

EMU NL
ACN 127 291 927

NOTICE OF GENERAL MEETING
AND
EXPLANATORY STATEMENT
AND
PROXY FORM

Date of Meeting
8 February 2017

Time of Meeting
5:00 pm

Place of Meeting
10 Walker Avenue
WEST PERTH WA 6005

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

EMU NL
ACN 127 291 927
NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting (**Meeting**) of Emu NL (**Company**) will be held at 10 Walker Avenue, West Perth, Western Australia on 8 February 2017 at 5:00 pm (AWST).

The Explanatory Statement to this Notice provides information on matters to be considered at the meeting. The Explanatory Statement and the Proxy Form are part of this Notice.

Capitalised terms and abbreviations used in this Notice and Explanatory Statement will, unless the context requires, have the same meaning as given to them in the Glossary.

AGENDA

To consider and, if thought fit, to pass, with or without amendment, the following as **ordinary resolutions**:

1. RESOLUTION 1 – RATIFICATION OF OPTION AGREEMENT

"That the Company's execution of the Option Agreement be and is hereby ratified."

Voting exclusion: For the purposes of the ASX Listing Rules, the Company will disregard any votes cast on this Resolution by the Altius Subsidiaries and any of their Associates and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the Resolution is passed, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

2. RESOLUTION 2 – APPROVAL TO ACQUIRE PROJECTS

"That subject to and conditional upon the passing of Resolutions 1 and 3, the Board is authorised to determine whether to exercise the option under the Option Agreement to acquire the Projects from the Altius Subsidiaries subject to and on the terms and conditions as set out in the Explanatory Statement."

3. RESOLUTION 3 – ISSUE OF SHARES TO ALTIUS SUBSIDIARIES (OR NOMINEES)

"That, subject to and conditional upon the passing of Resolutions 1 and 2 and for the purposes of ASX Listing Rules 7.1 and for all other purposes, approval is given for the Company to issue up to 15,000,000 Shares (being Consideration Shares) to the Altius Subsidiaries (or nominees), pursuant to the terms of the Option Agreement and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting exclusion: For the purposes of the ASX Listing Rules, the Company will disregard any votes cast on this Resolution by the Altius Subsidiaries and any of their Associates and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the Resolution is passed, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

4. RESOLUTION 4 – APPROVAL OF GRANT OF OPTIONS TO MR GREG STEEMSON

"That, for the purpose of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, the issue to Mr Greg Steemson, or his nominees, of 1,750,000 Options to acquire Shares, at an exercise price of 10 cents, expiring on 20 December 2018 and on the terms and conditions outlined in the Explanatory Statement and in Annexure A is hereby approved."

Voting exclusion: The Company will, in accordance with the ASX Listing Rules, disregard any votes cast on Resolution 4 by Mr Steemson and any Associate of Mr Steemson. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting prohibition statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – APPROVAL OF GRANT OF OPTIONS TO MR PETER THOMAS

"That, for the purpose of Listing Rule 10.11 of the Listing Rules, section 208 of the Corporations Act and for all other purposes, the issue to Mr Peter Thomas, or his nominees of 1,000,000 Options to acquire Shares, at an exercise price of 10 cents, expiring on 20 December 2018 and on the terms and conditions outlined in the Explanatory Statement and in Annexure A is hereby approved."

Voting Exclusion: The Company will, in accordance with the ASX Listing Rules, disregard any votes cast on Resolution 5 by Mr Thomas and any Associate of Mr Thomas. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting prohibition statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – APPROVAL OF GRANT OF OPTIONS TO MR GAVIN RUTHERFORD

"That, for the purpose of Listing Rule 10.11 of the Listing Rules, section 208 of the Corporations Act and for all other purposes, the issue to Mr Gavin Rutherford, or his nominees, of 1,000,000 Options to acquire Shares, at an exercise price of 10 cents, expiring on 20 December 2018 and on the terms and conditions outlined in the Explanatory Statement and in Annexure A is hereby approved."

Voting Exclusion: The Company will, in accordance with the ASX Listing Rules, disregard any votes cast on Resolution 6 by Mr Rutherford and any Associate of Mr Rutherford. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting prohibition statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a **proxy**) to vote in their place. All Shareholders are encouraged to attend the Meeting or, if they are unable to attend in person, to sign and return the Proxy Form to the Company in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please date and execute the accompanying Proxy Form and return it in accordance with its instructions prior to 5:00pm (AWST) on 6 February 2017 by:

1. post to Security Transfer Australia Pty Ltd, PO Box 52, Collins St West, Victoria 8007;
2. facsimile to Security Transfer Australia Pty Limited at 1300 992 916 (International: +61 8 9315 2233);
3. email at registrar@securitytransfer.com.au; or
4. online at www.securitytransfer.com.au.

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 5:00 pm (AWST) on 6 February 2017 will be entitled to attend and vote at the General Meeting.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company, before the Meeting.

ELECTRONIC COMMUNICATION

All Shareholders may elect to receive communications from the Company's share registry electronically. To provide or update your email address, please contact the Company's share registry.

REVOCATION OF PROXIES

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chair of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

VOTING OF PROXIES

The Proxy Form accompanying this Notice confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice and any other matters that may properly come before the Meeting. At the time of printing this Notice, management knows of no such amendment, variation or other matter.

Shareholders must mark the boxes directing its proxy how to vote. If no voting instructions are indicated on the appointment of Proxy Form, the proxy will be voted as recommended by management or as the proxyholder sees fit (in the latter case, if management is not appointed as proxy).

By order of the Board.



Dennis Wilkins
Company Secretary
Date: 5 January 2017

EXPLANATORY STATEMENT

This Explanatory Statement accompanies and comprises part of the notice (**Notice**) convening the General Meeting (**Meeting**) of Shareholders of Emu NL to be held 8 February 2017.

Capitalised terms in this Explanatory Statement are defined in the Glossary.

1. BACKGROUND TO MEETING

As announced on 15 November 2016, the Company entered into a heads of agreement (**Option Agreement**) to acquire properties (the **Projects**) in Chile subject to conditions including Shareholders' approval. The purpose of the Meeting is to seek that approval as well as approval for the issue of Options to Directors.

2. ACQUISITION OF GOLD PROJECTS IN CHILE

2.1 The Projects

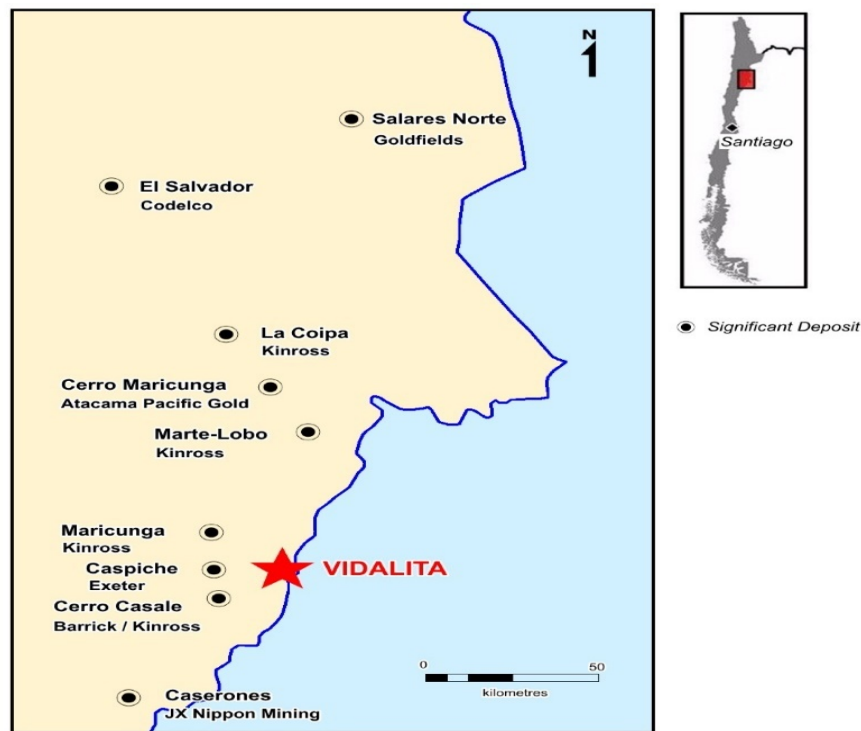


Figure 1 – location of projects

(a) Vidalita Project

The Vidalita gold project, located approximately 200km east from the city of Copiapo in the Atacama Region of Chile, comprises 2,800 hectares of mineral exploration concessions that host alteration and mineralisation styles considered geologically similar to other high sulphidation oxide gold deposits of the Maricunga gold belt. Other than for geological mapping and initial prospecting activities done by Prospec, no exploration is known to the Company to have occurred on the Vidalita Project. The Vidalita Project is accessed using a network of roads that link Copiapo with the Maricunga mine (Kinross), the Caspiche project (Exeter Resource Corporation) and the Cerro Casale project (Kinross/Barrick). Vidalita is located 30 km to the southeast of Maricunga.

Geological mapping done by Prospec has defined a 2 km² area of combined advanced argillic alteration and intense silicification coincident with gold, silver, mercury, lead, antimony, bismuth and arsenic, characteristic of Maricunga style epithermal gold deposits. Preliminary rock sampling done by Prospec on the project area includes a total of 113 rock chip and grab samples, of which 51 assayed over the gold detection limit, 14 contained over 0.1 g/t, with a maximum of 5.5 g/t gold. Mineralisation appears to be hosted within Oligocene (23 to 34 Ma) andesitic lava flows and is partly obscured by late Miocene (5 to 23 Ma) andesite cover rocks.

(b) Jotahues Project

The Jotahues gold project is located to the west of the Vidalita Project and covers similar stratigraphy. An area of alteration and mercury geochemistry defined by rock sampling done by Prospex has been located in the northern part of this area. Like Vidalita, no significant previous exploration work is known from this area.

(c) The Projects

The Projects are in Chile, a Spanish speaking country. The Projects are situated in the high Andes where the field season extends to 7 months of the year - November to May. The altitude at which the Projects lie (~4,800m) can cause altitude sickness and extreme winter weather conditions. There is a long history of mining in the region where the Projects are situated and mining occurs all year round in this part of the Andes. The time zone is 11 hours behind Perth's with day lengths being similar.

Water is a scarce commodity in the region and may very well be a significant issue for development if a viable ore body is proved up.

The interest for Emu lies in the recent discoveries of large gold deposits in the Miocene/Oligocene belt of rocks adjacent to the Argentine border and relatively proximal to the location of the Projects. Examples of these deposits are:

- Gold Fields' high grade Salares Norte project - May 2014 Inferred Resource of 23.3 Mt @ 4.2 g/t Au & 44 g/t Ag, for 3.1 Moz Au & 34 Moz Ag;
- Barrick's Alturas deposit is the latest major discovery in the belt - April 2016: 5.5M oz @ 1.25 g/t; intercepts of 170 meters grading 2.76 g/t Au;
- Kinross' Maricunga Mine - 390 Mt @ 0.7 g/t Au;
- Barrick/Kinross's Cerro Casale project - 1,200 Mt @ 0.6 g/t Au;
- Atacama Pacific's Cerro Maricunga Mine - 473 Mt @ 0.4 g/t Au;
- Exter's Caspiche project - 810 Mt @ 0.67 g/t Au.

The Company undertook a site visit in December 2016 when rock types typical of the mineral systems above described were observed and, in a qualitative sense, were consistent with the results on which Emu based its decision to enter the Option Agreement. The tenor of the geochemical results and the evidence of mineralisation in the rocks is cause for some optimism as to the possibility of there being mineralisation in the area.

(d) Initial Exploration

To maximise the use of the field season, the Company has initiated its exploration program to use the time prior to the Meeting for a low level program of geological mapping and geochemical sampling and plans to initiate ground magnetic and IP surveys.

2.2 Option Agreement between Emu and Altius Subsidiaries

On 15 November 2016, the Company announced it had entered an agreement (**Option Agreement**) with Prospex and BLC under which it has the option (**Project Option**) to purchase the Projects (comprised of the Vidalita Project and the Jotahues Project) via the acquisition of:

- (a) Prospex's rights, as optionee, to acquire the Vidalita Project under an option agreement (the **Perez Agreement**) for the purchase of the mining concessions (**Prospex Concessions**) comprising part of the Vidalita project;
- (b) the BLC Concessions comprising the Jotahues Project and two concessions contiguous with the Prospex Concessions and comprising the remaining part of the Vidalita Project; and
- (c) all mining information relating to the Projects as well as other ancillary items relating to the Projects owned by either or both of Prospex and BLC.

Prospex and BLC (the **Altius Subsidiaries**) are Chilean registered companies beneficially owned by the Mining Equity Fund (being a partnership) held as to 49% by Altius Minerals Corporation of Canada and as to the remaining 51% by a number of other investors.

The principal terms of the Option Agreement and obligations on the Company under the Perez Agreement are detailed below.

2.3 Key commercial terms and effect of the Option Agreement

- (a) **Option Expiry Date:** The Project Option lapses 11 November 2019.
- (b) **Consideration for grant of the Project Option:** Subject to and upon Shareholder approval (being sought at the Meeting), the Company must issue 2,500,000 Shares (**Option Fee Shares**) to the Altius Subsidiaries or their nominee(s).
- (c) **Due diligence period:** The Option Agreement provided that unless, within the period ending 23 December 2016 allowed for due diligence investigations, the Company gave notice electing to proceed with the agreement it would be at an end. On 11 December 2016, the Company gave such notice.
- (d) **Expenditure Commitment:** The Company must spend a minimum of US\$1,000,000 pursuing its rights under the Option Agreement on the Projects on or before 10 December 2018. The Company may elect to withdraw from the agreement at any time. If the Company fails to meet the minimum stated expenditure or withdraws it shall have no further rights to the Properties and the agreement shall be at an end and no party shall have any obligation or liability under the agreement save in respect of a prior matter, event, breach, obligation or liability arising out of the agreement.
- (e) **Annual payments:** Under the Perez Agreement, annual payments (**Annual Payments**) of:
 - (i) US\$40,000 due on 11 January 2017. This payment date was extended from 11 November 2016 by agreement between Prospek and the Perez Parties and will be paid by Prospek and, subject to Shareholders approving the transaction, will be reimbursed by Emu;
 - (ii) US\$50,000 due in November 2017; and
 - (iii) US\$100,000 due in November 2018;
 have to be paid by Prospek to the Perez Parties (these obligations will be assumed by Emu).
- (f) **Compliance with Perez Agreement during the period of the Project Option:** Emu shall assume the rights and obligations of Prospek under the Perez Agreement as from the date the Option Fee Shares are issued.
- (g) **Deferred Share issue:** If the Company meets the Expenditure Commitment and elects to continue exploring the Projects - to be evidenced by conduct including ongoing exploration activities - it shall issue another 2,500,000 Shares (**Continuance Shares**) to Altius Subsidiaries or their nominee(s).
- (h) **Condition to and manner of exercise of the option:** Subject to the Expenditure Commitment being met, the Company may exercise the Project Option on or before the Option Expiry Date (11 November 2019) whereupon Emu shall exercise the option under and in accordance with the Perez Agreement (details of which appear below) involving the payment of US\$2,000,000 by Emu to the Perez Parties.
- (i) **Milestone consideration in the event the Project Option is exercised:** If the Project Option is exercised, Emu must issue to Altius Subsidiaries or nominee(s):
 - (i) 5,000,000 Shares (**First Milestone Shares**) if Emu defines a 500,000 ounce resource (in the measured category) on the Projects;
 - (ii) 5,000,000 Shares (**Second Milestone Shares**) if Emu defines a 1,000,000 ounce resource (in the measured category) on the Projects.
- (j) **Timing of Share Issues:**
 - (i) If at the time of any annual general meeting or general meeting any of the Option Fee Shares, Continuance Shares, the First Milestone Shares or the Second Milestone Shares (collectively the **Consideration Shares**) are due to be issued but have not been issued because the ASX Listing Rules require prior approval of shareholders, the Company shall ensure that such resolutions are put to Shareholders as are necessary to seek approval so that, subject always to the overriding provisions of the Takeovers Prohibition (defined below), the Consideration Shares, which are due to be but have not been issued, can be issued.

- (ii) None of the Consideration Shares will be issued in breach of the ASX Listing Rules – where Shareholder approval (**Approval**) is required under the ASX Listing Rules before all or any of the Consideration Shares may be issued, the issue of the same is subject to Shareholder approval (for the purposes of ASX Listing Rule 7.1) being forthcoming.
- (iii) The Option Fee Shares will be issued forthwith following Approval being obtained at the Meeting.
- (iv) If the Company becomes obliged to issue any of the Continuance Shares, the First Milestone Shares or the Second Milestone Shares, such Shares will be issued (if need be, progressively) as soon as the Company can do so in compliance with the ASX Listing Rules and the Corporations Act.
- (v) No Shares will be issued in breach of the Takeover Prohibition.
- (i) **Royalties:** If the Project Option is exercised, Emu must pay a:
 - (i) 1% Net Smelter Return royalty (**Altius Royalty** - on production from the Projects) to Altius Minera Chile Limitada (a wholly owned subsidiary of Altius Minerals Corporation); and
 - (ii) 1% Net Smelter Return royalty (**Perez Royalty** - on production from the Prospex Concessions only) to the Perez Parties. Under the Perez Agreement, Prospex has a pre-emptive right in relation to up to 50% of this royalty which right is reserved to Prospex by the terms of the Option Agreement.
- (j) **Area of interest:** any interest acquired by any party in any other mineral properties within a 5km area of influence from the outer boundary of the Projects shall be governed by the terms of the Option Agreement.
- (k) **Termination of Option Agreement:** The Option Agreement, is interpreted, upon a reading as a whole, to provide that it shall terminate if Emu fails to meet the Expenditure Commitment or, having done so, Emu does not exercise the Project Option.
- (l) **Conditions to the Option Agreement:** The Option Agreement is expressed to be conditional upon the Company:
 - (i) convening a meeting of Shareholders to seek approval (for the purpose of ASX Listing Rule 7.3.1) of the issue of the Consideration Shares save to the extent that such issue would result in an infringement of the Takeover Prohibition (one of the purposes of the Meeting is to satisfy this requirement);
 - (ii) applying for a waiver of the limitation as to the time in ASX Listing Rule 7.3.2 - requiring that any issue of the Consideration Shares in reliance upon Approval must all be effected within 3 months of Approval being given (this waiver has been or will be applied for but has not yet been determined);
 - (iii) Prospex, BLC and the Perez Parties executing the Deed of Assignment (in the form attached to the Option Agreement).

2.4 The royalties

The Altius and Perez Royalties are Net Smelter Return type royalties which allow for certain off site costs to be deducted from revenues received but not any on site costs.

2.5 Statutory and ASX considerations – timing of issues of Consideration Shares

Subject to exceptions, Part 6.1 of the Corporations Act prohibits (**Takeover Prohibition**) the acquisition of voting shares or a relevant interest in voting shares of a listed entity by a person through a transaction in relation to securities if, as a result of the transaction, that person's, or someone else's, voting power in the entity increases from:

- (a) 20% or below to more than 20%; or
- (b) a starting point that is above 20% and below 90%.

The ASX Listing Rules govern the issue of securities by the Company. Subject to exceptions, ASX Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue more equity securities than the number calculated by the formula in that rule without prior shareholder approval obtained in accordance with the requirements of ASX Listing Rule 7.

In effect, the formula in ASX Listing Rule 7.1 limits the number of shares that may be issued or agreed to be issued to 15% of the total number of equity securities on issue 12 months prior to the date of issue or agreement to issue.

ASX Listing Rule 7.3.2 requires that shares issued with shareholder approval must be issued within 3 months of the approval.

ASX Listing Rule 7.1B.2 provides that where an agreement to issue securities is expressed to be subject to shareholder approval, that agreement is not treated as an agreement.

2.6 Perez Agreement

What follows is a summary of only the more important commercial terms of the Perez Agreement (dated 11 November 2014) which is between Prospex and the shareholders of (and on behalf of) the 6 companies (**Grantor**) that hold the 6 concessions comprising the Prospex Concessions (each concession is held by a separate company all of which have common shareholders).

By the agreement, Prospex has the option to purchase the Prospex Concessions, at any time on or before 11 November 2019, for the sum of \$2,221,250 (**Purchase Price**) subject to a reserved 1% "Net Foundry Return" (in effect a Net Smelter Return or a gross royalty less some costs post mine gate). Prospex has a pre-emptive right in relation to offers made to the Perez Parties for the Net Smelter Return limited, however, to 50% of the Net Smelter Return.

Pending exercise of the option, each year a "fee" (collectively referred to herein as the Annual Payments) is payable:

Due date	US\$ per concession
On signing	1,875
11/11/15	3,333
11/11/16 (by variation extended to 11 January 2017)	6,666.66
11/11/17	8,333.33
11/11/18	16,666.66

Each Annual Payment made is credited against the Purchase Price if the option is exercised.

During the period of the Project Option:

- Prospex is entitled to exercise all the rights of the holder of each concession;
- Prospex is obliged to observe the commitments pertaining to the exercise of those rights and bear the costs of maintaining the concessions;
- the Grantor is not to exercise any on ground rights conferred by the Prospex Concessions.

2.7 Effect of Option Agreement on capital structure and cash reserves

The Company's current and potential future capital structure is shown in the table below:

	Shares	Contributing Shares*	Options**
Current	40,279,457	35,278,377	15,058,220
Issued upon shareholder approval	2,500,000		
Issue of Continuance Shares	2,500,000		
Issue of First Milestone Shares	5,000,000		
Issue of Second Milestone Shares	5,000,000		
Total	55,279,457		

* Paid as to 3 cents with 3 cents payable on call (or they will be forfeited if the call is not paid) no call before 31 December 2017

** Exercisable at 0.10 on or before 30 March 2017

The Company's cash balance as at 30 September 2016 was \$1,829,000 (refer to the Company's Appendix 5B lodged on 31 October 2016).

If Shareholders approve the acquisition of the Projects, the Company will be required to issue 2,500,000 Shares. The issue of the Continuance Shares, First Milestone Shares and Second Milestone Shares is dependent on future events (refer paragraph 2.3 above).

Emu must spend US\$1,000,000 on its rights under the Option Agreement or lose its rights. If Emu exercises the option under the Perez Agreement it has to write a cheque to the Perez Parties for US\$2,000,000 together with any 'annual Payments not then due and paid. If the Contributing Shares are paid up that will raise \$1,058,000. If the Options are all exercised, that will raise a further \$1,505,000. The Board cannot provide any assurance that the Contributing Shares will be paid up or that the Options will be exercised. If funds have to be raised by the Company in order to explore the Projects and/or to exercise the option under the Perez Agreement, it is likely this will be achieved via equity issues thus diluting Shareholders. The Board cannot predict the price(s) at which such equity raising(s) will be effected and therefore it cannot predict the extent of dilution.

2.8 Chile risk assessment

Strengths

- Mining (leading copper producer), agricultural, fishery, and forestry resources
- Numerous free-trade agreements
- Favourable business situation and political and institutional stability
- International companies operating in distribution, air transport, and paper
- Member of the OECD and the Pacific Alliance

Weaknesses

- Small and open economy, vulnerable to external shocks
- Dependent on copper and the Chinese economic situation
- Persistent external deficit
- Vulnerability of road network and electricity grid, and high energy prices
- Exposure to climactic and earthquake risks
- Income disparity and poor education system

Source: Michigan State University risk assessment of Chile (<http://globaledge.msu.edu/countries/chile/risk>)

2.9 Risk factors

(a) Generic

The Company's objective is to invest, directly and indirectly, in mineral exploration, development and mining each of which involve risks – many extremely high and often catastrophic. The following non-exhaustively canvasses some, but by no means all, of the major risk factors which bear upon the Company's business.

The Company has neither Mineral Resources nor Ore Reserves (using those expressions as defined in JORC) let alone any mining operation and hence no mining related revenue streams. It has no other stream of income from which to fund its activities. No discovery has been made on any of its projects.

No assurance is or can be given that the Company will achieve commercial viability. In all probability, it will never generate an income stream from mining. The Company is likely to incur ongoing operating losses and remain dependent on raising equity capital for survival.

The Company is impacted by commodity pricing, exchange rate fluctuations, general economic conditions and particularly sentiment in the equity capital markets. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

The Company's activities are expected to have an impact on the environment and thus the Company is subject to onerous compliance obligations.

The acquisition of the Projects is dependent on the Company's ability to raise funds to undertake the minimum expenditure and then the exercise of the option. Neither the Company nor the Directors can provide any assurance that these funds will be secured.

Neither the Company nor the Directors warrant the performance of the Company or any return on an investment in the Company.

(b) Title (Concessions)

The concessions constituting the Projects are valid for exploration and are subject to applications for renewal or grant (as the case may be) every two years. The concessions may be converted to Exploitation Concessions upon application during the term of the Exploration Concessions. Additionally, concessions are subject to a number of specific legislative conditions which govern activity on the land notably environmental approvals. The inability or failure to meet these conditions could affect the standing of a concession or adversely impact any application for renewal.

If a concession is not renewed or granted, the Company may suffer significant damage through the loss of opportunity to develop and discover mineral resources on that concession.

To explore for, or to mine, it is necessary to obtain the rights from the State. All minerals are property of the State. To obtain these rights the State has defined legal procedures which, when properly completed, provide exclusive mining rights.

The mining law provides that the owner of the mining property has the right to protect these rights whether against another individual or against the State itself.

Two types of concessions exist: exploration and mining. The filing requirements for these differ.

(i) Exploration rights (Exploration Concession)

Exploration Concessions are granted for an initial term of two years. A second term of two years may be applied for on the condition 50 per cent of the initial area is dropped. It is common practice, in the absence of a competing Exploration Concession application being made, for the holder of an Exploration Concession to apply for a new (rather than a renewal of an) Exploration Concession before the current concession's term lapses.

Annual taxes are payable.

Overlapping Exploration Concessions can be granted but the one first in time has priority. An Exploration Concession granted first in time confers a right in priority to transition to an Exploitation Concession and prevails over a later granted overlapping Exploration Concession. An Exploration Concession does not confer a priority right to be granted a renewal of the Exploration Concession as against an application by another party for another Exploration Concession made before the renewal application. Importantly, the initial filing date for an Exploration Concession applies as the initial filing date for an application to transition to an Exploitation Concession and there is a right in priority to be granted the Exploitation Concession.

(ii) Mining rights (Exploitation Concessions)

An Exploitation Concession authorises mining.

If the holder of an Exploration Concession elects to begin the filing process for a Exploitation Concession (via the Exploration Concession), then the date of filing the Exploitation Concession application is deemed to have to be the same date as the application for the Exploration Concession was filed.

Once the filing process for this type of concession has been completed, and as long the annual property tax payments have been made, the concession continues in perpetuity.

The annual property taxes are several times higher than those for an Exploration Concession.

Surveying requirements and locating the appropriate "claim" posts (or beacon) on the ground must be met.

The mining rights prevail over third party claims as opposed to an Exploration Concession, where third parties can overtake the concession even though the prior rights of the initial party continue

to prevail, it is nearly impossible to overtake an Exploitation Concession.

(c) Taxes

The tax regime in Chile is complicated and in a transitional phase. Accordingly, the following observations are non-specific and non-exhaustive.

The IVA (equivalent to GST) rate is 19%. Company understands that IVA is non-recoverable but is understood to be credited against income tax the rate of which depends on various elections and which is likely similar to current Australian corporate tax rates.

As from 2017, the corporate tax rate in Chile will be 25%. An additional withholding tax of 10% applies.

In addition, a Mining Royalty Tax regime applies calculated by reference to the value of a metric ton of fine copper. By way of illustration (basis of assertion derived from information made publicly available by various accounting firms and Exeter Resource Corporation's amended 43-101 dated 19 December 2014 technical report on the Caspiche Project and using current metal prices):

- up to ~50,000oz pa Au production, this tax is not payable;
- between ~50,000 and ~250,000oz Au production, a progressive tax applies starting at 0.5% and up to 5% of the mining operating income;
- above this level of production, the tax payable is assessed by reference to profitability of the operation and can reach a rate of 34.5% when the mining operating margin reaches 85%.

2.10 Directors' Recommendation

The Option Agreement gives the Company the opportunity to explore, and the option to acquire, the Projects (which your Board regard as being highly prospective) on terms which your Board regard as being favourable. In particular, the structure of the Option Agreement links most of the Purchase Price to milestones and avoids the Company having to comply with chapter 1 and 2 of the ASX Listing Rules.

The Directors of the Company, unanimously recommend the Acquisition and that Shareholders vote in favour of proposed Resolutions 1, 2 and 3. It is the view of the Directors that the Acquisition will give the Company's Shareholders the opportunity to participate in a potentially significant exploration programme in respect of a highly prospective mineral project area.

3. INFORMATION REQUIRED BY ASX LISTING RULE 7.3

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that number which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.3.2 provides that where shareholder approval is sought for the issue of securities for the purposes of ASX Listing Rule 7.1, those securities must be issued within 3 months of the date of the approval.

As the issue of some of the Consideration Shares will occur on dates that are beyond 3 months from the date of the Meeting, the Company has sought or will seek a waiver from ASX to extend the time by which the Consideration Shares may be issued to dates corresponding with the milestones outlined in Section 2.3 of this Explanatory Statement. There is no guarantee that the waiver will be granted.

The effect of Resolution 3 will be to allow the Directors (subject to a waiver being granted by ASX) to issue the Consideration Shares without using the Company's 15% annual placement capacity. However, if that waiver is not forthcoming, the Company continue to seek shareholder approval from time to time in the unlikely event there is insufficient headroom to issue the Consideration Shares under the 15% rule in ASX Listing Rule 7.1.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Shares to the Altius Subsidiaries:

- (a) the maximum number of Shares to be issued is 15,000,000;
- (b) any Shares issued in accordance with Resolution 3 will, as to the Option Fee Shares be issued no later than 3 months after the date of the Meeting and as to the remaining 12,500,000 Shares comprising the balance of the Consideration Shares, when the relevant milestones occur if ASX approves them being

issued at such later date pursuant to the Company's application for a waiver from the requirements of Listing Rule 7.3.2;

- (c) the Shares will be issued as part consideration in satisfaction of the Acquisition as contemplated under the Option Agreement;
- (d) the Shares will be allotted and issued to the Altuis Subsidiaries (or nominees), who are not related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company rank pari passu with the Company's existing Shares;
- (f) no funds will be raised from the issue of the Shares;
- (g) the issue of the Shares will occur progressively in accordance with the requirements of the Option Agreement (see Section 2.3 of this Explanatory Statement and subject always to the ASX Listing Rules being observed); and
- (h) a voting exclusion statement is included in the Notice.

4. RESOLUTIONS 4, 5 AND 6 – APPROVAL OF GRANT OF OPTIONS TO DIRECTORS

4.1 General

The Company has agreed, by deeds, to issue 1,750,000 Options to Mr Greg Steemson, 1,000,000 Options to Mr Peter Thomas and 1,000,000 Options to Mr Gavin Rutherford or their nominees, at an exercise price of \$0.10 per share and expiring on 20 December 2018, subject to Shareholder approval and otherwise upon the terms set out in Annexure A to this Explanatory Statement.

In the event that the issue of the Options to a Director is not approved by Shareholders, the Company is obliged to pay the affected Director, in the case of Mr Steemson, the sum of \$1,750 and in the case of either of Messrs Thomas or Rutherford the sum of \$1,000.

The Directors consider that the grant of the Options will be a cost effective and efficient means for the Company to provide an incentive.

In the event all the Options are exercised, Messrs Steemson, Thomas and Rutherford (or their nominees) will need to pay a total of \$175,000, \$100,000 and \$100,000 respectively to the Company.

4.2 Chapter 2E of the Corporations Act – related party transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

Each of Resolutions 4, 5 and 6 provides for the grant of Options to related parties which is a financial benefit requiring Shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed Resolutions would permit the financial benefit to be given

Subject to Shareholder approval, the Options the subject of Resolutions 4, 5 and 6 will be granted to Messrs Steemson, Thomas and Rutherford (or their nominees), within one month of the passing of the Resolutions. Messrs Steemson, Thomas and Rutherford are Directors of the Company and are therefore classified as related parties.

The nature of, reasons for and basis for the financial benefit

The proposed financial benefits are the grant of 1,750,000 Options to Mr Steemson, 1,000,000 Options to Mr Thomas and 1,000,000 Options to Mr Rutherford or their nominees, for no issue price. Each Option will allow Messrs Steemson, Thomas and Rutherford to subscribe for one ordinary fully paid Share in the Company. The Options will have an exercise price of \$0.10 per share and will expire on 20 December 2018.

The Options will form part of Messrs Steemson's, Thomas' and Rutherford's remuneration for service as directors of the Company.

Options are considered to be an appropriate incentive given the Company's current size and stage of development, being an exploration company with limited cash reserves. If Messrs Steemson, Thomas and Rutherford are to derive any value from the exercise of the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a premium to the closing Share price immediately prior to the date of the deeds conferring upon the directors the conditional right to be issued the Options, the Options represent an incentive to Messrs Steemson, Thomas and Rutherford to get the Share price up not just to the level of the exercise price but well above that price in order that the Options will be deep in the money so that they can realise a significant gain from the disposal of their interests in the Options, which would result in an increase in Shareholder value.

Directors' recommendation

All Directors, except Mr Steemson, recommend Shareholders vote in favour of Resolution 4. Mr Steemson does not wish to make a recommendation about Resolution 4 as he will receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

All Directors, except Mr Thomas, recommend Shareholders vote in favour of Resolution 5. Mr Thomas does not wish to make a recommendation about Resolution 5 as he will receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

All directors, except Mr Rutherford, recommend Shareholders vote in favour of Resolution 6. Mr Rutherford does not wish to make a recommendation about Resolution 6 as he will receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers

- (a) Resolutions 4, 5 and 6, if passed, will have the effect of giving power to the Directors to grant 1,750,000 Options to Mr Steemson, 1,000,000 Options to Mr Thomas and 1,000,000 Options to Mr Rutherford, or their respective nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Statement and as otherwise mentioned above.
- (c) The Directors have provided an indicative value of the Options by reference to the Black-Scholes valuation method.
- (d) The total (indicative) value of the Options is outlined in Table 1. If Options granted to Messrs Steemson, Thomas and Rutherford, or their nominees, are exercised, the effect would be to dilute the Shareholdings of the then other Shareholders.

Table 1 - Details of Director Options

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes
Greg Steemson	Director	1,750,000	\$0.10 per share	20 December 2018	At date of allotment	\$30,415 (i)
Peter Thomas	Director	1,000,000	\$0.10 per share	20 December 2018	At date of allotment	\$17,380 (i)
Gavin Rutherford	Director	1,000,000	\$0.10 per share	20 December 2018	At date of allotment	\$17,380 (i)

Option Valuation details

Details	Input
Share price	\$0.08
Exercise Price	\$0.10
Risk Free Rate	2.6%
Volatility (Annualised)	50%
Start Date	20 December 2016
Expiry Date	20 December 2018
Value per Option	\$0.01738 (i)

- (e) The Black-Scholes Option Pricing Model is an industry accepted method of valuing equity instruments, at the date of grant. Your Directors do not consider the value as determined by the Black-Scholes Option Pricing Model is in anyway representative of the market value of the Options. They are of this belief for various reasons including the fact that there is no agreement to list the Options and in their collective experience (in relation to junior explorers), the formula does not generally produce a value that aligns with ASX trades. The fair value of the Options will be influenced by the terms and conditions upon which the Options are granted, exercise restrictions and behavioural considerations of buyers and sellers of such instruments, the impacts of which are ignored in the Black-Scholes Option Pricing Model.
- (f) Applying the valuation methodology prescribed by the employee share scheme provisions of the Income Tax Assessment Act, the value of an Option is \$0.00162 (or \$1,620 for 1,000,000 Options) using the ATO's variables of 4% annual risk free interest rate and 12% annual volatility. The Company believes that the employee share scheme provisions of the ITAA will be applicable to the Options.
- (g) As at the date of this Notice, the issued capital of the Company comprised 40,279,457 Shares and 35,278,377 contributing shares and 15,058,220 unlisted Options. If all Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, and assuming no other equity issues, the effect will be to dilute the Shareholding of existing Shareholders as per the table below:

Current securities	90,616,054
Options to be granted	3,750,000
Expanded capital	94,366,054
Dilutionary effect	4.14%

- (h) The current relevant interests of each Director in securities of the Company is:

Director	Shares	Contributing Shares	Options
Mr Steemson	5,913,627	19,536,211	5,389,969
Mr Thomas	5,701,993	19,848,918	5,410,184
Mr Rutherford	876,379	876,379	650,552

- (i) Whilst the fully paid ordinary Shares of the Company are traded on ASX, there is no agreement to list the Options on ASX.
- (j) The Options can be converted to Shares by payment of the exercise price. The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. It is probable that the Options will only be exercised if the price at which ordinary shares are trading exceeds the exercise price of the Options. The most recent closing price on ASX for ordinary shares in the Company was \$0.08.
- (k) Mr Steemson (via his service entity) currently receives a cash fee of \$22,000 per month. Mr Thomas currently receives an annual director fee of \$44,000, plus superannuation and Mr Rutherford receives an annual director fee of \$22,000, plus superannuation.
- (l) The Options will be issued as remuneration for the provision of the Directors' services as Directors.

- (m) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider, from an economic and commercial point of view, there are any costs or detriments, including taxation consequences for the Company or benefits foregone by the Company, in granting the Options to Messrs Steemson, Thomas and Rutherford or their nominees pursuant to Resolutions 4, 5 and 6 EXCEPT FOR the cost of foregoing the opportunity to issue the Options for cash.
- (n) Save as set out herein, none of the Directors nor the Company is aware of any other information that would be reasonably required by Shareholders for them to make a decision in relation to the financial benefits contemplated by this Resolutions 4, 5 and 6.

4.3 Information required by Listing Rule 10.13

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Options will be issued to Messrs Steemson, Thomas and Rutherford (or their nominees).
- (b) The maximum number of Options to be issued is 3,750,000 (1,750,000 Options to Mr Steemson, 1,000,000 Options to Mr Thomas and 1,000,000 Options to Mr Rutherford).
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Options will be issued at an exercise price of \$0.10 per share and expire on 20 December 2018 and otherwise on the terms and conditions outlined in Annexure A.
- (e) A voting exclusion statement is included in the Notice.
- (f) No funds will be raised from the issue of the Options.

GLOSSARY

\$ means Australian dollars.

Acquisition means the acquisition of the Projects pursuant to the Option Agreement.

Associate has the same meaning as defined in section 11 and sections 13 to 17 of the Corporations Act.

Altius means Altius Minerals Corporation of Canada (TSX : ALS).

Altius Royalty means a 1% Net Smelter Return royalty payable to Altius in relation to minerals produced from the Projects.

Altius Subsidiaries means Prospex and BLC.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

AWST means Western Standard Time as observed in Perth, Western Australia.

BLC means BLC SpA, a Chilean registered company, of 810-5600 Kennedy, Vitacura, Chile, which is owned 49% by Altius.

BLC Concessions means Vidalita A, Vidalita B, Ciclope Tuerto 7, Ciclope Tuerto 8 and Ciclope Tuerto 9 located in the Copiapo region, Chile.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Closely Related Party of a member of the Key Management Personnel means:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- a company the member controls; or
- a person prescribed by the Corporations Regulations 2001 (Cth);

Company or **Emu** means EMU NL (ACN 127 291 927).

Consideration Shares has the meaning set out in Section 2.3(j).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Deed of Assignment means the deed of assignment to be entered into by Prospex, BLC, the Perez Parties and the Company in the form attached to the Option Agreement.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Gross Income means in relation to the Quarter:

- (a) the total amount effectively received by the Payer arising from the sales or disposals of the Product of Royalty during the quarter, in those cases where the sales or disposals are carried out under market conditions with normal commercial terms; and
- (b) if the sales or disposals are carried out in any other way, not under market conditions with normal commercial terms, or if the Product of Royalty be disposed of in a way other than sales (whether subject

to immediate or future delivery) during the quarter in question, it will be the Estimated Sale Price multiplied by the quantity of Product of Royalty sold in this way, or any other way during the respective quarter.

Jotahues Project means the minerals properties located in Chile known as Ciclope Tuerto 7, Ciclope Tuerto 8 and Ciclope Tuerto 9.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company;

Net Smelter Return means the Gross Income in the respective quarter, less the authorised expenses for that quarter.

Notice or Notice of Meeting or Notice of General Meeting means this notice of general meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Option Agreement means the option agreement between the Company, Prospex and BLC deemed dated 23 November 2016, as amended, as detailed at Section 2.2.

Optionholder means a holder of an Option.

Perez Agreement means the Contract of a Unilateral Option for the Purchase of Mining Concessions between the Perez Parties and Prospex dated 11 November 2014, as amended.

Perez Parties means Sociedad Legal Minera Vidalita A Del Rio Vidal Gormaz, Sociedad Legal Minera Vidalita B Del Rio Vidal Gormaz, Sociedad Legal Minera Vidalita C Del Rio Vidal Gormaz, Sociedad Legal Minera Vidalita D Del Rio Vidal Gormaz, Sociedad Legal Minera Vidalita E Del Rio Vidal Gormaz and Sociedad Legal Minera Vidalita F Del Rio Vidal Gormaz, all entities associated with Mr Miguel Angel Perez Vargas.

Perez Royalty means a 1% Net Smelter Return royalty payable to the Perez Parties on minerals produced from the Prospex Concessions.

Prospex means Prospex SpA, a Chilean registered company, of 810-5600 Kennedy, Vitacura, Chile, which is owned 49% by Altius.

Prospex Concessions means Vidalita A1, Vidalita B1, Vidalita C1, Vidalita D1, Vidalita E1 and Vidalita F1, located in the Copiapo region, Chile.

Projects means the Vidalita Project and the Jotahues Project.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Vidalita Project means the minerals properties located in Chile known as Vidalita A1, Vidalita B1, Vidalita C1, Vidalita D1, Vidalita E1, Vidalita F1, Vidalita A, and Vidalita B

ANNEXURE A

TERMS AND CONDITIONS
OPTIONS EXPIRING 20 DECEMBER 2018

The Options are issued on the following terms:

1. Each Option shall be issued to a director (or nominee) as (part) remuneration for the provision of the director's services as a director of the Company.
2. The exercise price of each Option will be 10 cents (**Exercise Price**).
3. Each Option entitles the holder to subscribe for one Share in EMU NL ACN 127 291 927 (**Company**) upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, 20 December 2018 (**Expiry Date**).
5. The Options are transferable.
6. There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled (as a consequence of holding Option) to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise Options prior to the date for determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time during the period (**Exercise Period**) ending on the Expiry Date by the delivery to the registered office of the Company of a notice in writing (**Notice**) stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and cleared funds for the subscription monies for the Shares. The Notice and cleared funds must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.