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ASX - EMG

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MOU WITH CHINESE GROUP FOR DEVELOPMENT OF BEYONDIE IRON PROJECT

Key Points

- **Non-binding MOU with China Metallurgical Investment Co Ltd (CMIC) for the development of Beyondie Iron Project in WA's mid-west iron ore region**
- **CMIC to commence three month due diligence period within the next month**
- **MOU provides for a 50:50 Development JV and provision of AUD\$200m funding to achieve commencement of mining operations at Beyondie Project**
- **MOU also provides for a placement of shares and an options to CMIC to raise an estimated AUD\$4.9 million as additional working capital for EMG**

Emergent Resources (ASX: EMG) is pleased to advise that it has entered into a commercial in-confidence non-binding Memorandum of Understanding (MOU) with China Metallurgical Investment Co Ltd (CMIC), a State Owned Enterprise (SOE) in the Peoples Republic of China (PRC) for the development of the Company's Beyondie Iron Project in Western Australia's mid-west iron ore region.

The MOU provides for the establishment of 50:50 Development Joint Venture (DJV) and for the provision of AUD\$200 million funding for the Beyondie Magnetite Iron Project (BMIP), subject to a satisfactory due diligence and completion contracts, to achieve the commencement of mining operations with an initial targeted production of 3Mtpa of magnetite concentrate.

Further, the MOU provides for a placement of 8,553,971 shares to CMIC at an issue price of AUD\$0.45, together with the grant of a 1 for 2 option entitlement of 4,276,986 options at an issue price of AUD\$0.27 and exercisable at AUD\$0.20 on or before September 30, 2010. These shares and options will rank pari passu with Emergent's existing shares and options on issue to raise an estimated AUD\$4.9 million as additional working capital for EMG.

The parties have agreed to an estimated three month due diligence period to begin within the next month. Emergent will not enter into fresh negotiations with new parties and will keep CMIC informed of existing negotiations with other parties.

The Beyondie Project is located northern region of the Mid West Iron Province in WA, immediately adjacent to the Great Northern Highway and Goldfields Gas Pipeline (see Figure 1 attached, Project Location Map). Potential shared rail and port infrastructure developments are in progress. The Company plans to develop the project into a long life, large scale, high grade magnetite concentrate mining operation, and has the right to earn up to an 80% interest in the project by way of a joint venture with De Grey Mining Limited.

ENDS

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Technical information in this report has been prepared under the supervision of Mr Garry Hemming, a director of the company and a member of the Australasian Institute on Mining and Metallurgy (AusIMM). Mr Hemming has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Hemming consents to the inclusion in this report of the Information, in the form and context in which it appears.

Figure 1. Beyondie Magnetite Iron Project Location Map

