



SUMMARY

- **Planning for the 2019/2020 regional exploration and drilling campaign completed**
- **EMU engaged geological experts to review and improve target definition**
- **Vidalita prospect (induced polarisation) IP and ground magnetics data reviewed and re interpreted**
- **Elevado project geochemistry data review completed**
- **Drill core from past campaigns reviewed to provide support to current drill target definition**
- **QA/QC programme to re assay drill core from previous campaigns completed**
- **Main exploration camp and drill support infrastructure mobilised**
- **Stage 1, Diamond drilling programme completed**
- **Regional exploration programme continues**
- **Stage 2, Reverse Circulation drilling programme established and to commence January 2020**

ELEVADO PROJECT, CHILE

During the quarter EMU focused on the finalisation of the planning phase of the drilling programme for the 2019/2020 campaign period. After finalising tenders for major services, the camp and associated drill support infrastructure was mobilised. EMU commenced and completed Stage 1 of the drilling campaign, finalising and successfully recovering core from the drilling of 2 diamond holes at the Vidalita prospect.

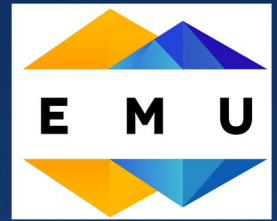
Activities during the quarter were as follows:

- The Elevado project geology review was completed during October. It incorporated a full review of geophysics, geology, geochemistry resulting in a detailed understanding of the controls to mineralisation at Vidalita and the surrounding areas. From these studies EMU developed the schedule and programme for the 2019-2020 drilling campaign.
- The reprocessing of the raw IP data obtained by EMU in 2017 provided interpretation for follow up diamond drilling at two main targets, Vidalita prospect and NE-Plains prospect. This work formed the basis of the diamond drilling campaign conducted in the December quarter.
- EMU engaged an expat consultant geologist with significant experience in Maricunga style High Sulphidation Epithermal (HSE) and porphyry-style mineralisation to review the Vidalita prospect's previous campaigns drill core from the diamond and aircore programmes. This



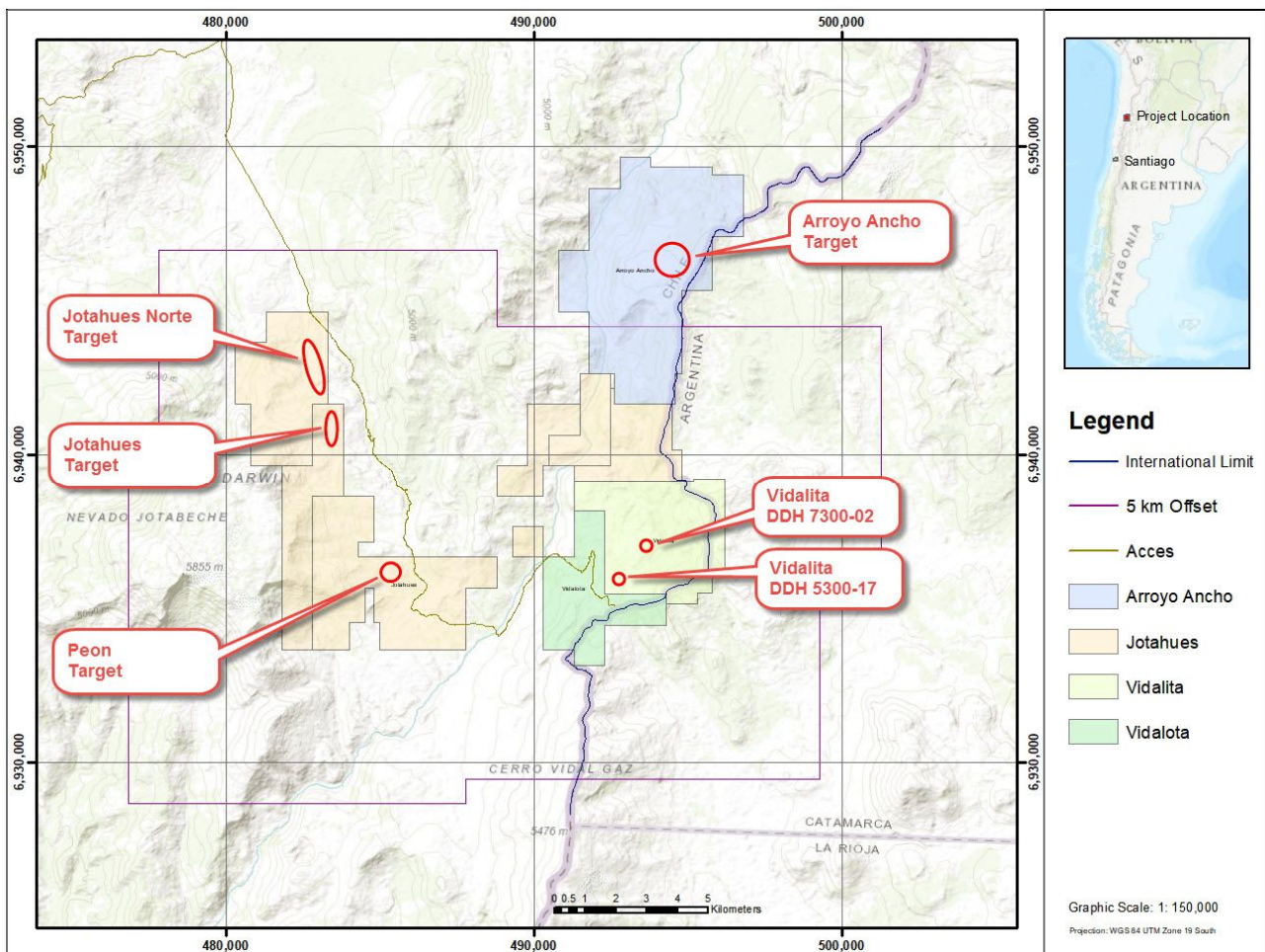
work was successful in defining and simplifying the main lithological units and provided an updated mineralisation model of the Vidalita, and Alunita prospects. Recommendations were made for further deep drilling under the main mineralised section (5300N). The consultant geologist completed a field review of the Elevado project over the period to prioritise the prospects for further exploration, as well as recommending new areas for exploration in 2020.

- EMU contracted a geochemist, to review the entire rock chip, soil, and drilling database for the project and made assessments on the QA/QC of analytical work conducted by Intertek-Genalysis (2018) and Actlabs (2019). The analysis involved levelling of analytical results from the three previous campaigns which used different laboratories. This geochemical analysis highlighted areas warranting further exploration. The project geochemistry also highlighted both shallow epithermal and deeper porphyry characteristics suggesting a telescoping of epithermal mineralisation on a pre-existing porphyry environment. Importantly, the work highlighted 15 targets for follow-up. A check-assaying (re-analysis) programme of 392 sample pulps were despatched to ALS labs for reanalysis. These comprised 149 samples selected by the geochemist's random-number selection process plus selective sampling by EMU geologists including the entire discovery hole 5300-8 as well as anomalous advanced argillic/vuggy silica intervals in surrounding drill holes. The check-assays were conducted by ALS-Vancouver using 30g fire assay (gold) and four acid digest/ICP-MS (multi-element) analysis. The results corroborated with, (verified) the aqua regia sampling techniques used previously and verified the Intertek and Actlabs laboratory QA/QC.
- EMU mobilised its exploration camp on 01 October to accommodate the initial exploration and commissioning team. Work undertaken comprised the construction of access routes throughout the Elevado project plus the preparation of drilling pads at Vidalita and NE-Plains prospects (DDH holes 5300-17 and 7300-2). The camp housed the crew that carried out the stream sediment sampling programme and the prospection programme.
- Stream Sediment Survey: EMU planned and conducted a comprehensive stream sediment survey using a 2-3km² catchment area selection over the entire Elevado concession package to systematically delineate all anomalous stream catchments. It is expected that the follow-up of anomalous geochemistry in January 2020 will lead to the delineation of further mineralisation occurrences.
- EMU engaged a highly experienced field contractor, with extensive experience in the Maricunga region. With the aid of a quad bike, the contractor was able to access all zones of interest within the Elevado Project area in two field stints. This work will be ongoing in January, with follow-up of main targets in early February. Sampling during this period included 108 selective rock chip samples for analyses by fire assay gold + four acid digest/ICP-MS finish. A new target area was identified along the northern strike extensions of the Jotahues prospect and named Jotahues Norte. Reconnaissance mapping indicates a structural breccia zone with advanced argillic and vuggy silica alteration extending over a 2000m x 350m zone. EMU will test this with RC drilling in January and February 2020.
- Diamond drilling contractor, Synergy Drilling completed the diamond drilling programme over the quarter. Two diamond holes were drilled, one at the Vidalita Prospect and one at NE-Plains prospect comprising hole 5300-17 (428m) and 7300-2 (400m) respectively. Geochemical sampling was completed over the ½ sawn core, with all work completed in-house by EMU's geologists and field assistants. Sampling was conducted on 4m and 2m



sample intervals over the more prospective intervals. Samples were transported to ALS Laboratories in Copiapo for initial sample preparation before being dispatched to ALS Laboratories in Lima for final assay.

During the quarter EMU established four main target zones for follow-up work from its comprehensive regional exploration programme and its review and re-interpretation of previous campaign work. Figure 1 below shows the diamond drill hole locations drilled during the quarter, as well as the four new areas for follow-up RC drilling in January-February 2020. The newly discovered Jotahues Norte prospect is shown extending NW from Jotahues along a pronounced structural NW-trending feature.





CORPORATE

Capital Raising Activities

During the quarter, EMU completed a Non-Renounceable Rights Issue resulting in the Company issuing 20,868,438 fully paid ordinary shares and 10,434,229 unlisted options (to acquire a partly paid share EMUCA; exercisable at \$0.02 each, expiring 21 December 2020) raising \$834,738 before costs and before exercising of the options.

A further 93,855,450 fully paid ordinary shares and 46,927,725 unlisted options (to acquire a partly paid share EMUCA; exercisable at \$0.02 each, expiring 21 December 2020) were issued pursuant to shortfall applications made under the rights issue first announced 23 September 2019 with a second announcement made 3 October 2019.

The Company issued a total of 114,723,888 shares and 57,361,954 options pursuant to the rights issue and shortfall applications, raising a total of \$4,588,956 before costs (applying a FOREX rate of 0.7112 to calculate the number of securities issued to the underwriter's subscribers). This included a total of US\$2.67M from investors introduced by Strategic Bank International Corp (such investors operating via two special purpose vehicles formed and nominated by Strategic Bank - SMPI EMU 1, LLC and SMPI EMU 2, LLC) which underwrote the non-renounceable rights issue to that extent. That underwritten amount (net of fees) remained in US dollars, the denomination of the Company's main spend in Chile.

On 27 December, the Company issued:

- 12,000,000 options to Directors to acquire partly paid ordinary shares (options are exercisable at \$0.03 each, expire on 21 December 2021, require a further payment of \$0.03 each to convert to fully paid shares once exercised and will not be quoted on the ASX); and
- 8,300,000 fully paid ordinary shares to Acuity Capital pursuant to a Controlled Placement Agreement, both issues having been approved at the AGM.

Other

The expiry date of the Controlled Placement Agreement (CPA) previously entered into with Acuity Capital was extended from 31 December 2019 to 31 January 2023. As at 31 December 2019, Acuity had been issued a total of 15,700,000 fully paid ordinary shares under the CPA.

EMU retains full control of all aspects of the placement process, having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any). There are no requirements on EMU to utilise the CPA. Emu may terminate the CPA at any time, without cost or penalty and EMU can buy back the Collateral Shares for no consideration (subject to shareholder approval). Acuity Capital and the CPA do not place any restrictions at any time on EMU raising capital through other methods.

The Annual General Meeting of Members (AGM) was held on 29 November 2019. All resolutions were passed unanimously by a show of hands.



EVENTS SUBSEQUENT TO END OF QUARTER

EMU has commenced its Stage 2, RC Drilling programme at Elevado.

Project Generation

EMU continues to identify and review resource and exploration projects both within Australia and overseas with a view to acquiring assets that may have the potential to add significant financial value and returns for its shareholders. EMU maintains a strict criterion in its evaluation of these projects. The focus of evaluation of opportunities is not limited to greenfield exploration. EMU's evaluation criteria include projects that have the potential to be value-accretive and demonstrate significant upside at any stage in the project life cycle including greenfield exploration, late-stage exploration and near-term cash flow. At least three such specific projects are currently under review.

OTHER

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 and a further 2,500,000 were issued in April 2019 consequential to EMU advising that it had met its expenditure commitment of \$1,000,000 in relation to the Projects) pursuant to the agreement with Prospex SpA and BLC SpA (under which, inter alia, EMU took an assignment of the original optionee's option to purchase the Vidalita Concessions (the **Perez Agreement**)).

The following information is provided in accordance with a waiver granted by ASX permitting the Company to issue the balance of the Consideration Shares (10,000,000) more than 3 months after the date of the approvals:

- No Consideration Shares were issued during the reporting period;
- 10,000,000 of the Consideration Shares remain, conditionally, to be issued;
- 5,000,000 (approved for issue no later than 31 December 2020) if EMU defines a 500,000-ounce measured resource of gold on the original 5 concessions in the BLC Agreement (Ciclope Tuerto 7, 8, 9 and Vidalota A, B) and the 6 concessions in the Prospex Agreement (Vidalita A-F) (**Original Concessions**); and
- an additional 5,000,000 (approved for issue no later than 31 December 2020) if EMU defines a 1,000,000-ounce measured resource of gold on the Original Concessions.



Concession ID	Type	Description/Status
Vidalita A2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita B2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita C2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita D2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita E2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita F2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita A1 1/60	Mining	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita B1 1/60	Mining	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita C1 1/60	Mining	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita D1 1/60	Mining	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita E1 1/36	Mining	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita F1 1/40	Mining	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalota A	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota A1 AL 18	Mining	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota B	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota B1 AL 20	Mining	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota C	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota D	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota E	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Peon 1 – 16	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Ciclope Tuerto 1 - 9	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Tierra 1 – 15	Exploration	Emu 100%

Table 2: Schedule of Tenements – Western Australia

Concession ID	Type	Description/Status
E29/1080	Exploration	Emu 100% - Application



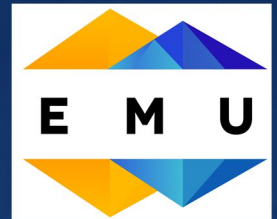
Figure 2: Location of the EMU NL project in relation to other advanced projects and mines in the Maricunga -El Indio Belt

About the Elevado Project, Maricunga Belt, Chile

The Elevado Project is located within the Maricunga gold belt in the Atacama Region, northern Chile. This belt hosts numerous world-class gold and silver projects (see Figure 1).

EMU's tenure interests cover an area of approximately 136km² including applications for and granted concessions held in its own right and concessions held under option that host High Sulphidation Epithermal (HSE) alteration and mineralisation similar to other precious metal Au-Ag deposits in the Maricunga and El Indio gold belts (see Figure 3).

The project is accessed using established infrastructure of roads that link Copiapo (regional capital and service town for the major mining projects) with the Maricunga mine (Kinross), Marte-Lobo project (Kinross) Cerro Casale project (Newmont/Barrick) and Caspiche project (Newmont). The Maricunga gold mine owned by Kinross, is located approximately 10km to the northwest of EMU's Elevado project concessions.



EMU has an interest in 51 exploration concessions comprising the Elevado project. Of these:

- (i) 15 are granted exploration concessions that were applied for by EMU in its own right (Tierra 1-15 concessions);
- (ii) 30 are exploration concessions that are the subject of an option agreement with Chilean company, BLC SpA (Peon 1-16, Ciclope Tuerto 1-9, Vidalota A-E);
- (iii) 6 are exploration concessions that are the subject of an option agreement with Chilean company, Prospex SpA (Vidalita A-F concessions).

Of those 51 concessions, the 6 Prospex exploration concessions (Vidalita A-F) and the 2 BLC exploration concessions (Vidalota A, B) are in the process of conversion to mining concessions, which are also subject to the corresponding option agreements.

The original 5 concessions in the BLC agreement (Ciclope Tuerto 7, 8, 9 and Vidalota A, B), plus 6 concessions in the Prospex agreement (Vidalita A-F), are subject to a 5km Area of Interest (AOI) from their respective boundaries. To the extent that concessions fall within the AOI, they are subject to a 1% Net Smelter Return (NSR) royalty. The Prospex concessions, Vidalita A-F, are subject to a further 1% NSR royalty.

The Option may be exercised at any time before it lapses on payment of US\$2.5m. EMU paid US\$100k before 11 November 2019 to extend the option to 11 November 2020, and if it pays a further US\$100k before 11 November 2020, EMU can further extend the Option to 11 November 2021, and if it pays a further US\$100k before 11 November 2021, EMU can further extend the Option to 11 November 2022.

If, on the original concessions the subject of the BLC and Prospex agreements, EMU defines:

- (i) 500,000 oz of gold in measured resources, 5,000,000 ordinary shares will be issued; and
- (ii) 1,000,000 oz of gold in measured resources, a further 5,000,000 ordinary shares will be issued.

The original (5) concessions in the BLC agreement are Ciclope Tuerto 7, 8, 9 and Vidalota A, B. The original 6 concessions in the Prospex agreement are Vidalita A-F.

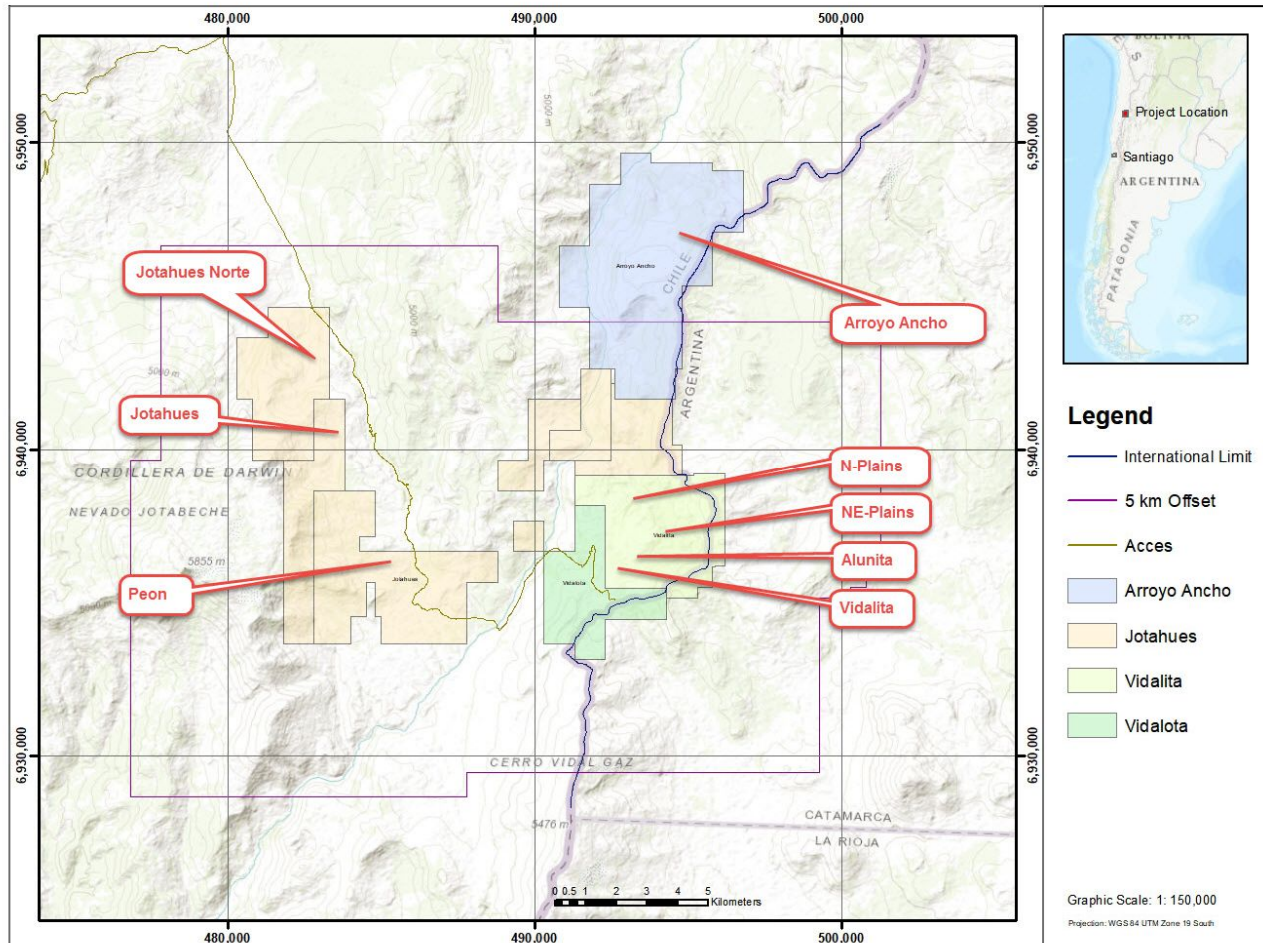
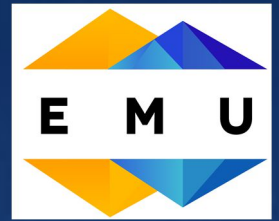


Figure 3: The Elevado Project tenure map showing Area of Interest (AOI) and prospect locations:



Emu NL

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Fully paid shares (listed)

298,005,436 (including 15.7m which EMU can buy back for nil consideration)

Contributing Shares (listed)

33,725,496 paid to \$0.03, \$0.03 to pay, no call before 31/12/2023

Options (unlisted)

6,000,000 options to acquire partly paid shares, exercisable at \$0.03 each, on or before 28 February 2020

65,759,750 options to acquire partly paid shares, exercisable at \$0.02 each, on or before 21 December 2020

84,355,000 options to acquire fully paid shares, exercisable at \$0.20 each, on or before 15 January 2021

8,454,468 options to acquire fully paid shares, exercisable at \$0.20 each, on or before 16 January 2021

12,000,000 options to acquire partly paid shares, exercisable at \$0.02 each, on or before 21 December 2021

Directors:

Peter Thomas

Non-Executive Chairman

Terry Streeter

Non-Executive Director

Gavin Rutherford

Non-Executive Director

Tim Staermose

Non-Executive Director

Investor enquiries:

Chairman
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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 Francisco Montes, Senior Geologist and Exploration Manager - Chile, of Emu NL. Mr Montes is a Member of the Australasian 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 Montes consents to the inclusion herein of the matters based upon his information in the form and context in which it appears.

FORWARD LOOKING STATEMENTS

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