



EMU NL
ABN 50 127 291 927
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2018

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2018 and any public announcements made by Emu NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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CONTENTS

	Page Number
DIRECTORS' REPORT	4
AUDITOR'S INDEPENDENCE DECLARATION	11
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE	12
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	13
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	14
CONSOLIDATED STATEMENT OF CASH FLOWS	15
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	16
DIRECTORS' DECLARATION	20
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS	20

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 Leo Horn an experienced geologist working for Emu NL. There are no material changes to previously reported results. Mr Horn is a Member of the Australian Institute of Geoscientists 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 Horn consents to the inclusion herein of the matters based upon his information in the form and context in which it appears.

DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity (referred to hereafter as the Group) consisting of Emu NL and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

DIRECTORS

The names of the directors who held office during or since the end of the period are:

Peter Thomas

Gavin Rutherford

Terrence Streeter (Appointed 5.11.2018)

Greg Steemson (Resigned 5.11.2018)

REVIEW AND RESULTS OF OPERATIONS

Revenues and results

A summary of the Group's revenues and results for the period is set out below:

	Half Year Ended	
	31 December 2018	
	Revenues	Results
	\$	\$
Consolidated entity revenues and loss	43,946	(1,163,276)

Vidalita Prospect, Maricunga Belt, Chile

Assay Results

All assay data from the 2018 drilling at Vidalita were received during the September quarter. Assays and geological interpretation indicate epithermal mineralisation of two types:

1. *Shallow Vuggy Silica Gold-Silver Mineralisation*

The 2018 drilling campaign intersected significant shallow gold-silver mineralisation over a widespread area at the Vidalita Prospect (Figure 1). This mineralisation is typically hosted in flat-lying vuggy silica zones that occur across the prospect. Significant intercepts from that campaign include gold intercepts of:

48 m at 0.7 g/t gold from 44 m including 3 m at 3.0 g/t gold from 68 m in hole 5300-4.

40 m at 0.4 g/t gold from 12 m including 7 m at 0.7 g/t gold from 28 m in hole 5100-4.

7 m at 0.7 g/t gold from 88m; including 3 m at 1.2 g/t gold from 92 m in hole 5100-4.

All measurements are down hole; true thicknesses are yet to be confirmed.

Significantly, gold grades up to **1m at 8.4g/t** were obtained in hole 5300-4 which demonstrates high grade gold occurs in the system.

DIRECTORS' REPORT (Continued)

In addition, significant shallow silver intercepts include:

28 m at 23 g/t silver from 36m including 8m at 33 g/t silver from 40 m in hole 4900-1.

16 m at 88 g/t silver from 44m including 4m at 148 g/t silver from 52 m in hole 6500-2.

(ASX announcement 21 August 2018.)

2. *Deeper Breccia-Hosted Gold-Silver-Copper mineralisation*

Significant gold-silver-copper occurs associated with a hydrothermal silica-sulphide breccia. Significant deeper gold intercepts include:

70 m at 0.2 g/t gold from 174 m including 2m at 0.7 g/t gold from 216 m in hole 5700-1

In addition, high grade silver intercepts also occur in hole 5700-1:

6 m at 211 g/t silver from 215 m including 1 m at 1049 g/t silver from 216m; and also

6 m at 93 g/t silver from 251 m including 2 m at 177 g/t silver from 253 m.

In addition, significant copper intercepts also occur in hole 5700-1:

37 m at 0.24% copper from 181 m including 1 m at 5.4% copper from 216 m

All widths are downhole; true widths are to be confirmed.

Independent Geological Consultant

During the December quarter, the Company contracted the services of an independent, South American based, epithermal consultant to review the drill data collected to date (ASX announcement 7 November 2018). The conclusions of this review were:

- Geological features encountered in drilling are consistent with a dome-diatreme setting
- High-sulphidation epithermal (HSE) mineralisation is preserved in the project area
- Erosion is not deep – much of the system is likely to be intact
- Remote sensing confirms alteration zones of interest, extending Vidalita prospectivity to the north and east
- Precious metal – polymetallic style of HSE identified
- High surface geochemistry anomalism likely to be locally derived
- Interpreted silicified, possibly mineralised, sub-vertical faults not yet drill tested
- Conductor mapped by IP strengthens to the north in areas yet to be tested by drilling

DIRECTORS' REPORT (Continued)

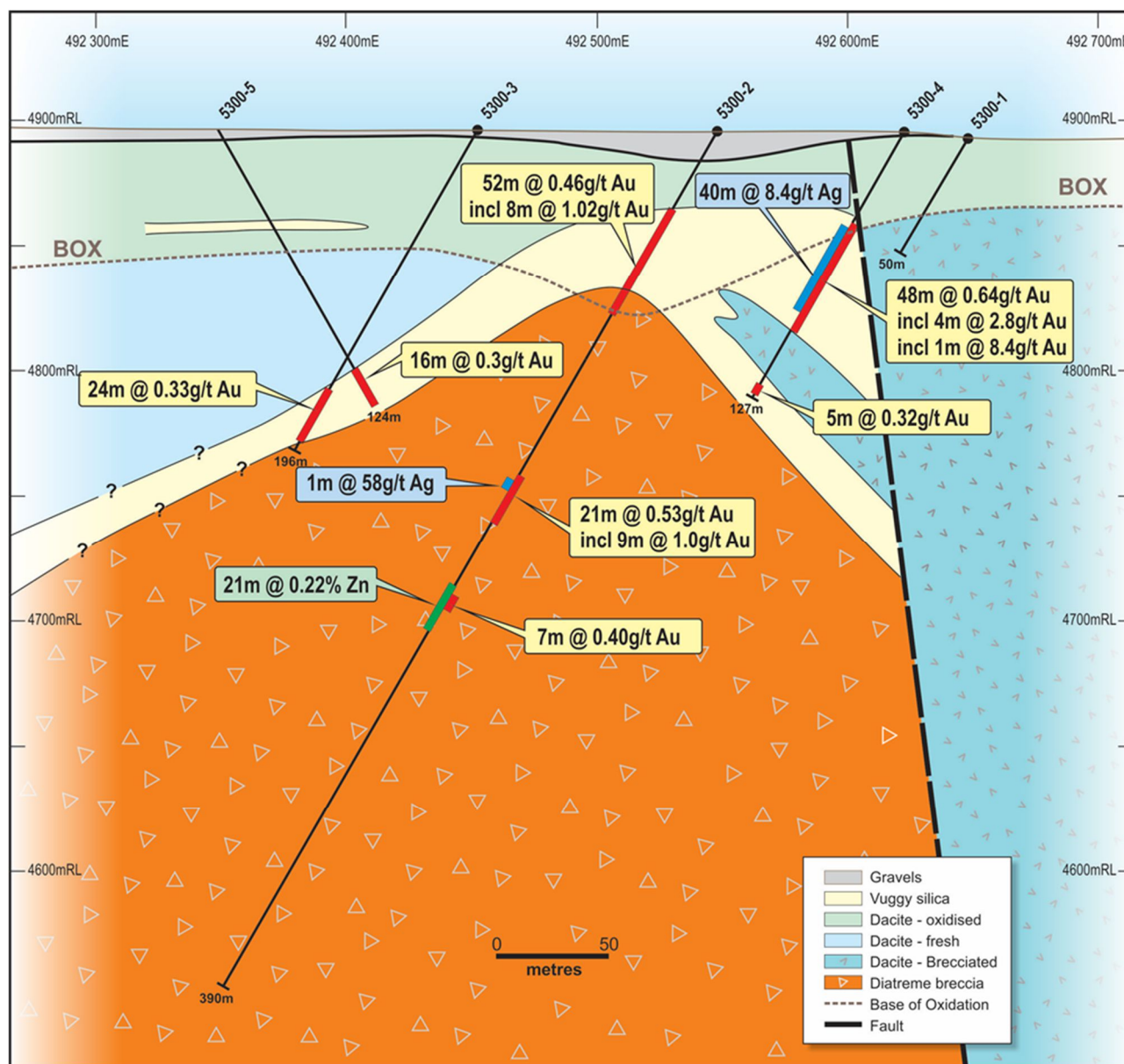


Figure 1: Interpretive cross section 5300N. Note general increase in both gold grade and intercept thickness to the east (right). Co-ordinate system is WGS84/UTM19S.

The report triggered comparisons with neighbouring Tier 1 deposits in the Maricunga Belt with multi-million ounce gold and silver resources. In particular, parallels with Goldfields' Salares Norte deposit (<http://www.goldfields.com/salares-norte-chile.php>) are noted.

The bonanza grade gold zones in the Salares Norte deposit occur within highly altered (oxidised) polymictic breccias.

Drilling at the Vidalita Prospect has returned near identical rock types, also carrying gold-silver mineralisation. Importantly, the oxidised polymictic breccias at Vidalita occur below the fresh breccias which indicates the oxidation occurred from gold-silver-rich hydrothermal fluids sourced from depth.

DIRECTORS' REPORT (Continued)

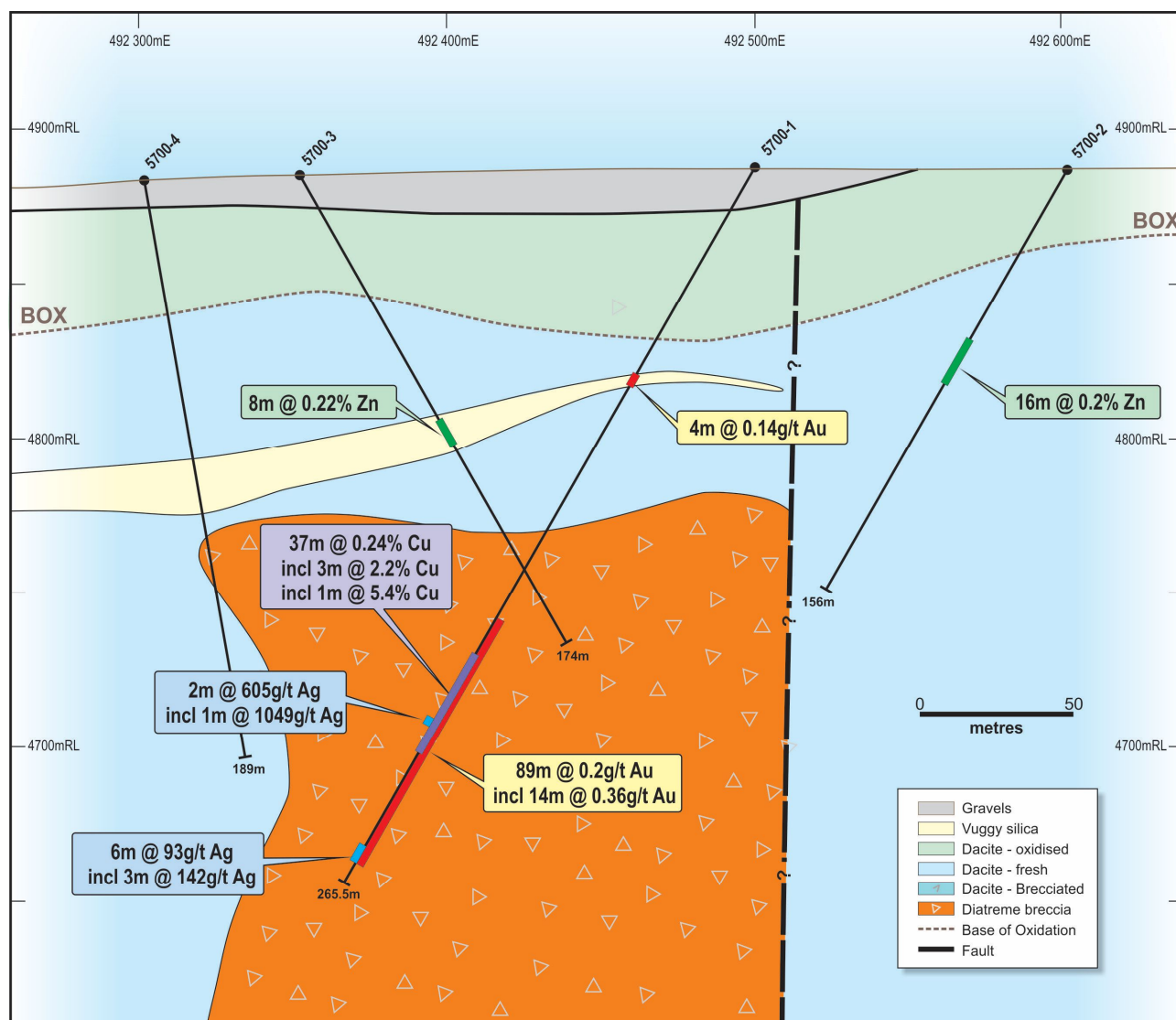


Figure 2: Interpretive cross section 5700N. Co-ordinate system is WGS84/UTM19S.

Significantly, drill hole assays of up to **8.4g/t gold, 1,049g/t silver, 5.4% copper, 2.2% lead, and 3.7% zinc** demonstrate that the system is capable of generating high grade mineralisation. It is this style that Emu is planned to follow up at Vidalita in 2019.

Field Work Commencement for the 2019 Campaign

Field work on the Vidalita Project mobilised in November including a substantial camp erected during the Christmas to New Year period (ASX announcement 30 November 2018).

Soil sampling was conducted at the Peon prospect where several gold-silver and pathfinder metal anomalies have been identified at surface. Field checking of the anomalies was planned for early January 2019.

Identification of drilling targets for the 2018–2019 drilling season was completed (ASX announcement 5 October 2018).

Permitting for the 2019 drilling campaign, on a wide range of targets, was received (ASX announcement 5 October 2018).

DIRECTORS' REPORT (Continued)

Drilling planned to be conducted using the same aircore drill rig used in the 2018 campaign. This rig provides Emu with an excellent commercial advantage over peers. By the end of the 2018 drilling campaign the aircore method delivered drilled metres at about one fifth the cost and five times the productivity of that achieved by Chilean drillers whilst providing an excellent sample for both assaying and geological logging. It was also planned to use a locally sourced diamond drilling rig to undertake the deeper drilling required later in 2019.

Post Reporting Period Results

Outstanding assay results have been received from the 2019 drill program whilst post this half yearly reporting period, the highlights which merit observation here are:

- Discovery Hole at the Vidalita Prospect, Chile
24 metres at 5.0 g/t gold and 28 g/t silver from 20 metres.
- Emu's interpretation, based on core geology and assays from the 2018 and 2019 drilling programs, is that hole 5300-8 is the discovery hole at Vidalita.
- Assays demonstrate outstanding, highly significant, gold grade close to surface at Vidalita.
- The headline intercept occurs within a wider zone of vuggy silica and breccia that returned:
48 m at 2.8 g/t gold & 19 g/t silver from 16 metres.
- These results confirm strong geological similarities to the Salares Norte high grade gold-silver discovery by Goldfields located 150 km along strike to the north in the highly prospective Maricunga Belt, Chile.
- 24 of 50 air core holes planned for 2019 now completed.
- Assays from only 6 of 24 holes received to date.
- Assays from 19 holes pending.

For more detailed information see EMU announcement 8 March 2019 or go to:

<https://www.asx.com.au/asxpdf/20190308/pdf/443bpkq92jm1w5.pdf>

DIRECTORS' REPORT (Continued)

Project generation

Emu continues to assess projects which may fulfil its criteria of near-term production with significant potential and financial upside. A number of potential projects in Australia and overseas were evaluated directed at complimenting Emu's assets in Chile. Projects evaluated have not met Emu's strict criteria for investment. Projects continue to be evaluated.

Corporate

In July Emu raised ~\$600,000 from sophisticated investors at a price of \$0.048 per share (ASX announcement 25 June 2018). The first tranche of 4,894,330 shares was placed by 18 July 2018 (ASX announcement 18 July 2018) with the second tranche of 8,143,168 shares placed on 30 August 2018 (ASX announcement) following shareholder approval reported to the ASX on 29 August 2018.

Mr G Steemson stepped down from his role of Managing Director (ASX announcement 2 July 2018) and resigned as a director on 5 November 2018.

On 26 October 2018, Emu announced a Share Purchase Plan (**SPP**) for eligible shareholders to subscribe for up to \$15,000 in new shares in Emu at a discounted price of \$0.04 per share, an 18.8% discount on the five day VWAP prior to the record date. The offer raised was well supported with a 62% take-up of available capacity, raising \$374,200 and 9,355,000 fully paid ordinary shares were subsequently issued.

On 17 December 2018, a placement was made to sophisticated investors of 27.5 million shares, at an issue price of \$0.04, to raise \$1,100,000, as announced to ASX on 11 December 2018.

Subsequent to the end of the half-year, Emu has issued a Notice of Meeting seeking shareholder approval to approve the issue of one free option for every one share issued to issuees in the SPP and the December 2018 placement. The options will be exercisable at 20 cents each on or before 15 January 2021 and, subject to satisfying ASX listing criteria, will be listed.

On 6 November 2018, Emu announced the appointment of Mr Terry Streeter as a non-Executive Director. Mr Streeter replaced Mr Greg Steemson who resigned to pursue other interests.

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:

DIRECTORS' REPORT (Continued)

- 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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

This report is made in accordance with a resolution of directors.

Signature affixed to original document and held on file

Peter S Thomas

Chairperson

Perth, 14 March 2019

AUDITOR'S INDEPENDENCE DECLARATION

To those charged with governance of Emu NL

As auditor for the review of Emu NL for the period ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Signature of Greenwich & Co Audit Pty Ltd affixed to original document and held on file
Greenwich & Co Audit Pty Ltd

Signature of Nick Hollens affixed to original document and held on file

Nick Hollens
Managing Director

14 March 2019
Perth

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Half-Year Ended 31 December	
	2018	2017
	\$	\$
REVENUE		
Interest revenue	488	10,305
Other income	43,458	-
EXPENDITURE		
Depreciation expense	(6,132)	(5,998)
Exploration and tenement expenses	(828,935)	(739,288)
Key management personnel compensation	(128,251)	(168,135)
Share-based payments expense (non-KMP compensation)	-	(137,774)
Other expenses	(201,346)	(272,574)
LOSS BEFORE INCOME TAX	(1,120,718)	(1,313,464)
Income tax expense	-	-
LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF EMU NL	(1,120,718)	(1,313,464)
OTHER COMPREHENSIVE INCOME		
<i>Items that may be reclassified to profit or loss</i>		
Changes in the fair value of available-for-sale financial assets	(42,558)	47,613
Other comprehensive income for the period, net of tax	(1,163,276)	47,613
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF EMU NL	(1,163,276)	(1,265,851)
Basic and diluted loss per share (cents)	(0.92)	(1.27)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	31 December 2018 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		1,158,368	2,749,349
Trade and other receivables		3,926	42,884
Other assets		22,537	3,181
TOTAL CURRENT ASSETS		1,184,831	2,795,414
NON-CURRENT ASSETS			
Financial assets	3	63,700	63,813
Plant and equipment		38,978	51,073
TOTAL NON-CURRENT ASSETS		102,678	114,886
TOTAL ASSETS		1,287,509	2,910,300
CURRENT LIABILITIES			
Trade and other payables		95,654	205,356
Provisions		4,742	2,068
TOTAL CURRENT LIABILITIES		100,396	207,424
TOTAL LIABILITIES		100,396	207,424
NET ASSETS		1,187,113	2,702,876
EQUITY			
Contributed equity	4	16,886,789	14,146,213
Reserves		-	363,750
Accumulated losses		(15,699,676)	(11,807,087)
TOTAL EQUITY		1,187,113	2,705,608

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Contributed Equity \$	Financial Asset Reserve \$	Share-based Payments Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2017	14,146,213	-	363,750	(11,807,087)	2,702,876
Loss for the period	-	-	-	(1,313,464)	(1,313,464)
Other comprehensive income	-	47,613	-	-	47,613
TOTAL COMPREHENSIVE INCOME	-	47,613	363,750	(1,313,464)	(1,265,851)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Proceeds from issue of shares	611,100	-	-	-	611,100
Share issue costs	(36,000)	-	-	-	(36,000)
Share-based payments	-	-	137,774	-	137,774
SUB-TOTAL	575,100	-	137,774	-	712,874
BALANCE AT 31 DECEMBER 2017	14,721,313	47,613	501,524	(13,120,551)	2,149,899
BALANCE AT 1 JULY 2018	14,851,989	42,445	501,524	(15,080,369)	315,589
Loss for the period	-	-	-	(1,120,718)	(1,120,718)
Expiration of share based payments	-	-	(501,524)	501,524	-
Other comprehensive income	-	(42,445)	-	-	(42,558)
TOTAL COMPREHENSIVE INCOME	-	(42,445)	(501,524)	(619,307)	(1,163,276)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Proceeds from issue of shares	2,100,000	-	-	-	2,100,000
Share issue costs	(65,200)	-	-	-	(65,200)
SUB-TOTAL	2,034,800	-	-	-	2,034,800
BALANCE AT 31 DECEMBER 2018	16,886,789	-	-	(15,699,676)	1,187,113

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Half Year Ended 31 December	
	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(758,322)	(979,162)
Payments to suppliers and employees	(338,552)	(353,901)
Receipts from tenement cost recoupments	43,458	-
Interest received	488	22,121
Net cash used in operating activities	(1,052,928)	(1,310,943)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of security bond	-	18,150
Payments for plant and equipment	-	(2,121)
Net cash provided by investing activities	-	16,029
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,526,440	600,000
Proceeds from exercise of options	-	11,100
Share issue costs	(65,200)	(36,000)
Net cash provided by financing activities	1,461,240	575,100
Net increase / (decrease) in cash and cash equivalents	408,312	(719,815)
Cash and cash equivalents at the beginning of the half-year	750,056	2,749,349
Effects of exchange rate changes on cash and cash equivalents	-	(12,934)
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	1,158,368	2,016,600

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Emu NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

These financial statements have been prepared on an accruals and historical cost basis, except where indicated.

Going Concern

For the half-year ended 31 December 2018, the Group incurred an operating loss of \$1,120,718 (31 December 2017: \$1,313,464), incurred net cash inflows of \$408,312 (31 December 2017: net cash outflows - \$719,815) and had net working capital of \$1,184,831 at reporting date.

The Group will require further funding during the next 12 months in order to meet day to day obligations as they fall due and to progress its exploration projects. Based on the Group's cash flow forecast the Board of Directors is aware of the Group's need to access additional funding in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its exploration interests.

The directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

In forming this view the directors have taken into consideration the following.

- The ability of the Group to obtain funding through various sources, including debt and equity issues which are currently being investigated by management.
- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements.
- The ability to further vary cash flow depending upon the achievement of certain milestones.

Should the Group not achieve the matters set out above, there is significant uncertainty whether it will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that may be necessary should the Group not be able to continue as a going concern.

Adoption of new and revised Accounting Standards

The consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2018, except for the impact of the new and amended standards and interpretations issued by the AASB. The adoption of the new and amended standards and interpretations did not result in any significant changes to the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

AASB9 Financial Instruments

AASB9 was adopted 1 January 2018 and the related amendments to other accounting standards introduced three significant areas of change from AASB 139 *Financial Instruments*.

- A new model for classification and measurement of financial assets and liabilities
- A new expected loss impairment model for determining impairment allowances ; and
- A redesigned approach to hedge accounting.

A change in classification of financial asset has been required, from a previously held available for sale financial asset to its current form being financial asset held through other comprehensive income.

Based on historical losses, the expected loss impairment modes has an immaterial impact on the Group. In addition, the group does not have hedging transactions.

NOTE 2: SEGMENT INFORMATION

The Group has identified that it operates in only one segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group's principal activity is mineral exploration.

NOTE 3: FINANCIAL ASSETS

	31 December 2018	30 June 2018
	\$	\$
Equity securities in listed entities	63,700	63,813

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 4: EQUITY SECURITIES ISSUED

	2018 Shares	2018 \$	2017 Shares	2017 \$
As at 1 July	111,631,054	14,851,989	102,491,054	14,146,213
Issues of ordinary shares during the half-year				
Fully paid shares issued – Acuity*	-	-	4,000,000	-
Fully paid shares issued – Placements	49,892,498	2,100,000	4,000,000	600,000
Transaction costs – Placement	-	(65,200)	-	(36,000)
Contributing shares issued			370,000	11,100
As at 31 December	161,523,552	16,886,789	110,861,054	14,721,313

As at 31 December 2018, the Company had 127,854,728 fully paid ordinary shares and 33,668,824 partly paid ordinary (contributing) shares on issue (3 cents paid, 3 cents unpaid).

* Note: On 15 December 2017 the Company 4,000,000 fully paid ordinary shares (Collateral Shares) to Acuity Capital pursuant to the Controlled Placement Agreement (CPA) with Acuity Capital. The shares were issued at nil cash consideration to Acuity Capital and the Company may, at any time, cancel the CPA and buy back the Collateral Shares for no cash consideration (subject to shareholder approval) or require the Collateral Shares to be transferred to a third party without any consideration being due or payable to Acuity Capital.

	Number of Options	
	2018	2017
As at 1 July	5,050,000	4,050,000
Movements of options during the half-year		
Issued, exercisable at \$0.10, expiring 20 December 2018	-	1,000,000
Issued, exercisable at \$0.11, expiring 20 December 2018**	2,000,000	2,000,000
Issued, exercisable at \$0.03 (to acquire one partly paid (contributing) share), expiring 30 April 2018	-	2,000,004
Exercised at \$0.03 (to acquire one partly paid (contributing) share), expiring 30 April 2018	-	(370,000)
Unexercised Options cancelled	(7,050,000)	-
As at 31 December	-	8,680,004

** Note: 1,500,000 of these options were subject to market-based vesting conditions. As at date of cancellation, none of these 1,500,000 options vested.

Subsequent to the end of the half-year, the Company's general manager (**Ex-General Manager**) resigned. An agreement has been reached whereby with reference to his now terminated contract of employment (**Contract**), he, and/or his nominee, are to be issued with 500,000 ordinary fully paid shares in the Company at ten cents per share if the Ex-General Manager makes payment in cleared funds by 18 March 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 5: DIVIDENDS

No dividends were paid during the half-year. No recommendation for payment of dividends has been made.

NOTE 6: CONTINGENCIES

Ron Stanley Contingency

The Group has a contingent asset, being a cause of action it contends to have against Territory Minerals Limited (ACN 121 200 299) and/or parties associated with it (including without limitation Ron Stanley) (**Ron Stanley & Associates**) in relation to the lost opportunity, costs and expenses incurred and thrown away as a result of Ron Stanley & Associates repudiation of an agreement whereby Emu could, subject to various conditions, acquire an interest in certain exploration tenements held (or claimed to be held) by Territory Minerals Limited in Queensland.

Other than as described above, there are no material contingent liabilities or contingent assets of the Group at the reporting date.

NOTE 7: SUBSEQUENT EVENTS

Since the reporting date, the Company has:

- Issued an additional 3,400,000 fully paid ordinary shares to Acuity Capital pursuant to a Controlled Placement Agreement (**CPA**) - the shares were issued at nil cash consideration and the Company may, at any time, cancel the CPA and buy back the Collateral Shares for no cash consideration (subject to shareholder approval) or require the Collateral Shares to be transferred to a third party without any consideration being due or payable to Acuity Capital; and
- Entered into a Deed Poll with each director whereby, subject to shareholder approval, the Company has agreed to issue each director (or their nominee) with 2,000,000 options to acquire party-paid contributing shares, which upon exercise, will require the payment of 3 cents per contributing share to be paid as called, expiring on 28 February 2020.

Other than as set out above or elsewhere in these notes, no other matter or circumstance has arisen since 31 December 2018, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 12 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Emu NL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Signature affixed to original document and held on file

Peter S Thomas

Chairperson

Perth, 14 March 2019

Independent Auditor's Review Report

To the members of Emu NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Emu NL ("the Company"), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. As the auditor of Emu NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Emu NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Emu NL's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

Emphasis of Matter – Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 1 to the financial statements which outlines that the ability of the Company to continue as a going concern is dependent on the Company securing additional funding through either the issue of further shares and/or options.

As a result, there is a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Signature of Greenwich & Co Audit Pty Ltd affixed to original document and held on file

Greenwich & Co Audit Pty Ltd

Signature of Nick Hollens affixed to original document and held on file

Nick Hollens
Managing Director

14 March 2019