

Tropical Aquaculture Australia P/L

ABN 36 097 623 142

PO Box 39971 WINNELLIE NT 0821

Ph: 08 8941 5155; Fax: 08 8941 5165

Mobile 0402 082 494 or 0414 898 821



Trepang

To: Department of the Environment, Water, Heritage and the Arts
GPO Box 787, Canberra ACT 2601, Australia
Ph 02 6274 1111

Reference No.: 2010/5643

Title of Referral: Groote Resources Ltd/Exploration (mineral, oil and gas –
marine)/Western side of the gulf of Carpentaria/NT/Groote Eylandt
Offshore Marine Surveys

Background

Traditional Trepang Traders, involving a joint venture between Indigenous TOs and a local Darwin Aquaculture company, have submitted to the NT Regional Development, Primary Industry, Fisheries and Resources two previous objections on the 15th of January and 25th of July 2010 regarding the granting of Native title exploration licences under the 'expedited procedure' within the coastal waters off Groote Eylandt/Milyakburra (Bickerton Island) to Groote Resources Ltd (see attachments 1 & 2).

We continue to object to issuing offshore submarine exploration permits because historically they will inevitably lead to long-term de-valuation of the inter- and sub-tidal marine environment communities, which underwrite renewable, commercial fishing, aquaculture and recreational tourism within the Gulf of Carpentaria generally and the Groote archipelago specifically.

Importantly, we are not opposed to non-destructive surveys but are concerned that the process of ascertaining the feasibility of shallow water mining in the Groote archipelago has been practically completed and almost preordained by issuing exploration licences prior to meaningful consultation with the Traditional owners, commercial fisherman, aquaculturists and eco-tourists operators within the area. By establishing such a procedural sequence, which unwittingly disadvantages pre-existing regional communities forces the inhabitants of the area, within a short time frame, to have to prove, object or justify their rights and livelihoods instead of the perpetrators. Common sense dictates you ask before you take. Outcomes depended upon monetary compensation as a form

Commercially Confidential Information

of compromise have unforeseen consequences which may lead to little socio-economic benefit for the recipients.

Environmental vandalism or long-term destruction of habitats

The NT Government understood the importance of sustainable regional commerce and created the *NT Fisheries Act 1988*, which is legislated “*to provide for the regulation, conservation and management of fisheries and fishery resources so as to maintain their sustainable utilisation, to regulate the sale and processing of fish and aquatic life, and for related purposes*”. Dredging/submarine mining along the pristine coast of Groote Eylandt will literally undermine the NT Fisheries Act to conserve and manage marine resources in a healthy and renewable manner.

Unfortunately, there is no significant evidence that dredging/removing seabed rock (and potentially creating long, 5+ metre deep pits similar to those that exist on-shore at Groote’s manganese mine) will in anyway conserve fishery resources for *sustainable utilisation* or enhance aquatic biodiversity. In particular, wild stocks of giant clam species, pearl oysters, sea cucumbers, fish and crustaceans (prawns, crabs and rock lobsters), for example, will be under threat and may lose their ability to sustainably regenerate to levels that can be commercially harvested.

Dredging/mineral extraction is far more devastating than prawn trawling which at worst disturbs or partially destroys temporarily sedimentary soft or calcareous algae-coral-sponge-tunicate and echinoderm communities that support worm-bivalve-gastropod-crustacean and fish species. Unlike dredging, trawling does not extirpate the sea floor removing the biologically active soft surface sediments, and leaving barren rock pits. Trawled seabeds leave the soft sediments intact (and still rich with microbes, interstitial flora and fauna, and detritus) allowing damaged habitats to be recolonised over time by organisms not removed during trawling process.

The existence of seabed sediments is analogous to the leaf litter/humus topsoil on land, which is an integral part of the food web. The Groote sea floor supports abundant seabird, turtle, dolphin, crocodile and pelagic fish populations inhabiting the shallow coastal waters of the archipelago. Simply, the seabed is analogous to terrestrial topsoil that makes agriculture possible, and subsequently if the topsoil is mismanaged or washed away leaving rocky, nutrient poor earth, cultivation becomes impossible. Similarly, removal of the seabed will create a marine environment devoid of benthic organisms that are the foundation for a sustainable fishery or aquaculture industry.

Agrifood Industries are heading for shortages

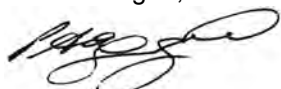
Australia currently produces enough food to feed over 60 million people and exports 80% of the gross value of the Australian production. The demand for food globally is going to continue for the next forty years when the world will need to feed an estimated extra 3 billion people by 2050 according to the United Nations. According to the Chairman of Agrifood Skills Australia, 2010, worldwide farm production will need to increase 70% by 2050 just to maintain humanity's basic food requirements for an expanding global population of 9 billion. Australia must not only increase farm production but must do it in a low-carbon, sustainable and efficient manner if the nation is to remain self-sufficient and a net exporter of food. To meet these challenges, Agrifood Skills Australia predicts 10,000 to 20,000 new employees per annum are required over the next five years. Some of these people are likely to come from the remote coastal fishing communities of northern Australia. By de-valuing the sea floor (or topsoil for that matter) through submarine mining, opportunities for Indigenous communities to participate the agrifood industries such as fishing or aquaculture become near impossible.

Indigenous Traditional Owners within the Groote area are cognizant of the reality of "life after mining". Their communities will live on their country for perpetuity if the fertility of their sea is not jeopardized. The proposed seabed mining by Groote Resources Ltd will significantly reduce the new founded optimism of islanders returning to traditional marine commerce practiced during the late 17th and early 18th centuries with the Makassans for sea cucumber and pearls which were fished for food, medicine and ornamentation. The Commonwealth and State Government agencies acting, as custodians of the marine environment must insist that any enterprise that does not value-add the country's natural resources must reconsider their ethical and economic justification for conducting such a business that occurs at the expense of others who rely on the fruits of conservation and renewable resources for their livelihood.

For your consideration,



Lionel Jaragba; Director of the Angabunumanja Aboriginal Corporation



Philip A Elsegood: Director of Tropical Australia



Robert A Rose: Director of Tropical Australia

28 September 2010

Tropical Aquaculture Australia P/L

ABN 36 097 623 142

PO Box 39971 WINNELLIE NT 0821

Ph: 08 8941 5155; Fax: 08 8941 5165

Mobile 0402 082 494 or 0414 898 821



Trepang

To:

Annette Duncan

Manager of Mining on Native Title Land

Department of Regional Development, Primary Industry, Fisheries and Resources

GPO Box 3000, Darwin NT 0801

Ph: 08 8999 5368

Fx: 08 8981 2057

Email: Annette.Duncan@nt.gov.au

**Notice of Objection: exploration mining off the coastal waters surrounding
Bickerton Island and Groote Eylandt, Northern Territory**

Dear Ms Duncan

A joint venture sea cucumber aquaculture operation trading as Traditional Trepang Traders, and involving the Angabunumanja Aboriginal Corporation and Tropical Aquaculture Australia, objects to the proposed granting of Native title exploration licences under the 'expedited procedure' within the coastal waters off Bickerton Island and Groote Eylandt, if they permanently:

1. disturb the seabed profile physically with strip- or grab-dredging and pit excavation which consequently release seston composed of nano- and micro-particulates that remain suspended in the water column over time, not affected by gravity, adding to already naturally high levels present during spring tides; or
2. impoverish the environment nutritionally over time such that the food web becomes fractured, affecting the food availability at all trophic levels of flora and fauna within these coastal areas (eg, phototrophic, detritus, herbaceous, carnivorous, omnivorous and parasitic).

In particular, the following four areas depicted on page 49 in the Northern Territory News, dated 02/12/09 are of major concern:

- One - EL 27577 (NMIG Map 6170) sought by Groote Eylandt Mining Company P/L (BHP); and
- Three - EL 27578 (NMIG Map 6270), EL 27579 (NMIG Map 6269) and EL 27523 (NMIG Map 6170) sought by Reflective Minerals P/L.

The remaining four areas (EL 27576, EL 27550, EL 27551, EL 27605) are of general concern because they are in close proximity and may be suitable habitats for collection of breeding farm stock.

Ecologically, trepang species provide an important beneficial function within the marine ecosystem by turning over 'locked-up' sediment nutrients and detritus, releasing them to primary producers, such as phytoplankton, seaweeds and sea grasses. These plants then provide herbivorous and omnivorous organisms with sustenance, which in turn, feed higher trophic levels, such as pelagic/reef fish, squid and shark. Thus, the role of trepang is analogous to that of the terrestrial earthworm by 'underwriting' the rich biodiversity of the marine world. Groote and Bickerton are

Commercially Confidential Information

well known zoogeographic sources for renewable recreational and commercial fishing by various remote area communities and the mining township of Alyangula.

Traditional Trepong Traders have been involved in surveying/planning/developing their aquaculture project over the last six years. The areas approved by the Traditional Landowners consist of a base camp/hatchery/nursery facility at Deception Bay and three intertidal/subtidal grow-out sea paddock leases: two at Bartalumba Bay and one at Northwest Bay (see Figures 1 to 3). The land and sea areas of operation consist of approximately 30 sq km of comparatively pristine sea cucumber habitats. Historically, these areas were prolific fishing grounds, which supported a vibrant trepong trade between Aboriginal Landowners and the Makassans during pre-European settlement.

The venture is legally recognised by the Anindilyakwa Land Council (ALC) and Northern Land Council (NLC) and documented in a joint venture agreement, land lease rental deed and business plan. Subtidal sea lease applications were formally submitted to the NT Department of Infrastructure, Planning and Development in 2002 and 2003. A Notice of Intent has been lodged with the NT Fisheries for an aquaculture licence and construction work is planned to start during the early dry season.

If profitable, the project will expand around Groote and Bickerton and possibly other regions of East Anhem Land. The venture is an integral part of the Traditional Owners' strategic plan to develop a renewable economic resource for its people after mining ceases to exist within the region. Aquaculture is one of the few primary industries capable of producing a sustainable and profitable return for Indigenous communities in remote coastal locations.

The Joint Venture is not concerned with non-destructive sampling and surveying. Any techniques proposed must clearly demonstrate that they will not disturb sea cucumber aquaculture or fundamentally alter the intertidal and subtidal environment to diminish this lucrative, renewable resource; valued as a protein source and containing known medicinal properties.

For your consideration,



Lionel Jaragba; Director of the Angabunumanja Aboriginal Corporation



Philip A Elsegood: Director of Tropical Australia



Robert A Rose: Director of Tropical Australia

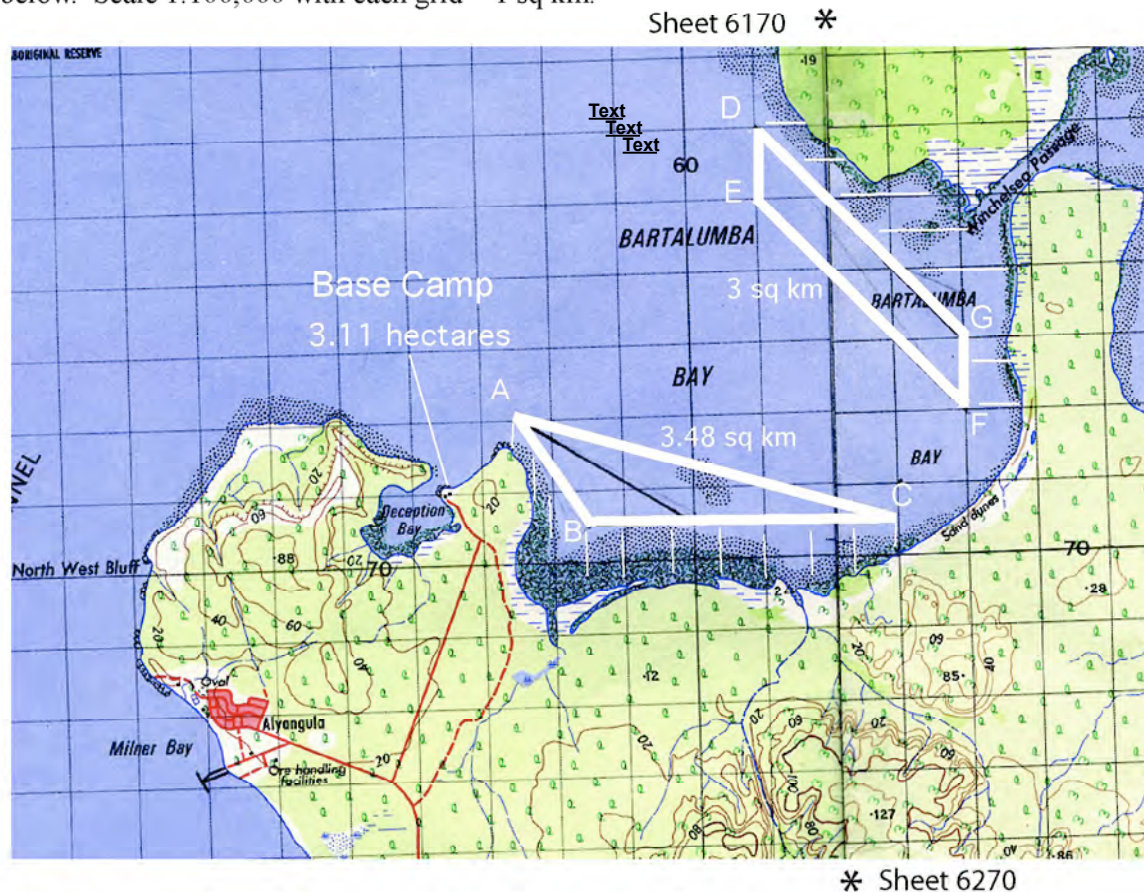
15 January 2010

cc ALC: Rebecca Butler RButler@anindilyakwa.com.au
NLC: Howard Smith Howard.Smith@nlc.org.au

Figure 1

**Deception Bay Base Camp and Bartalumba Bay subtidal Sea Leases
at Groote Eylandt, Northern Territory**

Topographic Survey Maps "Bickerton" (Sheet 6170, Edition 1, Series R 621)
and "Langdon" (Sheet 6270, Edition 1, Series R 621) joined at asterisks shown
below. Scale 1:100,000 with each grid = 1 sq km.



1. Sea lease ABC: Area = 5.8 km (base) x 1.2 km (height) / 2 = 3.48 sq km
Grid References
A = PE 575720
B = PE 585705
C = PE 630705
2. Sea lease DEFG: Area = 1 km (base) x 1 km (height) / 2 = 0.5 sq km x 6 = 3 sq km
Grid References
D = PE 610760
E = PE 610750
F = PE 640720
G = PE 640730

NOTE:

a) Areas shown are estimated from distances taken from a computer image of the topographical maps (sheets 6170 and 6270) joined together as shown above. Actual areas will need to be determined within the grid references provided.

b) Intertidal areas which are subject to Indigenous Land Use Agreements or an equivalent commercial agreement (Section 19 under the NT Land Rights Act 1976) are in progress and include the regions directly underneath or adjacent to the subtidal leases (white lines). These areas have not yet been calculated but visually approximate 7 to 10 sq km in total.

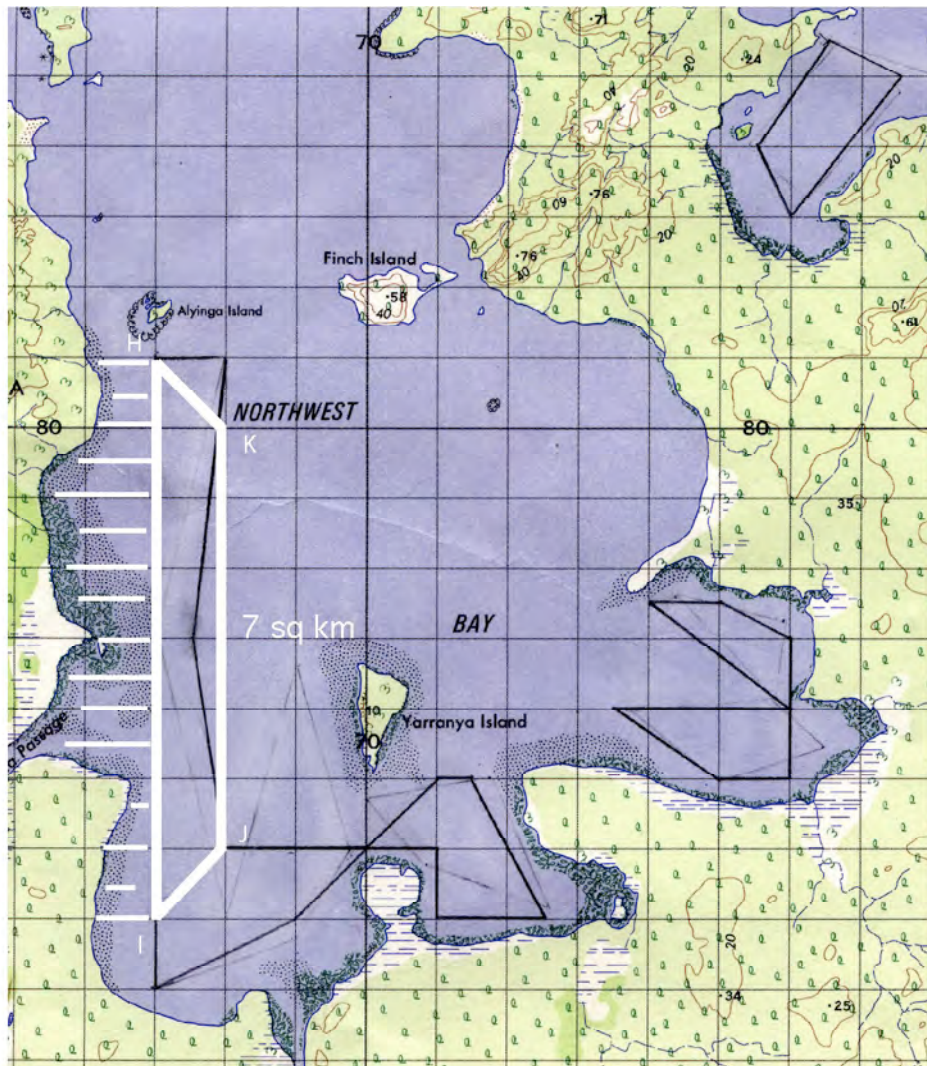
c) Deception Bay intertidal area will also be included in an ILUA or commercial land agreement.

Figure 2

Northwest Bay subtidal Sea Lease at Groote Eylandt, Northern Territory

Topographic Survey Map "Langdon" (Sheet 6270, Edition 1, Series R621).

Scale 1:100,000 with each grid = 1 sq km.



Sea Lease HIJK: Area = 1 km (height) x (6 km + 8 Km)/2 = 7 sq km

Grid References

H = PE670810

I = PE670730

J = PE680740

K = PE680800

NOTE:

a) Areas shown are estimated from distances taken from a computer image of the topographical map (sheet 6270). Actual areas will need to be determined within the grid references.

b) Intertidal areas which are subject to Indigenous Land Use Agreements or an equivalent commercial agreement (Section 19 under the NT Land Rights Act 1976) are in progress and include the regions directly underneath or adjacent to the subtidal lease (white lines). These areas are visually approximated to be 8 to 9 sq Km in total.

Figure 3



Tropical Aquaculture Australia P/L

ABN 36 097 623 142

PO Box 39971 WINNELLIE NT 0821

Ph: 08 8941 5155; Fax: 08 8941 5165

Mobile 0402 082 494 or 0414 898 821



Trepang

To:

Annette Duncan

Manager of Mining on Native Title Land

Department of Regional Development, Primary Industry, Fisheries and Resources

GPO Box 3000, Darwin NT 0801

Ph: 08 8999 5368

Fx: 08 8981 2057

Email: Annette.Duncan@nt.gov.au

Notice of Objection: exploration mining off the coastal waters surrounding Bickerton Island and Groote Eylandt, Northern Territory

Dear Ms Duncan

Further to our initial letter of objection dated 15th of January 2010, we would like to inform you of our attempts to come to a mutually beneficial agreement between Groote Resources Ltd (GRL) and Traditional Trepang Traders (TTT) over the granting of Exploration Licences 27523, 27550, 27551 and Authorisation 27605 has failed. We do not wish to withdraw our objection for a number of reasons.

On the 9th of July, Tropical Aquaculture Australia (TAA) and Groote Resources Ltd met to discuss our registered objection to their project. Prior to and at the meeting we informed GRL that our Joint Venture partner in Traditional Trepang Traders, who is a Traditional Owner for the areas GRL wish to explore, could not attend the meeting and though we could have discussions any decisions would be subject to his approval. At this meeting we discussed the following:

- The nature of our businesses;
- Their response to our initial objection and how we could arrive at a mutually beneficially working relationship;
- Discussions on how their survey and long-term mining activities might impact on the marine environment in which our activities would take place;
- The development of an MOU that would alleviate our objections.

GRL agreed to prepare a draft MOU for our consideration and comment. The draft MOU was to include contingency plans should their operations have a negative impact on the marine environment in which our business was to operate. The draft MOU we received gave us no confidence that our concerns in relation to the impact of their activities would be addressed. We responded with a modified document that included a number of clauses that would legally bind GRL to alleviate any environmental impacts their mining operations might have on the marine environment around Bartalumba Bay and Winchelsea Island. Unfortunately, GRL was not willing to compromise or change their draft MOU agreement to address our concerns. The only agreement they would enter into with TTT was one that would "be non-binding (being more of a relationship setting agreement)". GRL expressed the following reasons for not accepting TTT's modified MOU in email correspondence received on the 24th of July:

Commercially Confidential Information

1. "the revised MOU is legally binding, whereas the proposed MOU was specifically stated to be non-binding (being more of a relationship setting agreement);"
2. "the revised MOU contains an obligation upon GRL to establish to TTT that GRL's exploration will not cause unreasonable sediment plumes or permanent physical damage to biota which results in the problem of differing opinion as to effects and the real implication that if such matters cannot be unequivocally established that many facets of exploration may not be able to proceed;"
3. "the requirement for a TTT representative to be present at all exploration in Bartalumba Bay and Winchelsea Island is a matter that should be considered and determined in due course in relation to ALRA Agreements and Native Title Agreements and not with a private business entity such as TTT;"
4. "TTT's requirement that GRL be legally committed to its policies in [is] inappropriate (and not commercial) in that policies (with their general nature, aspirational aims, wide coverage and revision over time) are not written with the intention of being actionable in the event they are not complied with;"
5. "the proposal that GRL be legally committed to TTT's mission statement and guiding principles as set out in TTT's Business Plan is not appropriate for an ASX listed entity in terms of responsibility and suffers from the same issue as identified in 4 above;"
6. "the obligation for GRL to take samples to museum quality is not appropriate given the focus and primary aims and obligations of GRL;"
7. "the obligation of GRL to potentially fund and locate alternative sites for TTT is non-commercial and may not be feasible – the law will determine in due course (subject to what actually occurs) what obligations GRL may have (if any) to TTT in this regard; [and]"
8. "the revised MOU seeks to perpetuate many of its core provisions into the future and beyond the proposed term of the MOU."

In addition to our meeting with GRL, our business partner Mr. Lionel Jaragba had discussions with various stakeholders including extended family members and staff at the Anindilyakwa Land Council. These discussions made it clear to him that there was no support for GRL's activities at Winchelsea Island or in the seas surrounding Groote Eylandt.

The following are our unresolved objections:

1. Even after our initial meeting, we still cannot understand how the method of extraction of marine subterranean manganese rock by dredging/drilling will not significantly create disturbances that will negatively impact on our farming activities either by preventing massive sediment blooms or creating physical channels or pits on the sea floor within Bartalumba Bay or along the western seaboard of Winchelsea Island or Groote Eylandt itself.
2. We are not convince or fully understand the misnomer 'sterilized area' of dredging operation in which the screen curtains surrounding the dredging barge will prevent the small sediment particulates less than 10 microns in size escaping into the surrounding sea.
3. GRL's objection to our requirement that if the dredging in Bartalumba Bay does have a negative impact on our livelihood (or business) that the company will not, at cost, use their best endeavours to move our project's nursery/grow-out activities to nearby Northwest Bay. Such a lack of commitment from GRL indicates that a non-binding MOU is not in our economic interest.

Commercially Confidential Information

4. Prior to any formalised agreement, TAA is taken aback by the following statement posted on GRL's website (www.grooterresources.com.au) under the Project Overview/ Groote Eylandt Project-Manganese/ Recent Activity, that states "NO OBJECTION LODGED for all onshore and offshore tenements". This is incorrect and could be false advertising. This website statement and previous lack of commitment to a binding MOU does not give TAA or the participants of TTT any confident that GRL's mining activities will match their published *Business Principles and Practices*, or *Environment Policies*.

In summary, we are of the view that our concerns present at best an objection or at least a legitimate concern.

Yours sincerely,



Lionel Jaragba; Director of the Angabunumanja Aboriginal Corporation



Philip A Elsegood: Director of Tropical Australia



Robert A Rose: Director of Tropical Australia

25th July 2010

cc:

Rebecca Butler: RButler@anindilyakwa.com.au

Grant Burgoyne: gburgoyne@anindilyakwa.com.au

Gavin Enever: genever@anindilyakwa.com.au

Ross McDonald: rmcdonald@anindilyakwa.com.au

Howard Smith: Howard.Smith@nlc.org.au

Simon Noon: simon.noon@grooterresources.com.au