



EMU NL

ACN 127 291 927

NOTICE OF GENERAL MEETING

AND

EXPLANATORY STATEMENT

AND

PROXY FORM

Date of Meeting

25 March 2019

Time of Meeting

5:00 pm

Place of Meeting

10 Walker Avenue
WEST PERTH WA 6005

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

EMU NL

ACN 127 291 927

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting (**Meeting**) of Emu NL (**Emu** or **Company**) will be held at 10 Walker Avenue, West Perth, Western Australia on 25 March 2019 at 5:00 pm (AWST).

The Explanatory Statement to this Notice provides information on matters to be considered at the meeting. The Explanatory Statement and the Proxy Form are part of this Notice.

Capitalised terms and abbreviations used in this Notice and Explanatory Statement will, unless the context requires, have the same meaning as given to them in the Glossary.

AGENDA

To consider and, if thought fit, to pass, with or without amendment, the following as **ordinary resolutions**:

RESOLUTION 1 – RATIFICATION OF ISSUE OF SHARES 17 DECEMBER 2018

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue (on the terms and conditions set out in the Explanatory Statement) of 7,500,000 Shares.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who participated in the issue. However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 2 – RATIFICATION OF ISSUE OF SHARES TO ACUITY CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue (on the terms and conditions set out in the Explanatory Statement) of 3,400,000 fully paid ordinary Shares to Acuity Capital pursuant to a Controlled Placement Agreement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who participated in the issue. However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 3 – APPROVAL TO ISSUE SHARES

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 20,000,000 Shares at a minimum issue price which is the higher of \$0.04 or 80% of the volume weighted average market price of the Shares on ASX over a specified 5 day period specified in and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 4 – APPROVAL TO GRANT OF OPTIONS TO MR PETER THOMAS

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, members hereby approve the issue to Mr Peter Thomas, or his nominees, of 2,000,000 Options to acquire partly-paid Shares, upon payment of 3 cents per partly paid share, expiring on 28 February 2020 and otherwise on the terms and conditions

EMU NL

ACN 127 291 927

NOTICE OF GENERAL MEETING

outlined in the Explanatory Statement (including Annexure A) and further resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act."

Voting exclusion: The Company will, in accordance with the ASX Listing Rules, disregard any votes cast on Resolution 4 by Mr Thomas and any Associate of Mr Thomas. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 – APPROVAL TO GRANT OF OPTIONS TO MR GAVIN RUTHERFORD

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purpose of Listing Rule 10.11 of the Listing Rules, and for all other purposes, members hereby approve the issue to Mr Gavin Rutherford, or his nominees of 2,000,000 Options to acquire partly-paid Shares, upon payment of 3 cents per partly paid share, expiring on 28 February 2020 and otherwise on the terms and conditions outlined in the Explanatory Statement (including Annexure A) and further resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act."

Voting Exclusion: The Company will, in accordance with the ASX Listing Rules, disregard any votes cast on Resolution 5 by Mr Gavin Rutherford Thomas and any Associate of Mr Gavin Rutherford. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6 – APPROVAL TO GRANT OF OPTIONS TO MR TERRY STREETER

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purpose of Listing Rule 10.11 of the Listing Rules, and for all other purposes, members hereby approve the issue to Mr Terry Streeter, or his nominees, of 2,000,000 Options to acquire partly-paid Shares, upon payment of 3 cents per partly paid share, expiring on 28 February 2020 and otherwise on the terms and conditions outlined in the Explanatory Statement (including Annexure A) and further resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act."

Voting Exclusion: The Company will, in accordance with the ASX Listing Rules, disregard any votes cast on Resolution 6 by Mr Streeter and any Associate of Mr Streeter. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 7 – APPROVAL TO GRANT OF OPTIONS TO MANAGEMENT EMPLOYEES

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue (on the terms and conditions set out in the Explanatory Statement) of 2,000,000 Options (exercisable at \$0.10 each; expiring 15 January 2021) to management employees of the Company on the terms and conditions outlined in the Explanatory Statement and in Annexure B."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who participated in the issue. However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

EMU NL

ACN 127 291 927

NOTICE OF GENERAL MEETING

RESOLUTION 8 – APPROVAL OF ISSUE OF OPTIONS TO APPLICANTS IN DEC 2018 PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue (on the terms and conditions outlined in the Explanatory Statement) of 27,500,000 Options to acquire Shares (exercisable at \$0.20 each, expiring 15 January 2021) to issuees who participated in the placement of New Shares on 17 December 2018 on the terms and conditions outlined in the Explanatory Statement, in Annexure C.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who participated in the issue of underlying Shares. However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 9 – APPROVAL OF ISSUE OF OPTIONS TO BROKER

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue (on the terms and conditions outlined in the Explanatory Statement) of up to 7,500,000 Options to acquire Shares (exercisable at \$0.20 each, expiring 15 January 2021) on the terms and conditions outlined in the Explanatory Statement and in Annexure C.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the issue of options, the subject of this resolution. However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 10 – APPROVAL OF ISSUE OF OPTIONS TO ISSUEES IN NOVEMBER 2018 SHARE PURCHASE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue (on the terms and conditions outlined in the Explanatory Statement) of 9,355,000 Options to acquire Shares (exercisable at \$0.20 each, expiring 15 January 2021) to issuees who participated in the Share Purchase Plan in November 2018 on the terms and conditions outlined in the Explanatory Statement and in Annexure C.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who participated in the issue of underlying Shares. However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

EMU NL

ACN 127 291 927

NOTICE OF GENERAL MEETING

RESOLUTION 11 – APPROVAL TO ISSUE SHARES TO WALLIS DRILLING PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 6,000,000 Shares to Wallis Drilling Pty Ltd at an issue price being no less than 80% of the prevailing volume weighted average market price (further explained in the Explanatory Statement) and otherwise on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Wallis Drilling Pty Ltd (and any associates of such a person) who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a **proxy**) to vote in their place. All Shareholders are encouraged to attend the Meeting or, if they are unable to attend in person, to sign and return the Proxy Form to the Company in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please date and execute the accompanying Proxy Form and return it in accordance with its instructions prior to 5:00pm (AWST) on 23 March 2019 by:

1. post to Security Transfer Australia Pty Ltd, PO Box A2020, South Sydney, New South Wales 1235;
2. facsimile to Security Transfer Australia Pty Limited at (08) 9315 2233 (International: +61 8 9315 2233);
3. email at registrar@securitytransfer.com.au; or
4. online at www.securitytransfer.com.au.

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 5:00 pm (AWST) on 23 March 2019 will be entitled to attend and vote at the General Meeting.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company, before the Meeting.

EMU NL

ACN 127 291 927

NOTICE OF GENERAL MEETING

ELECTRONIC COMMUNICATION

All Shareholders may elect to receive communications from the Company's share registry electronically. To provide or update your email address, please contact the Company's share registry.

REVOCATION OF PROXIES

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chair of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

VOTING OF PROXIES

The Proxy Form accompanying this Notice confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice and any other matters that may properly come before the Meeting. At the time of printing this Notice, management knows of no such amendment, variation or other matter.

Shareholders must mark the boxes directing its proxy how to vote. If no voting instructions are indicated on the appointment of Proxy Form, the proxy will be voted as recommended by management or as the proxyholder sees fit (in the latter case, if management is not appointed as proxy).

By order of the Board.

Damien Kelly
Company Secretary
Date: 21 February 2019

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

This Explanatory Statement accompanies and comprises part of the notice (**Notice**) convening the General Meeting (**Meeting**) of Shareholders of Emu NL to be held 25 March 2019.

Capitalised terms in this Explanatory Statement are defined in the **Glossary**.

RESOLUTION 1 – RATIFICATION OF ISSUE OF SHARES 17 DECEMBER 2018**1.1 General**

On 18 December 2018, the Company announced that it had completed a placement of \$1,034,000 after costs with the proceeds being applied to progressing exploration at the Company's Chile gold projects.

27,500,000 fully paid ordinary Shares were issued to sophisticated and professional investors, with the placement being made at \$0.04 per Share together with a free Option (to acquire a listed fully paid ordinary Share, exercisable at \$0.20 each, on or before 15 January 2021) for every one (1) Share subscribed for. Of this placement, 20,000,000 Shares were issued out of the Company's capacity to issue Shares as approved at the Annual General Meeting held on 30 November 2018 and 7,500,000 Shares were issued out of its 10% placement capacity pursuant to ASX Listing Rule 7.1A.

The latter Shares, i.e. 7,500,000 of the 27,500,000 said placed shares are the subject of this Resolution.

This Resolution seeks Shareholder ratification pursuant to Listing Rule 7.4 for the placement of those Shares.

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1 or the 10% threshold set by Listing Rule 7.1A (as the case may be). The purpose and effect of such a ratification is to restore the Company's discretionary power to issue further shares up to 15% of the issued capital of the Company under Listing Rule 7.1 and up to a further 10% of the issued capital of the Company under Listing Rule 7.1A (as the case may be) without requiring Shareholder approval.

1.2 Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.5:

- (a) 7,500,000 Shares were allotted and issued by the Company;
- (b) the issue price was \$0.04 per Share;
- (c) the Shares were fully paid ordinary Shares which rank equally with all other fully paid ordinary Shares on issue;
- (d) the Shares were issued as a private placement to numerous sophisticated and professional investors who are not related parties of the Company; and
- (e) the funds raised have been or will be applied towards furthering the exploration and pursuit of Emu's Chilean gold projects, evaluation of potential new projects for the Company, corporate expenses and general working capital.

1.3 Directors Recommendation

The Directors of the Company believe that this Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of the Resolution.

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

RESOLUTION 2 – RATIFICATION OF ISSUE OF SHARES TO ACUITY CAPITAL**2.1 General**

In July 2017, the Company entered into a Controlled Placement Agreement (**CPA**) with Acuity Capital Investment Management Pty Ltd (**Acuity**) under which the Company might (if, when and at a price or prices in one or more tranches) at its sole discretion raise up to \$2 million. There is no requirement for the Company to utilise the CPA, which it may terminate at any time, without cost or penalty. The CPA does not contractually restrict EMU's ability to otherwise raise capital. Each time the Company elects (if at all) to utilise the CPA, it will set a floor price which floor price will be determined by the Company in its sole discretion. The final issue price will be the greater of the floor price and a discount of 10% to the volume weighted average on market sale price realised by Acuity over a period nominated by the Company.

On 15 December 2017, the Company issued 4,000,000 fully paid ordinary Shares (**Collateral Shares**) at nil issue price to Acuity Capital. This issue was subsequently ratified at a General Meeting of Shareholders held on 24 August 2018.

On 21 February 2019, the original CPA was amended to document the issue of an additional 3,400,000 fully paid ordinary Shares as collateral for the updated CPA.

The Company may, at any time, cancel the CPA and buy back, or at its option, cancel the Collateral Shares for no consideration (subject to shareholder approval) or require the Collateral Shares to be transferred to a third party without any consideration being due or payable to Acuity Capital.

The Company issued the securities without prior Shareholder approval out of its 15% placement capacity pursuant to Listing Rule 7.1.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the above securities issue.

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1 or the 10% threshold set by Listing Rule 7.1A (as the case may be). The purpose and effect of such a ratification is to restore the Company's discretionary power to issue further shares up to 15% of the issued capital of the Company under Listing Rule 7.1 and up to a further 10% of the issued capital of the Company under Listing Rule 7.1A (as the case may be) without requiring Shareholder approval.

2.2 Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.5:

- (a) 3,400,000 fully paid ordinary Shares were allotted and issued by the Company;
- (b) the Collateral Shares were issued for no cash consideration but rather pursuant to the CPA;
- (c) the Collateral Shares were fully paid ordinary shares which rank equally with all other fully paid ordinary shares on issue;
- (d) the Collateral Shares were issued as a private placement to Acuity which is not a related party of the Company; and
- (e) no funds were raised from the issue.

2.3 Directors Recommendation

The Directors of the Company believe that this Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of the Resolution.

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

RESOLUTION 3 – APPROVAL TO ISSUE SHARES**3.1 General**

Emu continues to search for new mineral exploration, development and mining opportunities within Australia and at various overseas jurisdictions. The purpose of this resolution is to provide the Company with flexibility to raise funds in order to enable the Company take advantage of opportunities as they arise (such as new projects), to further its exploration projects, and to pay for corporate expenses.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that number which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (adjusted for certain events over that 12 month period).

The effect of Resolution 3 will be to authorise the Directors to issue a limited number of Shares (subject to the specified pricing constraint being met and within 3 months of the Meeting or such later date as approved by ASX) without using the Company's 15% placement capacity under Listing Rule 7.1 or its 10% Placement Capacity under Listing Rule 7.1A. The Company will not be obligated to utilise this authority.

3.2 Information required by ASX Listing Rule 7.3

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.3. If the authority is utilised:

- (a) the Company will issue up to 20,000,000 Shares;
- (b) the Company will issue shares (and the issue date will be) within 3 months of the date of the Meeting or such later date as may be approved by ASX;
- (c) the *minimum* issue price per share will be the higher of \$0.04 or 80% of the volume weighted average market price of the Shares on ASX over the last 5 days on which sales in the Shares were recorded before:
 - (i) the date on which the issue is made; or
 - (ii) if there is a prospectus relating to the issue, the date of the prospectus; or
 - (iii) the date on which the price at which the Shares are to be issued is agreed, provided that the Shares are issued within 5 Trading Days of that date;(the actual issue price, if any, may be higher – and the Directors will endeavour to procure this);
- (d) the Shares will be fully paid ordinary Shares and rank equally with all other Shares on issue;
- (e) subject to the Corporations Act and ASX Listing Rules, the Shares will be issued at the discretion of the Directors to persons who have not been identified as at the date of this Notice but who will not be related parties of the Company;
- (f) the funds raised are intended to be applied towards further exploration work on Emu's exploration projects, to pay for corporate expenses, and possibly to take advantage of new opportunities as they arise (such as new projects); and
- (g) at the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue. Therefore, no existing Shareholder's votes will be excluded under the voting exclusion in the Notice.

3.3 Directors Recommendation

The Directors of the Company believe that this Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of the Resolution.

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

RESOLUTIONS 4, 5 AND 6 – RATIFICATION OF GRANT OF OPTIONS TO DIRECTORS

4.1 General

The Company has entered into a Deed Poll with each director whereby, subject to Shareholder approval and otherwise upon the terms set out in Annexure A to this Explanatory Statement, the Company has agreed to issue to each of the directors of the Company (or their nominees) 2,000,000 Options to acquire partly-paid Shares (**Contributing Shares** – which shall rank pari passu with the series of listed partly paid shares ASX code EMUCA). Upon exercise, 3 cents per Contributing Share is payable which will be applied to paying the Contributing Share to 3 cents with 3 cents to be paid as called. expiring on 28 February 2020.

In the event that the issue of the Options to a Director is not approved by Shareholders, the Company is obliged, by the Deed Poll, to pay the affected Director the sum of \$1,000.

Whilst the Directors are entitled, under the Constitution, to be paid for special exertion, in practice only very rarely has a claim for special exertion been paid. The Directors consider that the grant of the Options will be a cost effective and efficient means for the Company to provide an incentive and motivate the contribution of special exertion without routine claims to be paid in cash for the same.

\$180,000 will be raised by the Company upon and in the event all the Options are exercised and a further \$180,000 if all the Contributing Shares issued upon exercise are paid up in full.

4.2 Chapter 2E of the Corporations Act – related party transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

Each of Resolutions 4, 5 and 6 provides for the grant of Options to related parties which is a financial benefit requiring Shareholder approval unless an exemption from the requirement for such approval applies. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed Resolutions would permit the financial benefit to be given

Subject to Shareholder approval, the Options the subject of Resolutions 4, 5 and 6 will be granted to Messrs Thomas, Rutherford and Streeter (or their nominees), within one month of the passing of the Resolutions. Messrs Thomas, Rutherford and Streeter are Directors of the Company and are therefore classified as related parties.

The nature of, reasons for and basis for the financial benefit

The proposed financial benefits are the grant of 2,000,000 Options to Mr Thomas, 2,000,000 Options to Mr Rutherford and 2,000,000 Options to Mr Streeter or their nominees, for no issue price. Each Option will allow Messrs Thomas, Rutherford and Streeter to subscribe for one Contributing Share in the Company. The Options will have an exercise price of \$0.03 per share and will expire on 28 February 2020.

The Options will form part of Messrs Thomas', Rutherford's and Streeter's remuneration for service as directors of the Company and constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.

Options are considered to be an appropriate incentive given the Company's current size and stage of development, being an exploration company with limited cash reserves. If Messrs Thomas, Rutherford and Streeter are to derive any intrinsic value from the exercise of the Options, the market Share price must be in excess of 6 cents per shares, being the sum of the amount payable upon exercise (\$0.03 each) and the then remaining unpaid amount of \$0.03 each. The Options represent an incentive to Messrs Thomas, Rutherford and Streeter to get the Share price up, not just to the level of the exercise price but well above that price in order that the Options will be deep in the money so that they can realise a significant gain from the disposal of their interests in the Options, thus aligning their personal interests with those of other Shareholders.

EMU NL

ACN 127 291 927

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

Directors' recommendation

All Directors, except Mr Thomas, recommend Shareholders vote in favour of Resolution 4. Mr Thomas does not make a recommendation about Resolution 4 as he will receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

All Directors, except Mr Rutherford, recommend Shareholders vote in favour of Resolution 5. Mr Rutherford does not make a recommendation about Resolution 5 as he will receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

All directors, except Mr Streeter, recommend Shareholders vote in favour of Resolution 6. Mr Streeter does not make a recommendation about Resolution 6 as he will receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers

- (a) Resolutions 4, 5 and 6, if passed, will have the effect of giving power to the Directors to grant 2,000,000 Options respectively to Messrs Thomas, Rutherford. and Streeter, or their respective nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Statement and as otherwise mentioned above.
- (c) The Directors have obtained an independent valuation of the Options from Provisio Corporate, a firm which specialises in corporate risk management and share security valuation services.
- (d) The total (indicative) value of the Options is outlined in Table 1. If Options granted to Messrs Thomas, Rutherford and Streeter, or their nominees, are exercised, the effect would be to dilute the Shareholdings of the other Shareholders.

Table 1 - Details of Director Options

Name Relationship	Number of options	Exercise price Per Option	Expiry date	Vesting	Value as determined by Independent Valuation See (i) below
Peter Thomas Director	2,000,000	\$0.03	28 February 2020	At date of issue	\$8,000
Gavin Rutherford Director	2,000,000	\$0.03	28 February 2020	At date of issue	\$8,000
Terry Streeter Director	2,000,000	\$0.03	28 February 2020	At date of issue	\$8,000

EMU NL

ACN 127 291 927

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

(i) Option Valuation Inputs

The following extract from Provisio Corporate's report details the valuation methodology adopted:

"Share price: We used the underlying share price in the valuation including the last trading closing share price at the date of valuation. We would further note that the trading volume is limited and that the 52 week price range and fluctuation is substantial.

EMU Share Price



Volatility: The volatility to use to correctly value the Options is critical to the value assigned. In our valuation we used a range of implied volatilities derived from the historical share price, market volatilities and implied volatilities derived from listed options in comparable companies listed on the ASX. Based on the historical share price movements (shown in graph above) the historical derived volatilities were far higher than the ASX average market volatilities. Notwithstanding, given that the Options are not liquid and the fact that they have other attendant conditions (described in Terms & Conditions section above) the implied volatility used in the modelling and fair price determination was adjusted towards market benchmarks.

Time to expiry: The Options have an expiry slightly in excess of one year.

Risk free rate: Though with interest rates trading near historical lows, it is arguable that the government bond rate is the correct rate to use, it is nonetheless the required input. For the one year option, a risk free rate assumption of 1.5% was used, assuming the RBA keeps its stated intention to maintain the cash rate at, or near, its current level for the next 12 months.

Dividend yield: We have assumed that it is highly unlikely that the company will pay a dividend during the life of the Options.

Calculation

Provisio used binomial algorithms (open form models), which is the form recommended under IFRS guidelines, to value the Directors Options.

Valuation

Based on the above methodology, we place a valuation range for the Options for Directors between \$0.003 and \$0.008 per Option granted, with a fair and reasonable valuation being \$0.004 per Option."

- (e) Applying the valuation methodology prescribed by the employee share scheme provisions of the Income Tax Assessment Act, the Options have no value. The Company believes that the employee share scheme provisions of the ITAA will be applicable to the Options.

EMU NL

ACN 127 291 927

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

- (f) As at the date of this Notice, the issued capital of the Company comprised 127,854,728 Shares and 33,668,824 Contributing Shares. If all Options granted as proposed above are exercised, and assuming no other equity issues, the effect will be to dilute the Shareholding of existing Contributing Shareholders as per the table below:

Current Contributing Shares on issue	33,668,824
Options to be granted	6,000,000
Expanded Contributing Shares	39,668,824
Dilutionary effect	17.82%

- (g) The current relevant interest of each Director in securities of the Company is:

Director	Shares	Contributing Shares	Options
Mr Thomas	7,782,967	9,420,651	Nil
Mr Rutherford	2,486,365	1,884,281	Nil
Mr Streeter	Nil	Nil	Nil

- (h) Whilst the fully paid ordinary Shares of the Company are traded on ASX, there is no agreement to list the Options on ASX.
- (i) The Options can be converted to Contributing Shares by payment of three cents each. The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. It is probable that the Options will only be exercised if the price at which Contributing Shares are trading exceeds three cents. The most recent share transaction for Contributing Shares in the Company was \$0.015.
- (j) Mr Thomas currently receives annual director fees of \$44,000, plus statutory superannuation entitlements. Mr Rutherford currently receives annual director fees of \$32,877, plus statutory superannuation entitlements and Mr Streeter receives annual director fees of \$36,000 with no statutory superannuation entitlements.
- (k) The Options will be issued as remuneration for the provision of the Directors' services as Directors.
- (l) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider, from an economic and commercial point of view, there are any costs or detriments, including taxation consequences for the Company or benefits foregone by the Company, in granting the Options to Messrs Thomas, Rutherford and Streeter or their nominees pursuant to Resolutions 4, 5 and 6 EXCEPT FOR the cost of foregoing the opportunity to issue the Options for cash and the downstream potential to dilute the capital structure of the Company.
- (m) Save as set out herein, neither the Company nor any of the Directors is aware of any other information that would be reasonably required by Shareholders for them to make a decision in relation to the financial benefits contemplated by this Resolutions 4, 5 and 6.

4.3 Information required by Listing Rule 10.13

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) the Options will be issued to Messrs Thomas, Rutherford and Streeter (or their nominees).
- (b) the maximum number of Options to be issued is 6,000,000 (2,000,000 Options to Mr Thomas, 2,000,000 Options to Mr Rutherford and 2,000,000 Options to Mr Streeter).
- (c) the Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).

EMU NL

ACN 127 291 927

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

- (d) the Options are to acquire Contributing Shares with \$0.03 each being payable upon exercise and they expire on 28 February 2020 and otherwise on the terms and conditions outlined in Annexure A.
- (e) a voting exclusion statement is included in the Notice.
- (f) no funds will be raised from the issue of the Options.

RESOLUTION 7 – APPROVAL TO GRANT OF OPTIONS TO MANAGEMENT EMPLOYEES

7.1 General

The Company seeks approval to issue Options to the Company's management at the discretion of the Board to incentivise and remunerate them for services to be provided to the Company.

7.2 Information required by ASX Listing Rule 7.3

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.3:

- (a) the Company will issue 2,000,000 Options;
- (b) the Company will issue the Options (and the issue date will be) within 3 months of the date of the Meeting or such later date as may be approved by ASX;
- (c) each Option will be issued for nil cash consideration;
- (d) the securities are Options, exercisable at \$0.10 each, expire at 5:00 pm AWST on 15 January 2021 (or one month after the holder (or the nominator of the nominee holder) ceases employment with the Company, whichever is earlier), subject to various vesting conditions, transferable with leave of the Board and otherwise subject to the terms set out in Annexure B. The vesting conditions are as follows:
 - (i) 500,000 have no vesting conditions; and
 - (ii) 1,500,000 are exercisable only if the 5 day volume weighted average price of Emu's shares (**Emu's 5 day VWAP**) reaches \$0.20 (after the date on which options are issued);
- (e) the Options will be issued to the Company's management at the discretion of the Board; and
- (f) no funds will be raised from the issue of the Options.

7.3 Directors Recommendation

The Directors of the Company believe that this Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of the Resolution.

RESOLUTIONS 8 – APPROVAL TO ISSUE OPTIONS TO APPLICANTS IN DEC 2018 PLACEMENT

8.1 General

As detailed above, the Company announced a capital raising of \$1,034,000 after costs through the placement (**Placement**) of 27,500,000 Shares at an issue price of \$0.04 per share together with a free Option (to acquire a listed fully paid ordinary Share, exercisable at \$0.20 each, on or before 15 January 2021) for every one (1) Share subscribed for by sophisticated and professional investors under section 708 of the Corporations Act. The issue of the free Option was subject to Emu receiving shareholder approval, or earlier if otherwise permitted under ASX listing rules.

Resolution 8 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of these Options.

EMU NL

ACN 127 291 927

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that number which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (adjusted for certain events over that 12 month period).

The effect of Resolution 8 will be to authorise the Directors to issue the Options without using the Company's 15% placement capacity under Listing Rule 7.1 or its 10% Placement Capacity under Listing Rule 7.1A.

8.2 Information required by ASX Listing Rule 7.3

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.3:

- (a) the Company will issue up to 27,500,000 Options to acquire Shares;
- (b) the Company will issue the Options (and the issue date will be) within 3 months of the date of the Meeting or such later date as may be approved by ASX but the intention is to issue the Options as soon as possible after the Meeting;
- (c) each Option will be issued in consideration of the terms of the Placement;
- (d) the Options will be issued on the terms and conditions set out in Annexure C;
- (e) the Options will be issued as a private placement to numerous sophisticated and professional investors, none of whom are related parties of the Company;
- (f) the Options will be quoted, subject to ASX listing criteria; and
- (g) no funds will be raised from the issue.

8.3 Directors Recommendation

The Directors of the Company believe that this Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of the Resolution.

RESOLUTIONS 9 – APPROVAL OF ISSUE OF OPTIONS TO BROKER

9.1 General

As detailed above, the Company raised \$1,034,000 after costs through the Placement (of 27,500,000 Shares at an issue price of \$0.04 per share together with a free Option (to acquire a listed fully paid ordinary Share, exercisable at \$0.20 each, on or before 15 January 2021)) to sophisticated and professional investors under section 708 of the Corporations Act. The agreement to issue the free Option was subject to Emu receiving shareholder approval, or earlier if otherwise permitted under ASX listing rules.)

The terms and conditions agreed with the broker to the Placement stipulated the payment of a brokerage fee in cash together with the issue of 7,500,000 free Options (to acquire a listed fully paid ordinary Share, exercisable at \$0.20 each, on or before 15 January 2021).

Resolution 9 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of the 7,500,000 Options to the broker.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that number which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (adjusted for certain events over that 12 month period).

The effect of Resolution 9 will be to authorise the Directors to issue the Options without using the Company's 15% placement capacity under Listing Rule 7.1 or its 10% Placement Capacity under Listing Rule 7.1A.

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

9.2 Information required by ASX Listing Rule 7.3

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.3:

- (a) the Company will issue 7,500,000 Options to acquire Shares;
- (b) the Company will issue the Options (and the issue date will be) within 3 months of the date of the Meeting or such later date as may be approved by ASX but the intention is to issue the Options as soon as possible after the Meeting;
- (c) each Option will be issued as part consideration to the broker to the Placement for supporting and managing the Placement;
- (d) the Options will be issued on the terms and conditions set out in Annexure C;
- (e) the Options will be issued to the broker (and/or their nominee/s), none of whom are related parties of the Company;
- (f) the Options will be quoted, subject to ASX listing criteria; and
- (g) no funds will be raised from the issue.

9.3 Directors Recommendation

The Directors of the Company believe that this Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of the Resolution.

RESOLUTIONS 10 – APPROVAL OF ISSUE OF OPTIONS TO ISSUEES IN NOVEMBER 2018 SHARE PURCHASE PLAN**10.1 General**

On 15 November 2018, the Company announced that the Share Purchase Plan (**SPP**) (announced on 26 October 2018) closed on 12 November 2018 and a total of 9,355,000 new shares were issued following the receipt of \$374,000 from valid applications.

Shortly after the SPP was closed the Company undertook the Placement (also at 4 cents but with a one for one free attaching option. As a gesture of good faith to the supportive SPP applicants, your Board believes it not only fair but that it assist the Company in maintaining faith with its investors and provide the Company with a mechanism for future sources of funding, if the SPP and Placement participants are treated equally in term so of the securities they receive for the same subscription amount. Accordingly, your directors wish to issue the SPP participants the same class of Options and in the same ratio as is being issued to the Placement participants Your directors (composition now slightly changed) did not participate in the SPP so they could vote to support such an eventuality if need be.

Resolution 10 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of these Options.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that number which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (adjusted for certain events over that 12 month period).

The effect of Resolution 10 will be to authorise the Directors to issue the subject Options without using the Company's 15% placement capacity under Listing Rule 7.1 or its 10% Placement Capacity under Listing Rule 7.1A.

Note that this Resolution will merely authorise the Company to undertake the issue of the Options. It will not necessarily follow that any or all of the proposed number of Options will actually be issued. A prospectus may be required to effect the issue of the Options.

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

10.2 Information required by ASX Listing Rule 7.3

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.3:

- (a) the Company will issue up to 9,355,000 Options to acquire Shares;
- (b) the Company will issue the Options (and the issue date will be) within 3 months of the date of the Meeting or such later date as may be approved by ASX but the intention is to issue the Options as soon as possible after the Meeting;
- (c) each Option will be issued for nil cash consideration;
- (d) the Options will be issued on the terms and conditions set out in Annexure C;
- (e) the Options will be issued to issuees who participated in the Share Purchase Plan, none of whom are related parties of the Company;
- (f) the Options will be quoted, subject to ASX listing criteria; and
- (g) no funds will be raised from the issue.

10.3 Directors Recommendation

The Directors of the Company believe that this Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of the Resolution.

RESOLUTION 11 – APPROVAL TO ISSUE SHARES**11.1 General**

Emu has entered into a drilling contract with Wallis Drilling Pty Ltd (**Wallis**) whereby one of the terms of that contract (which may be subject to change) stipulates that at Emu's election, 50% of the value of the invoice tendered by Wallis for drilling currently being undertaken on the Company's tenements in Chile may be satisfied by the issue or transfer of fully paid ordinary Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that number which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (adjusted for certain events over that 12 month period).

The effect of Resolution 11 will be to authorise the Directors to issue a limited number of Shares (subject to the pricing constraint (specified below) being met and within 3 months of the Meeting or such later date as approved by ASX) without using the Company's 15% placement capacity under Listing Rule 7.1 or its 10% Placement Capacity under Listing Rule 7.1A. The Company will not be obligated to utilise this authority.

11.2 Information required by ASX Listing Rule 7.3

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.3. If the authority is utilised:

- (a) the Company will not issue more than 6,000,000 Shares under this authority;
- (b) the Company will issue shares (and the issue date will be) within 3 months of the date of the Meeting or such later date as may be approved by ASX;
- (c) the *minimum* issue price per share will be 80% of the volume weighted average market price of the Shares on ASX over of the last 5 days on which sales in the Shares were recorded before:

- (i) the date on which the (relevant) issue is made; or
- (ii) if there is a prospectus relating to the issue, the date of the prospectus;

(the actual issue price, if the authority is relied upon, may be higher as determined in accordance with the terms of the drilling contract);

EMU NL

ACN 127 291 927

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

- (d) the Shares will be fully paid ordinary Shares and rank equally with all other Shares on issue;
- (e) the Shares will be issued to Wallis Drilling Pty Ltd who is not a related party of the Company;
- (f) a voting exclusion statement is included in the Notice; and
- (g) the funds raised will be applied to contribute to the amount due from the Company to Wallis.

11.3 Directors Recommendation

The Directors of the Company believe that this Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of the Resolution.

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

GLOSSARY

\$ means Australian dollars.

Associate has the same meaning as defined in section 11 and sections 13 to 17 of the Corporations Act.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

AWST means Western Standard Time as observed in Perth, Western Australia.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company or **Emu** means EMU NL (ACN 127 291 927).

Constitution means the Company's constitution.

Contributing Share means a partly-paid share in the capital of the Company, each deemed to have been paid to \$0.03 with an additional \$0.03 payable pursuant to a call not to be made earlier than 31 December 2020.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire either a Share or a Contributing Share.

Option holder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

ANNEXURE A
TERMS AND CONDITIONS
(Director) OPTIONS EXPIRING 28 FEBRUARY 2020

The Options are issued on the following terms:

1. Each Option may be exercised by giving notice in that regard together with payment of the amount of three cents (\$0.03) (**Exercise Price**).
2. Each Option entitles the holder to subscribe for partly paid ordinary share (**Share**) in EMU NL ACN 127 291 927 (**Company**) upon the payment of the Exercise Price per Share subscribed for which payment will pay the Share up to the extent of 3 cents. The partly paid shares shall rank pari passu with the class of partly paid shares listed at the date of grant of the options.
3. The Options will lapse at 5:00 pm on 28 February 2020 (**Expiry Date**).
4. The Options are transferable at any time in accordance with the Corporations Act 2001 and any applicable rules of ASX.
5. There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled (as a consequence of holding Option) to participate in new issues of capital that may be offered to shareholders during the currency of the Options.
6. The Option holder has the right to exercise Options prior to the date for determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be afforded a period of at least 3 business days before the relevant closing date to exercise the Options.
7. Subject to any requirements of the Corporations Act and ASX Listing Rules, the Options do not confer the right to a change in exercise price or the number of securities over which the Option can be exercised.
8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
9. Unless approved otherwise by the Company on a case-by-case basis (with no obligation on the Company to do so), Options can only be exercised in parcels of not less than 500,000, except where the total Options held by the holder is less than 500,000 (in which case, all Options held by the holder must be exercised and the costs of filing with ASX in connection with the exercise to be borne up front by the Optionholder). Subject to ASX listing rules, the Company shall not be obliged to issue Shares in response to an exercise of Options more frequently than once per calendar quarter. The Company may, in its discretion, waive this clause or any part of it and such a waiver may be subject to conditions or further limitations.
10. Subject to clause 9, the Options shall be exercisable at any time during the period (**Exercise Period**) ending on the Expiry Date by: (a) the delivery to the registered office of the Company of a notice in writing (**Notice**) stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by cleared funds for the subscription monies for the Shares; or (b) such other form and method as may be approved by the Company from time to time. The Notice and cleared funds must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it PROVIDED THAT if the remaining number be less than 500,000 those Options shall ipso facto lapse.
11. If the Company has entered into an agreement to underwrite the exercise of the Options and any Options remain unexercised at the Expiry Date, then the holder of those unexercised Options immediately, unconditionally and irrevocably appoints the Company as the Optionholder's agent to transfer (for no consideration to that holder) the unexercised Options to the relevant underwriter and, despite clause 10, that underwriter is entitled to exercise the unexercised Options within 14 calendar days (or such fewer days as the Company may determine in its absolute discretion) of the Expiry Date.
12. Subject to clause 9, the Company shall endeavour to allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
13. The Company may but does not undertake to apply for quotation of the Options on ASX.

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

**ANNEXURE B
TERMS AND CONDITIONS
MANAGEMENT EMPLOYEE OPTIONS TO ACQUIRE FULLY PAID ORDINARY SHARES EXPIRING 15
JANUARY 2021**

The Options are issued on the following terms:

1. The exercise price of each Option will be ten (10) cents (**Exercise Price**).
2. Each Option entitles the holder to subscribe for one fully paid ordinary share (**Share**) in EMU NL ACN 127 291 927 (**Employer**) upon the payment of the Exercise Price per Share subscribed for.
3. Any of the Options that have not been exercised will lapse at the earlier of the following (the applicable time and date being the **Expiry Date**):
 - a. at 5:00 pm on 15 January 2021; or
 - b. One (1) month after the termination or expiry of the holder (or the nominator of the nominee holder) employment by the Employer.
4. The Options are transferable with leave of the Employer board of directors.
5. There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled (as a consequence of holding Option) to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
6. The Option holder has the right to exercise Options prior to the date for determining entitlements to any capital issues to the then existing shareholders of the Employer made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
7. In the event the Employer proceeds with a pro rata issue (except a bonus issue – not including the proposed grant of options to the SPP participants) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Employer, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
9. Unless approved otherwise by the Employer on a case-by-case basis (with no obligation on the Employer to do so), Options can only be exercised in parcels of not less than 500,000.
10. Of the two (2) million options issued:
 - a. 500,000 have no specific vesting conditions; and
 - b. 1,500,000 are exercisable only if the 5 day volume weighted average price of the Employer's shares (**the Employer's 5 day VWAP**) reaches \$0.20 (after the date on which options are issued).
11. Subject to clauses 9 and 10, the Options shall be exercisable at any time during the period (**Exercise Period**) ending on the Expiry Date by: (a) the delivery to the registered office of the Employer of a notice in writing (**Notice**) stating the intention of the Option holder to exercise all or a specified number of Options held by the Option holder accompanied by an Option certificate and cleared funds for the subscription monies for the Shares; or (b) such other form and method as may be approved by the Employer from time to time. The Notice and cleared funds must be received by the Employer during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the remaining Options but in any such instance the Employee must indemnify the Employer from and against out of pocket expenses arising as a consequence of any such exercise (including the cost of giving instructions for and for preparing and filing a Form 3B on exercise and the fees raised by ASX (including Clearing House or Operations) as a consequence of any such exercise (being presently minimum circa \$1,850 +GST)).
12. The Employer shall allot the resultant Shares and deliver a statement of shareholdings with a holder's identification number within 5 business days of exercise of the Options.
13. The Shares allotted shall rank from the date of allotment, equally with the existing ordinary shares of the Employer in all respects.

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

ANNEXURE C
TERMS AND CONDITIONS
PLACEE AND BROKER OPTIONS TO ACQUIRE FULLY PAID ORDINARY SHARES
EXPIRING 15 JANUARY 2021

The Options are issued on the following terms:

1. Each Option may be exercised by giving notice in that regard together with payment of the amount of twenty (20) cents (**Exercise Price**).
2. Each Option entitles the holder to subscribe for one fully paid ordinary share (**Share**) in EMU NL ACN 127 291 927 (**Company**) upon the payment of the Exercise Price per Share subscribed for.
3. The Options will lapse at 5:00 pm on 15 January 2021 (**Expiry Date**).
4. The Options are transferable at any time in accordance with the Corporations Act 2001 and any applicable rules of ASX.
5. There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled (as a consequence of holding Option) to participate in new issues of capital that may be offered to shareholders during the currency of the Options.
6. The Option holder has the right to exercise Options prior to the date for determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 3 business days before the relevant closing date to exercise the Options.
7. Subject to any requirements of the Corporations Act and ASX Listing Rules, the Options do not confer the right to a change in exercise price or the number of securities over which the Option can be exercised.
8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
9. Unless approved otherwise by the Company on a case-by-case basis (with no obligation on the Company to do so), Options can only be exercised in parcels of not less than 500,000, except where the total Options held by the holder is less than 500,000 and that holder has never exercised or transferred any other Options (in which case, all Options held by the holder must be exercised and the costs of filing with ASX in connection with the exercise to be borne up front by the Optionholder). Subject to ASX listing rules, the Company shall not be obliged to issue Shares in response to an exercise of Options more frequently than once per calendar quarter. The Company may, in its discretion, waive this clause or any part of it and such a waiver may be subject to conditions or further limitations.
10. Subject to clause 9, the Options shall be exercisable at any time during the period (**Exercise Period**) ending on the Expiry Date by: (a) the delivery to the registered office of the Company of a notice in writing (**Notice**) stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by cleared funds for the subscription monies for the Shares; or (b) such other form and method as may be approved by the Company from time to time. The Notice and cleared funds must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it PROVIDED THAT if the remaining number be less than 500,000 those Options shall ipso facto lapse.
11. If the Company has entered into an agreement to underwrite the exercise of the Options and any Options remain unexercised at the Expiry Date, then the holder of those unexercised Options immediately, unconditionally and irrevocably appoints the Company as the Optionholder's agent to transfer (for no consideration to that holder on any account) the unexercised Options to the relevant underwriter and, despite clause 10, that underwriter is entitled to exercise the unexercised Options within 14 calendar days (or such fewer days as the Company may determine in its absolute discretion) of the Expiry Date.
12. Subject to clause 9, the Company shall endeavour to allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
13. The Company will apply for quotation of the Options on ASX but does not guarantee they will be or remain listed.

EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING

«EFT_REFERENCE_NUMBER»

+

EMU NL

ACN: 127 291 927

REGISTERED OFFICE:

LEVEL 2,
35 OUTRAM STREET
WEST PERTH WA 6005

+

SHARE REGISTRY:

Security Transfer Australia Pty Ltd

All Correspondence to:

PO BOX 52

Collins Street West VIC 8007

Suite 913, Exchange Tower

530 Little Collins Street

Melbourne VIC 3000

T: 1300 992 916 F: +61 8 9315 2233

E: registrar@securitytransfer.com.au

W: www.securitytransfer.com.au

«Holder_name»

«Address_line_1»

«Address_line_2»

«Address_line_3»

«Address_line_4»

«Address_line_5»

«Company_code» «Sequence_number»

Code:

EMU

Holder Number:

«HOLDER_NUM

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE
ONLINELodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.

2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

The meeting chairperson

OR

☐

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 5:00pm WST on Monday 25 March 2019 at 10 Walker Avenue, West Perth WA 6005 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions.

In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION

For Against Abstain*

For Against Abstain*

1. Ratification of Issue of Shares 17 December 2018

☐☐☐

7. Approval to Issue of Options to Employee

☐☐☐

2. Ratification of Issue of Shares to Acuity Capital

☐☐☐

8. Approval of Issue of Options to Applicants In Dec 2018 Placement

☐☐☐

3. Approval to Issue Shares

☐☐☐

9. Approval of Issue of Options to Broker

☐☐☐

4. Approval to Grant of Options to Mr Peter Thomas

☐☐☐

10. Approval of Issue of Options to Issuees in November 2018 Share Purchase Plan

☐☐☐

5. Approval to Grant of Options to Mr Gavin Rutherford

☐☐☐

11. Approval to Issue Shares to Wallis Drilling Pty Ltd

☐☐☐

6. Approval to Grant of Options to Mr Terry Streeter

☐☐☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 5:00pm WST on Saturday 23 March 2019.

+

EMUPX3270319

1

3

EMU

EMUPX3270319

+

Name:

()

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

Email registrar@securitytransfer.com.au

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.