

SHAW RIVER MANGANESE

RESOURCESTOCKS

BRIGHT FUTURE FOR MANGANESE EXPLORER

Shaw River Manganese is poised to become a major player in the lucrative global manganese market, with a geographically diverse strategy involving projects in Namibia, Australia and Ghana.

THE COMPANY recently raised \$25 million through the placement of 125 million shares at 20c per share, which were taken up by sophisticated investor clients of Hartleys, as well as its major shareholder Atlas Iron.

Shaw River's revitalised capital base will be used to progress an extensive infill drilling program and a feasibility study on its flagship Otjozondu manganese project in Namibia, with the aim of bringing it into production in 2012.

The company entered into a purchase agreement last year to acquire 75.5% of the project for \$18.5 million.

A scoping study has already been completed, which indicates the project has low capital costs and strong operating cash flows.

The study was based on an initial 250,000 tonne per annum operation to begin in 2012.

Capital costs are tipped to be \$37 million, with a further \$22 million required to double production to 500,000tpa.

Operating costs are expected to be \$110-140/t and the study suggests strong cash flows using a price of \$4.50 per dry metric tonne unit free on board, or \$198/t FOB.

A gravity separation plant will

produce a manganese product grading 38-40%.

The project currently has defined inferred JORC resources of 6.8Mt at 23% manganese and the company has set an exploration target of 35-50Mt at 23-27% manganese.

Shaw River is now undertaking an aggressive 7000 metre reverse circulation and aircore drilling campaign, with first results expected in the second half of 2011 and a resource upgrade anticipated in September 2011.

Managing director Vincent Algar said he expected further upgrades to the resource, as the maiden estimate only covered 5% of the 144 kilometre strike length.

"There's a lot of upside on this ground and we know that the mineralisation is consistent," Algar said.

"There is an existing plant there but we don't want to use that. We feel it's not doing the orebody any justice."

Algar said alongside the drilling work, the company's feasibility study would be undertaken by an experienced international team to investigate processing the ore – with the aim of producing an export grade of 36-40%.

Results from the study are expected by the end of 2011.

"We want to be ordering our long lead time items by September," Algar said.

"We'll know by then, through our metallurgical test work, what those long lead items are."

A recent research report published by Hartleys also notes the reduced risk of Otjozondu, given the previous trial mining at the project.

This mining, which occurred over 18 months, demonstrated the project could export quality product using simple beneficiation methods.

The report also refers to the project's initial resource, which indicates a mine life of at least five years, as significant in assessing project stability.

As well as boasting substantial exploration potential, the Otjozondu project has the significant benefit of access to existing road and rail infrastructure connecting to the Walvis Bay Port, which is just over 500 kilometres away.

This opens up a true potential to link in with the greater Asian export market.

Shaw River also has plans for Baramine, the company's manganese project on the other side of the globe in the Pilbara region of Western Australia.

Baramine hosts 100 manganese occurrences with geology and strike similar to Consolidated Mineral's Woodie Woodie mine, which is located 150km to the south.

The company's short-term exploration target for the Pilbara project is 10-15Mt at a grade of 18-25%.

Metallurgical test work of Baramine ore, with a 20% feed grade, has returned excellent results and processed grades of 43%.

"Our ultimate aim is to get into a cash flow position with production from Otjozondu, then commission Baramine, then move on to Ghana."

VINCENT ALGAR
SHAW RIVER MANGANESE





The current exploration scope for the project includes 1000 metres of diamond drilling to determine beneficiation parameters, along with a regional 20,000m RC program.

The RC rigs are targeting zones of high-grade mineralisation, with a view to uncovering a direct shipping ore resource, with grades of about 40%.

An initial resource is expected at the project this year, as well as a scoping study.

“It’s a fantastic second operation. We’ve put some holes in, but have got more to drill,” Algar said.

The infrastructure benefits at Baramine are considerable, being just 270km from Port Hedland with suitable linking transport between the mine and the port.

Atlas Iron – which owns 45% of Shaw River – also has significant port space in the region.

Shaw River’s manganese portfolio also extends across the Gulf of Guinea, to the Butre project in Ghana.

Butre is located 30km from the bulk port of Takoradi, which currently ships around 1Mtpa of manganese ore from the world class Nsuta manganese mine.

The company undertook a bulk sampling and a 1500m RC program

in early 2010 and a scoping study is planned for the future.

“Our ultimate aim is to get into a cash flow position with production from Otjonzodu, then commission Baramine, then move on to Ghana,” Algar said. “We’ll have three operations, with different styles of material, servicing different markets.”

With these three projects entering different phases of progression and strong backing from experienced shareholders, the future is looking very promising for Shaw River.

The investment from both Atlas Iron and OM Holdings – as respective iron ore and manganese explorers – works in excellent alignment with Shaw River’s strategy.

“Having these two companies holding nearly 57 per cent of Shaw River has been a very healthy situation for us from a funding point of view,” Algar said.

He emphasised the benefits of having access to multi-faceted technical expertise and financial resources.

“We are currently a small team, and when it comes to knocking on somebody’s door for technical knowledge, their teams are very capable,” Algar concluded.

– **Samantha Cairns**

Feeding the primary crusher and screening operation at the Otjonzodu project

SHAW RIVER MANGANESE AT A GLANCE



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MARKET CAPITALISATION

\$A79.04 million (at press time)

QUOTED SHARES ON ISSUE

451,657,800

MAJOR SHAREHOLDERS

Atlas Iron 45%
OM Holdings 11%