



SUMMARY

- Exploration programs collected 1018 soil and 137 rock chip samples
- Drilling commenced on 9th January

Gold exploration prospects, Chile

Vidalita

The Company has extended and infilled the surface sampling grid started in the previous field season, collecting 806 soil samples and 25 rock chip samples. The work was undertaken to better define target zones for exploration drill testing and to identify new areas of interest.

The sampling grid is nominally 200m x 50m in the western half and 400m x 50m in the eastern half. Lines extend from the southern margin of the concession to the northern boundary, which is over 5km. The locations of the soil and rock chip samples are shown in Figures 2 and 3 respectively.

Assay results for 714 (89%) of the soil samples from the grid have been received as have all but one rock chip sample. The outstanding soil results are from the two northernmost lines. The program of surface sampling is ongoing. While checking, validating and assessment of the results is incomplete (and the results will be announced once this has occurred), initial assessment suggests that this phase of work has successfully upgraded and added to the many geochemical targets at this prospect.



Figure 1: Exploration drilling at Vidalita property, Chile

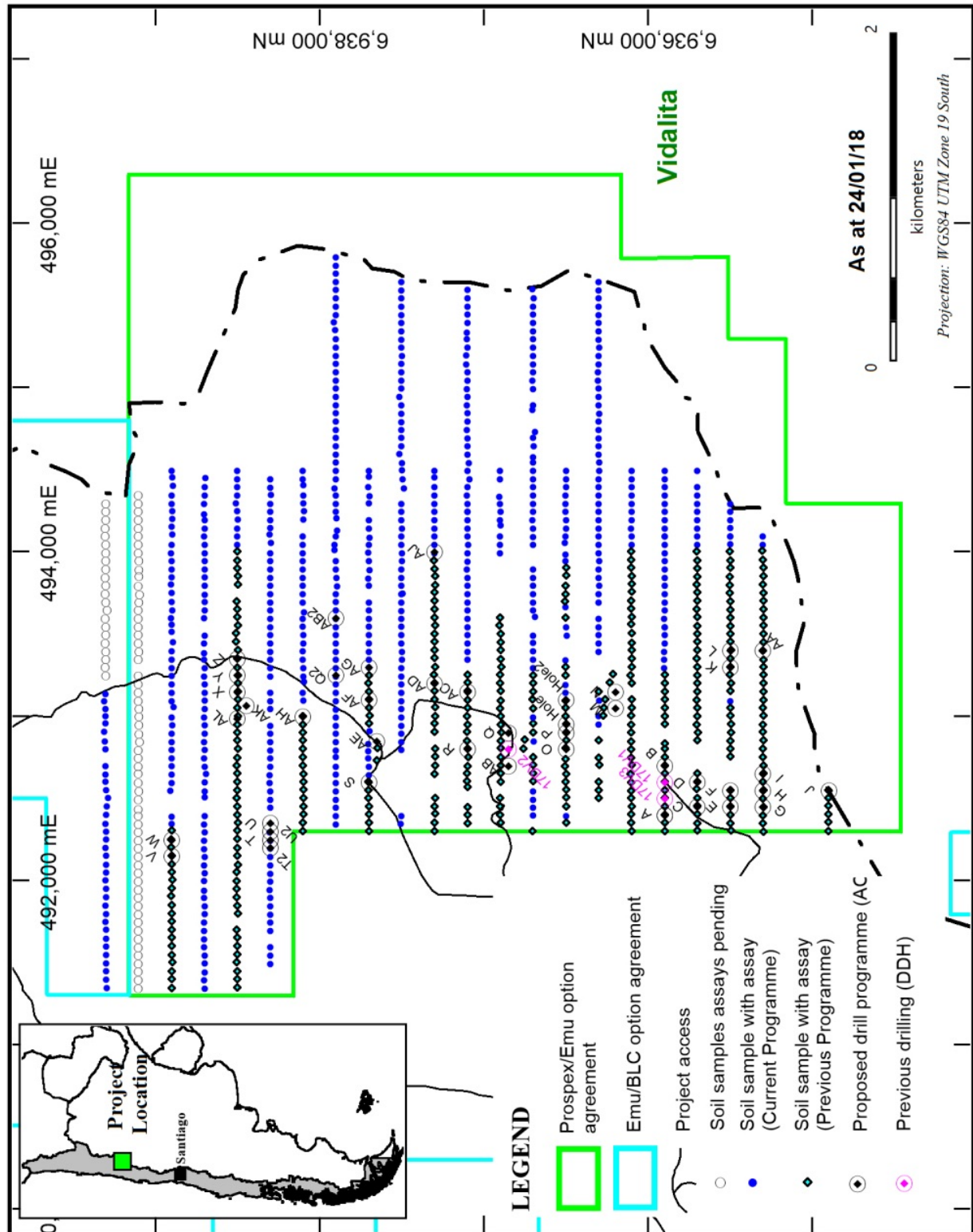


Figure 2: Vidalita soil sampling survey with location of proposed drill holes

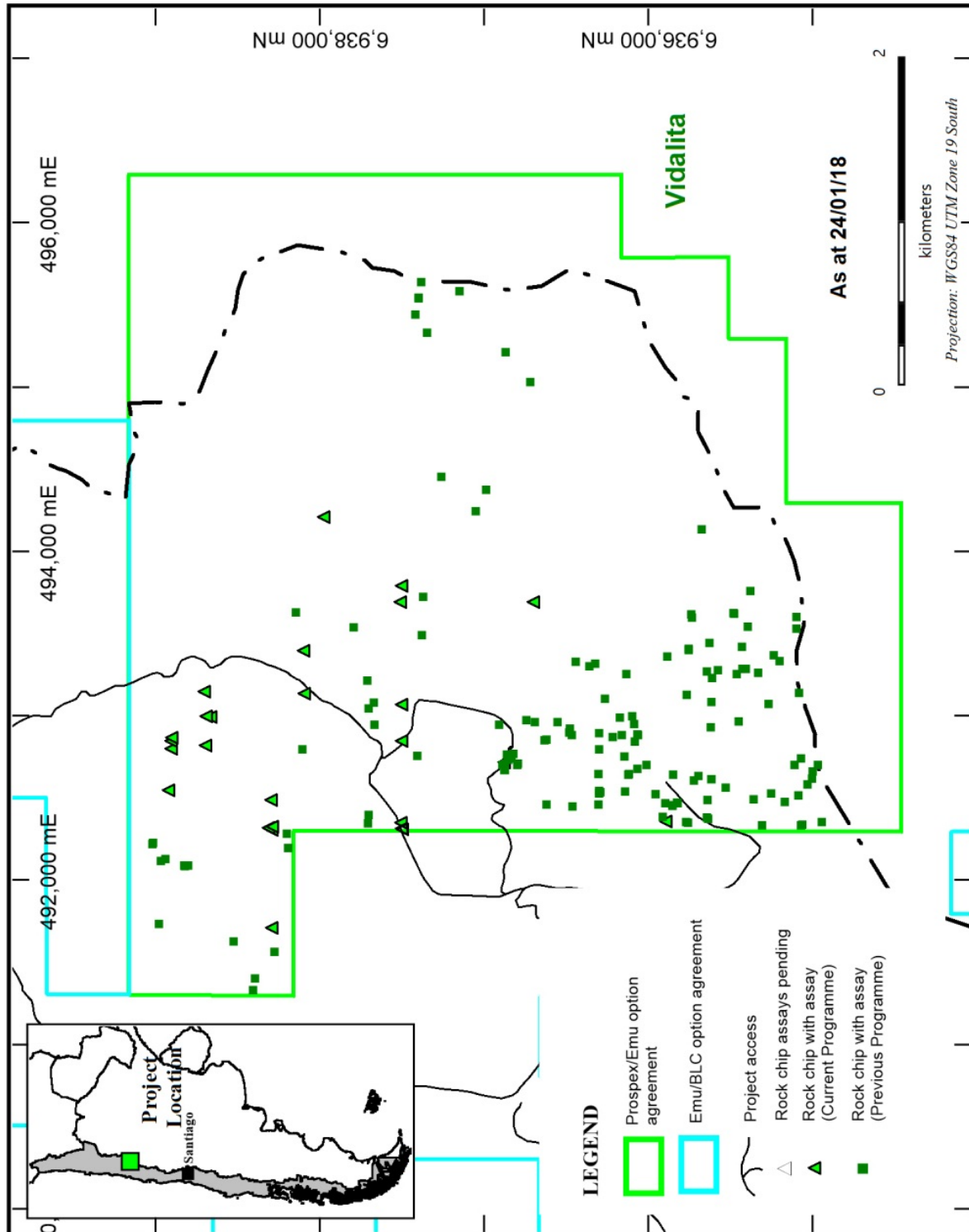


Figure 3: Vidalita rock chip sample locations

Emu NL

Activity Report

for the quarter ending 31st December 2017



Exploration drilling commenced at Vidalita on 9th January (Chile time zone).

An initial program of 36 air core holes is planned.

As reported on 17th January, the program has been beset by mechanical availability issues. The Company is working with the drilling contractor to endeavour to get the program operating within previous expectations.

Notwithstanding these difficulties, the limited drilling achieved to date has demonstrated that the air core technique will work well in this geological environment, with good recoveries of fines and pieces of core being achieved. When drilling, performance is within acceptable limits.



Figure 4: Drilling equipment in transit and air core sample recovery, Vidalita property, Chile

Jotahues

During the quarter, 102 rock chip and 212 soil samples were collected in the Jotahues area. Sample locations are shown in Figures 5 and 6. Results (other than those announced on 10 January 2018) are currently being checked and validated; and will be the subject of further announcement when this process is complete.

On 10th January 2018 it was reported that a new area of exploration interest has been identified, characterised by high levels of arsenic with anomalous gold and antimony. Further field examination (using a portable XRF unit) has located one source of the arsenic geochemistry.

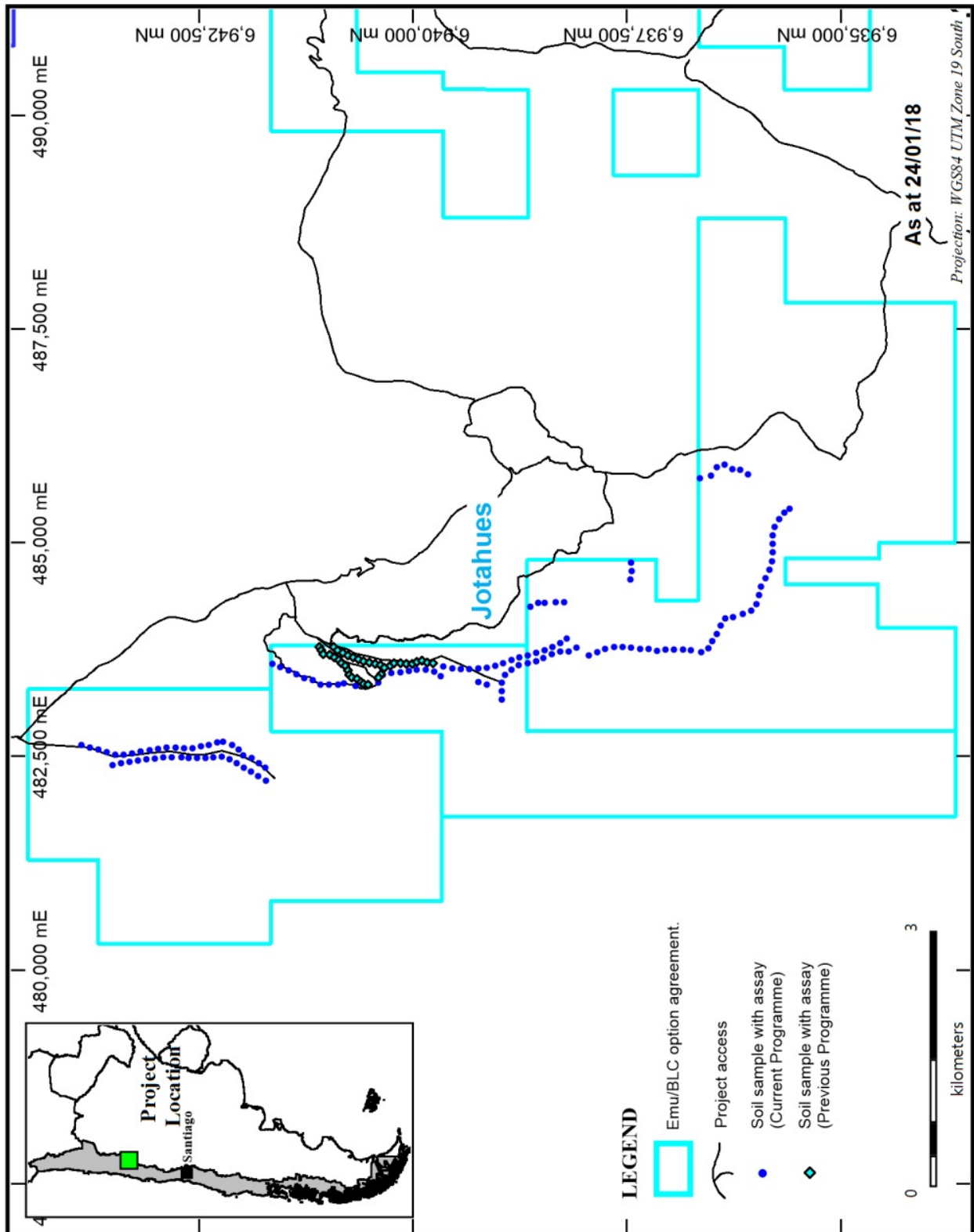


Figure 5: Location of Jotahues soil samples

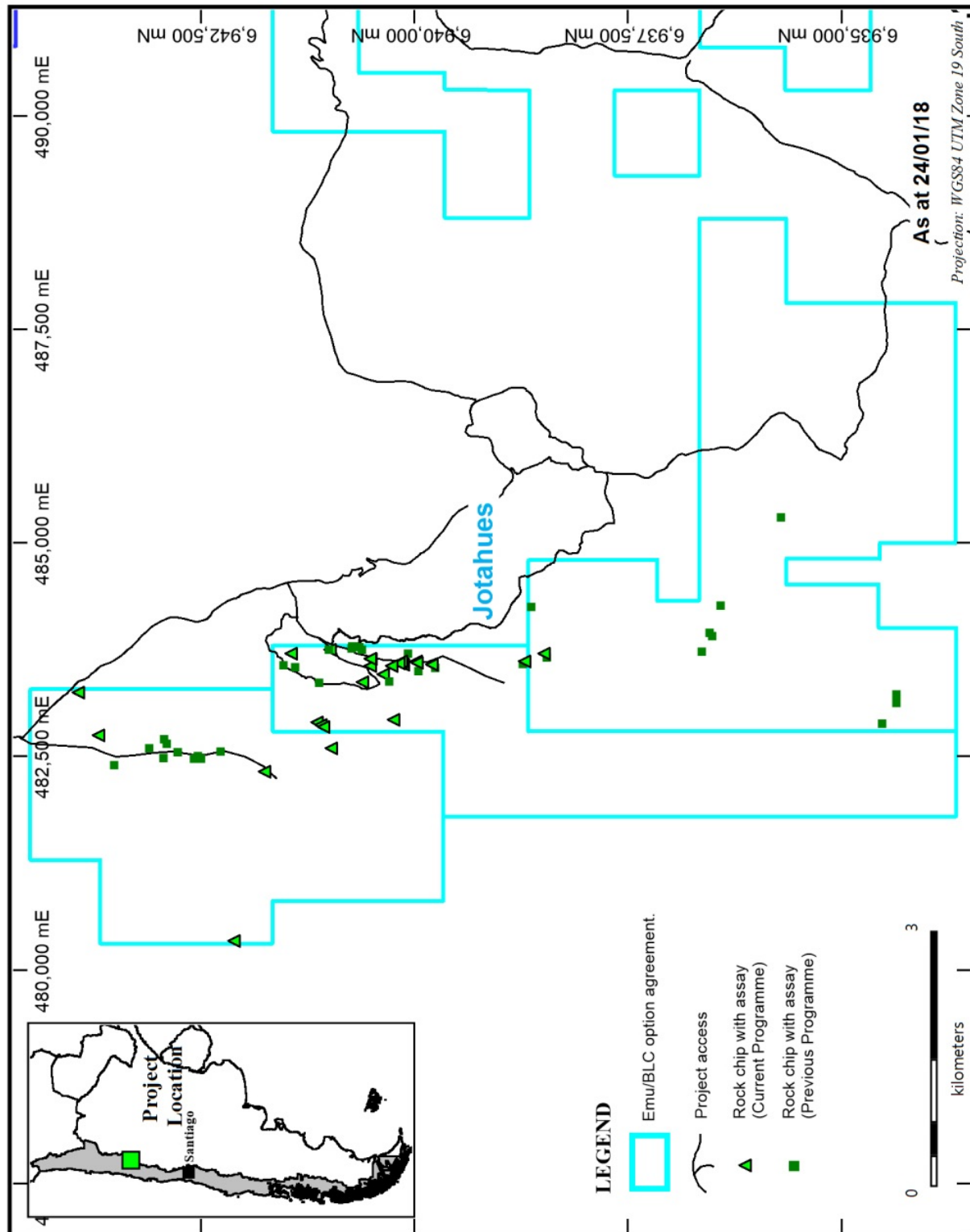


Figure 6: Location of rock chip samples, Jotahues



Arroyo Ancho

Exploration results have been sufficiently encouraging to warrant the Company building on its tenement holdings around the Vidalita-Jotahues prospects in Chile. Emu Chile SpA has applied for an additional 13 concessions in the Arroyo Ancho area north of Vidalita. The concessions cover an area of alteration obscured by younger volcanic rocks.

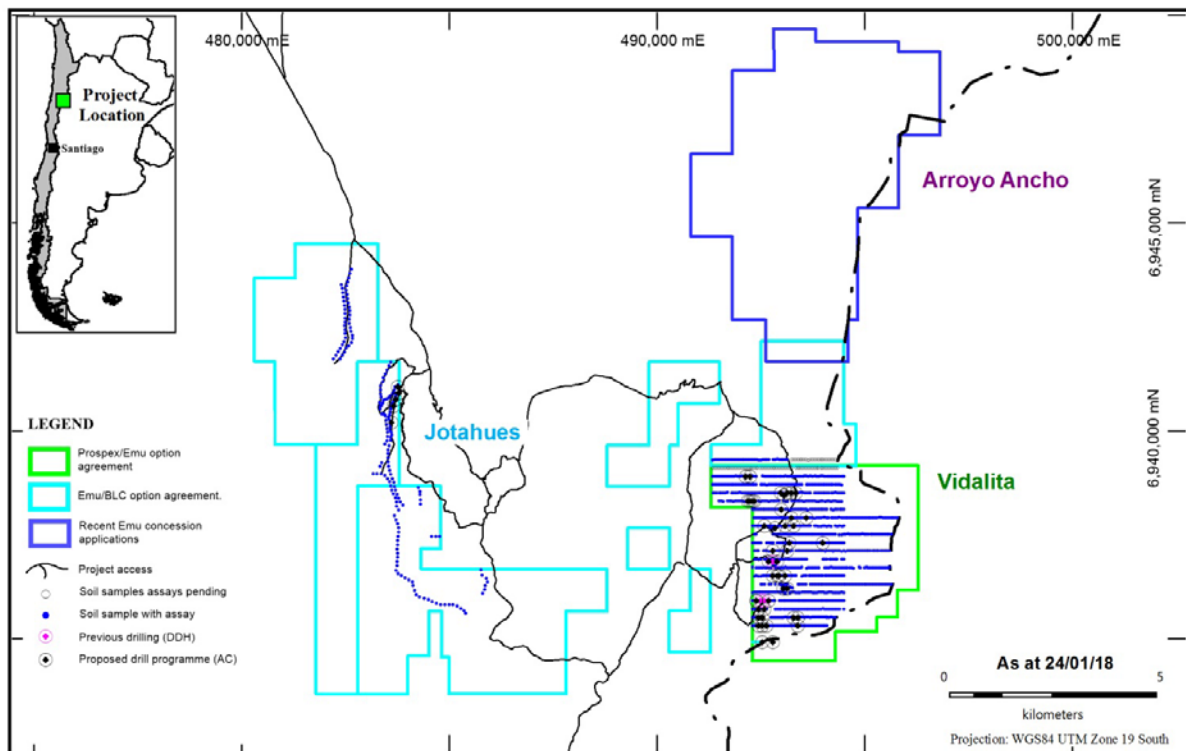


Figure 7: Location of the Arroyo Ancho concessions

Capital raising

During early December, the Company completed a targeted placement of ordinary fully paid shares to raise \$600,000, which will be applied to general working capital purposes including exploration activity. Subscribers were issued with one free option for every two ordinary fully paid shares. Each option can be converted into a listed partly paid share on or before 30 April 2018 by paying 3c, with a further 3c being payable upon call, with no call to be made before 31 December 2018.



Figure 8: Managing Director Greg Steemson, field mapping, Vidalita

ASX Waiver- Approval to issue shares

On 8 February 2017, the Company received shareholder approvals for the issue of up to 15 million shares (**Consideration Shares**; 2,500,000 of which were issued shortly after the approvals) in respect of the Option Agreement (for the option to purchase the Vidalita and Jotahues projects – **Projects**) with Prospex SpA and BLC SpA.

The following information is provided in accordance with a waiver granted by ASX permitting the Company to issue the balance of the Consideration Shares (12,500,000) more than 3 months after the date of the approvals:

- a) No Consideration Shares were issued during the reporting period;
- b) 12,500,000 of the Consideration Shares remain, conditionally, to be issued; and
- c) the conditions to and instalments in which the remainder of the Consideration Shares may be issued are:
 - i) 2,500,000 (approved for issue no later than 31 March 2019) if the Company elects to continue exploring the Projects and subject to it meeting its expenditure commitment in relation to the Projects (minimum of US\$1 million by 10 December 2018) and;
 - ii) 5,000,000 (approved for issue no later than 31 December 2020) if the Company exercises the option and defines a 500,000 ounce measured resource of gold on the Projects; and
 - iii) 5,000,000 (approved for issue no later than 31 December 2020) if the Company exercises the option and defines a 1,000,000 ounce measured resource of gold on the Projects.



Table 1: Schedule of Tenements – Atacama Region, Chile

Concession	Type of concession	Percentage held / earning*
Vidalita A2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita B2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita C2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita D2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita E2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita F2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita A1 1/60	Exploitation	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita B1 1/60	Exploitation	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita C1 1/60	Exploitation	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita D1 1/60	Exploitation	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita E1 1/36	Exploitation	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita F1 1/40	Exploitation	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalota A	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalota A1 AL18	Exploitation	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalota B	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalota B1 AL20	Exploitation	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalota C	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota D	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota E	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Peon 1-3	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Peon 6-7+10	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Peon 12-15	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Ciclope Tuerto 7-9	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Ciclope Tuerto A2-A6	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Ciclope Tuerto 1	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Tierra 6	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Tierra 1-5, 7-13	Exploration	Emu 100%

Investor enquiries

Tony Wiggins

General Manager

T +61 8 9226 4266

E info@emunl.com.au



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About:-

EMU is an ASX listed Company seeking to deliver tangible outcomes for investors by:

- focusing on testing substantive mineralised systems capable of forming commercially attractive development opportunities using existing technologies;
- seeking to reduce risk by selecting operating environments with established minerals law and mining industries;
- remaining alert to best practice exploration technologies, seeking to bring new insights to our work;
- drawing on our depth of relevant experience; and
- remaining active, with meaningful programs of work.

About the gold projects, Maricunga Belt, Chile

The Vidalita and Jotahues gold projects are located in the Maricunga gold belt in the Atacama Region in northern Chile hosting numerous world class gold and silver projects. Emu's projects cover an area of approximately 6,900 hectares secured by mineral exploration concessions and host alteration and mineralisation that appear geologically similar to other high sulphidation 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/Goldcorp) and the Caspiche project (Goldcorp). Refugio is located 30 km to the northwest of Vidalita. **Emu is unaware of the project having been drilled other than for the 3 holes it drilled in 2017.**

The Company holds an option (**Option**) to acquire a 100% interest in certain of the Vidalita and Jotahues concession packages from two Chilean companies.

The concessions the subject of the Option comprise 2 packages: one package, (the Prospex SpA concessions) covers six concessions at Vidalita, is subject to a 2% NSR on any production, and the second package, (the BLC SpA concessions) comprised of three concessions at Jotahues and two concessions at Vidalita (Vidalota A&B), is subject to a 1% NSR.

The royalties apply to any concession acquired by Emu within 5km of the outer boundary of any of the interests listed in the Option agreement. Any concession interest within that area acquired by the other parties to that agreement shall be offered to Emu on the same terms as the other party acquired the same.

The Option will lapse if Emu fails to pay US\$100,000 in November 2018. The Option may be exercised in November 2019 on payment of US\$2M following expenditure of US\$1M, electing to continue on or before November 2018 (by paying US\$100,000 refer to above), the issue of 2.5M Emu shares and then if Emu defines: (i) 0.5Moz of gold in measured resources, a further 5M ordinary shares will be issued; and (ii) 1Moz of gold in measured resources, a further 5M ordinary shares will be issued.

Emu continues to look for new mineral exploration, development and mining opportunities within Australia and at various overseas jurisdictions.



Emu NL

ABN 50 127 291 927

ASX Code: EMU

10 Walker Ave
West Perth, WA 6005

T +61 8 9226 4266

E info@emunl.com.au

PO Box 1112
West Perth, WA 6872

Fully paid shares (listed)

73,910,387 (inc. 4m which Emu can buy back for nil consideration)

Contributing Shares (listed)

36,950,667 paid to \$0.03, \$0.03 to pay, no call before 31/12/2018

Options (unlisted)

4,750,000, exercise price \$0.10, expiring 20/12/18

2,000,000 exercisable (subject to minimum share price milestones being met in the case of 1,500,000 of these options) at \$0.11, expiring 20/12/18

300,000, exercise price \$0.25, expiring 20/12/18

1,630,004, exercise price \$0.03 to acquire a contributing share EMUCA expiring 30/4/18

Directors:

Peter Thomas

Non-executive Chairman

Greg Steemson

Managing Director

Gavin Rutherford

Non-Executive

COMPETENT PERSON'S STATEMENT

Any details contained herein that pertain to exploration results, mineral resources or mineral reserves are based upon information compiled by Mr Greg Steemson, Managing Director of Emu NL. Mr Steemson is a Fellow of the Australian Institute of Geoscientists (FAIG) 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 herein of the matters based upon his information in the form and context in which it appears.

FORWARD LOOKING STATEMENTS

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