



QUARTERLY REPORT for the Quarter Ended 31 March 2010

Emu Nickel NL
ABN 50 127 291 927

ASX Code: EMU

Level 2
16 Ord Street
West Perth, WA 6005

T +61 8 9226 4266
F +61 8 9485 2840
E info@emunickel.com.au

PO Box 1112
West Perth, WA 6872

Issued Capital:
Shares - Quoted:
59,828,940 fully paid shares

Options – Unquoted:
10,000,000 exercisable at
\$0.50 by 27.2.2013

1,600,000 exercisable at
\$0.27 by 22.12.2014

Cash: \$6.1 million

Directors:

Peter Thomas
Chairman
George Sakalidis
Managing Director
Roger Thomson
Executive Director

HIGHLIGHTS

- Further ground EM surveys to be carried out at Emu Lake to test for additional nickel sulphide drilling targets on the plus 1km-long fertile ultramafic contacts.
- Ground EM surveys at Kambalda West identify five RC drilling targets for nickel sulphides with drilling scheduled to start in the June Quarter.
- Emu Nickel earns a 51% interest in the Windy Knob JV.
- Progress at Windy Knob in identifying gold and uranium targets.
- Uranium values up to 823ppm (0.97kg U₃O₈ per tonne) in preliminary geochemical sampling at Barlee South associated with potentially extensive calcrete deposits.
- Gold anomalies identified at Salmon Gums on the southern end of the emerging Tropicana Trend gold province.
- Emu Nickel earns an 80% interest in Image Resources' interest in a package of tenements including Emu Lake and Kambalda West.

EMU LAKE (Emu earning 33⅓%)

Following the completion of fixed loop EM (FLEM) surveys at Binti Gossan, further FLEM surveys are planned, in order to fill in gaps in the FLEM coverage on the plus 1km-long fertile ultramafic contact zones, where high grade nickel sulphides have been intersected and previously reported. The FLEM surveys are anticipated to be carried out in June to test for additional drilling targets on this highly prospective contact.

WINDY KNOB (Emu 51%)

As previously reported, Emu Nickel has earned 51% interest in the joint venture tenements held by Windy Knob Resources (now renamed Aspire Mining Ltd, ASX: AKM). Aspire has elected to contribute to joint venture expenditure.

During the quarter first pass soil sampling was carried out over a 5km strike length of the interpreted position of the Federal Basset Shear Zone, a structure known to host gold mineralisation. Several elevated gold responses were identified, warranting follow up sampling.

First pass soil sampling was also carried out over a paleochannel target interpreted to be downstream from the Nowthanna uranium deposit situated about 13km to the south east. The sampling identified a coherent 5.5km x 1.8km low level uranium anomaly (peak 13ppmU compared to a background of 9ppmU) warranting follow up sampling.

KAMBALDA WEST (Emu earning 30%)

Fixed loop EM surveys have been carried out over a strong VTEM anomaly in a potentially favourable geological setting. In addition, FLEM surveys were completed over four other less pronounced VTEM anomalies nearby. A strong discrete FLEM conductor was identified at the main VTEM anomaly (target RKW8) providing an attractive drilling target. FLEM conductors were also identified at the other four VTEM anomalies (targets RKW6 & 7, RKW9, RKW10 and RKW11). Preparations are in hand to drill these conductor targets when permitting has been finalised. It is expected that a 5-hole, 1,000m RC drilling programme will start in the June quarter.

BARLEE SOUTH (Emu 100%)

Emu Nickel has completed first pass soil sampling at its Barlee South uranium prospect situated 200km NNE of Southern Cross. The sampling targeted an area of anomalous radiometric responses evident in regional survey data. Uranium values up to 823ppm (0.97kg U₃O₈ per tonne) have been obtained from this sampling, outlining three anomalous areas within a clay pan and lake embayment on the edge of Lake Barlee as shown in Figure 1. The sample spacing ranged from 200m x 200m to 200m x 400m.

The main anomalous area is 700m x 400m in area and averages more than 200ppm U in soils based on a 50ppm U threshold. The northern two anomalies are 900m and 2000m long respectively and 100-200m wide based on the 50ppm U threshold. The uranium anomalism is associated with calcrete occurrences and remains open in several directions. Extensive deposits of calcrete have been mapped to the south of the anomalous areas.

Emu has applied for an additional tenement and is preparing to extend the area of sampling, including the calcrete area to the south, in order to outline the full extent of the anomalies and to define drilling targets at this new calcrete uranium prospect.

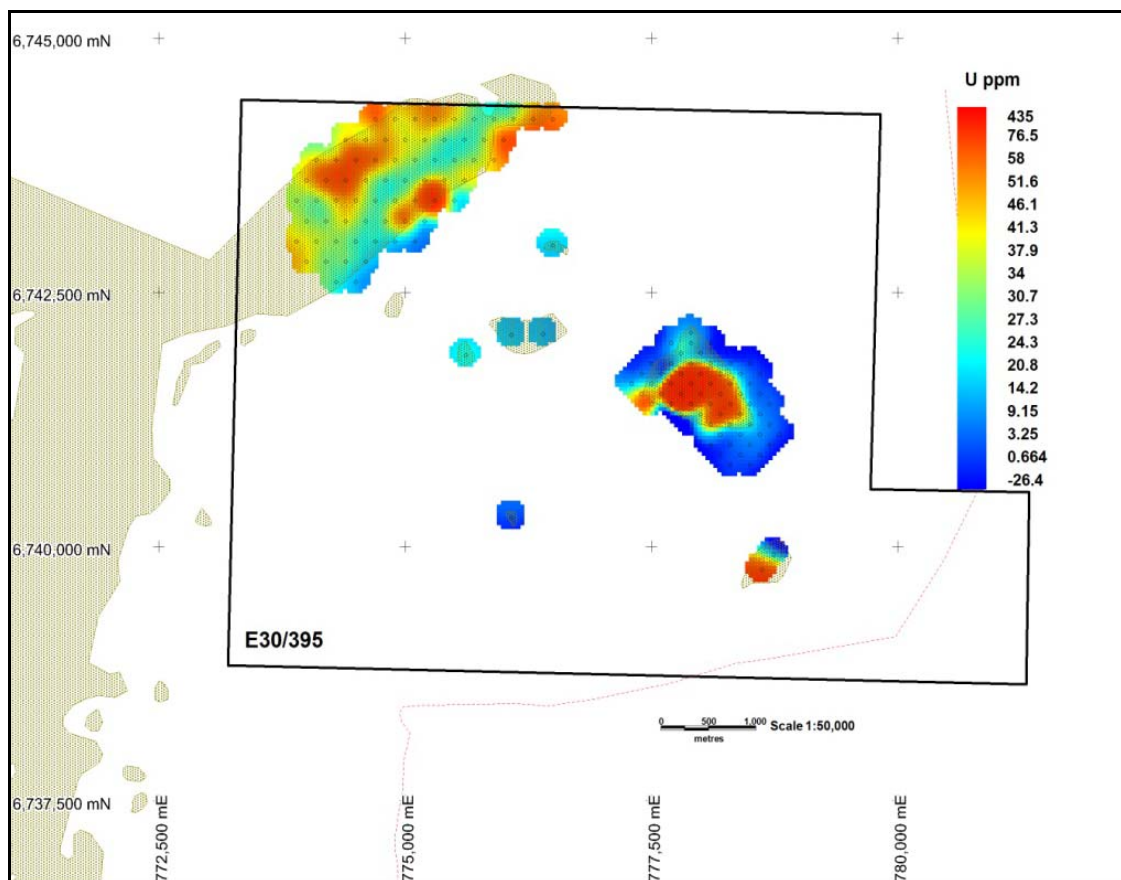


Figure 1
Barlee South Uranium in Soil Geochemistry

SALMON GUMS (Emu 100%)

During the quarter Emu Nickel was granted five exploration licences totalling 1,250 sq km in the Salmon Gums area about 100km south of Norseman. The tenements are situated on the Yilgarn Craton – Fraser Range Mobile Belt Collision Zone, in the south-eastern part of Western Australia. This extensive structural corridor, termed the Tropicana-Belt, is some 500km in length and is emerging as a significant gold province. Significant discoveries include the +5Moz Tropicana gold deposit and other gold prospects at Corvette (Corvette Resources), Corona (Dominion Mining), Beachcomber (Anglogold/Independence), Socrates (Newmont/Sipa) and Lady Penrhyn (Triton) – see Figure 2.

The Emu Nickel tenements abut tenements held by Triton Gold (ASX: TON) on which Triton has reported the presence of several extensive gold in soil anomalies and anomalous gold in recent bedrock drilling at the Lady Penrhyn and Sirius targets.

Preliminary soil and calcrete sampling on the Emu tenements has outlined several gold anomalies as shown in Figure 3. Emu is currently carrying out scout RAB drilling in selected areas in order to obtain more information on the regolith profile to allow improved interpretation of the results to date and to assist in the planning of further geochemical surveys.

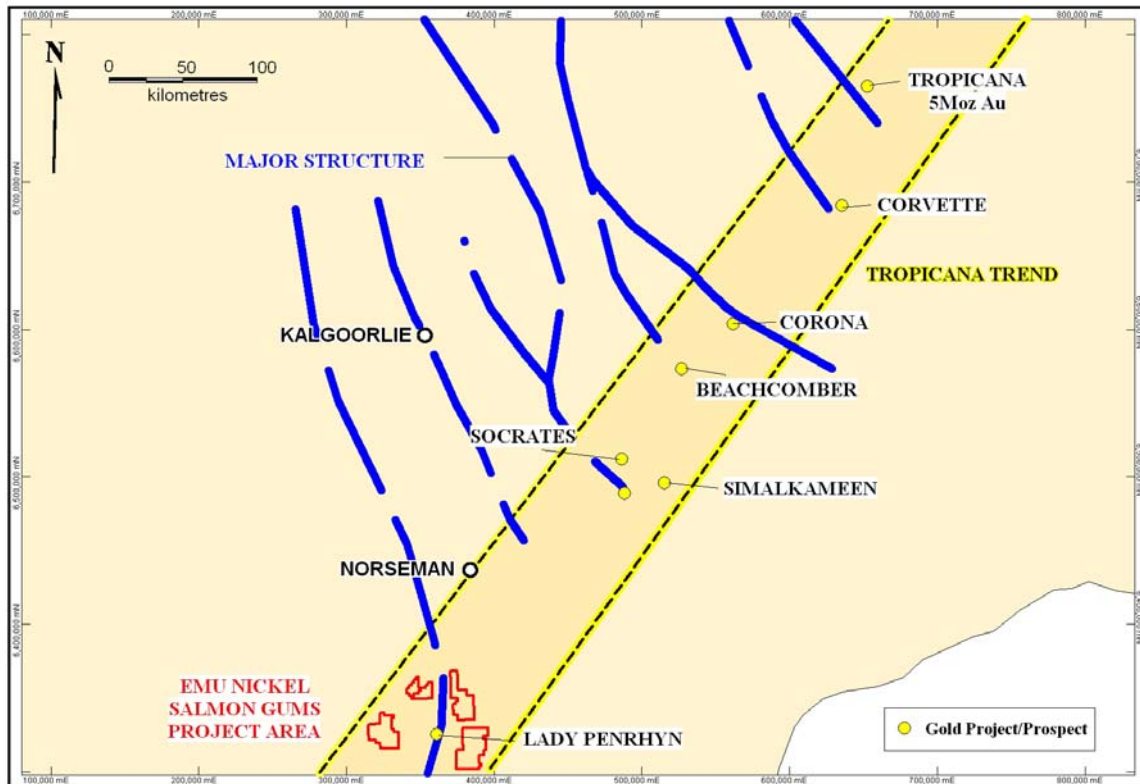


Figure 2
Salmon Gums Location

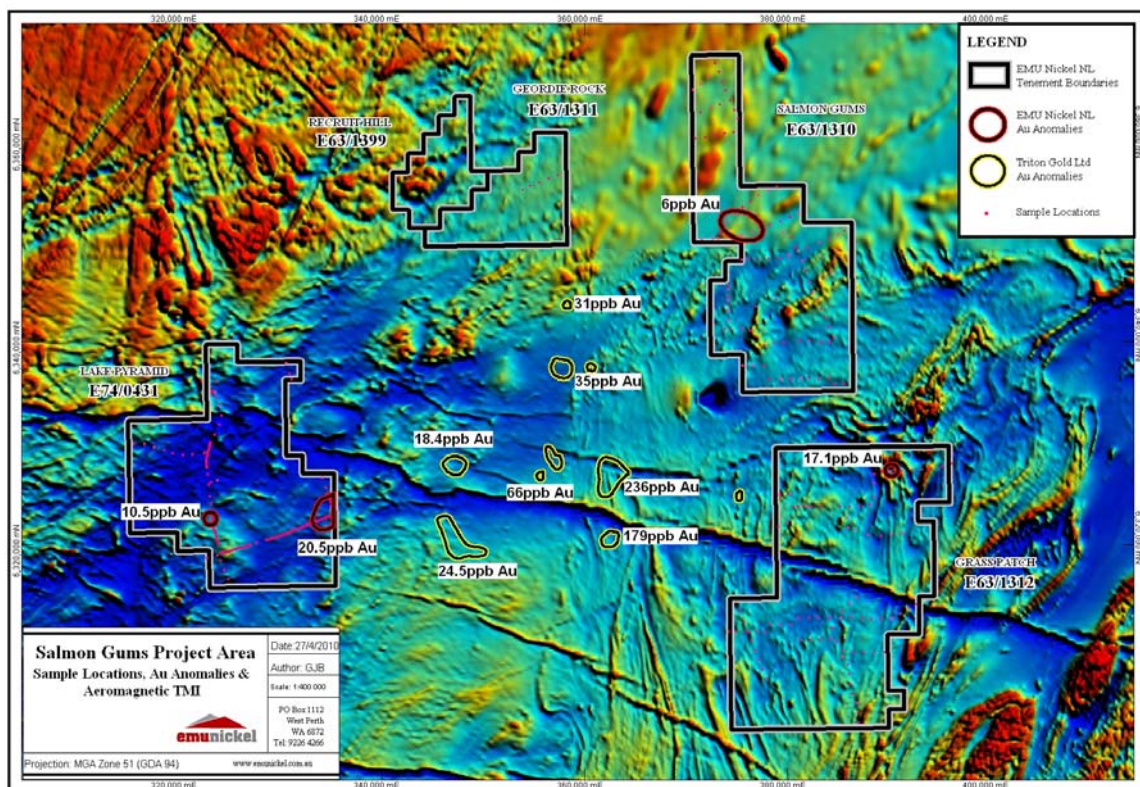


Figure 3
Salmon Gums Gold Geochemistry on Aeromagnetic Image

IMAGE RESOURCES JV (Emu 80%)

During the quarter Emu Nickel met the expenditure requirement to earn 80% of Image Resources' interest in a package of tenements including Emu Lake, where Image holds a 33^{1/3}% contributing interest and Kambalda West where Mincor Resources is sole funding to earn a 70% interest. Under the terms of the joint venture with Image, Emu has earned an 80% interest in Images' interest by expenditure of \$2 million within two years of listing on ASX. Emu has elected to continue to sole fund a further \$1million within the next twelve months to earn 100% of Images' interest, with Image retaining a royalty interest.

For more information on the company visit www.emunickel.com.au
Please direct enquiries to:

Roger Thomson
Technical Director
Phone (08) 9226 4266
Mobile 0419 969 183
Email roger@emunickel.com.au

George Sakalidis
Managing Director
Phone (08) 9226 4266
Mobile 0411 640 337
Email george@emunickel.com.au

The information in this report that relates to exploration results is based on information compiled or reviewed by Roger Thomson BSc, ARSM, MAusIMM, MAIG. Roger Thomson is a director of Emu Nickel NL. Roger Thomson 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 of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Roger Thomson consents to the inclusion of this information in the form and context in which it appears in this report.