GROOTE RESOURCES GRANTED KEY OFFSHORE TENEMENTS ADJACENT TO GEMCO’S GROOTE EYLANDT DEPOSIT

Highlights

- Groote Resources granted exploration rights for four exploration licences comprising 1,665km² of shallow marine tenements immediately next to Gemco’s (BHP Billiton (60%) and Angle American Corporation (40%)) world-class manganese mine.

- Intensive six month exploration program to now commence, comprising a three-week non-invasive geophysical survey to generate drill targets (late August) followed by an initial three-month drilling program starting in October.

- On target with exploration program to delineate an initial JORC resource by early 2011.

Groote Resources Limited (ASX: GOT), a Perth-based manganese explorer, is very pleased to announce it has been granted three exploration license applications (27523, 27550, 27551) and one authorisation under section 178 (27605), which cover an area of 1665 km² of highly prospective, shallow marine terrain near Groote Eylandt in the Northern Territory (Fig. 1).

The Exploration Licences cover interpreted along strike and down-dip extensions of the Groote Eylandt manganese deposit. The Groote Eylandt deposit has been mined continuously since 1966 and is owned by Groote Eylandt Mining Company Pty Limited (“GEMCO”) which is jointly owned by BHP Billiton Pty Ltd (60%) and the Anglo American Corporation (40%). GEMCO’s 2009 resource of 150Mt @ 45.5% Mn is the world’s third largest manganese deposit producing more than 3 million tonnes of manganese ore annually, accounting for more than 15% of the world’s high-grade manganese ore supply. Due to the high-grade, proximity to port and Asian markets, this low impurity and low strip ratio operation is Australia’s ninth most profitable mine and one of the lowest operating cost manganese mines in the world.
In the next six months, Groote Resources will conduct an intense exploration program that will include seafloor mapping designed to generate drill targets for follow-up testing. The initial work program will involve acquisition of high resolution stereoscopic satellite imagery over shallow-water, near shore areas to generate detailed bathymetry of all licence areas. This will be followed by a three-week, non-invasive, marine geophysical survey (due to begin in late August 2010) employing a variety of acoustic devices (pinger, pulser and chirp). This survey is designed to generate detailed information on the sub-surface geology and, most importantly, the presence of Cretaceous marine sediments and their relationship to local sandstone basement. Cretaceous marine sediments are host to manganese ores on Groote Eylandt. Typically, high grade manganese ores on Groote Eylandt occur in the upper parts of this sedimentary sequence where they ‘onlap’ basement ridges or ‘highs’.

During this phase geologic maps and detailed 3-dimensional models of the sub-surface stratigraphy will be prepared with a view to identifying follow-up drill targets. Based on this work Groote Resources, from the early October, will initiate a 10,000m drilling program using a low-footprint jack-up barge with the aim of delineating a JORC resource by the early part of 2011.
Groote Resources is targeting 45-60Mt of manganese ore grading 35-50%Mn. These tonnage and grade estimates are based on comparison with the well documented manganese ore deposit presently being mined on the adjacent mining lease operated by GEMCO. Should the company achieve this target, Groote Resources would aim to become one of the world’s largest high grade manganese producers.

It should also be pointed out that the potential quantity and grade is conceptual in nature and that there has been insufficient exploration to define a manganese resource and that it is uncertain if future exploration will result in the discovery of a manganese resource.

Groote Resources has adopted industry best practice in terms of its community relations, safety and environmental management. As prescribed in the Company’s Operational Strategy, Environmental and Safety Policies, Groote Resources will work closely with local traditional owners and other stakeholders to ensure it delivers economic and social benefits, including jobs and business opportunities, while minimising any adverse impacts of the project. Groote Resources will be transparent in all its dealings with the traditional owners of the land and act in a manner that maximises community support and participation.

Groote Resources Executive Director, Simon Noon said that the granting of these licences, located alongside one of the world’s largest and most profitable manganese mines, represented a very significant milestone for the Company. He thanked shareholders for their continued support and stressed that Groote Resources is now moving into an exciting phase of discovery that would result in the establishment of a major new force in the delivery of a range of high grade manganese products for the rapidly expanding Asian market.

Since April, Groote Resources has received consent to negotiate with the Anindilyakwa Land Council (ALC) for the two onshore applications: Winchelsea and Connexion Islands (ELA27521 & ELA27522, Fig. 1). The company has submitted its application proposal to the ALC for the highly prospective Winchelsea Island. A Connexion Island proposal will be submitted shortly and Groote Resources will keep the market informed on the progress of these applications.

For Further information, please contact:

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Competent Person’s Statement

The information in this announcement that relates to Mineral Resources is based on information compiled in conjunction with Mr. Barrie Bolton BSc (Hons.) FGS, FAusIMM who is a consultant for Groote Resources Limited. Mr. Bolton is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Bolton consents to the inclusion in this announcement of the matters based on information in the form and context in which it appears. Mr. Bolton has over 30 years global manganese experience, including 18 years managing BHP’s worldwide manganese exploration program and the development of an exploration model for the manganese deposits on Groote Eylandt.