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WINDY KNOB VMS EM AND DRILLING IN PROGRESS

Emu Nickel is continuing to advance its exploration at Windy Knob situated 55km south of Meekatharra and adjacent to the Austin copper-zinc-gold-silver discovery of Silver Swan Group.

A fixed loop EM survey has just been completed immediately east of the Austin volcanogenic massive sulphide (VMS) discovery where drilling and down hole EM surveys by Silver Swan indicate that the massive sulphide bodies are plunging ENE towards the Emu Nickel (51%) - Aspire Mining (49%) joint venture tenement boundary which is now less than 200m from the recent drill intercepts. The ground EM survey is configured to identify conductors at depth in order to test for extensions of the Austin VMS system on to the joint venture tenements and to provide targets for drilling. Interpretation of the ground EM results is in progress.

In the meantime a 5-hole, 1250m RC drilling programme has commenced on three targets near Austin as shown in Figure 1, being drilling:

- at Defiance, some 2.2km ENE of Austin, to test at depth anomalous copper and zinc values associated with silica-magnetite alteration intersected in previous shallow drilling, as shown in Figure 2;
- at 4E to test a pronounced aeromagnetic feature similar to that at Austin; and
- Austin South (only 1.5km south of Austin) will test a pronounced aeromagnetic feature similar to that at Austin.

This drilling is scheduled to be completed by the end of August.

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, 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.

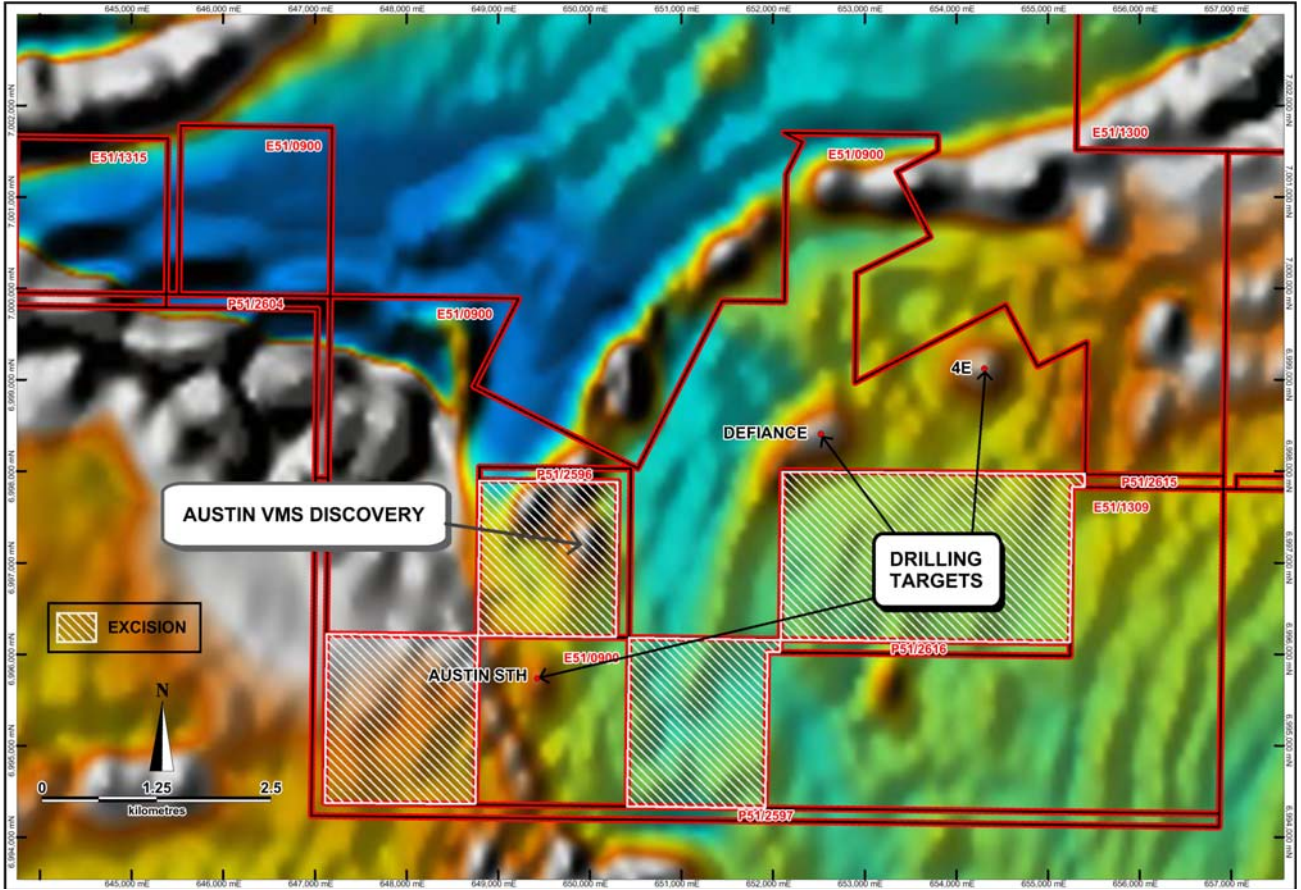


Figure 1
Windy Knob Aeromagnetics and Drill Targets

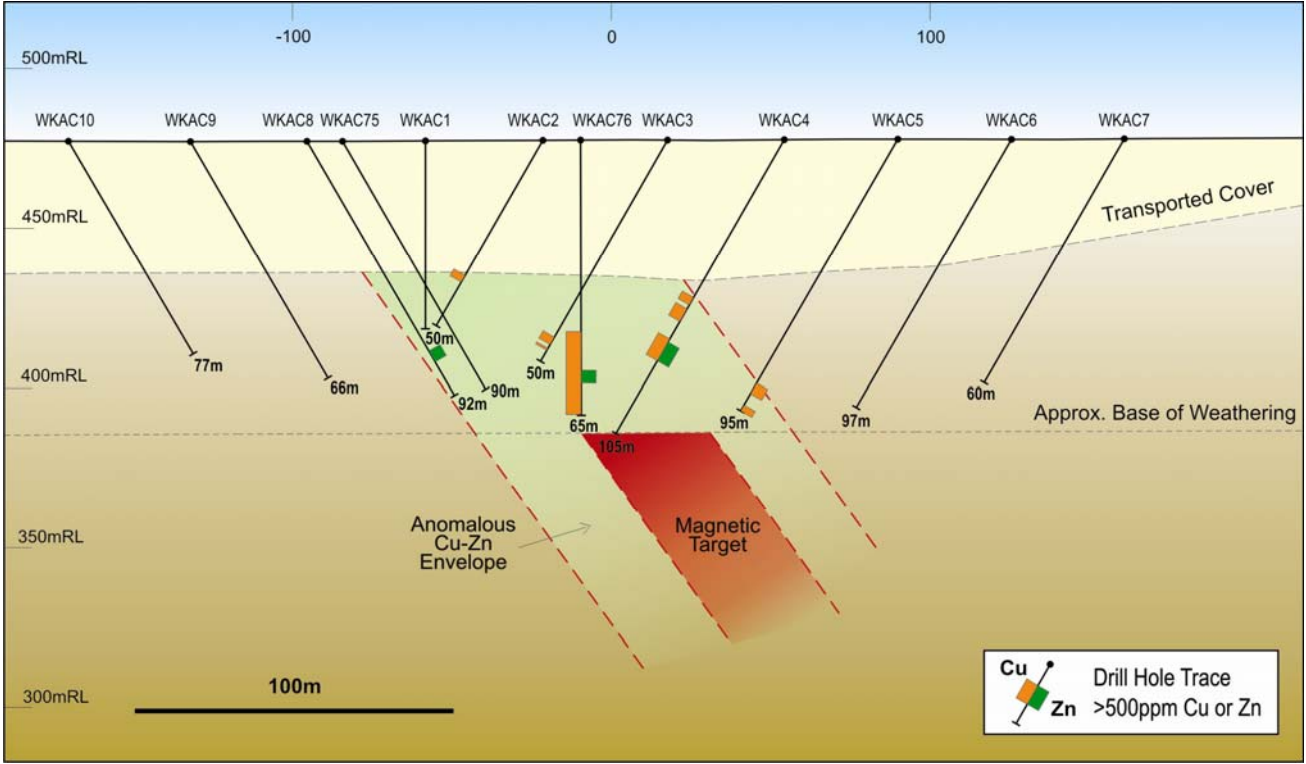


Figure 2
Defiance Cross Section