR) program for the Otjo Project.

Future Operations

The Company's goals in the second half of 2014 and into 2015 are:

Otjo Project

- Increase the start up inventory by infill trenching, blast hole sampling and RC drilling
- Mine bulk samples for metallurgical test work and beneficiation trials
- Establish logistic and marketing links for product and send trial shipments
- Commission a processing plant to beneficiate Mn ore
- Commence export of product in the first quarter of 2015
- Continue infill and grade control programs to maintain plant feed
- Maintain compliance spending on tenements and continue targeted exploration

Butre Project

- Maintain the asset and develop strategies to progress development

Other Projects

- Evaluate value adding opportunities

OTJO PROJECT, NAMIBIA

Development plan for Otjo

The Otjozondu Project is located 150 kilometres north-east of the Namibian capital of Windhoek and lies in a historical manganese field which has produced in aggregate approximately 550,000 tonnes of high grade (~48%) manganese since the 1950's.

Production as recently as only a few years ago at Otjo was by way of shallow, free dig and drill-and-blast mining methods, utilising a basic crushing and jigging circuit to produce saleable ore. Currently, a private operator, from three small mining licences, is producing 100-175,000 tonnes of manganese ore annually and successfully utilising the logistics route from Otjo to a rail siding and then by rail to Walvis Bay.

The Otjo mineral resource is comparable to some of the larger manganese deposits found globally. The favourable logistics of Otjo include road and rail infrastructure and port facilities at Walvis Bay. Namibia is a mining friendly jurisdiction, which puts Shaw River in an excellent position to progress its development plans.

Favourable characteristics of the Otjo Project include:

- Located in Namibia, a mining friendly and low sovereign risk jurisdiction;
- Excellent proximity to existing public user road, rail and port infrastructure;
- Granted mining lease with environmental approvals in place;
- Potential for simple drill and blast open pit mining due to outcropping resource tonnages;
- Processing plant consisting of crushing, screening and beneficiation equipment on site, currently on care and maintenance; and
- Considerable exploration potential with only 13% of the known strike of the mineralised horizon tested to date. (Refer to Figure 4)

Figure 3: Location of Otjozondu Project, Namibia

Shaw River has continued to build confidence in the Otjo Project by exploring those deposits with higher grades and metallurgical response. Key parameters are manganese grade, geological continuity and metallurgical yield. Shaw River aims to improve our understanding of these parameters whilst advancing the Otjo Project in the most cost effective manner. Considering the time and cost taken to complete a PFS Shaw River has decided to obtain this information by initiating production after undertaking a surface drilling and sampling program to extend estimates of early production ore inventory. The locations targeted for initial mining are around the Labusrus and Bosrand areas.

This approach is considered appropriate because:

- A mining lease with all approvals is in place;
- The Otjo project manganese mineralisation occurs at surface or under shallow (<5 metres) Kalahari sands and suitable for shallow open pit mining;
- The areas chosen (Figure 1), contain Mineral Resources delineated during the 12,060 metre resource drilling program completed in December, 2012 (refer SRR : ASX release December 11, 2012 and Tables 1 and 2 below);
- Rock chip sampling indicates that deposits of suitable manganese mineralisation (>25% Mn) occurring near surface are extensive (refer SRR : ASX release November 22, 2013);
- There is existing road infrastructure, an electricity allocation, water and a work force;

- Owned equipment including Terex crusher, screens, conveyors, a fines JIG, weighbridge, and standby electrical generators;
- The manganese may be processed using existing well established gravity technology, such as, a JIG plant.
- Another company is operating nearby and has been producing manganese ore using similar operational practices for 10+ years, more recently at a rate of 100-175Kt pa of manganese product from small, unconnected mine leases representing about 10 percent of the area of the Otjo project.

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 11, 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 then eastwards to Ongorussengo (Figure 4) plus Bosrand.

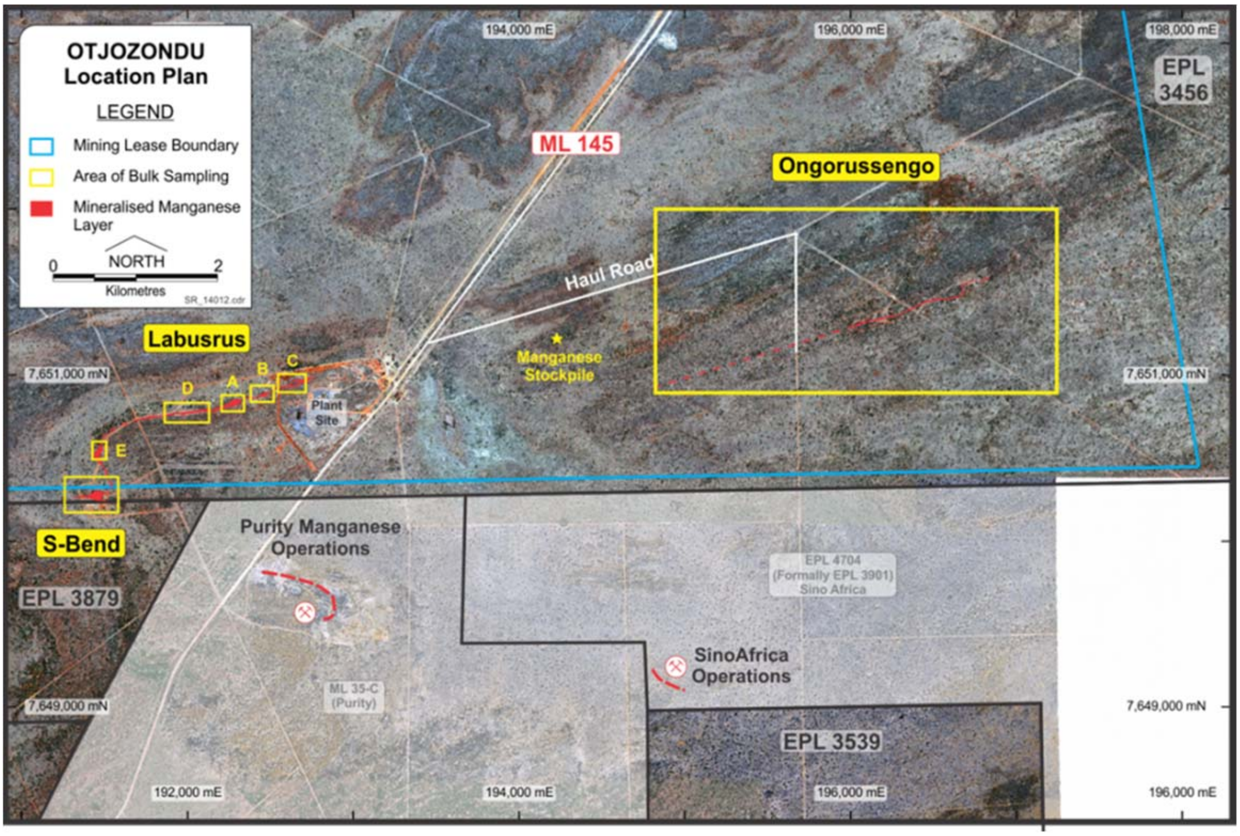

Figure 4: Surface Sampling Localities at Labusrus, S-Bend & Ongorussengo

A trenching and blast hole drilling and sampling program was completed in mid-March 2014 and these areas were tested to identify "at surface manganese mineralisation" for the basis of a start-up inventory (bulk sample) for processing. A total of 68 trenches were dug with an excavator, approximately every 25 metres along strike, trenches were cleaned, mapped geologically and sampled over one metre intervals. A line of grade control holes was drilled along each trench, at one metre intervals horizontally, to test the depth to around 5 metres vertically and sampled in one metre intervals. Each sample was geologically logged and assayed using a NITON hand held analyser. A total of 2024 borehole and chip samples were collected from 505 grade control holes of which 319 samples were sent for check assaying by XRF by an independent laboratory.

Areas A, B, C and S-Bend were the initial focus of sampling. Areas D, D "Additional" and Ongorussengo were added. The manganese lode was exposed along more than 1,300 metres of strike. Detailed geological mapping suggested the overall thickness of the manganese lode varies between 4 to 40 metres, estimated horizontal width (EHW) averaging more than 13 metres at surface.

The all areas total was reported as 265,000 tonnes approximately, to a depth of 5 metres at a cut off grade of 15%Mn. Subsequent modelling showed 95,000t in situ manganese ore at a cut off of 25% for Labusrus and areas A to D. The 25% level is the current estimated cut off considered to be necessary to achieve marketable ore grades.

Mining Lease Obligations at Otjo

During the year OM received a notice from the Namibian Ministry of Mines and Energy (MME) (SRR:ASX release 30 October, 2013) which stated that OM may be in breach of Mining License conditions (essentially concerning progress) on its Mining License 145 and that the Company had until 31 December 2013 to make submissions to the MME, including how the Company intended to remedy any such breaches.

OM made submissions to the MME outlining the extensive work undertaken on Mining License 145 and detailing plans to demonstrate compliance with the license conditions, including the commencement of blast hole sampling to establish geological continuity of higher grade ore (SRR: ASX release 29 November, 2013) as the forerunner of a broader plan aimed at starting production.

Following these representations to the MME in December 2013 the Minister "decided to withdraw the intention to cancel the mining license". (refer to SRR: ASX release 17th December, 2013)

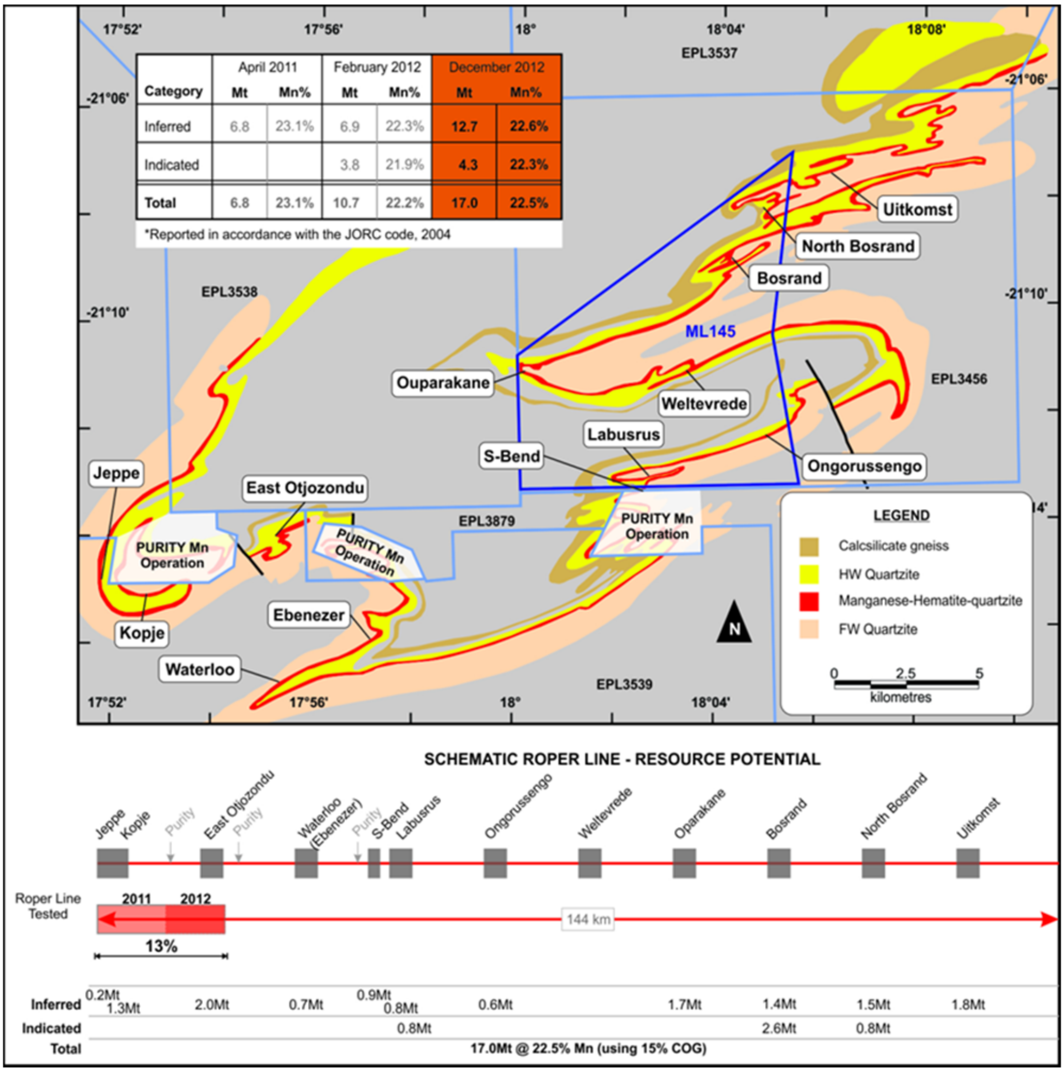

Figure 5: Otjozondu Manganese Mineral Field, Position of Roper Line, Deposits, Mineral Resources and Resource Potential

Funding

During 2013/14 the Company's activities were funded out of a loan from Atlas Iron. This loan was due for repayment out of a subsequent fund raising. It became apparent that Atlas would be prepared to extend that loan to a limited extent only and was not willing, for reasons associated with its main business, to participate in a rights issue.

Shaw River was faced with the prospect of identifying and attracting a cornerstone investor/funding partner to provide the necessary financial support to the Company until it is cash flow positive. In August 2014 Shaw River completed a new funding arrangement that would bring the Otjo Project into production (refer SRR: ASX release August 13th, 2014). This funding solution makes provision of up to A$8 million in debt under two facilities provided by Bryve Resources Pty Ltd (Bryve). At the same time Bryve acquired 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).

The funding will enable the Company to undertake an in-fill drill program, conduct further metallurgical test work, extract a bulk sample, conduct jig test trials, complete the beneficiation plant with the addition of a jig, and provide for working capital as the operation is scaled up.

Manganese Exploration

Shaw River holds exploration and mining licences of 1,367 square kilometres, covering over 90% of the known strike of the Otjozondu manganese field. The project currently has a reported combined Inferred and Indicated Mineral Resource of 17 million tonnes at an average of 22.5% Manganese, reported in accordance with JORC 2004, Table 1 (refer to Mineral Resources section). The current mineral resources are based on a combination of RC and diamond drilling totalling around 53,000 metres which has tested approximately 13% of the line of mineralisation (the "Roper Line"). In addition to the hard rock mineralised horizon, a superficial carpet or "nodule" ore layer (detrital ore) is found to be associated with most outcrops.

Exploration to date has tracked outcrops and utilised mapping and shallow trenching to follow the line of strike of the manganese mineralisation. In areas of increased cover, soil sampling and analysis with onsite X-Ray Fluorescence (XRF) equipment has generated further targets that are concealed either under calcrete or shallow Kalahari Sands. These targets will be tested progressively. For examples, refer to various ASX releases dated: September 19th, 2013, June 13 2013 and March 26 2013.

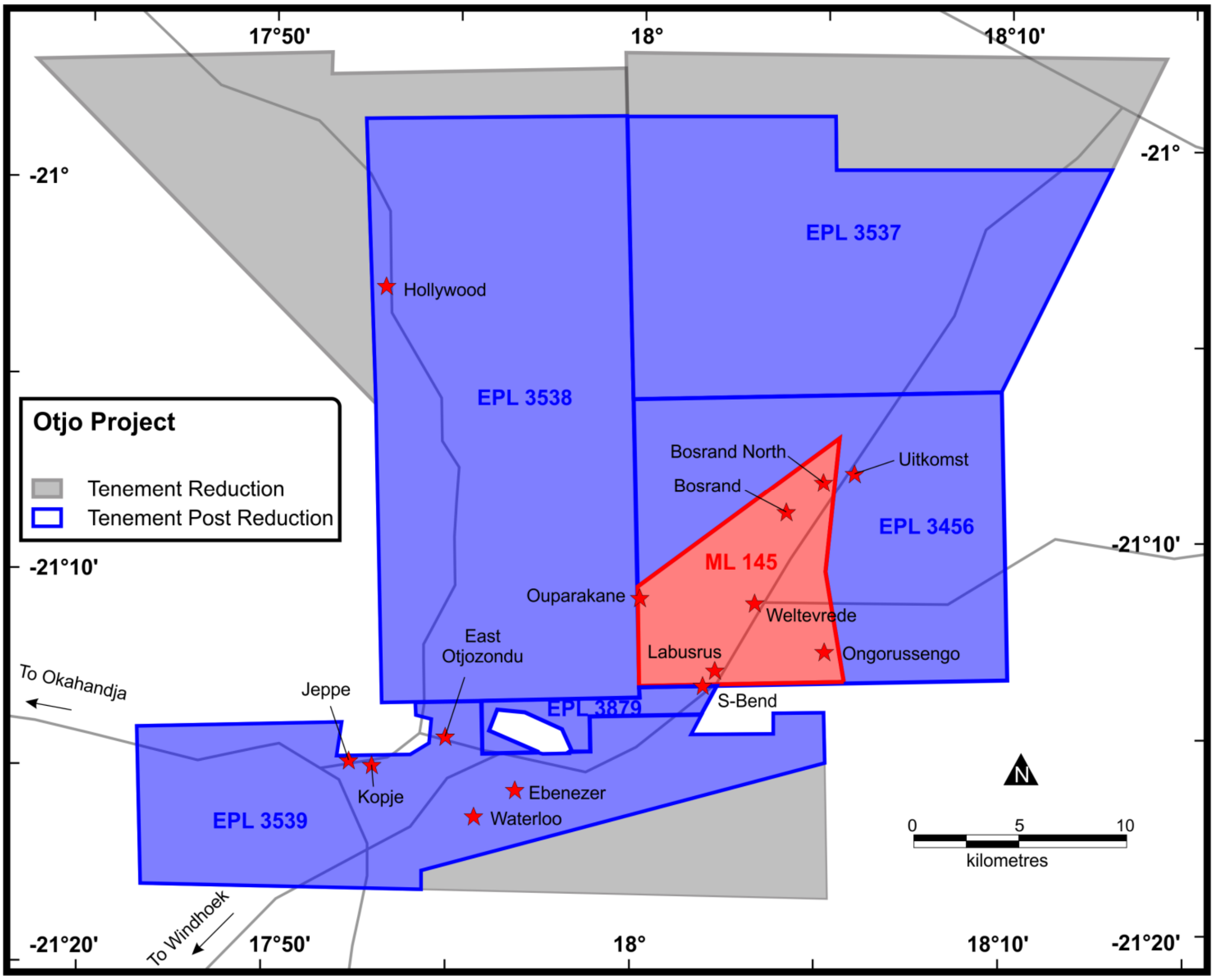

Figure 6: Tenements 2014, Otjozondu Project

Exploration to define the full extent of the Roper line is continuing. Shaw River is using a combination of surface mapping, soil and chip sampling and assaying, to identify the manganese horizon.

Ground geophysical techniques including, Electromagnetics (EM), Gravity and Ground Magnetics are being trialled to determine if they are helpful in assisting in locating the mineralised horizon under cover and to provide new and cheaper exploration tools.

Ongoing RC drilling is designed to meet the Company's production objectives and improve geological understanding of the project.

During the year, tenements EPL3879 and EPL 3456 were granted for a third term and renewal applications were submitted for EPL's 3537, 3538 and 3539.

Mineral Resources

The statement of Mineral Resources presented in this Annual Report has been produced in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves, December 2004 (the JORC Code).

The information in this Report relating to Mineral Resources is based on information compiled by Competent Persons (as defined in the JORC Code). Each of the Competent Persons have, at the time of reporting, sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined by the JORC Code. Each Competent Person consents to the inclusion in the Report of the matters based on their information in the form and context in which it appears. (Refer to Appendix 1 and 2).

All of the Mineral Resource figures reported represent estimates at June 30, 2013. All tonnes and grade information has been rounded, hence small differences may be present in the totals.

Mineral Resources are estimated using all available and relevant geological, drill hole and assay data, including mineralogical sampling and test work on mineral and final product qualities. Mineral Resource estimates are determined by consideration of geology, manganese cut-off grades, mineralisation thickness vs. overburden ratios and consideration of the potential mining and extraction methodology. These factors may vary significantly between deposits.

Three stages of exploration and mineral resource drilling have been conducted during the period since Shaw took control of the Otjo Project area. The first two stages were undertaken concurrently and focused on drilling a portion of the reported Inferred Mineral Resource and upgrading a portion of this to Indicated Mineral Resource.

RC drilling totalling 6,205 metres in the first stage was successful in delineating a maiden Mineral Resource (Refer to ASX SRR release March 21, 2011). It also marginally increased the total Inferred Mineral Resources in the main areas of Labusrus, Bosrand and North Bosrand and also an Inferred Mineral Resource at Ouparakane. No drilling during this stage was conducted outside the Mining Lease ML 145. Assessment of other areas within the greater exploration licence area, which had historical drilling, was undertaken and the Inferred Mineral Resource was increased at Ebenezer, East Otjozondu and Ongorussengo.

The second stage included 1,718 metres of NQ and PQ diamond drilling which was used for initial geotechnical, mineralogical and metallurgical studies.

The third stage was completed in November, 2012 with the aim to increase the Inferred Mineral Resources for the project and test the exploration model. This resource drilling program totalling 12,060 metres, underpinned a significant resource upgrade is based on eleven existing and new areas: Bosrand, North Bosrand, Labusrus, Uitkomst, Kopje, Labusrus S Bend, Jeppe, East Otjozondu, Ouparakane, Ongorussengo and Waterloo.

The Mineral Resource estimate, (reported in accordance with the JORC Code, 2004) and is set out in Table 1. The increase in manganese grade is due to the inclusion of four new areas of consistently higher grade; Labusrus S Bend, Ongorussengo, Kopje and Jeppe.

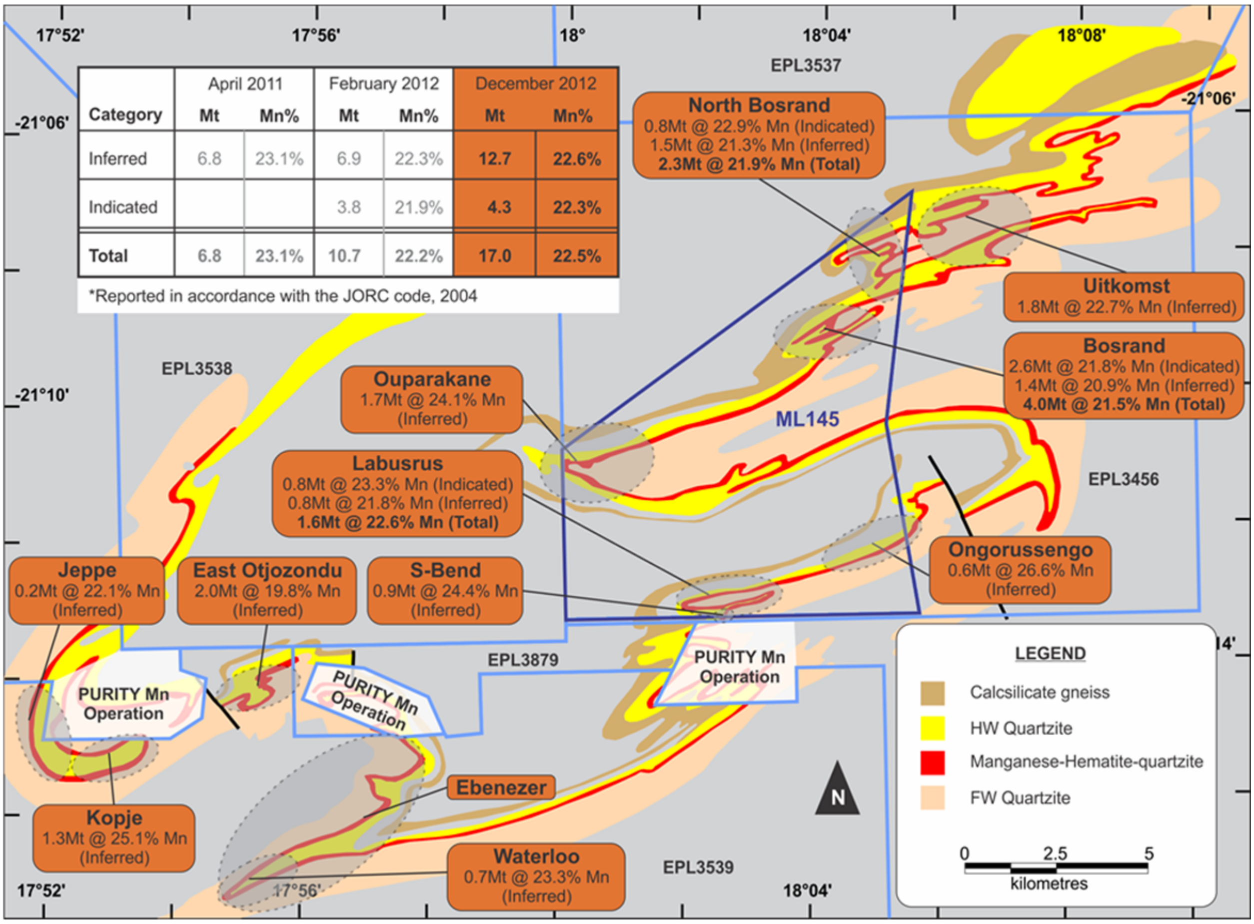

Figure 7: Otjozondu Manganese Mineral Field, Position of Roper Line and Mineral Resources

	Indicated		Inferred		Combined	
Deposit	Mt	%Mn	Mt	%Mn	Mt	%Mn
Bosrand*#	2.6	21.8	1.4	20.9	4.0	21.5
North Bosrand*#	0.8	22.9	1.5	21.3	2.3	21.9
Labusrus*#	0.8	23.3	0.8	21.8	1.6	22.6
Uitkomst$			1.8	22.7	1.8	22.7
Kopje#			1.3	25.1	1.3	25.1
Labusrus S bend#			0.9	24.4	0.9	24.4
Jeppe#			0.2	22.1	0.2	22.1
East Otjozondu#			2	19.8	2	19.8
Ouparakane*#			1.7	24.1	1.7	24.1
Ongorussengo*#			0.6	26.6	0.6	26.6
Waterloo#			0.7	23.3	0.7	23.3
Total In Situ Resource	4.3	22.3	12.7	22.6	17.0	22.5

Table 1 – Otjo Project – Mineral Resource Summary at 11th December 2012 at a 15% Mn cut-off

(Deposit wholly located within current Mining Lease. # - Inferred and indicated Resources estimated by Cube Consulting. $ - Inferred resources estimated by SRR, AEMCO) All tonnage and grade values have been rounded to relevant significant figures. Slight errors may occur due to this rounding of values.*

Mineral resources were modelled and estimated using geological boundaries and a 15% Mn cut-off grade. Tonnages are rounded to the nearest 100,000 tonnes and percent manganese grade quoted to one decimal place. Estimates are based on relevant geological logging and sampling information drawn from a total of ~ 54,000m of diamond and RC drilling conducted on the project thus far.

Appendix 1 and 2 contain a summary of resource estimation parameters used by Cube and SRR, AEMCO in their respective estimations.

	Indicated					Inferred					Combined				
Deposit	**Mt**	**%Mn**	**%Fe**	**%SiO2**	**%P**	**Mt**	**%Mn**	**%Fe**	**%SiO2**	**%P**	**Mt**	**%Mn**	**%Fe**	**%SiO2**	**%P**
Bosrand*#	2.6	21.8	14.4	31.7	0.04	1.4	20.9	14.6	31.0	0.03	4.0	21.5	14.4	31.5	0.04
North Bosrand*	0.8	22.9	14.7	32.6	0.02	1.5	21.3	13.4	35.5	0.02	2.3	21.9	13.9	34.4	0.02
Labusrus*#	0.8	23.3	15.0	32.5	0.02	0.8	21.8	13.9	35.7	0.03	1.6	22.6	14.5	34.1	0.03
Uitkomst$						1.8	22.7	14.1	31.1	0.03	1.8	22.7	14.1	31.1	0.03
Kopje#						1.3	25.1	11	32	0.06	1.3	25.1	11.0	32.0	0.06
Labusrus S bend#						0.9	24.4	11.9	31.1	0.04	0.9	24.4	11.9	31.1	0.04
Jeppe#						0.2	22.1	12	35	0.06	0.2	22.1	12.0	35.0	0.06
East Otjozondu#						2	19.8	14.3	33.8	0.04	2	19.8	14.3	33.8	0.04
Ouparakane*#						1.7	24.1	11.9	30.4	0.06	1.7	24.1	11.9	30.4	0.06
Ongorussengo*#						0.6	26.6	9.7	30.4	0.06	0.6	26.6	9.7	31.0	0.02
Waterloo#						0.7	23.3	11.8	35	0.04	0.7	23.3	11.8	35.0	0.04
Total InSitu Resource	**4.3**	**22.3**	**14.5**	**32.1**	**0.03**	**12.7**	**22.6**	**13**	**32.5**	**0.04**	**17.0**	**22.5**	**13**	**32.5**	**0.04**

Table 2 – Otjo Project – Mineral Resource Summary and Chemical Analysis, at 10 December, 2012 using a 15% Mn cut-off.

(Deposit wholly located within current Mining Lease. # - Inferred and indicated Resources estimated by Cube Consulting.*
$ - Inferred resources estimated by SRR, AEMCO)

Table 2 provides the chemical analyses for the mineral resource. This favourable chemical analysis indicates that the Phosphorus (P) levels are consistently low compared to other operating mines making this material attractive for blending purposes.

Appendix 1. Mineral Resource Parameters – Cube Consulting Estimates (see Table 1) and Competent Person Statement

Cube Consulting Pty Ltd (Cube) was commissioned by Shaw River Resources Ltd to estimate and classify the resources for the Bosrand, Labusrus, North Bosrand, Kopje, Jeppe, Labusrus S-Bend, East Otjozondu, Ongorussengo, Waterloo and Ouparakane deposits at its Otjozondu project, in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).

Mineral Resources were modelled, estimated and classified by Cube Consulting ("Cube") except Uitkomst area, where a model was created by Shaw River Geologists using Surpac software and reviewed and classified by AEMCO consultants, who have over 10 years' experience in the Otjozondu manganese field.

Grade modelling was conducted into wireframes using Surpac software. Grade was modelled using Ordinary Kriging with predominant search directions parallel to the orientation and dip of the modelled surfaces. A total of 357 drill holes were used in these estimates. Variography analysis and Qualitative Kriging Neighbourhood Analysis was utilized to identify direction of mineralisation continuity, and also search neighbourhood parameters.

All available drill hole locations were recently re-surveyed in the field at Otjozondu and verified to within 0.2m accuracy using differential GPS. Some drill hole collar points were not able to be located due to mining or vegetation regrowth, this constituted less than 5% of the drill holes in the database. This only affects 6 holes used in the estimation for Bosrand. Down hole survey information was not available on all of the drill holes.

Geological coding in the database was used to assist in the geological and grade interpretation and design of continuous mineral shapes. Geological logging, grade and outcrop mapping information were all taken into account. Zones were modelled only if intersections had a down hole width of greater than 3 metres, present on a minimum of two adjacent drill sections and defined by a minimum of three drill holes to define continuity. Where this criteria were not met, but had strong geological evidence to be included they were downgraded in resource classification. RC and diamond drill holes were used in the estimate. All drill hole intercepts were composited to 1 metre lengths for the estimation. A top-cut of 0.3% was applied to the phosphorous values. All other elements did not have top cuts applied.

Sample quality is represented in the database as a recovery field. Diamond drilling recoveries were highly variable. QAQC processes conducted during the recent drill program included field duplicate sampling, standards and blank insertion. Results of these processes comply with industry best practice. Representative pulp samples were submitted to an umpire laboratory for the drilling program in 2011 to check that no bias was present in the analysis. This process was not undertaken for the 2012 drilling program.

Assay results derived from cone split samples from mineralised intersections were sent to Intertek Genalysis Laboratory and assayed by a borate fusion - XRF method of analysis. Down hole surveys for dip were completed with a Reflex Ezi-Shot camera.

Bulk density measurements were made using a gravimetric method at the time of logging previous diamond core. This data is recorded in the drill hole database. An assigned density of 3.7 gm/cc was used for o r e in the models.
The resource was classified as Indicated and Inferred in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).

Cube Consulting is an independent Perth based resource consulting firm specializing in geological modelling, resource estimation and Information Technology.

Competent Person Statement

The information in this report that relates to Mineral Resources for Bosrand, Labusrus, Ouparakane, Kopje, Labusrus S-Bend, Jeppe, East Otjozondu, Ongorussengo, Waterloo and North Bosrand is based on information compiled by Jason Harris of Cube Consulting, who is a Member of the Australian Institute of Geoscientists. Jason Harris has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Jason Harris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 2 – Exploration Results, Mineral Resource Parameters, SRR and Aemco estimates (see Table 2) and Competent Person Statement

This portion of the Competent Persons statement relates only to the Uitkomst area, where a model was created by Shaw River Geologists using Surpac software and reviewed and classified by AEMCO consultants, who have over 10 years' experience in the Otjozondu manganese field.

Grade modelling was conducted into wireframes using Surpac software. Grade was modelled using Inverse distance squared with predominant search directions parallel to the orientation of the modelled surfaces. Grades were interpolated within the wire frame for with a search distance of 150 metres from the drill intersection.

All inferred block models was estimated using parent block sizes of 10 metres in all x, y and z directions (North), 10 metres (East) and 10 metres (Elevation). Sub-celling down to 2.5 metres in all X, Y and Z directions was used to assist in constraining the volume.

All available drill hole locations were recently re-surveyed in the field at Otjozondu and verified to within 0.2m accuracy using differential GPS. Some drill hole collar points were not able to be located due to mining or vegetation regrowth, this constituted less than 5% of the drill holes in the database. Downhole survey information was not available on all of the drill holes.

Geological coding in the database was used to assist in the geological and grade interpretation and design of continuous mineral shapes. Geological logging, grade and outcrop mapping information were all taken into account.
RC and diamond drill holes were used in the estimate. All drill hole intercepts were composited to 1 metre lengths for the estimation.

Sample quality is represented in the database as a recovery field. Diamond drilling recoveries were highly variable. QAQC processes conducted during the recent drill program included field duplicate sampling, standards and blank insertion. Results of these processes comply with industry standards. Representative pulp samples were submitted to an umpire laboratory to ensure no bias was present in the analysis.

Bulk density measurements were made using a gravimetric method at the time of logging. This data is recorded in the drill hole database. An assigned density of 3.7 gm/cc was used for ore in the models.

The resource was classified as Inferred in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).

Competent Person Statement

The information in this report to which this statement is attached that relates to Mineral Resources or Ore Reserves is based on information compiled by Mr Vincent Algar, a former employee of Shaw River Manganese Ltd and Mr Adriaan du Toit of AEMCO Pty Ltd, who are Members of the Australasian Institute of Mining and Metallurgy. Mr Vincent Algar and Mr Adriaan du Toit, an independent consultant, have sufficient experience which is relevant to the style of mineralization 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.

The information in this report that relates to Exploration Results, is based on information compiled by Mr. Braam Jankowitz of Gemsbok Consulting Services CC. Mr. Jankowitz is an Independent Consultant, currently contracted to the company, and a Member of the South African Council for Natural Scientists and Professionals, and has sufficient experience which is relevant to the style of mineralization 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. Jankowitz 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 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 (2004), 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 Ore Reserve

BARAMINE PROJECT

Manganese Exploration (100% Shaw River)

Overview

During the year and with focus on the Otjozondu Project, Shaw River withdrew completely from the Baramine Project.

OTHER AUSTRALIAN PROJECTS

Overview

During the year the Company completed two commercial transactions that resulted in the divestment of large areas of the non-core project portfolio. Other non-core manganese projects at Dingo Creek, Hardy River West and Noreena Downs were surrendered following initial field reconnaissance.

Western Australia Gold and Base Metal Projects

The Company divested Exploration Licence E45/3850 in the Hedland Project, and "rights" to commodities other than iron within E45/2362 and E45/2363 at the Abydos Project, to Atlas Operations Pty Ltd. No work was undertaken by Shaw River in these project areas given the focus on the strategic manganese assets. The Company retains rights to commodities other than iron in the Goldsworthy Project and the remaining Abydos Project licences, all owned and managed by Atlas.

Shaw River maintains a Tenement Sale Agreement with a private company, Kalamazoo Resources Pty Ltd (Kalamazoo), refer to Annual Report, 2013 for details. The sale tenements are considered prospective for gold and base metals. The tenement package does not include any of Shaw River's Baramine Project tenements. The tenement package sold to Kalamazoo comprises:

- the Mt Minnie Group (ELA's 08/2042, 2214, EL's 08/2043, 2212, 2213) where Shaw River's subsidiary Twelve Mile Pty Ltd holds the rights to gold and base metals;
- the Parry Range Group (ELA's 08/2431, 2432, 2433, EL's 08/2216 & 2217) for all commodities;
- Atlas Iron Limited's Pearana tenement (ELA 45/2730) where Shaw River holds rights for gold and base metals and Atlas Iron Limited retains the iron ore rights; and,
- the Farrell Well group of EL's 45/2174, 2996, & 3427. Subsequently Kalamazoo surrendered E45/2174.

The Company retains 10% ownership of E45/2996 at Farrel Well, managed by Kalamazoo Resources Pty Ltd.

Northern Territory Manganese Projects (Shaw 100%)

Shaw River has six pending Exploration License applications considered prospective for manganese and bauxite mineralisation in Arnhem Land, Northern Territory. Specifically, the tenements cover an area of 155km^2 over a group of islands known as the British Company Islands. The Company is undertaking a critical review of the merit of retaining the areas given the focus on the Otjo Project.

BUTRE PROJECT, GHANA

Manganese and Gold Exploration (90% Shaw River)

Overview

Shaw River's Butre manganese project is located in Ghana in West Africa. Ghana has long been one of the key suppliers of manganese ore. The Butre Project is strategically located 30 kilometres on sealed roads from the bulk port of Takoradi and 200 kilometres west of the capital, Accra. Takoradi currently ships over one million tonnes per annum of manganese ore from the nearby Nsuta Manganese Mine.

Figure 8: Map of Ghana and Manganese Deposits

Manganese Exploration

An infill drilling program conducted during 2011 tested the Jimra Bepo prospect over a strike length of 600 metres to an average depth of 40 metres. Previous beneficiation testing demonstrated that the manganese oxide cap could be upgraded.

Interpretation of the 2011 drilling results defined a discontinuous low iron manganese oxide cap between 2 – 4 metres thick overlying steeply dipping mineralisation in the southern and central portions of the drilled area. The majority of coherent oxide manganese mineralisation is present over a 100 metre strike length in the central area. It has been interpreted that this thickened zone may represent a steeply north plunging fold closure, with down plunge potential. Previously reported drill intercepts over the deeper mineralised area ranged from 2-28 metres grading between 15.1% and 23.8% manganese with the best down hole intersect of 28 metres at 20.8% manganese. The deeper mineralised zones are open at depth.

Potential exists at depth for attractive high value carbonate manganese ore, and to the north and south of Jimra Bepo Hill, where extensions of the manganese lode may be concealed below surficial cover. In addition, eluvial/talus deposits are known to exist on the flanks of the hill and remain untested. Carbonate ores attract premium pricing compared with oxide ores for some applications, particularly in the production of electrolytic manganese metal.

Future work will be directed towards a review of the manganese mineralisation model at the Jimra Bepo manganese prospect and planning for drilling of possible strike or depth extensions.

Gold Exploration at Butre

There is also high potential for significant gold mineralisation on the Prospecting License, both contained within the manganese mineralisation as well as other discrete areas, mainly in the east and south of the licence. This gold mineralization occurs in Birimian greenstone sequences, known to be prolific gold producers elsewhere.

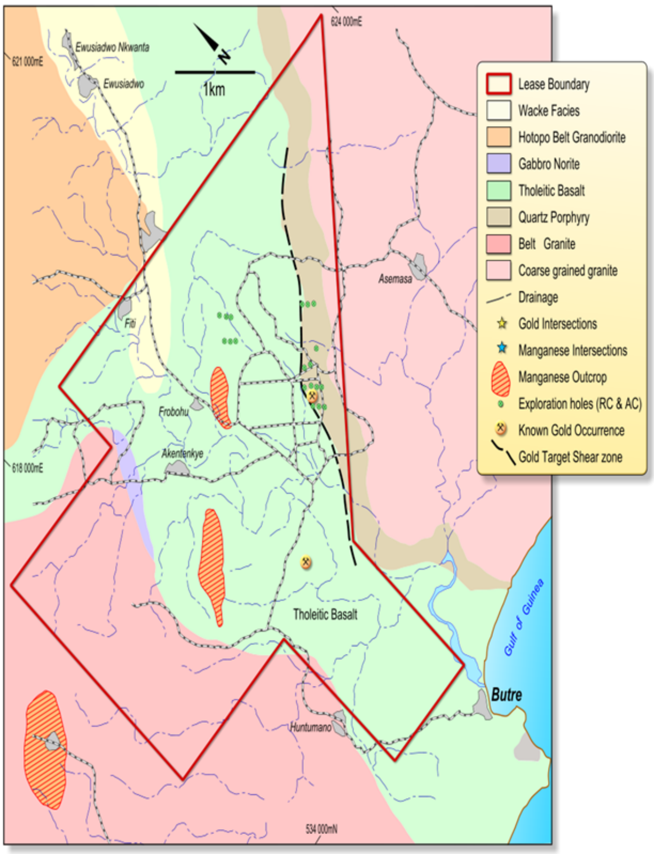

Figure 9: Sample Locations and Geology, Butre Project, Ghana

The gold potential could be further tested by drilling of possible strike or depth extensions to existing gold mineralised areas, and drill testing of soil geochemical targets.

Shaw River Manganese Limited ("Shaw River") and its related bodies corporate ("the Group") is committed to implementing and maintaining the highest standards of corporate governance. The Group recognizes that high standards of corporate governance are essential to achieving that objective.

Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles & Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

Further information about the Company's charters, policies and procedures may be found at the Company's website (www.shawriver.com.au) under the section marked Corporate Governance.

The Company's corporate governance practices were in place throughout the reporting period ended 30 June 2014, unless noted otherwise.

BOARD FUNCTIONS

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is responsible for setting the strategic direction and establishing and overseeing the policies and financial position of the Group, and monitoring the business and affairs on behalf of its shareholders, by whom the Directors are elected and to whom they are accountable. To fulfill its role, the Board is responsible for the overall Corporate Governance of the Group including the strategic direction, establishing goals for management and monitoring the achievement of these goals.

Specific accountabilities and responsibilities of the Board include:

- to oversee the Group, including its control and accountability systems;
- to develop, review and monitor the Group's long-term business strategies and provide strategic direction to management;
- to ensure policies and procedures are in place to safeguard the Group's assets and business and to enable the Group to act ethically and prudently;
- to develop and promote a system of corporate governance which ensures the Group is properly managed and controlled;
- to identify the Group's principal risks and ensure that it has in place appropriate systems of risk management, internal control, reporting and compliance and that management is taking appropriate action to minimise those risks;
- to review and approve the Group's financial statements and other financial reports;
- to monitor management's performance and the Group's financial results on a regular basis;
- to appoint, ratify, appraise and determine the remuneration and benefits of the Managing Director;
- to delegate powers to the Managing Director as necessary to enable the day-to-day business of the Group to be carried on, and to regularly review those delegations;
- to monitor the performance of senior management, including the implementation of strategy, and ensuring appropriate resources are available to them;
- to ensure that the Group has in place appropriate systems to comply with relevant legal and regulatory requirements that impact on its operations;
- to ensure that appropriate internal and external audit arrangements are in place and operating effectively;
- to determine the appropriate capital management for the Group including share and loan capital and dividend payments;
- in conjunction with members of the senior management team, to develop corporate objectives, strategies and operations plans and approve and appropriately monitor plans, new investments,

major capital and operating expenditures, use of capital, acquisitions, divestitures and major funding activities; and
- To determine and regularly review an appropriate remuneration policy for employees of the Group.

The Group has established the functions that are reserved for management. Management is responsible on a shared basis with, and subject to the approval of, the Board for developing strategy, and is directly responsible for implementing the strategies into the Group's business activities. Management is also responsible for safeguarding the Group's assets, maximizing the utilization of available resources and for creating wealth for the Company's shareholders.

The Company's Board Charter is available on the Company's website.

STRUCTURE OF THE BOARD

A profile of each Director in office at the date of the financial report setting out their skills, experience, and expertise is set out in the Directors' Report.

Directors of the Company are considered to be independent when they are not a member of management and are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

In accordance with the above definition of independence, the following table outlines the independence status of the Company's directors:

Director	Position	Independent
Michael Walters	Non-Executive Chairman	Yes
Peter Cunningham	Managing Director (appointed 13 August 2014)	No
Jeremy Sinclair	Non-Executive Director	No

The Board does not have a majority of independent directors. Since Mr Walters' appointment as chairman in February 2014, the Board has had as its chair an independent director. The Board believes that the current composition of the Board is most appropriate for the Company having regard to its size, its current level of operations, and its strategy of minimising operating costs and includes an appropriate mix of relevant skills and expertise. The Board recognises the ASX Corporate Governance Council's recommendation that the majority of the Board should be comprised of independent directors and as the Company grows and/or its circumstances change, the Board may make further appointments of independent directors if considered appropriate.

Directors may, should they consider it necessary to properly discharge their responsibilities as a director, obtain independent professional advice at the Company's expense subject to first obtaining approval from the Board.

PERFORMANCE

The performance of all Directors is reviewed by the Chairman on an ongoing basis. The Managing Director's performance is evaluated annually by the non-executive Directors against a range of key performance indicators and targets. The Chairman's performance is reviewed by the other Board members annually.

Senior Executive performance is reviewed by the Board annually, at the end of the financial year. Performance is evaluated against their responsibilities as outlined in their contract and other measures determined by the Board.

Remuneration levels are competitively set to attract and retain qualified and experienced directors and senior executives. Independent advice will be obtained by the Board on the appropriateness of remuneration packages, where considered necessary.

As noted below, there are currently no separate committees operating independently of the Board.

AUDIT COMMITTEE

The Board has not established an Audit Committee. The full Board performs the functions of an Audit Committee.

The Board recognises the ASX Corporate Governance Council's recommendation that the Board should establish an Audit Committee however the Board considers that given the Company's size, its current level of operations and its strategy of minimising operating costs that the full Board is most appropriate to fulfill the role of an Audit Committee.

The Board will continue to monitor this and will consider the establishment of a separate Audit Committee when its circumstances warrant it.

NOMINATION COMMITTEE

The Board has not established a Nomination Committee. The full Board performs the functions of a Nomination Committee.

The Board recognises the ASX Corporate Governance Council's recommendation that the Board should establish a Nomination Committee however the Board considers that given the Company's size, its current level of operations and its strategy of minimising operating costs that the full Board is most appropriate to fulfill the role of a Nomination Committee.

The Board will continue to monitor this and will consider the establishment of a separate Nomination Committee when its circumstances warrant it.

REMUNERATION COMMITTEE

The Board has not established a Remuneration Committee. The full Board performs the functions of a Remuneration Committee.

The Board recognises the ASX Corporate Governance Council's recommendation that the Board should establish a Remuneration Committee however the Board considers that given the Company's size, its current level of operations and its strategy of minimising operating costs that the full Board is most appropriate to fulfill the role of a Remuneration Committee.

The Board will continue to monitor this and will consider the establishment of a separate Remuneration Committee when its circumstances warrant it.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report. Non-Executive directors are remunerated at market rates (for comparable companies) for their time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. There are no termination or retirement benefits for non-executive directors (other than for superannuation).

Pay and rewards for executive directors and senior executives consist of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and this is reviewed annually to ensure market competitiveness.

CODE OF CONDUCT

The Board acknowledges its responsibility to set the ethical tone and standards of the Company. Accordingly it has clarified the standards of ethical and professional behaviour required of Directors and employees through the establishment of a Code of Conduct.

The Code of Conduct requires all Directors and employees to conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation. In addition, they are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. Compliance with the Code of Conduct is mandatory and breaches are taken seriously.

DIVERSITY

Shaw River values diversity in all aspects of its business and is committed to creating a working environment that recognises and utilises the contribution of all of its employees. The Company recognises that diversity in its business helps create sustainable shareholder value, provides a more dynamic and enjoyable work environment and will often create new opportunities for the Company.

Shaw River has adopted an Equal Employment Opportunity and Diversity Policy that actively seeks to maintain a diverse workforce to create a workplace that is fair and inclusive, applies fair and equitable employment practices and provides a working environment that will allow all employees to reach their full potential.

The Company has not complied with Recommendation 3.3 of the ASX's Corporate Governance Principles and Recommendations in that it has not set measurable objectives for achieving gender diversity. The Board monitors diversity across the Company and is satisfied with the current level of gender diversity. Due to the small size of the Company and its small number of employees, the Board does not consider it appropriate to formally set measurable objectives for gender diversity at this time.

As at the reporting date, the proportion of women employees across the organisation was as follows:

Role Type	**Percentage**
Proportion of women employees in the whole organisation	15%
Proportion of women in senior executive positions	0%
Proportion of women on the Board	0%

SECURITIES TRADING POLICY

To safeguard against insider trading, Shaw River's Securities Dealing Policy prohibits Directors, employees and contractors from trading in any securities of Shaw River at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

The Securities Dealing Policy aims to:

- explain the type of conduct in relation to dealings in securities prohibited under the Corporations Act which is applicable to all officers, employees and contractors of the Group;
- establish a best practice procedure relating to buying and selling securities that provides protection to Shaw's officers, employees and contractors against misuse of unpublished information which could materially affect the value of securities;
- identify 'window periods' for employees (other than directors and senior management) to buy and sell securities in Shaw River, but prohibits dealing in Shaw River shares or exercising options whilst in possession of price sensitive information not yet released to the market;
- identify procedures for any proposed dealing in Shaw River securities; and
- identify those restricted from trading. Directors and senior executives may acquire shares in Shaw River in accordance with procedures outlined in the Policy, but are prohibited from dealing in Shaw River securities during fixed "black out" periods.

As required by the ASX Listing Rules, Shaw River notifies the ASX of any transaction conducted by Directors in the securities of the Company.

Directors, employees and contractors are required to comply with the Group's Securities Dealing Policy at all times.

CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

In adopting a Continuous Disclosure and Information Policy, the Board ensures that shareholders are provided with up to date information to satisfy Shaw River's continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

Shaw River Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a clear and balanced way.
- Complying with its ASX and Corporations Act continuous disclosure obligations.
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX.
- Through the distribution of the annual report and notices of annual general meeting.
- Through shareholder meetings and investor relations presentations.
- Through letters and other forms of communications directly to shareholders.
- By posting relevant information on the Company's website: www.shawriver.com.au

Information is conveyed to shareholders via the annual report, quarterly reports and other announcements which are delivered to the ASX and posted on the Company's website.

Shareholders with access to the internet are encouraged to submit their email addresses to receive electronic copies of information distributed by the Company. Hard copies of this information are available on request.

The Board encourages the attendance and participation of shareholders at the Annual General Meeting and specifically convened General Meetings.

RECOGNISE AND MANAGE RISK

Ultimate responsibility for risk oversight and risk management rests with the full Board. Risk oversight, risk management and internal controls are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various Directors and management, depending upon the nature and materiality of the matter. The Board actively promotes a culture of quality and integrity with emphasis placed on maintaining a strong control environment.

Significant business risk areas of concern are discussed at Board level. When appropriate, experts are invited to address Board meetings on the major risks facing the Group and to develop strategies to mitigate those risks.

During the financial reporting period, the Board had no formal policy in place to recognise and manage risk as required by Recommendation 7.1. As the management team increases, a more formal organisational structure with clear lines of accountability and delegation of authority will be established, which will enable management to put in place formal policies for the oversight and management of material business risks.

The Managing Director and the Chief Financial Officer have provided a written statement to the Board that:

- their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- that the Company's risk management and internal compliance and control system is operating effectively in all material respects.

The Directors of Shaw River Manganese Limited (the "Company" or "Shaw River") and its subsidiaries (together referred to as the "Group") submit their report for the year ended 30 June 2014.

1. DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as below. Directors were in office for the entire financial year unless otherwise stated.

Michael Walters (Chairman, Non-executive)
Peter Cunningham (Managing Director – appointed 13 August 2014)
Jeremy Sinclair (Non-executive Director)
Peter Benjamin (Managing Director – resigned 15 August 2014)
Anthony Walsh (Chairman, Non-executive – resigned 21 February 2014)

2. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Michael Walters BEng (Hons) *Chairman*		
Experience and expertise	Mr Walters has worked for a number of major mining companies including Billiton and Western Mining, in Australia and overseas. He has extensive knowledge of mining operations, marketing and trading, mineral commodity markets, and project finance and management. Of particular relevance is Mr Walters' experience as General Manager Marketing for manganese producer, Consolidated Minerals.	
Other current directorships	Gulf Minerals Corporation Limited	
Former directorships in last 3 years	None	
Special responsibilities	Chairman	
Interests in shares and options	Ordinary shares – Shaw River Manganese Limited Options over ordinary shares	- 4,000,000

Peter Cunningham *Managing Director (appointed 13 August 2014)*		
Experience and expertise	Mr Cunningham is a mining engineer with more than 30 years' experience in mine development and operations. He has over 15 years of corporate experience involving Public and listed companies both within Australia and overseas. He has managed companies and operations employing open cut and underground methods mining gold, silver, copper, nickel and manganese.	
Other current directorships	Nil	
Former directorships in last 3 years	Exterra Resources Limited Auvex Manganese Limited Cadan Resources Corp	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary shares – Shaw River Manganese Limited Options over ordinary shares	- -

Jeremy Sinclair B.Eng (Mining), MAusImm *Non-Executive Director*		
Experience and expertise	Mr Sinclair is a Mining Engineer with extensive experience in surface mining, having spent time consulting in mining and also working in operational roles in large scale operations mining nickel, iron ore and gold. He has key management experience and expertise in mine planning, production systems and operational execution.	
Other current directorships	None	
Former directorships in last 3 years	FerrAus Limited	
Special responsibilities	None	
Interests in shares and options	Ordinary shares – Shaw River Manganese Limited Options over ordinary shares	544,594 4,000,000

2. INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONTINUED)

Anthony Walsh BCom MBA FCA FCIS FFin *Chairman (Resigned 21 February 2014)*		
Experience and expertise	Mr Walsh is a Chartered Accountant with over 25 years' experience with the ASX and in publicly listed companies where he has held positions as listings manager, director and company secretary. He has worked for a number of public companies in the resource sector and has experience in the areas of corporate regulation, corporate governance, mergers and takeovers and capital raisings. Mr Walsh is a Fellow of Chartered Secretaries Australia and a Fellow of the Institute of Chartered Accountants in Australia. Mr Walsh is also the company secretary of Independence Group NL and formerly the company secretary of Atlas Iron Limited. Mr Walsh resigned effective 21 February 2014.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Chairman Company Secretary	
Interests in shares and options	Ordinary shares – Shaw River Manganese Limited Options over ordinary shares	n/a n/a

Peter Benjamin BSc (Hons), Grad Dip (Exploration), (Bus Admin), GAICD, MAusIMM, AFAIM *Managing Director (Resigned 15 August 2014)*		
Experience and expertise	Mr Benjamin is a geologist with over 30 years' experience in senior exploration, project, operational and executive management roles for both junior and mid-tier resources companies. These roles have included significant experience in the development and subsequent operations for open pit and underground precious, base metal and bulk mineral mines throughout Australia. Mr Benjamin has been involved in managing and co-ordinating geology and development teams and activities across a range of diverse cultural and regulatory environments both in Australia and internationally. He has extensive experience in managing and implementing exploration strategies which have led to the successful and ongoing discovery and delineation of new mineral resources and ore reserves.	
Other current directorships	Kalamazoo Resources (Private Company)	
Former directorships in last 3 years	None	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary shares – Shaw River Manganese Limited Options over ordinary shares	2,780,000 30,000,000

Company Secretaries

Pierre Malherbe MBM (M.Com), B.Com (Hons), has a strong financial and accounting background with extensive experience in South Africa and Australia including over 25 years' in the Investment Banking, Finance and Mining industries. Working in a senior capacity for several leading financial brands he was responsible for managerial, transactional and financial input across a varied spectrum of businesses, including: mining, construction and aviation. More recently he has held senior management positions within mining and financial industries in Australia where he held the positions of Associate Director, Chief Financial Officer and Company Secretary for a number of listed mining companies including Bass Metals Ltd, Millennium Minerals Ltd, Zambezi Resources Ltd, Minrex Resources NL and the Linq Resources Fund. Mr Malherbe was appointed as Company Secretary on 15 August 2014.

Bernard Crawford B.Com, CA, MBA, ACIS is a Chartered Accountant with over 20 years' experience in the resources industry in Australia and overseas. He has held various positions in finance and management with NYSE, TSX and ASX listed companies. Mr Crawford was appointed as Company Secretary on 27 August 2013 and resigned effective 15 August 2014.

Chris Parkinson resigned as Company Secretary on 27 August 2013.

3. LOSS PER SHARE

Basic loss per share: (1.4 cents)

Diluted loss per share: (1.4 cents)

There were potential ordinary shares on issue at balance date. However, given the Company has made a loss, there is no dilution of earnings.

4. DIVIDENDS

No dividend has been paid or recommended during the financial year.

5. INTERESTS IN THE SHARES AND OPTIONS OF THE GROUP AND RELATED BODIES CORPORATE

The interests of each Director in the shares and options of the Group as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001 as at the date of this report is as follows:

Director	Ordinary Shares	Options over Ordinary Shares
Peter Cunningham	-	-
Jeremy Sinclair	544,594	4,000,000
Michael Walters	-	4,000,000

6. CORPORATE INFORMATION

Corporate Structure

Shaw River Manganese Limited is a public company limited by shares that is incorporated and domiciled in Australia. Shaw River Manganese Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year.

Nature of Operations and Principal Activities

The principal activities of the Group during the financial year were the exploration for and evaluation of manganese deposits.

Employees

The Group had 40 employees at 30 June 2014 (2013: 50 employees).

7. OPERATING AND FINANCIAL REVIEW

Operating Review

A detailed review of the operations of the Group and its prospects is set out in the "Directors' Review of Activities" section in this Annual Report.

Finance Review

The operating loss of the Group after income tax for the year ended 30 June 2014 amounted to $12,534,000 (2013: $8,598,000).

Exploration and evaluation costs totalling $2,250,000 (2013: $4,994,000) were expensed in accordance with the Group's accounting policy. An impairment of capitalised exploration and evaluation costs for the Group's Australian and Namibian exploration assets was recognised (refer Note 12). The remaining capitalised exploration and evaluation costs as at 30 June 2014 relate to the exploration and evaluation of the Otjozondu Project in Namibia.

The Group's operating expenses have reduced substantially to $3,152,000 (2012: $5,121,000) mainly due to a decrease in employees in the Perth office, together with reduced premises costs and other administrative expenses.

The Group's net assets decreased to $3,161,000 (2012: $14,570,000). This was primarily due to the impairment loss of $11,729,000 recognised on the exploration and evaluation assets in relation to the Otjozondu Project. The recoverable amount of the Otjozondu Project was determined by reference to the fair value paid by Bryve Resources Pty Ltd for its acquisition of 9.69% of Shaw River's issued capital and the exercise price for the remaining interest held by Atlas (see note 12 to the financial statements).

7. OPERATING AND FINANCIAL REVIEW (CONTINUED)

Exploration and evaluation assets decreased to $12,992,000 (2012: $27,724,000) primarily due to the impairment loss and the write down of the Group's Australian exploration assets.

Significant Changes in the State of Affairs

On 5 July 2013 Shaw River entered into a loan facility agreement (Loan Agreement) with Atlas Iron Limited (Atlas) for a total facility of $4,000,000. Interest was set at 11% per annum and the loan was repayable after 12 months. The terms of the Loan Agreement were varied on 2 May 2014 and the facility increased to $4,950,000 to enable Shaw River to purchase Oreport Holdings (Pty) Ltd's minority shareholding in Otjozondu Mining (Pty) Ltd (see below). The Loan Agreement was also varied such that the loan became payable once Shaw River had the financial capacity to repay the loan in full.

On 4 September 2013 Shaw River concluded the settlement of the claim by Eramet S.A. The terms of the settlement included the payment by Otjozondu Mining (Pty) Ltd of US$800,000 to Eramet S.A. (of which US$375,000 (AUD $415,000) was funded by the original vendors) and the assignment of the vendors outstanding loans to Shaw River (US$1,306,000). This had been provided for in the financial statements as at 30 June 2013.

In May 2014, Shaw River reached completion under a Share Sale and Settlement Agreement (Agreement) for the acquisition of the remaining 12.8% of Otjozondu Mining (Pty) Ltd (OM) from Oreport (Holdings) Pty Ltd (Oreport). Otjozondu Holdings (Pty) Ltd, a wholly owned subsidiary of Shaw River, and Oreport were the shareholders of OM pursuant to a Shareholders Agreement dated 14th December, 2007.

Under the terms of the Agreement, Shaw River paid Oreport the equivalent of 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 (at completion).

OM's marketing agreement with Oreport was also 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 fully released each other from any past or future claims. The funds for this transaction were facilitated via the Atlas loan facility.

No other significant changes in the state of affairs of the Group occurred during the financial year other than as discussed in the financial report and elsewhere in this Directors' Report.

Significant Events after the Balance Date

On 13 August 2014 Shaw River entered into a Loan Facility Agreement (Facility Agreement) with Bryve Resources Pty Ltd (Bryve) whereby Bryve will provide up to $8 million in debt funding under two separate, secured facilities under the following structure:

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

Drawdowns of amounts above $1.4 million under Facility 1 and all drawdowns under Facility 2 are subject to the consent of the Bryve Board. Shaw River has granted Bryve an all assets security in respect of its obligations under the Facility Agreement.

In addition, Shaw River's major shareholder Atlas Iron Limited (Atlas) sold 9.69% of Shaw River's issued capital to Bryve at a price of A$0.0035 per share. Atlas (subject to shareholder approval) 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 be sought to allow:

- Conversion of drawdowns under Tranche 1 of the Facility Agreement into Shaw River shares at a price of A$0.01 per share;
- Conversion of the interest payable under Tranche 1 of the Facility Agreement into Shaw River shares based on the volume weighted average price of Shaw River shares on the ASX over the 30 trading days immediately preceding the interest payment date; and
- The grant by Atlas of the six month option to Bryve to acquire Atlas's remaining 43.76% shareholding in Shaw River at an exercise price of A$0.0035 per share.

7. OPERATING AND FINANCIAL REVIEW (CONTINUED)

Significant Events after the Balance Date (continued)

In addition to the execution of the documents in respect of the Facility Agreement, the Company has agreed to amend the terms of its existing loan facility with Atlas. The amendments to the existing Atlas loan facility reduce the interest rate payable from 11% to 6% per annum and extend the repayment of the loan facility for a period of five years, with repayments only required through free cash flows of the Group.

As at the date of this report the Company had drawn down $1 million under Facility 1 of the Facility Agreement.

Apart from the matters set out above, there have been no matters occurring after 30 June 2014 which have significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Likely Developments and Expected Results

During the coming year the Group plans to focus on advancing the Otjozondu Project in Namibia. The Group is currently pursuing the divestment of the Butre Project in Ghana.

The material business risks faced by the Company that are likely to have an effect on the financial prospects of the Company, and how the Company manages these risks, are:

- Future Capital Needs – the Company does not currently generate cash from its operations. As disclosed in Note 30 the Company entered into a Loan Facility Agreement (Facility Agreement) with Bryve Resources Pty Ltd (Bryve) subsequent to year-end whereby Bryve will provide up to $8 million in debt funding under two separate, secured facilities. The funds from the Facility Agreement 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 for the Otjozondu Project. Drawdowns above $1.4 million under the Facility Agreement are subject to the consent of the Bryve Board.

  The Directors note that the auditors of the Group have included an emphasis of matter in their audit opinion with regard to the going concern assumption. Refer also to Note 2(e).

- Exploration and Development Risks – whilst the Company has already discovered manganese resources at the Otjozondu Project, the Company may fail to discover additional mineral deposits and there is a risk that the Company's mineral deposits may not be economically viable. The Company employs geologists and other technical specialists, and engages external consultants where appropriate to address this risk.

- Commodity Price and Exchange Rate Risk – as a Company which is focused on the exploration for and evaluation of manganese deposits, Shaw River is exposed to movements in the manganese ore price. The manganese ore price has moved significantly (up and down) over recent years and may continue to do so. The Company monitors historical and forecast manganese ore price information from a range of sources in order to inform its planning and decision making. The Company is also exposed to movements in foreign exchange.

Environmental Regulation and Performance

The Group is subject to significant environmental regulation in respect to its exploration and development activities.

The Group aims to ensure that the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislation during the year ended 30 June 2014.

8. SHARE OPTIONS

Unissued shares
As at the date of this report, the following unissued ordinary shares under options are outstanding:

	Weighted Average Exercise Price	Number of Options
Balance at the beginning of the period	11.4c	118,525,000
Share options granted during the period		
Options granted	-	-
Options expired/cancelled	8.4c	(21,725,000)
Total number of options outstanding as at 30 June 2014	12.0c	96,800,000
Granted subsequent to balance date	-	-
Options expired/cancelled subsequent to balance date	27c	(3,000,000)
Total number of options outstanding at the date of this report	12.4c	93,800,000

The balance is comprised of the following:

Class (Expiry date, exercise price and vesting status)	**Unlisted Options Number**
14/05/15, 34.5 cent options, all vested	500,000
15/12/15, 21 cent options, all vested	250,000
10/02/16, 20 cent options, all vested	45,000,000
31/03/16, 32 cent options, all vested	500,000
31/01/17, 10 cent options, all vested	666,000
31/01/17, 12 cent options, all vested	967,000
31/01/17, 13 cent options, all vested	667,000
14/09/17, 2 cent options, all vested	2,250,000
26/11/17 2.4 cent options, all vested	12,666,666
26/11/17 2.8 cent options, all vested	12,666,666
26/11/17 3.2 cent options, all vested	12,666,668
04/06/18 1.4 cent options, all vested	1,666,666
04/06/18 1.1 cent options, all vested	1,666,667
04/06/18 1.3 cent options, all vested	1,666,667
	93,800,000

9. INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Group paid a premium in respect of a contract insuring the directors of the Group, the Group secretaries and all executive officers of the Group and of any related body corporate against certain liabilities incurred in that capacity. Disclosure of the nature of the liability covered by the insurance and the premiums paid is subject to confidentiality requirements under the contract of insurance. The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

10. REMUNERATION REPORT (AUDITED)

The directors are pleased to present Shaw River Manganese Limited's 2014 remuneration report which sets out remuneration information for the Group's non-executive directors, executive directors and other key management personnel.

The report contains the following sections:
a) Key management personnel disclosed in this report
b) Remuneration governance and the use of remuneration consultants
c) Executive remuneration policy and framework
d) Relationship between remuneration and the Group's performance
e) Non-executive director remuneration policy
f) Voting and comments made at the Group's 2013 Annual General Meeting
g) Details of remuneration
h) Service agreements
i) Details of share based compensation and bonuses
j) Equity instruments held by key management personnel
k) Loans to key management personnel
l) Other transactions with key management personnel

a) Key management personnel disclosed in this report

Michael Walters	Chairman, Non-executive
Peter Benjamin	Managing Director – resigned 15 August 2014
Jeremy Sinclair	Non-executive Director
Anthony Walsh	Chairman – resigned 21 February 2014
Bernard Crawford	Company Secretary – appointed 27 August 2013, resigned 15 August 2014
Chris Parkinson	Company Secretary – resigned 27 August 2013

b) Remuneration governance and the use of remuneration consultants

Due to the size of the Group, remuneration is considered by the full Board. The Board reviews remuneration packages and policies applicable to the directors and executives. Remuneration levels are competitively set to attract the most qualified and experienced directors and executives. No remuneration consultants were engaged during the period.

In addition, all matters of remuneration will continue to be in accordance with the Corporations Act requirement, especially with regard to related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

c) Executive remuneration policy and framework

In determining executive remuneration, the board aims to ensure that remuneration practices are:
- Competitive and reasonable, enabling the company to attract and retain key talent
- Aligned to the Company's strategic and business objectives and the creation of shareholder value
- Transparent and easily understood, and
- Acceptable to shareholders

All executives receive consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. Options issued to directors are subject to approval by Shareholders. The Board reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries.

Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.

All remuneration paid to directors and specified executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

10. REMUNERATION REPORT (AUDITED) (CONTINUED)

d) Relationship between remuneration and the Group's performance

The policy setting the terms and conditions for the executive directors, was developed and approved by the Board and is considered appropriate for the current exploration phase of the Group's development. Emoluments of Directors are set by reference to payments made by other companies of similar size and industry, and by reference to skills and experience of directors. Fees paid to directors are not linked to the performance of the Group. This policy may change once the exploration phase is complete and the Company is generating revenue. At present the existing remuneration policy is not impacted by the Group's performance including earnings and changes in shareholder wealth (dividends, changes in share price or returns of capital to shareholders). The Board has not set short term performance indicators, such as movements in the company's share price, for the determination of remuneration as the Board believes this may encourage performance which is not in the long term interests of the Company and its shareholders. The Board has structured its remuneration arrangements in such a way it believes is in the best interests of building shareholder wealth in the longer term. The Board believes participation in the Company's Employee Share Option Plan motivates key management and executives with the long term interests of shareholders.

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial years.

	2014	**2013**	**2012**	**2011**	**2010**
Loss for the year ($'000)	12,534	8,598	26,490	11,573	5,049
Basic Loss per share (cents)	1.4	1.0	5.9	4.2	2.7
Change in share price (from initial listing of 20 cents)	($0.19)	($0.19)	($0.17)	($0.04)	($0.08)

e) Non-executive director remuneration policy

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms including remuneration, relevant to the office of the director.

The Board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently set at $300,000 per annum.

Fees for non-executive directors are not linked to the performance of the Group. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by Shareholders.

f) Voting and comments made at the Group's 2013 Annual General Meeting

Shaw River received more than 90% of "yes" votes on its remuneration report for the 2013 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

g) Details of remuneration

The table on the following page sets out details of the remuneration received by the Group's key management personnel for the current and previous financial year.

10. REMUNERATION REPORT (AUDITED) (CONTINUED)

	Year	Short term Salary & Fees	Short term incentive program	Post Employment Superannuation	Non monetary benefits	Share based payments - options	Termination benefits	Total	% Remuneration Share Based	% Remuneration Performance Based
Directors		$	$	$	$	$	$	$		
Peter Benjamin[1]	2014	298,091	-	25,000	11,909	-		335,000	-	-
	2013	325,917	-	24,083	-	70,149	-	420,149	17%	17%
Jeremy Sinclair	2014	32,500	-	-	-	-	-	32,500	-	-
	2013	33,487	-	-	-	37,430	-	70,917	53%	53%
Michael Walters	2014	33,105	-	3,062	-	-	-	36,167	-	-
	2013	27,005	-	2,431	-	37,430	-	66,866	56%	56%
Anthony Walsh[2]	2014	39,000	-	-	-	-	-	39,000	-	-
	2013	70,000	-	-	-	56,145	-	126,145	45%	45%
Kenneth Brinsden	2014	-	-	-	-	-	-	-	-	-
	2013	6,667	-	550	-	-	-	7,217	-	-
Senior Executives										
Bernard Crawford[3]	2014	177,225	-	-	-	-	-	177,225	-	-
	2013									
Chris Parkinson[4]	2014	42,529	-	3,350	-	-	-	45,879	-	-
	2013	250,000	-	22,500	-	37,165	-	309,665	12%	12%
Rob Morrow	2014	-	-	-	-	-	-	-	-	-
	2013	378,666	-	21,000	-	20,258	34,359	454,283	4%	4%
Noel O'Brien	2014	-	-	-	-	-	-	-	-	-
	2013	142,802	-	17,580	-	27,873	89,904	278,159	10%	10%
Total	**2014**	**622,450**	**-**	**31,412**	**11,909**	**-**	**-**	**665,771**	**-**	**-**
	2013	**1,234,544**	**-**	**88,144**	**-**	**286,450**	**124,263**	**1,733,401**	**17%**	**17%**

1. Resigned 15 August 2014
2. Resigned 21 February 2014
3. Appointed 27 August 2013
4. Resigned 27 August 2013

10. REMUNERATION REPORT (AUDITED) (CONTINUED)

h) Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods.

Name	Term of agreement and notice period	Base salary including superannuation	Termination payments
Peter Cunningham[5]	No fixed term 3 months	$219,000	None
Peter Benjamin	No fixed term 3 months	$320,000[1]	12 months[4]
Michael Walters	No fixed term	$36,000[2, 3]	None
Jeremy Sinclair	No fixed term	$25,000[2]	None
Anthony Walsh	No fixed term	$6,000/month[3]	None
Chris Parkinson	No fixed term	$273,125	None
Bernard Crawford	No fixed term	$150/hr (GST Exc)	None

1. Salary was $350,000 until 31 December 2013, $320,000 from 1 January 2014.
2. Non-executive Directors fees from 1 July 2013 to 31 December 2013 was $40,000 pa, from 1 January 2014 $25,000 pa
3. Chairman's fees from 1 July 2013 to 31 December 2013 was $72,000 pa, from 1 January 2014 $36,000 pa
4. Monthly salary to be paid for 3 months during the notice period and 9 months of salary ($240,000) to be paid as a lump sum in November 2014
5. The service agreement is under negotiation and has yet to be finalised. Peter Cunningham is appointed as the new managing director.

i) Details of share-based compensation and bonuses

Options over shares in Shaw River Manganese Limited are granted under the Employee Share Option Plan. Participation in the plan and any vesting criteria is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Any options issued to directors of the Company are subject to shareholder approval.

No options were issued during the year.

j) Equity instruments held by key management personnel

The following tables detail the number of fully paid ordinary shares and options over ordinary shares in the Company that were held during the financial year and the previous financial year by key management personnel and their associated related parties.

Option holdings of key management personnel

30 June 2014	Balance at beginning of year 1 July 2013	Granted	Disposals/Lapsed	Options exercised	Balance at end of year 30 June 2014	Vested at 30 June 2014 Exercisable
Directors						
Peter Benjamin	30,000,000	-	-	-	30,000,000	30,000,000
Anthony Walsh	9,500,000	-	(8,500,000)	-	n/a	n/a
Jeremy Sinclair	4,000,000	-	-	-	4,000,000	4,000,000
Michael Walters	4,000,000	-	-	-	4,000,000	4,000,000
Key Executives						
Chris Parkinson	5,500,000	-	(5,500,000)	-	n/a	n/a
Bernard Crawford	-	-	-	-	-	-
Total	53,000,000			-	38,000,000	38,000,000

n/a – ceased employment during the year, movements in their holdings occurred prior to their cessation of employment.

10. REMUNERATION REPORT (AUDITED) (CONTINUED)

Shareholdings of key management personnel

30 June 2014	Held at 1 July 2013	Purchases	On exercise of options	Sales/Other	Held at 30 June 2014
Directors					
Peter Benjamin	2,780,000	-	-	-	2,780,000
Anthony Walsh	1,094,700	-	-	-	n/a
Jeremy Sinclair	44,594	-	-	-	544,594
Michael Walters	-	-	-	-	-
Key Executives					
Bernard Crawford	500,000	-	-	-	500,000
Chris Parkinson	575,967	-	-	(575,967)	n/a
Total	5,495,261	-	-	(575,967)	3,824,594

n/a – ceased employment during the year, movements in their holdings occurred prior to their cessation of employment.

k) Loans to key management personnel

There were no loans to individuals or members of key management personnel during the financial year or the previous financial year.

l) Other transactions with key management personnel

There were no other transactions with key management personnel during the financial year or the previous financial year.

11. DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director was as follows:

Name	Number of meetings attended	Number of meetings held whilst a director
Peter Benjamin	8	8
Jeremy Sinclair	8	8
Michael Walters	8	8
Anthony Walsh	5	5

12. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

NON-AUDIT SERVICES

During the year KPMG, the Group's auditor, performed certain other services, which amounted to $1,077, in addition to their statutory duties. Further details are set out in Note 28 of the financial report.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

We have received a Lead Auditor's Independence Declaration from KPMG, the Company's auditor, which is shown on page 74 and forms part of this report.

SIGNED in accordance with a Resolution of the Directors on behalf of the Board

M Walters
Chairman

Dated this 26th day of September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Consolidated 2014 $'000	2013 $'000
Other income	5(a)	1,276	1,445
Finance income	5(b)	82	224
Exploration and evaluation expense	5(c)	(2,250)	(4,994)
Administration expense	5(d)	(1,158)	(1,164)
Depreciation expense		(318)	(538)
Employee, Directors and Contractor expense	5(e)	(933)	(2,329)
Finance expense	5(b)	(654)	(540)
Share of profit/(loss) of equity accounted investee		(282)	(150)
Impairment expense	12	(12,606)	-
Other expenses	5(f)	(89)	(550)
Loss before income tax		(16,932)	(8,596)
Income tax benefit/ (expense)	6	4,398	(2)
Loss for the year		(12,534)	(8,598)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign Currency Translation Differences - Foreign Operations		(1,070)	(1,133)
Total comprehensive loss for the year		(13,604)	(9,731)
Loss attributable to:			
Members of the parent entity		(11,852)	(7,102)
Non-controlling interest		(682)	(1,496)
		(12,534)	(8,598)
Comprehensive income/(loss) attributable to:			
Members of the parent entity		(13,282)	(9,775)
Non-controlling interest		(322)	44
		(13,604)	(9,731)
LOSS PER SHARE (cents per share)			
Basic loss per share	7	(1.4 cents)	(1.0 cents)
Diluted loss per share	7	(1.4 cents)	(1.0 cents)

The accompanying notes form part of the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

		Consolidated	
	Notes	2014	2013
		$'000	$'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	331	922
Other financial assets	9	55	2,196
Receivables	10	158	1,165
Prepayments		22	19
Assets held for sale	13	173	176
Total Current Assets		739	4,478
Non-current Assets			
Property, plant and equipment	11	259	648
Exploration and evaluation assets	12	12,993	27,724
Equity accounted investee	27	384	666
Total Non-current Assets		13,636	29,038
TOTAL ASSETS		14,375	33,516
LIABILITIES			
Current Liabilities			
Trade payables and accruals	14	364	561
Bank overdraft	15	-	2,707
Provisions	16	173	1,076
Borrowings	17	5,235	2,594
Total Current Liabilities		5,772	6,938
Non-current Liabilities			
Provisions	16	570	600
Borrowings	17	-	1,373
Deferred tax liabilities	6	4,872	10,035
Total Non-current Liabilities		5,442	12,008
TOTAL LIABILITIES		11,214	18,946
NET ASSETS		3,161	14,570
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	18	70,398	70,398
Reserves	20	643	1,209
Accumulated losses		(67,848)	(55,984)
Total parent entity interest		3,193	15,623
Non-controlling interest		(32)	(1,053)
TOTAL EQUITY		3,161	14,570

The accompanying notes form part of the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

Consolidated	Issued capital	Share based payments reserve	Foreign currency translation reserve	Accumulated Losses	Total	Non-controlling Interests	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2012	62,717	7,437	(3,020)	(49,764)	17,370	(1,097)	16,273
Loss for the year	-	-	-	(7,102)	(7,102)	(1,496)	(8,598)
Other comprehensive income – unrealised foreign currency translation differences-foreign operations	-	-	(2,673)	-	(2,673)	1,540	(1,133)
Total comprehensive income/(loss) for the year	-	-	(2,673)	(7,102)	(9,775)	44	(9,731)
Issue of Shares	8,130	-	-	-	8,130	-	8,130
Cost of Issue of Shares	(449)	-	-	-	(449)	-	(449)
Cost of share based payments		347	-	-	347	-	347
Transfers between reserves/value of options expired/cancelled		(882)	-	882	-	-	-
At 30 June 2013	70,398	6,902	(5,693)	(55,984)	15,623	(1,053)	14,570
At 1 July 2013	70,398	6,902	(5,693)	(55,984)	15,623	(1,053)	14,570
Loss for the year	-	-	-	(11,852)	(11,852)	(682)	(12,534)
Other comprehensive income – unrealised foreign currency translation differences-foreign operations	-	-	(1,430)	-	(1,430)	360	(1,070)
Total comprehensive income/(loss) for the year	-	-	(1,430)	(11,852)	(13,282)	(322)	(13,604)
Transfers between reserves/value of options expired/cancelled		(566)		566			
Transactions with non-controlling interests			1,430	(578)	852	1,343	2,195
At 30 June 2014	70,398	6,336	(5,693)	(67,848)	3,193	(32)	3,161

The accompanying notes form part of the Financial Statements.

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
		2014	2013
CASHFLOWS FROM OPERATING ACTIVITIES	**Notes**	**$'000**	**$'000**
Payments to suppliers, employees and others		(2,121)	(4,045)
Eramet Settlement		(443)	-
Other income received		200	1,112
Tax paid		-	(116)
Interest received		90	191
Interest paid		(183)	(269)
Net cash flows used in operating activities	22(i)	(2,457)	(3,127)
CASHFLOWS FROM INVESTING ACTIVITIES			
Proceeds from property, plant and equipment sold		-	369
Payments for property, plant and equipment		(7)	(84)
Payments for expenditure on exploration & evaluation activities		(2,217)	(4,869)
Loans to other entities		(39)	-
Acquisition of minority interest held by Oreport		(969)	-
Net cash flows used in investing activities		(3,232)	(4,584)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings (Atlas Iron)		4,950	800
Repayment of borrowings		-	(1,300)
Proceeds from Oreport loan		643	-
Proceeds from return of term deposits		92	66
Finance lease payments		-	(168)
Proceeds from issues of ordinary shares by the parent		-	8,130
Capital raising costs		-	(449)
Net cash flows from financing activities		5,685	7,079
Net decrease in cash and cash equivalents		(4)	(632)
Cash and cash equivalents at the beginning of year		264	862
Effect of exchange rate changes on cash and cash equivalents		71	34
Cash and cash equivalents at end of year	22(ii)	331	264

The accompanying notes form part of the Financial Statements.

NOTE 1: REPORTING ENTITY

Shaw River Manganese Limited (the "Company" or "Shaw River") is a for profit company domiciled in Australia. The address of the Company's registered office is 1205 Hay Street, West Perth, Western Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is engaged in exploration and evaluation of manganese projects, primarily at the Otjozondu Project in Namibia and is a for profit entity.

NOTE 2: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Preparation**

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB). They were authorised for issue by the Board of Directors on 19 September 2014.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for share based payments and assets and liabilities acquired in a business combination which are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The Company's subsidiaries based in Namibia and Ghana have functional currencies of Namibian Dollars and US Dollars respectively.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 12 – exploration and evaluation assets
Notes 16 – provisions
Note 19 – share based payments

Significant judgement has been required in assessing whether the entity is a going concern as set out below in Note 2(e).

NOTE 2: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2014 the Group incurred a loss of $12,534,000 (2013: $8,598,000) and experienced net cash outflows from operating activities of $2,457,000 (2013 $3,127,000) and net cash outflows from investing activities of $3,232,000 (2013: $4,584,000). As at 30 June 2014 the Group had $331,000 (2013:$922,000) in cash and cash equivalents and a net working capital deficit of $5,033,000 (2013: $2,460,000). The net working capital deficit includes a current loan from Atlas Iron Limited which has been refinanced subsequent to 30 June 2014, refer note 30.

As disclosed in Note 30, subsequent to year end the Company entered into a Loan Facility Agreement (Facility Agreement) with Bryve Resources Pty Ltd (Bryve) whereby Bryve will provide up to $8 million in debt funding under two separate, secured facilities as follows:

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

Each drawdown of amounts above $1.4 million under Facility 1 and all drawdowns under Facility 2 are subject to the consent of the Bryve Board. The Company has granted Bryve security over the Group's assets in respect of its obligations under the Facility Agreement. The funds from the Facility Agreement 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 for the Otjozondu Project.

In addition, Shaw River's major shareholder Atlas Iron Limited (Atlas) sold 9.69% of Shaw River's issued capital to Bryve at a price of A$0.0035 per share. Atlas (subject to shareholder approval) 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. Funding pursuant to Facility 2 is conditional upon shareholder and regulatory approvals.

Shareholder approval will be sought to allow:

- Conversion of drawdowns under Tranche 1 of the Facility Agreement into Shaw River shares at a price of A$0.01 per share;
- Conversion of the interest payable under Tranche 1 of the Facility Agreement into Shaw River shares based on the volume weighted average price of Shaw River shares on the ASX over the 30 trading days immediately preceding the interest payment date; and
- The grant by Atlas of the six month option to Bryve to acquire Atlas's remaining 43.76% shareholding in Shaw River at an exercise price of A$0.0035 per share.

The Directors have reviewed the Group's financial position and acknowledge that notwithstanding that:

- Each drawdown of amounts above $1.4 million under Facility 1 and each drawdown under Facility 2 are subject to the consent of the Bryve Board;
- Shareholder approvals are required as outlined above; and
- Approval of the sale of Atlas' 43.76% shareholding in Shaw River is subject to approval under the Namibian Competition Act

The Directors are of the opinion that the going concern basis of accounting is appropriate. The Directors are of the opinion that the Otjozondu Project is prospective and that the work currently planned (and to be funded by the Facility Agreement) will assist to confirm the potential of the Otjozondu Project and that additional funding from Bryve under the Facility Agreement will not be withheld. Further the Directors are of the opinion that the shareholder and Namibian Competition Act approvals will be achieved.

Should the work currently planned not enhance the prospectivity of the Otjozondu Project and/or the shareholder approval and/or the Namibian Competition Act approval are withheld, there is material uncertainty that Bryve may not continue to provide funding under the Facility Agreement or the Company may be unable to obtain alternative funding and this may cast significant doubt as to whether the Company will continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

NOTE 2: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Removal of parent entity financial statements

The Group has applied amendments to the Corporations Act (2001) that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in note 29.

(g) Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(h) New Accounting Standards and Interpretations

The following standards and interpretations relevant to the operations of the Group and effective from 1 July 2013 have been adopted. The adoption of these standards did not have any impact on the current period, any prior period nor is their adoption likely to affect future periods.

- *AASB 10: Consolidated Financial Statements.* AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities.*
- *AASB 11: Joint Arrangements.* AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly-controlled Entities - Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change.
- *AASB 12: Disclosure of Interests in Other Entities.* AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.
- *AASB 13: Fair Value Measurement.* AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted.
- *AASB 119: Employee Benefits.* The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income.
- *AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124].* This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.
- *AASB 2012-2: Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities.* AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.
- *AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.* AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle.
- *AASB 2012-9: Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039*

The following new and amended accounting standards and interpretations have been published but are not mandatory for the current financial year. The Group has decided against early adoption of these standards, and has not yet formally determined the potential impact on the financial statements from the adoption of these standards and interpretations but are unlikely to have a significant impact given the nature of the Group’s operations.

New or revised requirement	Application date of standard	Application date for Group
AASB 9: *Financial Instruments* AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. AASB 9 (2013) introduces new requirements for hedge accounting. The AASB has yet to approve the latest version of IFRS 9 which was issued by the IASB in July 2014. This version includes limited amendments to the classification and measurement requirements and the new requirements for impairment of financial assets. AASB 9 is effective for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9.	1 Jan 2018	1 Jul 2018
AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 Jan 2014	1 Jul 2014
AASB 2013-4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139] AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 Jan 2014	1 Jul 2014
AASB 1031: Materiality The revised AASB 1031 is an interim standard that cross-references to other Standards and the *Framework* (issued December 2013) that contain guidance on materiality.	1 Jan 2014	1 Jul 2014
AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 *Financial Instruments*.	1 Jan 2015	1 Jul 2015
IFRS 15: Revenue from Contracts with Customers IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.	1 Jan 2017	1 Jul 2017

2. Significant accounting policies

Except for the changes explained above, the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements. Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

NOTE 2: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses and other comprehensive income applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Investments in equity accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the translation reserve in equity.

NOTE 2: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Significant accounting policies (continued)

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables (see note 10).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) Issued capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income / other expenses in profit or loss. When revalued assets are sold, any related amounts included in the revaluation reserve are transferred to retained earnings.

(i) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Plant and equipment	5 – 12 years
Furniture and fittings	5 – 10 years
Computer equipment	3 – 5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

NOTE 2: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Significant accounting policies (continued)

(e) Intangible assets

Goodwill that arises upon a business combination is included in intangible assets.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

(g) Exploration and evaluation costs

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Company in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation costs are expensed in the period in which they are incurred, with the exception of acquisition costs (including those acquired in a business combination and external purchases of licenses/tenements) which are carried forward where the rights to tenure of the area of interest are current and either: the expenditures are expected to be recouped through sale, or successful development and exploitation, of the area of interest; or where exploration and evaluation activities in the area of interest have not at the reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised, prior to being reclassified.

The carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Impairment testing of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration license in the specific area of interest has expired during the reporting period or will expire in the near future and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than the area of interest. The company performs impairment testing in accordance with accounting policy 2(h)(ii).

NOTE 2: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Significant accounting policies (continued)

(h) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables and held-to maturity securities

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

NOTE 2: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.
Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs.

NOTE 2: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Significant accounting policies (continued)

(i) Employee benefits (continued)

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Rehabilitation

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of comprehensive income as a finance cost. Additional disturbances or changes in rehabilitation costs are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(k) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

NOTE 2: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Significant accounting policies (continued)

(k) Lease payments (continued)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.
Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(l) Finance income and finance costs

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through the statement of comprehensive income. Interest income is recognised as it accrues in the statement of comprehensive income, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through the statement of comprehensive income and impairment losses recognised on financial assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(m) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill.

NOTE 2: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Significant accounting policies (continued)

(m) Income tax (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Shaw River Manganese Limited.

Otjozondu Holdings (Pty) Ltd and Otjozondu Mining (Pty) Ltd are separate entities for tax purposes.

(n) Goods and Services Tax (GST)/Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT is incurred is not recoverable from the Australian Tax Office or Namibian government. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset of as part of an item of the expense. Receivables and payables in the statements of financial position are shown inclusive of GST/VAT.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST/VAT component of the investing and the financing activities, which are disclosed as operating cash flows.

(o) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(p) Determination and presentation of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Managing Director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

NOTE 2: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Significant accounting policies (continued)

(q) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

(ii) Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

(iii) Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(iv) Exploration and evaluation expenditure acquired

The fair value of exploration and evaluation expenditure acquired has been determined with reference to market values for mineral rights acquired. The market valuation techniques are based upon discounted cash flows expected to be derived from use of the assets or a market based assessment using prices of comparable assets.

NOTE 3: NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

Exploration and evaluation of manganese projects were the Group's principal activities during the year ended 30 June 2014.

NOTE 4: SEGMENT INFORMATION

Operating Segments

AASB 8 - Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group has identified its reportable segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group operates in two reportable segments which are geographical, being mineral exploration and development in Australia and Africa. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources in the Group.

The geographical segments for the Group are as follows:

Year ended 30 June 2014	Africa 000's	Australia 000's	Consolidated 000's
Interest Received	-	82	82
Other Income	1,027	249	1,276
Segment Results	(10,159)	(2,375)	(12,534)
Exploration costs expensed	(2,184)	(66)	(2,250)
Segment Assets	13,221	1,154	14,375
Segment Liabilities	(5,621)	(5,593)	(11,214)
Impairment losses	(11,729)	(877)	(12,606)

Year ended 30 June 2013	Africa 000's	Australia 000's	Consolidated 000's
Interest Received	-	224	224
Other Income	1	1,444	1,445
Segment Results	(6,286)	(2,312)	(8,598)
Exploration costs expensed	(3,975)	(1,019)	(4,994)
Segment Assets	28,353	5,163	33,516
Segment Liabilities	(18,327)	(619)	(18,946)
Impairment losses	-	-	-

NOTE 5: REVENUE AND EXPENSES

	Note	2014 $'000	2013 $'000
a) Other income			
Gain on disposal of tenements		11	-
Employee salaries and costs recharged to Kalamazoo		27	-
Employee salaries and costs recharged to Atlas Iron Limited		-	700
Royalty Income		211	47
Settlement gain (refer to (i) below)		999	-
Unrealised foreign exchange gains		28	-
Gain on investment in associate		-	523
Gain on dilution of associate		-	113
Other		-	62
		1,276	1,445

(i) On 4 September 2013 Shaw River concluded the settlement of the claim by Eramet S.A. The terms of the settlement included the payment by Otjozondu Mining (Pty) Ltd of US$800,000 to Eramet S.A. (of which US$375,000 (AUD $415,000) was funded by the original vendors) and the assignment of the vendors outstanding loans to Shaw River (US$1,306,000). Net settlement gain realized was $999,000. This gain is essentially the difference between the loan owing to the vendors and the payment by Shaw River to Eramet S.A.

	2014 $'000	2013 $'000
b) Finance income and expense		
Finance income		
Bank interest received and receivable	82	224
	82	224
Finance expense		
Bank overdraft interest paid and payable	183	255
Related party interest paid and payable	285	14
Other interest paid and payable	186	271
	654	540
c) Exploration and evaluation expense		
Exploration and evaluation costs incurred	2,250	4,994
	2,250	4,994
d) Administration expenses		
Accounting and audit fees	319	194
Advertising, promotion and investor relations	6	24
Insurance	99	48
Legal fees	68	103
Occupancy costs	289	146
Stock exchange fees	19	29
Consultants	134	193
Realised foreign exchange (gains)/losses	127	-
Other expenses	97	427
	1,158	1,164

NOTE 5: REVENUE AND EXPENSES (CONTINUED)

	Note	2014	2013
		$'000	$'000
e) Employees, directors and contractors expense			
Salaries and wages & contractors		659	1,532
Superannuation		55	112
Directors fees (non-executive)		105	134
Share-based payment expense		-	347
Payroll Tax		54	117
Other		60	87
		933	2,329

f) Other expenses			
Bad debts written off		39	-
Fixed assets impaired		50	32
Unrealised foreign exchange losses		-	518
		89	550

NOTE 6: INCOME TAX

	Consolidated 2014 $'000	Consolidated 2013 $'000
(a) Current tax expense		
Income tax expense	-	2
	-	2
Deferred tax expense		
Originations and reversals of temporary differences – current year	(4,398)	-
	(4,398)	-
Total income tax expense	(4,398)	2
Reconciliation between tax expense and pre-tax accounting profit:		
Accounting profit/(loss) before income tax	(16,932)	(8,596)
Income tax at 30% (2013: 30%)	(5,080)	(2,579)
Tax rate difference for foreign operations	(283)	(513)
Items not allowable for income tax purposes		
Non - deductible expenses	845	704
Current year tax losses not brought to account	120	2,390
Total income tax expense/ (benefit) reported in the income statement	(4,398)	2
(b) Deferred income tax		
Deferred tax liabilities		
Origination and reversal of temporary differences	-	3
Capitalised exploration	-	289
Deferred tax liability on mineral rights recognised on business combination	4,872	10,035
	4,872	10,327
Deferred tax assets		
Accrued expenses	-	(72)
Other	-	(54)
Tax losses	-	(160)
Capitalised expenditure	-	(6)
	-	(292)
Net deferred tax liability	4,872	10,035
(c) Deferred tax assets not recognised		
Tax losses	(15,096)	(14,465)
Temporary differences	(103)	-
	(15,199)	(14,465)

Deferred tax assets have not been recognised on tax losses because it is not probable that the Group will be able to utilise the benefits

NOTE 7: LOSS PER SHARE

	2014	2013
(a) Reconciliation of earnings to net loss:		
Net Loss	(12,534)	(8,598)
Loss used in the calculation of basic loss per share	(12,534)	(8,598)
(b) Weighted average number of shares on issue during the financial year used in the calculation of basic loss per share	903,315,606	829,070,488
(c) Basic loss per share (cents)	(1.4)	(1.0)
(b) Diluted loss per share (cents)	(1.4)	(1.0)

NOTE 8: CASH AND CASH EQUIVALENTS

	Note	2014 $'000	2013 $'000
Current			
Cash at bank and in hand		331	922
	22(ii)	331	922

NOTE 9: OTHER FINANCIAL ASSETS

Current			
Restricted cash - security for overdraft	22(ii)	-	2,049
Restricted cash - tenement and other bonds		55	147
		55	2,196

NOTE 10: RECEIVABLES

Current			
Goods and services tax receivable (Australia)		11	36
Value added tax receivable (Namibia)		60	218
Settlement receivable	16	-	863
Other		87	48
		158	1,165

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment		
At cost	4,097	4,467
Accumulated depreciation	(3,838)	(3,819)
	259	648

Movements in carrying amounts

Movement in the carrying amounts of property, plant and equipment between the beginning and the end of the financial years

Property, plant and equipment		
Carrying amount at beginning	648	1,428
Additions/acquisitions	7	68
Disposals/impairment	(50)	(210)
Foreign exchange differences	(29)	(100)
Depreciation expense	(317)	(538)
Carrying amount at end, net of accumulated depreciation	259	648

NOTE 12: EXPLORATION AND EVALUATION ASSETS

	2014 $'000	2013 $'000
Opening Balance	27,724	30,921
Acquisitions – tenements	-	6
Relinquished/Disposed	(87)	(430)
Impairment (1)	(12,606)	-
Transfer to held for sale	-	(357)
Foreign exchange differences	(2,038)	(2,416)
	12,993	27,724

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group is able to develop or exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

(1) The impairment loss relates primarily to the Otjozondu Project in Namibia. The process to identify a cornerstone investor for the Otjozondu Project and the Company's market captialisation being well below the Group's net assets triggered a reassessment of the carrying value of this project. The recoverable amount of Otjozondu Project was determined by reference to the fair value paid/payable by Bryve Resources Pty Ltd's acquisition of Shaw River's issued capital from Atlas. This impairment loss totaled $11,729,000. The directors believe that the transaction price ($0.0035 per share) between Atlas and Bryve, two independent parties, provides evidence as to the fair value less costs to sell of the Group and therefore the Otjozondu Project given this is the Group's remaining primary focus. The remaining impairment loss of $877,000 relates to the relinquishment of Australian tenements during the year.

The impairment loss is shown in the consolidated statement of profit or loss and other comprehensive income.

NOTE 13: ASSETS HELD FOR SALE

	2014 $'000	2013 $'000
Opening Balance	176	-
Transfers from Exploration and Evaluation Assets	-	357
Disposals	-	(181)
Foreign exchange differences	(3)	-
	173	176

NOTE 14: TRADE PAYABLES AND ACCRUALS

	2014 $'000	2013 $'000
Trade payables	221	264
Payables – Atlas Iron	-	106
Other payables and accruals	143	191
	364	561

NOTE 15: BANK OVERDRAFT

	2014 $'000	2013 $'000
Bank overdraft	-	2,707
	-	2,707

The bank overdraft facility provided to Otjozondu Mining (Pty) Ltd by Bank Windhoek Limited in Namibia expired in March 2014 and was not renewed. The overdraft facility was supported by guarantees provided by Shaw River and Oreport Holdings (Pty) Ltd. These guarantees were used to repay the overdraft facility.

NOTE 16: PROVISIONS

	2014	2013
Current	**$'000**	**$'000**
Employee benefits	72	114
Onerous lease provision	101	-
Eramet settlement provision	-	863
Rehabilitation provision	-	99
	173	1,076
Non-Current		
Rehabilitation provision	530	592
Employee benefits	40	8
	570	600

Rehabilitation provisions are made for decommissioning of property, plant and equipment and site restoration where either a legal or constructive obligation is recognised as a result of past events. Estimates are based on costs that are regularly reviewed and adjusted as appropriate for new circumstances, discounted at a rate of 11.25% (based upon an estimate of the cost of funds in Namibia).

The lease of the Company's Perth office expires on 31 March 2016. The Company has reviewed its office space requirements and determined there exists surplus lease space and therefore has made a provision for the unavoidable costs of the lease payments that exceed the economic benefits to be received under the lease.

NOTE 17: BORROWINGS

	2014 $'000	2013 $'000
Current		
Other Loans (i)	-	2,594
Atlas Iron Limited Loan (refer to Note 21)	5,235	-
	5,235	2,594
Non-current		
Other Loans (ii)	-	1,373

(i) The other current loans 2014 $nil (2013 $2,594,000) comprised amounts owed to Oreport Holdings (Pty) Ltd (Oreport), the minority shareholder in Otjozondu Mining (Pty) Ltd (OM).

In May 2014, Shaw River reached completion under a Share Sale and Settlement Agreement (Agreement) for the acquisition of the remaining 12.8% of OM from Oreport. Otjozondu Holdings (Pty) Ltd (OH), a wholly owned subsidiary of Shaw River, and Oreport were the shareholders of OM pursuant to a Shareholders Agreement dated 14th December, 2007.

Under the terms of the Agreement, Shaw River paid Oreport the equivalent of A$950,000 for its 12.8% remaining interest in OM and the transfer of loans due to Oreport from OM to OH totalling A$3,130,000 (at completion).

OM's marketing agreement with Oreport was also 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 fully released each other from any past or future claims. The funds for this transaction were facilitated via the Atlas loan facility.

The net gain realized on the completion of this Agreement (primarily due to the release from the Oreport loan) has been recognized in equity on the basis it was a transaction with a non-controlling interest.

(ii) The other non-current loans 2014 $nil (2013 $1,373) comprised amounts owed to the original vendors of OM and were assigned to Shaw River as part of the Eramet settlement in September 2013 (see Note 5(a)).

NOTE 18: ISSUED CAPITAL

	2014	2013
	$'000	**$'000**
Ordinary shares		
Issued and fully paid	73,883	73,883
Issue costs	(3,485)	(3,485)
	70,398	70,398

Movement in ordinary shares on issue 2014	**No. ('000)**	**$'000**
At 1 July 2013	903,316	70,398
Issued during the year:		
Ordinary shares issued	-	-
Less transaction costs	-	-
At 30 June 2014	903,316	70,398
Movement in ordinary shares on issue 2013		
At 1 July 2012	451,658	62,717
Issued during the year:		
Ordinary shares issued for cash	451,658	8,130
Less transaction costs	-	(449)
At 30 June 2013	903,316	70,398

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

NOTE 18: ISSUED CAPITAL (CONTINUED)

Options on issue at 30 June 2014	Opening Balance	Options Issued	Options Exercised	Options Expired / Cancelled	Closing Balance
	(000)	(000)	(000)	(000)	(000)
- Exercisable at 9.43 cents, by 31 Aug 2013	250	-	-	250	-
- Exercisable at 10.66 cents, by 31 Aug 2013	375	-	-	375	-
- Exercisable at 20 cents, by 1 Sep 2013	1,000	-	-	1,000	-
- Exercisable at 15 cents, by 28 Nov 2013	500	-	-	500	-
- Exercisable at 20 cents, by 28 Nov 2013	500	-	-	500	-
- Exercisable at 27 cents, by 31 Jul 2014	3,000	-	-	-	3,000
- Exercisable at 34.5 cents, by 14 May 2015	500	-	-	-	500
- Exercisable at 20.25 cents, by 30 Nov 2015	500	-	-	500	-
- Exercisable at 21 cents, by 15 Dec 2015	250	-	-	-	250
- Exercisable at 20 cents, by 10 Feb 2016	45,000	-	-	-	45,000
- Exercisable at 32 cents, by 31 Mar 2016	500	-	-	-	500
- Exercisable at 30 cents, by 31 May 2016	1,500	-	-	1,500	-
- Exercisable at 32 cents, by 13 Jun 2016	500	-	-	500	-
- Exercisable at 10 cents, by 31 Jan 2017	1,500	-	-	834	666
- Exercisable at 12 cents, by 31 Jan 2017	1,800	-	-	833	967
- Exercisable at 13 cents, by 31 Jan 2017	1,500	-	-	833	667
- Exercisable at 6.2 cents, by 17 May 2017	100	-	-	100	-
- Exercisable at 2 cents, by 14 Sep 2017	5,583	-	-	3,333	2,250
- Exercisable at 3 cents, by 14 Sep 2017	4,667	-	-	4,667	-
- Exercisable at 2.4 cents, by 26 Nov 2017	14,666	-	-	2,000	12,666
- Exercisable at 2.8 cents, by 26 Nov 2017	14,667	-	-	2,000	12,667
- Exercisable at 3.2 cents, by 26 Nov 2017	14,667	-	-	2,000	12,667
- Exercisable at 1.1 cents, by 4 Jun 2018	1,666	-	-	-	1,666
- Exercisable at 1.3 cents, by 4 Jun 2018	1,667	-	-	-	1,667
- Exercisable at 1.4 cents, by 4 Jun 2018	1,667	-	-	-	1,667
	118,525	-	-	21,725	96,800

NOTE 19: SHARE-BASED PAYMENTS

Recognised share-based payment expenses

The expense recognised for services received during the year is shown in the table below:

	2014 $'000	2013 $'000
Expense arising from options issued to directors, employees and contractors	-	347
	-	347

(i) Employee share option plan

The Board has an employee share option incentive plan in place. No options were issued to directors, employees or contractors in the year ended 30 June 2014.

The weighted average exercise price and movements in options during the year are shown in the table below:

	2014		2013	
	Number of Options (000)	Weighted average exercise price cents	Number of Options (000)	Weighted average exercise price cents
Outstanding at the beginning of the year	72,525	5.9	22,675	20.3
Granted	-	-	62,250	2.6
Exercised	-	-	-	-
Expired	1,625	14.7	(1,700)	23.8
Forfeited	19,100	7.2	(10,700)	15.7
Outstanding at the end of the year	51,800	5.1	72,525	5.9
Exercisable at the end of the year	51,800	5.1	72,525	5.9

The weighted average contractual life of the options outstanding at the end of the year was 3.1 years (2013: 4.0 years).

NOTE 20: RESERVES

	Consolidated 2014 $'000	Consolidated 2013 $'000
Reserves		
Share-based payments reserve (a)	6,336	6,902
Foreign currency translation reserve (b)	(5,693)	(5,693)
	643	1,209
Movements:		
Share-based payments reserve		
Balance at beginning of year	6,902	7,437
Option expense	-	347
Transfer to accumulated losses	(566)	(882)
Balance at end of year	6,336	6,902
Foreign currency translation reserve		
Balance at beginning	(5,693)	(3,020)
Transactions with non-controlling interests	1,430	-
Unrealised foreign exchange gain/(loss)	(1,430)	(2,673)
Balance at end	(5,693)	(5,693)

(a) The share based payments reserve is to recognise the fair value of share-based payment expenses. Further information about share-based payment expenses is set out in note 19.

(b) Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

NOTE 21: RELATED PARTY DISCLOSURES

Atlas Iron Limited (53.45% shareholding in Shaw River Manganese Limited)

On 5 July 2013 Shaw River entered into a loan facility agreement (Loan Agreement) with Atlas Iron Limited (Atlas) for a total facility of $4,000,000. Interest was set at 11% per annum and the loan was repayable after 12 months. The terms of the Loan Agreement were varied on 2 May 2014 and the facility increased to $4,950,000 to enable Shaw River to purchase Oreport Holdings (Pty) Ltd's minority shareholding in Otjozondu Mining (Pty) Ltd (see note 17). The Loan Agreement was also varied such that the loan became payable once Shaw River had the financial capacity to repay the loan in full.

On 13 August 2014 the terms of the Loan Agreement were varied (see note 30). The interest payable under the Loan Agreement was reduced from 11% to 6% per annum and the repayment of the facility was extended for a period of five years.

At the end of the period the loan facility with Atlas was fully drawn down ($4,950,000) and the loan balance, including accumulated interest was $5,235,387.

On 4 April 2014 certain mineral rights held by Shaw River of $29,000 were transferred to Atlas Iron in exchange for payables of $109,000 resulting in a gain of $70,000.

NOTE 22: CASH FLOW INFORMATION

(i) Reconciliation of net loss after income tax to net cash used in operating activities

	2014 $'000	2013 $'000
Net Loss	(12,534)	(8,598)
Non-cash items:		
Depreciation of non-current assets	318	538
Cost of options issued to directors and employees	-	347
Unrealised foreign exchange (gain)/loss	(28)	518
Bad debts written off	39	-
Gain on acquisition	-	(523)
Gain on dilution	-	(113)
Share of associates losses	282	150
Other non-cash items	(6)	(43)
Fixed assets impaired	50	32
Impairment expense- exploration and evaluation assets	12,606	-
Onerous lease provision	101	-
Income tax benefit	(4,398)	-
Settlement gain	(999)	-
Exploration and evaluation costs expensed	2,250	4,994
Gain on disposal of tenements	(11)	-
Operating loss before changes in operating working capital	(2,329)	(2,698)
(Increase)/Decrease in trade and other receivables	1,007	(416)
Reversal of accrual of interest		(33)
(Increase)/Decrease in prepayments	(3)	17
Increase/(Decrease) in trade and other payables	(197)	(574)
Increase/(Decrease) in provisions and employee benefits	(935)	691
Increase/(Decrease) in tax provision	-	(114)
Net Cash used in operating activities	(2,457)	(3,127)

(ii) Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash at bank	8	331	922
Restricted cash – security for overdraft	9	-	2,049
Bank Overdraft	15	-	(2,707)
		331	264

The restricted cash (security for overdraft) has been included in the closing cash and cash equivalents balance as disclosed in the Cash Flow Statement. The term deposit was readily convertible to cash at a known amount of cash and no risk of change in value. Although the term deposit is restricted against the overdraft, the restriction is one cash balance converting against another and accordingly both the overdraft and term deposit are disclosed within cash and cash equivalents. Both the restricted cash and the bank overdraft were settled in 2014.

NOTE 23: COMMITMENTS

(a) Exploration expenditure commitments.

	2014 $'000	2013 $'000
Exploration commitments:		
- not later than one year	-	107
-1 to 5 years	-	78
- greater than 5 years	-	-
	-	185

(b) Lease expenditure commitments

	2014 $'000	2013 $'000
Leases (non-cancellable):		
- not later than one year	90	155
- after one year but not more than five years	67	567
Future lease expenditure at reporting date	157	722

NOTE 24: INVESTMENTS IN CONTROLLED ENTITIES

	Country of Incorporation	Class of Share	Interest Held 2014	Interest Held 2013
Mt Minnie Mining Company Pty Ltd	Australia	Ordinary	100%	100%
Shaw River Ghana Pty Ltd	Australia	Ordinary	100%	100%
Shaw River International Ltd	British Virgin Islands	Ordinary	100%	100%
ButreAhanta Exploration Limited	Ghana	Ordinary	90%	90%
Pickaxe City Pty Ltd	Australia	Ordinary	100%	100%
Twelve Mile Pty Ltd	Australia	Ordinary	100%	100%
Shaw River Namibia Pty Ltd	Australia	Ordinary	100%	100%
Shaw River Mauritius Pty Ltd	Mauritius	Ordinary	100%	100%
Otjozondu Holdings (Pty) Ltd	Namibia	Ordinary	100%	100%
Otjozondu Mining (Pty) Ltd	Namibia	Ordinary	100%	75.5%

NOTE 25: FINANCIAL INSTRUMENTS DISCLOSURE

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities subject to variable rates, is as follows:

	Carrying Amount	
	2014	2013
	$'000	$'000
Fixed rate instruments		
Financial assets	55	2,196
Financial liabilities	(5,235)	-
	(5,180)	2,196
Variable rate instruments		
Financial assets	331	922
Financial liabilities	-	(6,674)
	331	(5,752)

The maturity date for all financial instruments included in the above tables is 1 year or less from 30 June 2014.

(b) Interest Rate Sensitivity Analysis

The following table represents a summary of the interest rate sensitivity of the Group's financial assets and liabilities at the balance sheet date. It is assumed that the change in interest rates is held constant throughout the reporting period.

	-1% change loss $'000	-1% change equity $'000	+1% change loss $'000	+1% change equity $'000
Consolidated				
2014	(3)	(3)	3	3
2013	58	58	(58)	(58)

(c) Credit Risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

There are no other significant concentrations of credit risk within the Group.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2014	2013
	$'000	$'000
Receivables	158	1,165
Cash and cash equivalents	331	922
Restricted cash	55	2,196
	544	4,283

NOTE 25: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

(c) Credit Risk (CONTINUED)

The maximum exposure to credit risk for financial assets at the reporting date by geographic region was:

	Carrying Amount	
	2014	2013
	$'000	$'000
Australia	430	3,107
Africa	114	1,176
	544	4,283

The Group's most significant receivables are from the Australian Taxation Office for GST refunds and the Namibian Government for VAT refunds.

There has been no impairment of these assets as at the date of this report.

(d) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its exposure to liquidity risk by monitoring actual and forecast cash flows to ensure that it maintains sufficient liquidity to meet liabilities when due, both under normal and stressed conditions. Refer Note 2.1(e) on going concern. The Group maintains financial models which are used to forecast liquidity needs.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated

Non-derivative financial liabilities	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
30 June 2014						
Trade and other payables	364	(364)	(364)	-	-	-
Borrowings	5,235	(5,235)	(5,235)	-	-	-
Other financial liabilities	-	-	-	-	-	-
	5,599	(5,599)	(5,599)	-	-	-
30 June 2013						
Trade and other payables	561	(561)	(561)	-	-	-
Borrowings	3,967	(3,967)	(3,967)	-	-	-
Other financial liabilities	-	-	-	-	-	-
	4,528	(4,528)	(4,528)	-	-	-

NOTE 25: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

(d) Capital Management

The Group's capital management objective is to maintain a strong capital base which is sufficient to fund its ongoing exploration and evaluation activities, and to enable the Group to continue as a going concern. Refer Note 2.1(e) also.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets for in-specie distributions. The Group's focus has been to raise sufficient funds through equity to fund acquisitions, exploration and evaluation activities.

The Group monitors capital on the basis of the gearing ratio.

The Group encourages employees to be shareholders through the issue of free options to employees.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

(e) Net Fair Value of Financial Assets and Liabilities

The fair values of financial assets and liabilities is equivalent to their carrying amounts shown in the balance sheet.

(f) Foreign Currency Risk

The Group is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian dollar (AUD), but also US dollar (US) and Namibian dollar (NAD).

Interest on borrowings is denominated in the currency of the borrowing. Generally borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily AUD, but also NAD. The Group does not have a material exposure to foreign exchange risk.

NOTE 26: INTEREST IN JOINT VENTURE ASSETS

Shaw River Manganese Limited has interests in the following joint ventures.

Joint Venture	Project	Activity	2014 Interest	2013 Interest
Pandell Joint Venture	Baramine	Manganese and Iron Ore Exploration	0%	70%

Net assets employed in the joint ventures totalling $nil (2013: $225,000) are included as part of exploration assets (note 12).

NOTE 27: EQUITY ACCOUNTED INVESTEE

	2014	2013
	$'000	$'000
Investment in associate	384	666
	384	666

Name of entity		Ownership interest	
		2014	2013
		%	%
Kalamazoo Resources Pty Ltd	Associate	25.1	25.1

The group's share of losses in its equity accounted investees for the year was $282,000 (2013: $150,000).

None of the Group's equity accounted investees are publicly listed entities and consequentially do not have published price quotations.

NOTE 27: EQUITY ACCOUNTED INVESTEES (CONTINUED)

Summarised financial information for the Group's associates

	2014 $'000	2013 $'000
Financial position of associates		
Total assets	2,831	2,991
Total liabilities	(1,225)	(246)
Net assets	1,606	2,745
Financial performance of associates		
Total revenue	-	-
Total expenses	1,125	599
Total loss for the period after tax	1,125	599
Group's share of associates' loss	282	151

NOTE 28: AUDITOR'S REMUNERATION

	2014	2013
Audit services	**$**	**$**
Remuneration of KPMG		
- audit and review of financial reports	66,500	66,379
- audit of subsidiary	40,352	48,326
	106,852	114,705
Other services		
Overseas KPMG Firms:		
- taxation services	-	5,391
- accounting services	1,077	2,430
	1,077	7,821

NOTE 29: PARENT ENTITY DISCLOSURES

Financial Position

	2014 $'000	2013 $'000
ASSETS		
Current assets	371	3,945
Non-current assets	8,384	11,869
TOTAL ASSETS	8,755	15,814
LIABILITIES		
Current liabilities	5,580	611
Non-current liabilities	14	8
TOTAL LIABILITIES	5,594	619
NET ASSETS	3,161	15,195
EQUITY		
Issued capital	70,398	70,398
Reserves	6,337	6,903
Accumulated losses	(73,574)	(62,106)
TOTAL EQUITY	3,161	15,195

Financial Performance

Loss for the year	(12,033)	(22,591)
Other comprehensive income	-	-
Total comprehensive income	(12,033)	(22,591)

Commitments

Exploration commitments:		
- not later than one year	-	107
- after one year but not more than five year	-	78
- greater than five years	-	-
	-	185
Leases (non-cancellable):		
- not later than one year	90	155
- after one year but not more than five years	67	567
Future lease expenditure at reporting date	157	722

NOTE 30: EVENTS AFTER THE BALANCE SHEET DATE

On 13 August 2014 Shaw River entered into a Loan Facility Agreement (Facility Agreement) with Bryve Resources Pty Ltd (Bryve) whereby Bryve will provide up to $8 million in debt funding under two separate, secured facilities under the following structure:

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

Each drawdown of amounts above $1.4 million under Facility 1 and all drawdowns under Facility 2 are subject to the consent of the Bryve Board. Shaw River has granted Bryve an all assets security in respect of its obligations under the Facility Agreement.

In addition, Shaw River's major shareholder Atlas Iron Limited (Atlas) sold 9.69% of Shaw River's issued capital to Bryve at a price of A$0.0035 per share. Atlas (subject to shareholder approval) 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 be sought to allow:

- Conversion of drawdowns under Tranche 1 of the Facility Agreement into Shaw River shares at a price of A$0.01 per share;
- Conversion of the interest payable under Tranche 1 of the Facility Agreement into Shaw River shares based on the volume weighted average price of Shaw River shares on the ASX over the 30 trading days immediately preceding the interest payment date; and
- The grant by Atlas of the six month option to Bryve to acquire Atlas's remaining 43.76% shareholding in Shaw River at an exercise price of A$0.0035 per share.

In addition to the execution of the documents in respect of the Facility Agreement, the Company has agreed to amend the terms of its existing loan facility with Atlas. The amendments to the existing Atlas loan facility reduce the interest rate payable from 11% to 6% per annum and extend the repayment of the loan facility for a period of five years, repayable only through free cash flows of the Group.

As at the date of this report the Company had drawn down $1 million under Facility 1 of the Facility Agreement.

Apart from the matters referred to above, as at the date of this report no matter or circumstance has arisen since the end of year which has significantly affected, or may significantly effect, the operations of the Group the results of those operations or the state of affairs of the Group.

NOTE 32: DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed this financial year.

There are no franking credits available for future reporting years.

NOTE 33: ACQUISITION OF NON CONTROLLING INTEREST

At 30 June 2013 the Group's interest in Otjozondu Mining (Pty) Ltd (OM) was 75.5%. In October 2013 the Group acquired a further 8.5% shareholding in OM who issued 700,000 shares for consideration of $740,386. In February 2014, the Group acquired a further 3.2% shareholding in OM who issued 500,000 shares for consideration of $520,182.

In May 2014, the Group acquired the remaining 12.8% of OM from Oreport (Holdings) Pty Ltd (see note 17) for the equivalent of A$968,782 increasing its stake from 87.2% to 100%. As a result of these transactions the Group recognised:

- a decrease in the non-controlling interest of $1,342,000;
- a decrease in retained earnings of $2,773,000; and
- an increase in the foreign currency translation reserve of $1,430,000.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Shaw River Manganese Limited, I state that:

In the opinion of the Directors:

a) the financial statements, notes and the remuneration report included in the directors' report designated as audited, of the Group are in accordance with the Corporations Act 2001, including;
   i. Giving a true and fair view of the Group's financial position as at 30 June 2014 and its performance for the year ended on that date; and
   ii. Comply with Accounting Standards' and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

c) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the Board.

M Walters
Chairman

Dated this 26th day of September 2014

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Shaw River Manganese Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG.

KPMG

R Gambitta
Partner

Perth

26 September 2014

Independent auditor's report to the members of Shaw River Manganese Limited

Report on the financial report

We have audited the accompanying financial report of Shaw River Manganese Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2.1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Shaw River Manganese Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.1(a).

Material uncertainty regarding continuation as a going concern

Without modifying our opinion expressed above, we draw attention to note 2.1(e) in the financial report. The matters set forth in note 2.1(e) indicate the existence of a material uncertainty which may cast a significant doubt regarding the ability of the Group to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in section 10 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Shaw River Manganese Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

R Gambitta
Partner

Perth

26 September 2014

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows:

1. Distribution of Holders of Equity Securities

Range	Number of holders
1to 1,000	65
1,001 to 5,000	155
5,001to 10,000	194
10,000to 100,000	729
100.001 and over	491
	1,634

The total number of shareholders holding less than a marketable parcel of shares is 742.

2. Substantial Shareholders

Substantial shareholders (i.e. shareholders who hold 5% or more of the issued capital):

	Number of shares	Percentage held
Atlas Iron Limited	395,308,183	43.76
Bryve Resources Pty Ltd	87,500,000	9.69

3. Voting Rights

(a) All ordinary shares (whether fully paid or not) carry one vote per share without restriction.
(b) Holders of options do not have voting rights.

4. Quoted Securities on Issue

The Company has 903,315,606 quoted shares on issue. No options on issue by the Company are quoted.

5. On-Market Buy Back

There is no current on-market buy back.

6. Twenty Largest Holders of Quoted Ordinary Shares

Holder	Number of shares	Percentage held
Atlas Iron Limited	395,308,183	43.76%
Bryve Resources Pty Ltd	87,500,000	9.69%
OM Holdings Limited	36,236,816	4.01%
Raydale Holdings Pty Ltd	23,500,000	2.60%
Metalcorp Group BV	16,768,160	1.86%
Citicorp Nominees Pty Ltd	13,238,550	1.47%
Slade Technologies Pty Ltd	9,195,582	1.02%
Perpetual Capital Investments Pty Ltd	7,502,705	0.83%
Merril Lynch (Australia) Nominees Pty Ltd	6,300,001	0.70%
UBS Nominees Pty Ltd	6,000,000	0.66%
Goldex Investments Pty Ltd	5,829,802	0.65%
Chifley Portfolios Pty Ltd	5,394,983	0.60%
Mrs Jillian Sue Wood	5,250,232	0.58%
Mr David Wallace Hann	4,715,741	0.52%
Mr Howard Anthony Stone	4,000,000	0.44%
Rec (WA) Pty Ltd	4,000,000	0.44%
Mr Ross Geoffrey Luke & Mrs Frances Lilliane Luke	3,695,794	0.41%
My Scott Investment Pty Ltd	3,666,176	0.41%
Mr Stephen Cansdell Hirst	3,600,000	0.40%
Jawab Pty Ltd	3,430,000	0.38%

7. Unquoted Equity Securities

Class	Exercise Price	Expiry Date	Number	Number of Holders
Unlisted Options	34.5 cents	14 May 2015	500,000	1
Unlisted Options	21 cents	15 Dec 2015	250,000	1
Unlisted Options	20 cents	10 Feb 2016	45,000,000	4
Unlisted Options	32 cents	31 Mar 2016	500,000	1
Unlisted Options	10 cents	31 Jan 2017	666,000	2
Unlisted Options	12 cents	31 Jan 2017	967,000	6
Unlisted Options	13 cents	31 Jan 2017	667,000	2
Unlisted Options	2 cents	14 Sep 2017	2,250,000	5
Unlisted Options	2.4 cents	26 Nov 2017	12,666,666	3
Unlisted Options	2.8 cents	26 Nov 2017	12,666,666	3
Unlisted Options	3.2 cents	26 Nov 2017	12,666,668	3
Unlisted Options	1.1 cents	4 Jun 2018	1,666,667	1
Unlisted Options	1.3 cents	4 Jun 2018	1,666,667	1
Unlisted Options	1.4 cents	4 Jun 2018	1,666,666	1

No options have voting rights

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
Farrel 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.