EMU NL

$6.2M Non-Renounceable Rights Issue

20 September 2019

EMU NL (**EMU**) is pleased to announce the offer (**Offer**) of a pro-rata non-renounceable rights issue (**Rights Issue**) to raise up to approximately A$6.2M before costs from the issue of up to 156,487,779 new fully paid shares and 78,243,890 new options.

Strategic Bank International Corp (**SBIC**) has **underwritten the issue to the extent of ~AU$4M** (being the current approximate value equivalent to EMU of US$2.67M which is the currency and amount of the underwriting exposure). The underwriting commitment is conditional upon SBIC satisfying itself (on or before 30 September 2019) that it can structure, implement and discharge its duties in a lawful manner.

Other Highlights of the Offer:

- The Rights Issue offer, to be made pursuant to a prospectus, will be open to all EMU shareholders on the register with an Australian or New Zealand address at 26 September 2019 (**Record Date**).

- For every 4 shares held at the Record Date, 3 ordinary fully paid shares (**Fully Paid Shares**) will be offered, at $0.035 each, together with one option (**Option**) for every two Fully Paid Shares applied for under the prospectus at $0.01 each. The new Fully Paid Shares and Options are referred to below as the **Additional New Securities**.

- Each Option will entitle the holder to subscribe for one partly paid ordinary share (**Contributing Share**) in EMU. The $0.01 paid on application for each Option will be applied as a non-refundable prepayment against the capital of the Contributing Share into which the Option may be converted.

- On or before 21 December 2020, each Option may be exercised upon payment of $0.02 whereupon $0.03 will have been paid on the Contributing Share (into which the Option is converted).

- Each Contributing Share shall rank pari passu with the existing class of listed EMUCAs. $0.03 will be payable on call PROVIDED THAT no call may be made before 31 December 2023. As EMU has no liability (NL) status, there is no obligation to pay any call but failure to pay will result in forfeiture of the share in respect of which the call is made.

- As the Rights Issue will be a pro-rata non-renounceable rights issue, any entitlements not taken up will lapse at the closing date.

- If the shortfall is less than US$2.67M, then, subject to the law with respect to takeovers, the underwriter is entitled to apply for so many Fully Paid Shares and Options (on same terms as if part of the shortfall) as will take the aggregate subscriptions of the underwriter/sub-underwriter(s) to US$2.67M.

- Shareholders may apply for additional Fully Paid Shares and Options, i.e. above their entitlement subject to the conditions of the Offer as set out in the prospectus.

Prospectus and Entitlement & Acceptance Form

A prospectus setting out details of the Offer will be despatched to eligible shareholders on or about 1 October 2019. It will be accompanied by a personalised Entitlement and Acceptance Form

including provision allowing for application to be made for Additional New Securities in excess of the applicant's pro rata entitlement.

Work Program Intentions and Corporate Activities

The primary purpose of the Rights Issue is to provide EMU with additional funding to continue drilling the Vidalita epithermal discovery, initiate drill testing of other prospects in the Elevado Project, undertake geochemical sampling for prospect evaluation, assess, and if applicable, acquire further prospects and provide working capital - building upon the important milestones already established in the Elevado gold and silver project and make further advances with respect to the regional prospects where an emerging gold and copper signature is being established.

During the next phase of exploration and assessment, the major priorities for EMU at Elevado involve:

- A programme of regional exploration and prospecting with a focus on soil, rock chip and stream sediment sampling over the wider Elevado project area - planned to commence October 2019.
- A diamond drill programme planned to intercept depth extensions of the identified mineralisation at the Vidalita prospect – planned to commence November 2019.
- An aircore drilling programme planned to test highly prospective, drill ready targets and targets yet to be identified in the regional exploration programme – planned to commence January 2020.

EMU continues to look for and review potential exploration opportunities globally but especially for now in Chile, where it has an established base at Copiapo, and in Australia.

Timetable

Date of prospectus (and lodgement with ASIC)	23 September 2019
"Ex" Date	25 September 2019
Record Date	26 September 2019
Closing date for acceptance of Allocations (5:00pm AWST)	**10 October 2019**
Issue date, dispatch of holding statements	17 October 2019

The above dates are indicative only. Notwithstanding any provision of this announcement or any other announcement or offer document, and to the fullest extent permitted by law, the Company may, from time to time and without giving any notice, abridge or further abridge, extend or further extend any period or vary or further vary any date or time period referred to in this offer document to such earlier or later date or for such period as the Company thinks fit whether or not the date to be varied has passed or the time period has expired.

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Figure 1: Location of the EMU NL project in relation to other advanced projects and mines in the Maricunga -El Indio Belt

About the Elevado Project

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 136km^2 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 2).

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 these, 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. By paying US$100k before 11 November 2019, EMU can 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 a: (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.

EMU continues to look for mineral exploration, development, and mining opportunities in Australia and overseas jurisdictions.

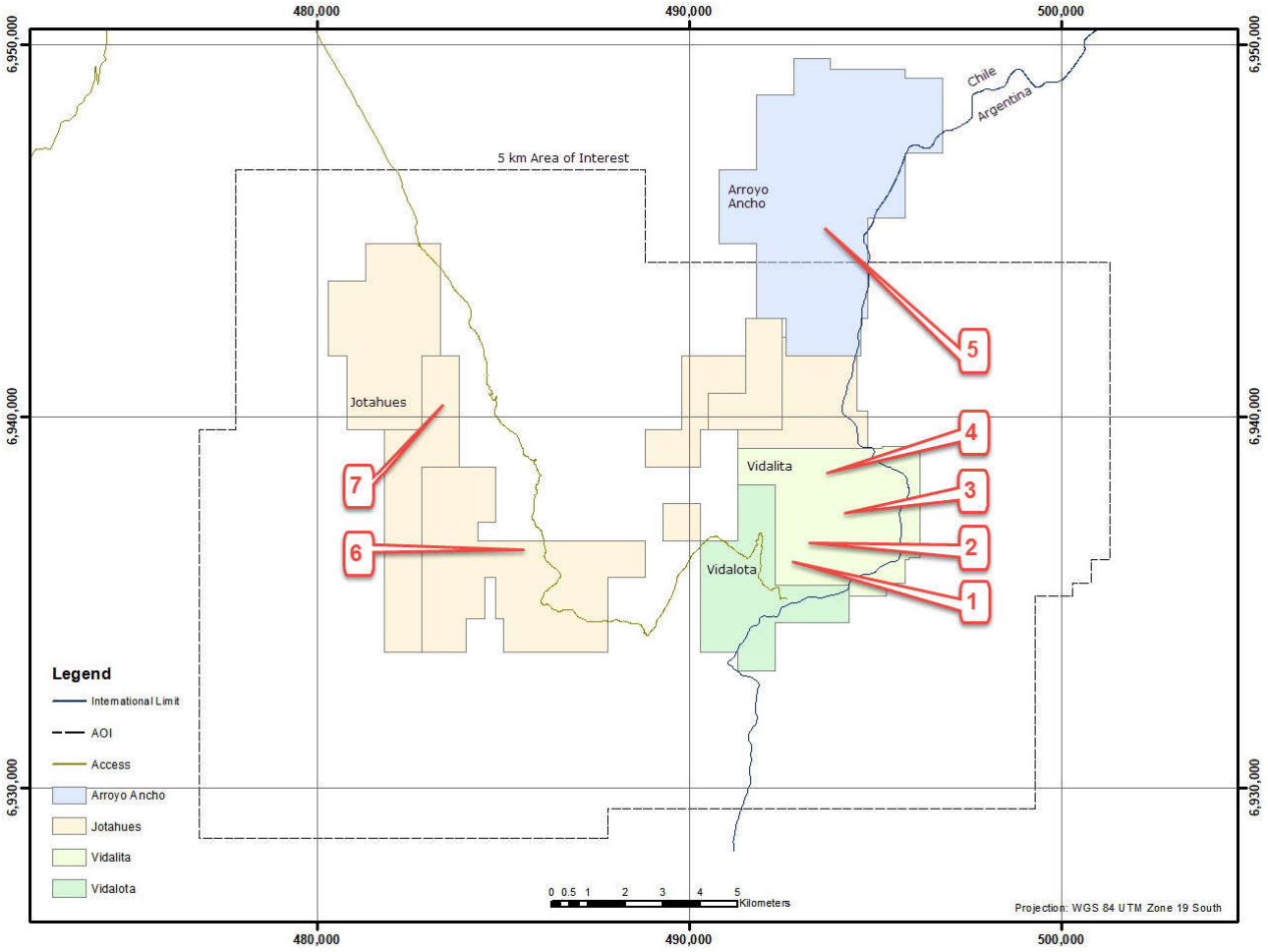

Figure 2: The Elevado Project tenure map showing Area of Interest (AOI) and prospect locations:

1. Vidalita Prospect
2. Alunita Prospect
3. Northeast Plains Prospect
4. North Plains Prospect
5. Arroyo Ancho Prospect
6. Peon Prospect
7. Jotahues Prospect