



MAIDEN DRILLING PROGRAM CONFIRMS PROSPECTIVITY OF THE VIDALITA GOLD PROJECT

HIGHLIGHTS

- ✓ Prospectivity confirmed.
- ✓ Abbreviated drilling program effective in providing essential geological and geochemical information.
- ✓ Only three holes drilled into a system currently known to be 4 x 2km.
- ✓ The drilling program has yielded results which underwrite the confidence to move into the next season.

Australian explorer, Emu NL (ASX: **EMU**), provides the following update on its exploration activities at the Company's Vidalita gold project in northern Chile.

Three diamond drill holes (total meterage of 442.5m) were completed at Vidalita. The objective of the program was, in addition to testing some of the many targets generated from the December 2016 and January 2017 surface geochemical programs, to test below some of these surface indications of mineralisation for the inferred core of the mineralised system that could be producing these surficial responses. The locations of the holes are shown in Figure 1.

As reported previously, due to issues with drilling, the number of holes completed was less than planned with none of the holes reaching their designed depths. However, in the light of the results, the Company's choice of diamond drilling (as opposed to RC drilling) has been demonstrated to be an important one as it has delivered significant geological subsurface information.

Assays were, except for the first and last sample in each hole, done on every metre. The geochemical data for selected elements characteristic of high sulphidation epithermal (**HSE**) systems for each of the three holes is shown in Figures 2, 3 and 4.

The pervasive nature of the gold/silver geochemistry with associated pathfinder elements observed here is a noted feature of ore deposits in the Maricunga Belt (eg. Salares Norte, Alturas, Pascua Luma and La Coipa).

Gold was reported for every sample from 17DV1, the highest value being 44ppb. There was also silver in every sample with the average for the hole being 0.51ppm. The main lithology in hole 17VD1 is a dacitic volcanic +/- monomictic (composed of dacite only) breccia which has been intensively argillically (clay) altered + disseminated and vein pyrite. **Alteration of this type is typical around the upper parts of HSE systems.**

Similarly, for hole 17DV2, there is silver in every sample and (low level) gold in all but a few samples. The silver values average 0.28ppm for the hole. The top 90m of hole 17VD2 has a similar lithology and alteration to 17VD1. From 90m to EOH the lithology is a polymictic (of mixed origin) breccia which has been intensively argillically (clay) altered + disseminated and vein pyrite interpreted to be part of a phreatic diatreme; **again, a characteristic of HSE systems.**

Hole 17DV3 (predictably) returned the best gold results with a maximum value of 0.233ppm. Silver is also present for the length of the hole. Of note for 17VD3 is the observation that the main lithology in the hole is a porphyritic dacite (also argillically altered) interpreted to be a dacite dome, **another characteristic of HSE systems.**

In addition to the pervasive precious metal mineralisation in each hole, each hole intersected higher grade silver zones (with associated gold and base metals); for example, the 1m samples for the interval between 145m and 150m in hole 17VD2 assayed 15.0, 7.12, 0.813, 0.414 and 5.16ppm respectively. These correlations are clearly evident in Figures 2, 3 and 4.

The geochemical results from the drilling to date confirm that the surface geochemistry has a local bedrock source and the geology, alteration observed, grades and element association of the intersections are indicative of a HSE system.

PIMA scanning (which uses infrared wavelengths of 1400 to 2400nm) of the core to identify clay mineral types and other mineral species present has been completed and processing of that data is in progress. While the data is only from three drill holes, it may provide valuable vectors to the core of the mineralised system.

The results from this seasons activities are being collated for reporting and review to prepare the program for next field season.

The main conclusions drawn by the Company from the information to hand to date are that:

- 1. the material intersected is indicative of the upper or peripheral parts of an HSE system;**
- 2. the pervasive precious metal (gold and silver) geochemistry should be considered with reference to other known systems in the Maricunga Belt which are characterised by similar metal distributions;**
3. at this stage of exploration, it is not possible to determine with certainty where in the system the current level of erosion is positioned ; and
4. additional drilling is required.

For more information on the Company see the website www.emunl.com.au

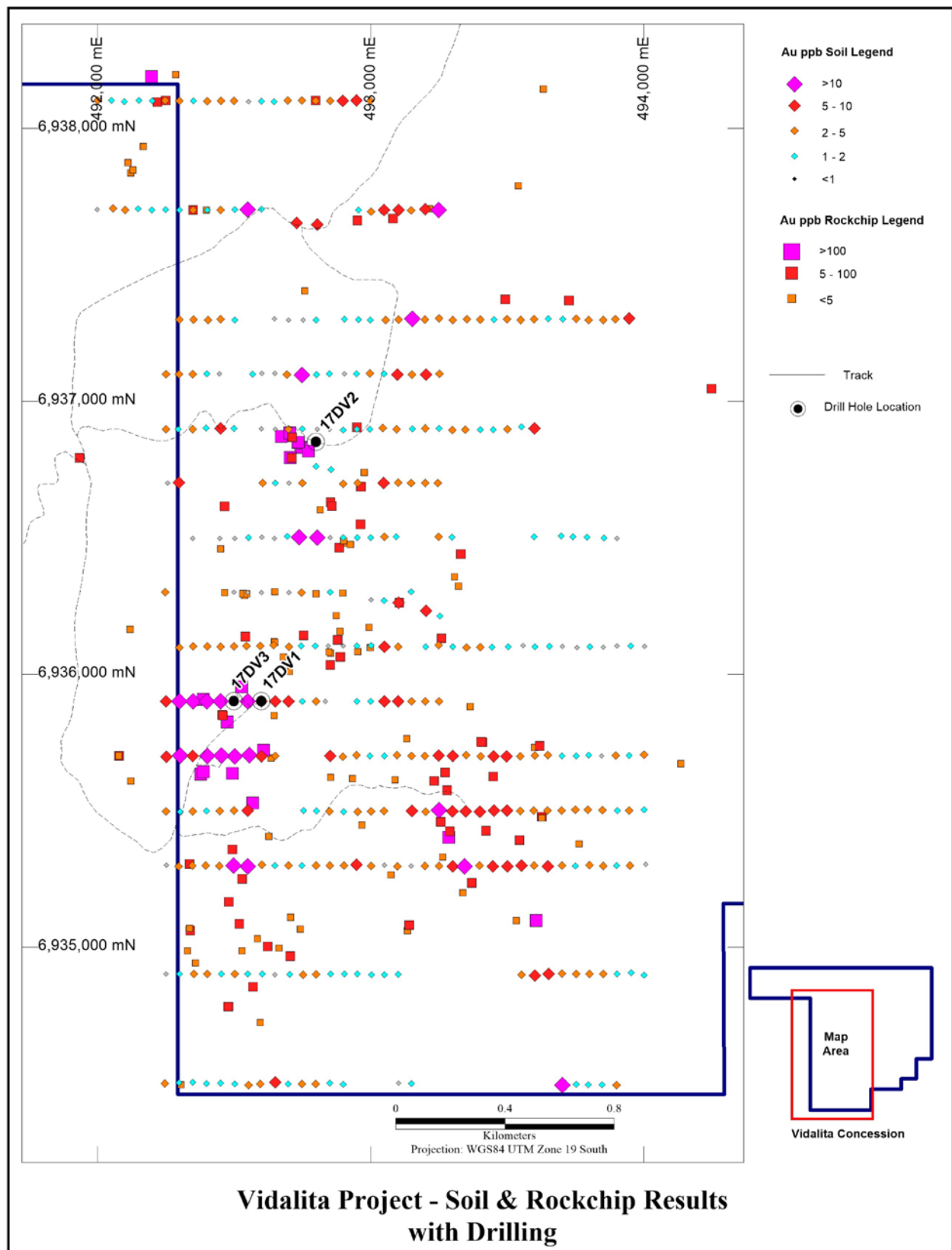


Figure 1

17DV1 Log

492 600E 6 935 900N 4886mRL WGS84 UTM Zone 19 South
270° Grid 65° Dip

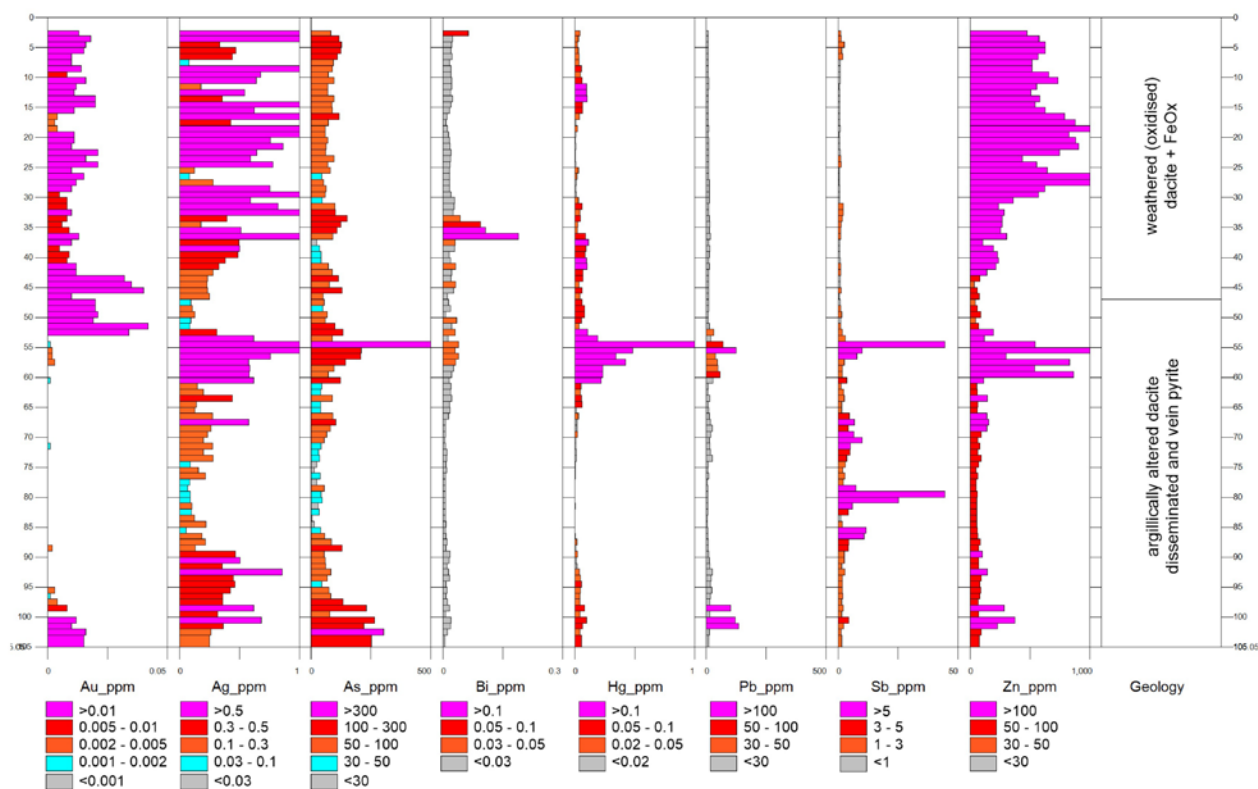


Figure 2

17DV2 Log

492 800E 6 936 850N 4866mRL WGS84 UTM Zone 19 South
270° Grid 60° Dip

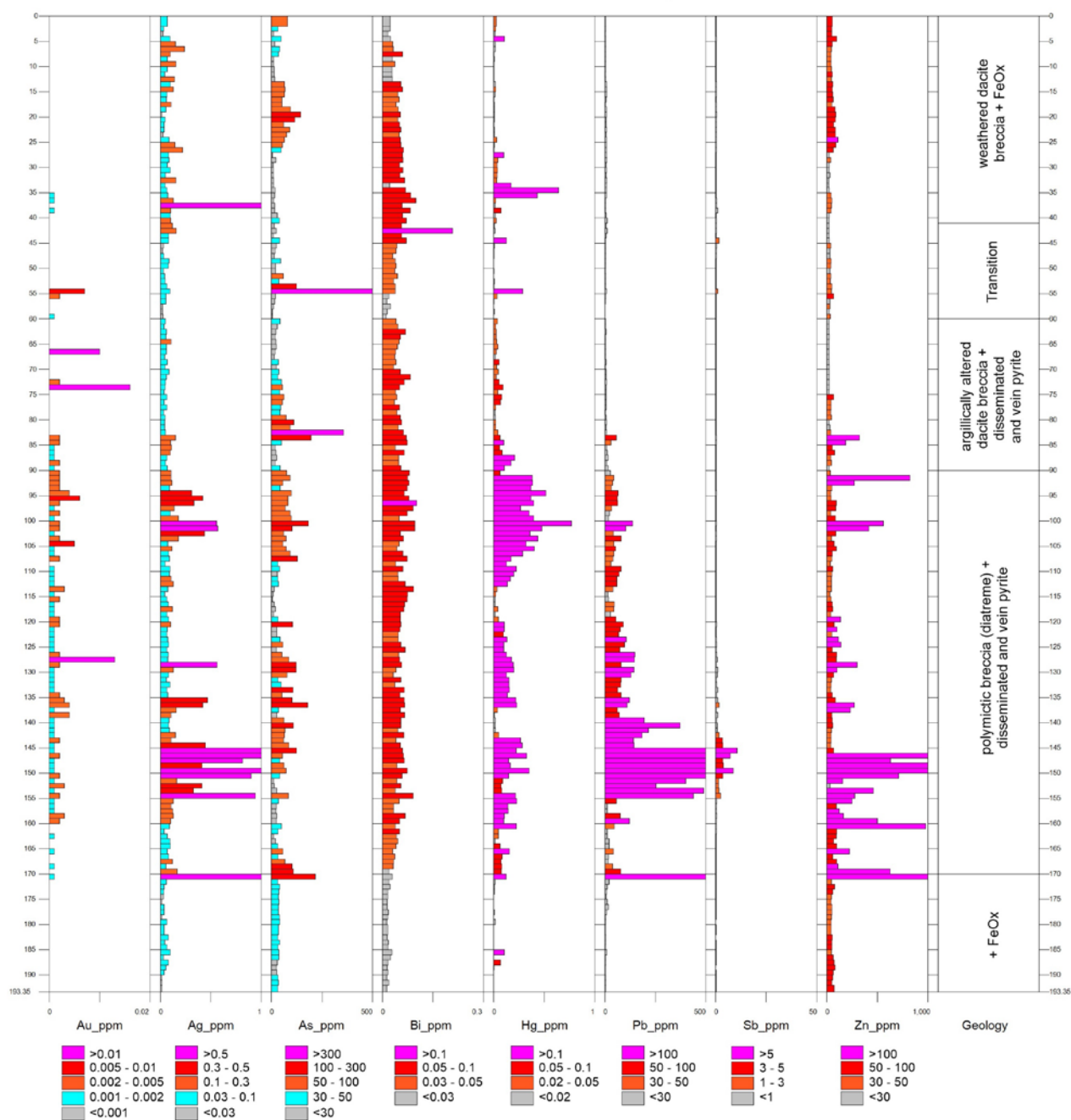


Figure 3

17DV3 Log

492 500E 6 935 900N 4884mRL WGS84 UTM Zone 19 South
270° Grid 60° Dip

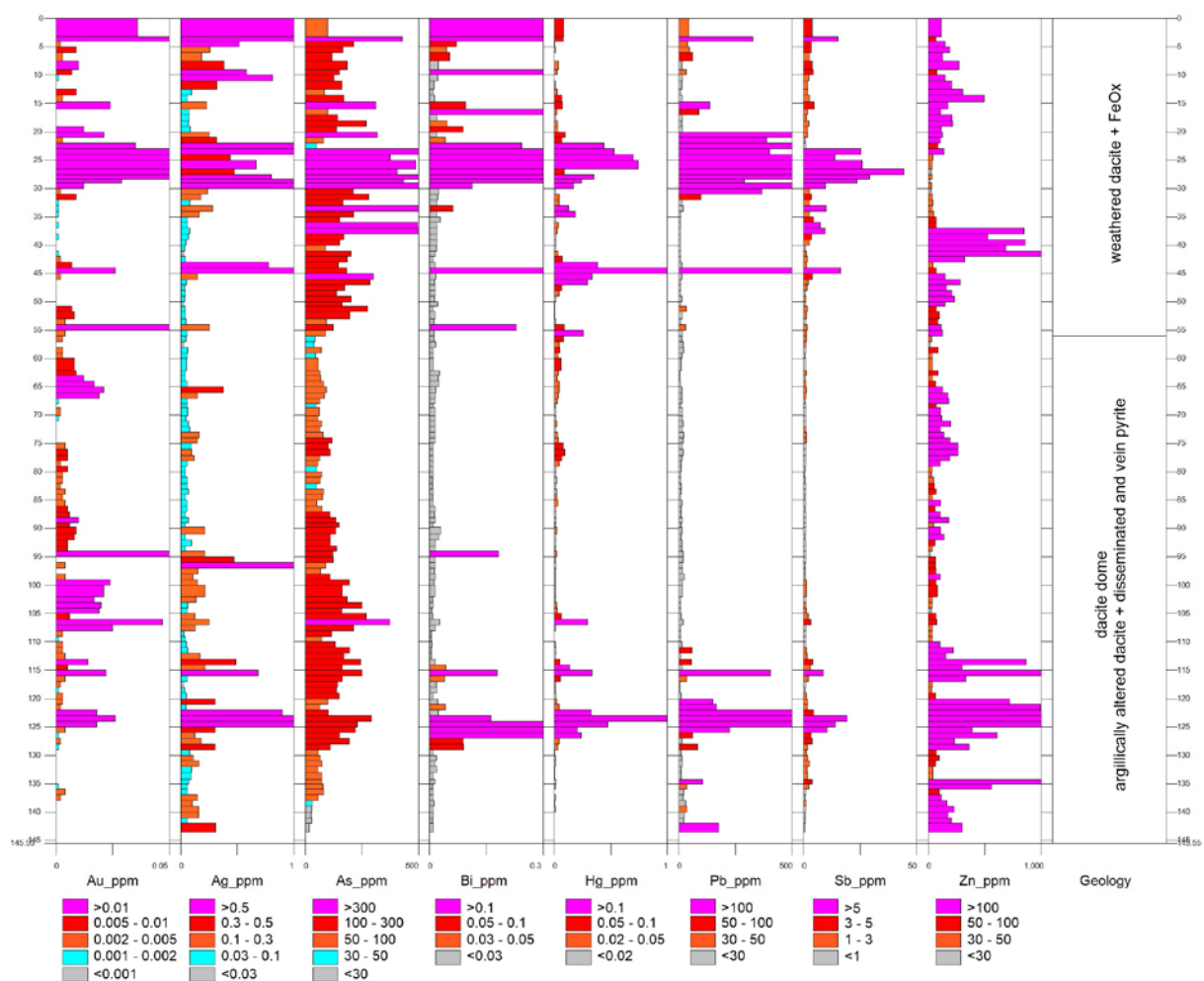
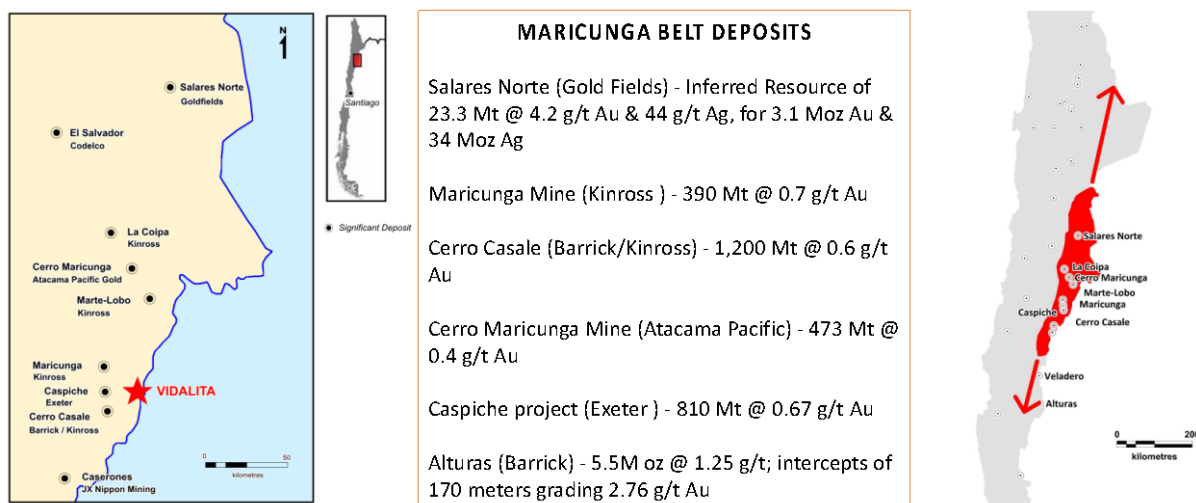


Figure 4

ABOUT THE CHILE GOLD PROJECTS

The Vidalita and Jotahues gold projects are located in the highly mineralised Oligocene/Miocene Maricunga gold belt in northern Chile, approximately 200 km east from the city of Copiapó in the Atacama Region of Chile. The two projects cover an area of approximately 2,800 hectares of mineral exploration concessions and host alteration and mineralization that appear geologically similar to other high sulphidation oxide gold deposits of the Maricunga gold belt. The projects are accessed using a network of roads that link Copiapó with the Refugio project (Kinross), Cerro Casale project (Barrick/Kinross) and the Caspiche project (Exeter). Refugio is located 30 km to the northwest of Vidalita. **Apart from the current programme, due enquiry having been made, the Company is unaware of the project having been drilled before.**



Emu has an option (**Emu's Option Agreement**) with Prospex SpA and BLC SpA, Chilean subsidiaries of Altius Minerals Corporation of Canada, to acquire 8 concessions at Vidalita and 3 concessions at Jotahues. The option under Emu's Option Agreement may be exercised any time up until 11th November 2019 by granting Prospex and BLC a 1% NSR on production and, subject to Emu expending US\$1 million in pursuing its rights under the Emu Option Agreement by 10th December 2018 and electing to continue with the project, allotting them 2.5 million Emu ordinary shares. In addition, if the option is exercised and subject to certain measured mineral resource hurdles being met (see ASX release 15th November 2016), up to a further 10 million shares will be issued. Prospex SpA in turn has an option under an agreement (the **Prospex's Option Agreement**) to acquire 6 of the 8 Vidalita concessions from local Chilean parties. Under the terms of that agreement, Prospex has the right to exercise that option by 11th November 2019 by paying US\$2 million and granting the Chilean parties a 1% NSR over those 6 concessions. Under Emu's Option Agreement, Emu has assumed the rights and obligations of Prospex under Prospex's Option Agreement.

<p>Emu NL ABN 50 127 291 927</p> <p>ASX Code: EMU</p> <p>10 Walker Ave West Perth, WA 6005</p> <p>T +61 8 9226 4266 E info@emunl.com.au</p> <p>PO Box 1112 West Perth, WA 6872</p> <p>Issued Capital: Quoted: Shares 65,910,387 fully paid shares</p>	<p>COMPETENT PERSON'S STATEMENT</p> <p>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.</p>
<p>Contributing Shares 36,580,667 paid to \$0.03; \$0.03 to pay, no call before 31/12/2018</p> <p>Unlisted Options 3,750,000 options, exercise price \$0.10, date 20/12/18 300,000 options, exercise price \$0.25, date 20/12/18</p> <p>Directors: Peter Thomas Chairman Greg Steemson Managing Director Gavin Rutherford Non-Executive Director</p>	<p>FORWARD LOOKING STATEMENT</p> <p>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.</p>

JORC Code, 2012 Edition – Table 1 report, EMU NL
Vidalita drilling results

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

Criteria	Explanation	Commentary
<i>Sampling techniques</i>	<p><i>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.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>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.</i></p>	The diamond core samples were analysed for gold using 50g fire assay (ALS method Au-ICP22) and for multi-elements by 50g aqua regia digest ICP multi element analysis for 44 elements (ALS method Au-ME-ST44 ICP-MS).
<i>Drilling techniques</i>	<i>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).</i>	All holes drilled with HQ diamond drilling.
<i>Drill sample recovery</i>	<p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the</i></p>	Core is placed in core trays. Core recovery and RQD measurements are made as soon as possible after drilling due to the altered nature of the core rendering the core unstable

	<p><i>samples.</i></p> <p><i>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.</i></p>	<p>once out of the hole.</p>
Logging	<p><i>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.</i></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></p> <p><i>The total length and percentage of the relevant intersections logged.</i></p>	<p>All of the core is being geologically logged.</p>
Sub-sampling techniques and sample preparation	<p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></p> <p><i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></p> <p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p>	<p>Most of the core is altered to clay and breaks easily. Where possible the core was cut. Otherwise it was broken with a chisel.</p> <p>The core was crushed, split and a 250g sub sample was pulverised.</p> <p>Labortory QA/QC samples used.</p> <p>Sample size considered appropriate.</p>
Quality of assay data and laboratory tests	<p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis</i></p>	<p>The fire assay will report total gold content. The aqua regia digest in this instance is considered appropriate given the stage of the program and the altered nature of the rocks.</p>

	<p><i>including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <p><i>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.</i></p>	Laboratory standards and checks only.
Verification of sampling and assaying	<p><i>The verification of significant intersections by either independent or alternative company personnel.</i></p> <p><i>The use of twinned holes.</i></p> <p><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></p> <p><i>Discuss any adjustment to assay data.</i></p>	<p>No significant/economic intersections.</p> <p>No twinned holes.</p> <p>Data loaded into databases for checking and further use.</p> <p>No adjustment.</p>
Location of data points	<p><i>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.</i></p> <p><i>Specification of the grid system used.</i></p> <p><i>Quality and adequacy of topographic control.</i></p>	<p>Holes located using hand held GPS accurate to < 5m.</p> <p>UTM grid system</p>
Data spacing and distribution	<p><i>Data spacing for reporting of Exploration Results.</i></p> <p><i>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.</i></p> <p><i>Whether sample compositing has been applied.</i></p>	<p>The holes are not being used in any resource calculation at this time.</p> <p>No compositing.</p>
Orientation of data in relation to geological structure	<p><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></p>	The controls on mineralisation are unknown at this time.

	<i>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.</i>	
<i>Sample security</i>	<i>The measures taken to ensure sample security.</i>	Management was present during the drilling. Core is stored in a secure location in Copiapo.
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	None undertaken.

Section 2 Reporting of Exploration Results

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

Criteria	Explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<p><i>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.</i></p> <p><i>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.</i></p>	Emu has an option agreement with Prospex SpA and BLC SpA, Chilean subsidiaries of Altius Minerals Corporation of Canada, to acquire 8 concessions at Vidalita and 3 concessions at Jotahues. This option may be exercised any time up until 11 th November 2019 by granting Prospex and BLC a 1% NSR on production and allotting them up to 12.5 million Emu ordinary shares as to 2.5 million upon meeting an expenditure commitment of US\$1 million on or before 10 th December 2018 and electing to continue with the project, and, subject to certain vesting conditions (see ASX release 15 th November 2016), the remainder in 2 installments of 5 million each. Prospex SpA in turn has an option to acquire 6 of the 8 Vidalita concessions from local Chilean parties. Under the terms of that agreement, Prospex has the right to exercise that option by 11 th November 2019 by paying US\$2 million and granting the Chilean

		parties a 1% NSR over those 6 concessions. Under the Emu option agreement, Emu has assumed the rights and obligations of Prospex in relation to those 6 concessions.
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	
<i>Geology</i>	<i>Deposit type, geological setting and style of mineralisation.</i>	The project is a green fields exploration project and while the source of the surface evidence of mineralization can only be speculation at this stage, it is likely to be similar to known epithermal style ore deposits in the same geological setting.
<i>Drill hole Information</i>	<p><i>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:</i></p> <p><i>easting and northing of the drill hole collar</i></p> <p><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></p> <p><i>dip and azimuth of the holes, down hole length and interception depths hole length.</i></p> <p><i>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.</i></p>	<p>17DV1 location 6,935,900N, 492,600E. Azimuth 270 degrees UTM Inclination 65 degrees. RL is 4,886m. TD 105.5m</p> <p>17DV2 location 6,936,850N, 492,800E. Azimuth 270 degrees UTM Inclination 60 degrees. RL is 4,884m. TD 193.35m</p> <p>17DV3 location 6,935,900N, 492,500E. Azimuth 270 degrees UTM Inclination 60 degrees. RL is 4,884m. TD 143.65m</p>
<i>Data aggregation methods</i>	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually</i>	No weighting done.

	<p><i>Material and should be stated.</i></p> <p><i>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.</i></p> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	
<i>Relationship between mineralisation widths and intercept lengths</i>	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p><i>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').</i></p>	Project is at an early stage of exploration and any conclusions at this stage would be speculation.
<i>Diagrams</i>	<i>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.</i>	Plans included in ASX release
<i>Balanced reporting</i>	<i>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.</i>	Assays reported in ASX release
<i>Other substantive exploration data</i>	<i>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</i>	None undertaken.

16 May 2017

	<i>substances.</i>	
<i>Further work</i>	<i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Data is being compiled and assessed to plan the field work for next season.