



ASX Announcement

February 21, 2012

60% JUMP IN OTJO MANGANESE RESOURCES TO 10.7Mt

11,000m Otjo drilling program commencing in April 2012 to further grow resources

Highlights

- 60% increase in manganese resources to 10.7Mt at 22.2% Mn at Otjo Project, Namibia
- Includes maiden Indicated Resources of 3.8Mt
- Additional Inferred Resources totalling 3.9Mt added at four new deposits
- Provides confidence in Shaw River's plans to progress towards mine development at Otjo
- Feasibility Study continuing currently targeting production of up to 500ktpa of final product - study deadline extended to the 3rd Quarter of calendar 2012 contemplating a larger operation
- Company focus on resource growth across all projects
- Resource extension drilling program at Otjo commencing April 2012 targeting 20Mt
- Project Exploration Target¹ of 35-50Mt grading 23-27% Mn
- Historical Otjo production demonstrates ability to produce grades of 36-42% Mn with low contaminants

Shaw River Manganese Limited (ASX: SRR – “Shaw River” or “the Company”) is pleased to report a 60 per cent increase in the Mineral Resource for its 75.5%-owned Otjozundu Manganese Project (“Otjo”) in Namibia to 10.7 million tonnes, providing a strong foundation for its plans to become a manganese producer.

The Otjo resource is already comparable to some of the larger manganese deposits found globally. The favourable logistics of Otjo, including access to road and rail infrastructure, as well as port capacity at Walvis Bay in mining friendly Namibia (*Figure 1*), puts Shaw River in an excellent position to progress its mine development plans.

An additional attraction of the manganese resources discovered to date at the Otjo Project is that they are accessible directly from surface using open cut methods. Shaw River is currently focussing on building resources from surface to approximately 50 metres depth. This characteristic makes the Otjo Project considerably attractive compared to other world-class potential manganese deposits which are extremely deep and often infrastructure constrained.

The updated resource inventory includes a maiden Indicated Resource of 3.8 million tonnes located within the existing mining lease at Otjo which will underpin Shaw River's production aspirations.

The ongoing Feasibility Study is being extended to complete later in 2012, targeting initial production of up to 500,000tpa. The resource upgrade also provides a strong platform for the next round of exploration and resource drilling at Otjo, which is set to commence in April 2012. This drilling will target a further increase in the resource inventory to approximately **20 million tonnes** by the 3rd Quarter of calendar 2012 by targeting strike extensions of the known deposits. Drilling will target 7.5km of known manganese outcrop and 10 geophysical targets which have no current drilling.

Shaw River plans to continue drilling at Otjo to convert the Exploration Target¹ of **30Mt-50Mt grading 23% - 27% Mn** to JORC compliant resources.

The current resource update follows the completion of a drill program comprising 6,205m of RC drilling and 1,718m of diamond drilling in 2011. Drilling at the Bosrand, Labusrus and North Bosrand deposits resulted in the estimation of the JORC Indicated Category Resources.

The conversion ratio of Inferred to Indicated Resources at these deposits was 80%, indicating a high level of confidence in the Inferred category. Independent Consultants Cube Consulting and AEMCO were used to estimate and classify the resources.

Shaw River's Managing Director, Vincent Algar, said the resource increase and upgrade gives the Company huge confidence in proceeding with its plans to develop a new manganese mine at Otjo, with the upgrade boosting the resource past the key 10 million tonne threshold, considered to be a significant milestone in the global manganese industry.

"What is even more exciting is the fact that there is outstanding potential to further grow resources, and to do so rapidly by targeting immediate extensions to the existing deposits," Mr Algar said.

"Further resource drilling will commence in April this year. This drilling will be designed to boost resources in the short term to around 20 million tonnes and, in the longer term, to convert the Project Exploration Target¹ of 30-50Mt," he continued. "The achievement of this target would further validate the world-class potential of the Otjo Project."

"Our Feasibility Studies which are ongoing and are being extended to the 3rd Quarter of calendar 2012 to investigate a larger operation, suggest that Otjo has the potential to enjoy lower mining costs, as most the deposits outcrop and the open pits will be relatively shallow. Additional drilling will further expand the Project resource inventory, while also improving our understanding its potential economics, whilst focusing on near-surface opportunities within 50 metres of the surface."

"With our resource update now complete, we are continuing our feasibility studies focused on infrastructure, beneficiation and developing and optimising a mine plan to develop this Project in the shortest possible timeframe."

Mineral Resources

The updated Mineral Resource inventory for the Otjo Project and comparison with the 2011 Mineral Resource estimate is summarised in Table 1 below:

Table 1 – Otjo Manganese Project, Comparison of Mineral Resources as at February 20, 2012

	30 April 2011		20 February 2012		Change
	Mt	% Mn	Mt	% Mn	Mt
Inferred Resource	6.8	23.1	6.9	22.3	+0.1
Indicated Resource			3.8	21.9	+3.8
Mineral Resource (Total)	6.8	23.1	10.7	22.2	+3.9

The current resource update summarised in Table 1 includes an increase in overall resources with the addition of Inferred Category resources at four new deposit areas. These include;

- East Otjozondou – 1.6Mt at 23.3% Mn
- Ouparakane – 0.9Mt at 23.0% Mn
- Ongorussengo – 0.5Mt at 23.6% Mn
- Ebenezer – 0.2Mt at 22% Mn

These deposit areas have been previously drilled and have been the subject of field investigation, review and verification over the past months. A review of the drill samples and data has resulted in these areas being included in the current Mineral Resource inventory. The resources at Ouparakane and Ongorussengo lie within the current Mining Lease, while East Otjozondou and Ebenezer lie on granted Exploration Licences adjacent to the Mining Lease (*Figure 2*).

The in-fill drilling conducted by Shaw River at Otjo in 2011 increased the confidence in the resource category to the more stringent Indicated category on part of three deposits, being:

- Bosrand – 2.5Mt at 21.8% Mn
- Labusrus – 0.6Mt at 22.6% Mn
- North Bosrand – 0.7Mt at 21.8% Mn

The criteria to report this level of resource requires a higher level of geological continuity and sampling detail as well as a higher drill density of intersections. These additional requirements improve the certainty in the resource and reserve estimation, allowing economic modelling to be undertaken with greater confidence. The criteria used for the classification of the Indicated Resources were independently verified by Cube Consulting (*see Appendix 1*).

20 February 2012 Mineral Resource Table

Table 2 – Otjo Manganese Project – Mineral Resource Summary at 20 Feb 2012 using a 15% Mn cut-off

	Indicated		Inferred		Combined	
Deposit	Mt	%Mn	Mt	%Mn	Mt	%Mn
Bosrand* ¹	2.5	21.8	0.6	21.5	3.1	21.7
North Bosrand* ¹	0.7	21.8	0.8	19.0	1.5	20.3
Labusrus* ¹	0.6	22.6	0.5	22.5	1.1	22.6
Uitkomst ²			1.8	22.7	1.8	22.7
East Otjozondou ²			1.6	23.3	1.6	23.3
Ouparakane* ¹			0.9	23.0	0.9	23.0
Ongorussengo* ²			0.5	23.6	0.5	23.6
Ebenezer ²			0.2	22.0	0.2	22.0
Total In Situ Resource	3.8	21.9	6.9	22.3	10.7	22.2

(* Deposit wholly located within current Mining Lease, ¹ - Inferred and indicated Resources estimated and signed off by Cube Consulting. ² - Inferred resources estimated and signed off by SRR, AEMCO)

The following are key highlights of the February 2012 update:

- The estimation of 3.8Mt of Indicated Resources, representing an 80% conversion from Inferred Resources at Bosrand, Labusrus and North Bosrand Deposits.
- The addition of four new Inferred resources at East Otjozondou, Ouparakane, Ongorussengo and Ebenezer deposits, amounting to 3.2Mt.
- The identification of high grade zones in drilling (+40%) at Labusrus and Bosrand

Mineral Resources were modelled, estimated and classified by Cube Consulting (“Cube”) except at East Otjozondou, Ongorussengo, Ebenezer and Utikomst, where models were created by Shaw River Geologists using Surpac software and reviewed and classified by AEMCO consultants, who have over 10 years experience in the Otjozondou manganese field.

Mineral resources were modelled and estimated using either geological boundaries or a 15% Mn cut-off grade. Mineral resources are reported using a 15% Mn cut-off grade. Tonnages are rounded to the nearest 100,000t and percent manganese grade quoted to one decimal place.

Estimates are based on relevant geological logging and sampling information drawn from a total of 41,000m 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.

Focus on resource growth - 2012 Exploration Plans

The Company will spend the majority of 2012 focusing on resource growth across its three manganese projects – Otjo in Namibia, Baramine in the Pilbara and Butre in Ghana.

A comprehensive drill campaign is planned for Otjo during calendar 2012. The objective of the drilling program is to further extend the resource base to underpin a mine life of more than 10 years of ore feed (which is equivalent to 1.5Mtpa of ore to a beneficiation plant, delivering 500,000t of final ore product). The initial objective of the drilling is to increase the resource base to above 20Mt.

A drill program comprising 11,000m of RC drilling is planned to start by April 2012, with first results available in June 2012. Ongoing resource upgrades will be delivered through the course of the program.

The nature of the manganese deposits at Otjo is that they occur either in folded or in linear forms and have a strong correlation with outcropping manganese and manganese nodule beds (either exposed or hidden under shallow cover). Drilling has so far tested less than 15 per cent of the total 144km strike potential within the Company's licences. Drilling will focus on at least 7.5km of known manganese outcrop and 10 identified geophysical targets which have not yet been drilled.

The planned drilling program will focus on testing the strike extension of known deposits, converting as much as possible of the Project Exploration Target Resource¹ of 30Mt-50Mt grading 23%- 27%Mn for the overall field to JORC compliant resources.

Regional Exploration at Otjo

As part of the ongoing focus on exploration and resource development at Otjo, Shaw River's team has commenced regional soil sampling programs over a range of high priority magnetic and EM targets on its northern exploration leases. Figure 3 shows the licence areas and underlying geophysics as well as the current targets being assessed by soil sampling and mapping.

Orientation work and early results indicate that the manganese horizons can be detected under shallow cover and the extensive work program is likely to generate a large number of follow-up targets for further shallow drilling and trenching over the coming months.

About Shaw River Manganese

Shaw River is a manganese explorer and developer, currently exploring manganese projects in Namibia, Australia (the Pilbara) and Ghana. Shaw River's acquisition of a 75.5% interest in the Otjozundu Manganese Project in Namibia, will fast track the Company's goal of becoming a significant global manganese producer. Shaw River is currently undertaking a feasibility study to confirm the Otjozundu Project is capable of production up to 500,000 tons per year of manganese ore for export from Namibia.

Shaw River is currently aggressively advancing its projects at Otjozundu (Namibia), Baramine (Australia – the Pilbara), Butre (Ghana). Shaw River is maintaining its active manganese project acquisition strategy as it continues to build its manganese project pipeline.

Shaw River's largest shareholder, Atlas Iron Limited (45.42%), is a strong supporter of Shaw River's manganese strategy.

For further details, contact Vincent Algar, Managing Director, on (08) 9226 4455.

For media inquiries, contact Paul Armstrong or Nicholas Read from Read Corporate on (08) 9388 1474

¹ Exploration Target Statement:

The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Appendix 1. Mineral Resource Parameters – Cube Consulting Estimates (see Table 2) 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 and Ouparakane deposits at its Otjozundu project, in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).

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 221 drillholes were used in these estimates. Variography analysis and Qualitative Kriging Neighbourhood Analysis was utilised to identify direction of mineralisation continuity, and also search neighbourhood parameters.

Bosrand was estimated using parent block sizes of 12 metres (North), 12 metres (East) and 10 metres (Elevation). Sub-celling down to 3 metres (North), 3 metres (East) and 2.5 metres (Elevation) was used to assist in constraining the volume at Bosrand.

Labusrus was estimated using parent block sizes of 6 metres (North), 12 metres (East) and 10 metres (Elevation). Sub-celling down to 1.5 metres (North), 3 metres (East) and 2.5 metres (Elevation) was used to assist in constraining the volume at Labusrus.

North Bosrand was estimated using parent block sizes of 12 metres (North), 12 metres (East) and 10 metres (Elevation). Sub-celling down to 3 metres (North), 3 metres (East) and 2.5 metres (Elevation) was used to assist in constraining the volume at Ouparakane.

Ouparakane was estimated using parent block sizes of 12 metres (North), 12 metres (East) and 10 metres (Elevation). Sub-celling down to 3 metres (North), 3 metres (East) and 2.5 metres (Elevation) was used to assist in constraining the volume at Ouparakane.

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

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 modeled only if intersections had a downhole width of greater than 3 metres, present on a minimum of two adjacent drill sections and defined by a minimum of three drillholes 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 drillhole intercepts were composited to 1 metre lengths for the estimation. Total number of composites used in the Bosrand estimate was 1270 and the total number of composites used in the Labusrus estimate was 407, the total number of composites used in the Ouparakane estimate was 131 and the total number of composites used in the North Bosrand estimate was 314. 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 standards. Representative pulp samples were submitted to an umpire laboratory to check that 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 drillhole database. An assigned density of 3.7gm/cc was used for ore 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 specialising 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 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 mineralisation 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 - Mineral Resource Parameters, SRR and Aemco estimates (See Table 2) and Competent Person Statement

Grade modeling was conducted into wireframes using Surpac software. Grade was modeled using Inverse distance squared with predominant search directions parallel to the orientation of the modeled 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 drillhole locations were recently re-surveyed in the field at Otjozondou and verified to within 0.2m accuracy using differential GPS. Some drillhole collar points were not able to be located due to mining or vegetation regrowth, this constituted less than 5% of the drillholes in the database.. Downhole survey information was not available on all of the drillholes.

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 drillhole 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 drillhole database. An assigned density of 3.7gm/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 Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Vincent Algar of Shaw River Manganese Ltd and Mr. Adriaan du Toit of AEMCO Pty Ltd who are Members of the Australasian Institute of Mining and Metallurgy. Mr. Vincent Algar is a full-time employee of the company and Mr. Adriaan du Toit, an independent consultant, who have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Vincent Algar and Mr. Adriaan du Toit consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.



Figure 1 Location Diagram Otjo Project, Namibia

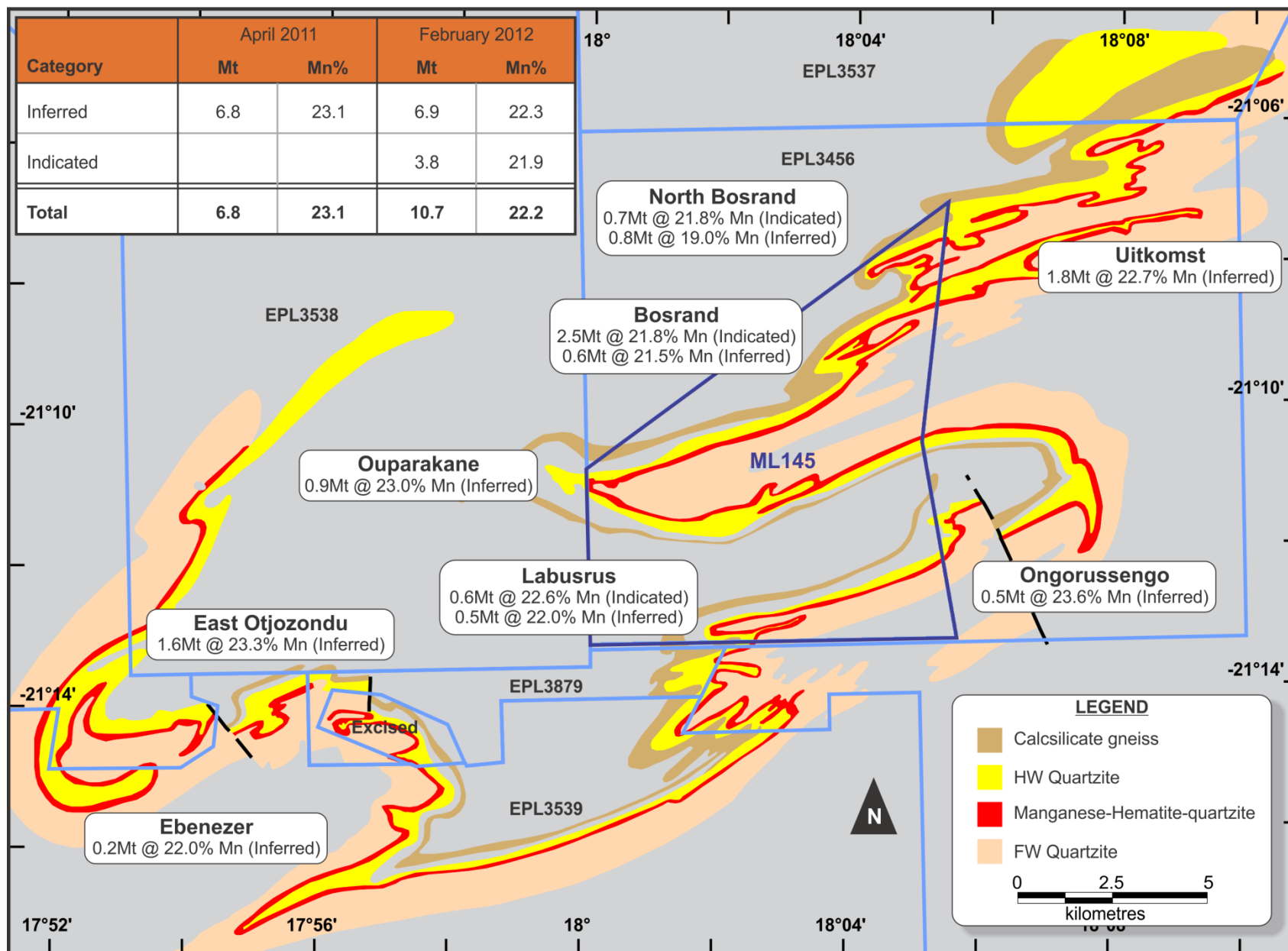


Figure 2 Otjo Resources Location

