



QUARTERLY REPORT for the Quarter Ended 30 June 2009

Emu Nickel NL
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PO Box 1112
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Issued Capital:
Shares:
55,369,877 fully paid shares
- quoted
4,459,063 fully paid shares
escrowed until 27.2.2010

**Options – Unquoted and
subject to escrow:**
10,000,000 exercisable at
\$0.50 by 27.2.2013

Cash: \$7.28 million

Directors:

Peter Thomas
Chairman
George Sakalidis
Managing Director
Roger Thomson
Executive Director

SUMMARY

WINDY KNOB

- Joint venture area expanded to 273sq km
- Potential depth extension of the Austin VMS discovery into the joint venture tenements
- New VMS target identified from historical drilling
- New uranium targets in paleochannels
- Iron ore targets in banded iron formation

EMU LAKE

- New high-tech EM survey in progress at the Binti Gossan Zone with further drilling anticipated later in the year

KAMBALDA WEST

- Permitting completed over nine strong VTEM anomalies in favourable settings for nickel, clearing the way for drilling to start in September

WINDY KNOB (Emu earning 51%)

Emu Nickel NL 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 volcanoclastic 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.

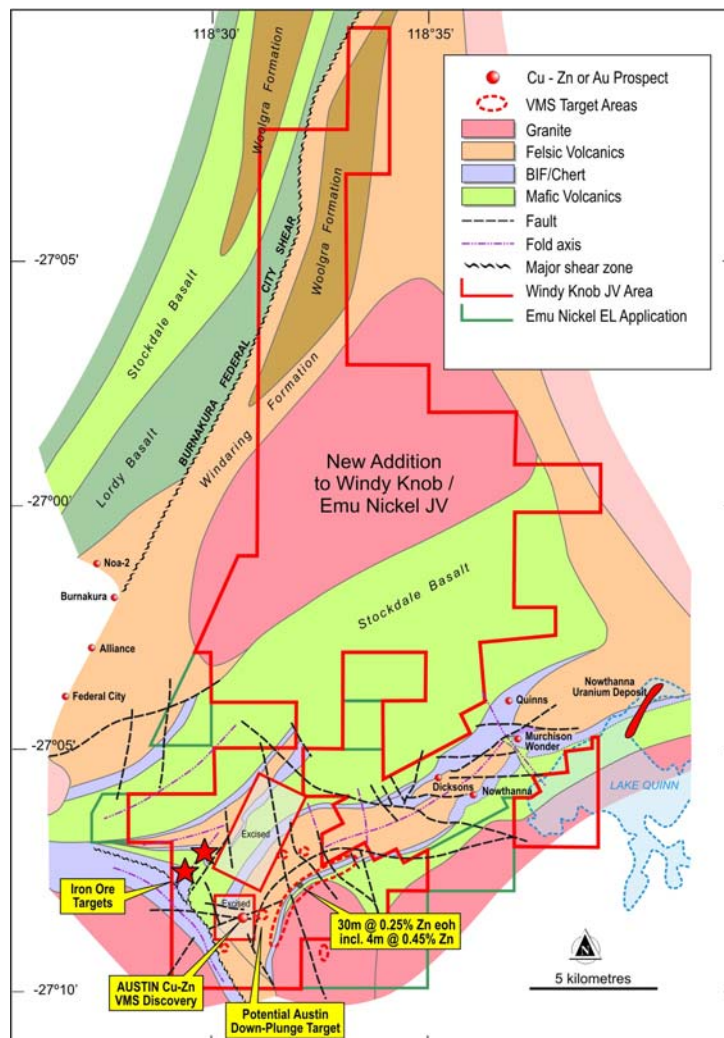


Figure 1
Windy Knob Geology

A review of historical information on the joint venture tenements identified strongly anomalous zinc values reported in an old aircore drill hole on one of Emu's target areas. Drill hole QAC21, drilled some 12 years ago, intersected 30m at 0.25% zinc from 36m to end of hole, including 4m at 0.45% zinc within ferruginous saprolite - see Figure 1. The drill hole formed part of a single traverse of five wide-spaced holes (approximately 100m apart) across a distinct linear aeromagnetic feature interpreted by Emu to be prospective for VMS mineralisation. An adjacent drill hole some 120m to the east intersected elevated copper values ranging from 186ppm to 735ppm over a 30m interval from 36m to end of hole. There is no evidence of any follow up of these positive results.

Importantly, Silver Swan Group (ASX: SWN) recently announced a significant drill intersection at the Austin discovery near the EMU/WKR tenement boundary, as shown on the attached map. The intersection is reported as 61m at 1.9% copper together with zinc, gold and silver values from a down hole depth of 58m. The intersection occurs approximately 250m west of the EMU/WKR tenement boundary and is interpreted by EMU to form part of a massive sulphide zone plunging toward EMU's boundary, indicating potential for depth extensions on to the joint venture tenements.

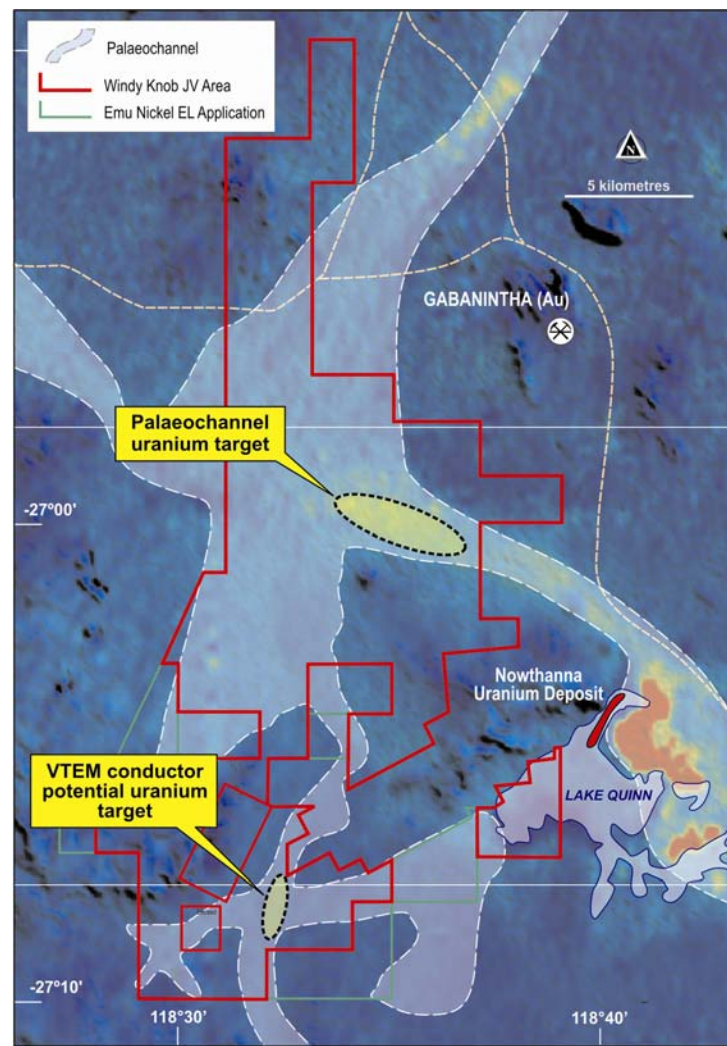


Figure 2
Windy Knob Paleochannels

As previously reported (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.

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 the copper-zinc-gold targets identified to date together with the new uranium and iron targets.

EMU LAKE (Emu earning 33⅓%)

Xstrata Nickel has commenced a ground EM survey to test new exploration targets identified at the Binti Gossan Zone. A re-interpretation of previous drilling results suggests that the channel facies of the ultramafic plunges to the north and not to the south as previously thought. This new interpretation means that while nickel sulphides intersected on the main contact remain open to the south, the overall trend of the sulphide shoots at depth may be to the north. The new interpretation points to a shallow target area which has not been drilled, up-plunge and to the south of the high grade nickel intersections identified to date.

The fixed loop ground EM survey will make use of the on-time capabilities of the Crone EM system, an approach not previously employed on the Emu Lake project, but which has proven successful in many other nickel camps in detecting highly conductive massive nickel sulphides. The EM survey will focus on the new shallow undrilled target area at the south end of the Binti Gossan Zone.

KAMBALDA WEST (Emu earning 30%)

Environmental permitting for drilling of nine strong VTEM anomalies identified on these joint venture tenements situated west of Kambalda has now been completed. VTEM is an airborne electromagnetic technique which can detect highly conductive bodies such as massive sulphides down to depths of 200m below surface. The VTEM anomalies are interpreted to occur in a favourable setting for Kambalda-style nickel sulphides in this unexplored, sand covered area near the Queen Victoria Rocks nickel sulphide occurrence. Clearing and

drilling of these attractive VTEM targets is scheduled to commence in September.

KOOLYANOBBING (Emu earning up to 100%)

A 6-hole RAB/RC drilling programme (253m of RAB and 253m of RC) tested three VTEM anomalies and a gold anomaly as foreshadowed in previous reports. The drilling targeting the VTEM conductors did not intersect significant nickel values however one hole encountered elevated metal values in a reduced saprolite horizon which is subject to further examination. One hole targeted below a previous aircore intersection of 0.4g/t Au over 4m did not intersect significant gold values.

BRONZITE (Emu earning up to 100%)

A 40-hole, 696m scout geochemical RAB drilling programme over geophysical and geochemical targets did not encounter any significant results.

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.