

MARKET UPDATE

COVID-19

EMU continues to monitor the day to day impacts of COVID-19 and has adapted quickly and efficiently to “work from home” initiatives and the use of technology for communications. There has been minimal interruption to activities both here in Australia and Chile although, of course, the attendant uncertainties generated by the responses of global regulators to the virus are adding a significant layer of uncertainty for businesses.

On the plus side, the early completion of the planned exploration programme in Chile was timely in that it allowed EMU a clear and uninterrupted exit from the project before controls on global travel and personnel movements were fully implemented.

COVID-19 has intensified EMU’s focus on cost control and the preservation of cash. EMU retains its key people to complete the finalisation of the Elevado Project and to undertake the Project Generation phase of the business. All other costs of the business are under review and cut wherever possible.

Cash Balance

EMU’s cash balance on 31 March 2020 was \$2,194k.

Project Generation

Both EMU’s CEO, and Senior Geologist attended the 2020 PDAC Conference in Toronto, Canada in March and a substantial package of projects has been added to the longlist for analysis and review. Project locations of these opportunities are mainly based in Australia and North and South America. EMU is reviewing the PDAC list of projects together with a number of other projects located in Chile and Australia.

Of note, the current world crisis is providing new and unexpected avenues for identifying opportunities.

Elevado, Chile

Following the completion of our 2019/2020 exploration programme at the Elevado Project, Maricunga Region in Chile, EMU has been busy demobilising from the field, assessing the final assay returns from the drilling campaign while focussing on mitigating and eliminating all unnecessary costs. The project teams have demobilised the project site after completing housekeeping and environmental obligations. EMU’s Australian team has returned to WA whilst the Chilean team, which has been substantially reduced, is currently in the process of completing the final logistics required to exit from this project. The base at Copiapo, where all the drill core and samples from the programmes are stored, has been retained on a month by month basis until a decision is taken with respect to EMU undertaking further activities in Chile. Some of the potential projects that are being reviewed may benefit from the Copiapo base being retained.



EMU's programme this year was tightly managed, enabling it to preserve its cash by achieving outcomes well within the programmed and budget parameters. The reverse circulation (RC) and diamond drilling (DD) campaigns were planned and executed to provide flexibility. As a result, holes and metres were strategically reduced during the campaign. This was made possible by the early programme start, sequencing of holes in each prospect, the rapid turnaround of assays and the diligence of our geological team working at the drill rig. In the case of every target, it proved unnecessary for EMU to drill all the proposed drill holes due to on-site interpretation of the drill core and samples by the geologists, the use of real-time pXRF analysis and the rapid return of the provisional assay results from the laboratory.

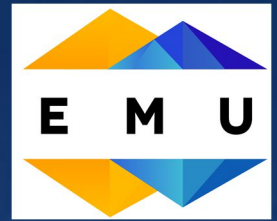
Significant cost savings were achieved in the delivery of the 2019/2020 Elevado campaign whilst the exploration programme was successful in testing both the deep DD targets in Vidalita and NE-Plains, along with the more speculative, but very exciting regional RC targets at Peon, Jotahues, Jotahues Norte and Arroyo Ancho.

Results from Drilling Programme 2019/2020 Elevado Project

Following the completion of last year's 2018/2019 drilling programme and the successful "Discovery Hole" announcement (See ASX Release dated 8 March 2019), EMU employed top-level international consultants to review and make recommendations on follow-up work. This was completed during the second and third quarters of 2019. The work included detailed petrology (Townend Mineralogy, Perth), geochemistry (Heberlein Geoconsulting, Vancouver), geology (Nick Callan, Santiago) and geophysics (Resource Potentials, Perth). This review was instrumental in finalising the planning and completing the systematic exploration works programme planned over the greater Elevado concessions during the 2019/20 season. In all, two deep targets were tested (one at the Vidalita and the other at NE-Plains prospects) by 2 DD holes over the Nov-Dec 2019 period with five additional regional targets drilled by 8 RC holes in the Jan-Feb 2020 period.

At Vidalita, the conclusions reached by the various consultants confirmed EMU's in-house interpretation, that it was imperative that in 2019/2020 EMU complete deep DD holes to target depth extensions and possible sources to the mineralisation in the light of the success of the near-surface "Discovery Hole". Newly modelled and reinterpreted IP geophysical data paved the way for this targeting. EMU's priority drilling was designed to transect the mineralised NW-trending structural corridor at a vertical depth of 350-400m within a sequence of flat-lying volcano-sediments lying directly beneath the near-surface "Discovery Hole". This work would effectively test for both depth extensions to mineralisation as well as testing a moderate 6-8 msec chargeability IP anomaly occupying a position underlying the mineralisation. The IP chargeability anomaly was modelled and interpreted as a possible structural source to mineralisation or a more voluminous zone of disseminated sulphide mineralisation within a suitable porous host lithology.

At NE-Plains, the newly modelled IP geophysics delineated a slightly deeper and stronger 8-12 msec chargeability anomaly, interpreted to shallow towards the north possibly associated with a NW trending normal fault. The fault structure was interpreted to provide the plumbing for deeper porphyry-style or telescoped epithermal mineralisation.



Disappointingly, the gold and multi-element assays obtained from the 2019/20 DD drilling did not produce the success, nor results EMU was hoping for, with no significant (> 0.2 ppm Au) gold intercepts recorded begging an explanation. Emu's interpretation/explanation is that:

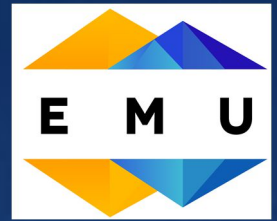
- The IP chargeability anomaly at Vidalita, which was effectively intersected at the expected depth, was explained by the presence of 5% pyrite occurring as disseminations, clusters and fine veining. It is thought that pyrite was mobilised along the same structures controlling mineralisation higher in the system, however the pulse of pyrite-rich fluids was absent of gold-silver mineralisation.
- The mineralogy and element association confirmed by this season's drilling under the mineralised intercept at the Vidalita discovery, points to a more polymetallic signature of mineralisation with Au-Ag mineralisation broadly accompanied by As, Sb and Zn. The presence of tetrahedrite-tennantite as well as sphalerite, galena and silver-sulphides are indicative of an "*Intermediate Sulphidation*" mineralisation and at a deeper level in the overall mineralisation system.
- Drilling at Vidalita has confirmed the lack of an in-situ steam-heated zone along with high-level chalcedonic zones that might be expected in a fully preserved system (cf. Salares Norte).
- Following the drill programme completed this season, it is postulated that much of the high-grade surface geochemistry obtained from rock chip samples (see ASX Release dated 2 February 2017) delineated at Vidalita is sourced from the upper (eroded) levels of the system, and now occurring as surface float, whilst the in-situ geochemistry from the drilling, points to a deeper, less prospective host sequence.
- Drilling of the deep IP target at NE-Plains intersected similar strongly pyritic-altered volcano-sediments at depth occupying a preferential dacite host lithology and fringing an interpreted steep E-dipping normal fault. This pyrite halo was successfully tested albeit without significant Au-Ag values.

The regional exploration work programme completed this season in the greater Elevado concession package was well planned and executed, resulting in the successful completion of a comprehensive suite of traditional geochemical exploration techniques employed to test the area (stream sediment, soil, soil talus, rock and drill testing). This work was the culmination of the exploration programmes initiated in the inaugural 2016/2017 campaign. The best of these targets generated at Peon, Jotahues, Jotahues Norte and Arroyo Ancho were successfully RC drill tested. Disappointingly, again, no significant assay results were recorded.

Following the full assessment, analysis, interpretation and recording of assay results from the project, the decision to cease all work on the Elevado project (see ASX Release dated 17 March 2020), has been endorsed. The Vidalita Option Agreement has been terminated, and the regional Elevado concessions (including Ciclope Tuerto 1-9, Peon 1-16, Tierra 1-15 and Vidalota A-E) will be similarly terminated limiting all subsequent project expenditures.

RELEASE AUTHORISED BY BOARD CHAIRMAN

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Fully paid shares (listed)

298,005,436 (inc. 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)

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

22,000,000 options to acquire partly paid shares, exercisable at \$0.03 each, on or before 21 December 2021

Directors:

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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.