



QUARTERLY REPORT for the Quarter Ended 31 December 2011

Emu Nickel NL
ABN 50 127 291 927

ASX Code: EMU

Level 2
16 Ord Street
West Perth, WA 6005

T +61 8 9226 4266
F +61 8 9485 2840
E info@emunickel.com.au

PO Box 1112
West Perth, WA 6872

Issued Capital:
Shares - Quoted:
59,828,940 fully paid shares

Options – Unquoted:
10,000,000 exercisable at
\$0.50 by 27.2.2013

1,830,000 exercisable at
\$0.27 by 22.12.2014

180,000 exercisable at
\$0.1961 by 21.12.2015

Cash: \$5.1 million

Directors:

Peter Thomas
Chairman
George Sakalidis
Managing Director
Roger Thomson
Executive Director

SUMMARY

- **Nickel specialists Newexco Services commissioned to identify targets for deep drilling at Emu Lake**
- **Assessment of a 5km-long gold anomalous zone in progress at Windy Knob**
- **RC drilling planned at Woolgangie (Kambalda West JV)**
- **Follow up geochemical sampling planned at Madoonia Downs**
- **Access agreements signed and follow up sampling of gold anomalies at Lake Pyramid in preparation**
- **Several new opportunities with the potential to add value to Emu currently being examined**

EMU LAKE (Emu earning 33.3%)

As previously reported, Emu Nickel has assumed management of the Emu Lake nickel project 70km north east of Kalgoorlie. Emu has earned 80% of Image Resources 37.9% interest in the project and has elected to proceed to 100% of Image's interest by sale funding exploration on a package of tenements, including Emu Lake. Nickel specialists Newexco Services are currently reviewing the drilling and geophysical data on the 1,200m-long mineralised contact zones at Binti Gossan and Binti South where high grade nickel sulphide have been identified. The study is designed to identify locations for contact-parallel drill holes which could be used as platforms for deep downhole EM surveys to test for massive nickel on these prospective contacts. This technique has proved successful in discovering significant nickel resources in Western Australia including Silver Swan (some 30km to the west of Emu Lake) and at Flying Fox near Forrestania.

WINDY KNOB (Emu 51%)

The Windy Knob joint venture tenements are situated about 55km south of Meekatharra in the Murchison region of WA, adjacent to the Austin volcanogenic massive sulphide (VMS) discovery made by the Silver Swan Group. The Austin VMS Cu-Zn-Ag-Au mineralisation is close to a joint venture tenement boundary and appears to be plunging towards this boundary at depth. Emu is continuing to model available data on the Austin resource (1.48Mt @ 1.02% Cu, 1.39% Zn, 3.51g/t Ag, 0.24g/t Au) with a view to deep drilling to test the plunge extension to this mineralisation.

Permits have been obtained for a 70-hole, 3,500m RAB/aircore drilling programme to test a 3km strike length of a gold-anomalous zone interpreted to be associated with the Federal Basalt Shear Zone in the northern part of the project area.

KAMBALDA WEST (Emu 30%)

Previously reported drilling by this joint venture with Mincor Resources has intersected massive iron sulphides associated with EM anomalies. Some of the massive sulphides intersected contain anomalous levels of silver and copper. Permitting is in progress for RC drilling of a pronounced magnetic anomaly more than 1.3km length, as shown in Figure 1. The target anomaly appears to be part of a larger magnetic feature interpreted to be a banded formation or possibly a magnetite skarn. Drilling is anticipated to be carried out in the next quarter.

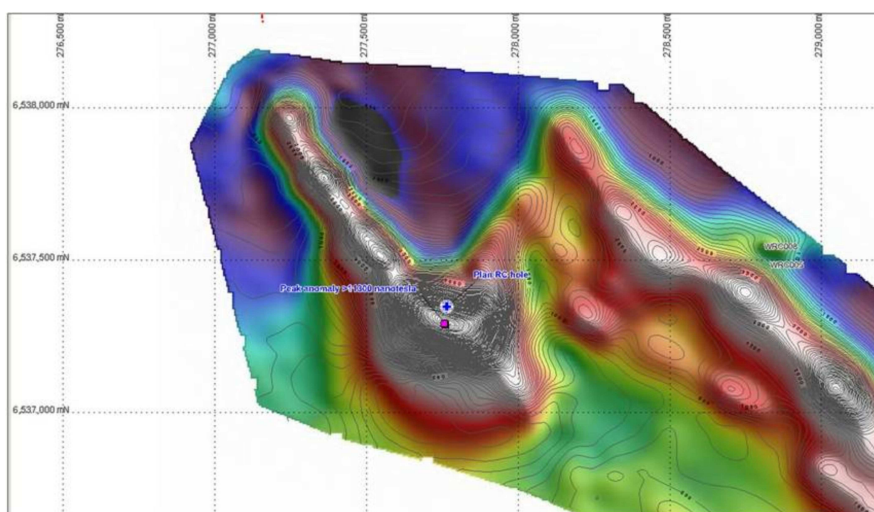


Figure 1

Woolgangie Ground Magnetic Anomaly with Proposed Drill Hole Location

MADOONIA DOWNS (Emu 100%)

Work is in progress to follow-up gold anomalies identified by soil sampling and to test an ultramafic sequence prospective for nickel sulphides at this tenement 120km SE of Kalgoorlie.

SALMON GUMS (Emu 100%)

Agreements have been signed giving access to follow up two areas of gold-in-soil anomalies identified at Lake Pyramid, NSW of Salmon Gums on the interpreted southern extension of the Tropicana gold trend.

NEW PROJECTS

For some time the directors of Emu have been examining various projects with the potential to add significant value to the company. Several opportunities which meet this requirement are currently being examined.

For more information on the company visit www.emunickel.com.au
Please direct enquiries to:

Roger Thomson
Technical Director
Phone (08) 9226 4266
Mobile 0419 969 183
Email roger@emunickel.com.au

George Sakalidis
Managing Director
Phone (08) 9226 4266
Mobile 0411 640 337
Email george@emunickel.com.au

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.