

**ASX QUARTERLY REPORT for the Period Ending — 31 March 2010**

**EMERGENT REOURCES LIMITED**

*“An emerging Western Australian mineral resource company focused on iron (DR magnetite) and base metals”*

**ASX Code: EMG**

Total shares on issue	56,614,758
Listed options	23,474,009
Unlisted options	3,700,000

**Directors**

George J McMaster - Non-Executive Chairman  
Garry R Hemming - Managing Director  
Kevin E Judge - Non-Executive Director

**Projects**

*Beyondie Magnetite Project:*

Working to develop the project into a world class mining operation producing a high grade, low impurity magnetite concentrate.

*Glengarry Base Metal Project:*

comprising 2500 square kilometres of highly prospective ground for Cu, Pb, Zn, precious metals and uranium.

*Mt Narryer Gold, Copper, Uranium Project:*

exploring high order anomalies in important geological setting.

*Marble Bar Copper, Gold Project:*

potential for VMS deposits.

*Paterson Uranium, Copper, Gold Project:*

potential for Kintyre, Maroochydore and Nifty style deposits.

**HIGHLIGHTS**

**BEYONDIE IRON PROJECT**

- **Fourth Phase of drilling** conducted in February/March on the Beyondie Magnetite Schist (BMS).
- Reverse Circulation Drill Program completed with 1872m drilled over a 7km segment in tenement E52/1806 to begin the process to deliver a JORC Resource upgrade to the existing 561Mt JORC Resource area.
- Intersections of up to **114 metres grading 29.05%Fe**
- This is the first of an escalating series of 2010 drill programs aimed at extending the resource and progressively upgrading it to JORC Indicated Resource status to progress feasibility studies.
- **On-going positive metallurgical results** reported from diamond core metallurgical testwork including Davis Tube Recovery confirm the potential to produce a high-grade Direct Reduction quality magnetite concentrate with exceptionally low level detrimental impurities
- **Concentrate results of up to 72.8% Fe with a very low, 1.1%, Silica (SiO<sub>2</sub>)** show strong potential for a high quality DR concentrate of +68%Fe and less than 4% SiO<sub>2</sub>
- **Crushing and grinding testwork** of metallurgical composite BMS indicates reasonably low power requirement at the coarser grind sizes which is expected to result in lower grinding costs.

**BEYONDIE JV WITH CHINA METALLURGY INVESTMENT CO**

- Subsequent to the end of the quarter, on 30 April 2010 EMG and CMIC executed the joint venture agreements in Beijing relating to the proposed joint venture between them for the Beyondie Iron Ore Project, funds for the shares and options are now forthcoming subject to FIRB approval. The Joint Venture agreements remain subject to completion under the Subscription and Option Agreement ('SOA'), FIRB approval and further relevant Chinese government approvals. Refer ASX announcement 30 April 2010.

**CORPORATE**

- The Company completed a placement of 5 million shares at A\$0.60 per share to raise A\$3 million during the Quarter.
- Emergent also has agreed with De Grey Mining (ASX: DEG) to extend the date for the completion of Emergent's acquisition of De Grey's 20% free carried interest in the Beyondie Project.

## QUARTERLY REPORT for the Period Ending — 31 March 2010

### OVERVIEW

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. Emergent plan to develop the Beyondie Project into a long term, large scale, high grade magnetite concentrate mining operation. Adjacent water resources will allow slurry pipeline transport of the magnetite concentrate to the rail system.

During the Quarter EMG continued to focus on the exploration and development of Beyondie (see Project Location Map) as well as the Company's proposed Beyondie Joint Venture with CMIC. Regional mapping and sampling was carried out, RC drilling of 1861 metres was completed, petrographic and mineralogical studies continued, as well as an extensive metallurgical testwork program utilising bulk samples from the 11 diamond wide diameter core holes completed at the end of last year.

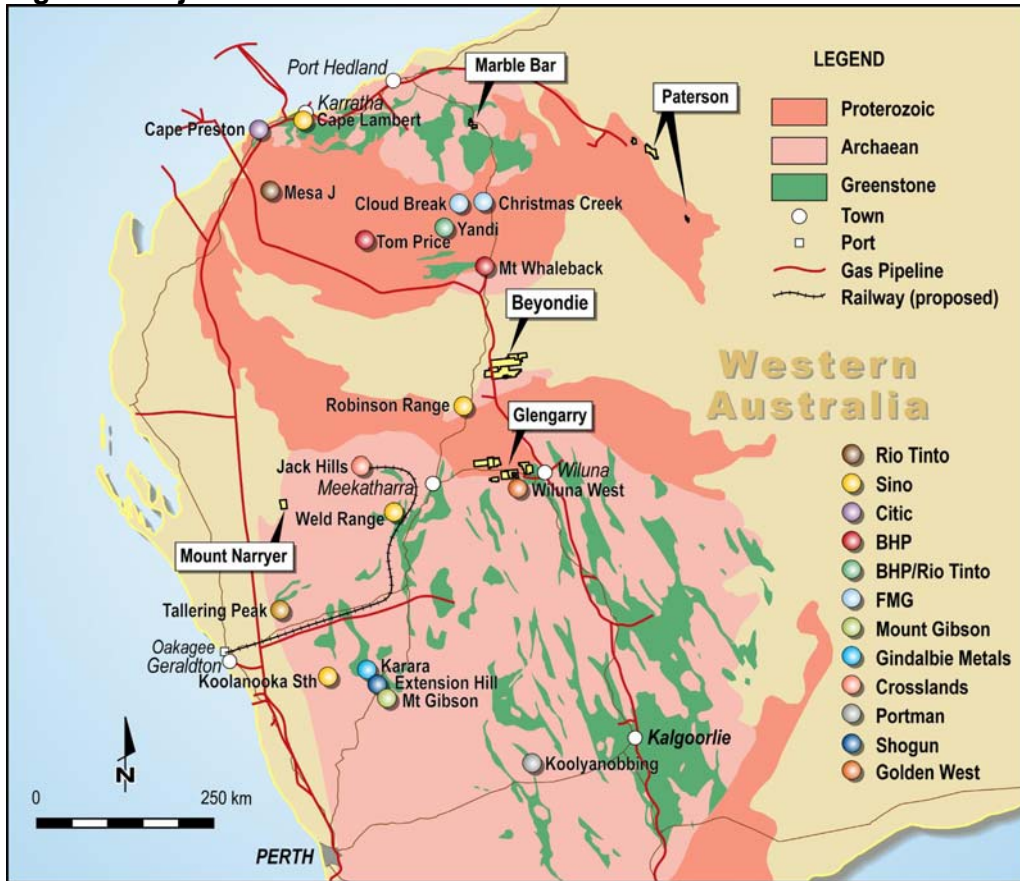
The Fourth Phase of drilling at Beyondie completed 1872 metres of Reverse Circulation (RC) drilling over a 7km segment in tenement E52/1806. This is the first of a series of 2010 drill programs aimed at extending the resource and progressively upgrading it to JORC Indicated Resource status. The drill program is also designed to reinforce the Company's geological confidence and understanding of the project area outside the existing 561Mt JORC Resource area (in E52/1806) and deliver a JORC Resource upgrade. Results are displayed in the table below and include up to:

- **114 metres grading 29.05%Fe**

The Company also reported extremely positive results from diamond core testwork at the Beyondie Project during the Quarter. The testwork was by way of Davis Tube Recovery (DTR) and confirmed the potential of the project to produce a high-grade Direct Reduction (DR) quality magnetite concentrate with exceptionally low level detrimental impurities.

Also separate crushing and grind characteristic testwork established that typical metallurgical composite of the BMS has reasonably low power requirement at the coarser grind sizes which is expected to result in lower crushing and grinding costs.

**Figure 1 Project Location.**



**BEYONDIE MAGNETITE PROJECT**

**E52/1806, ELA52/2215 ELA52/2474, ELA69/2625, ELA69/2669 (100% EMG)**

The Beyondie Project comprises;

- Inferred Mineral Resource - 561 million tonnes grading 27.5% Fe in tenement E52/1806
- Exploration Target - 480 to 510 million tonnes grading 27.0 to 28.5% Fe in E52/1806, and
- Exploration Target - 3.7 to 4.2 billion tonnes grading 27.0 to 28.5% Fe outside of E52/1806

The current Mineral Resource and Exploration Targets confirms the large scale, world class potential of the Beyondie Project, and positioned the project as one of the most significant new magnetite iron projects in Australia.

The Target Mineralisation is 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 and 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.

**Detailed Results of Recent Drilling**

The latest phase of RC drilling at Beyondie was conducted in February/March 2010(RC) and totaled 1872 metres over a 7km segment in tenement E52/1806. The drill program is designed to upgrade the Exploration Target of 480,000 to 510,000 tonnes in this segment of the 60 kilometre strike length to JORC Resource. It is directly along strike from the established 561Mt JORC Resource area (in E52/1806).

The results are set out below. Additional multiple intersections each averaging over 20 metres in true thickness have been encountered in this part of the deposit and will be taken into account in resource calculations.

Table 1 – Drill intersections February/March 2010.

Hole Number	From metres	To metres	Width metres	Fe grade Fe%
BDD 021	80m	194m	114m	29.05%Fe
BYM 088	138m	194m	56m	25.8%Fe
BYM 089	32m	54m	22m	25.8%Fe
BYM 089	106	130	24m	31.9%Fe
BYM 090	0m	20m	20m	36.2%Fe
BYM 090	66m	90m	24m	30.6%Fe
BYM 091	0m	14m	14m	40.1%Fe
BYM 091	30m	96m	66m	23.7%Fe
BYM 091	138m	156m	18m	31.3%Fe
BYM 092	28m	40m	12	28.2%Fe
BYM 092	56m	162m	106m	25.5%Fe
BYM 093	164m	240m	76m	21.8%Fe
BYM 094	114	220	106m	25.9%Fe
BYM 095	116	160	44m	25.1%Fe
BYM 095	192	232	40m	24.5%Fe

Laboratory and Davis Tube Recoveries will be used to determine whole rock and concentrate grades.

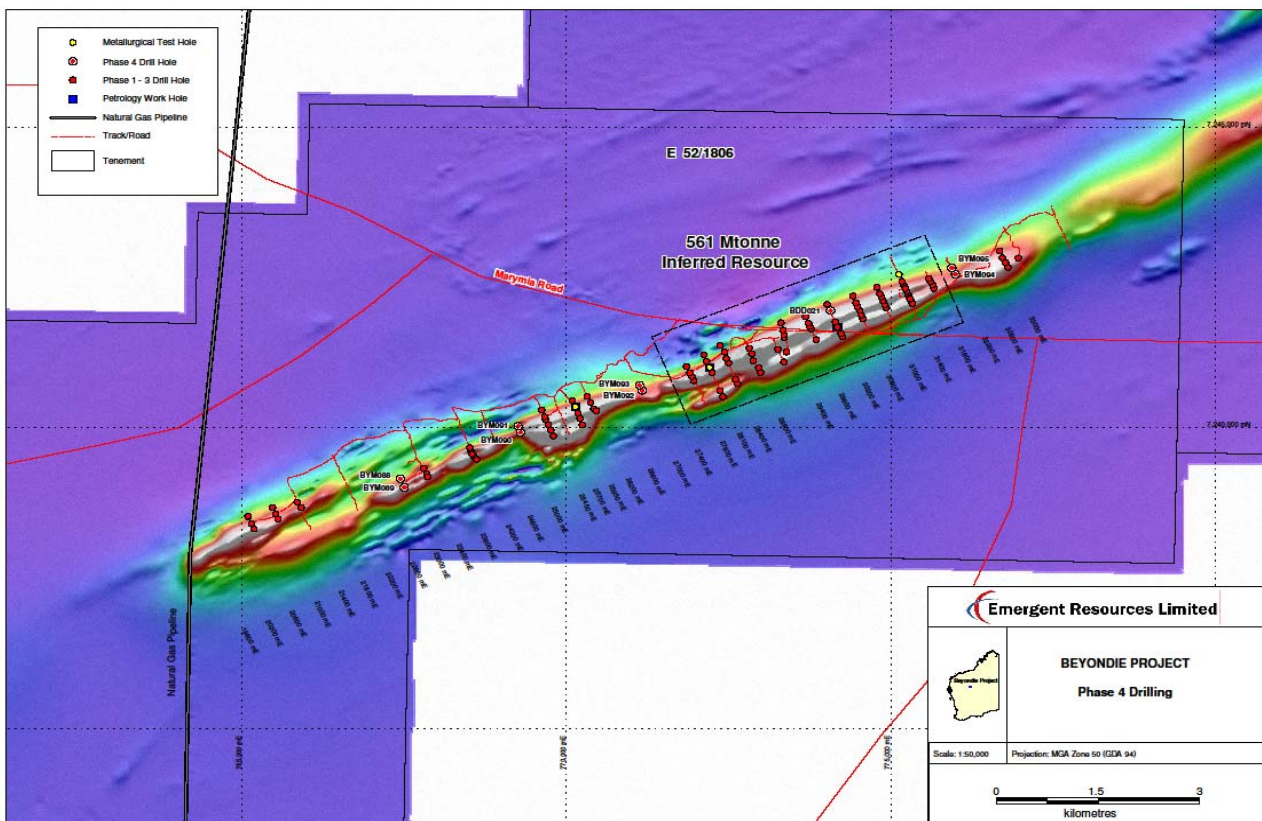


Figure 2 location of drilled area.

## Diamond Core Testwork

The Company also reported very positive results from a diamond core testwork program at the project. Testwork by way of Davis Tube Recovery from diamond drill core from the project confirmed Beyondie's potential to produce a high-grade Direct Reduction (DR) quality magnetite concentrate with exceptionally low level detrimental impurities.

Results of up to 72.8% Fe and very low (1.1%) Silica ( $\text{SiO}_2$ ) indicate potential for an onsite plant to produce the highest quality DR concentrate of +68%Fe at less than 4%  $\text{SiO}_2$ .

DR grade is sold at a premium as it can lead to significant fuel and coke savings in the blast furnace in addition to enhancing productivity. Also, its very low sulphur and phosphorus levels reduce pollution emissions – a significant factor for Chinese smelters.

Emergent completed drilling 113 holes for 17,414.7 metres up to October 2009 - including 11 diamond core holes for advanced metallurgical testwork. Head grade assays were routinely completed over the prospective iron zones.

Davis Tube Recovery determinations have begun and will be routinely used to evaluate the grade characteristics throughout the Beyondie deposit to determine potential product characteristics and assist the mining schedule. Davis Tube Recoveries of 350 RC drill samples are being carried out to provide wide coverage and are targeted for completion in the June Quarter.

## Bond Work Index Test Results

Also separate crushing and grind characteristic testwork established that typical metallurgical composite of the BMS has reasonably low power requirement at the coarser grind sizes which is expected to result in lower crushing and grinding costs.

Average Compressive Strength Work Index (CWI) was a relatively low 5.5.

Bond Work Index (BWI) is displayed in the table below;

Sample	BWI 106 microns		BWI 75 microns		BWI 45 microns		RWI
	um	kWh/t	um	kWh/t	um	kWh/t	kWh/t
Typical	75	10.3	57	11.2	39	14.2	15.8

## Petrographic and Mineralogic Studies

Petrographic and Mineralogic descriptions of Beyondie core holes BDD002, BDD003 and BDD011 were completed in February by Craig Rugless of Pathfinder Exploration consultants.

The petrology and mineralogy descriptions confirmed the Beyondie Magnetite Schist (BMS) is low grade, greenschist facies, metamorphosed and recrystallised finely banded Banded Iron Formation (BIF). Named the Beyondie Magnetite Schist due to the recrystallisation and shearing, the rock type contains magnetite rich (with strong magnetic intensity) and silicious bands. Some portions of the cores show metasomatically altered (carbonate, Fe to Fe/Mg chlorite) finely banded BIF with interbedded argillitaceous material, typically with moderate magnetic intensity.

The BMS is bounded in the footwall by a meta-chert or meta-siltstone and deformed chloritised argillite with preserved relic bedding. No fibrous or asbestos material was observed within any samples collected from the core holes.

## JOINT VENTURE WITH CMIC TO DEVELOP BEYONDIE PROJECT

On 28 October 2009, the Company announced that a Subscription and Option Agreement (Agreement) had been signed by Emergent and CMIC to proceed with the A\$200m 50:50 Beyondie Development Joint Venture and the share and option placement by CMIC in Emergent to achieve the commencement of mining operations with an initial targeted production of 3Mtpa of magnetite concentrate at the Beyondie Project.

CMIC also advised that the Joint Venture would seek additional funding over the initial A\$200m investment to achieve a proposed second stage of production of 8Mtpa of magnetite concentrate (following the first stage 3 million tonnes per annum production).

EMG and CMIC have executed the joint venture agreements in Beijing relating to the proposed joint venture between them for the Beyondie Iron Ore Project. These agreements remain subject to completion under the SOA, FIRB approval and further relevant Chinese government approvals.

The Subscription and Option Agreement is subject to a number of conditions:

- CMIC and EMG signing Beyondie Joint Venture Agreements (now satisfied);
- Approval by relevant Chinese Government entities (now satisfied);
- Foreign Investment Review Board approval (not yet satisfied); and
- EMG completing a share issue to third parties (not yet satisfied).

Funds under the Subscription and Option Agreement to be received by Emergent after FIRB approval and completion of Third Party Share Issue.

EMG has been advised that the Foreign Investment Review Board is progressing CMIC's application for approval to the SOA and entry into the Beyondie Joint Venture.

Shareholders of EMG approved the issue of securities to third party investors in general meeting on 11 December 2009 (**Third Party Share Issue**). ASX approved a waiver application by EMG to allow EMG to issue securities approved in general meeting on 11 December 2009 beyond the 3 month timeframe required by the Listing Rules subject to the securities being issued to no later than 30 April 2010.

This waiver was subject to the issue price not being set any lower than 80% of the lowest average market price of the EMG's shares during any 5 consecutive days on which sales of EMG's shares were recorded between 11 December 2009 and 11 March 2009. EMG has determined the lowest average market price of the company's shares to be 49 cents.

As FIRB approval has not yet been obtained, EMG is not be in a position to issue securities the subject to the Third Party Issue prior to 30 April 2010 and has applied to the ASX for an extension to the requirement on EMG to issue the securities by this date.

The earliest EMG is likely to know the outcome of this application for extension is the 7 May 2010.

CMIC and EMG have agreed to extend the time for these above conditions to be satisfied until 31 May 2010 or such later date as the parties may agree.

Refer ASX announcement 30 April 2010.

## CORPORATE

### Placement to raise \$3 Million

During the Quarter the Company announced and completed a placement to sophisticated and professional investors which raised A\$3 million. The placement was for 5,000,000 shares at a price of A\$0.60 per share. The placement also included the issue of one free attaching listed option (EMGO) for every two shares placed, exercisable by the payment of 20 cents each on or before 30 September 2010.

The placement funds will be used to fund the Company's continuing development plans for the Beyondie Project, and provide additional working capital for the Company.

### Variation to Agreement to purchase De grey's interest in Beyondie Iron Project

Emergent also announced during the Quarter that it had agreed with De Grey Mining (ASX: DEG) to extend the date for the completion of Emergent's acquisition of De Grey's 20% free carried interest in the Beyondie Project.

## ENDS

### G R Hemming

*Managing Director*

#### **Competent Persons Statement**

*The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Philip A. Jones, who is a Corporate Member of the Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscience and independent consultant to the Company. Mr Jones is an associate of Al Maynard & Associates and has over 30 years of exploration and mining experience in a variety of mineral deposit styles including iron mineralisation. Mr Jones has sufficient experience which is relevant to the style of mineralisation and type of deposit 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". Mr Jones consents to inclusion in the report of the matters based on his information in the form and context in which it appears.*

*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.*

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