



Shaw River
Manganese Limited

About

Board of Directors

Mr Michael Walters
Chairman

Mr Peter Cunningham
Managing Director

Jeremy Sinclair
Non-Executive Director

ASX: SRR

Capital Structure

Shares on issue: 903,315,606
Unlisted options: 92,650,000

Major Shareholders

Atlas Iron: 43.76%
Bryve Resources: 9.69%
OM Holdings: 4.01%

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ASX ANNOUNCEMENT

31 OCTOBER 2014

SEPTEMBER 2014, QUARTERLY REPORT

- The Company remains focused on its Otjozondu Manganese Project ("Otjo Project") in Namibia.
- During the quarter, a funding arrangement with Bryve Resources Pty Ltd (Bryve) was agreed subject to shareholder approval at the General Meeting of the Company scheduled for 14 November 2014
- Corporate overhead cost reduction plans have been implemented
- A 2800m infill RC drilling program was commenced at Otjozondu and will focus on the Labusrus and Bosrand areas. A further 1,00m is planned for Bosrand North during the following quarter.
- A trenching and blast hole drill grade control program has commenced at Bosrand
- Mining contract for excavation of a bulk sample of approximately 100,000 tonnes was awarded to a Namibian mine contracting company
- Port, rail and road logistics negotiations commenced
- Laboratory commissioned to undertake metallurgical test work
- An ore sale agreement for 30,000 tonnes of manganese ore was negotiated with Noble Resources and signed on Monday 20 October 2014
- Bryve ordered a 100 tonne per hour jig plant for use at the Otjozondu Project and undertook to sell the jig plant to Shaw River at cost subject to shareholder approval of its funding arrangement and approval from the Namibian Government for a change in control of Shaw River.
- 8m unlisted options were issued on 30 October 2014 to employee/consultants on their termination to satisfy a previous historical agreement made with them and the board to secure their ongoing service through a critical phase of the companies operation. The options were issued in lieu of a cash payment and in doing so, conserve the Company's cash reserves.



DETAILS

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

OTJO PROJECT – NAMIBIA: OPERATING STRATEGY

1. Introduction

An extensive rock chipping program was completed in July 2014 to evaluate additional targets for future trenching programs such as the Bosrand, Bosrand North and Bosrand South as well as Weltevrede and Ouparakane within ML145. A small chip rock program was also complete on East Otjosondou on EPL3539 to complement the Kopje-Jeppe Program that was conducted earlier this year.

Various soil targets have been tested during July, August and September of which some of the soil programs have been completed in order to evaluate the high priority geophysical targets on the northern permits, EPL3537 and 3538. Recent activities have been concentrated on the second phase of an extensive trenching program at Bosrand as well as grade control drilling. Infill RC drilling has been started in Sep 2014 on five selected areas at Labrusus to further define material for the bulk mining exercise.

2. Geology

The Otjosondou Manganese Field is located at the eastern exposed extent of the inland branch of the late Proterozoic Damara Orogen, and situated just north of the Okahandja Lineament within the Southern Central Zone of the Damara Orogen, on Central and North Eastern Namibia.

The manganese mineralization is associated with post-glacial BIF sequences on low to high grade folded and metamorphic continental margin sediments. The manganese mineralised layer is lying between a feldspathic meta-quartzite (original coarse arkosic sandstone to conglomerate) and a thinly laminated facies, composed of millimetre to centimetre thick quartz-feldspathic beds, finely crystallised iron oxide (Itabirite) beds and ferro-magnesian mineral (biotite, amphibole, clinopyroxene) layers considered as BIFs. (Itabirite, also known as banded-quartz hematite and hematite schist, is a laminated, metamorphosed oxide-facies iron formation in which the original chert or jasper bands have been recrystallized into megascopically distinguishable grains of quartz and the iron is present as thin layers of hematite, magnetite, or *martite* – pseudomorphs of hematite after magnetite).

The manganese mineralisation is found to outcrop over large areas and is exposed over a distance of at least 144km. The Neo-Proterozoic Otjosondou Mn-ore deposits are linked to biochemical Mn-oxides deposition at a peculiar redox window, during post-glacial snowball Earth meltdown, at the margin of a hyper stratified ocean. These conditions favoured high-grade Mn concentration controlled at first order by depositional processes and paleogeography. The original manganese series was subjected to successive phases of intense tectono-metamorphism, with partial melting, folding and stretching that contorted and dislocated the ore layer without primary grade changes.



A superficial "nodule" ore layer (detrital ore) is found to be associated with most outcrop and is linked to local weathering and mechanical reworking of the primary mineralization.

3. Exploration Activities – Period July to September 2014

a. Soil Programs

Various soil sampling programs have been conducted in June (Driehoek – EPL3537) July, August and September. The Labongo-North (ML145), Wildernes (EPL3538) and Eden (EPL3538) soil programs have been completed in order to evaluate the high priority geophysical targets on the northern permits, EPL3537 and 3538. The Eden Program on EPL3537 was started in August 2014 and will be completed once the Trenching and Infill RC Drilling programs have been completed.

During Q1 2014/2015 a total of 20,845 soil samples were collected with most still awaiting assay.

b. Rock Chip Programs

An extensive rock chipping program was started in June (1,018 samples collected) and completed in July 2014 when an additional 747 samples were collected. A total of 1,765 rock chip samples were taken. The purpose was to evaluate the near surface potential of additional targets (such as Bosrand, Bosrand North, Bosrand South as well as Weltevrede and Ouparakane) for future trenching programs within ML145.

A small rock program of 210 samples was also done on East Otjosondou on EPL3539 to complement the Kopje-Jeppe Program that was conducted earlier this year. This program tested the area between Purity's Western and Central Mining Licenses. All the rock chip results have been finalized for an ASX release in August.

c. Trenching program

A trenching program of 66 trenches has been completed at Bosrand during the last week of September 2014 and a total of 1,846m has been dug, exposing Mn mineralization along three targets, Area 1, Area 1 South and Area 3. A further 7 trenches have been dug in October to complete a total of 2,046 line meters within 73 trenches for the program.

d. Grade Control Drilling and Sampling

A total of 223 grade control holes (1,115m) have been drilled at Bosrand during September whilst another 2,520m were drilled in October 2014 to complete the program of 727 holes (3,635m – Table 3.4). Less meters (and holes) were drilled than the initial planning of 3,960m, mainly due to limited access into some of the historical workings. A total of 3,617 samples were collected along 1.0m spaced holes, 5.m deep vertical, at 1.0m intervals. A total of 2,182 samples have been analysed and the back log of 1,435 samples will be done once the RC Infill samples have been assayed.



Table 3.4 – Summary of the Bosrand Grade Control Drilling

OM - Grade Control Drilling Programs								
Locality	Holes		Meters			Samples		
	Planned	Drilled	Planned	Drilled	Outstanding	Collected	Nitoned	Backlog
Bosrand Area 3	720	367	3600	1835	1765			
Bosrand Area 1	60	226	360	1130	-770			
Bosrand Other	95	134		670	-220			
Total	875	727	3960	3635	775	3617	2182	1435

e. Infill RC Drilling and Sampling

The Infill RC Drilling Program commenced during the last week of September and 27 inclined (-60°) RC holes (479m) have been drilled at Labusrus during that week. Subsequently another 109 holes (1,495.5m) have been completed so far for October after the program was extended to test Area 1 at Bosrand as well. It is planned that the RC program will be completed before the end-October. A total of 218 RC samples were collected in September and additional 1,193 RC samples have been collected for October i.e. a total of 1,411 samples (Table 3.5) for the RC Program to date. These samples have been prioritised in the sequence of preparation and analysis to ensure these results can be available and verified as soon as possible.

OM - Infill RC Drilling Programs								
Locality	Holes		Meters			Samples		
	Planned	Drilled	Planned	Drilled	Outstanding	Collected	Nitoned	Backlog
LBR Pit B	19	21	364	389	-25	261	261	0
LBR Pit D	52	49	828	694.5	133.5	463	478	-15
LBR Pit A	24	29	504	430	74	356	391	-35
SBEND	0	5	0	91	-91	55	15	40
SBEND North	0	4	0	72	-72	40	71	-31
Bosrand	0	28	600	298	302	236	143	93
Total	95	136	2296	1974.5	321.5	1411	1359	52



CORPORATE

During the quarter, the funding arrangement with Bryve Resources Pty Ltd (Bryve) was completed, as announced to the market on 13 August and remains subject to shareholder approval at the General Meeting of the Company scheduled for 14 November 2014.

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

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

Bryve acquired 9.69% of Shaw River equity from major shareholder Atlas Iron Limited, and has 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)

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

The Shaw River Board also appointed Mr Peter Cunningham as Managing Director and Mr Pierre Malherbe as Company Secretary and Chief Financial Officer during the quarter.

Corporate overhead costs reduction plans were implemented during the quarter with a reduction of staff in the Perth office and streamlining its administrative and compliance functions.

SHAREHOLDER INFORMATION

At quarter end, Shaw River had 903,315,606 ordinary shares on issue. The top 20 shareholders held 71.98% of the Company's issued capital.

Investors

Peter Cunningham

Managing Director

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



About Shaw River

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

Competent Person Statement:

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

Forward Looking and Exploration Target Statements:

Some statements in this announcement regarding future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward-looking statements include, but are not limited to, statements concerning the Company's exploration program, outlook, target sizes, resource and mineralized material estimates. They include statements preceded by words such as "potential", "target", "scheduled", "planned", "estimate", "possible", "future", "prospective" and similar expressions. The terms "Direct Shipping Ore (DSO)", "Target" and "Exploration Target", where used in this announcement, should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2012), and therefore the terms have not been used in this context. The potential quantity and grade of Exploration Targets are conceptual in nature and it is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Reserve.



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

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

Notes:

(1) 100% of Mineral Rights other than Fe