



ACN 119 057 457

8 July 2019

Dear Shareholder

**NON-RENOUNCEABLE PRO-RATA RIGHTS ISSUE
ELIGIBLE SHAREHOLDER**

Conico Ltd (the **Company**) has announced to ASX Limited (**ASX**) a non-renounceable pro-rata rights offer to the Company's shareholders (the **Offer**).

This letter is not an offer document but rather gives advance notice of some of the key terms and conditions of the Offer. Full details of the Offer are set out in the offer document for the Offer (the **Offer Document**).

Overview

Under the Offer the Company will issue to each Eligible Shareholder, at a price of \$0.01 per share, two (2) new ordinary fully paid shares of the Company (**Shares**) for every seven (7) Shares held by the Eligible Shareholder as at 5.00pm WST on 10 July 2019 (the **Record Date**).

In calculating entitlements under the Offer, fractions will be rounded up to the nearest whole number.

The Offer Document has not been (and will not be) lodged with ASIC. The Offer is being made without disclosure to investors under Part 6D.2 of the *Corporations Act 2001* ("Act"). The Offer is being made in accordance with section 708AA of the Act and does not require disclosure under a disclosure document.

If fully subscribed, the Offer will result in the issue of approximately 100,502,358 Shares in the Company (assuming no existing options are converted to Shares before the Record Date), and will raise approximately \$1,005,023.58 (before expenses of the Offer). All of the Shares issued under the Offer will rank equally with the Company's existing Shares (Code: CNJ).

Funds raised from the Offer will be used:

1. firstly, to meet the expenses of the Offer;
2. secondly, to continue progressing the pre-feasibility study for the Company's Mt Thirsty Cobalt-Nickel-Manganese Oxide Project; and
3. thirdly, to provide ongoing working capital to cover operating expenses of the Company for the approximately next 6 (assuming the Offer is at least 30% subscribed) to 12 (if the Offer is fully subscribed) months.

Given the speculative nature of the Company's business, the intended allocation of funds as set out above may change depending upon market conditions.

This Offer is not underwritten.

If not all entitlements are taken up under the Offer, the portion not taken up will form part of the shortfall (**Shortfall Shares**). Eligible Shareholders who take up their entitlement in full may, in addition thereto, also apply for additional Shares comprising part of the Shortfall Shares. However, the Shortfall Shares will be placed at the discretion of the Company. In assessing any applications by Eligible Shareholders for the Shortfall Shares, the Directors intend to take into account the number of Shares held by that Eligible Shareholder, and it is not intended that Eligible Shareholders with a small shareholding in the Company will be issued a large portion of the Shortfall Shares (if any). The directors of the Company also reserve the power of placement of any Shortfall Shares not issued to Eligible Shareholders under this offer of the Shortfall Shares.

Disclosure

The Offer is being made without disclosure to investors under Part 6D.2 of the Act. The Offer is being made in accordance with section 708AA of the Act and does not require disclosure under a disclosure document.

The purpose of the Offer Document is to summarise the details of the Offer. The Offer Document is not a disclosure document for the purposes of the Act. This means that the Offer Document that will be mailed to Eligible Shareholders will not be required to, and will not, contain all of the information that is generally required to be set out in a prospectus, including general information in relation to the assets and liabilities, financial position, profits and losses or prospects of the Company. The Offer Document will generally only contain information in relation to the effect of the Offer on the Company and the rights and liabilities attaching to the Shares offered to Eligible Shareholders under the Offer.

Eligibility

Only shareholders whose registered addresses are in Australia or New Zealand as at the Record Date are eligible to participate in the Offer (**Eligible Shareholders**). The Company has determined, in accordance with the *Corporations Act 2001* (the **Act**) and ASX Listing Rule 7.7, that it would be unreasonable to make the Offer to shareholders whose registered addresses are outside of Australia and New Zealand (**Non-Resident Shareholders**) having regard to the number of Non-Resident Shareholders in each country other than Australia or New Zealand, the number and value of Shares that would be offered to them and the cost of complying with the legal requirements in other countries. Non-Resident Shareholders will therefore not be entitled to participate in the Offer and will not be sent a copy of the Offer Document.

As an Eligible Shareholder, you will be entitled to participate in the Offer. Details of the Offer will be contained in the Offer Document, which will be mailed to you. You should read the Offer Document carefully.

A copy of the Offer Document has been lodged with the ASX and is available on the ASX website, www.asx.com.au, and on the Company's website at www.conico.com.au.

Effect on capital structure

The capital structure of the Company on completion of the Offer will be as follows*:

Shares

Shares currently on issue	351,758,253
Shares offered under the Offer (est)	100,502,358
Total Shares on issue on completion of the Offer (est)	452,260,611

Options**

Listed Options currently on issue	28,264,866
Unlisted Options currently on issue	44,875,000
Options offered under the Offer (est)	Nil.
Total Options on issue on completion of the Offer (est)	73,139,866

* Assuming the Offer is fully subscribed, and none of the Options currently on issue are converted to Shares before the Record Date.

** No new Options are being issued pursuant this Offer. Assuming none of the existing Options currently on issue in the Company are exercised before the Record Date, the number of listed and unlisted Options currently on issue in the Company will remain unchanged on completion of the Offer.

Offer timetable

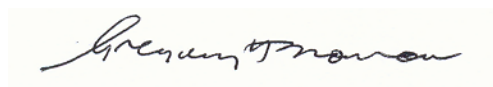
The timetable and important dates of the Offer are set out below:

Offer announcement	25 June 2019
Lodgement of Offer Document, Appendix 3B and cleansing statement with ASX	5 July 2019
Notice sent to shareholders	8 July 2019
Ex Date	9 July 2019
Record Date for determining Entitlements to participate in Offer	10 July 2019
Despatch of Offer Document to Eligible Shareholders	15 July 2019
Closing Date for acceptance of Offer and payment in full	30 July 2019
Shares quoted on a deferred settlement basis	31 July 2019
Company notifies ASX of under subscriptions	2 August 2019
Issue Date and Dispatch of holding statements	6 August 2019

Further information

If you require further information about the Offer, you should contact the Company Secretary.

Yours faithfully



Gregory H Solomon
Executive Director