
Shaw River Manganese Limited
ACN 121 511 886
(Subject to Deed of Company Arrangement)

NOTICE OF GENERAL MEETING

**For the General Meeting of the Company to be held at Pitcher
Partners, 1/914 Hay Street, Perth WA 6000, on Monday, 9 July 2018 at
10.00am (WST)**

The Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Administrators by telephone on +61 8 9322 2022.

The Administrators and the Deed Administrators have not independently verified any of the information contained herein. Neither the Administrators nor the Deed Administrators nor their servants, agents, advisers or employees make any representation or warranty express or implied as to the accuracy, reasonableness or completeness of the information contained in this document. To the extent permitted by law, all such parties and entities expressly disclaim any and all liability for, or based on or relating to, any such information contained in, or errors in or omissions from this document.

SHAW RIVER MANGANESE LIMITED

ACN 121 511 886 (Subject to Deed of Company Arrangement)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Shaw River Manganese Limited (**Company**) will be held at Pitcher Partners, 1/914 Hay Street, Perth WA 6000 on Monday, 9 July 2018 at 10.00am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Saturday, 7 July at 5.00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum will, unless the context requires otherwise, have the meaning given to them in Schedule 1.

AGENDA

1. Resolution 1 – Consolidation of Capital

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Recapitalisation Resolutions being passed, pursuant to and in accordance with section 254H of the Corporations Act, the Listing Rules, the Constitution and for all other purposes, approval is given for the Company to consolidate its issued capital on the basis that:

- (a) every 200 Shares be consolidated into 1 Share; and
- (b) all Options on issue be consolidated in accordance with Listing Rule 7.22.1,

*with such consolidation to take effect in accordance with the timetable detailed in the Explanatory Memorandum and where this consolidation results in a fraction of a Share or Option being held, the Company be authorised to round that fraction up or down to the nearest whole Share or Option (as the case may be) (**Consolidation**)."*

2. Resolution 2 – Issue of Placement Securities

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Recapitalisation Resolutions being passed, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to:

- (a) 50,000,000 Shares (post-Consolidation) at an issue price of \$0.02 per Share; and

- (b) 50,000,000 free attaching Placement Options (post-Consolidation) on the basis of one (1) free attaching Placement Option for every one (1) Placement Share subscribed for and issued,

to raise up to \$1,000,000 (before associated costs) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in the proposed issue and any person who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity as a Shareholder, or an associate of that person (or those persons).

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Resolution 3 – Election of Director – Mr Luke Innes

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Recapitalisation Resolutions being passed, in accordance with article 6.2(c) of the Constitution and for all other purposes, and with effect from completion of the DOCA, Mr Luke Innes be elected as a Director on the terms and conditions in the Explanatory Memorandum."

4. Resolution 4 – Election of Director – Mr Nicholas Young

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Recapitalisation Resolutions being passed, in accordance with article 6.2(c) of the Constitution and for all other purposes, and with effect from completion of the DOCA, Mr Nicholas Young be elected as a Director on the terms and conditions in the Explanatory Memorandum."

5. Resolution 5 – Election of Director – Ms Kyla Garic

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Recapitalisation Resolutions being passed, in accordance with article 6.2(c) of the Constitution and for all other purposes, and with effect from completion of the DOCA, Ms Kyla Garic be elected as a Director on the terms and conditions in the Explanatory Memorandum."

FOR AND ON BEHALF OF THE ADMINISTRATORS

Daniel Bredenkamp
**Joint and several Deed Administrator of
Shaw River Manganese Limited
(Subject to Deed of Company Arrangement)
Dated: 8 June 2018**

SHAW RIVER MANGANESE LIMITED

ACN 121 511 886 (Subject to Deed of Company Arrangement)

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting.

This Explanatory Memorandum should be read in conjunction with and forms part of the Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

- Section 2: Action to be taken by Shareholders
- Section 3: Inter-Conditional Resolutions
- Section 4: Overview
- Section 5: Resolution 1 – Consolidation of Capital
- Section 6: Resolution 2 – Issue of Placement Securities

- Section 7: Resolutions 3 to 5 (inclusive) – Election of Directors – Mr Luke Innes, Mr Nicholas Young and Ms Kyla Garic
- Schedule 1: Definitions and Interpretation
- Schedule 2: Summary of the DOCA
- Schedule 3: Terms and Conditions of Placement Options

A Proxy Form is located at the end of this Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is enclosed with the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions detailed in the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a proxy need not be a Shareholder;
- (b) a Shareholder may appoint a body corporate or an individual as its proxy;
- (c) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body corporate may exercise as the Shareholder's proxy; and
- (d) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 10.00am (WST) on Saturday, 7 July 2018, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Inter-Conditional Resolutions

The Recapitalisation Resolutions are inter-conditional, meaning that each of them will only take effect if the requisite majority of Shareholders' votes at the Meeting approve all of them. If any of the Recapitalisation Resolutions are not approved at the Meeting, none of the Recapitalisation Resolutions will take effect and other matters contemplated by the Recapitalisation Resolutions will not be completed.

4. Overview

4.1 Background

The Company is an Australian public company incorporated on 8 September 2006 and was admitted to the Official List (current ASX code: SRR) on 22 December 2006. The Company is a materials company whose principal business, prior to entering administration, was a manganese and gold focussed exploration entity.

The Company's securities were suspended from official quotation on 31 December 2015 at the request of the Company, and have remained suspended since that date. The Company subsequently entered into voluntary administration on 22 January 2016 as a result of low manganese ore prices and the limited ability for its major shareholder to continue advancing further funds under an existing credit line that had not been exhausted.

On 18 March 2016, the Company entered into a holding deed of company arrangement (**Holding DOCA**), and appointed Messrs Bryan Hughes and Daniel Bredenkamp as joint and several deed administrators of the Company (**Administrators**).

At a meeting of creditors held on 24 October 2017, creditors resolved in favour of varying the Holding DOCA and resolved that the Administrators execute a deed of company arrangement to implement a proposal submitted by the Facilitator (**Recapitalisation Proposal**), which broadly provided for:

- (a) the Company seeking conditional approval from ASX for the reinstatement of the Company's securities to official quotation, subject only to the Facilitator being

satisfied (acting reasonably) that the relevant conditions are capable of being satisfied (**ASX Conditional Approval**);

- (b) the Facilitator advancing \$520,000 towards the Company's creditors to be repaid through a post-recapitalisation capital raising (**Creditor Payment**);
- (c) the assets of the Company, together with the portion of the Creditor Payment payable to the Administrators, be transferred into a trust fund to facilitate the distribution by the Trustees to the Creditors in their capacity as beneficiaries of the trust fund (**Creditors' Trust**);
- (d) the Company disposing its Otjozondu manganese project in Namibia through the:
 - (i) transfer of the entire issued capital of Shaw River Namibia to the Creditors' Trust;
 - (ii) disposal of the entire issued capital of Shaw River Mauritius to MN Holdings (a company incorporated in Mauritius with company number 145233); and
 - (iii) winding up of Shaw River Namibia;
- (e) new directors being appointed to the Board and the resignation of all existing directors;
- (f) Bryve Resources Pty Ltd (In Liquidation), which holds the first ranking security over all the assets and undertakings of the Company and who is a majority Shareholder, releasing its security; and
- (g) any dormant subsidiaries of the Company being excised from the corporate group and be dealt with separately by the Administrators.

On 20 March 2018, the Holding DOCA was amended to adopt the above proposal (**DOCA**). A separate deed of company arrangement in respect of Shaw River Namibia will be executed.

On 31 May 2018 the Company, the Administrators, Bryve and the Facilitator exercised rights under the DOCA to allow the DOCA to complete prior to the Company obtaining ASX Conditional Approval.

The Company is proposing to undertake a capital raising to sophisticated and professional investors for an offer of up to 50,000,000 Shares (**Placement Shares**) together with one (1) free attaching Option for every one (1) Placement Share subscribed (**Placement Options**) (together, **Placement Securities**) to raise up to \$1,000,000 (before costs) (**Capital Raising**). The Capital Raising differs in some respects from the capital raising contemplated by the DOCA. However, the Administrators have exercised their right under the DOCA to waive any default arising under the DOCA as a result of the Capital Raising taking place on those terms.

The Company intends to pay part of the proceeds of the Capital Raising to the Facilitator, for the purposes of the Facilitator meeting its obligation under the DOCA to make the Creditor Payment to Bryve Resources Pty Limited and the Administrators under the DOCA. It was previously contemplated that the Facilitator was obligated to make the Creditor Payment and be reimbursed through the issue of Shares. Under the current arrangement, no Shares will be issued to the Facilitator.

Within 10 business days after Shareholders approve the Capital Raising (Resolution 2), the Creditor Payment becomes payable and the Creditors' Trust will become effective. The effectuation of the DOCA and creation of the Creditors' Trust will result in the claims of Creditors against the Company being compromised, and the Company will thereafter be debt free.

Refer to Schedule 2 for further details in relation to the DOCA.

4.2 Creditors' Trust Deed

A creditors' trust is a mechanism used to accelerate a company's exit from external administration. Under the terms of a deed of company arrangement, a trust is created and the company's obligations to creditors which are bound by the deed of company arrangement are then compromised and transferred to the trust. Creditors become beneficiaries of the trust. The purpose of the trust is to deal with the debts and claims against the company that, but for the release of claims under the deed of company arrangement, would have been payable by the company.

The deed of company arrangement terminates following the creation of the trust. When the deed of company arrangement terminates, the company ceases to be externally administered and the directors regain full control of the company.

The DOCA provides for the creation of the Creditors' Trust to which the assets of the Company will be transferred and realised in satisfaction of creditors' claims. The assets of the Creditors' Trust will comprise the Creditor Payment and any remaining assets of the Company that are realised by the Administrators or Trustees.

The fund will be distributed by the Trustees first to satisfy the Administrators' and Trustees' remuneration and expenses incurred in administering the administration of the Company, next to satisfy any priority Creditors who have had their claims admitted by the Administrators or Trustees and lastly, any remainder will be available for distribution to ordinary unsecured Creditors as follows:

- (a) firstly, payment of \$500 or the amount of their claim admitted by the Administrators or Trustees, whichever is lower; and
- (b) secondly, any shortfall after payment referred to in (a) above, payment to other Creditors *pari passu*.

4.3 Board Changes

Under the DOCA, the Facilitators are entitled to request the Administrators to appoint any person nominated by the Facilitator as a Director or officer of the Company.

Accordingly, Mr Luke Innes, Mr Nicholas Young and Ms Kyla Garic have been nominated as Directors with their appointment to take effect from completion of the DOCA. Ms Garic will also be appointed as Company Secretary.

The Company seeks Shareholder approval pursuant to Resolutions 3 to 5 (inclusive) for the election of Mr Innes, Mr Young and Ms Garic as Directors.

4.4 Indicative Capital Structure

The current capital structure of the Company is as follows:

Security	Number
Shares	904,982,273
Options exercisable at \$0.013 each, expiring on or before 4 June 2018	1,666,667
Options exercisable at \$0.014 each, expiring on or before 4 June 2018	1,666,666

Upon completion of the Recapitalisation Proposal (including the Consolidation and assuming full subscription under the Capital Raising), the Company's indicative capital structure will be as follows:

Shares	Number	Percentage
Existing Shares (post-Consolidation)	4,524,911	8.30%
Placement Shares (Resolution 2)	50,000,000	91.70%
Total Shares	54,524,911	100%

Options	Number	Percentage
Existing Options (post-Consolidation)	16,666 ¹	0.03%
Placement Options (Resolution 2)	50,000,000	99.97%
Total Options	50,016,666	100%

Notes:

1. Comprised of:
 - i. 8,333 unlisted Options exercisable at \$2.60 (post-Consolidation) on or before 4 June 2018; and
 - ii. 8,333 unlisted Options exercisable at \$2.80 (post-Consolidation) on or before 4 June 2018.

No party, alone or by association, will have a relevant interest of more than 20% of the voting power of the Company upon effectuation of the DOCA.

4.5 Reinstatement to Official Quotation and Future Intentions of the Company

The Company's securities have been suspended from official quotation since 31 December 2015.

Completion of the DOCA and subsequent exit from external administration will not place the Company in a position to seek reinstatement of its securities to the Official List; the Company will first be required to re-comply with Chapters 1 and 2 of the Listing Rules.

Pursuant to Guidance Note 33, any entity that has been in continuous suspension for more than three years will be automatically delisted on the third anniversary of its suspension date if it is still suspended. Accordingly, the Company has until 31 December 2018 to implement a transaction that will result in the resumption of trading in its securities before it will be automatically removed from the Official List.

ASX may agree to a short extension of this deadline if the Company can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction that will lead

to the resumption of trading in its securities within a reasonable period. For these purposes, ASX defines "final stages" as:

- (a) having announced the transaction to the market;
- (b) having signed definitive legal agreements for the transaction (including any financing required in respect of the transaction);
- (c) if the transaction requires a prospectus or product disclosure statement to be lodged with ASIC, having lodged that document with ASIC; and
- (d) if the transaction requires security holder approval, having obtained that approval.

The Facilitator, as proponent of the Recapitalisation Proposal has been assisting the Company to identify and assess new projects for the Company, in order for the Company to seek reinstatement to the official list of ASX following completion of the DOCA.

As at the date of the Notice, the Facilitator has identified, and the Company is in advanced stage negotiations regarding the potential acquisition of various mineral exploration licences located in the Kimberley, Pilbara, Gascoyne and Marble Bar region of Western Australia (**Proposed Acquisition**). Based on historical information, the area of these mineral exploration licences are known to be prospective for various strategic and base metals including manganese, iron, nickel, cobalt and lithium.

The Proposed Acquisition currently contemplates the following indicative terms:

- (a) the acquisition will be made pursuant to a share sale agreement under which the Company will acquire the entire issued capital of an entity and its subsidiaries, which will result in the Company acquiring the indirect title to the abovementioned mineral exploration licences;
- (b) in consideration for the acquisition, the Company issues approximately 130,000,000 Shares and 50,000,000 performance shares to the applicable vendors;
- (c) the Company issues approximately 10,000,000 Shares and 15,000,000 Options to promoters of the Proposed Acquisition;
- (d) the Company undertakes an equity capital raising of up to \$5,000,000 via a prospectus for an offer of up to 250,000,000 Shares (post Consolidation) at an issue price of \$0.02 per Share, together with one (1) free attaching Option for every five (5) Shares subscribed for and issued, to enable the Company to satisfy the requirements of Chapters 1 and 2 of the Listing Rules; and
- (e) payment of a success fee to the Facilitator in consideration for facilitator services provided in connection with the Proposed Acquisition and the Recapitalisation Proposal.

The Proposed Acquisition will be subject to, among other things, the Company obtaining all necessary Shareholder approvals required by the Corporations Act and the Listing Rules and all requisite waivers and confirmations considered necessary to give effect to the Proposed Acquisition, including ASX confirming that the Company has satisfied Chapters 1 and 2 of the Listing Rules and the Company receiving conditional approval from ASX for the reinstatement of its Shares to official quotation on conditions satisfactory to the Company (acting reasonably).

There is no guarantee that negotiations regarding the Proposed Acquisition will eventuate in legally binding documentation being executed, or if binding documentation is executed, that it will be on the indicative terms described above. The Company will keep the market informed in the progress of negotiations in accordance with its continuous disclosure obligations.

In the event the Proposed Acquisition does not eventuate, the Company will operate with a very broad mandate and consider businesses and assets at various stages of development. The Facilitator will assist in reviewing and entering into negotiations to acquire various businesses and assets with the aim of recommending the acquisition of a new undertaking to the Company.

The acquisition of a new undertaking will first require Shareholder approval, following which the Company will be required to re-comply with Chapters 1 and 2 of the Listing Rules as if the Company was being admitted for the first time.

As part of this process, the Company will likely be required to undertake a further capital raising prior to reinstatement of its securities to the Official List and/or issue Securities to vendors of the new undertaking. Approval for any further issues of Securities will be sought at the time of the acquisition of a new undertaking is approved. Shareholders should therefore expect their holdings to be further diluted as part of the re-compliance process.

4.6 Effect of the Recapitalisation Proposal

The Administrators have estimated that on a liquidation basis that there would be a deficiency of funds to meet all Creditors' Claims. Therefore, in the event of liquidation, there is unlikely to be any return to Shareholders.

The advantages of passing the Resolutions and the subsequent implementation of the Recapitalisation Proposal include:

- (a) the Company will not proceed to liquidation on the basis of its current financial state (where existing Shareholders are unlikely to receive any return on their investment);
- (b) a cash injection of up to \$1,000,000 (before costs and the payment of the Creditor Payment);
- (c) the provable debts of the Company to its Creditors being extinguished and released, leaving the Company with negligible liabilities; and
- (d) the Company will be better placed to acquire an asset and seek reinstatement of the Shares to trading on the Official List. Once the Company obtains reinstatement to trading Shareholders will have the opportunity to sell their post-Consolidation shareholdings on ASX.

The quantum of benefit to be received by existing Shareholders if the Recapitalisation Proposal proceeds will depend in part on the price at which the underlying Shares may ultimately trade on ASX should the Company be successful in having the Shares reinstated to trading on the Official List. As the Shares are currently suspended from trading, there is no readily available existing market price for the Shares.

The principal disadvantage of the Recapitalisation Proposal is that existing Shareholders will have their holdings diluted following the Consolidation and the issue of the Placement Securities. However, this must be balanced with the fact that should the Recapitalisation Proposal not proceed, the Company may be placed into liquidation or an alternative

recapitalisation proposal may be implemented which may result in a greater level of dilution.

If Shareholders do not approve the Recapitalisation Proposal, then the Administrators will, in the absence of any other deed of company arrangement proposal or a variation to the terms of the DOCA, have no other option but to recommend to Creditors that the Company be put into liquidation.

5. Resolution 1 – Consolidation of Capital

5.1 General

Resolution 1 seeks Shareholder approval for the consolidation of Shares and Options on issue on a 200 for 1 basis to implement a more appropriate capital structure for the Company going forward (**Consolidation**).

The Directors intend to implement the Consolidation prior to the proposed issue of the Placement Shares and Placement Options.

Resolution 1 is an ordinary resolution.

Resolution 1 is subject to approval of the other Recapitalisation Resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

5.2 Corporations Act and Listing Rules requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

Listing Rule 7.22.1 provides that in a consolidation of capital the number of options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

For example, a holding of one thousand (1,000) Options with an exercise price of \$0.02 each prior to the Consolidation would result in a holding of five (5) Options with an exercise price of \$4.00 each after the Consolidation.

5.3 Effect of Resolution 1 to Shareholders

As at the date of the Notice, the Company has 904,982,273 Shares on issue.

The Consolidation proposed by Resolution 1 will have the effect of reducing the number of Shares on issue to approximately 4,524,911 Shares. Individual holdings will be reduced in accordance with the Consolidation ratio.

As the Consolidation applies equally to all members (subject only to the rounding of fractions), it will have no material effect on the percentage interest of each member in the Company. Further, the aggregate value of each member's proportional interest in the Company will not materially change solely as a result of the Consolidation as the only anticipated changes, which will be a result of rounding, will be immaterial.

Theoretically, the market price of each share following the Consolidation should increase by 200 times its current value. Practically, the actual effect on the market price of each share will be dependent upon a number of factors which will not be within the control of the Company. Therefore, this may result in the market price of each share following Consolidation being higher or lower than the theoretical post-Consolidation price,

particularly given the length of time the Company's Securities have remained suspended from trading. Shareholders should also note that the Company's Shares will not be reinstated to trading on the Official List unless and until it acquires a new undertaking, and re-complies with Chapters 1 and 2 of the Listing Rules.

5.4 Effect of Resolution 1 to Optionholders

The Company currently has 3,333,333 Options on issue. In accordance with Listing Rule 7.22, and the terms of issue of the Options currently on issue, the Consolidation will involve a corresponding adjustment to Options, having the effect that the number of Options will reduce in proportion to the ordinary share capital and the exercise price will increase in inverse proportion to the Consolidation ratio. For example, this means that every 200 Options exercisable at \$0.013 each will be consolidated into a single Option exercisable at \$2.60, and every 200 Options exercisable at \$0.014 will be consolidated into a single Option exercisable at \$2.80.

5.5 Fractional entitlements

Not all Shareholders and holders of Options will hold a number of Shares or Options which can be evenly divided by 200. Where a fractional entitlement occurs, the Company will round the fraction up or down to the nearest whole number, with entitlements to less than half of a Share or Option rounded down.

5.6 Taxation

It is not considered that any taxation implications will arise for Shareholders or holders of Options from the Consolidation. However, Shareholders and holders of Options are advised to seek their own tax advice on the effect of the Consolidation. The Company, the Directors and their advisers do not accept any responsibility for the individual taxation implications arising from the Consolidation or the other proposed Resolutions.

5.7 Holding Statements

From the date of the Consolidation, all holding statements for previously quoted Shares will cease to have any effect, except as evidence of an entitlement to a certain number of Shares on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares proposed to be quoted to be issued to holders of those Shares.

It is the responsibility of each Shareholder to check the number of Shares held prior to subsequent disposal.

5.8 Effect on Capital Structure

The approximate effect that the Consolidation will have on the Company's current capital structure is detailed in the table below. All numbers are subject to rounding. A table of the indicative capital structure of the Company post-completion of the Recapitalisation Proposal is detailed in Section 4.3.

	Current	Post-Consolidation Terms	Number Post-Consolidation
Shares	904,982,273	Shares	4,524,911

	Current	Post-Consolidation Terms	Number Post-Consolidation
Options exercisable at \$0.013 each, expiring 4 June 2018	1,666,667	Options exercisable at \$2.60 each, expiring 4 June 2018	8,333
Options exercisable at \$0.014 each, expiring 4 June 2018	1,666,666	Options exercisable at \$2.80 each, expiring 4 June 2018	8,333

5.9 Indicative Timetable

If the Recapitalisation Resolutions are passed, the Consolidation is proposed to take effect in accordance with the following timetable (as detailed in Appendix 7A (paragraph 8) of the Listing Rules). There will be no deferred trading of post-Consolidation securities as the Company's securities will remain suspended throughout the consolidation process.

Event	Indicative Date
Company announces Consolidation and sends out Notice	Friday, 8 June 2018
Company informs ASX that Shareholders have approved the Consolidation	Monday, 9 July 2018
Last day for the Company to register transfers on a pre-Consolidation basis.	Thursday, 12 July 2018
First day for Company to: <ul style="list-style-type: none"> send notice to each Security holder of the change in their details of Security holdings; register Securities on a post-Consolidation basis; and issue holding statements. 	Friday, 13 July 2018
Issue date.	
Last day for: <ul style="list-style-type: none"> Securities to be entered into Security holders' Security holdings. the Company to send notice to each Security holder of the change in their details of Security holdings. 	Thursday, 19 July 2018

These dates are indicative only and may change subject to compliance with the requirements of the Corporations Act and Listing Rules.

6. Resolution 2 – Issue of Placement Securities

6.1 General

Resolution 2 seeks Shareholder approval for the issue of up to:

- (a) 50,000,000 Shares (post-Consolidation) at an issue price of \$0.02 per Share (**Placement Shares**); and

- (b) 50,000,000 Placement Options (post-Consolidation) as free attaching Options for every one (1) Placement Share subscribed for and issued. Each Placement Option will have an exercise price of \$0.04 and expire on the earlier of:
 - (i) 3 years from their date of issue; and
 - (ii) if, following the issue of the Placement Options and following the expiry of any escrow period which may be imposed on the Placement Options in connection with the reinstatement of the Company's securities to Official Quotation, the Shares as traded on the ASX achieve a 10 day volume weighted average price that is higher than \$0.075 then, on such date this is achieved (**Acceleration Trigger Date**), the expiry date of the Options will be accelerated to the 20th trading day after the Acceleration Trigger Date and the Company will issue an ASX announcement within five trading days of the Acceleration Trigger Date announcing the new expiry date of the Placement Options and give notice of the new expiry date to the Placement Option holders at the time of the ASX announcement,

(together, **Placement Securities**) to raise up to \$1,000,000 (before costs) under the Capital Raising.

Resolution 2 is an ordinary resolution.

Resolution 2 is subject to the approval of the other Recapitalisation Resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

6.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue the Placement Securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) a maximum number of:
 - (i) 50,000,00 Shares; and
 - (ii) 50,000,000 Options,are to be issued as Placement Securities;
- (b) the Placement Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Placement Shares will be offered at a price of \$0.02 per Share and the Placement Options will be issued to subscribers of Placement Shares for nil

cash consideration on the basis of one (1) Option for every one (1) Share subscribed for and issued;

- (d) the Placement Securities will be issued to various sophisticated or professional investors. None of the subscribers for the Placement Securities will be related parties of the Company. Further, no subscriber, either individually or in association with any related entity, will be allotted Shares which would result in the subscriber and their related entities acquiring a voting power in excess of 20% in the Company;
- (e) the Placement Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Placement Options will each have an exercise price of \$0.04, expire 3 years from their date of issue (unless the expiry date is accelerated as detailed in Section 6.1(b)(ii)) and will be issued on the terms and conditions in Schedule 3;
- (g) the Company's intended use of the funds raised from the issue of the Placement Securities is to make payment of the Creditor Payment, for expenses incurred in connection with identifying and assessing new project acquisitions by the Company (including any due diligence investigations) and for general working capital;
- (h) subject to Section 6.3(b), it is intended that the allotment and issue of the Placement Securities will occur progressively after the Meeting; and
- (i) a voting exclusion statement is included in the Notice.

7. Resolutions 3 to 5 (inclusive) – Election of Directors – Mr Luke Innes, Mr Nicholas Young and Ms Kyla Garic

7.1 General

Under the DOCA, the Facilitators are entitled to request the Administrators to appoint any person nominated by the Facilitator as a Director or officer of the Company.

Article 6.2(c) of the Constitution provides that Shareholders may elect a person as a Director by an ordinary resolution passed in general meeting.

Accordingly, Mr Luke Innes, Mr Nicholas Young and Ms Kyla Garic having been nominated and being eligible, seek election as a director pursuant to Article 6.2(c) of the Constitution.

Resolutions 3 to 5 (inclusive) are ordinary resolutions and are subject to the approval of the other Recapitalisation Resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolutions 3 to 5 (inclusive).

7.2 Details of Proposed Directors

The qualifications, skills and experience of Messrs Luke Innes, Vincent Algar and Ian Stuart are as follows:

(a) **Mr Luke Innes**

Mr Innes is currently involved in the energy industry and is 47 years of age. Mr Innes has had 27 years' experience in the mining, minerals processing and power generation industry both in Australia and overseas. Within Australia he has held technical and managerial roles within the resources sector including gold, nickel and iron ore mining and minerals processing operations. These included Australia's largest iron ore and nickel operations. He has previously held a non-executive position within a public unlisted company as well as being a non-executive director and non-executive chairman of ASX listed Greater Pacific Gold Limited.

(b) **Mr Nicholas Young**

Mr Young holds a Bachelor of Commerce, majoring in Accounting and Finance, is a Chartered Accountant and has completed the Insolvency Education Program at the Australian Restructuring Insolvency and Turnaround Association. Mr Young commenced his career in the Corporate Restructuring division of an accounting firm and has gained valuable experience in Australia and Southern Africa, across a wide range of industries, including mining and exploration, mining services, renewable energy, professional services, manufacturing and transport. Mr Young has been involved in the recapitalisation of various ASX-listed companies and is currently a non-executive director of Raiden Resources Limited.

(c) **Ms Kyla Garic**

Ms Garic is a Chartered Accountant and director of Onyx Corporate. Onyx Corporate provides financial reporting and accounting services, including reconstruction and accounting compliance for companies undergoing recapitalisation. Ms Garic is currently the Company Secretary of ASX-listed Raiden Resources Limited.

Schedule 1 – Definitions and Interpretation

1. Definitions

In the Notice and this Explanatory Memorandum, unless the context otherwise requires:

Administrators has the meaning given in Section 4.1.

ASIC means the Australian Securities and Investments Commission.

Associated Body Corporate means:

- (a) a body corporate that is a Related Body Corporate of the Company; or
- (b) a body corporate that has voting power in the Company of not less than 20%; or
- (c) a body corporate in which the Company has voting power of not less than 20%

ASX means ASX Limited ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors from time to time.

Bryve means Resources Pty Ltd (In Liquidation) (ACN 601 177 726).

Capital Raising has the meaning given in Section 4.1.

Chairperson means the person appointed to chair the Meeting convened by the Notice.

Company means Shaw River Manganese Limited (Subject to Deed of Company Arrangement) ACN 121 511 886.

Constitution means the constitution of the Company.

Consolidation has the meaning given in Resolution 1.

Corporations Act means the *Corporations Act 2001* (Cth).

Creditor Payment has the meaning given in Section 4.1.

Creditor's Trust has the meaning given in Section 4.1.

Director means any director of the Company and **Directors** means all of them.

DOCA has the meaning given in Section 4.1.

Explanatory Memorandum means this explanatory memorandum.

Facilitator means Otsana Pty Ltd (ACN 145 168 216).

Listing Rules means the official listing rules of the ASX (as amended from time to time).

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means the notice convening the Meeting and includes the agenda, Explanatory Memorandum and the Proxy Form.

Official List means the official list of the ASX.

Option means an option to acquire a Share.

Placement Options has the meaning given in Section 4.1.

Placement Securities has the meaning given in Section 4.1.

Placement Shares has the meaning given in Section 4.1.

Proxy Form means the proxy form attached to the Notice.

Recapitalisation Resolutions means Resolutions 1 to 5 (inclusive).

Resolution means any resolution detailed in the Notice as the context requires.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

Securities means any Equity Security (as defined in the Listing Rules) issued by the Company.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Shaw River Namibia means Shaw River Namibia Pty Ltd (ACN 147 527 857).

Trustees means Mr Bryan Kevin Hughes and Mr Daniel Johannes Bredenkamp of Pitcher Partners in their capacity as trustees of the Creditors' Trust.

WST means Western Standard Time, being the time in Perth, Western Australia.

2. Interpretation

In the Notice and this Explanatory Memorandum, headings and words in bold are for convenience only and do not affect the interpretation of the Notice and this Explanatory Memorandum and, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in the Notice or this Explanatory Memorandum have a corresponding meaning;
- (d) a term not specifically defined has the meaning given to it (if any) in the Corporations Act;
- (e) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (f) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;

- (g) a reference to a body (including, without limitation, an institute, association or authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (h) **“include”** and **“including”** are not words of limitation; and
- (i) **“\$”** is a reference to Australian currency.

Schedule 2 – Summary of the DOCA

A summary of the material terms of the DOCA (as amended) is as follows:

- (a) All persons having a claim against the Company will be bound by the DOCA.
- (b) All Creditors with outstanding claims will become a beneficiary of the Creditors' Trust and upon effectuation of the DOCA, all claims held by Creditors are discharged and extinguished and substituted for the rights of the Creditors pursuant to the Creditors' Trust.
- (c) The Company must, with the Facilitator's assistance, convene a meeting of Shareholders to vote upon the approval of the Capital Raising by no later than 30 June 2018.
- (d) The Facilitator must pay funds totalling \$520,000 (less an ASX listing fee of \$27,500) to the Administrators (**Creditor Payment**), to be paid to Bryve and to meet the Administrators' remuneration, costs, disbursements and liabilities.
- (e) The establishment of an administration fund which shall be comprised of:
 - (i) all assets of the Company;
 - (ii) any legal or equitable estate or interest in real or personal property of any description (including a thing in action) and any right, estate or interest (whether present or future and whether vested or contingent) arising pursuant to any Commonwealth or State statute or legislation which has accrued to the Company, or which the Company became entitled on or before 20 March 2018; and
 - (iii) all cash and negotiable instruments held by the Company as at 20 March 2018, (**Administration Fund**).
- (f) The Administrators must apply the Creditor Payment in the following order of priority:
 - (i) first, to Bryve in the amount of \$319,770;
 - (ii) second, to the Administrators in payment of the remuneration, costs, disbursements and liabilities of the Administrators and their partners and staff, including GST in the amount of \$172,730; and
 - (iii) third, the balance to be paid to Bryve.
- (g) In consideration for the payment from the Creditor Payment, Bryve will release and discharge the Company from its first ranking security over all the assets and undertakings of the Company in a form satisfactory to the Administrators and the Facilitator.
- (h) The Administration Fund will be transferred to the Trustees to be held as the property subject to the Creditors' Trust, of which the Company's pre-administration creditors are beneficiaries.
- (i) The Company will reimburse or repay the Facilitator, after reinstatement of the Company's securities to official quotation, all costs incurred and amounts paid by the Facilitator in relation to convening this Meeting, the Proposal and satisfying the conditions for making the Creditor's Payment.
- (j) The DOCA will terminate in the following circumstances:
 - (i) if:

- (A) Shareholders do not approve the Capital Raising by 30 June 2018 or such later date agreed in writing by the Administrator and the Facilitator;
- (B) the Administrators does not receive the Administration Fund as a consequence of non-payment by the Facilitator in breach of the DOCA;
- (C) the Facilitator breaches any of its obligations in the DOCA;
- (D) in the Administrators' reasonable opinion the DOCA is not meeting the Facilitator's proposal's objectives,

the Administrators may convene a meeting of creditors under section 445F of the Corporations Act or Division 75 of the Insolvency Practice Schedule (Corporations) for the purposes of, among other things, passing a resolution to terminate the DOCA;

- (ii) notwithstanding any discretion of the Administrators, Bryve's liquidator may by written notice to the Administrators require the Administrators to convene a meeting within 14 days of such notice being provided of Creditors to consider, among other things, passing a resolution to terminate the DOCA; and
- (iii) either party may terminate the DOCA if Shareholders do not approve the Capital Raising by 30 June 2018.

Schedule 3 – Terms and Conditions of Placement Options

1. Entitlement

Each Placement Option (in this Schedule an **Option**) entitles the holder to subscribe for one Share upon exercise of the Option.

2. Exercise Price

Subject to item 10 below, the amount payable upon exercise of each Option will be \$0.04 each (**Exercise Price**).

3. Expiry Date

Each Option will expire at 5:00pm on the earlier of:

- (a) the date that is 3 years from the date of issue; and
- (b) if, following the issue of the Options and following the expiry of any escrow period which may be imposed on the Options in connection with the reinstatement of the Company's securities to Official Quotation, the Shares as traded on the ASX achieve a 10 day volume weighted average price that is higher than \$0.075 then, on such date this is achieved (**Acceleration Trigger Date**), the expiry date of the Options will be accelerated to the 20th trading day after the Acceleration Trigger Date and the Company will issue an ASX announcement within five trading days of the Acceleration Trigger Date announcing the new expiry date of the Options and give notice of the new expiry date to the Option holders at the time of the ASX announcement,

(**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

5. Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the relevant Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

6. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the relevant Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

7. Timing of issue of the Shares on exercise

Within 15 Business Days after the later of the following:

- (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and

- (b) when excluded information in respect of the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information, the relevant date will be the date of receipt of a Notice of Exercise as detailed in item 7(a) above,

the Company will:

- (c) allot and issue the Shares pursuant to the exercise of the Options;
- (d) as soon as reasonably practicable and if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

8. Shares issued on exercise

The Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

9. Quotation of the Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

10. Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

11. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Options without exercising the Options.

12. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the Options held by the holder had been exercised before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

13. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

14. Unquoted

The Company will not apply for quotation of the Options on ASX unless the Board resolves otherwise.

15. Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable securities laws.

SHAW RIVER MANGANESE LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

ACN 121 511 886

PROXY FORM

The Company Secretary
Shaw River Manganese Limited (Subject to Deed of Company Arrangement)

By Delivery

Suite 913, Exchange Tower
530 Little Collins Street
MELBOURNE VIC 300

By Post:

PO Box 52
Collins Street
WEST VIC 8007

By facsimile:

+61 8 9315 2233

Name of Shareholder:

Address of Shareholder:

Number of Shares entitled to vote:

Please mark to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

STEP 1 – APPOINT A PROXY TO VOTE ON YOUR BEHALF

I/we being Shareholder/s of the Company hereby appoint:

**The Chairperson
(mark box)**

OR if you are **NOT** appointing the Chairperson as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairperson, as my/our proxy to act generally at the Meeting on my/our behalf to be held at Pitcher Partners, 1/914 Hay Street, Perth WA 6000 on Monday, 9 July 2018 at 10.00am (WST) and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit). If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to exercise is []% of the Shareholder's votes / [] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

Important – If the Chairperson is your proxy or is appointed your proxy by default

The Chairperson intends to vote all available proxies in favour of all Resolutions.

STEP 2 – INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain*
Resolution 1	Consolidation of Capital			
Resolution 2	Issue of Placement Securities			
Resolution 3	Election of Director - Mr Luke Innes			
Resolution 4	Election of Director - Mr Nicholas Young			
Resolution 5	Election of Director - Ms Kyla Garlic			

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Authorised signature/s
instructions to be implemented.

This section **must** be signed in accordance with the instructions overleaf to enable your voting

Individual or Shareholder 1

Sole Director and Sole Company
Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at, posted to or received by facsimile transmission at the Company's Share Registry Security Transfer Australia (Delivery to Suite 913, Exchange Tower, 530 Little Collins Street, Melbourne VIC 3000, or by post to PO Box 52, Collins Street, West VIC 8007, or by Facsimile to +61 8 9315 2233) not less than 48 hours prior to the time of commencement of the Meeting (WST).

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