

VIDALITA GOLD PROJECT ACQUISITION



VIDALITA GOLD PROJECT ACQUISITION - CHILE

On 14th November 2016, Emu signed a Heads of Agreement (**HoA**) with Prospex SpA and BLC SpA, Chilean registered companies which are owned 49% by Altius Minerals Corporation of Canada (collectively **Altius**), whereby Emu can acquire certain mineral properties in Chile.

The interest for Emu lies in the recent discoveries of large gold deposits in the Miocene belt of rocks adjacent to the Argentine border. Examples of these deposits are:

- Gold Fields' high grade Salares Norte project - May 2014 Inferred Resource of 23.3 Mt @ 4.2 g/t Au & 44 g/t Ag, for 3.1 Moz Au & 34 Moz Ag;
- Barrick's Alturas deposit is the latest major discovery in the belt - April 2016: 5.5M oz @ 1.25 g/t; intercepts of 170 meters grading 2.76 g/t Au;
- Kinross' Maricunga Mine - 390 Mt @ 0.7 g/t Au;
- Barrick/Kinross's Cerro Casale project - 1,200 Mt @ 0.6 g/t Au;
- Atacama Pacific's Cerro Maricunga Mine - 473 Mt @ 0.4 g/t Au;
- Exter's Caspiche project - 810 Mt @ 0.67 g/t Au.

The location of the Vidalita project area with respect to the known deposits is shown in figure 1.

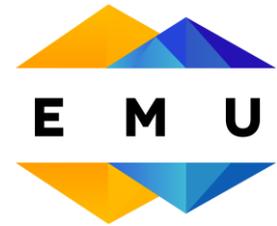
The Vidalita project area covers ~ 2,800 ha in two blocks. Surface sampling (not done by Emu) of rocks typical of epithermal gold systems in the eastern most block has defined an area of approximately 2 km² with high levels of gold (to 5.24ppm), silver (to 101ppm), lead (to 3,250ppm), antimony (to 491ppm) and mercury (to 18,000ppb) all typical type geochemical responses to epithermal gold deposits. Figure 2 shows diagrammatically the location of the geochemical results. Importantly, the rocks sampled have textures that show remarkable similarity to some of the deposits listed above (Figure 3 and 4).

Under the **HoA** Emu has the option (**Option**) to:

1. Acquire Altius' rights under a prior option agreement – **the Perez Agreement** – which has as essential terms annual payments of US\$40,000, US\$50,000 and US\$100,000 in November of 2016, 2017 and 2018 and, if the option under the Perez Agreement is exercised, a payment of US\$2 million in November 2019 to buy the Perez tenements which will be subject to a 2% NSR payable as to 1% to the Perez parties and as to the remaining percent to Altius;
2. Acquire certain tenements owned by BLC SpA which will be subject to a 1% NSR payable to Altius.

Other essential terms of the HoA are:

1. Emu will have until 23rd December 2016 to undertake due diligence;
2. On successfully completing its due diligence, Emu will then have until 11th November 2019 to exercise the Option;



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3. Emu's right is subject to Emu spending US\$1 million in pursuing its rights under the HoA within 2 years of Emu giving notice regarding its due diligence;
4. The Consideration consists of the Perez and Altius royalties and the issue by Emu to Altius up to 15 million ordinary fully paid shares vesting as follows:
 - a) 2.5 million shares on Emu shareholder approval of the transaction;
 - b) 2.5 million shares on Emu meeting the expenditure commitment and electing to continue exploring the properties;
 - c) 5 million shares on defining 500,000oz in the measured category on the properties; and
 - d) 5 million shares on defining 1,000,000oz in the measured category on the properties;
5. The HoA includes an Area of Interest defined as 5km from the outer boundary from the properties.

On satisfaction of due diligence, Emu plans an active exploration program commencing in early 2017.

15th November 2016

For more information on the company visit www.emunl.com.au



Figure 1 – project location

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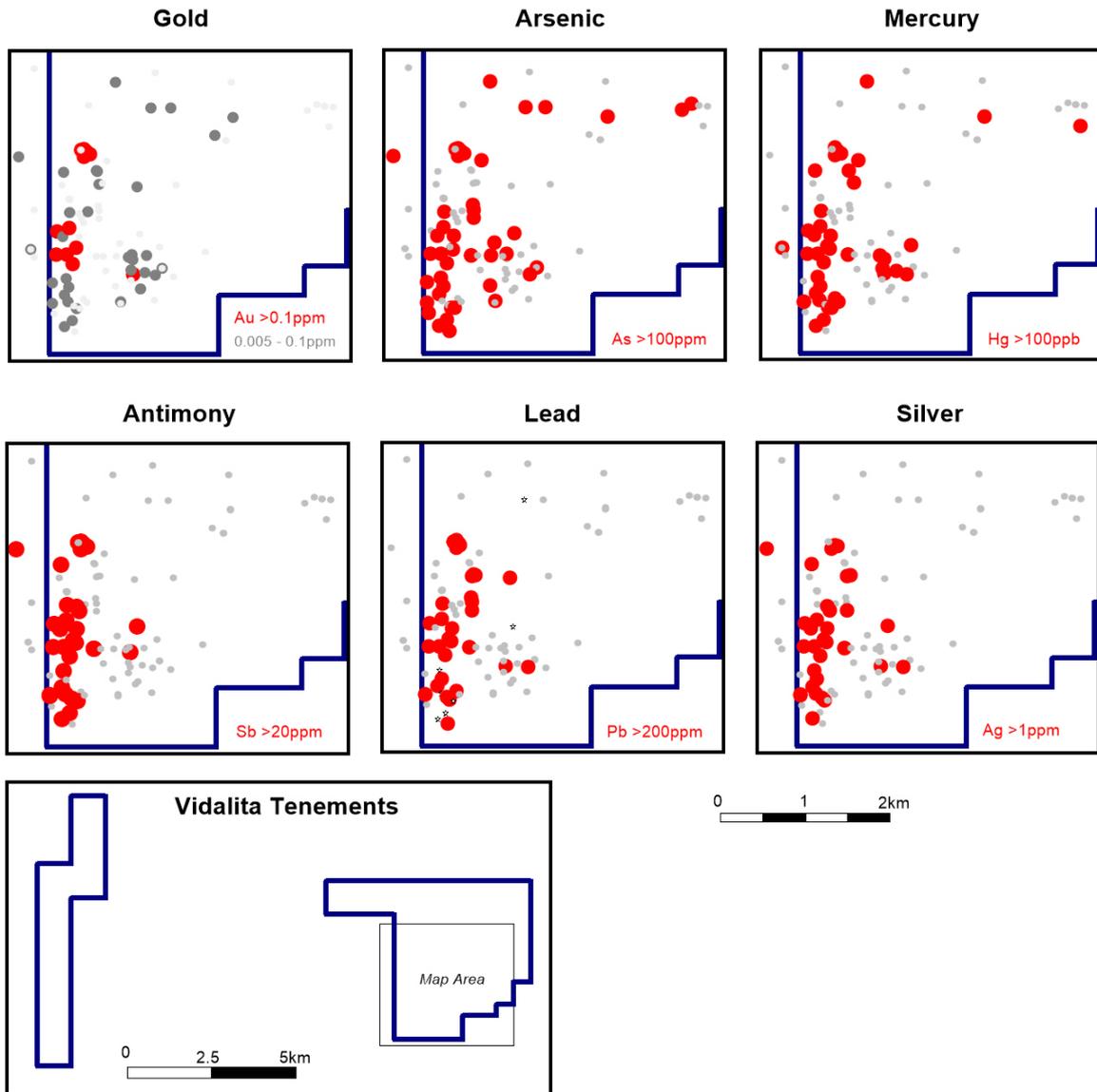


Figure 2

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Figure 3 – rock textures from Vidalita

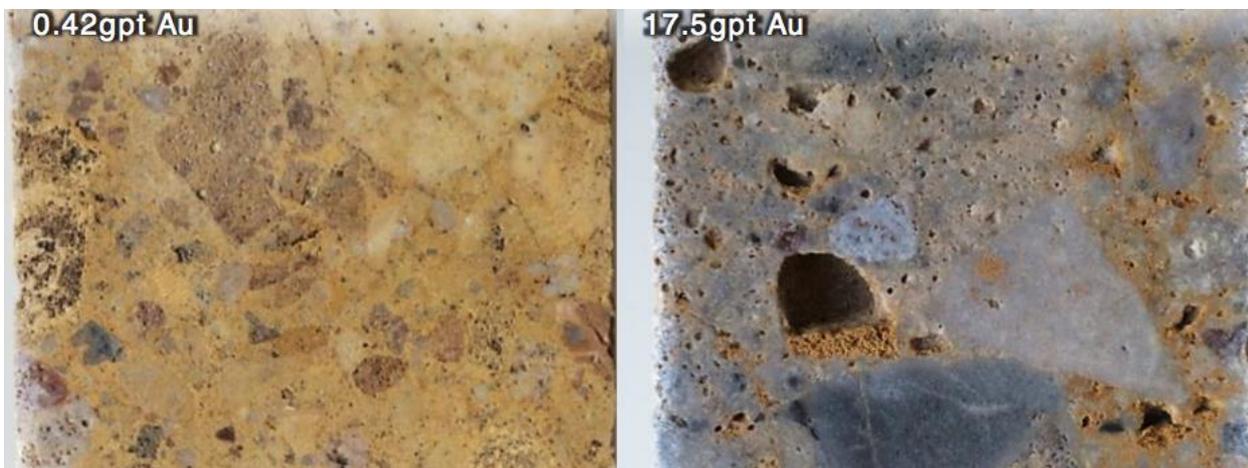


Figure 4 – typical mineralised rock textures of known deposits (do not belong to Emu)

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| <p>Emu NL ABN 50 127 291 927</p> <p>ASX Code: EMU</p> <p>10 Walker Ave West Perth, WA 6005</p> <p>T +61 8 9226 4266 E info@emunl.com.au</p> <p>PO Box 1112 West Perth, WA 6872</p> <p>Issued Capital: Quoted: Shares 40,279,457 fully paid shares</p> | <p>COMPETENT PERSON'S STATEMENT</p> <p>The details contained in this report that pertain 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 the report of the matters based upon his information in the form and context in which it appears.</p> | |
| <p>Contributing Shares 35,278,377; paid to \$0.03; \$0.03 to pay, no call before 31/12/2017</p> <p>Unlisted Options 15,028,220 options, exercise price \$0.10, date 30/3/17</p> <p>Directors: Peter Thomas Chairman Greg Steemson Managing Director Gavin Rutherford Non- Executive Director</p> | <p>FORWARD LOOKING STATEMENT</p> <p>This report contains forward looking statements concerning the projects owned by Emu NL. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on management's beliefs, opinions and estimates as of the dates the forward looking statements are made and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.</p> | |