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AUGUST DRILLING TO TEST VMS AND NEW URANIUM AND IRON TARGETS AT WINDY KNOB

- **Joint venture area expanded to 273sq km**
- **New uranium targets identified in paleochannels**
- **Iron ore targets in banded iron formations**

Emu Nickel NL (ASX:EMU)has reached agreement with Windy Knob Resources NL (ASX:WKR) to include an additional exploration licence (E51/1300) in the Windy Knob joint venture 80km south of Meekatharra, increasing the JV area from 183sq km to 273sq km – see Figure 1. Under the terms of the amended joint venture agreement EMU may earn a 51% interest in the expanded JV by expenditure of $450,000 within three years.

The decision to expand the JV resulted from the recognition of several favourable factors:

- The prospective Windaning Formation which hosts the Austin volcanogenic massive sulphide (VMS) copper-zinc-gold discovery extends through the northern portion of the tenements.
- The paleochannel hosting the Cogla Downs, Murchison Downs and Nowthanna uranium deposits extends across the central part of the tenements
- The very limited modern exploration completed on E51/1300.

The Windaning Formation consists of interbedded jaspilitic banded iron formation, felsic volcaniclastic sediments, tuffs and minor volcanics. The nearby Austin VMS deposit is interpreted to have been deposited within this volcano-sedimentary sequence. An estimated 30km strike length of the Windaning Formation occurs within the expanded JV tenements.

As previously reported, (EMU ASX release 29 June 2009) EMU recently completed a VTEM survey over part of the JV area. This survey identified a large conductive zone interpreted to occur within a paleochannel as shown in Figure 2. This tributary paleochannel joins the Nowthanna drainage system downstream from the Nowthanna uranium deposit. The VTEM conductor may indicate the presence of carbonaceous material within the paleochannel which could form a favourable environment for the deposition of uranium. Geological Survey of WA records indicate the Nowthanna paleochannel system contains approximately 12,000 tonnes of contained U_3O_8 at grades of 0.26 to 0.78kg/t U_3O_8 to the east of the JV area (source: GSWA Murchison 1:100,000 Geological Information Series). Uranium radiometric imagery indicates low level anomalism within the paleochannel in the expanded JV area. The VTEM conductor and radiometric anomalies are considered to be attractive targets for uranium exploration.

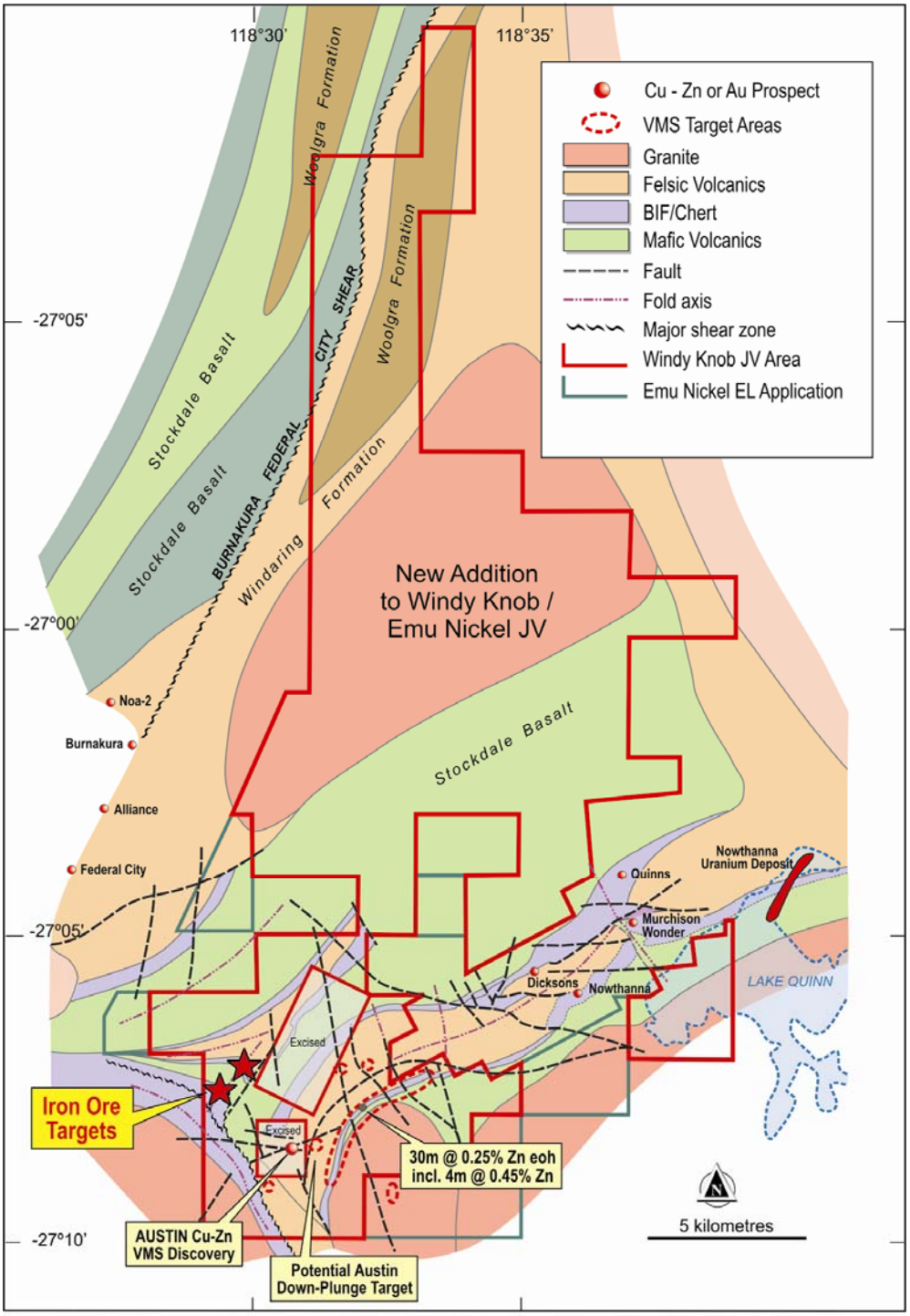

Figure 1
Windy Knob Geology

An intense aeromagnetic anomaly about 1km x 1km in area situated in the south west part of the JV area is interpreted to be related to a sequence of folded banded iron formation. The iron formation does not outcrop because of extensive laterite cover and may be highly weathered. Investigation of the iron potential of this broad anomaly is in progress.

EMU is continuing to collate available open file information and is planning a 5,000m aircore drilling program in August to test previously identified copper-zinc-gold targets (EMU ASX release 29 June 2009) together with the new uranium and iron targets.

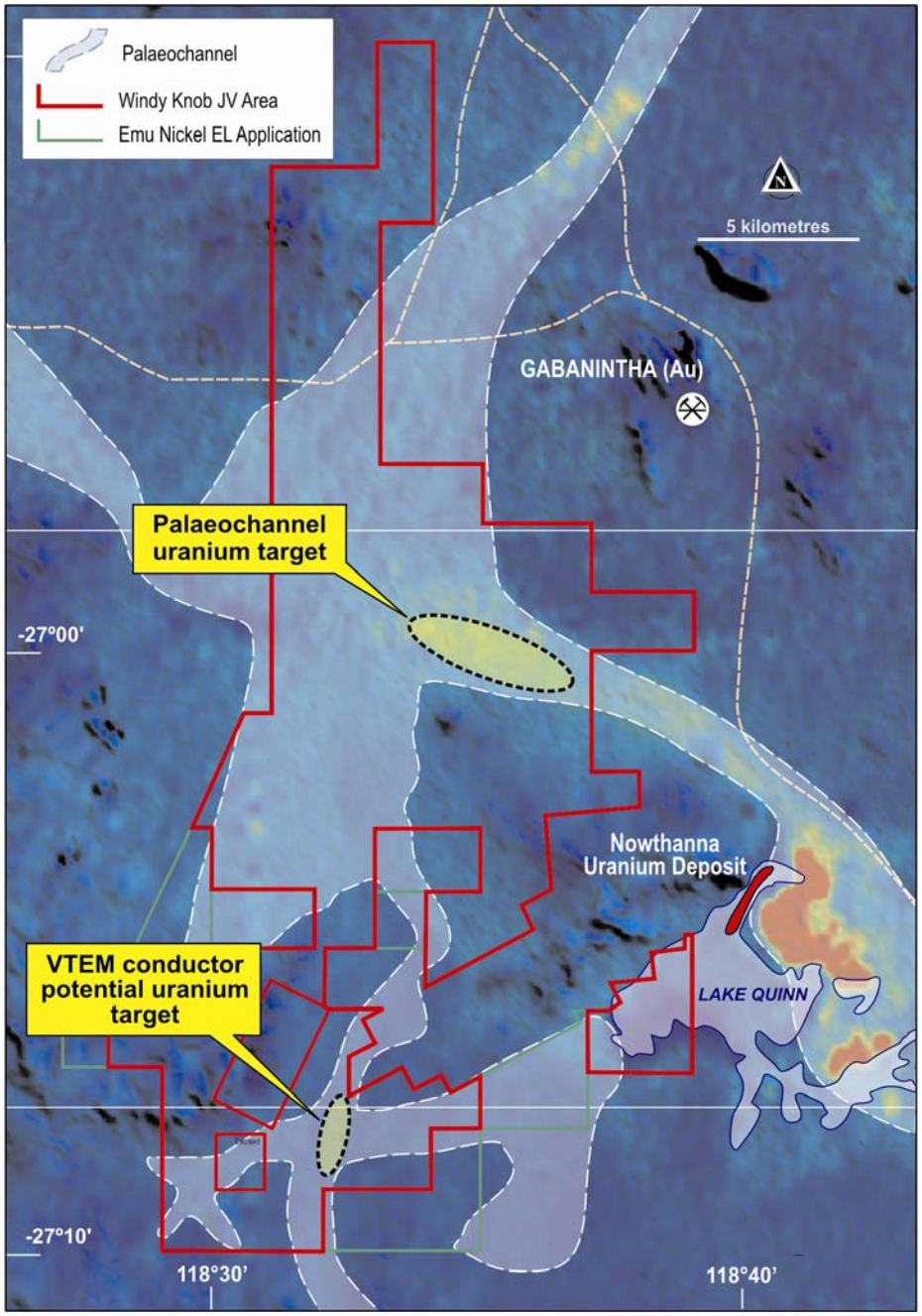

Figure 2
Windy Knob Paleochannels

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The information in this report is based on information compiled by Allan Younger (Dip Applied Geol), who is a member of the Australasian Institute of Mining and Metallurgy. Allan Younger is a consultant of Emu Nickel NL. Allan Younger has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Allan Younger consents to the inclusion of this information in the form and context in which it appears in this report.