



31 January 2014

About

Board of Directors

Mr Tony Walsh
Chairman

Mr Peter Benjamin
Managing Director

Jeremy Sinclair
Non-Executive Director

Mr Michael Walters
Non-Executive Director

ASX: SRR

Capital Structure

Shares on issue: 903,315,606
Unlisted options: 104,800,000

Major Shareholders

Atlas Iron: 53.45%
OM Holdings: 4.01%

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DECEMBER 2013, QUARTERLY REPORT

HIGHLIGHTS:

- Continued focus during the December quarter was on Shaw River's 84% owned subsidiary, Otjozondu Mining (Pty) Ltd ("OM"), the owner of the Otjozondu Manganese Project ("Otjo Project") in Namibia, with a view to continuing the progress of the project towards near-term production.
- Blast-hole-drilling and sampling at the Otjo Project commenced during the quarter.
- The current blast-hole drilling program is the forerunner of a broader plan aimed at by-passing the need to complete a Pre-Feasibility Study, whilst building confidence in key operational and economic assumptions, such as manganese grade, geological continuity, and metallurgical yield.
- To date, 318 blast holes for 1649 metres have been completed at the Labusrus area with assays awaited.
- 12,155 soil samples were also taken over the leases during the quarter.
- Towards the end of the quarter, the Namibian Minister of Mines and Energy ("MME") advised that the Minister had "decided to withdraw the intention to cancel the mining license".
- Minimizing overheads and the divestment of non-core projects remains a priority.



DETAILS

Shaw River Manganese Limited (“Shaw River” or “the Company”) (ASX:SRR) is pleased to provide the following update on its activities during the December quarter, 2013.

OTJO PROJECT – NAMIBIA : OPERATING STRATEGY

During 2013 Shaw River has continued to build confidence in the key parameters of its Otjo Project with a focus on those deposits with higher grades and metallurgical response. Shaw River’s focus has been on reviewing operational plans that aim to improve our understanding of key operational assumptions whilst advancing the Otjo Project towards near-term production, in the most cost effective manner.

Typically, the next step would be further investigation of project parameters such as manganese grade, geological continuity and metallurgical yield within a Pre-Feasibility Study (PFS). However, considering the time and cost taken to complete a PFS, and for the reasons below, Shaw River has decided to obtain this information by commencing blast hole surface drilling in a priority resource area, targeting a start-up inventory. This initial area forms a subset of a broader, staged plan to subsequently mine and process the ore for manganese production and sales.

This approach is considered appropriate because:

- The manganese mineralization occurs at surface or under shallow (<3 metres) Kalahari sands.
- The areas chosen, (Figures 1 & 2) contain Mineral Resources delineated during the 12,060 metre resource drilling program completed in December, 2012 . Extensive rock chip sampling results indicate that material of suitable manganese grade (>25% Mn) “occurs at surface”, with the potential to be mined in future, subject to drilling results. Rock chips were collected, crushed and analysed onsite with a Niton XL2 Series XRF Analyser (Thermo Scientific) and results were modelled using natural logs of Mn and Fe.
- There is existing infrastructure and owned equipment; Terrex crusher, screens, conveyors, a fines JIG, including an electricity allocation, water, workforce, and mining lease with all approvals in place.
- Future mining would be via shallow open pit and the manganese processed using existing well established technology, such as, a JIG plant.
- Two companies are operating nearby and producing manganese product using similar operational practices, one for 10+ years and which is producing >120-140Kt pa of manganese product from the same geological Otjo manganese field, albeit from small, unconnected mine leases representing about 10% of the area of the Otjo field.
- There are existing transport solutions to sales channels that are available to Shaw River.



The blast hole drilling and sampling program commenced in early December 2013, over Pit/Area A at Labusrus (Figure 1) and was completed before the Christmas break. 318 vertical blast holes were drilled to 5 metres depth (with a 0.5m sub-drill) and sampled in one metre intervals and poly pipe inserted to ensure that these holes were thus available for future (selective) blasting. Each sample was logged geologically, Niton sampled and check assays sent for wet chemical analysis. These check assays are awaited.

Figure 1: Start Up Drilling Localities, Pits A to C & Additional Targets

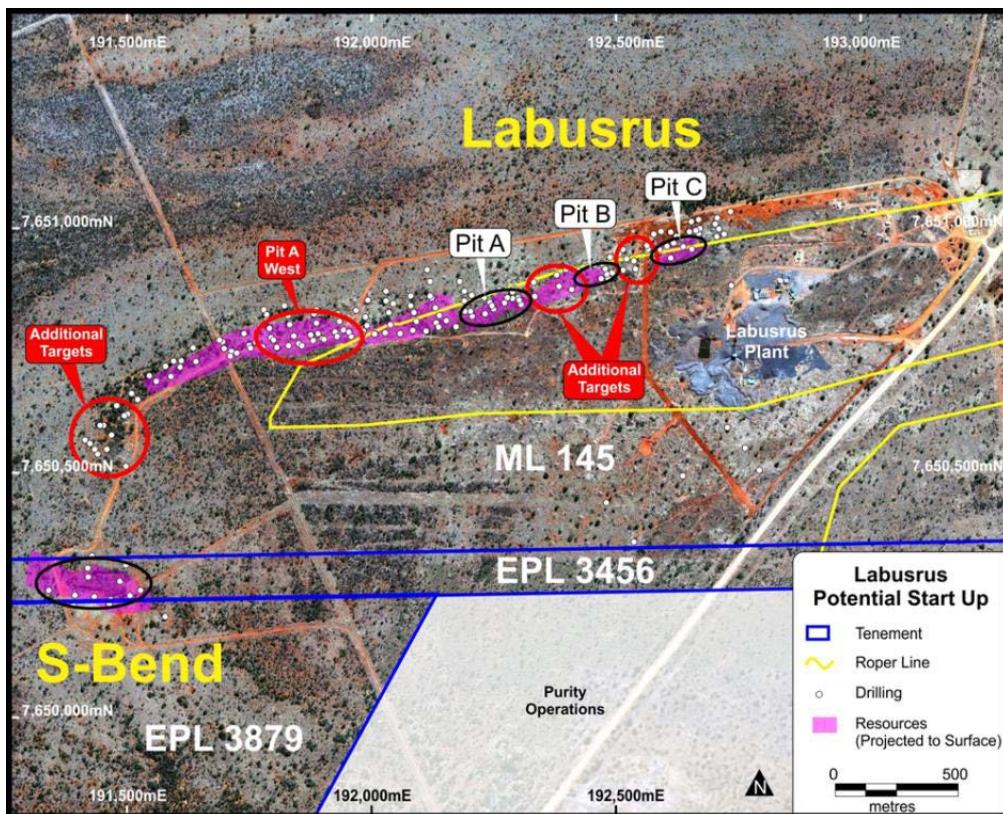
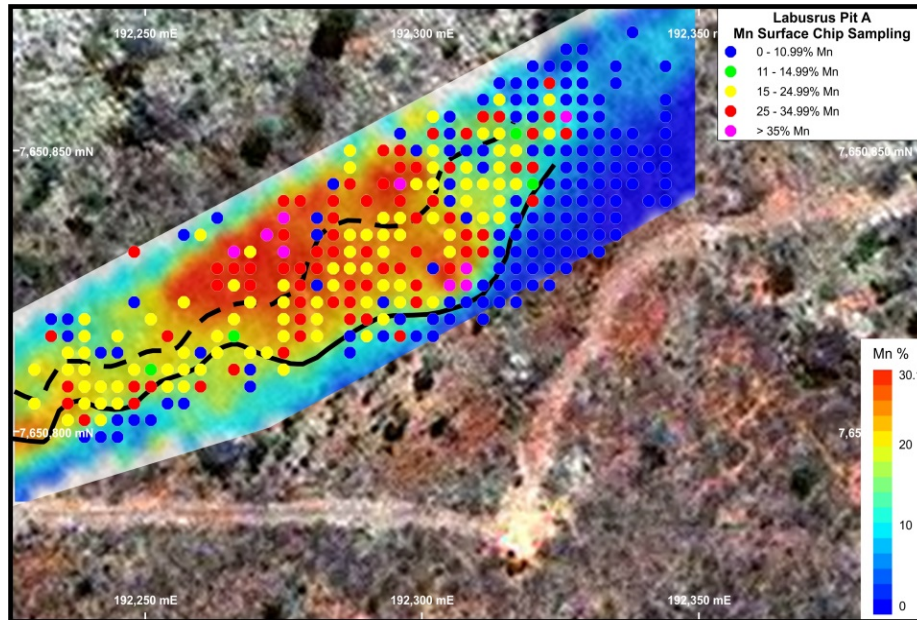




Figure 2: Surface Rock Chip Sampling, Pit A, Percentage Manganese content



Black Outline Represents Mapped Surface Limit of Manganese Lode (solid black line = mapped contact; dashed black line = inferred contact).

Figure 3: Otjo Project – Location Diagram





- OTJO PROJECT – NAMIBIA EXPLORATION

- Shaw River continues to build upon its successful 2012 exploration program at the Otjo Project using a combination of relatively low-cost soil sampling, rock chip sampling, mapping, trenching and geophysics aimed at identifying new zones of manganese mineralisation for future drilling.

Since soil sampling started almost 95,000 samples have been collected by the soils team. On ground follow-up by geologists then searched the area for signs of manganese mineralisation. This often resulted in the discovery of manganese outcrop, workings, and stockpiles or, for example, less subtle manganese fragments in the soil of termite hills. These are all good indications of the presence of the 144km “Roper Line”, the mineralised horizon at Otjo.

Shaw River has found that when used in conjunction with mapping and follow up trenching to expose outcrop and detrital manganese, generally new areas of manganese mineralisation have, following reverse circulation drilling, resulted in new mineral resources.

Shaw River remains confident that with only 13% of the mineralised horizon (Roper Line) tested to date within the extensive Otjo mineralised system (144 line kilometres); there is excellent potential to locate significant additional manganese mineralisation.

- BARAMINE, PILBARA

- Work completed during the quarter included rehabilitating areas affected during the 2010 exploration program. Shaw River is seeking the reimbursement of environmental bonds for this and other tenements.
- Non-core, low priority projects in Australia continue to be considered for divestment. E52/2664 Weelarrana was relinquished during the quarter.

- CORPORATE

- Iron ore producer Atlas Iron Limited holds 53.45% of Shaw River and is a strong supporter of Shaw River’s manganese strategy.
- Shaw River advised that on 5 July 2013, that it had entered into an unsecured loan facility agreement with Atlas Iron. As at 31st December 2013, Shaw River had drawn down AUD\$2.75M from this facility.



SHAREHOLDER INFORMATION

At quarter end, Shaw River had 903,315,606 ordinary shares on issue. The top 20 shareholders held 68.1% of the Company's issued capital.

Investors

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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 84%-owned Otjondou Manganese Project in Namibia.

Otjo has a 17 million tonne resource with significant exploration upside and is located in an area from which high grade manganese has been exported for more than 50 years. In addition to the Otjo Project, Shaw River owns the Baramine Project in the East Pilbara region of Western Australia and the Butre Project in Ghana.

Otjo Project – Mineral Resources at 15% Manganese Cut-Off Grade

11 December 2012*	Mt	% Mn
Inferred Mineral Resource	12.7	22.6
Indicated Mineral Resource	4.3	22.3
Mineral Resource (Total)	17.0	22.5

* Refer to SRR: ASX report 11th December, 2012.



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 Otjozondou, Ongorussengo, Waterloo and Ouparakane deposits at its Otjozondou 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 Otjozondou manganese field.

The information in this report that relates to Mineral Resources for Bosrand, Labusrus, Ouparakane, Kopje, Labusrus S-Bend, Jeppe, East Otjozondou, 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. The information in this report to which this statement is attached that relates to the Uitkomst area for 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 to which this statement is attached 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 Reserve.



Appendix 1 - Shaw River Manganese Limited Tenement Schedule as at 31 December 2013

Project / Location	Tenement	Status	Shaw River Equity %
Otjozondu / Namibia	ML145	Granted	84.05
	EPL3456	Granted	84.05
	EPL3537	Granted	84.05
	EPL3538	Granted	84.05
	EPL3539	Granted	84.05
	EPL3879	Granted	84.05
Baramine / Western Australia	E45/3234	Granted	100 ⁽¹⁾
	E45/3312	Granted	100 ⁽¹⁾
Hedland / Western Australia	E45/3850	Granted	100
Farrel Well / Western Australia	E45/2996	Granted	10 ⁽²⁾
	E45/3427	Granted	10 ⁽²⁾
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 to minerals other than Fe and Mn, 70% Mineral Rights to Fe and Mn

(2) 100% of Mineral Rights other than Fe