EMU NL

ABN 50 127 291 927

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2016

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by Emu NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

EMU NL

31 DECEMBER 2016

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COMPETENT PERSON'S STATEMENT

Any details in this report pertaining to exploration results, mineral resources and mineral reserves are based upon information compiled by Mr Greg Steemson, Managing Director of Emu NL. Mr Steemson is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) 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 Steemson consents to the inclusion in this report of the matters based upon his information in the form and context in which they appear.

DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity (referred to hereafter as the Group) consisting of Emu NL and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

DIRECTORS

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

Peter Thomas

Greg Steemson

Gavin Rutherford

REVIEW AND RESULTS OF OPERATIONS

Vidalita and Jotahues Projects

On 14 November the Company signed an agreement (**the agreement**) with Prospex SpA and BLC SpA, Chilean subsidiaries of Altius Minerals Corporation, Canada, whereby Emu can acquire certain mineral concessions (**the concessions**) held either directly or under option by Prospex SpA and BLC SpA. The agreement was subject to various conditions precedent, the last of which was satisfied on 8 February 2017, being the Emu shareholders' approval of the transaction. The details of the agreement are contained in ASX releases.

The concessions cover Oligocene and Miocene rocks in the Maricunga belt in Chile adjacent to the Argentine border. Exploration conducted by various local and international companies over the last three decades has discovered several major copper, gold and silver ore deposits in the Maricunga belt. Prospecting and mapping by Prospex defined areas within the concessions showed evidence of gold and silver mineralisation and it was on that basis that the Company entered into the agreement.

Since signing the agreement the Company has undertaken exploration programs consisting of surface geochemistry and geophysics. These programs have confirmed the initial results obtained by Prospex and on the basis of the Company's results it is planning to undertake an exploratory drilling program. The details of the results to date are contained in ASX releases.

Other Projects

The Company surrendered the exploration licence at Mt Marmion in WA. Apart from statutory reporting, no work was undertaken during the period on this project.

Consistent with previous statements, Emu continues to look for new mineral exploration, development and mining opportunities within Australia and in various overseas jurisdictions.

Revenues and results

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

	2016	
	Revenues	**Results**
	$	**$**
Consolidated entity revenues and loss	28,237	(347,137)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

ASX WAIVER – APPROVAL TO ISSUE SHARES

On 8 February 2017, the Company received shareholder approvals for the issue of up to 15 million shares (**Consideration Shares**; 2,500,000 of which were issued shortly after the approvals) in respect of the agreement (for the option to purchase the Vidalita and Jotahues projects – **Projects** - with Prospex SpA and BLC SpA).

The following information is provided in accordance with a waiver granted by ASX enabling the Company to issue the balance of the Consideration Shares (12,500,000) more than 3 months after the date of the approvals:

a) none of the Consideration Shares were issued during the reporting period;

b) 12,500,000 of the Consideration Shares remain to be issued; and

c) the basis on which the remainder of the Consideration Shares may be issued is as follows:

   i) 2,500,000 if the Company meets its expenditure commitment in relation to the Projects (minimum of US$1 million by 10 December 2018) and elects to continue exploring the Projects (approved for issue no later than 31 March 2019);

   ii) 5,000,000 if the Company exercises its option and defines a 500,000 ounce measured resource of gold on the Projects (approved for issue no later than 31 December 2020); and

   iii) 5,000,000 if the Company exercises its option and defines a 1,000,000 ounce measured resource of gold on the Projects (approved for issue no later than 31 December 2020).

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



Greg Steemson
Managing Director
Perth, 15 March 2017

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Auditor's Independence Declaration

To those charged with the governance of Emu NL

As auditor for the review of Emu NL for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

15 March 2017
Perth

EMU NL

31 DECEMBER 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half-Year	
	2016	**2015**
	$	**$**
REVENUE		
Interest revenue	**17,226**	30,976
Other income	**11,011**	96,559
EXPENDITURE		
Depreciation expense	**(699)**	(2,871)
Exploration and tenement expenses	**(152,491)**	(140,016)
Key management personnel compensation	**(168,135)**	(168,053)
Other expenses	**(54,048)**	(117,532)
LOSS BEFORE INCOME TAX	**(347,137)**	(300,937)
Income tax benefit/(expense)	**-**	-
LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF EMU NL	**(347,137)**	(300,937)
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss		
Changes in the fair value of available-for-sale financial assets	**(58,859)**	79,200
Other comprehensive income for the period, net of tax	**(58,859)**	79,200
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF EMU NL	**(405,996)**	(221,737)
Basic loss per share (cents)	**(0.46)**	(0.40)
Diluted loss per share (cents)	**(0.38)**	(0.40)

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

EMU NL

31 DECEMBER 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	31 December 2016 $	30 June 2016 $
CURRENT ASSETS			
Cash and cash equivalents		**1,725,638**	2,046,448
Trade and other receivables		**12,458**	16,650
Other assets		**11,898**	14,132
TOTAL CURRENT ASSETS		**1,749,994**	2,077,230
NON-CURRENT ASSETS			
Receivables		**19,638**	61,963
Available-for-sale financial assets	3	**45,313**	85,200
Plant and equipment		**1,201**	1,900
TOTAL NON-CURRENT ASSSETS		**66,152**	149,063
TOTAL ASSETS		**1,816,146**	2,226,293
CURRENT LIABILITIES			
Trade and other payables		**15,234**	19,630
Provisions		**1,300**	1,055
TOTAL CURRENT LIABILITIES		**16,534**	20,685
TOTAL LIABILITIES		**16,534**	20,685
NET ASSETS		**1,799,612**	2,205,608
EQUITY			
Contributed equity	4	**10,874,479**	11,175,866
Reserves		**284,048**	41,520
Accumulated losses		**(9,358,915)**	(9,011,778)
TOTAL EQUITY		**1,799,612**	2,205,608

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Contributed Equity	Available-for-Sale Asset Reserve	Share-based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$	$
BALANCE AT 1 JULY 2015	10,860,215	(24,450)	-	-	(8,120,806)	2,714,959
Loss for the period	-	-	-	-	(300,937)	(300,937)
Other comprehensive income	-	79,200	-	-	-	79,200
TOTAL COMPREHENSIVE INCOME	-	79,200	-	-	(300,937)	(221,737)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Funds received for option issue	9,856	-	-	-	-	9,856
BALANCE AT 31 DECEMBER 2015	10,870,071	54,750	-	-	(8,421,743)	2,503,078
BALANCE AT 1 JULY 2016	**11,175,866**	**35,800**	**5,720**	**-**	**(9,011,778)**	**2,205,608**
Loss for the period	**-**	**-**	**-**	**-**	**(347,137)**	**(347,137)**
Other comprehensive income	**-**	**(58,859)**	**-**	**-**	**-**	**(58,859)**
TOTAL COMPREHENSIVE INCOME	**-**	**(58,859)**	**-**	**-**	**(347,137)**	**(405,996)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Funds received for option issue	**-**	**-**	**-**	**-**	**-**	**-**
BALANCE AT 31 DECEMBER 2016	**11,175,866**	**(23,059)**	**5,720**	**-**	**(9,358,915)**	**1,799,612**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	**(151,876)**	(149,718)
Payments to suppliers and employees	**(220,621)**	(278,788)
Interest received	**17,324**	41,680
Net cash used in operating activities	**(355,173)**	(386,826)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of available-for-sale financial assets	**104,925**	238,919
Payments for available-for-sale financial assets	**(126,472)**	(132,000)
Receipt of security bond	**42,325**	-
Payments for plant and equipment	**-**	(58,446)
Net cash provided by investing activities	**20,778**	48,473
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributing shares paid-up during the period	**-**	9,856
Net cash provided by financing activities	**-**	9,856
Net decrease in cash and cash equivalents	**(334,395)**	(328,497)
Cash and cash equivalents at the beginning of the half-year	**2,046,448**	2,635,316
Effects of exchange rate changes on cash and cash equivalents	**13,585**	14,140
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	**1,725,638**	2,320,959

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Emu NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Adoption of new and revised Accounting Standards

The Group has reviewed new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016.

It has been determined by the Group that there is no material impact on its financial statements as a result of those new and revised Standards and Interpretations.

The Group has also reviewed new Standards and Interpretations that have been issued that are relevant but are not yet effective for the half-year ended 31 December 2016. Based on its business during the reporting period, the Group does not anticipate any material impact on its financial statements upon adoption of the new and revised Standards and Interpretations.

NOTE 2: SEGMENT INFORMATION

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

NOTE 3: AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2016	30 June 2016
	$	$
Equity securities in listed entities	**45,313**	85,200

The market value of all equity investments represent the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of these financial instruments, or changes in its classification as a result of a change in the purpose or use of these assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 4: EQUITY SECURITIES ISSUED

	2016 Shares	2016 $	2015 Shares	2015 $
As at 1 July	**75,557,834**	**11,175,866**	75,346,712	10,860,215
Issues of ordinary shares during the half-year				
Contributing shares paid up [(1)]	**-**		-	9,856
As at 31 December	**75,557,834**	**11,175,866**	75,346,712	10,870,071

(1) On 4 January 2016 a total of 328,515 contributing shares were converted to fully paid ordinary shares after being paid-up in full by payment of the outstanding amount of 3 cents per share. The funds were received prior to 31 Dec 2015.

As at 31 December 2016, the Company had 40,279,457 fully paid ordinary shares and 35,278,377 partly paid ordinary (contributing) shares on issue (3 cents paid, 3 cents unpaid).

	Number of options	
	2016	2015
As at 1 July	**15,058,220**	82,736
Movements of options during the half-year		
Options expiring 30 March 2017, excercisable at 10.00 cents	**-**	-
Options expired 21 December 2015, exercisable at 42.66 cents	**-**	(82,736)
As at 31 December	**15,058,220**	-

NOTE 5: DIVIDENDS

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

NOTE 6: CONTINGENCIES

Ron Stanley Contingency

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

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

NOTE 7: SUBSEQUENT EVENTS

Since the reporting date:

a) the Company received all shareholder approvals sought in respect of the agreement, including the issue of up to 15,000,000 shares to Prospex SpA and BLC SpA, subsidiaries of Altius Minerals, or their nominees, upon certain milestones being reached (2,500,000 of which were issued shortly after the approvals).

b) The Company has agreed to place 6,250,000 fully paid ordinary shares and 3,125,000 partly paid (contributing) shares to raise $1,093,750 in March. The fully paid shares are proposed to be issued at $0.16 each and the contributing shares at $0.03 on application with $0.03 to be paid on call (and the Company has, since the reporting date, committed not to call any of the listed contributing shares before 31/12/18);

c) a total of 4,682,992 listed options (exercisable at $0.10; expiring 30/3/2017) were exercised and fully paid ordinary shares issued, raising a total of $468,299 (including 2,905,604 options exercised by directors of the Company). Of the 10,375,228 listed options remaining, and since the reporting date:

   i) exercise notices have been received in respect of at least 1,578,887 and are awaiting processing;

   ii) the directors have undertaken to exercise a further 1,977,690 options, and

   iii) brokers involved in the aforementioned placement have agreed to unconditionally underwrite the exercise of a further 4,000,000 options;

d) a total of 1,599,131 previously contributing shares became fully paid ordinary shares by the payment of $0.03 per share in advance of a call, raising a total of $47,974. A further $6,707 has been received as payments in advance of a call in relation to 223,579 contributing shares;

e) 3,750,000 unlisted options (exercisable at $0.10 each, expiring 20 December 2018) were issued to directors of the Company (or their nominees) for nil cash consideration as part remuneration for their services as directors (approved by shareholders in February 2017); and

f) 300,000 unlisted options (exercisable at $0.25 each, expiring 20 December 2018) were issued to a nominee of the company secretary of the Company for nil cash consideration as part remuneration for company secretarial services.

No other matter or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 6 to 12 are in accordance with the *Corporations Act 2001*, including:
   (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Emu NL will be able to pay its debts as and when they become due and payable.

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



Greg Steemson
Managing Director
Perth, 15 March 2017

Greenwich & Co

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Independent Auditor's Review Report

To the members of Emu NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Emu NL, which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Emu NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Emu NL is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001.*

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

15 March 2017