CHILE GOLD PROJECT
SURFACE GEOCHEMICAL RESULTS
CONFIRMS POTENTIAL

EMU NL ABN 50 127 291 927

HIGHLIGHTS

- **First round of surface sampling confirms indications of mineralisation from prospecting and mapping**
- **235 surface samples collected over an area of ~ 2 km X 3 km**
- **All 235 samples returned detectable gold and silver**
- **Two main trends identified**
- **Mapping locates additional areas with evidence of epithermal mineralisation**
- **IP survey in progress**
- **Drilling approval pending**

VIDALITA GOLD PROJECT – SURFACE GEOCHEMICAL RESULTS

As advised in the ASX release dated 9th January 2017, the Company initiated exploration activity on the Vidalita project in December to maximise the use of the current field season. Prior to the Christmas break, 235 samples were collected from the 2km X 3km area defined from surface prospecting (figure 1) and dispatched to ALS in Chile (see Table 1 for details).

The area has only minor occurences of outcrop. Most of the area is covered with colluvial soils and rock material typical of peri-glacial terrain. This landform would lead to significant dilution of any signal from mineralisation so the outcome of this program prior to receiving the results was quite uncertain.

The soil geochemistry reflects the rock sample results. However, **the remarkable feature of the soil results is that there is detectable gold and silver in every sample** (figure 2). The highest gold result is 66ppb and the highest silver result is 1.9ppm. The majority of the soil samples contain tens to hundreds of ppb silver.

Mr Steemson, Emu's Managing Director, stated that "I have never seen such an extraordinary data set from colluvial material and, what is more remarkable, is that such a large mineralised area has remained untested despite the intense activity and numerous world class gold discoveries in the Maricunga belt".

The soil results define two main trends.

The western most gold feature has coincident silver, antimony, lead and mercury geochemistry. The eastern gold feature is mainly defined by gold. Both areas are located on structures defined by remote sensing data.

The combined soil and rock geochemistry is shown in figure 2 clearly defining the two target areas.

During January, further surface sampling was completed infilling existing lines and extending the sample coverage. The results from these samples and additional rock sample are expected in mid February.

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Mapping was completed in January. Further evidence of mineralisation was observed in several locations including several locations of 'sinter', a rock usually associated with epithermal systems.

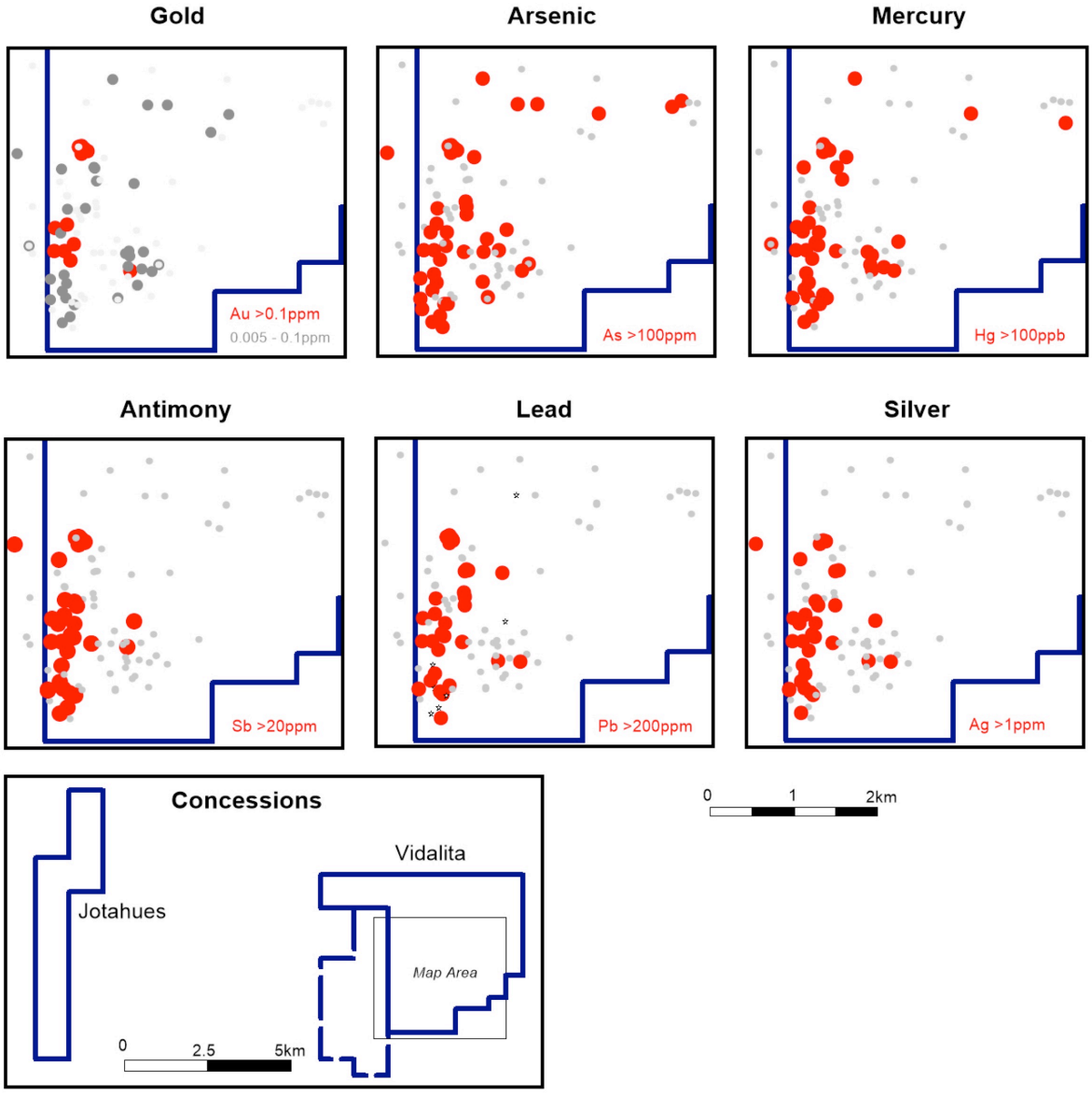

Figure 1 – rock chip sample results previously reported

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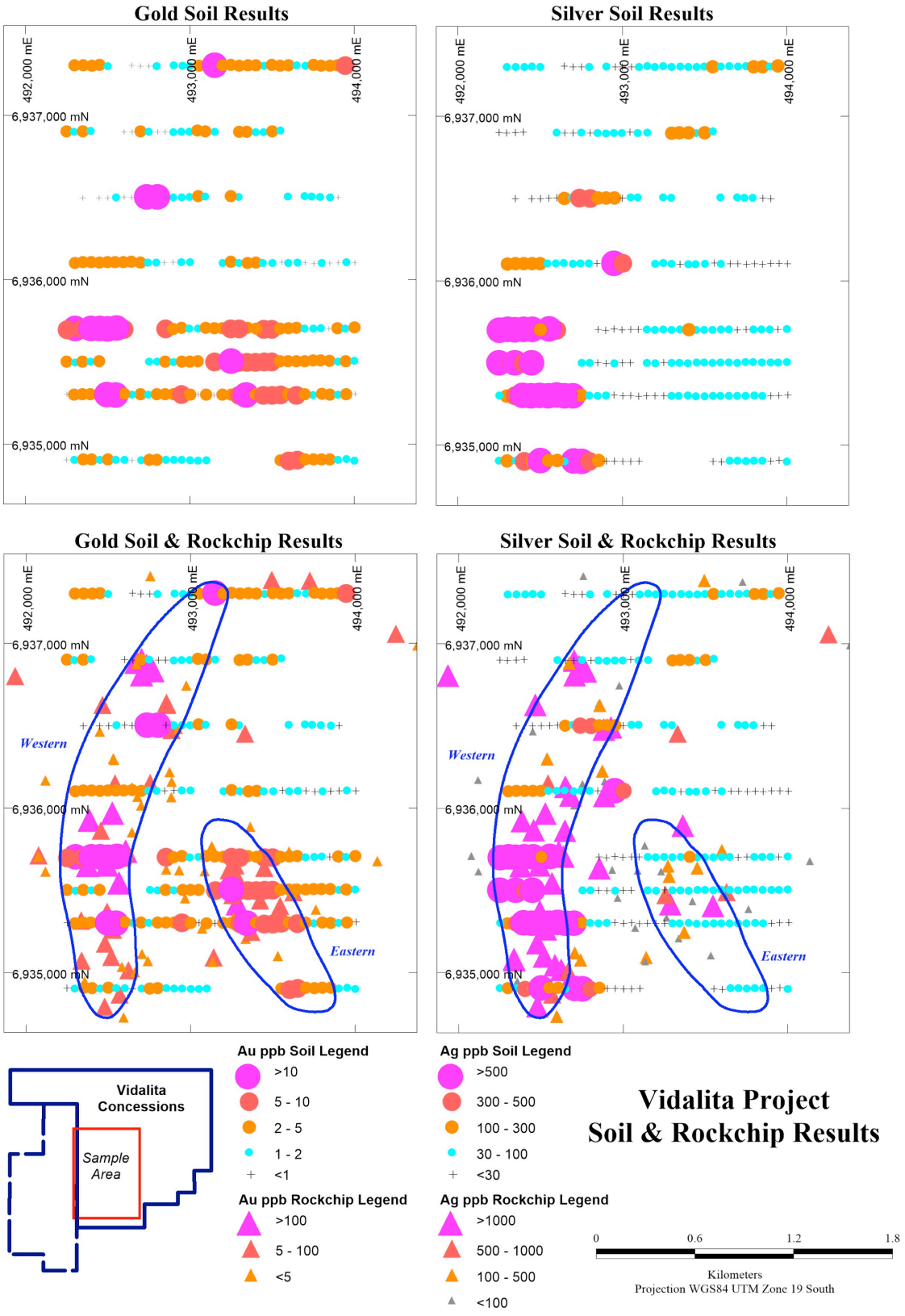

Figure 2 – gold and silver soil and rock chip results

Drilling approval applications have been lodged.

INDUCED POLARISATION SURVEY

An IP survey, commenced around 9th January, is progressing and on the basis of the work continuing at the same rate, should be completed in early February. The survey is being done using pole – dipole array and 100m dipoles (see Table 1 for other information). Lines being surveyed are spaced every 400m and coincide with the surface geochemical sampling lines.

Preliminary results show a large, flat, low resistivity zone below and coincident with the surface geochemistry (figure 3). Mapping has not provided an explanation for the cause of this feature as the area is interpreted to be underlain by volcanics, intrusives and minor hornfelsed sediments. Possible causes consistent with the extensive surface geochemistry and evidence of epithermal mineralisation is a large zone of increased porosity and/or alteration associated with the mineralising event.

APPLICATION FOR ADDITIONAL CONCESSIONS

Application for the ground to the west of Vidalita has been made. The outline of these concessions is shown on the diagrams as a dashed boundary.

JOTAHUES GOLD PROJECT

At the time of Emu becoming involved, exploration at Jotahues was limited to rock sampling. Further surface sampling is planned in the coming months to follow up anomalous mercury geochemistry from the initial prospecting work.

SHAREHOLDERS MEETING

The Heads of Agreement with Prospex SpA and BLC SpA was subject to the following conditions precedent:

1. Satisfaction by Emu of its due diligence which was completed and, in accordance with the HoA, the Continuance Notice was delivered on 11th December 2016.
2. Application for a waiver from ASX to issue 12.5 million Emu shares outside the 3 month period after shareholder approval. As announced on 20th January 2017, the waiver was granted.
3. The parties executing a deed acknowledging Emu's rights with the third parties holding of 6 of the concessions. These documents were executed on 27th January 2017.
4. Emu holding a shareholders' meeting to approve the transaction and the Consideration Shares. The General Meeting is scheduled for 5pm on 8th February 2017 at 10 Walker Avenue, West Perth.

2nd February 2017

For more information on the company visit www.emunl.com.au

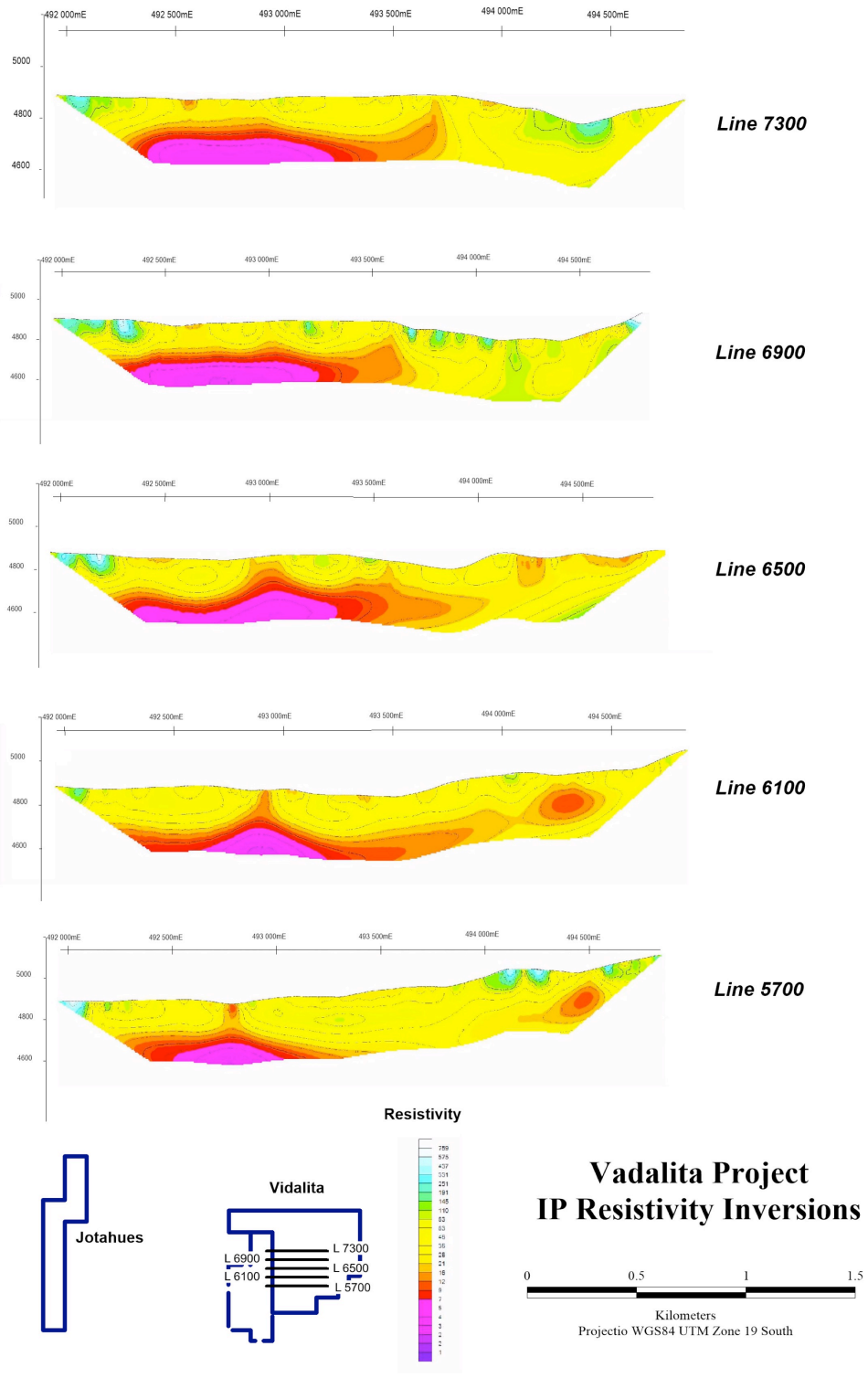

Figure 3 – Induced Polarisation Inversion Results

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PO Box 1112
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Issued Capital:
Quoted:
Shares
40,279,457 fully paid shares

Contributing Shares
35,278,377; paid to $0.03; $0.03 to pay, no call before 31/12/2017

Unlisted Options
15,058,220 options, exercise price $0.10, date 30/3/17

Directors:

Peter Thomas
Chairman

Greg Steemson
Managing Director

Gavin Rutherford Non-Executive Director

COMPETENT PERSON'S STATEMENT

The details contained in this report that pertain to exploration results, mineral resources and mineral reserves are based upon information compiled by Mr. Greg Steemson, Managing Director of Emu NL. Mr. Steemson is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) 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" (JORC Code). Mr. Steemson consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

FORWARD LOOKING STATEMENT

This report contains forward looking statements concerning the projects owned by Emu NL. Statements concerning mining reserves, resources and exploration results may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on management's beliefs, opinions and estimates as of the dates the forward looking statements are made and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

JORC Code, 2012 Edition – Table 1 report, EMU NL
Vidalita soil sampling & Induced Polarisation results

Section 1 Sampling Techniques and Data
(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Surface sampling technique taking ~ 1.0 kg of material every 50m along lines oriented east – west and spaced 400m or 200m apart. Two hundred and thirty five (235) samples were collected in this program. Fifty four samples from two of the traverses sampled (6,935,500N and 6,935,700N) were submitted to ALS Santiago, Chile. Samples were dried and screened to produce a fine (-2mm) fraction and a coarse (+2mm -6mm) fraction. Each sample was split to produce ~250gm for pulverizing. Each fraction was pulverized separately 85% passing 75microns. 50gm from each sample was digested using aqua regia and analysed for a range of elements using method Au-ME-ST44 (50 gm) using ICP-MS. Elements analysed for include gold, silver, arsenic, base metals and mercury. Based on the results, the coarse fraction for the remaining 181 samples was analysed based on the conclusion that this fraction produced the largest response.

Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	No drilling done.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for*	The area sampled is typical of peri-glacial areas and as such outcrop can be sparse. The soils

	field duplicate/second-half sampling. *Whether sample sizes are appropriate to the grain size of the material being sampled.*	are best described as colluvial. Sampling was done to avoid obvious alluvial sediments.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	The laboratory assayed 1:10 duplicate samples, standard samples and blanks.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used.* s *Quality and adequacy of topographic control.*	Sample points were located using hand held GPS accurate to < 5m.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate*	

	for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. *Whether sample compositing has been applied.*	
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	The sampling density would be sufficient to achieve an unbiased result.
Sample security	*The measures taken to ensure sample security.*	
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	None undertaken.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The concessions are subject to an option agreement between Emu NL and Prospex SpA and BLC SpA, local Chilean companies. See ASX release dated 15th December 2016.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	
Geology	*Deposit type, geological setting and style of*	The project is a green fields exploration project and while the

	mineralisation.	source of the surface evidence of mineralization can only be speculation at this stage, it is likely to be similar to known the epithermal style ore deposits in the same geological setting.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* *easting and northing of the drill hole collar* *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *dip and azimuth of the hole* s *down hole length and interception depth* s *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	No aggregation undertaken.
Relationship between mineralisation widths and	*These relationships are particularly important in the reporting of Exploration Results.*	Project is at an early stage of exploration and any conclusions at this stage would be speculation.

intercept lengths	*If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	The **IP survey** is being done by Quantec Geoscience Limited of Canada. Receiver – Iris Instruments Elrec Pro Transmitter – Iris Instruments VIP 10000 Duty cycle – 2 sec on/off Potential electrodes – stainless steel rods Current electrodes – foil Array – pole-dipole Dipole length – 100m N spacing – to N=10 depending on signal strength
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	