

Following Emu NL's ("EMU" or the **Company**) announcement of its agreement to earn 80% of the large-scale Georgetown Project consisting of multi mineral potential including rare earth (REE) and lithium endowment¹, EMU completed a systematic review of databases and available public information over WA to identify land prospective for rare earth element open for tenement application.

EMU's strategic focus to complement its portfolio of quality gold, nickel and copper exploration assets with rare earth assets is timely given the ramping of the increasingly mandated transition to greener energy sources which, collaterally, has brought REE's into sharp focus as they are a crucial component of this transition where reliance on the Chinese dominated global supply is recognised as a serious strategic threat.

Competing with a flurry of activity from exploration company peers, and fielding numerous offers from exuberantly ambitious vendors, EMU, utilising its own highly skilled geological team, identified open ground and applied for a package of prospective tenements located east of Esperance at Condingup situated near the (ASX:OD6) Splinter Rocks project. The saprolite, clay enriched soils adjacent, and overlaying the Booanya granite suite, has provided recent and significant successes to OD6. EMU applied for tenements covering more than 1,000 square kilometres of vacant ground located directly over what EMU considers to be the last remaining unpegged (critically important) Booanya granites in the region extending from Condingup to Balladonia, east of Esperance.

EMU believes that these tenement applications are highly strategic, being clay hosted and located in a mining friendly region with excellent infrastructure including a deep vessel port. OD6 is reporting significant rare earth values from these potentially ionic absorption type deposits where clean green friendly processing and ease of extraction of REE's deliver significant competitive advantages. Subsequent to quarter end, these tenement applications have been approved.

In addition to the Condingup applications, EMU applied for a prospective REE tenement package near Merredin in the WA wheatbelt. The Merredin tenements were chosen by EMU following evaluation of publicly available GSWA data which indicated 2 highly elevated, anomalous total rare earth oxide (TREO) sample values which were taken from areas overlying a structural fault package.

Significantly, the Company considers these strategic applications to have put the Company's foot on REE prospects which are vastly superior to prospects others sought to vend to EMU. Unlike the potential vends, the REE prospects acquired by Emu/ during the quarter did not involve any dilution or significant spend.

Condungup Rare Earth Project

EMU applied for more than 1,000 square kilometres of exploration tenements which cover the last remaining known, unpegged, Booanya granite suite near Esperance WA. These late-

¹ EMU ASX Release "Scale Project Added to Exploration Portfolio" 1 September 2022

stage granite intrusive rocks have been demonstrated by OD6² and GSWA public information to contain anomalous, high value REE within the weathered clay layer adjacent and overlying the host rock. It is posited that large areas of shallow rare earth enriched clays will be of the ionic absorption clay hosted type that is a feature of China's production (the world's largest producer of REE from clay-hosted deposits). This feature, coupled with the shallow setting of the Condingup Project REE could provide significant advantages including low costs of and cleaner greener processing and mining of the REE.

EMU's Condingup Rare Earth Project comprises of 5 separate locations, 3 in the Condingup area, located just 35kms from Splinter Rocks (OD6) and 2 in the Balladonia area, on the western margins of the Nullarbor plain. At Balladonia, part of the interpreted Boonya granite intrusive suite is covered by a thin layer of limestone at the margins of the plain.

There are significant advantages in the project location, highlighting the enhanced value of this project. The Condingup tenements are located just 60kms from the port of Esperance via sealed roads. Esperance is projected to become a central hub for major renewable energy and green hydrogen infrastructure in the next decade.

Merredin REE Project

EMU applied for REE tenements covering exploration ground 30 kms north of Merredin. The tenements are primarily located over existing farming properties. EMU is an experienced wheatbelt area explorer holding exploration tenement packages at Graceland (near Lake Grace) and Viper (near Jerramungup). Two highly anomalous, elevated REE samples, yielding 1381ppm and 1000ppm Total Rare Earth Oxide (TREO) values were recovered by GSWA over prospective granite lithology within a north trending structural fault package on these tenements.³]

Georgetown Project

EMU's WA REE projects acquisitions add to the recent Georgetown Project farm in⁴. The prospectivity for REE at Georgetown, highlighted by the University of Queensland Sustainable Minerals Institute, August 2021 report⁵, outlines the potential zones for REE bearing IOCG deposits which are interpreted to overlie portions of the Georgetown and Fiery Creek Exploration Mineral Tenements.

The Georgetown tenement areas provide EMU with strong untested potential for the discovery of economic occurrences of REE, lithium, gold, silver and base metals. The report refers to the area as possessing strong mineral system indicators as well as anomalous REE in coarse and fine stream sediments. Whilst the Georgetown Project is highly prospective for a significant suite of other minerals and metals, its prospectivity for REE means that, along with the REE projects in WA, it now represents a leading component of EMU's dominantly focussed REE exploration programmes in the coming months.

² ASX:OD6 ASX Release "Prospectus", Project Overview - Independent Geological Report 20 June 2022

³ ASX Release "Rare Earths Exploration Projects Esperance and Merredin" 7 October 2022

⁴ ASX Release "Scale Project added to Exploration Portfolio - 850km2 of Highly Prospective Multi Mineral Tenements - Georgetown, Queensland" 1 September 2022

⁵ "Queensland New Economy Minerals Compilation: Rare Earth Elements", UQ Sustainable Minerals Institute, University of Queensland 10 August 2022

Viper Project

EMU completed its maiden, 587m RC drilling programme at the Viper project located near Jerramungup WA on 24 November 2022. Following an auger drilling programme and a Fixed Loop Electromagnetic survey, EMU prepared an RC drilling programme to test depth extensions at the Netty Copper mine and the high-priority EM conductor located west of the mine on the Netty dyke.

EMU's drilling targeted the discovery of nickel, copper, platinum group metals and gold all of which reported anomalous results from the auger geochemistry drilling programme.

Fire assay results from the programme are expected in February with the multi-element assay results expected March/April 2023.

Graceland Project

EMU conducted a heritage survey over the Graceland tenements during December. Results from the survey indicated that no significant heritage value could be ascribed to the project area. EMU's maiden RC drill programme at the project was undertaken in January 2023.

Other Projects

EMU continues to work at its existing gold, nickel, copper, PGE projects in WA. A soils survey and an electromagnetic survey are programmed for the Sunfire project, subject to final approvals from DBCA (anticipated shortly). Multi-element assays, testing high-grade tungsten occurrences at EMU's Badja Project, are being processed and results are expected in February 2023.

CORPORATE ACTIVITIES

Capital Raising

During the quarter, the Company completed a placement of 137,453,621 shares (**New Shares**) to sophisticated and professional investors raising ~\$863,656 after costs, with the proceeds being applied towards continued exploration activities and related drilling at EMU's exploration projects, including in particular, the Sunfire, Graceland and Viper projects, to continue to assess, and if applicable, acquire further projects, and for working capital purposes.

Applicants were issued one (1) free unlisted option for every one (1) New Share applied for. These options (**New Options**) to subscribe for fully paid shares are exercisable at one cent (\$0.01) each on or before 7 October 2024.

The New Shares were listed on ASX and rank equally with the existing fully paid ordinary shares quoted as ASX:EMU.

The issues of the above New Shares and New Options were approved at the Company's Annual General Meeting (**AGM**) held on 30 November 2022. Shareholder approval was also given to issue 35,000,000 New Options to Euroz Hartleys Limited (and/or nominees) as brokers to the placement. The New Options were issued subsequent to the end of this quarter and within three months of the AGM.

During the quarter, 35,000,000 unlisted options to acquire partly paid ordinary shares were exercised by directors/director related parties and management at \$0.0001 each - the

resulting 35,000,000 partly-paid ordinary shares were issued in respect of which \$0.04 each may be called, with no call to be made before 31 December 2025.

Following the Company's most recent share issues, the shareholdings of SMPI EMU 1 LLC (93,855,450 fully paid shares) and SMPI EMU 2 LCC (2,881,522 partly paid (contributing) shares paid to 3 cents with 3 cents unpaid (EMUCA)) has reduced to a voting power of 13.3% and 0.2% respectively. These two entities were formed and nominated by Strategic Bank International Corp to act as special purpose vehicles for investors introduced by Strategic Bank in relation to its underwriting of a non-renounceable rights issue in late 2019 and the subsequent issues of securities in relation to the shortfall from that rights issue. The total (combined) voting power of these two entities is now 13.5%.

Acuity Capital Facility

As previously announced, EMU entered into an At-the-Market Subscription Agreement (**ATM**) (also referred to as a Controlled Placement Agreement or CPA) in July 2017 with Acuity Capital. The ATM provides EMU with up to \$2 million of standby equity capital and is due to expire on 31 January 2023 (see announcements on 31 July 2017, 29 January 2019 and 30 October 2020). EMU and Acuity Capital have agreed to extend the ATM expiry date by an additional three years to 31 January 2026.

There are no requirements on the EMU to utilise the ATM and the Company may terminate the ATM at any time without cost or penalty.

Acuity Capital currently holds 18.6 million fully paid ordinary EMU shares as security against the ATM (**Collateral Shares**). The Company may at any time cancel the ATM, including buying back (and cancelling) the Collateral Shares for nil consideration (subject to shareholder approval).

Please note there were no fees or costs associated with the extension of the ATM.

ASX Additional Information

EMU provides the following information pursuant to ASX Listing Rule requirements:

- (a) ASX Listing Rule 5.3.1 - Exploration and Evaluation Expenditure during the quarter was \$135k. Full details of exploration activities during the December quarter are set out in this report;
- (b) ASX Listing Rule 5.3.2 - There was no substantive mining production or development activity during the quarter;
- (c) ASX Listing Rule 5.3.3 – Details of mining tenements acquired or disposed of during the quarter, and held at the end of the quarter, are set out in this report; and
- (d) ASX Listing Rule 5.3.5 - payment to related parties of the Company and their associates during the quarter: \$53k cash. The Company advises that this relates to remuneration for services as directors (including statutory superannuation), and for office rental paid to a director.

RELEASE AUTHORISED BY THE BOARD

Contact Details: Doug Grewar - Mobile: 0419 833 604

Table 1: Tenement Schedule (Status as at 31 January 2023):

Tenement ID (DMIRS ID)	Project	Type	Description/ Status
M59/739 – Gnows Nest	Gnows Nest	Mining	EMU 100% - Granted
E59/2315 – Gnows Nest	Gnows Nest	Exploration	EMU 100% - Granted -
P59/2068 – Monte Cristo	Gnows Nest	Prospect	EMU 100% - Granted
P59/2071 – Monte Cristo	Gnows Nest	Prospect	EMU 100% - Granted
P59/2072 – Monte Cristo	Gnows Nest	Prospect	EMU 100% - Granted
P59/2073 – Monte Cristo	Gnows Nest	Prospect	EMU 100% - Granted
P59/2074 – Monte Cristo	Gnows Nest	Prospect	EMU 100% - Granted
E59/2495 – Warrambo	Gnows Nest	Exploration	EMU 100% - Granted
E70/5507 – Sunfire	Sunfire	Exploration	EMU 100% - Granted
E70/5346 - Sunfire	Sunfire	Exploration	EMU 100% - Granted
E70/5146 - Graceland	Graceland	Exploration	EMU 100% - Granted
E70/5603 – Roe	Graceland	Exploration	EMU 100% - Granted
E70/6066 - Roe	Graceland	Exploration	EMU 100% - Granted
E70/5155 - Viper	Viper	Exploration	EMU 100% - Granted
E70/5602 – Kent	Viper	Exploration	EMU 100% - Granted
E29/1080 – Marmion	8 Mile Dam	Exploration	EMU 100% - Granted
E63/2277 - Condingup	Neridup	Exploration	EMU 100% - Granted
E63/2278 - Condingup	Neridup	Exploration	EMU 100% - Granted
E63/2295 - Condingup	Neridup	Exploration	EMU 100% - Granted
E63/2296 - Condingup	Neridup	Exploration	EMU 100% - Granted
E63/2304 - Condingup	Neridup	Exploration	EMU 100% - Granted
E63/2305 - Condingup	Neridup	Exploration	EMU 100% - Granted
E69/4116 - Condingup	Neridup	Exploration	EMU 100% - Granted
E70/6300 - Merredin	Avon	Exploration	EMU 100% - Pending
E69/4117 - Balladonia	Balladonia	Exploration	EMU 100% - Pending
E69/4118 - Balladonia	Balladonia	Exploration	EMU 100% - Pending

Emu NL

ABN 50 127 291 927

ASX Codes: EMU and EMUCA

10 Walker Ave
West Perth, WA 6005

T +61 8 9226 4266

E info@emunl.com.au

PO Box 1112
West Perth, WA 6872

Fully paid shares (listed)

687,268,105 (including 18.6m the subject of the ATM which EMU can buy back for nil consideration)

Contributing Shares (listed)

40,485,069 paid to \$0.03, \$0.03 to pay, no call before 31 December 2023

Contributing Shares (Unlisted)

35,000,000 paid to \$0.0001, \$0.04 to pay, no call before 31 December 2025

Options (unlisted)

33,320,000 options to acquire fully paid shares, exercisable at \$0.075 each, on or before 15 March 2023

172,453,621 options to acquire fully paid shares, exercisable at \$0.01 each, on or before 11 October 2024

Performance Rights (Unlisted)

48,571,429 performance rights in relation to acquisition of Gnows Nest project

Directors:

Peter Thomas

Non-Executive Chairman

Terry Streeter

Non-Executive Director

Gavin Rutherford

Non-Executive Director

Tim Staermose

Non-Executive Director

Investor enquiries:

Doug Grewar CEO

T +61 8 9226 4266

M +61 419833604

E info@emunl.com.au

COMPETENT PERSON'S STATEMENT

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Kurtis Dunstone, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Dunstone is an employee of EMU NL and has sufficient experience in the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Dunstone consents to the inclusion herein of the matters based upon his information in the form and context in which it appears.

FORWARD LOOKING STATEMENTS

As a result of a variety of risks, uncertainties and other factors, actual events and results may differ materially from any forward looking and other statements herein not purporting to be of historical fact. Any statements concerning mining reserves, resources and exploration results are forward looking in that they involve estimates based on assumptions. Forward looking statements are based on management's beliefs, opinions and estimates as of the respective dates they are made. The Company does not assume any obligation to update forward looking statements even where beliefs, opinions and estimates change or should do so given changed circumstances and developments.

NEW INFORMATION OR DATA

EMU confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, which all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially changed from the original market announcement.

- END -

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

EMU NL

ABN

50 127 291 927

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(135)	(318)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(171)	(387)
	(e) administration and corporate costs	(116)	(143)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	6	6
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(416)	(842)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	(53)	(84)
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(53)	(84)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	926	926
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(56)	(56)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	870	870

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	328	785
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(416)	(842)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(53)	(84)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	870	870

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	**729	**729

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	78	28
5.2	Call deposits	645	294
5.3	Bank overdrafts	-	-
5.4	Other (provide details) <i>Cash deposit held in US\$</i>	6	6
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	729	328

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	53
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(416)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(416)
8.4	Cash and cash equivalents at quarter end (item 4.6)	729
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	729
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.75
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: EMU expects that it will continue to have negative operating cash flows as is usual for mining exploration entities, but expenditure on discretionary exploration expenses will be curtailed as needed, dependent on available cash resources.		
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: ** After the end of the quarter, EMU has commenced a corporate action to raise additional funding which is expected to be successful.		
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: EMU expects to be able to continue its operations and meet its business objectives based on its responses to 8.8.1 and 8.8.2 above.		
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>		

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: **31 January 2023**

Authorised by: **Doug Grewar - CEO**
(Name of body or officer authorising release – see note 4)

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.