

**ASX/MEDIA RELEASE**

**28 October 2009**

**BINDING AGREEMENT SIGNED FOR 15% SHARE PLACEMENT TO CMIC AND ESTABLISHMENT OF A\$200M 50:50 JV ON BEYONDIE PROJECT**

Emergent Resources Limited (ASX: EMG) is pleased to advise that a Subscription and Option Agreement (Agreement) has been signed in Beijing by EMG and the State Owned Enterprise (SOE), China Metallurgical Investment Co Limited (CMIC) to proceed with the previously announced share and option placement in Emergent and A\$200m 50:50 Beyondie Development Joint Venture to achieve the commencement of mining operations with an initial targeted production of 3Mtpa of magnetite concentrate.

EMG has also been advised by CMIC that to achieve a proposed second stage of the Beyondie Project's annual production output to 8 million tonnes of magnetite concentrate (following the first stage 3 million tonnes per annum production), the Joint Venture will be seeking additional funding over the initial A\$200m investment.

In addition, EMG will seek shareholder approval for an additional placement of approximately A\$5million to fund the initial payment of \$4.5 million to De Grey Mining Limited for the acquisition of 100% of the Beyondie Project as announced on 5 October 2009.

Emergent will now seek to obtain approval from shareholders for the placement to CMIC and the separate share issue. A Notice of Meeting will shortly be sent to shareholders.

The Agreement provides:

1. EMG will issue 8,553,971 shares at 45 cents per share and grant 4,276,986 options at 27 cents per option to CMIC. The options expire on 30 September 2010 and have an exercise price of 20 cents.
2. that the parties will use reasonable endeavours to negotiate and sign all joint venture and loan documentation on or before 15<sup>th</sup> December 2009 based on key terms set out in the Agreement.
3. that all approvals and documentation must be completed by 31 March 2010.
4. a nominee of CMIC will be appointed to the EMG board.

The Agreement is subject to:

- shareholder approval for the issue of shares and options to CMIC;
- Foreign Investment Review Board approval;
- EMG and CMIC signing the Beyondie Joint Venture documents and loan agreement for a A\$100 million loan to EMG to fund EMG's initial commitments to the Beyondie Development Joint Venture; and
- approval of the Peoples Republic of China National Development and Reform Commission (NDRC) and other relevant authorities.

Emergent Chairman George McMaster said: "I am particularly pleased with the outstanding progress made in just 14 months since Emergent's ASX listing. It was in our IPO that we set our philosophy of; "Today's exploration brings tomorrow's success!" and I believe that all Stakeholders will benefit from our past exploration focus and from our proposed mine development with CMIC, our new partners."

Managing Director Garry Hemming said “We are delighted with the subscription placement agreement for CMIC to take this important position in the Company. We would anticipate that the conditions to the Agreement will be satisfied within the required time frame. We now look forward to proceeding with the Beyondie 50:50 Development Joint Venture with CMIC.”

## Background

On July 3 this year, Emergent announced that it had entered into a Commercial-in-Confidence non-binding MOU with CMIC for the development of the Beyondie Iron Project in Western Australia’s Mid West iron ore region, subject to the satisfactory completion of due diligence and completion contracts to achieve the commencement of mining operations with an initial targeted production of 3Mtpa of magnetite concentrate.

EMG announced the successful completion of the CMIC Due Diligence on the 15<sup>th</sup> October 2009.

The MOU provided for the establishment of a 50:50 Development Joint Venture and the provision of A\$200 million funding for the Project by CMIC with a placement to CMIC to raise an additional \$5 million, thereby affording CMIC an approximate 15% holding in Emergent.

## 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 immediately 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.

Beyondie has a **JORC Inferred Resource of 127Mt @ 28.15% Fe** (confirmed from an 11km portion of the project’s total known 60km strike length) and a **Target Mineralisation of a further 500-600Mt @ 25-30% Fe** reported by the Company’s independent geologists. (Refer ASX announcements 14 July 2009).

The Company is focused on upgrading the Inferred Resource and Target Mineralisation to 1 billion tonnes of continuing comparable grade iron to that already reported, and assay results from its latest drill program are expected to be available in the near future.

Metallurgical test work to date 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.

The Target Mineralisation was based on geological modelling from drilling completed to date and was determined as part of the Independent Mineral Resource Estimate at Beyondie. 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.

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