

**ASX QUARTERLY REPORT for the Period Ending — 31 December 2009**

**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	50,442,401
Listed options	22,146,351
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**

**IRON – Beyondie Magnetite Iron Project**

- Major JORC Inferred Mineral Resource upgrade to 561Mt @ 27.5% Fe announced at drilled-out portion of project (tenement E52/1806) in November
- Mineral Resource upgrade represented a four-fold increase on previous 127Mt Mineral Resource
- Additional Exploration Target of 480-510Mt grading 27.0-28.5% Fe also confirmed in E52/1806 by Independent Geologists
- Mineral Resource upgrade and Exploration Target both confirmed from drilling over only a 12 km segment (in E52/1806) of the project's total 60 km length
- Mineral Resource calculated from 94 Reverse Circulation holes for 12,526 metres and 14 diamond cores for 2,689 metres
- Further 3.7-4.2Bt Exploration Target confirmed at the project outside tenement E52/1806
- JORC Mineral Resource upgrade and Exploration Targets establishes the Beyondie Iron Project as one of the most significant new magnetite iron projects in Australia

**CORPORATE**

- Chinese State Owned Enterprise China Metallurgical Investment Co Ltd (CMIC) successfully completed Due Diligence and entered into a binding agreement to proceed with a A\$200m 50:50 Development Joint Venture for the Beyondie Iron Project and a placement of shares and options to CMIC for an approximate 15% interest in the Company.
- The Agreement has been given shareholder approval and is now subject to Foreign Investment Review Board, and the Peoples Republic of China National Development and Reform Commission approval.
- The Beyondie Development JV will target the commencement of mining operations with an initial targeted production of 3Mtpa of magnetite concentrate escalating to second stage 8Mtpa as soon as feasible.
- CMIC has advised that the JV will also seek additional funding over the initial A\$200m to achieve the second stage.
- In October Emergent announced the acquisition of 100% ownership of the Beyondie Project through the purchase of De Grey Mining Limited's 20% free carried interest.

## QUARTERLY REPORT for the Period Ending — 31 December 2009

### OVERVIEW

Emergent Resources continued to focus on the exploration and development of its flagship Beyondie Iron Project in Western Australia (see Project Location Map). During the quarter the Company completed its 3<sup>rd</sup> Phase exploration drilling program resulting in a major resource upgrade at the Project which was announced in November.

The JORC Inferred Mineral Resource at the project was upgraded to 561Mt grading 27.5% Fe. This represented a four-fold increase on the maiden JORC estimate of 127Mt grading 28.15% Fe announced in the previous quarter. The Mineral Resource was calculated from drilling conducted over only a 12 km segment of the drilled-out portion of the Project's (in tenement E52/1806) within the total 60 km strike length covered by Emergent's tenements.

The new Mineral Resource upgrade was calculated from 94 Reverse Circulation holes for 12,526 metres and 14 diamond cores for 2,689 metres.

In addition to the new Mineral Resource statement, the Company's independent geologists also confirmed an Exploration Target of 480-510Mt grading 27.0-28.5% within E52/1806. The potential quantity and grade of the Exploration Target is conceptual in nature; there has been insufficient exploration to classify this material as a Mineral Resource and at this stage it is uncertain if further exploration will enable the conversion of this volume to a Mineral Resource.

A further Exploration Target was also confirmed outside of tenement E52/1806 of 3.7-4.2 Bt. The potential quantity and grade of the Exploration Target is conceptual in nature; there has been insufficient exploration to classify this material as a Mineral Resource and at this stage it is uncertain if further exploration will enable the conversion of this volume to a Mineral Resource. Drilling of this segment is planned for 2010.

In October Emergent announced the acquisition of 100% ownership of the Beyondie Project through the purchase of De Grey Mining Limited's 20% free carried interest.

Under the terms of the Purchase and Sale Agreement Emergent will acquire De Grey's right to a 20% free carried interest in the Beyondie Iron Project, giving Emergent 100% ownership of the project, for an initial payment to De Grey of \$4.5 million plus deferred payments totaling \$2.25 million (plus interest).

The initial \$4.5 million payment to De Grey is due within 30 days of Emergent receiving shareholder approval for the issue of Emergent shares and options to China Metallurgical Investment Co Ltd (CMIC) under Emergent's proposed Development Joint Venture with CMIC for the development of the Beyondie Project, and having CMIC's investment approved by the Australian Foreign Investment Review Board.

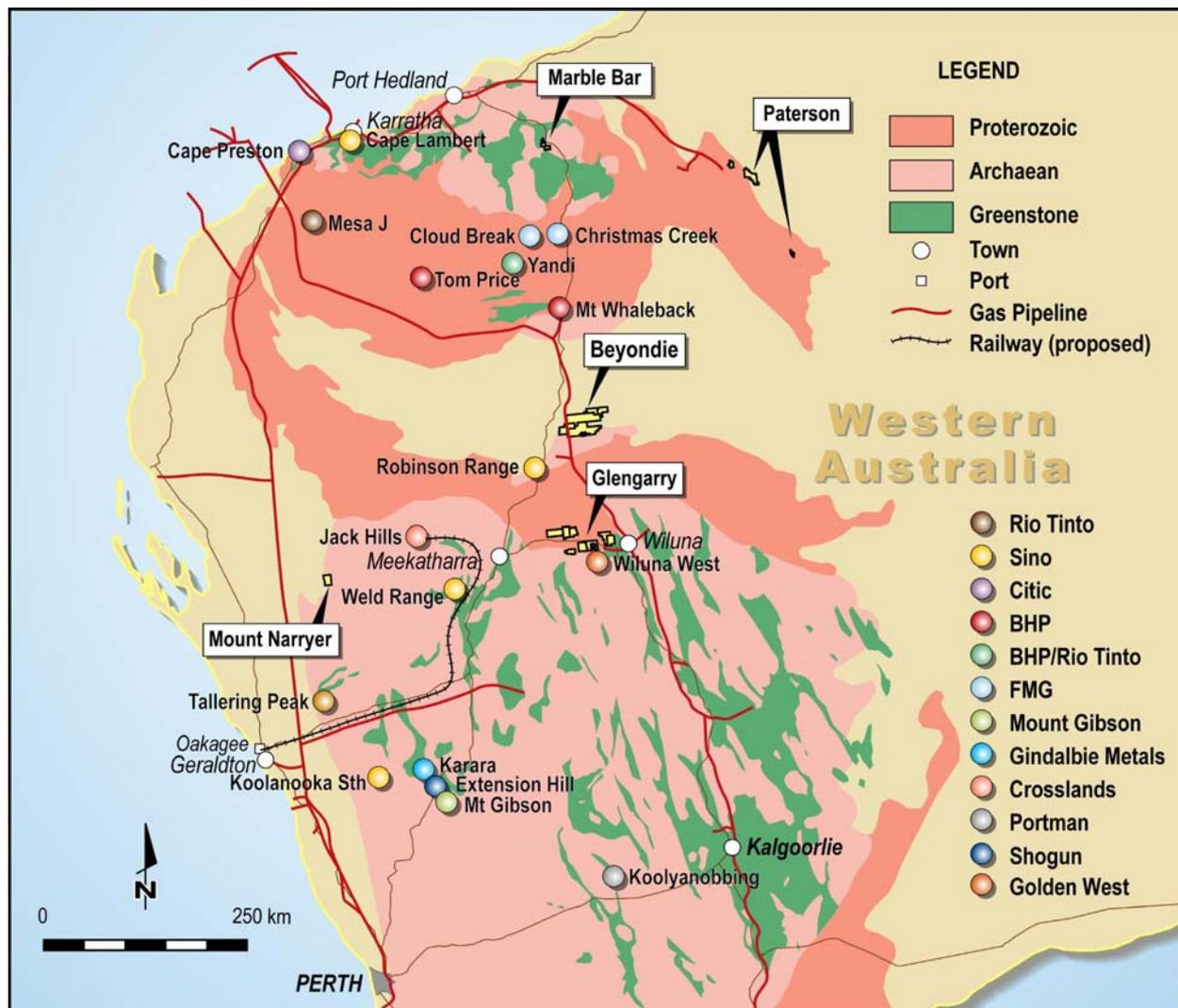
Emergent's Farm-in Agreement with De Grey for the Beyondie Iron Project will terminate at completion of the Purchase and Sale Agreement, and it will acquire 100% ownership and title to the Project tenements will pass to Emergent. De Grey will retain the rights to all non-iron ore minerals.

During the quarter the Company also made significant progress on its proposed A\$200m Development Joint Venture with Chinese State Owned Enterprise, China Metallurgical Investment Co Ltd (CMIC) for the Beyondie Iron Project. Last quarter Emergent announced a non-binding MOU with CMIC for the development of the Beyondie Project, which included a 50:50 Development JV, A\$200m funding for the project, and a A\$5m placement to CMIC.

CMIC successfully completed its Due Diligence for the Development JV on 15 October 2009 and on 28 October 2009 Emergent announced that both parties had entered into a binding agreement to proceed with the A\$200m 50:50 Development Joint Venture and the placement of shares and options to CMIC to raise approximately A\$5m and give CMIC an approximate 15% interest in the Company. Documentation

is in the process of final review by legal representatives for both joint venture parties, who have indicated completion of executable documentation within the current Quarter.

Shareholder approval has been granted for the Agreement and it is now subject to Foreign Investment Review Board approval (which is advanced) and the Peoples Republic of China National Development and Reform Commission (NDRC) approval. CMIC have advised the continuation of the process to obtain NDRC approvals is proceeding satisfactorily.



**Project Location Map**

### **BEYONDIE MAGNETITE PROJECT**

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

The Company continues its progress towards developing the Beyondie Iron Project in to a world class magnetite iron project with the potential produce a high grade magnetite concentrate product. During the quarter it made significant exploration progress at the Project with the establishment of a new JORC Resource upgrade, a new Exploration Target (in addition to the Resource) in the drilled-out portion of the project, and a further Exploration target at the Project outside the drilled section.

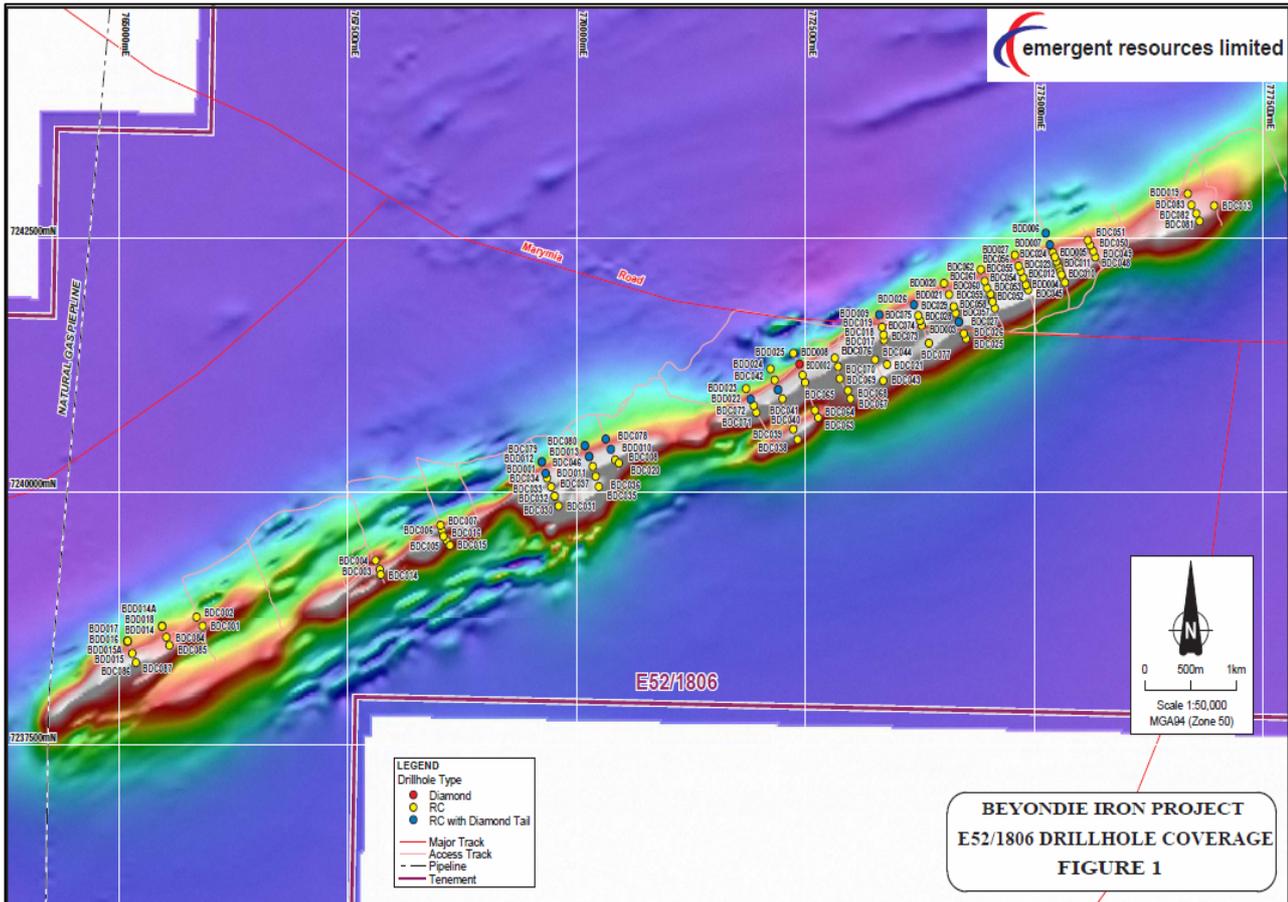
#### **The Beyondie Project now comprises;**

- 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

## Drilled JORC Inferred Resource in E52/1806

The new JORC-compliant Inferred Mineral Resource of 561 million tonnes, grading 27.5% Fe has low deleterious impurities of phosphorus, sulphur and aluminium, and was confirmed from the results of three completed drill programs at the Beyondie Project which totaled 17,399 metres across 116 holes (110 RC holes for 14,710 metres, 14 Diamond-cores for 2,689 metres). See Figure 1.

**Figure 1: Beyondie drill coverage on aeromagnetic image from ASX announcement 25 November 2009**



Details of the Mineral Resource estimate are outlined in Table 1 below. The Inferred Mineral Resource was reported without a Fe cut-off grade, however drilling results are remarkably consistent within the wide Beyondie Magnetite Schist (BMS) units and a nominal 20% Fe was used to define the mineralised zones. The JORC Mineral Resource was estimated by Adelaide based independent geological group AMC Consultants Pty Ltd (AMC).

BEYONDIE MAGNETITE SCHIST INFERRRED MINERAL RESOURCE ESTIMATE (no cut-off)										
Domain	Million Tonnes	Fe (%)	SiO <sub>2</sub> (%)	P (%)	Al <sub>2</sub> O <sub>3</sub> (%)	CaO (%)	S (%)	MnO (%)	LOI (%)	Density
BMS 1	123	27.8	46.9	0.25	3.4	1.00	0.06	0.43	4.41	3.00
BMS 2	438	27.4	50.8	0.06	4.2	0.21	0.01	0.27	1.98	3.19
<b>TOTAL</b>	<b>561</b>	<b>27.5</b>	<b>49.9</b>	<b>0.10</b>	<b>4.1</b>	<b>0.38</b>	<b>0.02</b>	<b>0.3</b>	<b>2.51</b>	<b>3.15</b>

**Table 1: Beyondie Magnetite Inferred Mineral Resource November 2009**

## Exploration Target in E52/1806

An additional Exploration Target was delineated in the drilled area in tenement E52/1806. AMC estimated the Exploration Target tonnage to be 480 to 510 million tonnes grading 27.0 to 28.5% Fe.

The interpretations that underpinned the Exploration Target tonnage and grade ranges were derived from drill hole data (Figure 2) located on sections along strike from the Inferred Mineral Resource zone. The drilling in the region of the E52/1806 Exploration Target demonstrated the continued presence of the BMS units, and the available drillhole assay data also supported the presence of the BMS mineralisation, however the holes were considered to be too widely spaced between section and of insufficient length on section to provide sufficient confidence in the geological interpretation to classify the mineralisation as a Mineral Resource at this stage. The potential quantity and grade of the Exploration Target is therefore conceptual in nature; there has been insufficient exploration to classify this material as a Mineral Resource and it is uncertain if further exploration will enable the conversion of this volume to a Mineral Resource.

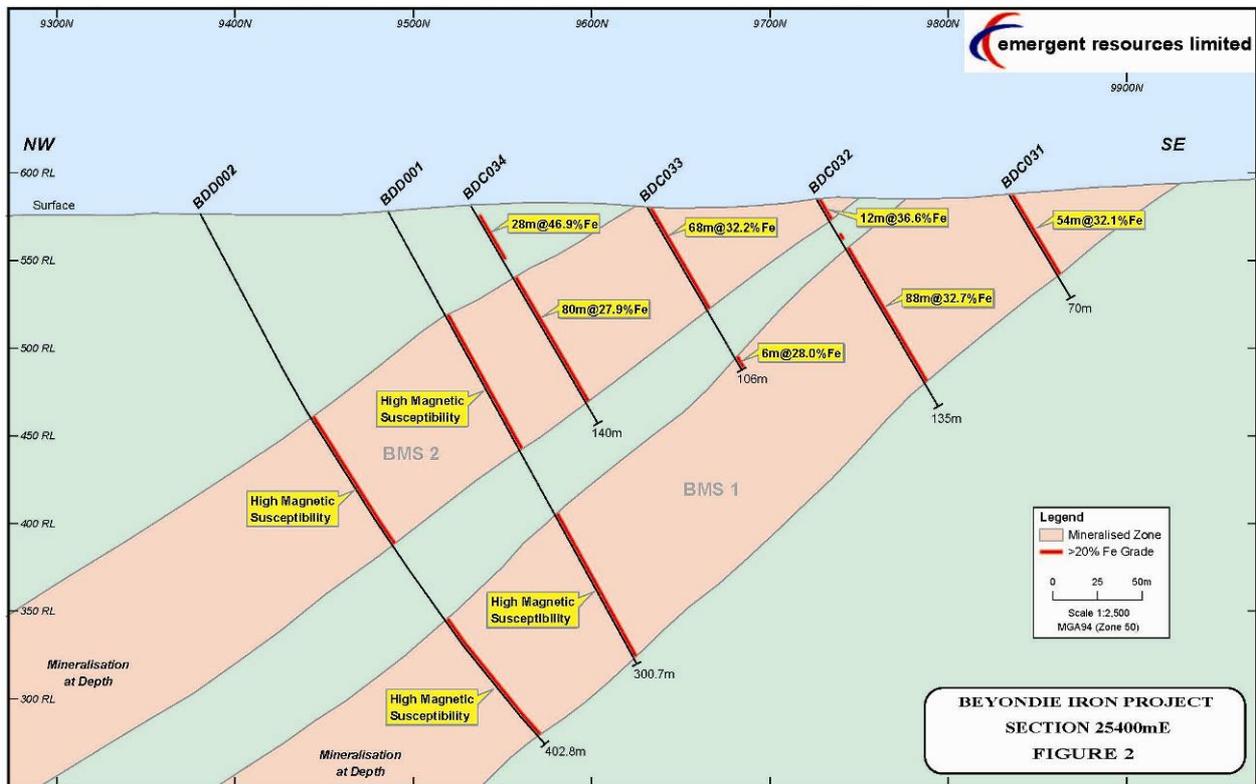


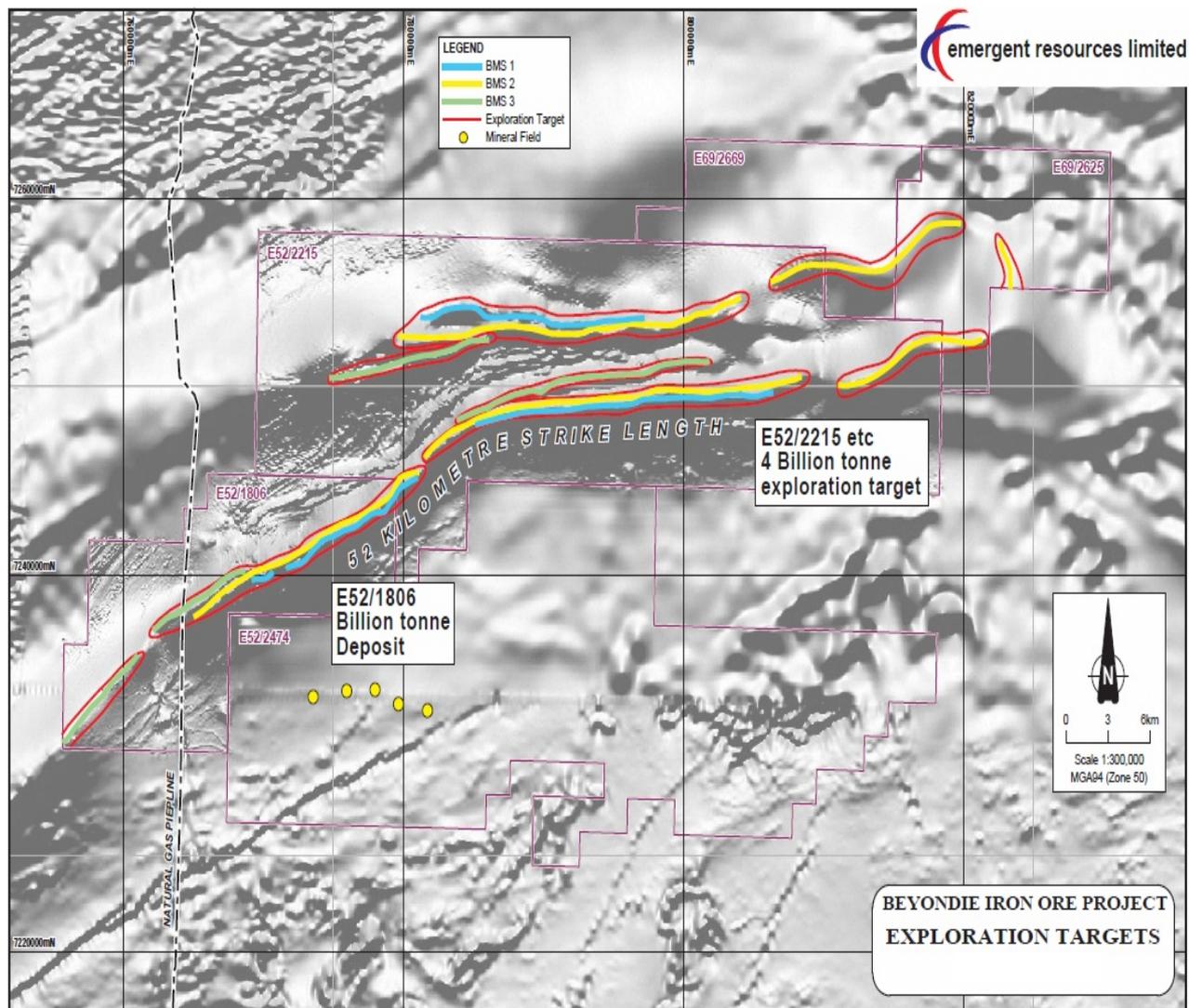
Figure 2: Beyondie drill-section 25,400m East

## Exploration Target Outside E52/1806

The Exploration Target of 3.7 to 4.2 billion tonnes confirmed outside tenement E52/1806 was interpreted from aeromagnetic data and geological mapping, and the interpreted volumes were modelled and confirmed by AMC. The tenor of the magnetic response suggested that a similar grade may be present throughout the entire tenement areas of the project.

The volume of the Exploration Target magnetite mineralisation was based on assumed depths approximating the depths identified in the drilled areas. The AMC supporting methodology confirmed the volumes for the BM Schist zones.

The potential quantity and grade of the Exploration Target is conceptual in nature; there has been insufficient exploration to classify this material as a Mineral Resource and at this stage it is uncertain if further exploration will enable the conversion of this volume to a Mineral Resource.



**Figure 3: Beyondie Magnetite Deposit and Exploration Target**

The upgraded Mineral Resource and Exploration Targets confirmed 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.

## 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).

Shareholder approval has been granted for the Agreement and it is now subject to Foreign Investment Review Board approval and the Peoples Republic of China National Development and Reform Commission approval.

## BASE METAL PROJECTS

The CSIRO joint project on the Company's Glengarry Base Metal Project, near Wiluna, was finalised towards the end of the quarter. The mineral mapping and alteration study carried out by the CSIRO's Mineral and Environmental Sensing Group and Emergent, has determined a number of priority targets utilising the Company's HyMap data, airborne magnetic, MMI geochemical programs carried out by Emergent.

The resulting mineral maps, which highlight mineralising fluid migration pathways, have been draped over the lithostructural framework (the structures which promote and/or arrest fluid migration) which have been jointly established by Emergent and consulting geophysical firm, Resource Potentials Pty Ltd, and used to prioritize targets. Compilation of the public-domain legacy data, part of which will be merged with the surface MMI (Mobile Metal Ion) sampling completed by Emergent is now progressing to define exploration.

## CORPORATE

Subsequent to the end of the quarter the Company announced a \$3 million placement to sophisticated and professional investors. Under the placement 5,000,000 fully paid shares will be issued at \$0.60 each together with a free attaching option for every 2 shares subscribed for in the placement. The Company will apply to the ASX for quotation of the 2,500,000 options being issued under the placement, and will be subject to the same terms as the EMGO options currently quoted on the ASX. The options will be exercisable at 20 cents each on or before 30 September 2010.

## ENDS

### G R 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.*

#### **For further information please contact:**

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# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Emergent Resources Limited

ABN

68 125 323 622

Quarter ended ("current quarter")

31 December 2009

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,410)	(2,434)
(b) development	-	-
(c) production	-	-
(d) administration	(166)	(416)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	15	20
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – R&D tax refund	180	180
<b>Net Operating Cash Flows</b>	<b>(1,381)</b>	<b>(2,650)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(20)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>(20)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,381)</b>	<b>(2,670)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,381)	(2,670)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds/(refunds) from issues of shares, options, etc.	192	2,865
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	(147)
	<b>Net financing cash flows</b>	192	2,718
	<b>Net increase (decrease) in cash held</b>	(1,189)	48
1.20	Cash at beginning of quarter/year to date	1,944	707
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	755	755

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	47
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 - Remuneration of Directors.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,900
4.2 Development	-
<b>Total</b>	<b>1,900</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	755	83
5.2 Deposits at call	-	1,861
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>755</b>	<b>1,944</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E 53/893	Relinquished	100%	0%
6.2 Interests in mining tenements acquired or increased	nil			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 <b>+Ordinary securities</b>	50,442,401	41,342,401		
7.4 Changes during quarter				
(a) Increases through issues	1,095,900	1,095,900	20 cents	20 cents
(b) Decreases through returns of capital, buy-backs	-	-		
(c) Released from Escrow	-	-		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 <b>Options</b> <i>(description and conversion factor)</i>	3,700,000 22,146,351	- 22,146,351	<i>Exercise price</i> 20 cents 20 cents	<i>Expiry date</i> 31/08/2012 30/09/2010
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	1,095,900	1,095,900	20 cents	30/09/2010
7.10 Expired during quarter	-	-		
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:  
(Company secretary)

Date: 29 January 2010

Print name: Kevin Hart

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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