



Shaw River to Raise up to \$5 Million

28 OCTOBER 2010

Shaw River to raise up to \$5m for manganese exploration in Pilbara and Ghana

Shaw River Resources Limited (ASX:SRR) "Shaw River" "the Company" is pleased to advise that it has resolved to raise up to \$3.575 million through a placement of up to 27.5 million shares at an issue price of 13 cents per share to sophisticated and professional investors.

Shaw River will also raise up to \$750,000 through a share purchase plan ("SPP") at an issue price of 13 cents a share to shareholders registered at the close of business on Wednesday, 27 October 2010. Major shareholders, Atlas Iron and OM Holdings will, subject to shareholder approval, be offered a top-up right at 13 cents per share to maintain their current percentage interest in the Company.

The funds raised pursuant to the capital raising will be used to fund further exploration on Shaw River's existing manganese tenements in Australia and Ghana. This will include drilling programs of up to 20,000m on Shaw River's tenements in the Pilbara (WA) and Ghana (West Africa) in coming months. Scoping studies for potential future operations at the Baramine and Ghana projects will be initiated following the capital raising.

Hartleys Limited is Broker to the Offer. Shaw River's largest shareholder, Atlas Iron Limited, and other shareholders, including OM Holdings Limited, are participating in the Placement.

Shaw River Managing Director Vincent Algar said the proceeds would enable the company to accelerate exploration at two highly promising projects, enabling Shaw River to generate strong newsflow over coming months.

"We are delighted by the strong support received for the Placement and by the confidence demonstrated by our shareholders in the Company," Mr Algar said. "The strength of interest in the Placement ensures Shaw River remains well funded to execute its strategy to build a global manganese business."

"Drilling will commence imminently in Ghana with results expected before the end of 2010, and we are already well advanced in preparations for our next major drilling programme at our flagship Baramine Project, which will commence in the first quarter of 2011."

The Placement will be issued pursuant to the Company's 15% capacity under ASX Listing Rule 7.1. The SPP and Top-Up Shares will be issued subject to shareholder approval at the Company's Annual General Meeting of shareholders currently scheduled for Tuesday 30 November 2010.

STRATEGY FOR THE BARAMINE PROJECT

Shaw River is seeking to define large-scale manganese resources at Baramine to pave the way for a long-life mining operation. Activity over the coming months will focus on delivering this outcome, which is expected to provide investors with regular newsflow including:

- Final drilling results including updated Exploration Targets* expected in November 2010;
- Beneficiation test results from RC holes in Area 3, Nells, Area 4 and Area 5 are expected in November 2010 and will assist with orebody modelling and economic product studies;
- Exploration planning will be completed with the aim of converting Shaw River's Baramine Project Exploration Target* on key prospects to Mineral Resources in 2011;
- Results of beneficiation testing will be followed up during the coming months with a 1,000 metre diamond drilling program to determine beneficiation parameters and product characteristics;
- 15,000m of RC drilling is being planned to commence in early 2011;
- Economic studies will commence in the current quarter; and
- Heritage, environmental and mining application processes will commence in early 2011.

*Exploration Targets: Shaw River has determined an initial Exploration Target at Baramine of between 10 Mt and 15 Mt of manganese grading between 18 % Mn and 25% Mn.

Exploration Target Statement:

It should be noted that the potential quantity and grade of the stated Exploration Target are conceptual in nature, that there is currently been insufficient exploration to define a Mineral Resource, and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

ABOUT SHAW RIVER RESOURCES

Shaw River is a focused manganese explorer, currently operating five Pilbara manganese projects, and holding an 80% stake in a Ghanaian manganese and gold project.

Shaw River offers excellent exposure to this strategic metal, critical to the global steel industry. Manganese offers investors the benefits of a high unit sale price, strong global demand and low capital and time costs for the development of feasible projects.

In the remainder of 2010 and into 2011, Shaw River will aggressively advance its projects at its Butre (Ghana), Skull Springs (Pilbara) and Baramine (Pilbara) projects. 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 (45.4%), is a strong supporter of Shaw River's manganese strategy.

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

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 and Mr Glenn Martin who are Members of the Australasian Institute of Mining and Metallurgy. Mr Vincent Algar and Mr Glenn Martin are full-time employees of the company and 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 Glenn Martin consent 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 programme, outlook, target sizes, resource and mineralised 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. 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.