



NL

ABN 50 127 291 927

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2020**

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 2020 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 Francisco Montes, Senior Geologist and Exploration Manager, 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.



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 2020.

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 2020	
Revenues	Results
\$	\$
51,967	(1,472,899)

Consolidated entity revenues and loss

REVIEW OF OPERATIONS

PROJECT ACQUISITIONS

EMU's project generation team finalised its objective during the half, with EMU announcing on 28 September 2020, successful agreements to acquire Gnows Nest, Sunfire, Viper, and Graceland projects. It further announced on 25 November 2020 the acquisition of the Monte Cristo tenements which extend the Gnows Nest project package. During the company's project generation phase, more than 70 projects were analysed and assessed by the team. EMU strategically focussed on projects within Western Australia with a view to mitigating the impact of the pandemic. The projects have transformed the company and presented it with the opportunity to commence immediate exploration work.

GNOWS NEST PROJECT – MID WEST REGION

EMU entered into an agreement with shareholders of Coruscant Minerals Pty Ltd to acquire 100% of the shares in the entity holding title to the Gnows Nest Gold Project. The project is located on the same greenstone belt as the Golden Grove copper zinc mine and Firefly Resources Limited's (ASX:FFY) Melville Project, near Yalgoo WA, and within 450km from EMU's base in Perth, WA.

The project includes the historic Gnows Nest gold mine which reported production of ~27,925oz at the very high recoverable grade of 22g/t between 1923 and 1941. Shallow drilling in two campaigns by Coruscant in 2018-2019 outlined an indicated and inferred Resource of 113,400t at 3.78g/t for 13,777oz of gold which remains open to depth and along strike.¹

EMU recognised the significant scope for resource expansion and further high-grade gold discoveries along strike and down dip of the former mine and within the surrounding exploration holding. EMU is evaluating re-opening the historical mine with early-stage production incorporating a shallow open pit and the gold ore being toll treated.

¹ For details of the Gnows Nest resource refer to EMU NL ASX announcement of 28 September 2020: EMU Secures Highly Prospective Exploration Portfolio in WA



DIRECTORS' REPORT (Continued)

NICKEL-COPPER- PGE EXPLORATION PORTFOLIO - SOUTH WEST REGION

EMU entered into agreements to acquire the Sunfire, Viper and Graceland projects from specialised project generator, Avenger Projects Pty Ltd. The projects cover a combined area of 85.6km² with strong potential for hosting Ni, Cu and PGE mineralisation. To support the strategic exploration potential, EMU applied for a further 120km² of tenements adjoining the Viper and Graceland projects covering areas of strategic interest. The projects are all situated within 450km drive from EMU's base and significantly, are located in the highly sought after South West Terrane in the Wheatbelt Region of WA.

The recent Julimar PGE-Ni-Cu discovery by Chalice Gold Mines Limited (ASX:CHN) has highlighted the previously unproved exploration potential of this area of Western Australia for nickel-copper-platinum group metal (Ni-Cu-PGE) mineralisation. All of EMU's projects have the potential to host a range of base metals and PGE's, with the emphasis being on Ni-Cu mineralisation as evidenced from past exploration work and historical small-scale mining activity.

MONTE CRISTO GOLD PROSPECT ACQUISITION

Following contractually securing the acquisition of the Gnows Nest Gold Project, EMU announced on 25 November 2020 that it had acquired the Monte Cristo Gold Prospect located in the Yalgoo Mineral Field of WA. This strategic acquisition extends the tenement holdings along strike of the historic high-grade Gnows Nest gold mine.

The 100% acquisition, (for \$150k cash), included four prospecting licenses one of which covers the historic Monte Cristo gold mine. The prospect adjoins and is interpreted to cover the northwest strike extent of the host structure to the Gnows Nest gold mine. The Monte Cristo Prospect has been traced over a total strike length of 3 km where a number of historic gold workings are evident.

In conjunction with this acquisition, EMU also lodged an exploration licence application covering the western margins of both the Gnows Nest Gold Project and Monte Cristo Prospect tenements.

8 MILE DAM, MENZIES – GOLDFIELDS REGION

On 23 July 2020, the Department of Mines, Industry Regulations and Safety (DMIRS) granted the Exploration Licence Application (E29/1080) for the 8 Mile Dam Project.

EMU's reconnaissance field trip during August 2020 located all the historical drill hole collar locations where previous diamond explorers targeted (interpreted) lamprophyre pipes and confirmed the presence of ultramafic lithologies under shallow sand cover. The presence of ultramafic lithologies, where greenstones were not previously recognised and within areas mapped as granitic terranes, represents a new target-type for this area.

EMU has initiated preparation of a follow-up geochemical sampling programme aimed at defining extensions to the prospective ultramafic units and to zero-in on surface geochemical anomalism related to conceptual Ni-PGE targets.

GRACELAND AND VIPER PROJECTS – AVENGER PROJECTS

EMU advised the market on 29 October 2020 that it had completed the acquisition of the Graceland and Viper Projects. This allowed EMU to progress exploration at these projects with a focus on geochemical and geophysical testing of priority targets. EMU immediately commenced discussions with several auger drilling contractors and engaged with landowners for site access, with the intent of initiating a programme following the completion of landowners harvesting programmes in South West WA.

PREPARATION OF REVERSE CIRCULATION DRILLING PROGRAMME AT GNOWS NEST AND MONTE CRISTO

EMU initiated discussions with a drilling contractor to commence a drilling programme at Gnows Nest Gold Project. The reverse circulation drilling programme was designed to test the high-grade zones below the shallow resource at the Gnows nest lode and to test strike extensions of the lode which remain open to the north and south.

In addition, the drilling programme was planned to verify results from historic drilling at Monte Cristo after EMU's comprehensive research and analysis identified exploration data which was not in a form qualifying it for disclosure under the JORC 2012 reporting standards.



DIRECTORS' REPORT (Continued)

8 MILE DAM, MENZIES – GOLDFIELDS REGION

Following EMU's reconnaissance field trip during August 2020 which located historical drill hole collar locations where previous diamond explorers targeted (interpreted) lamprophyre pipes, EMU, during the period, commenced the preparation of a follow up geochemical sampling programme. The programme was developed to test extensions to the prospective ultramafic units and to zero-in on surface geochemical anomalies related to conceptual Ni-PGE targets.

EVENTS SUBSEQUENT TO END OF PERIOD

General Meeting

On 5 March 2021 the Company despatched a notice to convene a general meeting of shareholders to consider approving the issue of shares and performance rights under the contracts announced via ASX on 28 September 2020 (as supplemented by releases made via ASX 14 January 2021 "Shareholder Update – Gnows Nest Project Commencement of Drilling", 31 January 2021 "December 2020 Quarterly Activities Report" and 22 February 2021 "EMU's Maiden Drilling Programme Confirms High Grade Gold at the Gnows Nest Project – Gold Results of Up To 89.57 g/t"), for the acquisition of various Western Australian assets.

CORPORATE

Changes in Securities

During the reporting period, EMU issued the following fully paid ordinary shares

1. 35,500,000 as a private placement to sophisticated and professional investors resulting in the Company receiving a total of \$1,065,000 before costs;
2. 20,000,000 fully paid ordinary shares as part consideration for the acquisition of the Graceland and Viper Projects from Avenger Projects Pty Ltd (refer ASX release on 29 October 2020); and
3. 2,900,000 fully paid ordinary shares to Acuity Capital issued at nil consideration as additional collateral for a Controlled Placement Agreement (CPA).

Of the 65,759,750 options over contributing shares (ASX:EMUCA) expiring on 21 December 2020, 6,759,573 were exercised at \$0.02 each, resulting in the receipt of \$135,191. The balance of 59,000,177 unexercised options were cancelled.

Other

The expiry date of the CPA previously entered into with Acuity Capital was extended from 31 December 2019 to 31 January 2023. As at 31 December 2020, Acuity had been issued a total of 18,600,000 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 30 November 2020. All resolutions were passed on a poll in accordance with the requirements of the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020.



DIRECTORS' REPORT (Continued)

District Court Action Settled

During the half, an agreement was reached in the District Court of Western Australia by Wallis and EMU to settle the claim initiated by Wallis Drilling to which EMU counter claimed. Both the claim and counter claim will be dismissed with no order as to costs and no prior order as to costs will be enforced.

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 8.

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

Signature instructed to be affixed by email and held on file

Peter S Thomas

Chairperson

16th March 2021



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 2020, 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 Nick Hollens affixed to original document and held on file

Nick Hollens

Managing Director

16th March 2021

Perth



CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	Half-Year Ended 31 December	
		2020 \$	2019 \$
REVENUE			
Interest revenue		2,551	4,658
COVID-19 Cashflow Boost		49,416	-
Other income		-	-
EXPENDITURE			
Depreciation expense		(9,592)	(6,235)
Exploration and tenement expenses	4	(952,731)	(1,375,834)
Key management personnel compensation		(292,231)	(149,845)
Share-based payments expense		-	(146,400)
FOREX loss		(84,884)	-
Other expenses		(227,268)	(153,024)
LOSS BEFORE INCOME TAX		(1,514,739)	(1,826,680)
Income tax expense		-	-
LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF EMU NL		(1,514,739)	(1,826,680)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of available-for-sale financial assets		41,840	(4,246)
Other comprehensive income for the period, net of tax		41,840	(4,246)
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF EMU NL		(1,472,899)	(1,830,926)
Basic and diluted loss per share (cents)		(0.41)	(0.92)

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 2020

		31 December	30 June
	Notes	2020	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,692,857	1,660,960
Trade and other receivables		26,630	-
Other assets		10,441	-
TOTAL CURRENT ASSETS		1,729,928	1,660,960
NON-CURRENT ASSETS			
Financial assets	3	78,867	37,027
Motor vehicles, plant and equipment		62,614	27,820
TOTAL NON-CURRENT ASSETS		141,481	64,847
TOTAL ASSETS		1,871,409	1,725,807
CURRENT LIABILITIES			
Trade and other payables		174,652	130,844
TOTAL CURRENT LIABILITIES		174,652	130,844
TOTAL LIABILITIES		174,652	130,844
NET ASSETS		1,696,757	1,594,963
EQUITY			
Contributed equity	5	24,713,113	23,138,420
Reserves	6	96,854	55,014
Accumulated losses		(23,113,210)	(21,598,471)
TOTAL EQUITY		1,696,757	1,594,963

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 2019 (COMPARATIVE)

	Issued Capital \$	Financial Asset Reserve \$	Option Reserve \$	Share-based Payments Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2019	18,133,713	(11,013)	-	54,000	(17,888,782)	287,918
Loss for the period	-	-	-	-	(1,826,680)	(1,826,680)
Other comprehensive income	-	(4,246)	-	-	-	(4,246)
TOTAL COMPREHENSIVE INCOME	-	(4,246)	-	-	(1,826,680)	(1,830,926)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Proceeds from issue of shares and options	4,608,293	-	658,164	-	-	5,266,457
Share-based payments to directors	-	-	-	146,400	-	146,400
Share issue costs	(261,750)	-	-	-	-	(261,750)
SUB-TOTAL	4,346,543	-	658,164	146,400	-	5,151,107
BALANCE AT 31 DECEMBER 2019	22,480,256	(15,259)	658,164	200,400	(19,715,462)	3,608,099

TOTAL RESERVES AT 31 DECEMBER 2019

843,305

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 2020

	Issued Capital \$	Financial Asset Reserve \$	Share-based Payments Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2020	23,138,420	(26,786)	81,800	(21,598,471)	1,594,963
Loss for the period	-	-	-	(1,514,739)	(1,514,739)
Other comprehensive income	-	41,840	-	-	41,840
TOTAL COMPREHENSIVE INCOME	-	41,840	-	(1,514,739)	(1,472,899)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Proceeds from issue of shares and options	1,065,000	-	-	-	1,065,000
Issue of FP shares – tenement acquisition	440,000	-	-	-	440,000
Proceeds from option exercises into partly-paid contributing shares	135,191	-	-	-	135,191
Share issue costs	(65,498)	-	-	-	(65,498)
SUB-TOTAL	1,574,693	-	-	-	1,574,693
BALANCE AT 31 DECEMBER 2020	24,713,113	15,054	81,800	(23,113,210)	1,696,757

TOTAL RESERVES AT 31 DECEMBER 2020

96,854

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 2020

	Half Year Ended 31 December	
	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(265,813)	(1,340,161)
Payments to suppliers and employees	(503,404)	(298,603)
Interest received	2,551	4,658
COVID-19 Cashflow Boost	49,415	-
Net cash used in operating activities	(717,251)	(1,634,106)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for new tenements	(256,275)	(6,123)
Payments for motor vehicle, plant and equipment	(44,387)	(4,658)
Net cash provided by investing activities	(300,662)	(10,781)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of securities	1,065,000	5,265,323
Proceeds from exercise of options	135,191	1,133
Share issue costs	(65,497)	(261,750)
Net cash provided by financing activities	1,134,694	5,004,706
Net increase / (decrease) in cash and cash equivalents	116,781	3,359,819
Cash and cash equivalents at the beginning of the half-year	1,660,960	274,205
Effects of exchange rate changes on cash and cash equivalents	(84,884)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	1,692,857	3,634,024

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 2020 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 2020 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.

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: FINANCIAL ASSETS

31 December 2020 \$	30 June 2020 \$
78,867	37,027

Equity securities in listed entities

Fair value measurements

The fair value of equity investments have been calculated by reference to the most recent quoted market closing price at the respective reporting date.

NOTE 4: ACQUISITION OF PROJECTS

Avenger Projects

The acquisition of the Graceland, Viper, and Sunfire Tenement (together the **Avenger Projects**) is under a sale and purchase agreement (**Avenger SPA**) dated 24 September 2020 between Emu Resources Pty Ltd (a wholly owned subsidiary of EMU) and the vendors. None of the vendors is a related party or associate of any related party of EMU (so far as EMU is aware). The vendors are Avenger Projects Limited (**Avenger**), Rango Pty Ltd, Cynthia Lima Sylva and Christopher Moorhouse (together the **Avenger Projects Vendors**). A Notice of Meeting (**NoM**) dated 5 March 2021 has been sent to shareholders notifying that a general meeting of Emu NL will be held on 6 April 2021 to address the required shareholder approvals.

Under the Avenger SPA, Emu Resources agreed (subject to certain conditions and, where applicable, agreed to procure EMU) to:

- pay \$100,000 and issue 20,000,000 Shares (**Graceland-Viper Shares**) as part consideration for the acquisition of the Graceland and Viper Tenements. This acquisition completed on 28 October 2020 (**Graceland-Viper Completion**);
- issue 25,000,000 Performance Shares as part consideration for the Avenger Projects (**Avenger Performance Shares**). The Avenger Performance Shares will convert into 25,000,000 Shares upon EMU completing, by 24 September 2025, a Pre-feasibility Study (as defined by JORC) which recommends that a Feasibility Study (as defined by JORC) be undertaken with respect to a deposit within the Avenger Projects Area (**Avenger Milestone**). Resolution 2 of the NoM seeks Shareholder approval for the issue of 25,000,000 Avenger Performance Shares to Avenger. If Shareholders do not approve Resolution 2, the Avenger Projects Vendors have agreed that the Avenger Performance Shares will not be issued and that this will not affect EMU's acquisition of the Graceland-Viper Tenements, which has already taken place, or the acquisition of the Sunfire Tenement;



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(c) pay \$50,000 and issue 10,000,000 Shares (**Sunfire Shares**) to acquire the Sunfire Tenement. Resolution 3 of the NoM seeks Shareholder approval to the issue of the Sunfire Share to Avenger. Completion of the Sunfire Tenement (**Sunfire Completion**) is conditional on Shareholder approval for the issue of the Sunfire Shares, the Sunfire Tenement (which is currently an application) being granted and all other regulatory consents being obtained. These conditions must be satisfied (unless waived by EMU) by 24 September 2021 (unless EMU demonstrates it has used reasonable endeavours to cause the conditions to be satisfied, in which case the conditions satisfaction date is 24 September 2022 or such later date as the parties agree) failing which either party may terminate the Avenger SPA in respect of the Sunfire Project. Sunfire Completion is to occur 10 Business Days after the conditions are satisfied or waived; and

(d) pay Avenger a 1% gross revenue royalty on minerals produced and sold by EMU from the Avenger Projects.

11,250,000 of the Graceland-Viper Shares are subject to voluntary escrow until 23 March 2021, after which 250,000 Graceland-Viper Shares will remain subject to voluntary escrow until 24 September 2021. The Sunfire Shares, once issued, will be subject to voluntary escrow until 24 September 2021, as will any Shares issued if the Avenger Performance Shares convert prior to that date.

The Avenger Projects Vendors have a 5 day first pre-emptive right to purchase any of the Avenger Project tenements which EMU wishes to dispose of. In the event EMU wishes to voluntarily surrender any of the Avenger Projects or any parts thereof, it is required to first provide to the Avenger Projects Vendors the opportunity to acquire each such tenement (or part thereof) for \$1.00.

Gnows Nest Project

The acquisition of the Gnows Nest Project is under an agreement dated 19 September 2020 (**Coruscant Agreement**) between EMU, Coruscant Minerals Pty Ltd (**Coruscant**) and the vendors (none of whom is a related party or associate of any related party of EMU so far as EMU is aware), being Sportking Pty Ltd, Orlando Drilling Pty Ltd, Appolo Pty Ltd, 79 Pty Ltd ATF Geovet Family Trust and Corrine Rachel Panzich ATF the Corrine and Damir Panzich Family Trust (**Gnows Nest Vendors**), being in agreement for the sale and purchase of the issued capital of Coruscant, which holds tenements comprising part of the Gnows Nest Project.

The consideration for the acquisition by EMU of Coruscant, subject to shareholder approval, is \$3,200,000 to be satisfied through Shares and cash as follows:

- (a) \$300,000 (non-refundable) cash which was paid on 10 February 2021 and 12 March 2021;
- (b) \$900,000 cash payable at completion of the acquisition of Coruscant (**Gnows Nest Completion**);
- (c) \$640,000 to be satisfied through the issue of 22,857,142 Shares (**Gnows Nest Completion Shares**) at a deemed issue price of \$0.028 each (being the price at which Shares traded on the ASX on 20 August 2020) to be issued at Gnows Nest Completion. Resolution 4 of the NoM seeks Shareholder approval for the issue of the Gnows Nest Completion Shares; and
- (d) \$1,360,000 in future, performance based consideration (**Future Consideration**) to be satisfied by the grant at Gnows Nest Completion of 48,571,429 Performance Rights (being that number calculated by dividing the Future Consideration by \$0.028, the price at which Purchaser Shares traded on the ASX on 20 August 2020) (**Gnows Nest Performance Rights**). The Performance Rights will vest and convert into 48,571,429 Shares conditional upon EMU (or 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 of excluding the gold Current Resource Inventory (**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. The Gnows Nest Performance Rights will otherwise be on the terms and conditions set out in Annexure B. Resolution 5 of the NoM seeks Shareholder approval for the issue of 48,571,429 Gnows Nest Performance Rights.

Until the conversion or lapsing of all the Gnows Nest Performance Rights, EMU may not dispose of any interest in Coruscant shares, and Coruscant may not dispose of any interest in the Gnows Nest Project, unless it has first received



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

the written consent (not to be unreasonably withheld) of the Gnows Nest Vendors. If a proposed assignee is not a company admitted to the official list of the ASX, the Gnows Nest Vendors, acting reasonably, may withhold consent until such time as all the Gnows Nest Performance Rights have been converted or lapsed.

EMU has until 31 March 2021 (or such later date as agreed by EMU and Coruscant acting reasonably) to obtain all necessary Shareholder and regulatory approvals to complete the Gnows Nest acquisition failing which, unless EMU waives these requirements, the Coruscant Agreement will terminate, the \$200,000 already paid will be lost to EMU as will its interest in, to and under the key tenements at the Gnows Nest Project. Gnows Nest Completion will occur within 90 days (on a date determined by EMU) of these conditions being either satisfied or waived.

The Gnows Nest Completion Shares, and any Shares issued on conversion of the Gnows Nest Performance Rights) are to be escrowed for 12 months from their respective dates of issue.

ASX Listing Rule Confirmations and Waivers

Certain ASX Listing Rules (**ASXLR**) impact the issue of securities under the Avenger SPA and the Coruscant Agreement including ASXLR 6.1 (which deals with the rights and obligations that must be attached to securities of a listed entity) and ASXLR 7.1 (which deals with entities changing their capital).

The acquisition of the Sunfire Tenement and the shares in Coruscant (the holder of the Gnows Nest Tenements) are conditional upon (amongst other matters) certain Shareholder approvals under the Listing Rules and therefore may not proceed if Shareholder approval is not obtained.

The Company obtained the following waivers and confirmations from ASX (subject to certain conditions imposed under ASXLR 18.1) by letter dated 20 November 2020 (**ASX Decision Letter**).

- (a) ASXLR 6.1: ASX confirmation that the terms of the Avenger Performance Shares to be issued as part of the consideration under the Avenger SPA are appropriate and equitable subject to (amongst other matters) Shareholder approval for their issue and the Notice seeking that approval containing the information disclosed in item 3.5 of the explanatory statement to the NoM;
- (b) ASXLR 7.3.4: a waiver to permit the Company in its notice of meeting seeking shareholder approval for the issue of the Sunfire Shares more than 3 months after the date of the Meeting, subject to (amongst other matters) the Notice seeking that approval containing the information disclosed in item 4.4 of the explanatory statement to the NoM; and
- (c) ASXLR 6.1: ASX confirmation that the terms under which the 48,571,429 Gnows Nest Performance Rights are to be issued as part of the consideration under the Coruscant Agreement are appropriate and equitable, subject to (amongst other matters) Shareholder approval for their issue and the Notice seeking that approval containing the information disclosed in item 6.4 of the explanatory statement to the NoM.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 5: ISSUED CAPITAL

	2020 Shares	2020 \$	2019 Shares	2019 \$
As at 1 July	331,730,932	23,138,419	191,741,437	18,133,713
Issues of ordinary shares during the half-year				
Fully paid shares issued – Acuity*	2,900,000	-	8,300,000	-
Fully paid shares issued – Placements	-	-	16,908,935	591,813
Fully paid shares issued – Non-Renounceable Rights Issue	-	-	114,723,888	4,015,347
Fully paid shares issued – Placement at \$0.03 each	35,500,000	1,065,000	-	-
Fully paid shares issued – tenement acquisition	20,000,000	440,000	-	-
Transaction costs	-	(65,497)	-	(261,750)
Contributing shares issued at \$0.02 each	6,759,573	135,191	56,672	1,133
As at 31 December	396,890,505	24,713,113	331,730,932	22,480,256

As at 31 December 2020, the Company had 356,405,436 fully paid ordinary shares and 40,485,069 partly paid ordinary (contributing) shares on issue (3 cents paid, 3 cents unpaid).

*** Note:**

On 22 December 2020, the Company issued 2,900,000 fully paid ordinary shares (Collateral Shares) to Acuity Capital pursuant to the Controlled Placement Agreement (CPA) with Acuity Capital. The shares were issued at nil cash consideration.

The expiry date of the CPA previously entered into with Acuity Capital was extended from 31 December 2019 to 31 January 2023. As at 31 December 2020, Acuity had been issued a total of 18,600,000 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 6: RESERVES

	\$
Financial Asset Reserve	
Balance at the beginning of the period	(26,786)
Increase in fair market value of financial assets during the period	41,840
Balance at the end of the period	15,054
Share Based Payments Reserve	
Balance at the beginning of the period	81,800
Balance at the end of the period	81,800
Total Reserves	96,854

	Number of Options	
	2020	2019
As at 1 July	180,569,218	50,355,000
Movements of options during the half-year		
Issued, exercisable at \$0.20 (to acquire one fully paid share), expiring 15 January 2021	-	40,000,000
Issued, exercisable at \$0.20 (to acquire one fully paid share), expiring 16 January 2021	-	8,454,468
Issued, exercisable at \$0.02 (to acquire one partly paid (contributing) share), expiring 21 December 2020	-	65,816,422
Issued, exercisable at \$0.03 (to acquire one partly paid (contributing) share), expiring 21 December 2021	-	12,000,000
Exercised at \$0.02 (to acquire one partly paid (contributing) share), expiring 21 December 2020	(6,759,573)	(56,672)
Unexercised Options cancelled 21 December 2020	(59,000,177)	-
Total Options as at 31 December	114,809,468	176,569,218

NOTE 7: DIVIDENDS

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

NOTE 8: CONTINGENCIES and COMMITMENTS

Ron Stanley Contingency

The Group has a contingent asset, being a cause of action it contends arose against Territory Minerals Limited (ACN 121 200 299) and/or parties associated with it (including without limitation Ron Stanley and Ron Stanley & Associates) in or about June 2016 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.

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 expenditure commitments required to be spent on the granted tenements for the next twelve



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

months amounts to \$156,880.

Avenger Projects and Gnows Nest Project

Refer to Note 4 wherein the acquisition and contingent liabilities of the project acquisitions have been enumerated in full detail.

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

NOTE 9: SUBSEQUENT EVENTS

Since the reporting date, the Company has undertaken a private placement to sophisticated and professional investors resulting in the issue of 77,251,906 fully paid shares at an issue price of \$0.042 each, and issued 38,625,953 free attaching options on a one-for-two basis, exercisable at \$0.15 each on or before 23 August 2021.

The Company also advised that the following options have expired as unexercised since the end of the period:

84,355,000 Options over fully paid ordinary shares;

8,454,468 Options over partly-paid ordinary shares.

General Meeting

On 4 March 2020 the ASX approved the despatch by the Company of a notice to convene a general meeting of shareholders to consider approving the issue of shares and performance rights under the contract announcements via ASX on 28 September 2020 (as supplemented by releases made via ASX 14 January 2021 “Shareholder Update – Gnows Nest Project Commencement of Drilling”, 31 January 2021 “December 2020 Quarterly Activities Report” and 22 February 2021 “EMU’s Maiden Drilling Programme Confirms High Grade Gold at the Gnows Nest Project – Gold Results of Up To 89.57 g/t”), for the acquisition of various Western Australian assets. That notice will be released shortly.

Under the Coruscant acquisition agreement, the Company has until 31 March 2021 to obtain necessary Shareholder approvals. Absent an extension being negotiated, the Company will, on or before 31 March 2021, either elect to let the Coruscant purchase agreement lapse or elect to waive the requirement for Shareholder approval. If the condition is waived and shareholder approval is not obtained within 90 days, the Company will need to evaluate whether to proceed to completion (which could result in sanctions or requisitions from the ASX, including potentially the Company being delisted) or not proceed to completion (which would likely result in the Company being in breach of the Coruscant acquisition agreement).

Other than as set out above or elsewhere in these notes, no other matter or circumstance has arisen since 31 December 2020, 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 9 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 2020 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 by email and held on file

Peter S Thomas

Chairperson

16th March 2021

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 2020, 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, nothing has come to our attention that causes us to 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 2020 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 Company 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 2020, 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 Nick Hollens affixed to original document and held on file

Nick Hollens
Managing Director

16th March 2021
Perth