



NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY STATEMENT

AND

PROXY FORM

Date of Meeting

Friday 29 November 2019

Time of Meeting

5:00 pm

Place of Meeting

10 Walker Avenue
WEST PERTH WA 6005

This Notice of Annual General Meeting should be read in its entirety. If in doubt as to how to should vote, seek advice from an accountant, solicitor or other professional adviser prior to voting.

*The **2019 Annual Report** may be viewed on the Company's website at www.emunl.com.au*



Notice of Annual General Meeting 29 November 2019

Notice is hereby given that the 2019 Annual General Meeting (**Meeting**) of Emu NL (**EMU** or **Company**) will be held at 10 Walker Avenue, West Perth, Western Australia on Friday 29 November 2019 at 5:00 pm (AWST).

The Explanatory Statement to this Notice provides information on matters to be considered at the meeting. The Explanatory Statement and the Proxy Form are part of this Notice.

Capitalised terms and abbreviations used in this Notice and Explanatory Statement will, unless the context requires, have the same meaning as given to them in the Glossary.

AGENDA

2019 FINANCIAL STATEMENTS AND REPORTS

To receive the Financial Report, together with the Directors' Report and the Auditor's Report, for the financial year ended 30 June 2019.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following **advisory only resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company's 2019 Annual Report be and is hereby adopted."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition: A vote must not be cast (in any capacity) on Resolution 1 by or on behalf of a member of the Key Management Personnel or a Closely Related Party of such a member. However, such a person may cast a vote on the Resolution if the vote is not cast on behalf of such a person and the person:

- (a) is appointed as a proxy by writing that specifies the way the proxy is to vote; or
- (b) is the Chair of the meeting and the appointment of the Chair as proxy expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

A vote cast in contravention of this prohibition will be taken not to have been cast.

RESOLUTION 2 – RE-ELECTION OF MR RUTHERFORD AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purpose of article 73.1 of the Constitution and for all other purposes, Mr Gavin Rutherford retires by rotation as a Director and, being eligible and having offered himself for re-election, is re-elected a Director of the Company."

RESOLUTION 3 – RE-ELECTION OF MR STREETER AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purpose of article 69.1 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Streeter, a Director who was appointed as an additional director on 5 November 2018 retires and being eligible and having offered himself for re-election, is re-elected as a Director."

RESOLUTION 4 – RE-ELECTION OF MR STAERMOSE AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purpose of article 69.1 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Staermose, a Director who was appointed as an additional director on 14 October 2019 retires and being eligible and having offered himself for re-election, is re-elected as a Director."



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RESOLUTION 5 – RATIFICATION OF ISSUE OF SECURITIES 28 AUGUST 2019

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue (on the terms and conditions set out in the Explanatory Statement) of 1,101,674 fully paid ordinary Shares, 8,454,468 Options to acquire fully paid ordinary Shares at \$0.20 each on or before 16 January 2021 and 8,454,468 Options to acquire partly paid ordinary Shares at \$0.02 each on or before 21 December 2020”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who participated in the issue. However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 6 – RATIFICATION OF ISSUE OF SHARES TO ACUITY CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue (on the terms and conditions set out in the Explanatory Statement) of up to 11,500,000 fully paid ordinary Shares to Acuity Capital pursuant to a Controlled Placement Agreement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who participated in the issue. However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass, with or without amendment, the following as a **special resolution**:

“That approval is given for the Company to have the additional capacity (i.e., 10% Placement Capacity) to issue Equity Securities under Listing Rule 7.1A, for the period specified in Listing Rule 7.1A.1 (i.e., 10% Placement Period) and in accordance with the formula prescribed in Listing Rule 7.1A.2.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity). However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 8 – APPROVAL TO GRANT OF OPTIONS TO MR PETER THOMAS

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, members hereby approve the issue to Mr Peter Thomas, or his nominees, of 3,000,000 Options to acquire partly-paid Shares, upon payment of 3 cents per partly paid share, expiring on 21 December 2021 and otherwise on the terms and conditions outlined in the Explanatory Statement (including Annexure A) and further resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.”

Voting exclusion: The Company will, in accordance with the ASX Listing Rules, disregard any votes cast on Resolution 8 by Mr Peter Thomas and any Associate of Mr Peter Thomas. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



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RESOLUTION 9 – APPROVAL TO GRANT OF OPTIONS TO MR GAVIN RUTHERFORD

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That, for the purpose of Listing Rule 10.11 of the Listing Rules, and for all other purposes, members hereby approve the issue to Mr Gavin Rutherford, or his nominees of 3,000,000 Options to acquire partly-paid Shares, upon payment of 3 cents per partly paid share, expiring on 21 December 2021 and otherwise on the terms and conditions outlined in the Explanatory Statement (including Annexure A) and further resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.”

Voting Exclusion: The Company will, in accordance with the ASX Listing Rules, disregard any votes cast on Resolution 9 by Mr Gavin Rutherford and any Associate of Mr Gavin Rutherford. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 10 – APPROVAL TO GRANT OF OPTIONS TO MR TERRY STREETER

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That, for the purpose of Listing Rule 10.11 of the Listing Rules, and for all other purposes, members hereby approve the issue to Mr Terry Streeter, or his nominees of 3,000,000 Options to acquire partly-paid Shares, upon payment of 3 cents per partly paid share, expiring on 21 December 2021 and otherwise on the terms and conditions outlined in the Explanatory Statement (including Annexure A) and further resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.”

Voting Exclusion: The Company will, in accordance with the ASX Listing Rules, disregard any votes cast on Resolution 10 by Mr Terry Streeter and any Associate of Mr Terry Streeter. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 11 – APPROVAL TO GRANT OF OPTIONS TO MR TIM STAERMOSE

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That, for the purpose of Listing Rule 10.11 of the Listing Rules, and for all other purposes, members hereby approve the issue to Mr Tim Staermose, or his nominees, of 3,000,000 Options to acquire partly-paid Shares, upon payment of 3 cents per partly paid share, expiring on 21 December 2021 and otherwise on the terms and conditions outlined in the Explanatory Statement (including Annexure A) and further resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.”

Voting Exclusion: The Company will, in accordance with the ASX Listing Rules, disregard any votes cast on Resolution 11 by Mr Tim Staermose and any Associate of Mr Tim Staermose. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

OTHER BUSINESS

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.



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PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a **proxy**) to vote in their place.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please date and execute the accompanying Proxy Form and return it in accordance with its instructions prior to 5:00pm (AWST) on 27 November 2019 by:

1. post to Security Transfer Australia Pty Ltd, PO Box 52, Collins Street West VIC 8007;
2. facsimile to Security Transfer Australia Pty Limited at (08) 9315 2233 (International: +61 8 9315 2233);
3. email at registrar@securitytransfer.com.au; or
4. online at www.securitytransfer.com.au.

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

Entitlement to Vote

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 5:00 pm (AWST) on Wednesday 27 November 2019 will be entitled to attend and vote at the Annual General Meeting.

Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company, before the Meeting.

Electronic Communication

All Shareholders may elect to receive communications from the Company's share registry electronically. To provide or update your email address, please contact the Company's share registry.

Voting of Proxies

The Proxy Form accompanying this Notice confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice and any other matters that may properly come before the Meeting. At the time of printing this Notice, management knows of no such amendment, variation or other matter.

Shareholders must mark the boxes directing its proxy how to vote. If no voting instructions are indicated on the appointment of Proxy Form, the proxy will be voted as recommended by management or as the proxyholder sees fit (in the latter case, if management is not appointed as proxy).

By order of the Board.

Damien Kelly

Company Secretary

Date: 29 October 2019



Explanatory Statement to Notice of Annual General Meeting 29 November 2019

EXPLANATORY STATEMENT

This Explanatory Statement accompanies and comprises part of the notice (**Notice**) convening the Annual General Meeting (**Meeting**) of Shareholders of Emu NL to be held Friday 29 November 2019.

Capitalised terms in this Explanatory Statement are defined in the Glossary.

FINANCIAL STATEMENTS AND REPORTS

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report, for the financial year ended 30 June 2019.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered a reasonable opportunity to:

- (a) discuss the Annual Report which is available online from the Company's website www.emunl.com.au;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit, the preparation and content of the Auditor's Report, accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Company's auditor, if the question is relevant to:

- (a) the content of the Auditor's Report; or
- (b) the conduct of the audit of the Annual Report to be considered at the AGM,

may be submitted no later than 5 business days before the Meeting to the Company by email at info@emunl.com.au or delivered to the Company's registered office.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 General

Section 250R of the Corporations Act requires the Company to put the Remuneration Report to members for adoption. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the Key Management Personnel. Copies of the Annual Report are available by contacting the Company's share registry or visiting the Company's web site www.emunl.com.au.

The vote of the members is advisory only and does not bind the Directors of the Company.

Following consideration of the Remuneration Report, members will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Chair intends to exercise all available proxies in favour of Resolution 1.

1.2 Voting Consequences

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "Spill Resolution") that another general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election.

1.3 Previous Voting Results

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

2. RESOLUTION 2 – RE-ELECTION OF MR GAVIN RUTHERFORD AS A DIRECTOR

2.1 Introduction

Mr Rutherford was appointed as a Director on 6 December 2012. He retires in accordance with the Listing Rules and Article 73.1 of the Company's Constitution and, being eligible, offers himself for re-election.

Following a successful background in Agribusiness on, both domestic and international stages, Mr Rutherford has spent over 20 years in the Mining Services/Fabrication/Contracting sector. This includes Managing Directorship of a contracting and construction company operating in the water space. Current activities include project development in the renewable energy space and business development in the indigenous mining segment, and aviation related interests.

Further details in relation to Mr Rutherford's background, experience, remuneration, interests in and services to the Company are set out in the Annual Report. The Board considers Mr Rutherford to be an independent Director.

2.2 Directors' Recommendation

The Directors, except Mr Rutherford, who has an interest in this Resolution, recommend Shareholders vote in favour of Resolution 2.

The Chair intends to exercise all undirected proxies in favour of Resolution 2.

3. RESOLUTIONS 3 AND 4 – RE-ELECTION OF MESSRS TERENCE STREETER AND TIM STAERMOSE AS DIRECTORS

3.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to Article 69.1 of the Company's Constitution, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders.

Messrs Streeter and Staermose, having been appointed by other Directors on 5 November 2018 and 14 October 2019 respectively, will retire in accordance with the Constitution and being eligible, seek election from Shareholders.

3.2 Qualifications and other material directorships

Mr Streeter has extensive experience in funding, listing and overseeing junior explorers in all exploration and economic cycles and has served in various roles in the nickel sulphide industry for over 30 years. He was a director of West Australian nickel explorer and miner, Jubilee Mines NL from 1993 to May 2004 and was a founding shareholder of Western Areas NL (ASX:WSA) in 1999, which went on to discover and develop two high-grade nickel sulphide mines in the Forrestania region of Western Australia. He served as a non-executive director of Western Areas NL from 1999, and non-executive chair from 2007 to November 2013. He has also been the non-executive chairman of unlisted Fox Resources Ltd (since June 2005), served as a non-executive director of Midas Resources Ltd (from June 2001 to April 2013), non-executive chairman of Alto Metals Ltd (from December 2016 to 8 November 2018) and currently serves as a non-executive director of Minera IRL (from April 2007 to 2011). In 2010, Mr Streeter founded Riverbank Resources Mineracao Ltda, a private company incorporated in Brazil which is engaged in the exploration and development of iron, titanium, vanadium, base metal and gold projects throughout Brazil. Riverbank is actively exploring 100% owned iron and iron-titanium-vanadium projects in north-eastern Brazil.

Mr Staermose has 23 years' equity capital markets, and equity research experience. He has worked at international sell-side equity brokerage firms in South Korea, and Hong Kong, including Banque Indosuez, (now part of Credit Agricole), in the late 1990s and, Lehman Brothers in the early 2000s. Following his career in sell-side equity research, Tim has worked as an independent researcher and stock-picker for a series of private research firms, including ones focussed specifically on natural resources, gold, and mining investments.



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Today, he manages investments and advises high net worth individuals and family offices on stock market investing around the world. He also serves as Chief Investment Strategist for www.sovereignman.com, a leading online subscription-based publication with over 100,000 readers in more than 100 countries.

He has prior public company board experience in Australia with US Residential Limited, where he served as a Non-Executive Director from January to December 2017.

3.3 Independence

The Board considers both Messrs Streeter and Staermose to be independent Directors.

3.4 Board recommendation

The Directors, except both Messrs Streeter and Staermose, who have an interest in these Resolutions, recommend Shareholders vote in favour of Resolutions 3 and 4.

The Chair intends to exercise all undirected proxies in favour of both Resolution 3 and 4.

5. RESOLUTION 5 – RATIFICATION OF ISSUE OF SECURITIES 28 AUGUST 2019

5.1 General

On 27 August 2019, the Company announced that it had agreed to place ~16.9 million fully paid ordinary shares together with attaching options detailed below, to sophisticated and professional investors, raising ~\$676,000 before costs. These funds were to assist in progressing the Company's Chile gold projects.

In accordance with the terms of the placement, EMU issued the following attaching options:

1. One (1) free S1 Option ("**S1 Option**") for every two (2) New Shares issued – these S1 Options confer the right, exercisable at any time before 16 January 2021, to subscribe for an ASX listed EMU ordinary fully paid share upon payment of \$0.20 each; and
2. One (1) S2 Option ("**S2 Option**") for every two (2) New Shares issued - these S2 Options were issued at \$0.01 each and confer the right, exercisable at any time before 21 December 2020, to subscribe for an ASX listed EMUCA partly paid ordinary share upon payment of \$0.02 each.

EMU will apply to list the S1 Options on the pre-condition that EMU ordinary fully paid shares first trade at a volume weighted average price of 15 cents (\$0.15) over 30 consecutive business days.

The one cent paid on application for an S2 Option was a non-refundable prepayment against the capital of the contributing share into which the option may be converted so that upon exercise of the option, 3 cents will have been paid on the contributing share and that contributing share shall rank pari passu with the existing class of EMUCA contributing shares. In order to make the S2 Options attractive, EMU agreed to undertake that no call will be made on the EMUCA contributing shares before 31 December 2023.

The placement of 15,8007,261 fully paid ordinary Shares was made from EMU's capacity under ASXLR 7.1A (10% rule). The balance of 1,101,674 fully paid ordinary Shares and all of the S1 and S2 Options were placed under EMU's ASXLR 7.1 capacity.

The Shares and Options placed under EMU's ASXLR 7.1 capacity are the subject of this Resolution.

This Resolution seeks Shareholder ratification pursuant to Listing Rule 7.4 for the placement of those Shares.

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1 or the 10% threshold set by Listing Rule 7.1A (as the case may be). The purpose and effect of such a ratification is to restore the Company's discretionary power to issue further shares up to 15% of the issued capital of the Company under Listing Rule 7.1 and up to a further 10% of the issued capital of the Company under Listing Rule 7.1A (as the case may be) without requiring Shareholder approval.



Explanatory Statement to Notice of Annual General Meeting 29 November 2019

5.2 Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.5:

(a) Ordinary fully paid Shares:

- i) 1,101,674 fully paid ordinary Shares were issued by the Company;
- ii) the issue price was \$0.035 per Share;
- iii) the Shares were fully paid ordinary Shares which rank equally with all other fully paid ordinary Shares on issue;
- iv) the Shares were issued as part of a larger private placement to numerous sophisticated and professional investors who are not related parties of the Company; and
- v) the funds raised have been or will be applied towards furthering the exploration and pursuit of EMU's Chilean gold projects, evaluation of potential new projects for the Company, corporate expenses and general working capital.

(b) S1 Options:

- i) 8,454,468 S1 Options were allotted and issued by the Company;
- ii) the S1 Options were issued for no consideration;
- iii) the S1 Options confer the right, exercisable at any time before 16 January 2021, to subscribe for an ASX listed EMU ordinary fully paid share upon payment of \$0.20 each;
- iv) the S1 Options were issued as a private placement to numerous sophisticated and professional investors who are not related parties of the Company; and
- v) no funds were raised from the issue of these options.

(c) S2 Options:

- i) 8,454,468 S2 Options were allotted and issued by the Company;
- ii) the issue price was \$0.01 per S2 Option;
- iii) these S2 Options confer the right, exercisable at any time before 21 December 2020, to subscribe for an ASX listed EMUCA partly paid ordinary share upon payment of \$0.02 each;
- iv) the S2 Options were issued as a private placement to numerous sophisticated and professional investors who are not related parties of the Company; and
- v) the funds raised have been or will be applied towards furthering the exploration and pursuit of EMU's Chilean gold projects, evaluation of potential new projects for the Company, corporate expenses and general working capital.

5.3 Directors Recommendation

The Directors of the Company believe that this Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of the Resolution.

The Chair intends to exercise all undirected proxies in favour of Resolution 5.



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6 RESOLUTION 6 – RATIFICATION OF ISSUE OF SHARES TO ACUITY CAPITAL

6.1 General

In July 2017, the Company entered into a Controlled Placement Agreement (**CPA**) with Acuity Capital Investment Management Pty Ltd (**Acuity**) under which the Company might (if, when and at a price or prices in one or more tranches) at its sole discretion raise up to \$2 million. There is no requirement for the Company to utilise the CPA, which it may terminate at any time, without cost or penalty. The CPA does not contractually restrict EMU's ability to otherwise raise capital. Each time the Company elects (if at all) to utilise the CPA, it will set a floor price which floor price will be determined by the Company in its sole discretion. The final issue price will be the greater of the floor price and the price which is 90% to the volume weighted average on market sale price realised by Acuity over a period nominated by the Company.

On 15 December 2017, the Company issued 4,000,000 fully paid ordinary Shares (**Collateral Shares**) at nil issue price to Acuity Capital. This issue was subsequently ratified at a General Meeting of Shareholders held on 24 August 2018.

On 21 February 2019, the original CPA was amended to document the issue of an additional 3,400,000 fully paid ordinary Shares as collateral for the updated CPA. This issue was subsequently ratified at a General Meeting of Shareholders held on 25 March 2019.

The Company intends to amend (subject to agreement with Acuity), the original CPA to document the issue of up to an additional 11,500,000 fully paid ordinary Shares as collateral for the updated CPA.

The Company may, at any time, cancel the CPA and buy back, or at its option, cancel the Collateral Shares for no 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.

The Company intends to issue the securities the subject of the approval proposed by this resolution on or before the Annual General Meeting, without prior Shareholder approval, out of its 15% placement capacity pursuant to Listing Rule 7.1.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the said maximum of 11,500,000 securities.

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1 or the 10% threshold set by Listing Rule 7.1A (as the case may be). The purpose and effect of such a ratification is to restore the Company's discretionary power to issue further shares up to 15% of the issued capital of the Company under Listing Rule 7.1 and up to a further 10% of the issued capital of the Company under Listing Rule 7.1A (as the case may be) without requiring Shareholder approval.

6.2 Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.5:

- (a) Up to 11,500,000 fully paid ordinary Shares are intended to be issued by the Company before the Annual General Meeting;
- (b) the Collateral Shares are to be issued for no cash consideration but rather pursuant to the CPA;
- (c) the Collateral Shares are to be fully paid ordinary shares which will rank equally with all other fully paid ordinary shares on issue;
- (d) the Collateral Shares are intended to be issued as a private placement to Acuity which is not a related party of the Company; and
- (e) no funds will be raised from the issue.



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6.3 Directors Recommendation

The Directors of the Company believe that this Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of the Resolution.

The Chair intends to exercise all undirected proxies in favour of Resolution 6.

7. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY

7.1 General

Under Listing Rule 7.1, subject to certain exceptions, a listed entity must not, without the approval of holders of ordinary securities, issue or agree to issue more Equity Securities than the number calculated according to the formula set out in that rule. The formula generally has the effect that, in addition to the exceptions provided for in the ASXLRs, every listed entity has the ability over any 12 month period to issue Equity Securities equal to 15% of its issued capital at the commencement of a 12 month period.

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to a further 10% of its issued share capital through placements over a 12 month period after the AGM (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1 and must be approved by a special resolution of shareholders to be enlivened.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Capacity. The exact number of Equity Securities that may be issued under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) below).

7.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Capacity is subject to shareholder approval by way of a special resolution at an AGM.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue three classes of Equity Securities, being listed Shares, listed Contributing Shares and unlisted Options (at exercise prices varying between \$0.02 to \$0.20 each; expiring on 28 February 2020, 21 December 2020, 15 January 2021 and 16 January 2021).

(c) Formula for calculating 10% Placement Capacity – Listing Rule 7.1A.2

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;



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(iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4;

(iv) less the number of fully paid shares cancelled in the 12 months.

D is 10%;

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) *Listing Rule 7.1 and Listing Rule 7.1A*

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 195,849,986 Shares. Assuming Resolutions 5 to 6 are passed, and the Company's Shares on issue do not change) the Company has capacity to issue:

(i) 29,377,497 Equity Securities under Listing Rule 7.1; and

(ii) 19,584,998 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) above).

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price (VWAP) of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) *10% Placement Period – Listing Rule 7.1A.1*

Shareholder approval of the 10% Placement Capacity under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

(i) the date that is 12 months after the date of the AGM at which the approval is obtained; or

(ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

7.3 Listing Rule 7.1A

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without impacting the Company's 15% placement capacity under Listing Rule 7.1.

7.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Capacity as follows:

(a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price (VWAP) of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or



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- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the potential dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of fully paid ordinary securities the Company has on issue. The number of fully paid ordinary securities on issue may increase as a result of future issues of fully paid ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer, partly paid shares paid up to become fully paid shares, or exercises of certain options) or future specific placements under Listing Rule 7.1 that are approved at a Shareholders' meeting or those already approved (as at the date of this Notice, the Company is authorised to issue up to 12,500,000 Shares as consideration in respect of EMU's option to acquire its Chilean gold project – refer to page 5 of the Annual Report under the heading "Review of Operations" and sub-heading "ASX Waiver – Approval to Issue Shares" for further details); and
- (ii) two examples where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.02 50% decrease in Issue Price	\$0.04 Issue Price	\$0.08 100% increase in Issue Price
Current Variable A (Shares) 195,849,986 Shares	10% dilution	19,584,998 Shares		
	Funds raised	\$391,700	\$783,400	\$1,566,800
50% increase in Variable A (Shares) 293,774,979 Shares	10% dilution	29,377,497 Shares		
	Funds raised	\$587,550	\$1,175,100	\$2,350,200
100% increase in Variable A (Shares) 391,699,972 Shares	10% dilution	39,169,997 Shares		
	Funds raised	\$783,400	\$1,566,800	\$3,133,600



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The table has been prepared on the following assumptions:

- (i) *The Company issues, in a single allotment, the maximum number of Equity Securities available under the 10% Placement Capacity.*
 - (ii) *No Convertible Securities (including any Convertible Securities issued under the 10% Placement Capacity) are converted into Shares before the date of the issue of the Equity Securities.*
 - (iii) *The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on the Shareholder's holding at the date of the Meeting.*
 - (iv) *The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.*
 - (v) *The use of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes Convertible Securities, it is assumed that those Convertible Securities are converted into Shares for the purpose of calculating the voting dilution effect on existing Shareholders*
 - (vi) *The assumed issue price is \$0.04, being the closing price of Shares on the ASX on 22 October 2019.*
- (c) The Company will only issue and allot Equity Securities under the 10% Placement Capacity (if approved) during the 10% Placement Period. The approval under Resolution 7 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) for cash consideration, in which case the Company may use the funds raised towards making (or to securing the right to make) one or more acquisitions and/or to further its existing projects, and/or general working capital; so that the Company has the necessary working capital and flexibility to consider, and if thought fit, to put it in a stronger position to make (or to secure the right to make) one or more acquisitions and/or to further its existing projects; or
 - (ii) non-cash consideration for the acquisition of (or securing the right to make acquisitions of) new projects and investments or to further its existing projects. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- (g) The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates (as defined in section 11 and sections 13 to 17 of the Corporations Act) of a related party of the Company.
- (h) The Company obtained Shareholder approval under ASX Listing Rule 7.1A at its annual general meeting held on 30 November 2018.

In accordance with Listing Rule 7.3A.6, it is disclosed that the total number of Equity Securities issued in the 12 months preceding the date of this Notice of Meeting (or expected to be issued before the Meeting) is



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420,222,435, representing 298% of the Equity Securities on issue at the commencement of the 12 month period.

The following table details the equity securities already issued and reasonably expected to be issued in the 12 months preceding the date of the Annual General Meeting:

Date of Issue	Number of Securities	Class	Issue Price	Discount to market price on date of issue	Total Consideration	Basis of allotment
Securities issued with Shareholder approval or under an exception to Listing Rule 7.1						
17/12/2018	27,500,000	Ordinary fully paid Shares	\$0.04	11.11%	\$1,100,000	Placement to sophisticated and/or professional investors
21/2/2019	3,400,000	Ordinary fully paid Shares	\$0.00	N/A	\$Nil	Issued to Acuity Capital in consideration of a Controlled Placement Agreement
27/3/2019	27,500,000	Options over fully paid shares, (\$0.20, expiring 15 Jan 2021)	\$0.00	N/A	\$Nil	Placement to sophisticated and/or professional investors
27/3/2019	7,500,000	Options over fully paid shares, (\$0.20, expiring 15 Jan 2021)	\$0.00	N/A	\$Nil	Issue of broker options to Hartleys (and/or nominees)
27/3/2019	5,505,000	Options over fully paid shares, (\$0.20, expiring 15 Jan 2021)	\$0.00	N/A	\$Nil	Issue of options to SPP participants
27/3/2019	6,000,000	Options over partly paid shares, (\$0.03, expiring 28 Feb 2020)	\$0.00	N/A	\$Nil	Issue of options to directors
1/5/2019	607,646	Ordinary fully paid Shares	\$0.077	0%	\$46,910	Issued to Wallis Drilling for drilling services
1/5/2019	3,710,239	Ordinary fully paid Shares	\$0.06	0%	\$222,614	Issued to Wallis Drilling for drilling services
13/5/2019	20,000,000	Ordinary fully paid Shares	\$0.048	15.79%	\$960,000	Placement to sophisticated and/or professional investors
24/5/2019	2,500,000	Ordinary fully paid Shares	\$0.042	0%	\$105,000	Issued to BLC in consideration of option acquisition
24/6/2019	3,850,000	Options over fully paid shares, (\$0.20, expiring 15 Jan 2021)	\$0.00	N/A	\$0	Issue of options to SPP participants
12/7/2019	40,000,000	Options over fully paid shares, (\$0.20, expiring 15 Jan 2021)	\$0.00	N/A	\$Nil	Placement to sophisticated and/or professional investors
22/10/2019	20,868,438	Ordinary fully paid Shares	\$0.035	12.5%	\$730,395	Issue of Shares pursuant to a non-renounceable rights issue
22/10/2019	10,434,229	Options over partly paid shares (\$0.02, expiring 21 Dec 2020)	\$0.01	N/A	\$104,342	Issue of options pursuant to a non-renounceable rights issue



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Date of Issue	Number of Securities	Class	Issue Price	Discount to market price on date of issue	Total Consideration	Basis of allotment
Securities issued with Shareholder approval or under an exception to Listing Rule 7.1 (Continued)						
TBA	135,619,341	Ordinary fully paid Shares	\$0.035	TBA	\$4,746,676	Issue of Shares pursuant to a non-renounceable rights issue underwriting agreement
TBA	67,809,671	Options over partly paid shares (\$0.02, expiring 21 Dec 2020)	\$0.01	TBA	\$678,097	Issue of options pursuant to a non-renounceable rights issue underwriting agreement

Securities issued without Shareholder approval and not under an exception to Listing Rule 7.1						
28/8/2019	1,101,674	Ordinary fully paid Shares	\$0.035	0%	\$38,559	Placement to sophisticated and/or professional investors
28/8/2019	8,454,468	Options over fully paid shares, (\$0.20, expiring 16 Jan 2021)	\$0.00	N/A	\$Nil	Placement to sophisticated and/or professional investors
28/8/2019	8,454,468	Options over partly paid shares, (\$0.02, expiring 21 Dec 2020)	\$0.01	N/A	\$84,545	Placement to sophisticated and/or professional investors
TBA	Up to 11,500,000	Ordinary fully paid Shares	\$0.00	N/A	\$Nil	To be issued to Acuity Capital in consideration of a Controlled Placement Agreement

Shares issued under Listing Rule 7.1A 10% Placement Capacity						
28/8/2019	15,807,261	Ordinary fully paid Shares	\$0.035	0%	\$553,254	Placement to sophisticated and/or professional investors

TOTALS			
	Number of Securities		Total Consideration
Ordinary fully paid Shares	420,222,435		\$9,370,392

- (i) In respect of the issues of Equity Securities over the last 12 months that were issued for cash, the fifth bullet point of Listing Rule 7.3A.6(b) requires the Company to disclose in this Notice “the total cash consideration, the amount of that cash that has been spent, what it was spent on, and what is the intended use for the remaining amount of that cash (if any)”. Whilst the total cash consideration received was mingled with the funds then on hand, on the basis of accounting for funds spent on a first in first out method, approximately \$3.0 M of the \$3.9 M total cash raised over the past 12 months (excluding the proceeds not yet received at the date of this Notice of Meeting from the underwriting of the non-renounceable rights issue) has been spent. Therefore, on the basis of first in first out, all of the funds raised from the issues on 17 December 2018 through to 22 August 2019 have been spent, and approximately \$498k of the amounts raised from the issue on 28 August 2019 has been spent. These funds were spent predominantly on exploration and the pursuit of the Company’s rights in relation to its Chile gold project, on evaluation of potential new mineral exploration, development and mining opportunities and to pay corporate expenses. The balance of funds remaining are intended to be spent on continuing the Company exploration activities in Chile and on necessary corporate expenses.



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- (j) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities under Listing Rule 7.1A. Therefore, no existing Shareholder's votes will be excluded under the voting exclusion in the Notice.

7.5 Directors' Recommendation

Based on the information available, including the information contained in this Explanatory Statement, all of the Directors consider that Resolution 7 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 7. The Directors have formed this view as the passing of this Resolution will provide greater flexibility when considering future capital raising opportunities. The passing of Resolution 7 will increase the Directors' ability to issue new Shares permitted by the Listing Rules without requiring Shareholder approval.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chair intends to exercise all undirected proxies in favour of Resolution 7.

8 RESOLUTIONS 8, 9, 10 AND 11 – RATIFICATION OF AGREEMENT TO GRANT OPTIONS TO DIRECTORS

8.1 General

The Company has entered into a Deed Poll with each director whereby, subject to Shareholder approval and otherwise upon the terms set out in Annexure A to this Explanatory Statement, the Company has agreed to issue to each of the directors of the Company (or their nominees) 3,000,000 Options, expiring on 20 December 2021, to acquire partly-paid Shares (**Contributing Shares** – which shall rank pari passu with the series of listed partly paid shares ASX code EMUCA). Upon exercise, 3 cents per Contributing Share is payable which will be applied to paying the Contributing Share to 3 cents with 3 cents to be paid as called.

In the event that the issue of the Options to a Director is not approved by Shareholders, the Company is obliged, by the Deed Poll, to pay the affected Director the sum of \$1,000.

Whilst the Directors are entitled, under the Constitution, to be paid for special exertion, in practice only very rarely has a claim for special exertion been paid. The Directors consider that the grant of the Options will be a cost effective and efficient means for the Company to provide an incentive and motivate the contribution of special exertion without routine claims to be paid in cash for the same.

\$360,000 will be raised by the Company upon and in the event all the Options are exercised and a further \$360,000 if all the Contributing Shares issued upon exercise are paid up in full.

8.2 Chapter 2E of the Corporations Act – related party transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

Each of Resolutions 8, 9, 10 and 11 provides for the grant of Options to related parties which is a financial benefit requiring Shareholder approval unless an exemption from the requirement for such approval applies. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed Resolutions would permit the financial benefit to be given

Subject to Shareholder approval, the Options the subject of Resolutions 8, 9, 10 and 11 will be granted to Messrs Thomas, Rutherford, Streeter and Staermose (or their nominees), within one month of the passing of the Resolutions. Messrs Thomas, Rutherford, Streeter and Staermose are Directors of the Company and are therefore classified as



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related parties.

The nature of, reasons for and basis for the financial benefit

The proposed financial benefits are the grant of 3,000,000 Options to Mr Thomas, 3,000,000 Options to Mr Rutherford, 3,000,000 Options to Mr Streeter and 3,000,000 Options to Mr Staermose or their nominees, for no issue price. Each Option will allow Messrs Thomas, Rutherford, Streeter and Staermose to subscribe for one Contributing Share in the Company. The Options will have an exercise price of \$0.03 per share and will expire on 21 December 2021.

The Options will form part of Messrs Thomas', Rutherford's, Streeter's and Staermose's remuneration for service as directors of the Company and constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.

Options are considered to be an appropriate incentive given the Company's current size and stage of development, being an exploration company with limited cash reserves. If Messrs Thomas, Rutherford, Streeter and Staermose are to derive any intrinsic value from the exercise of the Options, the market price of EMUCA Contributing Shares must be in excess of \$0.03 per share, being the amount payable upon exercise. The Options represent an incentive to Messrs Thomas, Rutherford, Streeter and Staermose to get the Contributing Share price up, not just to the level of the exercise price but well above that price in order that the Options will be deep in the money so that they can realise a significant gain from the disposal of their interests in the Options, thus aligning their personal interests with those of other Shareholders.

Directors' recommendation

All Directors, except Mr Thomas, recommend Shareholders vote in favour of Resolution 8. Mr Thomas does not make a recommendation about Resolution 8 as he will receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

All Directors, except Mr Rutherford, recommend Shareholders vote in favour of Resolution 9. Mr Rutherford does not make a recommendation about Resolution 9 as he will receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

All directors, except Mr Streeter, recommend Shareholders vote in favour of Resolution 10. Mr Streeter does not make a recommendation about Resolution 10 as he will receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

All directors, except Mr Staermose, recommend Shareholders vote in favour of Resolution 11. Mr Staermose does not make a recommendation about Resolution 11 as he will receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers

- (a) Resolutions 8, 11, 12 and 13, if passed, will have the effect of giving power to the Directors to grant 3,000,000 Options respectively to Messrs Thomas, Rutherford, Streeter and Staermose, or their respective nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Statement and as otherwise mentioned above.
- (c) The Directors have obtained an independent valuation of the Options from Provisio Corporate, a firm which specialises in corporate risk management and share security valuation services.
- (d) The total (indicative) value of the Options is outlined in Table 1. If Options granted to Messrs Thomas, Rutherford, Streeter and Staermose, or their nominees, are exercised, the effect would be to dilute the Shareholdings of the other Shareholders.

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Table 1 - Details of Director Options

Name Relationship	Number of options	Exercise price per option	Expiry date	Vesting	Value as determined by Black-Scholes Valuation See Note (i) below
Peter Thomas Director	3,000,000	\$0.03	21 December 2021	At date of issue	\$36,600
Gavin Rutherford Director	3,000,000	\$0.03	21 December 2021	At date of issue	\$36,600
Terry Streeter Director	3,000,000	\$0.03	21 December 2021	At date of issue	\$36,600
Tim Staermose Director	3,000,000	\$0.03	21 December 2021	At date of issue	\$36,600

Note (i) - Option Valuation Inputs

Details	Input
Share price for underlying fully paid ordinary Shares – closing price on 25 October 2019	\$0.044
Exercise price	\$0.03
Risk free rate *	0.75%
Volatility *	65%
Start date	25 October 2019
Expiry date	21 December 2021
Value per Option	\$0.0122

* These inputs were extracted from an independent valuation report provided by Provisio Corporate dated 10 October 2019 which contained the following details:

“Volatility: The volatility to use to value the Options is critical to the value assigned. In our valuation we used a range of implied volatilities derived from the historical share price, market volatilities and implied volatilities derived from listed options in comparable companies listed on the ASX. Based on the historical share price movement the historical derived volatilities were far higher than the ASX average market volatilities. Notwithstanding, given that the Options only allow the option holder to acquire partly paid shares and that, if exercised, will require a further payment, the implied volatility used in the modelling and fair price determination was adjusted towards market benchmarks of an implied volatility of 65%.

Risk free rate: Though with interest rates trading near historical lows, it is arguable that the government bond rate is the correct rate to use, it is nonetheless the required input. For the one year option, a risk free rate assumption of 0.75% was used, assuming the RBA keeps its stated intention to maintain the cash rate at, or near, its current level for the next 12 months.”

The Black-Scholes Option Pricing Model is an industry accepted method of valuing equity instruments, at the date of grant. However, the Directors do not consider the resultant value as determined by the Black-Scholes Option Pricing Model is in any way representative of the market value of the share options to be issued. The theoretical fair value of the options will be influenced by the terms and conditions upon which the options are to be granted, the effects of non-transferability, exercise restrictions and behavioural considerations of buyers and sellers of such instruments, the impact of which are ignored in the Black-Scholes Option Pricing Model.

This valuation may not be the final value for accounting purposes but is based on assumptions detailed above and subject to audit by the Company's auditors.

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Applying the valuation methodology prescribed by the employee share scheme provisions of the Income Tax Assessment Act, the Options have no value. The Company believes that the employee share scheme provisions of the ITAA will be applicable to the Options.

- (e) As at the date of this Notice, the issued capital of the Company comprised 195,849,986 Shares and 33,668,824 Contributing Shares. If all Options granted as proposed above are exercised, and assuming no other equity issues, the effect will be to dilute the Shareholding of existing Contributing Shareholders as per the table below:

Current Contributing Shares on issue	33,668,824
Options to be granted	12,000,000
Expanded Contributing Shares	45,668,824
Dilutionary effect	26.28%

The current relevant interest of each Director in securities of the Company is:

Director	Shares	Contributing Shares	Options to acquire Fully Paid Shares	Options to acquire Partly Paid Shares
Mr Thomas	7,782,967	9,420,651	-	2,000,000
Mr Rutherford	2,486,365	1,884,281	-	2,000,000
Mr Streeter	Nil	Nil	-	2,000,000
Mr Staermose	10,627,387	750,000	9,315,673	-

- (f) Whilst the fully paid ordinary Shares of the Company are traded on ASX, there is no agreement to list the Options on ASX.
- (g) The Options to acquire fully paid shares can be converted to EMU Shares by payment of twenty cents each. The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. It is probable that the Options will only be exercised if the price at which EMU Shares are trading exceeds twenty cents. The most recent share transaction for EMU Shares in the Company was \$0.04. The Options to acquire Partly Paid Shares can be converted to Contributing Shares by payment of three cents each. The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. It is probable that the Options will only be exercised if the price at which Contributing Shares are trading exceeds three cents. The most recent share transaction for Contributing Shares in the Company was \$0.015.
- (h) Mr Thomas currently receives annual director fees of \$44,000, plus statutory superannuation entitlements. Mr Rutherford currently receives annual director fees of \$32,877, plus statutory superannuation entitlements. Mr Streeter receives annual director fees of \$36,000 with no statutory superannuation entitlements. Mr Staermose receives annual director fees of \$36,000 with no statutory superannuation entitlements.
- (i) The Options will be issued as remuneration for the provision of the Directors' services as Directors.
- (j) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider, from an economic and commercial point of view, there are any costs or detriments, including taxation consequences for the Company or benefits foregone by the Company, in granting the Options to Messrs Thomas, Rutherford, Streeter and Staermose or their nominees pursuant to Resolutions 8, 9, 10 and 11 EXCEPT FOR the cost of foregoing the opportunity to issue the Options for cash and the downstream potential to dilute the capital structure of the Company.
- (k) Save as set out herein, neither the Company nor any of the Directors is aware of any other information that would be reasonably required by Shareholders for them to make a decision in relation to the financial benefits contemplated by this Resolutions 8, 9, 10 and 11.



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9.3 Information required by Listing Rule 10.13

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) the Options will be issued to Messrs Thomas, Rutherford, Streeter and Staermose (or their nominees).
- (b) the maximum number of Options to be issued is 12,000,000 (3,000,000 Options to Mr Thomas, 3,000,000 Options to Mr Rutherford, 3,000,000 Options to Mr Streeter and 3,000,000 Options to Mr Staermose).
- (c) the Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) the Options are to acquire Contributing Shares with \$0.03 each being payable upon exercise and they expire on 21 December 2021 and otherwise on the terms and conditions outlined in Annexure A.
- (e) a voting exclusion statement is included in the Notice.
- (f) no funds will be raised from the issue of the Options.



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GLOSSARY

In this Explanatory Statement and the Notice, the following terms have the following meanings unless the context otherwise requires:

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 7.1 of the Explanatory Statement.

10% Placement Period has the meaning given in Section 7.2(f) of the Explanatory Statement.

AGM, Annual General Meeting or Meeting means the meeting convened by the Notice.

Annual Report means the Directors' Report, the Financial Report and Auditor's report in respect of the financial year ended 30 June 2019 (copies of which have been sent to Shareholders who have made an election to receive it and copies of which are available on the Company's web site www.emunl.com.au).

ASX means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.

Auditor's Report means the auditor's report on the Financial Report.

AWST means Australian Western Standard Time as observed in Perth, Western Australia.

Board means the board of Directors.

Chair means Mr Peter Thomas, or (if Mr Thomas is absent) such other person appointed to chair the Meeting in accordance with the Constitution.

Closely Related Party of a member of the Key Management Personnel means:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- a company the member controls; or
- a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company or **EMU** means Emu NL ACN 127 291 927.

Constitution means the Company's constitution, as amended from time to time.

Contributing Share means partly paid ordinary shares issued by the Company.

Convertible Security means a security of the Company which is convertible into Shares.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Director means a director of the Company.

Director's Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Statement means this information attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Proxy Form means the proxy form accompanying to this Notice.



Notice of Annual General Meeting 29 November 2019

Remuneration Report means the section of the Directors' Report contained in the Annual Report entitled "remuneration report".

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.



ANNEXURE A

EMU NL
ACN 127 291 927
(EMU or the Company)

TERMS AND CONDITIONS DIRECTOR OPTIONS EXPIRING 21 DECEMBER 2021

The Options are issued on the following terms:

1. Each Option may be exercised by giving notice in that regard together with payment of the amount of three cents (\$0.03) (**Exercise Price**).
2. Each Option entitles the holder to subscribe for partly paid ordinary share (**Share**) in EMU NL ACN 127 291 927 (**Company**) upon the payment of the Exercise Price per Share subscribed for. The partly paid shares shall rank pari passu with the class of partly paid shares listed at the date of grant of the options.
3. The Options will lapse at 5:00 pm on 21 December 2021 (**Expiry Date**).
4. The Options are transferable at any time in accordance with the Corporations Act 2001 and any applicable rules of ASX.
5. There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled (as a consequence of holding Option) to participate in new issues of capital that may be offered to shareholders during the currency of the Options.
6. The Option holder has the right to exercise Options prior to the date for determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be afforded a period of at least 3 business days before the relevant closing date to exercise the Options.
7. Subject to any requirements of the Corporations Act and ASX Listing Rules, the Options do not confer the right to a change in exercise price or the number of securities over which the Option can be exercised.
8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
9. Unless approved otherwise by the Company on a case-by-case basis (with no obligation on the Company to do so), Options can only be exercised in parcels of not less than 500,000, except where the total Options held by the holder is less than 500,000 (in which case, all Options held by the holder must be exercised and the costs of filing with ASX in connection with the exercise to be borne up front by the Optionholder). Subject to ASX listing rules, the Company shall not be obliged to issue Shares in response to an exercise of Options more frequently than once per calendar quarter. The Company may, in its discretion, waive this clause or any part of it and such a waiver may be subject to conditions or further limitations.
10. Subject to clause 9, the Options shall be exercisable at any time during the period (**Exercise Period**) ending on the Expiry Date by: (a) the delivery to the registered office of the Company of a notice in writing (**Notice**) stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by cleared funds for the subscription monies for the Shares; or (b) such other form and method as may be approved by the Company from time to time. The Notice and cleared funds must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it PROVIDED THAT if the remaining number be less than 500,000 those Options shall ipso facto lapse.
11. If the Company has entered into an agreement to underwrite the exercise of the Options and any Options remain unexercised at the Expiry Date, then the holder of those unexercised Options immediately, unconditionally and irrevocably appoints the Company as the Optionholder's agent to transfer (for no consideration to that holder) the unexercised Options to the relevant underwriter and, despite clause 10, that underwriter is entitled to exercise the unexercised Options within 14 calendar days (or such fewer days as the Company may determine in its absolute discretion) of the Expiry Date.
12. Subject to clause 9, the Company shall endeavour to allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE ONLINE

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.

2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

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The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 5:00pm AWST on Friday 29 November 2019 at 10 Walker Avenue, West Perth, Western Australia and at any adjournment of that meeting.

Where I/we have appointed the Chairperson as my/our proxy (or the Chairperson becomes my/our proxy by default), I/we expressly authorise the Chairperson to exercise my/our proxy on resolution 1 (except where I/we have indicated different voting intention below) even though resolution 1 is connected directly or indirectly with the remuneration of key management personnel, which includes the Chairperson

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	Abstain*		For	Against	Abstain*
1. ADOPTION OF REMUNERATION REPORT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. APPROVAL OF 10% PLACEMENT CAPACITY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. RE-ELECTION OF MR RUTHERFORD AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. APPROVAL TO GRANT OF OPTIONS TO MR PETER THOMAS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. RE-ELECTION OF MR STREETER AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. APPROVAL TO GRANT OF OPTIONS TO MR GAVIN RUTHERFORD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. RE-ELECTION OF MR STAERMOSE AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. APPROVAL TO GRANT OF OPTIONS TO MR TERRY STREETER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. RATIFICATION OF ISSUE OF SECURITIES 28 AUGUST 2019	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. APPROVAL TO GRANT OF OPTIONS TO MR TIM STAERMOSE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. RATIFICATION OF ISSUE OF SHARES TO ACUITY CAPITAL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 5:00pm AWST on Wednesday 27 November 2019.

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Name:

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This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.