

QUARTERLY REPORT for the Quarter Ended 31 March 2011

Emu Nickel NL
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PO Box 1112
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Issued Capital:
Shares - Quoted:
59,828,940 fully paid shares

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

1,830,000 exercisable at
\$0.27 by 22.12.2014

Cash: \$5.5 million

Directors:

Peter Thomas
Chairman
George Sakalidis
Managing Director
Roger Thomson
Executive Director

SUMMARY

- **Geological and structural studies continuing on the 1km-long mineralised contact hosting high grade nickel sulphides at Emu Lake.**
- **Modelling of the Austin Cu-Zn-Ag-Au discovery adjacent to Windy Knob to examine potential depth extensions on to the Windy Knob tenements.**
- **Detailed ground magnetic surveys planned over magnetic anomalies associated with the Woolgangie massive iron sulphide intersections at Kambalda West**
- **Follow up soil sampling has confirmed a gold anomaly at Salmon Gums on the potential southern extension of the Tropicana gold trend, with further systematic sampling planned.**

EMU LAKE

(Emu 26% earning 33%)

Following the high grade nickel sulphide intercept reported in the December 2010 quarter (ELD047: 0.25m @ 5.68% Ni from 447.35m), Emu Nickel is continuing to compile data from the JV operator Xstrata Nickel and to model this data in a search for thicker accumulations of these high grade nickel sulphides. A cross section of ELD047 and its relationship to a previous high grade nickel intercept in ELD023 is shown in Figure 1.

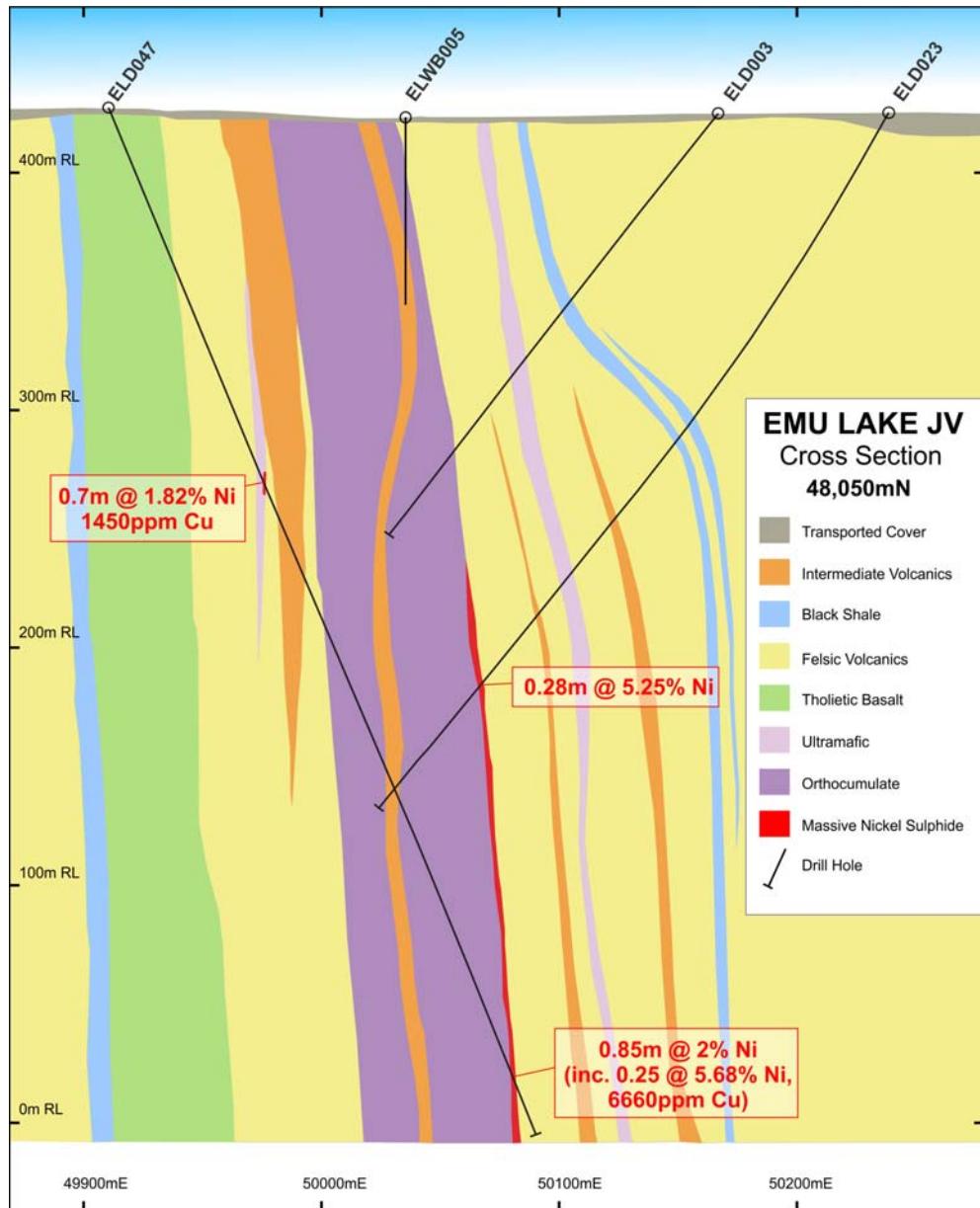


Figure 1
Drill Section 48050N

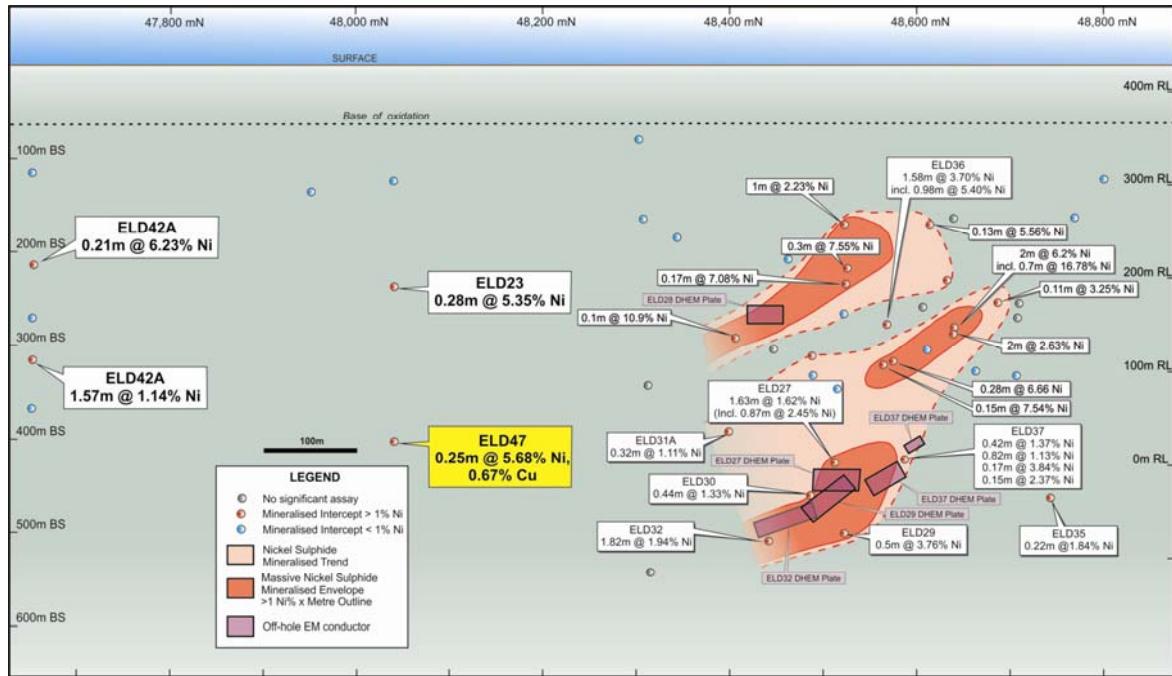


Figure 2
Binti Gossan and Binti South Longitudinal Section

Previous drill hole ELD042A (0.21m @ 6.23% Ni from 282.28m) extended the strike length over which high grade nickel sulphide have been intersected to more than 1,000m, as shown in Figure 2. It is significant that the most recent drill hole, ELD047 has confirmed the presence of high grade nickel sulphides about 165m down dip from a previous high grade intercept in ELD023, in the centre of a previously undrilled area on this fertile contact. The recent drill intersections have increased to 12 the number of mineralised intersections in excess of 3%Ni over 1km of strike length along this contact. This mineralisation remains open to the south and will be subject to further exploration.

WINDY KNOB (Emu 51%)

The Windy Knob joint venture tenements are situated about 55km south of Meekatharra in the Murchison region, adjacent to the Austin volcanogenic massive sulphide (VMS) discovery made by the Silver Swan Group. The Austin VMS Cu-Zn-Ag-Au mineralisation is close to a joint venture tenement boundary and appears to be plunging towards this boundary at depth. Emu is continuing to model available data on the Austin resource with a view to deep drilling to test the plunge extension to this mineralisation.

Exploration activity during the quarter has been limited to re-assessment of previous sampling results on the northern tenement (E51/1300) where the targets are twofold; gold along the interpreted Federal Basset Shear Zone and downstream extensions to the Nowthanna uranium deposit along its host paleochannel. A total of 473 samples were assessed with 216 analysed for gold and pathfinder elements and 257 analysed for U and associated elements.

The maximum gold value was 13ppb compared to a background of 1ppb with coincident weakly elevated arsenic occurred along the interpreted position of the Federal Bassett Shear, see Figure 3. The maximum uranium response of 13ppm compared to a background of 5ppm was derived solely from soil, this forms a discrete zone downstream of the Nowthanna uranium deposit and suggests the source may be derived from subsurface

calcrete and not due to outwash from the Nowthanna deposit. Further sampling is being planned in order to define these anomalies.

KAMBALDA WEST (Emu 24%, earning 30%)

As previously reported, joint venture operator Mincor Resources intersected massive iron sulphides when testing several airborne and ground EM anomalies at Woolgangie. Some of the 16 RC drill holes completed to date intersected anomalous copper and silver, with a best intercept of 10m @ 0.10% Cu and 3.73 g/t Au from 144m in drill hole WRC01. The mineralisation appears to be skarnoid in nature (commonly described as alteration of wall rocks adjacent to granites) and warrants further investigation.

Mincor advised that it has earned a 70% interest in the Kambalda West tenement package and that the joint venture is now on a contributing basis by both Mincor and Emu. It is planned to carry out a detailed ground magnetic survey of the Woolgangie anomalies to identify targets for further drilling. In addition a RAB drilling programme is proposed to follow up a gold intersection (drill hole NRB042: 3m @ 2.3 g/t Au) identified in previous drilling about 13 km south of the Nepean nickel mine.

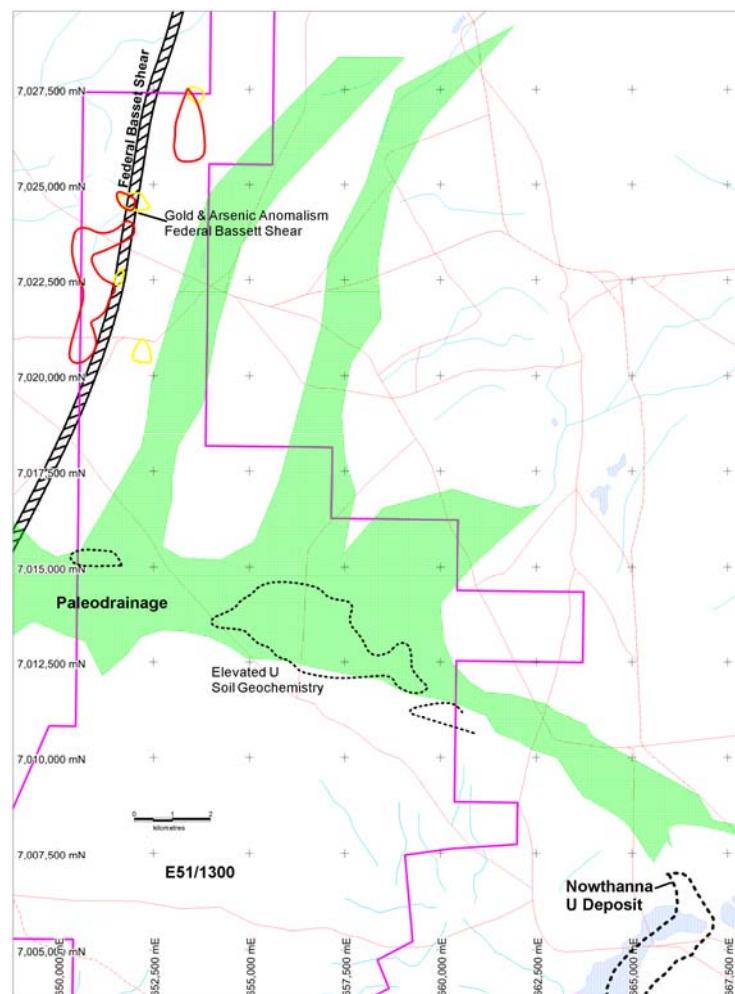


Figure 3
Windy Knob Geochemistry (Gold; yellow. Arsenic; red. Uranium; black)

SALMON GUMS (Emu 100%)

Emu holds several exploration licences (total 800sq km in area) in the Salmon Gums district on the south west extension of the 500km-long Tropicana gold trend situated on the Fraser Range mobile belt collision zone. Significant discoveries on this trend include the +5Moz Tropicana gold deposit and several more recent gold discoveries.

During the quarter Emu carried out follow up soil sampling on a previously reported gold anomaly outlined by wide-spaced sampling about 50km WSW of Salmon Gums. The sampling confirmed gold values 18ppb Au and 12ppb Au compared to a background of 1ppb. The gold anomaly appears to be associated with an ENE magnetic trend within migmatites and granites. Further systematic sampling is being planned to determine the extent of the gold anomaly.

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