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ASX ANNOUNCEMENT
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5 October 2010

GROOTE RESOURCES AWARDS SCOPING STUDY CONTRACT TO ADVANCE MANGANESE PROJECT

HIGHLIGHTS

- **Groote Resources awards Scoping Study contract for 100%-owned Groote Eylandt Manganese Project to Bateman Engineering.**
- **High-resolution stereoscopic satellite imagery captured over exploration tenements, processing underway.**
- **Non-invasive exploration program planned to identify drill targets.**
- **Traditional Owner consultation initiated.**

The Board of Perth-based manganese explorer, Groote Resources Limited (ASX: GOT)('Groote') today announced it has awarded a contract to Bateman Engineering Pty Ltd to complete a Scoping Study for its 100%-owned Groote Eylandt manganese project in the Northern Territory (NT) of Australia.

Groote Resources was recently granted exploration licences for four shallow marine tenements immediately adjacent to GEMCO's (BHP Billiton (60%) and Anglo American Corporation (40%)) world-class manganese mine.

Work on the high-level desktop study will commence immediately and will focus on assessing Groote's mine design assumptions and conceptual mining plan. It will review the Company's preliminary mine production schedule and test work recommendations.

Groote Resources Executive Director Simon Noon said "commissioning of the Scoping Study is an important step for the Company as it will further test the robustness of our assumptions and mine design plans. Importantly, it will help support our aim to ensure maximum value from the Groote Eylandt Project is achieved for our shareholders."

This study will evaluate mining, processing and shipping options for the project. Environmental impacts and mitigation options for each component will also be evaluated for the proposed life-of-mine. It will review capital and operating expenditure estimates examine energy, emissions and water use options, and identify areas available for plant and infrastructure construction. The study is based on a resource of approximately 100MT+ (reserve around 70MT+ @30-45% Mn grade) with a mine life of 15-20 years at a notional production rate of 3-5MT per annum.

The study is expected to be completed by late December

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Exploration Program

On 30 July 2010, Groote announced the Northern Territory Government had granted the Company three Exploration Licenses (EL27523, EL27550, EL27551) and one authorisation under section 178 (27605), which cover an area of 1665 km^2 of highly prospective, shallow marine terrain near Groote Eylandt (see Figure 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.

- **New Satellite Imagery**

  On 13 August 2010, the Company captured high-resolution stereoscopic satellite imagery over its exploration tenements using the recently launched and state-of-the-art Worldview-2 Satellite.

  The topography data will be used to plan Groote's seafloor acoustic survey and can highlight topographical highs or ridge lines that are potential indicators of mineralisation within the Cretaceous sediments.

  Mr Noon said this satellite was selected as it uses a 400-450nm multiband sensor, capable of water penetration, to generate detailed surface topography and seafloor bathymetry.

  "We now have the data over Groote's exploration tenements, which are currently being processed by Sinclair Knight Merz, and expect to have results shortly."

- **Non-invasive Exploration**

  After receiving the satellite imagery results, Groote Resources plans to commence a three-week, non-invasive, marine geophysical and bathymetric survey using a variety of acoustic devices and a resistivity geophysics survey.

  This survey is designed to generate detailed information on the bathymetry, sub-surface geology and, most importantly, the presence of Cretaceous marine sediments and their relationship to the local sandstone basement.

  "Cretaceous marine sediments are host to manganese ores on Groote Eylandt," Mr Noon said. "Typically, high-grade manganese ores on Groote Eylandt occur in the upper parts of this sedimentary sequence where they 'onlap' basement ridges or 'highs'."

The above activities will be used to generate geological maps and detailed 3D models of the sub-surface stratigraphy to identify follow-up drill targets.

Based on this work, the Company then plans to initiate a 10,000 metre drilling program using a low-footprint jack-up barge in line with its aim to delineate a JORC compliant resource in 2011.

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Traditional Owner Consultation

Groote Resources has held an initial consultation meeting in September 2010 with representatives of the Anindilyakwa people, the traditional owners of Groote Eylandt.

Mr Noon said that while Groote is progressing with its exploration planning, it is also sensitive to the opinions and concerns of the Anindilyakwa people on the social and environmental impact of its activities.

"While Groote has been granted the right to undertake our non-intrusive exploration program and is working to have it completed before year-end, we remain committed to engaging with the Anindilyakwa Land Council (ALC) to secure traditional owner support prior to activity commencing," Mr Noon said.

"In line with Groote's corporate values, we are seeking to develop a strong partnership founded on mutual trust and respect with the ALC and look forward to returning to Groote Eylandt to meet with the communities in the coming weeks."

Corporate Activity

Groote Resources will be promoting the Company's activities at its booth at the China Mining 2010 Conference in Tianjin in November.

For further information:

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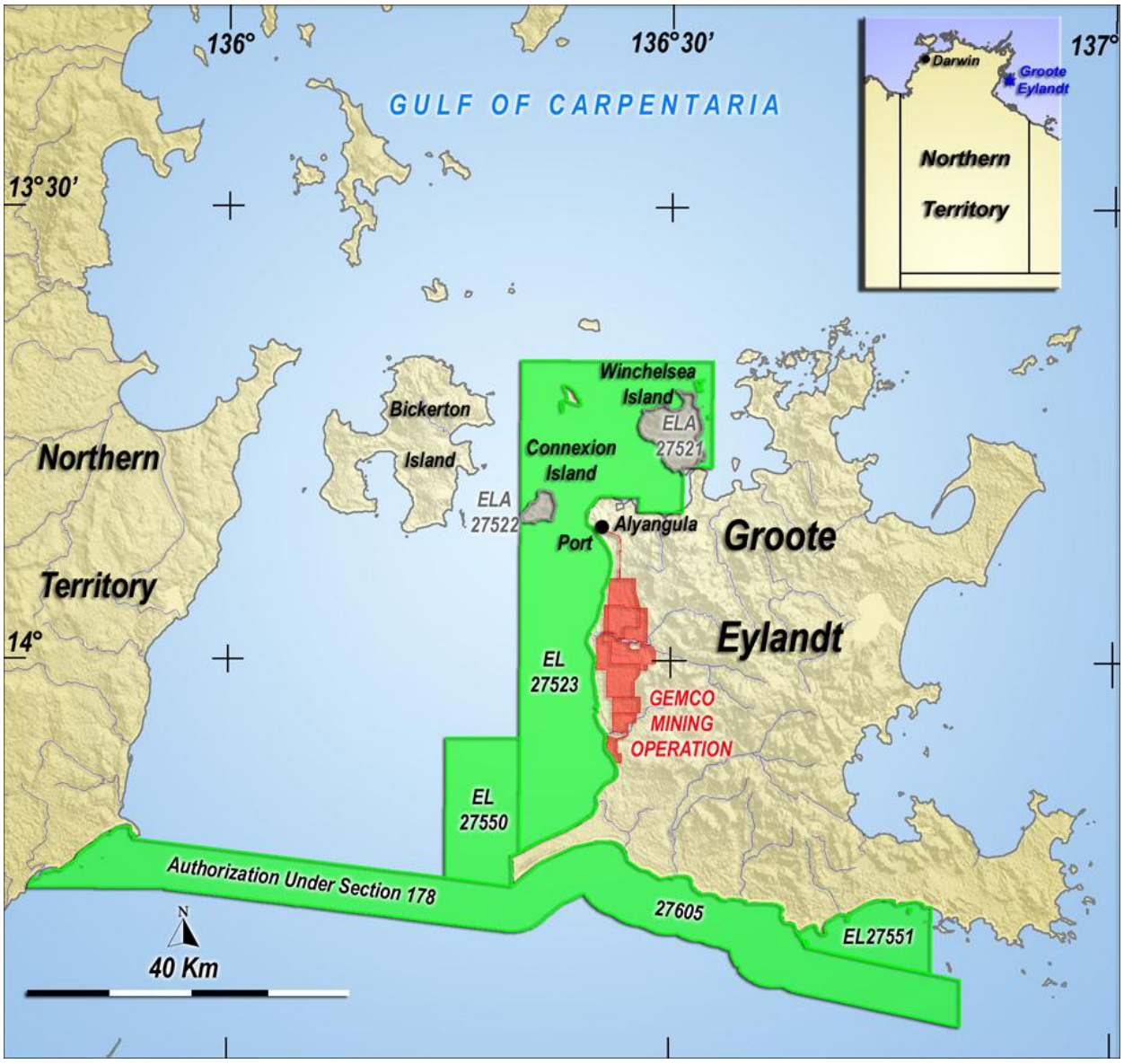


Figure 1: Location map of Groote Resources' granted tenements (green), Winchelsea and Connexion tenement applications (grey)