



EMU NL

ABN 50 127 291 927

26 October 2018

Dear Shareholder

SHARE PURCHASE PLAN OFFER TO SHAREHOLDERS

Following a very pleasing year in which your Company made a virgin gold-silver epithermal discovery at the Vidalita Project, Chile, the Board of Emu NL (**EMU**) is pleased to offer eligible shareholders an opportunity to share in the ongoing success of your Company by inviting you to participate in a non-renounceable Share Purchase Plan (**SPP**), whereby each registered Eligible Shareholder as at 5:00 pm Perth time on Friday 26 October 2018 can subscribe for up to \$15,000 for up to 375,000 new fully paid ordinary shares (**New Shares**) in EMU; the subscription price is \$0.04 per New Share (**Offer**).

The right to participate in the Offer under the SPP is available exclusively to Eligible Shareholders whose registered address is in Australia or New Zealand. Permitted Foreign Shareholders may participate in the Offer, subject to the terms and conditions set out in the Additional Terms and Conditions of the SPP.

The issue price of the New Shares represents a discount of 18.86% to the volume weighted average price (**VWAP**) of EMU's shares (**Shares**) during the last 5 days on which EMU Shares were traded up to and including 25 October 2018, being the last trading day before the SPP was announced. The VWAP of shares over the last 5 days on which sales in the Shares were recorded on ASX immediately prior to the date of this letter of invitation was \$0.0493 per Share. The Offer under the SPP provides you with an opportunity to subscribe for up to \$15,000 for New Shares at \$0.04 per New Share without incurring brokerage or other transaction costs.



Emu NL's share price cycles strongly in response to its drilling campaigns. The current share price low is coincident with a period of no drilling and is expected to change as the 2018 – 19 drilling campaign gets under way. (Source: Commsec)



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The Offer will be conducted without a prospectus in accordance with ASIC Class Order CO 09/425.

The SPP is proposed to be capped at 15,000,000 New Shares but the Directors of Emu reserve the right to accept applications up to an overall maximum of 27,299,900 New Shares and to close the offer early to ensure this cap is not breached.

The Offer is non-renounceable; you cannot trade or transfer your right to subscribe for New Shares under the SPP.

The Board is particularly excited by the potential of Emu's Chilean Project. The first real drill test of the Vidalita Prospect resulted in Emu discovering a high sulphidation epithermal system in the Maricunga Belt of Chile, a rare accomplishment for explorers. Thick intercepts of gold, silver, lead, and zinc, with tantalisingly rich copper veins, indicate this is a highly mineralised system (as announced to ASX on 18 July 2018). Those intercepts include the following significant gold grades (down hole widths, true width unknown):

Interval m	Gold grade g/t	From m	Hole	Within broader interval m	Gold Grade g/t	From m
7	1.12	166	5300-2	21	0.54	157
8	1.02	50	5300-2	52	0.46	50
1	8.37	45	5300-4	48	0.64	44
8	0.70	28	5100-4	40	0.39	12
4	1.06	92	5100-4	8	0.59	88
2	0.68	217	5700-1	70	0.23	174
			and	162	0.13	

Additionally, the following silver intercepts were obtained (down hole widths, true width unknown):

Interval m	Silver grade g/t	From m	Hole	Within broader interval m	Silver grade g/t	From m
8	33	40	4900-1	28	23	36
1	58	166	5300-2	8	15	163
1	1,049	216	5700-1	6	211	215
2	177	253	5700-1	6	93	251
4	148	52	6500-2	16	88	44



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Base metals, also, are present at highly anomalous levels, and include (down hole widths, true width unknown):

Hole	Interval m	From M	To m	Copper %	Lead %	Zinc %
5100-3	8	184	192			0.36
	16	228	244			0.54
5300-2az	21	211	232			0.22
5700-1b incl	66	171	237			0.27
	37	181	218	0.24		
	4	215	218	2.18	0.99	1.61
	1	216	217	5.37	2.24	3.65
	7	251	257		0.18	1.34
6500-2	32	32	64		0.13	0.57

Significantly, this discovery represents only one of seven prospects Emu geologists have already identified in the project area. The other six, all with similar alteration patterns, high gold and silver assays from surface rock chip samples, and geology, remain to be drill tested.

Emu's success has been underwritten by the novel application of deep aircore (AC) drilling techniques to the high Andes. Emu recognised the utility of this method and contracted an Australia driller to take an AC drill rig and crew to Chile. At the end of last season, that rig was delivering productivity that was five times higher than local drillers could deliver at about a one fifth the cost. At the same time, AC produced a superior sample for both geochemical assaying and geological assessment (ASX announcement on 5 October 2018). The rig was left parked up in Emu's field office in Chile for the coming drilling campaign.

The proceeds from the SPP will be applied towards:

- Drill follow-up of the excellent results obtained at the Vidalita Prospect during initial drill testing
- Drill test up to four other prospects in the project area that have similar satellite image alteration indicators, surface geochemistry, and geology to Vidalita
- Identification and pursuit of new opportunities
- General working capital

You are encouraged to read the attached Offer Memorandum and the accompanying Application Form. If you have any queries in relation to the SPP, you should consult your stockbroker or other professional adviser.

Your continuing support as a shareholder of Emu at this exciting time of the Vidalita's Project development is appreciated.

Yours sincerely

Peter S Thomas
Chairman



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TERMS AND CONDITIONS OF SHARE PURCHASE PLAN

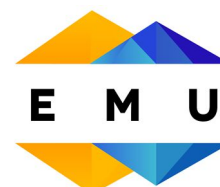
1	Offer under the Share Purchase Plan	<p>EMU offers each Eligible Shareholder the opportunity to subscribe for New Shares at \$0.04 each in the following parcel options:</p> <p>A minimum of 25,000 Shares for \$1,000</p> <p>125,000 Shares for \$5,000</p> <p>250,000 Shares for \$10,000</p> <p>A maximum of 375,000 Shares for \$15,000</p> <p>The New Shares will be fully paid and will rank equally in all respects with EMU's existing Shares on issue and carry the same voting rights, dividend rights and other entitlements as existing Shares. EMU will apply for quotation of the New Shares on ASX. If an Eligible Shareholder becomes entitled to a fraction of a New Share, the entitlement will be rounded up to the nearest whole number. All amounts referred to in these Terms and Conditions are expressed in Australian dollars.</p>
2	Issue Price	<p>The issue price of the New Share is \$0.04 each which represents a discount of 18.86% to the volume weighted average price of Shares during the 5 trading days on which sales of Shares were recorded up to and including the last trading day before this SPP was announced.</p> <p>Eligible Shareholders should be aware that there is a risk that the market price of the Shares may change between the date of this Offer Memorandum and the date when New Shares are issued under this SPP. This means that the price paid per New Share may be either higher or lower than the market price of Shares on the date the New Shares are issued under the SPP.</p>
3	Participation in the SPP	<p>Each shareholder with a registered address in Australia or New Zealand as at 5:00 pm Perth time on 26 October 2018 (Eligible Shareholder) is entitled to participate in the SPP. Further, Permitted Foreign Shareholders may participate in the Offer, subject to the terms and conditions set out in Section 2 of the Additional Terms and Conditions.</p>
4	How to subscribe for New Shares	<p>Participation in the SPP is optional. To subscribe for New Shares under the SPP, please follow the instructions on the enclosed Application Form.</p> <p>Applications must be for the one of the parcel options specified in Item 1 above. You must make payment of the appropriate Application Money depending on which parcel you select, as provided in the Application Form. Applications will not be valid if they are received after 5:00 pm Perth time on the Closing Date of the Offer.</p> <p>By making an Application and subscribing for New Shares, you agree to be bound by the Terms and Conditions and the Constitution of EMU. You will not be able to withdraw or revoke an Application once you have submitted it.</p> <p>By submitting an Application, you accept the risk that the market price of the shares may fall between the date on which you submit the Application and the date the New Shares are issued.</p>



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5	Indicative timetable	<p>Record Date: 26 October 2018</p> <p>Offer Opens: 5 November 2018</p> <p>Closing Date: 12 November 2018</p> <p>Date of Issue of New Shares: 15 November 2018</p> <p>Despatch of Holding Statements to Participants in the SPP: 15 November 2018</p> <p>Expected Commencement of Trading of New Shares on ASX: 18 November 2018</p> <p>The Directors reserve the right to vary the dates for the SPP at their discretion. Should this occur, then this will have a consequential effect on the anticipated date of issue and normal trading of New Shares. Shareholders should confirm their holding before trading in any New Shares.</p>
6	Scaling back	<p>The maximum number of New Shares that may be issued under the SPP is capped at 15,000,000 with the directors reserving the right to accept over-subscriptions for an additional 12,299,900 New Shares. The overall maximum number of New Shares that may be issued under the SPP is therefore 27,299,900 if the directors exercise that right. Each applicant will be treated equally and scaled back on a pro rata basis. Any Application Money received in excess of New Shares allocated to a Shareholder will be refunded (without interest). If, as a result of scaling back, a Shareholder becomes entitled to a fraction of a Share, the entitlement will be rounded up to the nearest whole number.</p> <p>Scaling back may also occur in order to ensure that a Shareholder does not breach Section 606 of The Corporations Act.</p>
7	Shortfall	<p>The Directors reserve the right to place any Shortfall Shares in their absolute discretion at a price no less than the price of New Shares offered under the SPP, to the extent that any such placement of Shortfall Shares can be made having regard to ASX Listing Rule 7.1.</p>
8	Non-renounceability	<p>The Offer under the SPP is non-renounceable. This means that the right to subscribe for New Shares under the SPP is not transferable.</p>
9	Other information	<p>Eligible Shareholders are reminded that a further investment in EMU is speculative in nature.</p>



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ADDITIONAL TERMS AND CONDITIONS OF SHARE PURCHASE PLAN

1. Level of participation

- 1.1. Eligible Shareholders can choose to subscribe for New Shares in one of the parcels specified in Item 1 of the table above, for a maximum of \$15,000 and a minimum of \$1,000 worth of New Shares.
- 1.2. Joint holders will be treated as a single registered holding for the purposes of the Offer under this SPP and the joint holders are entitled to participate in respect of that single holding only. Any Eligible Shareholder (other than a Custodian) that receives more than one offer to participate in the SPP can only subscribe for a maximum of \$15,000 of New Shares in total. EMU reserves the right to reject any Application where it believes this has not been complied with.
- 1.3. By making an Application, a Shareholder (other than a Custodian) certifies to EMU that at the time of application, the total of the application price taking into account all of the following, does not exceed \$15,000:
 - 1.3.1. The New Shares the subject of the Application; and
 - 1.3.2. Any other Shares issued to the Shareholder under the SPP or any similar arrangement in the 12 months before the Application; and
 - 1.3.3. Any other Shares which the Shareholder has instructed a Custodian to acquire on its behalf under the SPP; and
 - 1.3.4. Any other Shares issued to a Custodian under an arrangement similar to the SPP in the 12 months before the Application as a result of an instruction given by the Shareholder to the Custodian to apply for Shares and which resulted in the Shareholder holding beneficial interest in the Shares.
- 1.4. Eligible Shareholders that are Custodians may apply for the New Shares with a total application price exceeding \$15,000, subject to providing EMU with a custodian certificate which complies with the requirements of ASIC Class CO Order 09/425 (**Custodian Certificate**). By providing a Custodian Certificate, an Eligible Shareholders represents and warrants to EMU that it is a "custodian" within the definition ascribed to that term in ASIC Class Order CO 09/425. If you require a Custodian Certificate, please contact EMU's share registry, Security Transfer Australia Pty Ltd on telephone number +61 (3) 9628 2200 or facsimile number +61 (8) 9315 2233.

- 1.5. If you hold Shares as a trustee or nominee for another person, but are not Custodian, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings in clause 1.1 apply.

2. Foreign holders

- 2.1. EMU has decided that it is unreasonable to make the offer under the SPP to Shareholders who have a registered address in a country other than Australia and New Zealand and the jurisdictions applicable to Permitted Foreign Shareholders, having regard to the number of Shareholders in such places, the number and value of the New Shares they would be able to apply for and the substantial costs of complying with the legal and regulatory requirements in those jurisdictions.
- 2.2. Consequently, no offer is made under the SPP in any jurisdiction outside of Australia or New Zealand unless the offer is to a Permitted Foreign Shareholder and the offer would not result in a breach of the relevant securities laws and regulations in the jurisdiction of the Permitted Foreign Shareholder. No offer is made under this SPP in any place in which, or to person to whom, it would be unlawful to make an offer.
- 2.3. By making an Application, a permitted Foreign Shareholder warrants that the offer under the SPP, the Application by the Permitted Foreign Shareholder and the issue of New Shares to the Permitted Foreign Shareholder under the Offer does not constitute a breach of the relevant securities laws and regulations in the jurisdiction of the Permitted Foreign Shareholder.
- 2.4. Eligible Shareholders holding Shares on behalf of persons who are resident outside of Australia and New Zealand are responsible for ensuring that the subscription for the New Shares under the SPP does not breach regulations in the relevant overseas jurisdiction.
- 2.5. This Offer Memorandum must not be released or distributed in the United States of America (**USA**). The New Shares have not been and will not be registered under the United States Securities Act of 1933 or the securities laws of any state or other jurisdiction of the USA. The New Shares may not be subscribed for by a person in the USA or by persons in the USA or by persons who are acting for the account or benefit of a person in the USA. The New Shares may not be offered, sold or resold in the USA, except in a transaction exempt



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from, or not subject to, the registration requirements of the United State Securities Act of 1933 and the applicable securities law of any state or other jurisdiction in the USA.

3. Costs

- 3.1. There are no brokerage or transaction costs payable by Eligible Shareholders that participate in the SPP.

4. ASX Listing Rules

- 4.1. The ASX Listing Rules allow the issue of up to \$15,000 worth of New Shares under the SPP to each Eligible Shareholder (including Eligible Shareholders who are related parties of EMU) without obtaining Shareholder approval for the purposes of ASX Listing Rules 7.1 or 10.11, provided the following conditions are complied with:

- 4.1.1. The discount offered under the SPP is no greater than 20% of EMU's average Share price over the last 5 days on which sales of EMU's Shares were recorded, either before the day on which the issue is made under the SPP; and
- 4.1.2. The number of New Shares to be issued under the SPP is not greater than 30% of the number of Shares already on issue (that percentage being 27,299,918 Shares).

5. EMU's discretion regarding applications

- 5.1. The Board may accept or reject Applications at its discretion, including but not limited to cases where:
 - 5.1.1. An Application Form is incorrectly completed, incomplete or otherwise determined by the Board to be invalid;
 - 5.1.2. An Application is received after the Closing Date;
 - 5.1.3. The correct Application Money is not tendered with the Application;
 - 5.1.4. A cheque is dishonoured or has been completed incorrectly or accurately; or
 - 5.1.5. The Board forms the opinion that the subscription of New Shares by the Eligible Shareholder would result in a breach of law or regulation.
- 5.2. If the Board rejects an Application, the Application Money will be refunded (without interest). The Board reserves the right to waive strict compliance with the terms and Conditions.

- 5.3. EMU reserves the right to scale back Applications on any basis it determines. Any Application Money received in excess of New Shares allocated to a Shareholder will be refunded (without interest). If as a result of scaling back, a Shareholder becomes entitled to a fraction of a New Share, the entitlement will be rounded up to the nearest whole number.

- 5.4. The Board may, in its absolute discretion, vary, terminate or waive this SPP or any of the Terms and Conditions at any time, whether because of a change of law, an ASIC requirement or policy or any other circumstances relevant to this SPP or EMU. If EMU exercises this discretion, it will promptly notify ASX. Failure to notify Shareholders of a change to, waiver of or termination of this SPP or the Terms and Conditions will not invalidate the change, waiver or termination. If EMU terminates this SPP, all Application Money received will be refunded (without interest).

6. EMU's discretion regarding Shortfall Shares

- 6.1. The Directors reserve the right to place any Shortfall Shares in their absolute discretion and at a price no less than the price of New Shares offered under the SPP, to the extent that any such placement of Shortfall Shares can be made having regard to ASX Listing Rule 7.1.

7. Dispute policy

- 7.1. The Board may make determinations in any manner it thinks fit in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of this SPP whether generally or in relation to any Shareholder or Application. Any determinations by the Board will be conclusive and binding on all Shareholders and other persons to whom the determination relates.

8. Reliance on Offer Memorandum

- 8.1. This Offer Memorandum has been prepared in accordance with ASIC Class Order CO 09-425, which relates to share purchase plans that do not require a prospectus or other disclosure document. Accordingly, the level of disclosure in the Offer Memorandum is considerably less than the level of disclosure required in a prospectus or other disclosure document.
- 8.2. Nothing in the Offer Memorandum constitutes financial or investment advice. In deciding whether or not to participate in the SPP, you should rely on your own knowledge of EMU, refer to disclosures made by EMU to



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ASX (which are available for inspection on the ASX web site at www.asx.com.au and on EMU's website www.emunl.com.au) and seek advice from your professional adviser.

9. Further information

9.1. If you have any questions about your entitlement to New Shares, please contact either:

9.1.1. EMU's share registry, Security Transfer Australia Pty Ltd, on telephone +61 (3) 9628 2200, facsimile +61 (8) 9315 2233 or email at registrar@securitytransfer.com.au

9.1.2. Your stockbroker or professional adviser



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GLOSSARY

In this Offer Memorandum, the following words have the following meanings unless the context requires otherwise:

Application	An application for New Shares under the SPP made in accordance with the instructions on the enclosed Application Form.
Application Form	The personalised form accompanying this Offer Memorandum.
Application Money	The application money required for a subscription of New Shares under this SPP.
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) or the securities exchange operated by ASX Limited (as the context requires).
ASX Listing Rules	The official listing rules of ASX.
Board	The board of Directors.
Closing Date	The last date for accepting the offer under this SPP, being 5:00 pm Perth time on 12 November 2018, or such other date and/or time determined by the Board.
Corporations Act	<i>Corporations Act 2001 (Cth)</i> .
Custodian	Has the meaning given in ASIC Class Order CO 09-425.
Directors	The directors of EMU.
Eligible Shareholders	Shareholders with a registered address in either Australia or New Zealand, at 5:00 pm Perth time on 26 October 2018 and, subject to Section 2 of the Additional Terms and Conditions, Permitted Foreign Shareholders.
EMU	Emu NL (ACN 127 291 927).
New Share	A Share to be issued pursuant to this Offer Memorandum.
Offer	New fully paid Shares in EMU being offered under the SPP.
Offer Memorandum	This memorandum under which the offer in respect of the SPP is being made.
Permitted Foreign Shareholder	A Shareholder with a registered address in either Singapore or Hong Kong at 5:00 pm Perth time on 26 October 2018 who can validly give the warranties required in section 2.3 of the Additional Terms and Conditions of the SPP, set out in this Offer Memorandum.
Record Date	5:00 pm Perth time on 26 October 2018.
Share	A fully paid ordinary share in the capital of EMU.
Shareholder	A registered holder of Shares.
SPP	The share purchase plan, the terms and conditions of which are set out in the Offer Memorandum and the Application Form.
Shortfall Shares	Those Shares available for purchase under the SPP not accepted by Shareholders.
Terms and Conditions	The terms and conditions of the SPP as set out in the Offer Memorandum and the Application Form, including the Additional Terms and Conditions.