NL

ABN 50 127 291 927

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2022

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 2022 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*.

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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 Kurtis Dunstone, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Dunstone is an employee of EMU NL 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"*. Mr Dunstone consents to the inclusion herein of the matters based upon his information in the form and context in which it appears.

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 2022.

DIRECTORS

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

Peter Thomas

Gavin Rutherford

Terrence Streeter

Tim Staermose

REVIEW AND RESULTS OF OPERATIONS

Revenues and results

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

	Half Year Ended 31 December 2022	
	Revenues $	**Results $**
Consolidated entity revenues and loss	5,945	(868,721)

REVIEW OF OPERATIONS

EMU NL (**EMU** or the **Company**), made a significant strategic extension to its focus during the half year under review to bring within its exploration portfolio preview projects connected to the new energy transition sector to reflect shareholder desire to see the Company align itself with the junior explorer investment market's heightened interest in that sector.

The emergence of the "green, renewable energy transition" has encouraged many explorers to bring within their focus exploration for critical minerals, battery minerals and rare earth elements (**REE**). Significantly increasing demand in the coming decades for the minerals required to build the new infrastructure equipment and components directed at meeting ambitious "net zero" targets has been projected with concerns for adequate supply compounded by the fact that the current market is predominantly supplied by China.

Georgetown Project, Queensland

EMU entered a farm-in and JV agreement with Rugby Resources Ltd (TSXV:RUG) in respect of the Georgetown Project (Queensland)[1]. That project comprises a significant underexplored package of tenements covering 850km^2 of multi element mineral endowment in the Georgetown Mining District representing a large-scale, grass roots, opportunity for EMU to explore in an area that has seen little, or no exploration for decades.

The Georgetown Project endowment includes gold, copper, silver, lead, zinc, iron, rare earth minerals, molybdenum, lithium and uranium.

[1] Refer ASX Announcement "Scale Project Added to Exploration Portfolio" 1 September 2022

Geoscience Australia, in a 2022 study which interrogated its extensive Australian database[2] to seek "forgotten discoveries", identified critical mineral occurrences along with gold, copper, iron and silver-lead-zinc occurrences in the Georgetown mining district. The report noted that the Georgetown inlier is "exceedingly rich in gold, copper, lead, silver and zinc mineralisation".

In 2017, the Queensland Department of Natural Resources and Mines (**DNRM**)[3], reported the Georgetown mining district as having untested potential for significant lithium resources. Recent exploration in the Georgetown mining district, has found lepidolite in abundant quantities around Buchanan's Creek and Grants Gully to the south of Georgetown itself. In the same report, the DNRM delineates anomalous tantalum and niobium in pegmatites in Buchanan's Creek and Grants Gully (both located approximately 30 kms southwest of Georgetown) as well as in the Georgetown and Forsythe township areas. It noted tantalum has been reported from some gold mines in the Georgetown township area and at the historic Cumberland Mine.

In its August 2021 report, the University of Queensland's Sustainable Minerals Institute[4] highlighted REE potential. The Fiery Creek and Georgetown tenements overlay ground prospective for REE related to potential Iron-Oxide-Copper-Gold (IOCG) deposits and which is further supported by moderate stream sediment anomalism for REE minerals.

Condingup Project, near Esperance WA

Following the acquisition of the Georgetown Project, and urged by investors to acquire exposure to exploration for REE, EMU conducted a thorough investigation and systematic review of WA databases and available public information for REE. In the result, it subsequently applied for a highly prospective package of tenements at Condingup, near Esperance WA.

EMU's highly skilled geological team identified open ground located near the (ASX:OD6) Splinter Rocks project. The saprolite, clay enriched soils adjacent, and overlaying the Booanya granite suite, has provided recent and significant successes to OD6. EMU applied for tenements covering more than 1,000 square kilometres of vacant ground located directly over what EMU considers to be the last remaining unpegged (critically important) Booanya granites in the region extending from Condingup to Balladonia, east of Esperance.

EMU believed these tenements to be highly strategic, being clay hosted and located in a mining friendly region with excellent infrastructure including a deep vessel port. OD6 is reporting significant REE values from these potentially ionic absorption type deposits where clean green friendly processing and ease of extraction of REE's deliver significant competitive advantages over hard rock deposits from which most of the world's current production originates. Subsequent to half year end, these tenement applications have been approved.

In addition to the Condingup applications, EMU applied for a prospective REE tenement package near Merredin in the WA wheatbelt. The Merredin tenements were chosen by EMU following evaluation of publicly available GSWA data which indicated two highly elevated, anomalous total rare earth oxide (**TREO**) sample values which were taken from areas overlying a structural fault package.

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[2] "Mineral Occurrences: Forgotten discoveries providing new leads for mineral supply" C. Kucka, A Senior, A. Britt, Geoscience Australia 2022. Exploring for the Future.

[3] *"Emerging strategic minerals in Queensland", July 2017, Queensland Department of Natural Resources and Mines.*

[4] "Queensland New Economy Minerals Compilation: Rare Earth Elements", UQ Sustainable Minerals Institute, University of Queensland 10 August 2022

Significantly, the Company considers these two groups of strategic applications to have put the Company's foot on REE prospects which are vastly superior to prospects others sought to vend to EMU. Unlike the potential vends, the REE prospects acquired by EMU during the half did not involve any dilution or significant spend.

EMU maintained its programmed workflow at its existing WA exploration projects during the half completing the RC drilling programme at Viper Project and finalising the RC drilling programme at Graceland, which was completed in January 2023.

Viper Project, near Jerramungup, WA

EMU completed its maiden, 587m RC drilling programme at the Viper project located near Jerramungup WA on 24 November 2022. Following an auger drilling programme and a Fixed Loop Electromagnetic survey, EMU prepared an RC drilling programme to test depth extensions at the Netty Copper mine and the high-priority EM conductor located west of the mine on the Netty dyke.

EMU's drilling targeted the discovery of nickel, copper, platinum group metals and gold all of which reported anomalous results from the auger geochemistry drilling programme undertaken in February 2021.

Fire assay results from the RC programme are awaited with the multi-element assay results expected March/April 2023.

Graceland Project , near Lake Grace, WA

EMU conducted a heritage survey over the Graceland tenements during December. Results from the survey indicated that no significant heritage value could be ascribed to the project area. EMU's maiden RC drill programme at the project was undertaken in January 2023.

Badja Project, near Yalgoo, WA

EMU completed a short follow up RC drilling programme at Flying Emu, Watertank Hill and Gnows Nest in July 2022. EMU previously confirmed the presence of high-grade tungsten coincident with gold at Monte Cristo and, during the period under review, and extended this finding to Flying Emu and Watertank Hill prospects. Primary assessment included the use of a UV light (blacklight) to identify the presence of UV light fluorescing scheelite in RC drill cuttings. The work led to the selection of drill hole samples for submission to the laboratory for multielement assays. EMU is expecting the assays results during first quarter 2023.

Sunfire Project , near Bridgetown WA

EMU continued to advance, as expeditiously as is within its power, the required administrative processes for land access over its Sunfire Project. During the half year ended 31 December 2022, environmental surveys were completed, and reports generated to support the access requirements. Exploration work at Sunfire was a high priority for EMU but this is the subject of review in light of regulatory impediments especially in light of the potential being thrown up by the Company's other projects. A plan for a systematic soil survey and fixed loop electromagnetic survey was finalised during the quarter but was held in abeyance pending access approvals.

Project Generation

EMU continues to seeks 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. During the period, EMU reviewed several domestic and overseas projects. EMU

maintains a valuation criterion over 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.

CORPORATE

Changes in Securities

During the reporting period:

- 137,453,621 fully paid ordinary shares (together with an entitlement to be issued with an attaching 1 for 1 free option to acquire a fully paid ordinary shares at $0.01 each, expiring 7 October 2024, subject to prior shareholder approval) were issued as a private placement to sophisticated and professional investors resulting in the Company receiving a total of $923,688 before costs; and
- 35,000,000 partly paid ordinary shares (having a further $0.04 payable on call, no call before 31 December 2025) were issued pursuant to the exercise of 35,000,000 options exercised at $0.0001 each on 15 November 2022 resulting in the Company receiving $3,500.

Other

The Annual General Meeting of Members (AGM) was held on 30 November 2022. All resolutions were passed on a poll.

EVENTS SUBSEQUENT TO END OF PERIOD

Since the reporting date, and as of the date of this report, the Company has issued the following AGM approved options:

- 137,453,621 options to acquire fully paid ordinary shares (exercisable to $0.01 each, expiry 7 October 2024) to shareholders who participated in the private placement detailed above; and
- 35,000,000 options to acquire fully paid ordinary shares (exercisable to $0.01 each, expiry 7 October 2024) to nominees of Euroz Hartleys who acted as brokers to that placement.

On 9 February 2023, the Company announced a non-renounceable pro-rata entitlement offer of approximately 762,753,174 fully paid, ordinary shares in the capital of the Company (**FPO Shares**) at an issue price of $0.002 per FPO Share to Eligible Shareholders on the basis of 1 new FPO Share for every 1 ordinary share in the capital of the Company (**Share**) held as at 5.00pm (WST) on 14 February 2023 (**Record Date**) to raise up to approximately $1,525,506 (before costs and assuming no other Shares are issued before the Record Date) (**Entitlement Offer**).

The Entitlement Offer was made by the Company under a prospectus prepared in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**) lodged with ASIC on 9 February 2023 (**Prospectus**).

The Entitlement Offer was accompanied by an offer for shortfall FPO Shares at the same issue price for FPO Shares under the Entitlement Offer (**Shortfall Offer**) (together the **Offers**).

The Company appointed GBA Capital Pty Ltd as the underwriter to the Offers.

The Entitlement Offer was made to all shareholders of the Company named on its register of members on the Record Date whose registered address is in Australia and New Zealand (**Eligible Shareholders**).

Subsequent to the end of the half-year reporting period, the Company has issued 762,753,174 fully paid shares pursuant to the Offers and thereby raised a net ~$1.421M (after the expenses of the offer).

DIRECTORS' REPORT (Continued)

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 9.

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

Signature instructed to be affixed



Peter S Thomas
Chairman
14 March 2023

ELDERTON
AUDIT PTY LTD

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 2022, 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.

Signature of Elderton Audit Pty Ltd affixed to original document and held on file

Elderton Audit Pty Ltd

Signature of Sajjad Cheema affixed to original document and held on file

Director

14 March 2023

Perth

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Notes	Half-Year Ended 31 December 2022 $	2021 $
REVENUE			
Interest revenue		**5,864**	271
FOREX gain		**81**	1,214
Profit on sale of available-for-sale financial asset		**-**	20,164
EXPENDITURE			
Depreciation expense		**(4,056)**	(17,557)
Exploration and tenement expenses		**(494,653)**	(1,396,311)
Key management personnel compensation		**(197,674)**	(213,274)
Other expenses		**(178,283)**	(178,670)
LOSS BEFORE INCOME TAX		**(868,721)**	(1,784,163)
Income tax expense		**-**	-
LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF EMU NL		**(868,721)**	(1,784,163)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Adjustment to fair value of available-for-sale financial assets		**-**	(2,750)
Other comprehensive income for the period, net of tax		**-**	(2,750)
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF EMU NL		**(868,721)**	(1,786,913)
Basic and diluted loss per share (cents)		**(0.13)**	(0.34)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	31 December 2022 $	30 June 2022 $
CURRENT ASSETS			
Cash and cash equivalents		**729,422**	784,956
Trade and other receivables		**54,504**	91,306
TOTAL CURRENT ASSETS		**783,926**	876,262
NON-CURRENT ASSETS			
Motor vehicles, plant and equipment		**15,633**	19,690
TOTAL NON-CURRENT ASSSETS		**15,633**	19,690
TOTAL ASSETS		**799,559**	895,952
CURRENT LIABILITIES			
Trade and other payables		**162,744**	261,665
TOTAL CURRENT LIABILITIES		**162,744**	261,665
TOTAL LIABILITIES		**162,744**	261,665
NET ASSETS		**636,815**	634,287
EQUITY			
Contributed equity	3	**32,145,828**	31,233,579
Reserves	4	**85,000**	126,000
Accumulated losses		**(31,594,013)**	(30,725,292)
TOTAL EQUITY		**636,815**	634,287

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 2021 (COMPARATIVE)

	Issued Capital $	Share-based Payments Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2021	**29,019,152**	**81,800**	**(27,489,653)**	**1,611,299**
Loss for the period	-	-	(1,784,163)	(1,784,163)
Other comprehensive income	-	-	(2,750)	(2,750)
TOTAL COMPREHENSIVE INCOME	-	-	**(1,786,913**	**(1,786,913)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Proceeds from issue of shares and options	2,082,500	-	-	2,082,500
Issue of FP shares – tenement acquisition	260,000	-	-	260,000
Reversal of unexercised expired options	-	(81,800)	81,800	-
Share issue costs	(128,074)	-	-	(128,074)
SUB-TOTAL	**2,214,426**	**(81,800)**	**81,800**	**2,214,426**
BALANCE AT 31 DECEMBER 2021	**31,233,578**	**-**	**(29,194,766)**	**2,038,812**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Issued Capital $	Share-based Payments Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2022	**31,233,579**	**126,000**	**(30,725,292)**	**634,287**
Loss for the period	-	-	(868,721)	(868,721)
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	-	-	**(868,721)**	**(868,721)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Proceeds from issue of shares and options	968,188	-	-	968,188
Share issue costs	(55,939)	-	-	(55,939)
Reversal of KMP and other share based payments on exercise of options	-	(41,000)		(41,000)
SUB-TOTAL	**912,249**	**(41,000)**	**-**	**871,249**
BALANCE AT 31 DECEMBER 2022	**32,145,828**	**85,000**	**(31,594,013)**	**636,815**

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 2022

	Half Year Ended 31 December	
	2022	2021
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	**(315,622)**	(771,405)
Payments to suppliers and employees	**(532,722)**	(624,166)
Interest received	**5,864**	271
Net cash used in operating activities	**(842,480)**	(1,395,300)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of AFSA assets	**-**	30,165
Payments for new tenements	**(84,385)**	(97,589)
Payments for motor vehicle, plant and equipment	**-**	(6,875)
Net cash provided by investing activities	**(84,385)**	(74,299)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of securities	**923,688**	2,082,500
Proceeds from exercise of options	**3,500**	-
Share issue costs	**(55,939)**	(128,074)
Net cash provided by financing activities	**871,249**	1,954,426
Net increase / (decrease) in cash and cash equivalents	**(55,616)**	484,827
Cash and cash equivalents at the beginning of the half-year	**784,956**	1,754,942
Effects of exchange rate changes on cash and cash equivalents	**81**	1,214
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	**729,422**	2,240,983

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 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and 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 2022 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.

These financial statements have been prepared on an accruals and historical cost basis, except where indicated.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of $868,721 and had net operating cash outflows of $55,616.

The ability of the entity to continue as a going concern is dependent on securing additional capital raising activities to continue its operational and exploration activities.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

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: ISSUED CAPITAL

	2022 Number of securities	**2022 $**	2021 Number of securities	2021 $
Movements in Fully Paid Ordinary Shares during the half-year:				
Beginning of the financial period	**549,814,484**	**29,780,423**	456,514,484	27,565,996
Issued during the period:				
Fully paid shares issued – Placement at $0.025 each	**-**	**-**	83,300,000	2,082,500
Fully paid shares issued – tenement acquisition[1]	**-**	**-**	10,000,000	260,000
Fully paid shares issued – Placement at $0.00672 each	**137,453,621**	**923,688**		
Transaction costs:	**-**	**(55,939)**	-	(128,074)
End of the financial period	**687,268,105**	**30,648,172**	549,814,484	29,780,422
Movements in Partly-Paid Ordinary Shares during the half-year:				
Beginning of the financial period	**40,485,069**	**1,368,156**	40,485,069	1,368,156
Issued during the period:				
Partly paid shares issued pursuant to exercise of options on 15.11.2022 at $0.0001 each	**35,000,000**	**129,500**	-	-
End of the financial period	**75,485,069**	**1,497,656**	40,485,069	1,368,156
Movements in Performance Rights:				
Beginning of the financial period	**48,571,429**	**85,000**	48,571,429	85,000
End of the financial period	**48,571,429**	**85,000**	48,571,429	85,000

As at 31 December 2022, the Company had 687,268,105 fully paid ordinary shares, 40,485,069 partly paid ordinary (contributing) shares on issue (3 cents paid, 3 cents unpaid), 35,000,000 partly paid ordinary (contributing) shares on issue (0.01 cents paid, 4 cents unpaid), and 48,571,429 Performance Rights subject to terms and conditions being met before vesting.

Notes:

1. Shares issued during the six months ended 31 December 2021 as final consideration for the acquisition of the Sunfire Project from Avenger Projects Pty Ltd (refer ASX release on 15 October 2021).

NOTE 4: RESERVES

	$
Share Based Payments Reserve	
Balance at the beginning of the period	126,000
Options exercised during the period	(41,000)
Balance at the end of the period	**85,000**
Total Reserves	**85,000**

	Number of Options	
	2022	2021
Beginning of the financial period	**68,320,000**	60,125,953
Movements of options during the half-year		
Issued, exercisable at $0.075 (to acquire one fully paid share), expiring 15 March 2023 – free attaching options issued together with placement of fully paid ordinary shares at $0.025	-	33,320,000
Unexercised Options cancelled 23 August 2021		(38,125,953)
Unexercised Options cancelled 21 December 2021		(22,000,000)
Options exercised at $0.0001 (to acquire one partly paid (contributing) share)	**(35,000,000)**	
End of the financial period	**33,320,000**	33,320,000

NOTE 5: DIVIDENDS

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

NOTE 6: CONTINGENCIES and COMMITMENTS

Tenement Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements held in Western Australia, the Group has certain obligations to perform minimum exploration on the tenements in which it has an interest. These obligations may in some circumstances be varied or deferred. Tenement rentals and minimum expenditure obligations may be varied or deferred on application and are expected to be met in the normal course of business and have not been provided for in the financial report. The minimum statutory expendire commitments required to be spent on the granted tenements for the next twelve months amounts to $645,880.

Avenger Projects

The acquisition of the Graceland, Viper, and Sunfire Tenement (together the **Avenger Projects**) was under a sale and purchase agreement (**Avenger SPA**) dated 24 September 2020. Under that Avenger SPA, it was agreed to pay Avenger a 1% gross revenue royalty on minerals produced and sold by EMU from the Avenger Projects.

During this reporting period, no such minerals have been produced or sold.

Gnows Nest Project

The Gnows Nest Project was acquired under an agreement dated 19 September 2020 (**Coruscant Agreement**).

$1,360,000 was paid as performance-based consideration (**Future Consideration**) satisfied by the grant of 48,571,429 Performance Rights on 8 June 2021 (**Gnows Nest Performance Rights**). These Performance Rights will vest and convert

into 48,571,429 Shares, conditional upon EMU (or EMU's wholly owned subsidiary, Coruscant) announcing in relation to the Gnows Nest Project by 22 September 2025 either (i) an Indicated Mineral Resource (as that term is used in the JORC Code) which includes in the grade tonnage curve at least 50,000 ounces of gold at a grade of at least 3.5gpt; or (ii) a Reserve (as that term is used in the JORC Code) of at least 34,000 ounces (excluding the gold Current Resource Inventory of 13,400 ounces) (**Gnows Nest JORC Milestone**). The Gnows Nest Performance Rights will also vest and convert if the Gnows Nest JORC Milestone is not met by 21 September 2025, and less than $1 million in exploration and development expenditure has been spent after 23 September 2020 on the Gnows Nest Project by EMU/Coruscant.

As at the end of this reporting period, no event has occurred which results in a requirement for the Gnows Nest Performance Rights to vest into fully paid Shares. Between 23 September 2020 and 31 December 2022, EMU has incurred relevant exploration and development expenditure totalling approximately $814k.

Georgetown Project

The material commercial terms of the farm-in and joint venture Heads of Agreement between EMU NL (for its wholly owned subsidiary Georgetown Projects Pty Ltd) and Rugby Resources Ltd are summarised below.

EMU may earn a 50% interest in the tenements by spending not less than $750k on exploration or development (includes all expenses other than annual fees) and a further 30% interest by spending a further $1.1m.

EMU will manage the project and determine all programmes and budgets during the earn in period. EMU may withdraw at any time but must keep the tenements in good standing and is liable for the cost of all rehabilitation works required consequent on its farm-in activities.

The optional earn-in spend rate for first a 50% interest then an 80% interest is as follows:

Year 1 (ending [date])	$200k
Year 2	$250k (aggregate $450k)
Year 3	$300k (aggregate $750k – for 50%)
Year 4	$500k (aggregate $1.25m)
Year 5	$600k (aggregate $1.85m – for 80%)

If EMU's rate of expenditure (incurred or, in the case of rehabilitation, provided for) falls below that stipulated, it shall cease to have the right to earn any (further) interest. If it has earned no interest, the agreement shall be at an end but without releasing EMU from its obligation, up to the date of the agreement ending, to maintain the tenements and undertake rehabilitation required by its activites.

If EMU earns an interest in the tenements, then once it ceases to have the right to earn (further) interest pursuant to the farm-in, a JV will be formed.

Either party may choose to dilute its interest in the JV, but if a party's interest is diluted to less than 5%, that interest will convert to a 2% NSR - save if EMU's interest is diluted to less than 5% and its expenditure then aggregates less than $1.5m, its NSR conversion right shall reduce from 2% to 1%.

EMU will pay Rugby $50,000 within 10 days of the parties executing a long form farm-in and joint venture agreement (which the parties have agreed to negotiate in good faith with a view to replacing the HOA by [date]).

Rugby warranted that the tenements were in good standing. Current annual tenement fees are approximately $45k.

Exploration on the tenements is subject to the native title conditions as per relevant legislation.

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, and as of the date of this report, the Company has issued the following AGM approved options:

- 137,453,621 options to acquire fully paid ordinary shares (exercisable to $0.01 each, expiry 7 October 2024) to shareholders who participated in the private placement detailed above: and
- 35,000,000 options to acquire fully paid ordinary shares (exercisable to $0.01 each, expiry 7 October 2024) to nominees of Euroz Hartleys who acted as brokers to that placement.

On 9 February 2023, the Company announced a non-renounceable pro-rata entitlement offer of approximately 762,753,174 fully paid, ordinary shares in the capital of the Company (**FPO Shares**) at an issue price of $0.002 per FPO Share to Eligible Shareholders on the basis of 1 new FPO Share for every 1 ordinary share in the capital of the Company (**Share**) held as at 5.00pm (WST) on 14 February 2023 (**Record Date**) to raise up to approximately $1,525,506 (before costs and assuming no other Shares are issued before the Record Date) (**Entitlement Offer**).

The Entitlement Offer was made by the Company under a prospectus prepared in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**) lodged with ASIC on 9 February 2023 (**Prospectus**).

The Entitlement Offer was accompanied by an offer for shortfall FPO Shares at the same issue price for FPO Shares under the Entitlement Offer (**Shortfall Offer**) (together the **Offers**).

The Company appointed GBA Capital Pty Ltd as the underwriter to the Offers.

The Entitlement Offer was made to all shareholders of the Company named on its register of members on the Record Date whose registered address is in Australia and New Zealand (**Eligible Shareholders**).

Subsequent to the end of the half-year reporting period, the Company has issued 762,753,174 fully paid shares pursuant to the Offers and thereby raised a net ~$1.421M (after the expenses of the offer).

Other than as set out above or elsewhere in these notes, no other matter or circumstance has arisen since 31 December 2022, 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 10 to 19 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 2022 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.

Signature instructed to be affixed



Peter S Thomas
Chairman
14 March 2023

ELDERTON
AUDIT PTY LTD

Independent Auditor's Review Report

To the members of Emu NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Emu NL ("the Company") and its controlled entities ("the Group"), which comprises the consolidated condensed statement of financial position as at 31 December 2022, the consolidated condensed statement of financial performance, consolidated condensed statement of changes in equity and the consolidated 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.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Emu NL does not comply with the *Corporations Act 2001* including:

(i) giving a true and fair view of the Emu NL 's financial position as at 31 December 2022 and of its financial performance for the half-year then ended; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of *the Corporations Act 2001* and the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the 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 the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date, and complying with Accounting Standards 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

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.

Signature of Elderton Audit Pty Ltd affixed to original document and held on file

Elderton Audit Pty Ltd

Signature of Sajjad Cheema affixed to original document and held on file

Sajjad Cheema
Director
14 March 2023
Perth