



ASX/MEDIA RELEASE

March 5, 2010

ASX Codes: EMG, EMGO

UPDATE ON PROGRESS OF PROPOSED EMG BEYONDIE IRON PROJECT JOINT VENTURE WITH CHINA METALLURGY INVESTMENT COMPANY LTD [CMIC]

Key Points

- **FIRB Application has been lodged by CMIC.**
- **Emergent continues to progress towards securing final agreement on the Beyondie Development Joint Venture with its Chinese partner CMIC**
- **CMIC Applications for approval from various Chinese authorities is proceeding satisfactorily with the granting of the following thus far;**
 - **Approvals granted by CMIC Board of Directors**
 - **Approval granted by General Meeting of shareholders of CMIC**
 - **Approval granted by China Iron and Steel Association**
 - **Approval by China State-owned Assets Supervision and Administration Commission**
- **The full suite of Shareholders' Agreement, JV, loan and other related documentation has been exchanged and is presently under review by EMG and CMIC**
- **Emergent plan to develop the Beyondie Project into a long term, large scale, high grade magnetite concentrate mining operation**

Australian iron ore exploration and development company Emergent Resources Limited (ASX: EMG) (Emergent) is pleased to provide the following update on the positive progress of its proposed joint venture with Chinese State Owned Enterprise (SOE) China Metallurgical Investment Group (CMIC) for the development of Emergent's Beyondie Iron Project in the Mid-West region of Western Australia.

Emergent announced in October last year that CMIC had successfully completed Due Diligence on its proposed \$200 million Development Joint Venture with Emergent for the Beyondie Iron Project and had entered a Binding Agreement for the CMIC/Emergent Beyondie Development Joint Venture.

The Company advises that it has continued to make positive progress towards securing final agreement on the terms of the Beyondie Development Joint Venture with its Chinese partner, CMIC.

The FIRB Application for Australian Government approval has now been lodged by CMIC who will advise EMG of its progress as they are advised.

CMIC Applications for approval from various Chinese authorities are also proceeding satisfactorily with the granting of the following thus far;

- **Approvals granted by CMIC Board of Directors**
- **Approval granted by General Meeting of shareholders of CMIC**
- **Approval granted by China Iron and Steel Association, an important approval achievement, and**
- **Approval by China State-owned Assets Supervision and Administration Commission**

CMIC continues to progress this PRC Government approval process with the other authorities whose consent must also be obtained. This process includes submissions to;

- o National Development and Reform Commission,
- o Ministry of Commerce,
- o Ministry of Finance,
- o Peoples Bank of China, and
- o State Administration of Foreign Exchange.

The Beyondie Development Joint Venture provides for a 50:50 JV, A\$200 million funding by CMIC, and a placement of shares and options to CMIC to raise around \$5 million and give CMIC an approximate 15% holding in Emergent. As previously advised, Emergent has secured shareholder approval for this placement of shares and options to CMIC.

Under the terms of the Binding Agreement for the Development Joint Venture, the A\$200 million in funding will be provided by the equity subscription of \$100 million into the JV by CMIC as a sunk investment, and the facilitation of a loan of \$100 million to Emergent (at 3% above Reserve Bank of Australia benchmark interest).

The full suite of Shareholders' Agreement, JV, loan and other related documentation has been exchanged and is presently under review by EMG and CMIC

Emergent Managing Director, Garry Hemming said: "We are delighted with the excellent progress being made on the Beyondie Iron Development Joint Venture with our Chinese partners CMIC, and we look forward to concluding all relevant approvals to complete these Agreements. The Company also continues to make rapid progress on the development of the project itself, and will provide an update on the status of key elements of the project in the near future."

Emergent plan to develop the Beyondie Project into a long term, large scale, high grade magnetite concentrate mining operation.

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.

About the Beyondie Iron Project

The Beyondie Project is located adjacent to the Great Northern Highway and Goldfields Gas Pipeline (see Project Location map) in the northern part of WA's mid-west iron ore precinct. Potential shared rail and port infrastructure developments for the project are in progress.

Initial metallurgical test work has shown the potential for the project to produce a high grade magnetite concentrate of +68%Fe, with very low impurities (aluminium, titanium, phosphorous and sulphur).

Emergent plan to develop the Beyondie Project into a long term, large scale, high grade magnetite concentrate mining operation.

Inferred resources of 561 million tonnes grading 27.5% Fe have been established with additional 480 – 520 million tonne Exploration Target in the drilled area and another 3.7 to 4.2 billion tonnes Exploration Target outside the drilled area. (Refer ASX release 25 November 2009). The later Target mineralisation is based on aeromagnetic data and geological mapping with the interpreted volumes modelled and confirmed as part of the independent Beyondie Mineral Resource Modelling study. The target mineralisation tonnage and grade is conceptual in nature as there has been insufficient exploration at this stage to define an increased Mineral Resource and it is uncertain if further exploration will result in an increased Mineral Resource.

Chinese State Owned Enterprise China Metallurgical Investment Co Ltd (CMIC) has successfully completed Due Diligence on a proposed \$200 million Development Joint Venture with Emergent for the Beyondie Project and has entered a binding agreement for the CMIC/Emergent Beyondie Development Joint Venture, which provides for a 50:50 JV, A\$200 million funding by CMIC, and a placement of shares and options to CMIC to raise around \$5 million and give CMIC an approximate 15% holding in Emergent. Also, Emergent announced the acquisition of 100% ownership of the Beyondie Project on 5 October 2009 through the purchase of De Grey Mining Limited's 20% free carried interest.