
Emergent Resources inks Mou with CMIC

Sunday, 05 Jul, 2009

Emergent Resources Limited advise that it has entered into a commercial in confidence non-binding Memorandum of Understanding with China Metallurgical Investment Co Ltd for the development of the Company's Beyondie Iron Project in Western Australia's midwest iron ore region.

The MOU provides for the establishment of 50:50 Development Joint Venture and for the provision of AUD 200 million funding for the Beyondie Magnetite Iron Project subject to a satisfactory due diligence and completion contracts to achieve the commencement of mining operations with an initial targeted production of 3Mtpa of magnetite concentrate.

Further, the MoU provides for a placement of 8,553,971 shares to CMIC at an issue price of AUD 0.45, together with the grant of a 1 for 2 option entitlement of 4,276,986 options at an issue price of AUD 0.27 and exercisable at AUD 0.20 on or before September 30th 2010. These shares and options will rank pari passu with Emergent's existing shares and options on issue to raise an estimated AUD 4.9 million as additional working capital for EMG.

The parties have agreed to an estimated three month due diligence period to begin within the next month. Emergent will not enter into fresh negotiations with new parties and will keep CMIC informed of existing negotiations with other parties.

The Beyondie Project is located northern region of the Mid West Iron Province in WA, immediately adjacent to the Great Northern Highway and Goldfields Gas Pipeline. Potential shared rail and port infrastructure developments are in progress.

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