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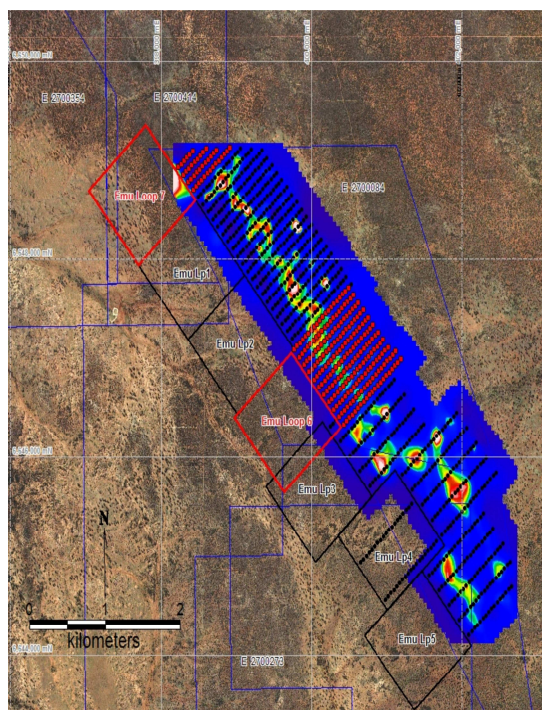
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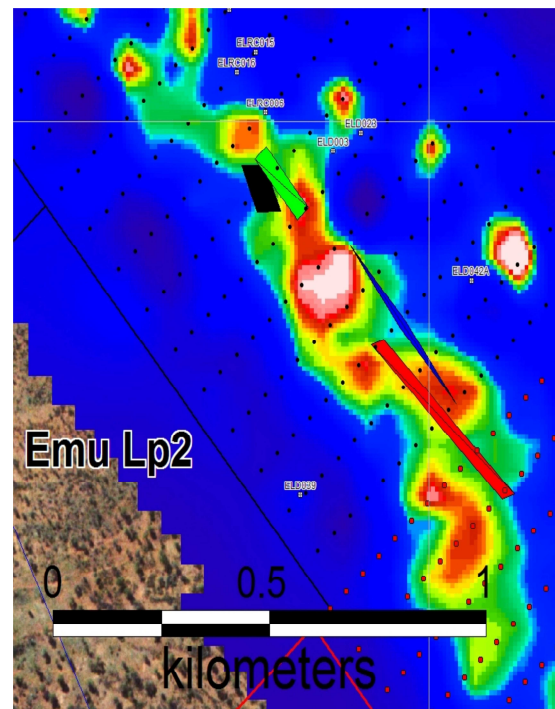
DRILLING TARGETS AT EMU LAKE

HIGHLIGHTS

- A 2km-long zone of elevated conductance identified by fixed loop ground EM, the northern part coincides with known nickel sulphides at Binti Gossan, the southern part at Binti South remains largely unexplored.
- Down-hole EM modelling at Binti South has identified several conductors including one strong conductor some 400m in length associated with a nickel sulphide drill intersection.
- An initial three-hole diamond drilling programme has been proposed in order to test these very attractive targets.



**Figure 1
Binti Gossan and Binti South
Fixed Loop EM Conductance**



**Figure 2
Binti South EM Conductance and
Modelled Conductors**

Additional fixed loop electromagnetic (FLEM) surveys have been completed to infill gaps in the previously reported survey (EMU ASX release 28 May 2010). Whilst no new conductors were identified by the latest phase, processing of the FLEM survey

data has confirmed a 2km-long zone of elevated conductance, as shown in Figure 1 (with the recent survey area shown by the red dots). The northern 1km of this zone coincides with the known nickel sulphide mineralisation at Binti Gossan. The southern 1km of elevated conductance is largely unexplored and contains drill holes ELD023 and ELD042A both of which intersected nickel sulphides. Modelling of this zone has identified a discrete conductor plate (also interpreted from an off-hole response in drill hole ELD039), shown in blue in Figure 2, which has been recommended for drilling.

Further interpretation and modelling of down-hole electromagnetic (DHEM) data has confirmed a large strong in-hole anomaly modelled to have a strike length of 400m and a 100m dip extent shown in red in Figure 2. This conductor corresponds to a nickel sulphide intersection in drill hole ELD042A (1.57m @ 1.14%Ni from 393.43m including 0.45m @ 2.67%Ni), suggesting this drill hole intersected the edge of a much larger sulphide body. A second conductor, interpreted to be a smaller body corresponds to a second nickel sulphide intersection in the same drill hole (0.21m @ 6.32%Ni from 282.28m). A drill hole has been recommended to test the larger of the two conductors.

To the north, modelling of DHEM data from drill hole ELD023 has identified three anomalies interpreted to be high-conductance plates varying in strike length from 100m to 150m in strike length and from 30m to 70m in dip extent. Two of these conductors are shown in green and black in Figure 2. A single drill hole has been recommended to test these conductors.

It is proposed to test each of these three attractive targets with a diamond drill hole to at least 400m depth. The plan position and 3D view (looking north) of the three proposed drill holes is shown in Figures 3 and 4 respectively. Emu Nickel ranks these targets highly and plans to commence drilling as soon as possible after Emu Lake Joint Venture approval has been finalised and a suitable rig sourced.

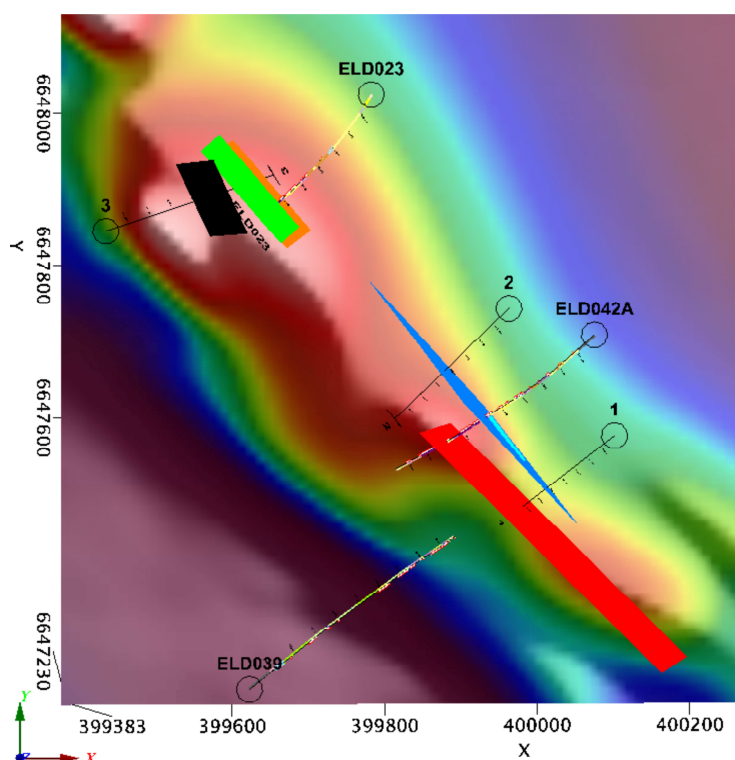


Figure 3
Plan View of Modelled Conductor Plates and Proposed Drill Holes

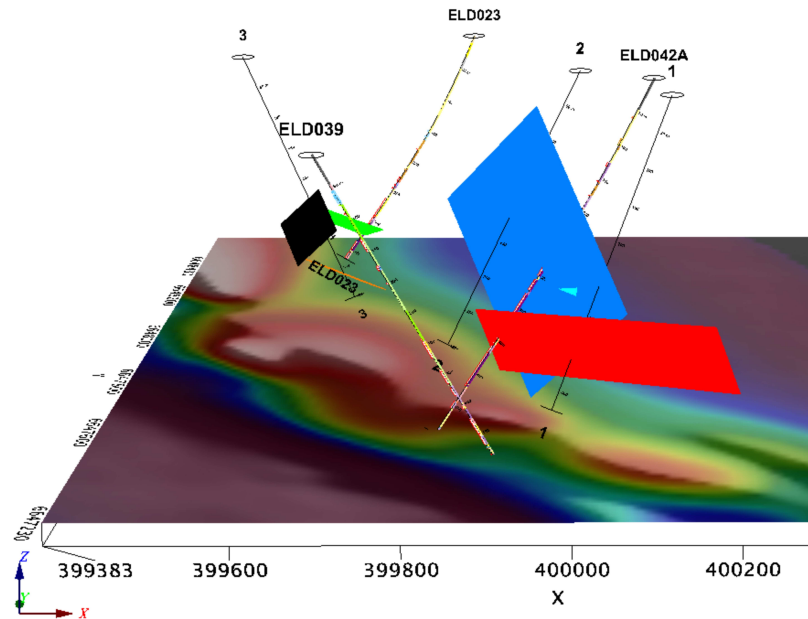


Figure 4
**3D View (Looking North) of Modelled Conductor Plates and
 Proposed Drill Holes**

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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, who is a Member of the Australian Institute of Geoscientists. 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.