



EMERGENT RESOURCES LIMITED

ABN 68 125 323 622

Interim Financial Report

**For The Half-Year Ended
31 December 2009**

Emergent Resources Limited
ABN 68 125 323 622

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Emergent Resources Limited
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Directors' Report

The Directors present their interim financial report of Emergent Resources Limited for the half-year ended 31 December 2009.

Directors

The following persons were directors of Emergent Resources Limited during the whole of the half-year and up to the date of this report:

George McMaster	<i>(Non-Executive Chairman)</i>
Garry Hemming	<i>(Managing Director)</i>
Kevin Judge	<i>(Non-Executive Director)</i>

Company Secretary

Kevin Hart

Review of Operations

The net loss after income tax for the half-year was \$1,234,389 (31 December 2008: \$373,253).

At the end of the half-year the Company had \$755,329 (30 June 2009: \$706,750) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$6,447,378 (30 June 2009: \$3,692,693).

Expenditure was principally focused on exploration for and the resource development of magnetite iron deposits in Western Australia.

The following significant developments were reported by the Company during the half year period:

- On 6 October 2009 the Company announced an agreement with De Grey Mining Limited to acquire the remaining 20% interest in the Beyondie Iron project. The purchase and sale agreement allows for an initial payment of \$4.5 million followed by deferred payments totalling \$2.25 million plus interest. The agreement is subject to Foreign Investment Review Board (FIRB) approval and shareholder approval to issue securities to China Metallurgical Investment Company Limited (CMIC);
- On 28 October 2009 the Company entered into a binding agreement with CMIC in respect of a \$200 million, 50:50 Joint Venture on the Company's Beyondie Iron project. The agreement also provides for the issue of 8,553,971 ordinary fully paid shares at 45 cents each and 4,276,986 options, at an issue price of 27 cents each, exercisable at 20 cents each on or before 31 October 2010

The agreement is subject to shareholder approval for the issue of shares and options to CMIC, FIRB approval, Chinese government approvals and the signing of the CMIC loan agreement.

- On 25 November 2009 the Company announced an upgrade of its Inferred Resource at its Beyondie Iron project to 561 Mt at 27.5%Fe. The Company's maiden resource of 127 Mt at 28.15% Fe at the project was announced on 14 July 2009.

Emergent Resources Limited
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Directors' Report

Events occurring after the balance sheet date

Other than the matter below, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

On 1 February 2010 the Company completed a placement of 5,000,010 ordinary fully paid shares and 2,500,005 listed options exercisable by payment of 20 cents each on or before 30 September 2010, to raise \$3,000,006, before costs of the offer.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 5.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 12th day of March 2010.



Garry Hemming
Managing Director

Competent Persons Statement

The information in this statement that relates to Mineral Resources and Exploration Results is based on information compiled by Sharron Sylvester who is a full-time employee of AMC Consultants Pty Ltd and a Member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code (2004). Sharron Sylvester consents to the inclusion of this information in the form and context in which it appears.

Technical information in this report has been prepared in conjunction with AMC Consultants Pty Ltd 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.

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**Auditor's Independence Declaration
To the Directors of Emergent Resources Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Emergent Resources Limited for the half-year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W Vibert
Director – Audit & Assurance Services

Perth, 12 March 2010

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Statement of Comprehensive Income
For the half-year ended 31 December 2009

	Note	31 December 2009 \$	31 December 2008 \$
Continuing Operations			
Interest income		59,316	58,548
Administration expenses		(336,086)	(51,340)
Employee expenses		(112,417)	(125,373)
Corporate expenses		(141,534)	(154,817)
Occupancy expenses		(25,959)	(12,618)
Marketing expenses		(132,400)	(81,691)
Financing expenses		(20)	(412)
Depreciation expenses		(6,875)	(5,550)
Exploration costs written off and expensed		(718,494)	-
Loss before income tax	3	(1,414,469)	(373,253)
Income tax benefit – research and development tax concession		180,080	-
Net loss for the period		(1,234,389)	(373,253)
Other comprehensive Income		-	-
Total comprehensive income for the period		(1,234,389)	(373,253)
Loss per share from continuing operations			
Basic loss per share (cents)		(2.6)	(0.01)
Diluted loss per share (cents)		(2.6)	(0.01)
Loss per share			
Basic loss per share (cents)		(2.6)	(0.01)
Diluted loss per share (cents)		(2.6)	(0.01)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Emergent Resources Limited
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Statement of Financial Position
As At 31 December 2009

	31	30
	December	June
	2009	2009
	\$	\$
Current assets		
Cash and cash equivalents	755,329	706,750
Trade and other receivables	195,779	65,518
Other current assets	18,002	18,002
Total current assets	969,110	790,270
Non-current assets		
Property, plant and equipment	64,913	52,019
Capitalised mineral exploration and evaluation expenditure	6,447,378	3,692,693
Total non-current assets	6,512,291	3,744,712
Total assets	7,481,401	4,534,982
Current liabilities		
Share subscription liability	-	2,000
Trade and other payables	1,935,251	499,591
Employee benefits liability	38,245	11,157
Total current liabilities	1,973,496	512,748
Total liabilities	1,973,496	512,748
Net assets	5,507,905	4,022,234
Equity		
Issued capital	4 7,666,555	4,946,495
Option reserve	5 210,750	210,750
Accumulated losses	(2,369,400)	(1,135,011)
Total equity	5,507,905	4,022,234

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Emergent Resources Limited
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Statement of Changes in Equity
For the half-year ended 31 December 2009

	Note	Issued capital – Ordinary Shares \$	Option reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2008		478,993	-	(361,367)	117,626
Loss for the period		-	-	(373,253)	(373,253)
Securities issued during the financial period - options	5	-	149,797	-	149,797
Securities issued during the financial period - shares	4	5,050,000	-	-	5,050,000
Costs of the issues of securities	4	(600,200)	-	-	(600,200)
Balance at 31 December 2008		4,928,793	149,797	(734,620)	4,343,970
Balance at 1 July 2009		4,946,495	210,750	(1,135,011)	4,022,234
Loss for the period		-	-	(1,234,389)	(1,234,389)
Securities issued during the financial period - shares	4	2,867,480	-	-	2,867,480
Costs of the issues of securities	4	(147,420)	-	-	(147,420)
Balance at 31 December 2009		7,666,555	210,750	(2,369,400)	5,507,905

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Statement of Cash Flows
For the half-year ended 31 December 2009

	31 December 2009	31 December 2008
	\$	\$
Cash flows from operating activities		
Interest received	59,316	58,548
Payments to suppliers and employees	(454,892)	(479,248)
Research and development tax concession received	180,080	-
Net cash used in operating activities	(215,496)	(420,700)
Cash flows from investing activities		
Payments for exploration and evaluation	(2,434,216)	(2,438,446)
Payments for plant and equipment	(19,769)	(39,921)
Net cash used in investing activities	(2,453,985)	(2,478,367)
Cash flows from financing activities		
Proceeds from the issue of securities	2,865,480	313,410
Payments for transaction costs relating to securities issues	(147,420)	(617,922)
Net cash provided by (used in) financing activities	2,718,060	(304,512)
Net increase/(decrease) in cash held	48,579	(3,203,579)
Cash at the beginning of the period	706,750	4,920,648
Cash at the end of the period	755,329	1,717,069

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Interim Financial Statements
For the half-year ended 31 December 2009

Note 1 Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the disclosure and notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Emergent Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The half year report has been prepared on an accruals basis and is based on historic costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Adoption of new and revised accounting standards

In the half year ended 31 December 2009, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2009. It has been determined by the Company that, other than for the following new accounting standards adopted during the reporting period, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies.

New accounting standards adopted since the end of the last reporting period

The Company has adopted the following mandatory Accounting Standards issued by the Australian Accounting Standards Board during the reporting period:

AASB 101 – Presentation of Financial Statements

The adoption of AASB 101 has resulted in the following changes from the last financial report:

- Renaming of primary financial statements;
- Adoption of the Statement of Comprehensive Income, replacing the Income Statement. Items of income and expense recognised directly in equity are disclosed as components of 'other comprehensive income'. Items classified as 'other comprehensive income' are no longer reflected as equity movements on the Statement of Changes in Equity;
- Adoption of the single statement approach to the presentation of the Statement of Comprehensive Income.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

AASB 8 - Operating segments

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's Board of Directors, being the Company's Chief Operating Decision Maker, as defined by AASB 8. Adoption of AASB 8 by the Company has not resulted in a redefinition of previously reported operating segments.

The consolidated interim financial statements were approved by the Board of Directors on 12th March 2010.

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Notes to the Interim Financial Statements
For the half-year ended 31 December 2009

Note 2 Segment information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics

The Company's only material reportable segment for the financial period has been identified as the Beyondie Iron Project in the Mid-West region of Western Australia.

	Beyondie Iron Project	Other
	\$	\$
Capitalised exploration for the period	3,309,620	163,559
Result for the period	-	(1,234,389)

Note 3 Loss for the period

Loss before income tax includes the following specific expenses:

	31 December 2009 \$	31 December 2008 \$
Depreciation		
Office equipment	(3,335)	(4,147)
Plant and equipment	(584)	(382)
Motor vehicles	(2,956)	(1,021)
	(6,875)	(5,550)
Previously capitalised exploration costs written off	(718,494)	-

Note 4 Issued capital – Ordinary fully paid shares

	31 December 2009 No.	31 December 2008 No.	31 December 2009 \$	31 December 2008 \$
Balance at the start of the period	42,347,501	14,650,001	4,946,495	478,993
Vendor shares issued	-	7,500,000	-	1,050,000
Shares issued on Initial Public Offering	-	20,000,000	-	4,000,000
Shares issued on the exercise of options	1,852,400	-	370,480	-
Share placement	6,242,500	-	2,497,000	-
Share issue costs	-	-	(147,420)	(600,200)
Balance at the end of the period	50,442,401	42,150,001	7,666,555	4,928,793

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Notes to the Interim Financial Statements
For the half-year ended 31 December 2009

Note 5 Issued capital - Options

	31	31	31	31
<i>Issue price</i>	December	December	December	December
	2009	2008	2009	2008
	No.	No.	\$	\$
Balance at the start of the period	24,577,501	3,700,000	210,750	-
Placement – listed option entitlement issue	<i>\$0.01</i> -	14,979,725	-	149,797
Placement – free attaching options	<i>Nil</i> 3,121,250	-	-	-
Options exercised	(1,852,400)	-	-	-
Balance at the end of the period	25,846,351	18,679,725	210,750	149,797

Note 6 Dividends

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2009 or 31 December 2008.

Note 7 Contingencies

(i) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Company as at the reporting dates, other than:

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Company has an interest. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Company has an interest.

There has been no change in contingent liabilities since the last annual reporting date.

(ii) Contingent assets

There were no material contingent assets as at the reporting dates.

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Notes to the Interim Financial Statements
For the half-year ended 31 December 2009

Note 8 Events occurring after the balance sheet date

Other than the matters below, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

On 1 February 2010 the Company completed a placement of 5,000,010 ordinary fully paid shares and 2,500,005 listed options exercisable by payment of 20 cents each on or before 30 September 2010, to raise \$3,000,006, before costs of the offer.

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Directors' Declaration

The Directors of Emergent Resources Limited declare that:

- (a) the interim financial statements and notes set out on pages 6 to 13 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB134 – *Interim Financial Reporting*, and the Corporations Regulations; and
 - (ii) give a true and fair view of the financial position as at 31 December 2009 and of the performance for the half-year ended on that date of the Company.

- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 12th day of March 2010.



Garry Hemming
Managing Director

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Independent Auditor's Review Report To the Members of Emergent Resources Limited

We have reviewed the accompanying half-year financial report of Emergent Resources Limited (the Company), which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Emergent Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance

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that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Emergent Resources Limited.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Emergent Resources Limited is not in accordance with the Corporations Act 2001, including:

- 1 giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- 2 complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton Audit Pty Ltd

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert

J W Vibert
Director – Audit and Assurance Services

Perth, 12 March 2010

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