



QUARTERLY REPORT for the Quarter Ended 30 September 2009

Emu Nickel NL
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Issued Capital:

Shares:
55,369,877 fully paid shares - quoted
4,459,063 fully paid shares - unquoted
and escrowed until 27 February 2010
59,828,940 Total

Options:
10,000,000 exercisable at \$0.50 by
27 February 2013 - unquoted and
escrowed until 27 February 2010

Cash:
\$6.8 million

Directors:
Peter Thomas
Chairman

George Sakalidis
Managing Director

Roger Thomson
Executive Director

HIGHLIGHTS

EMU LAKE

- A 10-Hole diamond drilling programme completed with results of 7 holes received.
- Nickel sulphides intersected to the north, south and within the Binti Gossan Zone.
- A potential new nickel sulphide position 300m south of the Binti Gossan Zone (0.28m @ 5.35% Ni and 0.40% Cu from 292.79m) open at depth.
- A strong intersection (1.58m @ 3.70% Ni and 1.33% Cu from 320.56m) indicating continuity of mineralisation between the upper and central Binti Gossan Zone sulphide lenses.

WINDY KNOB

- A 5,125m first pass aircore drilling programme completed over several geochemical and geophysical targets near the Austin VMS discovery.
- An 80m-wide anomalous Cu-Zn zone with silica-magnetite alteration identified over a pronounced 1km-long magnetic target at Defiance.
- Anomalous zinc values intersected west of Austin and anomalous gold intersected north northeast of Austin.

KAMBALDA WEST

- Drill access to nine strong VTEM anomalies completed in preparation for drilling these nickel sulphide targets in November.

EMU LAKE (Emu earning 33⅓%)

Diamond drilling at the Emu Lake joint venture 70km northeast of Kalgoorlie (Emu Nickel earning 33⅓% and Xstrata Nickel earning 66⅔%) has intersected nickel sulphides to the north, south and within the Binti Gossan Zone, indicating that this mineralisation remains open to the north and identifying a potential new nickel sulphide position 300m to the south which is open at depth.

Significant intersections include:

ELD 023: 0.28m @ 5.35% Ni and 0.40% Cu from 292.79m

ELD 035: 0.22m @ 1.84% Ni and 0.74% Cu from 528.97m

ELD 036: 1.58m @ 3.70% Ni and 1.33% Cu from 320.56m

Ground EM surveys, diamond drilling and downhole EM surveys have been carried out at Emu Lake. The diamond drilling program comprised ten holes totalling 5,552m, with results from three holes yet to be received. A series of detailed fixed loop ground EM (FLEM) surveys were completed over and along strike from the Binti Gossan Zone, covering an aggregate strike length of about 6km. Three main target areas were identified by these surveys; the Binti Gossan Zone itself and conductors some 1km and 4km southeast along strike as shown in Figure 1. Xstrata Nickel is earning a 66⅔% interest in the venture by funding \$3.25million over a three year period to September 2010.

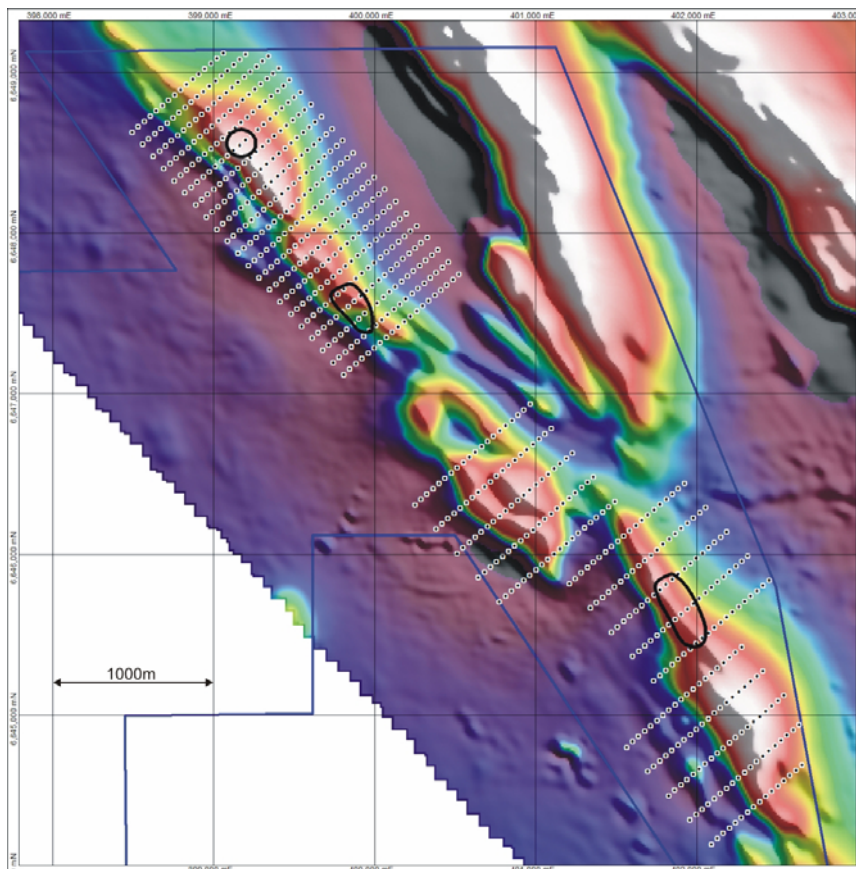


Figure 1
Main Fixed Loop EM Targets (black) on Aeromagnetic (TMI)

The diamond drilling targeted extensions to the Binti Gossan Zone and downhole EM anomalies within this zone, together with two holes at Zone C some 2.7km northwest of the Binti Gossan Zone. The drilling results are summarised in Table 1.

Table 1
Emu Lake Diamond Drilling Results

Hole Number	AMG_East	AMG_North	Azimuth	Dip	From (m)	To (m)	Interval (m)	Ni %	Cu %
ELD023	399843	6647980	267	-60	292.79	293.07	0.28	5.35	0.40
ELD033	397223	6649871	360	-75				NSA	NSA
ELD034	399703	6648219	229	-60				NSA	NSA
ELD035	399597	6648667	229	-60	528.97	529.19	0.22	1.84	0.74
					540.55	542.00	1.45	0.76	0.16
ELD036	399564	6648402	229	-60	320.56	322.14	1.58	3.70	1.33
Including					320.73	321.71	0.98	5.40	1.44
ELD039	399702	6647302	49	-60				NSA	NSA
ELD040	397179	6649842	360	-75				NSA	NSA
ELD041A	399797	6648307	226	-62				Pending	Pending
ELD042A	400097	6647704	229	-55				Pending	Pending
ELD044	401998	6645780	229	-60				Pending	Pending

NSA- no significant assays . Pt and Pd assays pending. ELD043 will not be completed during this drilling program.

A location plan and a longitudinal section showing the location of the drilling are shown in Figures 2 and 3 respectively. The nickel sulphide intersections in drill holes ELD 023, ELD 035 and ELD 036 are of particular significance. **ELD 023 (0.28m @ 5.35% Ni from 292.79m) is located about 300m south of the Binti Gossan Zone sulphides and represents a potential new mineralised position below which there is no existing drilling.** ELD 035 (0.22m @ 1.84% Ni from 528.97m and 1.45m @ 0.76 Ni from 540.55m) indicates that the Binti Gossan Zone sulphides remain open to the north at depth. ELD 036 (1.58m @ 3.70% Ni and 1.33% Cu from 320.56m) indicates continuity of mineralisation between the upper and central lobes of the sulphide zones outlined to date. The two drill holes targeting an historic EM anomaly at Area C did not intersect significant mineralisation.

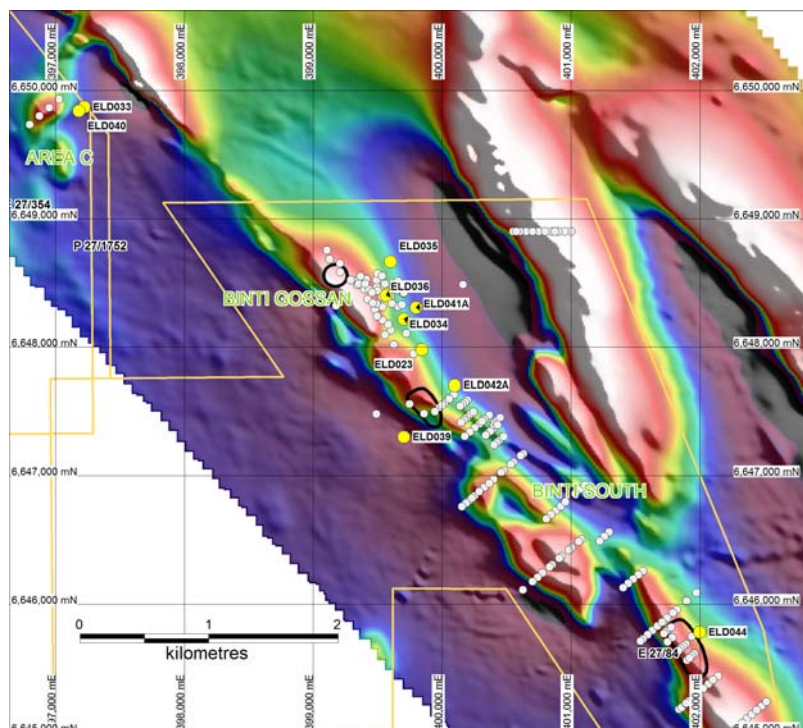


Figure 2
Drill Hole Locations and FLEM anomalies (black) on Aeromagnetics (TMI)

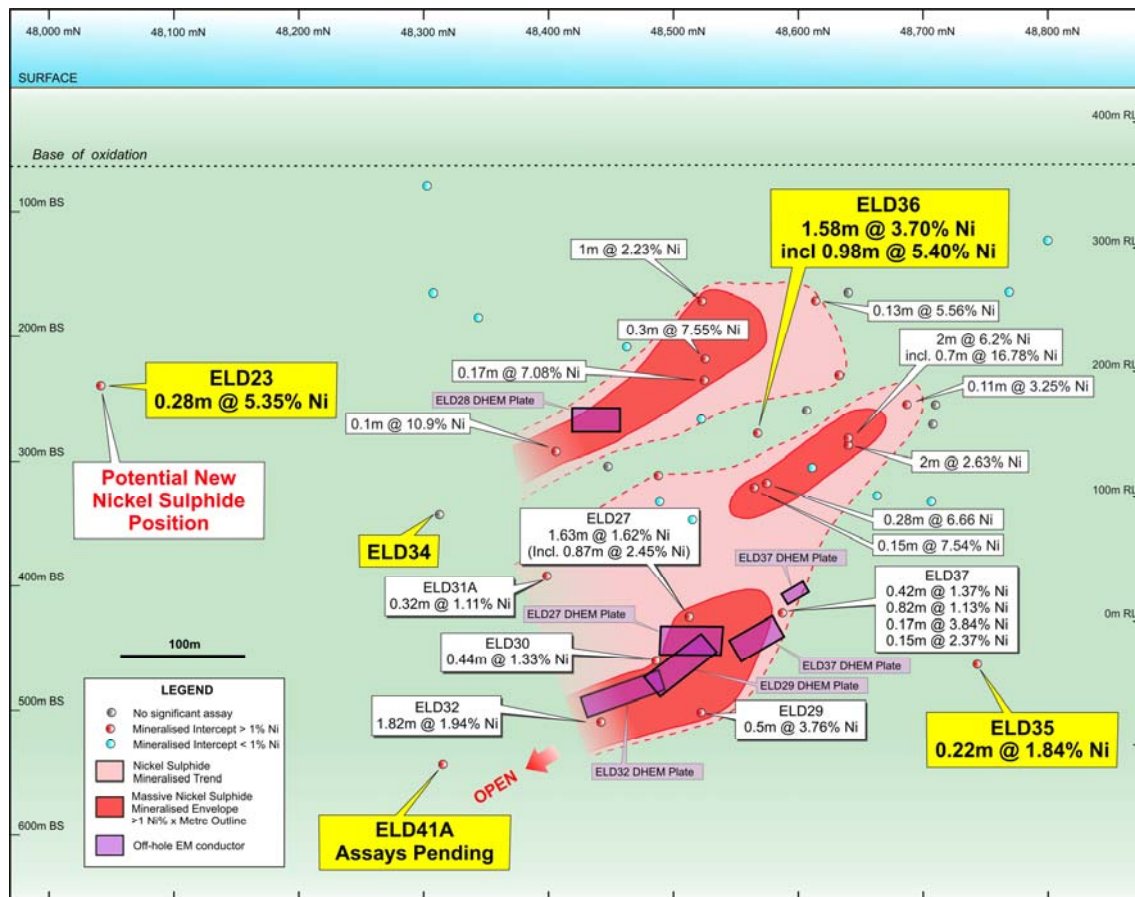


Figure 3
Binti Gossan Zone Longitudinal Section

Emu Nickel is most encouraged by these nickel sulphide intersections which indicate that the Binti Gossan Zone remains open to the north and which identified a possible new sulphide position to the south opening up new drilling targets. Assays for drill hole ELD 041A are pending and a further two drill holes (ELD 042 and ELD 044) targeted on EM anomalies further south of the Binti Gossan Zone are currently being logged and sampled.

WINDY KNOB (Emu earning 51%)

During the quarter Emu Nickel has completed a first pass aircore drilling programme at the Windy Knob Joint Venture (ASX: WKR) situated 55km south of Meekatharra in the Murchison region of WA. The drilling programme comprised 84 holes totalling 5,125m aimed at testing several geological, geochemical and geophysical targets near the recent Austin volcanogenic massive sulphide (VMS) discovery where significant copper-zinc-gold drill intersections have been reported.

One of Emu's main target areas, termed Defiance, is situated 2km northeast of Silver Swan Group's Austin discovery and comprises a series of distinct aeromagnetic anomalies covering a zone 1km in length where a historical drill hole was reported to intersect anomalous zinc values (drill hole QAC21; 30m @ 0.25% Zn from 36m). Three drill traverses were completed at Defiance, as shown in Figure 4. Six drill holes on the central traverse intersected **anomalous copper or zinc values over a significant width of 80m**, as shown in Figure 5. Drill hole WKAC04 terminated in a banded silica-magnetite rock containing anomalous copper (0.13%), zinc (897ppm) and gold (17ppb), coinciding with the top of a magnetic target defined from aeromagnetic data. Drill hole WKAC76 returned a best intercept of 4m at 0.31% Cu from 80m.

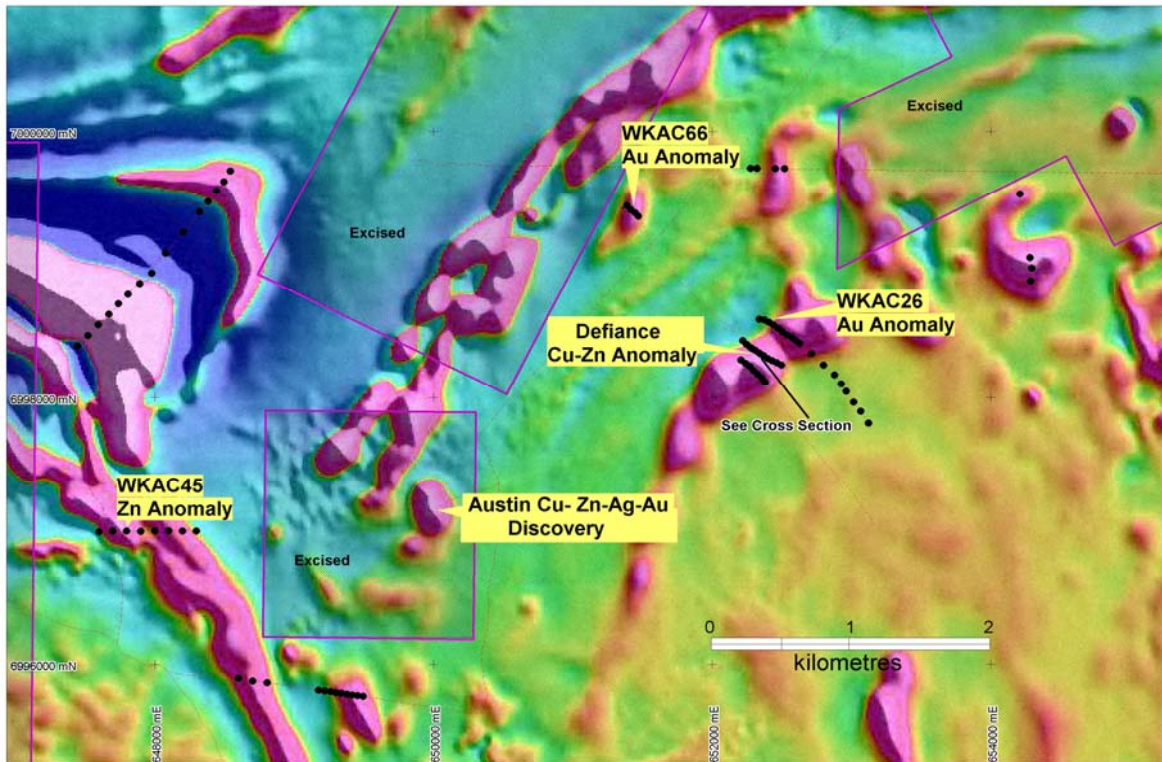


Figure 4
Windy Knob JV Aeromagnetic Image and Drill Hole Locations

On the northern of the three Defiance drill traverses about 230m northeast of the central traverse, drill hole WKA 26 intersected 1m at 2.35g/t gold from 72m, and adjacent hole WKA25 (40m southeast) intersected 3m at 56ppb gold from 72m, indicating a gold anomalous zone in this area.

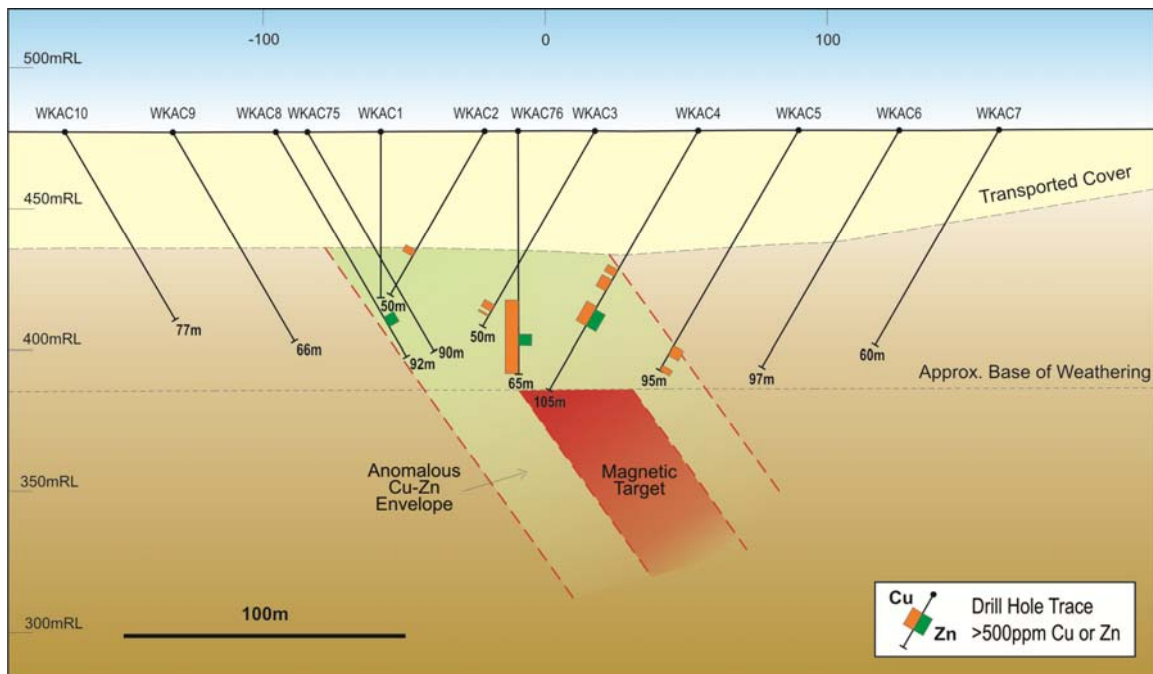


Figure 5
Defiance Drill Cross Section

To the west of Austin, drill hole WKAC45 intersected a silica-magnetite horizon with anomalous zinc (4m at 538ppm from 24m). To the northwest of Defiance, drill hole WKAC66 intersected anomalous gold in silica-magnetite horizon (5m at 51ppb from 52m).

The broad anomalous copper-zinc zone at Defiance, the anomalous gold at Defiance and the other anomalous zones associated with silica-magnetite alteration are considered to be most encouraging indicators of VMS mineralisation in the joint venture area surrounding the Austin VMS discovery. In particular the large magnetic target shown in Figure 2 remains as a substantial VMS target

Under the terms of a joint venture with Windy Knob Resources (ASX: WKR), Emu may earn a 51% interest in a 273sq km package of tenements by sole funding exploration over a three year period. Emu has commenced a detailed ground magnetic survey over the base metal and gold-anomalous areas and is planning ground EM or gravity surveys at Defiance in preparation for deeper drilling of the copper, zinc and gold-anomalous magnetic targets.

KAMBALDA WEST (Emu earning 30%)

Clearing of drill access to nine strong VTEM anomalies has been completed following completion of environmental permitting. These high priority VTEM targets coincide with magnetic anomalies believed to be related to the ultramafic rocks concealed by sand cover. The prospectivity of this area for Kambalda-style nickel sulphides is enhanced by the nearby Queen Victoria Rocks nickel sulphide prospect to the east. A 100-hole RAB drilling programme is scheduled to start in November.

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.