ASX ANNOUNCEMENT

4 April 2011

Namibian Manganese Project Expected to Generate Strong Cashflows

Scoping Study points to Positive Economics, sets stage for Feasibility Study at Otjozondu

Highlights

- Scoping Study results indicate Namibian manganese project will generate strong cashflows
- Proposed initial 250,000tpa operation from 2012 ramping up to 500,000tpa
- High-grade, high-quality product with targeted average manganese product grade of 38-40%
- Estimated operating costs in the range of A$110 to $140/tonne
- Scoping Study indicates strong operating cashflows[1] using manganese price of US$4.50/dmtu FOB
- Excellent leverage to anticipated global increases in manganese ore prices
- Modest A$37 million capital cost for an initial 250ktpa operation
- Additional A$22 million to achieve steady-stage production of 500,000tpa
- Current Inferred Resource of 6.8Mt @ 23% Mn underpins initial production
- Exploration Target of 35Mt to 50Mt grading 23%Mn to 27%Mn*
- In-fill drilling program and Feasibility Study to commence in April 2011

Shaw River Resources Limited (ASX: SRR) is pleased to advise that it has taken another step towards joining the ranks of manganese producers after completing a Scoping Study on its recently acquired Otjozondu Manganese Project ("Otjo Project") in Namibia (75.5% Shaw River). The Scoping Study indicates the Otjo Project's potential to generate strong cash flows that are significantly leveraged to the manganese price from a relatively low capital cost development.

A key conclusion of the Scoping Study (drawn from the extensive due-diligence information gathered by the Shaw River team during and after the acquisition process) was that the Otjo Project has the potential to generate strong operating cashflows from an initial 250,000tpa operation commencing in 2012, targeting 500,000tpa within four years.

Favourable geology, shallow open-pittable mineralisation and the availability of existing infrastructure are expected to underpin low operating costs delivering ore by road and rail to Walvis Bay Port, for export to predominantly Asian markets. Unit cash operating costs are forecast in the range of A$110 to A$140/tonne, enabling the operation to potentially generate strong operating margins using a conservative manganese price of US$4.50/dmtu FOB Walvis Bay. (A$198/t FOB).

At a manganese price of $6.00/dmtu FOB Walvis Bay (A$264/t FOB), operating margins will almost double, demonstrating the Otjo Project's significant leverage to the manganese price.

The existing infrastructure has greatly reduced the Otjo Project's up-front fixed capital requirements, with estimated capital expenditure for the initial 250,000tpa operation totalling A$37 million and an additional $22 million required to expand production to 500,000tpa.

[1] Revenue from product less royalties and operating costs (EBITDA)

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Shaw River is in the process of selecting an experienced engineering consultancy to commence a Feasibility Study (FS) in April 2011 based on an initial production target of 250,000tpa, increasing to 500,000tpa of manganese product. The cost modelling arising from the Scoping Study was undertaken at a project level. Life of mine and production level considerations were based on the maiden Inferred Resource of 6.8 million tonnes at 23.1% Mn which is expected to underpin initial production from a new gravity separation plant. Further drilling in 2011 in known areas of mineralisation is expected to increase the resource base in 2011, targeting a 10+ years mine life. The finding of the Scoping Study will be further investigated in a Feasibility Study to be completed in Q4 2011.

There is significant potential for further growth in the existing inventory given the maiden resource covers only 7km of the identified 144km of strike within the manganese field (just 5%). Shaw River is targeting to at least double this 6.8Mt maiden resource by the end of 2011 and currently has an Exploration Target at Otjo of 35Mt - 50Mt grading 23% - 27% manganese*. In addition, drilling will be targeting the conversion of a significant portion of its resource to reserve status.

A summary of the key parameters and estimates at a project level from the cost study are detailed below in Table 1.

Table 1 – Summary of Key Project Parameters (100%)

Study Level	Scoping Study
Production Profile [2]	Initial 250ktpa of manganese product, targeting ramp-up to 500ktpa
Targeted Average Manganese Product Grade[2]	38%Mn-40%Mn
Target year for first production[2]	2012
Estimated Capital Cost[3]	A$37M, plus additional A$22M
Estimated sales price for manganese product[4]	US$4.5/t FOB Walvis (A$198/t)
Estimated manganese operating cash costs range[5]	A$110/t to A$140/t FOB Walvis
Stripping Ratio Estimates	4.3 to 1
Expected Resource – Reserve Conversion (%)	35%

2. Targeted production rates, life of mine, average manganese product grades and production commencement dates are estimates only based on the Company's Scoping Study.
3. Estimated capital costs are estimates are based on the Company's Scoping Study.
4. Estimated manganese sales price of US$ 4.50/dmtu FOB Walvis Bay, includes US$1.25/dmtu shipping costs. Exchange rate assumptions A$:US$:0.90, US$:N$= 7.45.
5. Estimated operating cash costs and estimated average operating cashflow are estimates based on the Company's Scoping Study.

The Scoping Study results confirm the Otjo Project is significantly leveraged to the manganese price.

"We are delighted with the results from our Scoping Study, which provides an additional level of encouragement for Shaw River in the potential of the Otjo Project to become a globally significant manganese producer," Shaw River's Managing Director Vincent Algar said. "The Project is robust and our internal studies show that it is also significantly leveraged to a rising manganese price environment. Shaw River is one of the few listed companies globally that can offer investors this type of exposure to manganese – a metal which is a key ingredient in the steel production that is so essential to global economic growth."

"We are looking forward to updating the market regularly with drilling updates and releasing full results of the Feasibility Study by the end of 2011" Mr Algar added.

About Otjo

Shaw River acquired a 75.5% interest in the Otjozondu Mining Company in Namibia in February 2011. In March 2011, Shaw River announced a maiden JORC compliant Inferred Resource of 6.81Mt grading 23.1% Manganese. The initial resource covers just 5% of the fields known outcropping length of 144km within the project licences, highlighting significant near term upside. Shaw River currently has an Exploration Target at Otjo of 35Mt-50Mt grading 23%Mn to 27%Mn*.

Otjo is located 150km north-east of the Namibian capital of Windhoek (Figure 2) and lies in a historical manganese field which has produced in aggregate approximately 550,000t of high grade (~48%) manganese since the 1950's. Production at Otjo was recently by way of a shallow drill-and-blast mining method, utilising a basic crushing and jigging circuit to produce saleable ore. Otjo has been periodically mined in this manner since 2008, however, previous mining and processing has been based on very limited mine planning, infrastructure planning and limited laboratory scale metallurgical testwork to refine manganese recovery.

Shaw River's technical due diligence, including multiple site visits, technical reviews and logistics due diligence, has confirmed that the introduction of modern technology, mine planning practices and processing expertise could see production commence in early 2012. This would involve the use of a jigging or dense media separation plant, which would produce manganese lump and fines products. A feasibility study will commence in April 2011, to guide development for an open cut mining operation, targeting production at 250,000tpa of manganese product commencing in 2012, before ramping up to 500,000tpa.

Shaw River proposes to use a combination of existing road and rail infrastructure to transport ore 538km to the Walvis Bay port where it will be loaded onto Handymax-sized vessels of up to 25,000 tonnes.

About Shaw River Resources

Shaw River is a manganese explorer and developer, currently exploring manganese projects in the Pilbara, Ghana and Namibia. Shaw River's acquisition of a 75.5% interest in the Otjozondu Manganese Project in Namibia, will fast track the Company's goal of becoming a global manganese producer. 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 2011, Shaw River will continue to aggressively advance its projects at its Otjozondu (Namibia), Baramine (Pilbara), Butre (Ghana) and Skull Springs (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 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.

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 Resources 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.

* 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.

Figure 2: Location Map and Geology, Namibia