

ASX ANNOUNCEMENT

15 June 2011

ASX: GOT

MARKET UPDATE: BATEMAN ENGINEERING REPORT (SCOPING STUDY)

Highlights

- **Potentially important new project for the Northern Territory particularly and Australia;**
- **Possible major investment for the local and national economy;**
- **Desktop study offers a strategically beneficial and independent review of the offshore manganese potential of the tenements;**
- **Focus on barging mined manganese to Maria Island;**
- **Anticipation of a construction labour force would be 360 people while the processing operating labour force would comprise more than 600 personnel.**

In October 2010, the Company, Groote Resources Limited “**Groote Resources**”, commissioned Bateman Engineering to perform a preliminary study - a scoping or 'bench top' study - of the operational, technical and economic parameters of extracting manganese from seabed locations within the Company’s tenements located adjacent to Groote Eylandt (**Project**) (the **Report**).

In producing the Report, certain forward-looking assumptions concerning hypothesised zones of mineralisation were provided to the Bateman study team. Notwithstanding the preliminary nature of the report, the Company is delighted to have identified a significant manganese project with realistic near-term production potential.

In relation to the Report and the Project, Groote Resources’ Executive Chairman, Mr. Doug Daws said that:

“The Report is now considered complete and has been carefully reviewed and discussed with the Bateman study team before being accepted by the Groote Board, and released today.”

GROOTE RESOURCES LIMITED

Suite 1, 346 Barker Road, Subiaco WA 6008 | PO Box 846, Subiaco WA 6904
Telephone: (618) 9481 4000 | Fax: (618) 9481 4088

ACN: 1119 494 772 | ABN: 24 119 494 772 | Email: admin@grooterresources.com.au | Website: www.grooterresources.com.au

“Work documented in the Report, at scale envisaged, and would represent a major investment for the local and national economy. Displaying to us, that this is a potentially large and important new project for the Northern Territory particularly, and for Australia.”

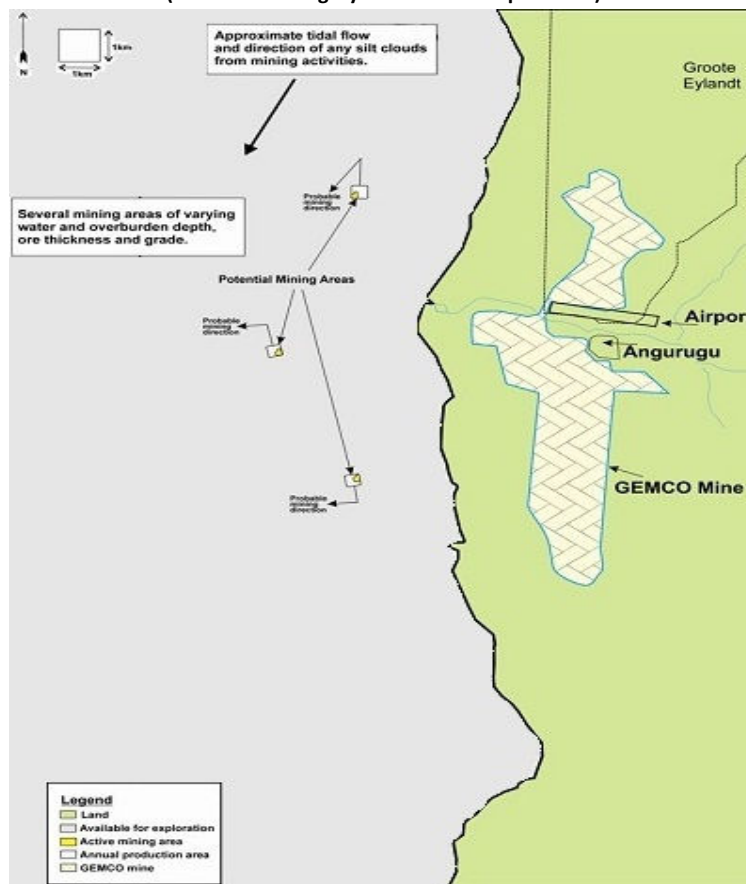
“The desktop study supported the contention that the Company’s tenements are considered highly prospective for the extraction of manganese. The Company’s immediate priority is to establish a JORC-compliant resource for the Project and progress metallurgical test work.”

“Based on previous exploratory work and data, the Company believes this is potentially a significant size project capable of potentially sustaining a large size operation.”

“The Report indicated potential seabed mining sites where the geology points to a high probability of deriving manganese deposits, and examined different shallow seabed mining methods that could be employed to extract the manganese.”

“This comprehensive desktop study offers Groote Resources a strategically beneficial and independent review of the offshore manganese potential of the tenements.”

Figure 1: Potential Mining Activities
(Area shaded in grey available for exploration)



“It presents a critical cost/benefit analysis of the tenement’s mining potential and details the required scope of activity necessary to ensure the project’s viability.”

“Project options and design criteria were postulated and thoroughly examined in the report” said the Executive Chairman.

Tenement geology, relevant seabed mining methods, ore transportation and processing, employment potential, environmental and heritage requirements, capital costs and operational costs over the potential mines life cycle were addressed in the Bateman desktop study.

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Objectives of the study were to establish technical and economic parameters of the project in order to gain an informed strategic approach to realising the full potential of the marine manganese contained in the tenements.

Different ore processing methods which could be safely accommodated were examined. Transportation options considered by Bateman's included a focus on barging mined ore to Maria Island, 130 km to the south for beneficiation. Processed lump product would then be transhipped by barge to a loading point in deeper water to the northeast of Maria Island.

A detailed cost/benefit analysis of barging manganese to Maria Island, where a port and processing facility could be established was undertaken. This comprehensive analysis included the introduction of plant and infrastructure costs on the island, establishing port and marine facilities, providing a water and power supply, accommodation and potential environmental and rehabilitation costs.

In introducing power and fresh water to Maria Island the study examined a number of options including diesel generators, diesel and wind hybrid plant and an all-renewable energy facility. All options will be carefully considered when further plant and load requirements are determined taking account of the changing environment for carbon capture and carbon trading.

Similarly potable and non-potable water supply will need further investigation.

"According to Batemans, the total operating costs of the Maria Island option under the production model considered would be in the vicinity the company would expect".

Labour requirements of the project, and particularly the accommodation for a labour force to construct and operate the processing facility on Maria Island were carefully examined. Bateman anticipate the construction labour force would employ 360 people while the processing operating labour force would comprise more than 600 personnel.

All of the projected costs and scale are, of course, predicated on identifying certain quantities and grades of ore during the upcoming exploration program. "Batemans have provided a clear indication of the required ore quantity and grade to be achieved in order that the project would be financially viable and profitable to our shareholders".

"Further, the Bateman report offers a clear strategic indication of future direction and studies to be performed to progress the operation through its next stages, and offer a profit/cost breakdown for each of those stages" said the Executive Chairman.

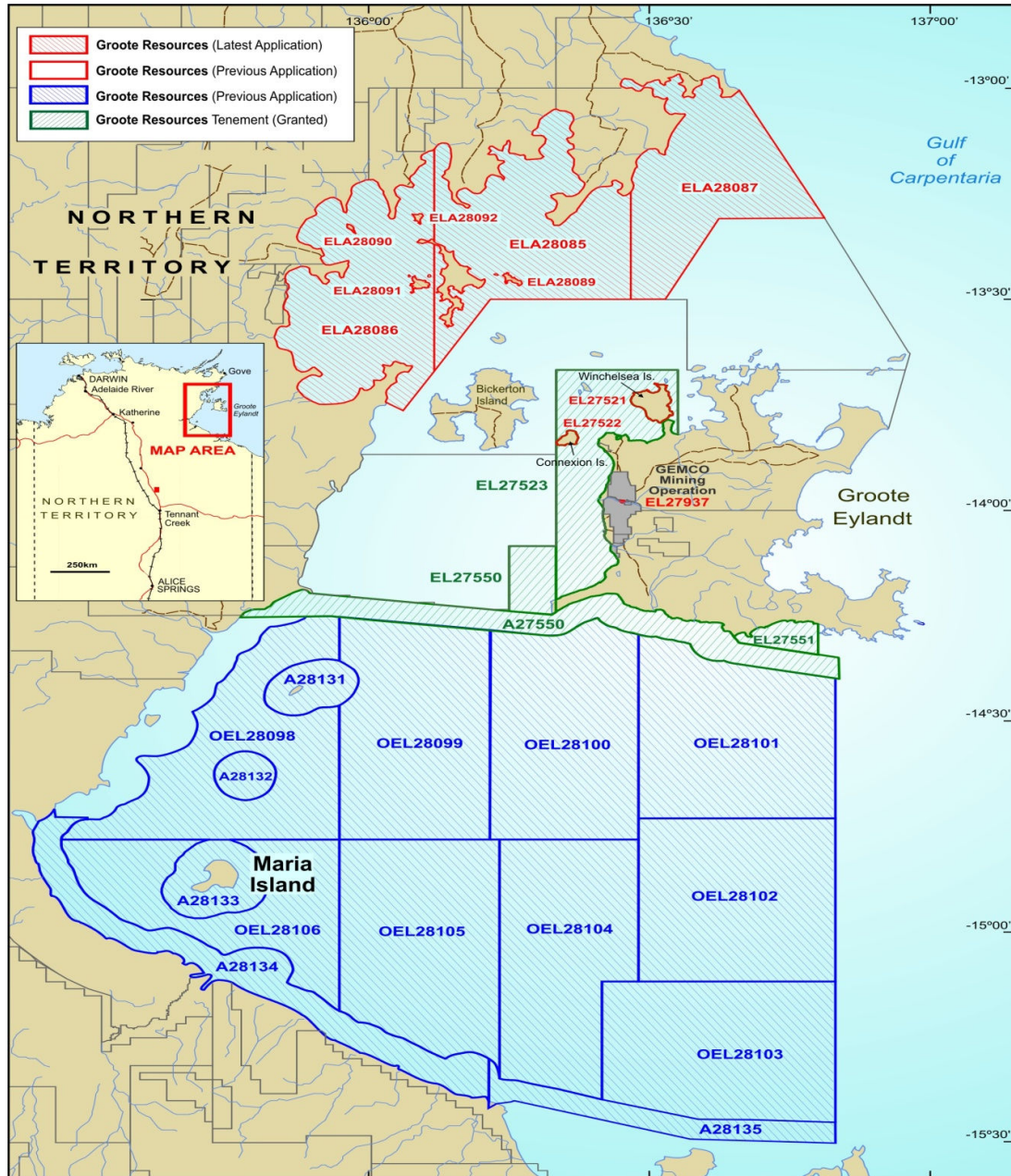
"We are excited by the findings of the desktop study" he said. "Even using this most conservative base case, all the indications are that a project of this nature and based in a marine environment could be viable".

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Figure 2: Tenements Held by Groote Resources and location of Maria Island



“This scoping study report provides a sound basis on which to assess the viability of achieving significant manganese ore recovery from the tenements adjacent to Groote Eylandt. It demonstrates the tremendous potential of the area and supports the next phases of the exploration program now needed for the projections to be proven up” said the Executive Chairman.

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The recently announced acquisition of further tenements in the region will, when granted, be included in the expanded exploration programs now under construction. Any manganese discovered in the new areas may change the emphasis and location of eventual processing and shipping infrastructure but the general parameters and probable viability of the development of sea-based manganese extraction and processing in the region has been satisfied.

For further information please contact:

Mr Doug Daws

Executive Chairman

Groote Resources Limited

T: 0414 334 836

E: admin@grooterresources.com.au

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