

## QUARTERLY REPORT for the Quarter Ended 30 June 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  
180,000 exercisable at  
\$0.1961 by 21.12.2015

**Cash:** \$5.4 million

**Directors:**

**Peter Thomas**  
Chairman  
**George Sakalidis**  
Managing Director  
**Roger Thomson**  
Executive Director

### SUMMARY

- Emu Nickel to assume management of the Emu Lake Nickel project, subject to completion of a management agreement.
- Review of the Emu Lake database in progress to identify priority drilling targets on the 1,200m strike length hosting high grade nickel sulphides.
- Potential plunge extensions of the adjacent Austin VMS deposit on to the Windy Knob tenements continue to be modelled, with a view to deep drilling to test this target.
- Geochemical sampling of gold and VMS targets in progress at Windy Knob.
- Ground magnetic surveys planned at Kambalda West to define drilling targets at the Woolgangie magnetite-copper-silver system.
- Two gold anomalies identified at Salmon Gums, further sampling planned.

## EMU LAKE (Emu 30.3%)

During the quarter joint venturer Xstrata Nickel Australasia Operations (XNAO) indicated that it did not wish to participate in funding the 2010 drilling programme. As a consequence XNAO's interest has been diluted pursuant to the joint venture agreement. It was agreed in principle that XNAO would delegate management of the Emu Lake project to Emu Nickel while Emu sole funded the project or while Emu held a majority interest in the project. Following XNAO's election not to fund its share of the 2010 diamond drilling programme its interest has diluted to 62.1%, leaving Emu and Image Resources NL with the balance of 37.9%. Emu has earned 80% of Image's interest and elected to proceed to 100% by sole funding exploration on a package of tenements, including Emu Lake. The current interests in Emu Lake are thus: XNAO 62.1%, Emu 30.3% and Image 7.6%.

Pending completion of a management agreement with Xstrata, Emu is reviewing the large database on Emu Lake in order to identify and prioritise both geological and geophysical targets for high grade nickel sulphides on the two main mineralised contacts identified to date. It is pertinent to note that the 2010 drilling programme has extended the strike length of massive or stringer nickel sulphides to some 1,200m as shown on the longitudinal projection in Figure 1, and increased the number of drill intersections in excess of 3% Ni to 15, some with significant platinum and palladium credits, as summarised in Table 1.

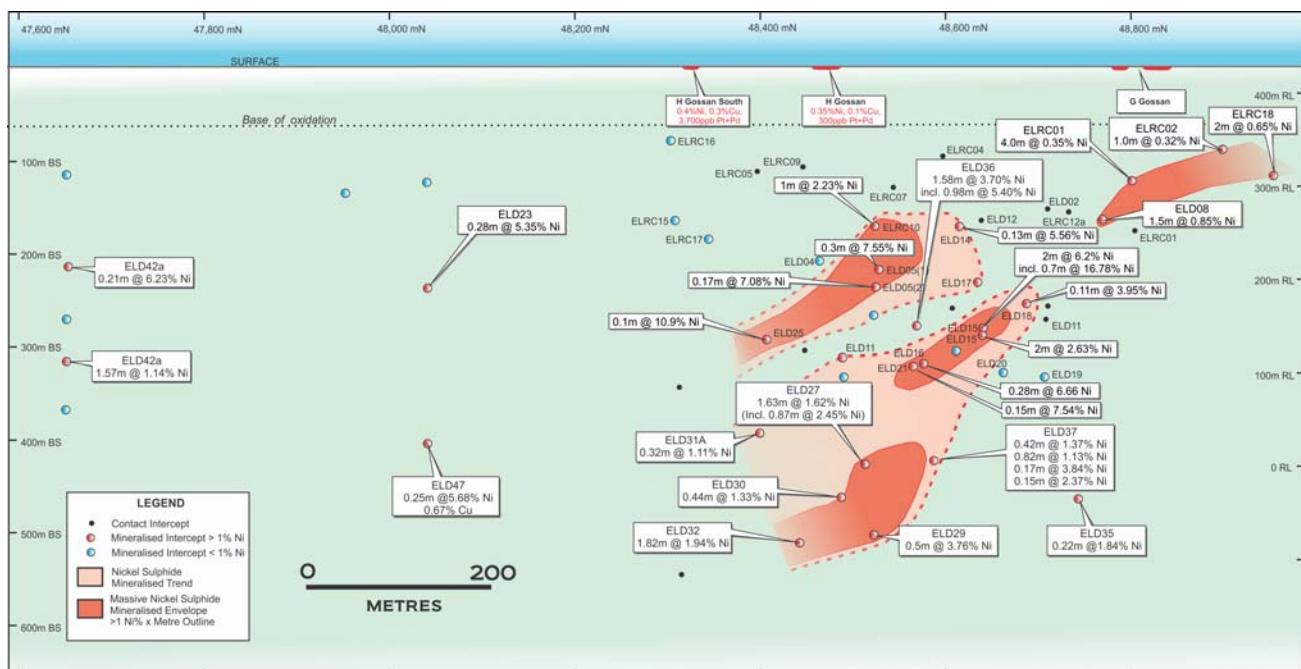


Figure 1  
Binti Gossan and Binti South Longitudinal Projection

Emu remains encouraged by the potential of the Emu Lake project to host a high grade massive nickel sulphide deposit similar to Silver Swan (production plus resources approximately 60,000t Ni) situated 30 km to the west.

Table 1  
Binti Gossan and Binti South

Hole No	From (m)	To (m)	Interval (m)	Ni %	Cu %	Pt ppb	Pd ppb	Pt+Pd g/t
ELD 5	256.40	256.70	0.30	<b>7.55</b>	0.35	1015	1726	2.74
	277.06	277.23	0.17	<b>7.08</b>	<b>6.46</b>	1092	2315	<b>3.41</b>
ELD 11	364.05	364.10	0.05	<b>3.55</b>	0.01	205	745	0.95
ELD 14	194.52	194.65	0.13	<b>5.56</b>	0.18	940	3230	<b>4.17</b>
ELD 15	336.00	338.00	2.00	<b>6.20</b>	<b>1.78</b>	749	1424	2.17
ELD 16	377.07	377.35	0.28	<b>6.66</b>	0.24	423	226	0.65
ELD 16	302.57	302.68	0.11	<b>3.95</b>	0.18	632	723	1.35
ELD 21	366.50	366.65	0.15	<b>7.54</b>	0.11	928	1310	2.24
ELD 23	292.79	293.07	0.28	<b>5.35</b>	0.40	na	na	na
ELD 25	346.60	346.70	0.10	<b>10.90</b>	0.07	na	na	<b>4.17</b>
ELD 29	551.05	551.55	0.50	<b>3.76</b>	0.23	na	na	na
ELD 36	320.56	322.14	1.58	<b>3.70</b>	<b>1.33</b>	na	na	na
ELD 36	476.83	477.00	0.17	<b>3.84</b>	0.91	31	3096	<b>3.13</b>
ELD 42A	282.28	282.49	0.21	<b>6.32</b>	0.39	na	na	na
ELD 47	447.35	447.60	0.25	<b>5.68</b>	0.67	na	na	na

**Drill Intersections >3%Ni**

na; assays not yet available

**WINDY KNOB (Emu 51%)**

The Windy Knob joint venture tenements are situated about 55km south of Meekatharra in the Murchison region of WA, 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 (1.48Mt @ 1.02% Cu, 1.39% Zn, 3.51 g/t Ag, 0.24g/t Au) with a view to deep drilling to test the plunge extension of this mineralisation on the joint venture tenements.

During the quarter Emu carried out follow up soil sampling over a 6km-long gold-anomalous strike length of the Federal Basset Shear Zone. Soil sampling was also carried out over three VMS target areas along stratigraphy prospective for VMS mineralisation and where the regolith appears to be suitable for sampling. A total of 727 soil samples were taken with results yet to be received. In addition 31 orientation regolith samples were taken over the Defiance VMS prospect. Defiance is obscured by transported cover and as such is unlikely to be detected by conventional soil sampling. The regolith samples are being analysed by seven different partial leach methods in order to evaluate the use of partial leach geochemistry in testing other areas of transported cover overlying prospective stratigraphy. Analysis of the orientation samples is in progress.

## KAMBALDA WEST (Emu 24%, earning 30%)

A ground magnetic survey is being planned for the Woolgangie area where previously reported RC drilling of electromagnetic anomalies associated with a large magnetic anomaly intersected massive iron sulphides with anomalous copper and silver and broad zones of magnetite alteration. The ground magnetic survey is aimed at defining the strongest magnetic anomalies for future drill testing.

Permitting has been approved for a RAB drilling programme to test a gold target situated on joint venture tenements south of the Nepean nickel mine. The aim is to test the source of supergene gold mineralisation identified by previous scout RAB drilling testing a nickel target. The best previous intercept was 3m @ 2.3g/t Au from 57 m in drillhole NRB042. Drilling is scheduled to commence in the next quarter.

## SALMON GUMS (Emu 100%)

Emu has completed follow up geochemical sampling surrounding the gold anomalism defined in previous roadside sampling in the Lake Pyramid area. The 270 sample programme has identified two areas of significant gold response which appear to be located along the periphery of a discrete copper zone also defined by the sampling.

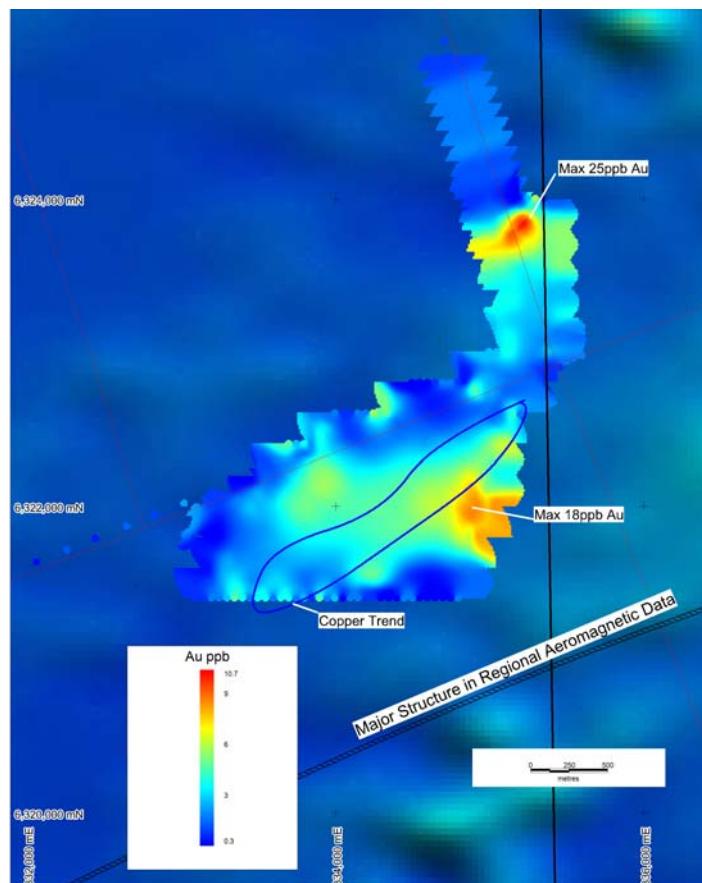


Figure 2  
Lake Pyramid Gold Geochemistry

Subject to completion of land access agreements, further sampling is planned to assess the extent of the gold anomalies within the company's tenements.

For more information on the company visit [www.emunickel.com.au](http://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.