

ASX QUARTERLY REPORT
FOR PERIOD ENDED 30TH JUNE 2019

HIGHLIGHTS:

MT THIRSTY COBALT PROJECT:

- Bulk leaches demonstrate successful scale up of bench-scale tests.
- Pre-Feasibility Study work ongoing.

CORPORATE:

- Pro Rata Non-Renounceable Rights Issue to raise up to approx. \$1,005,023.

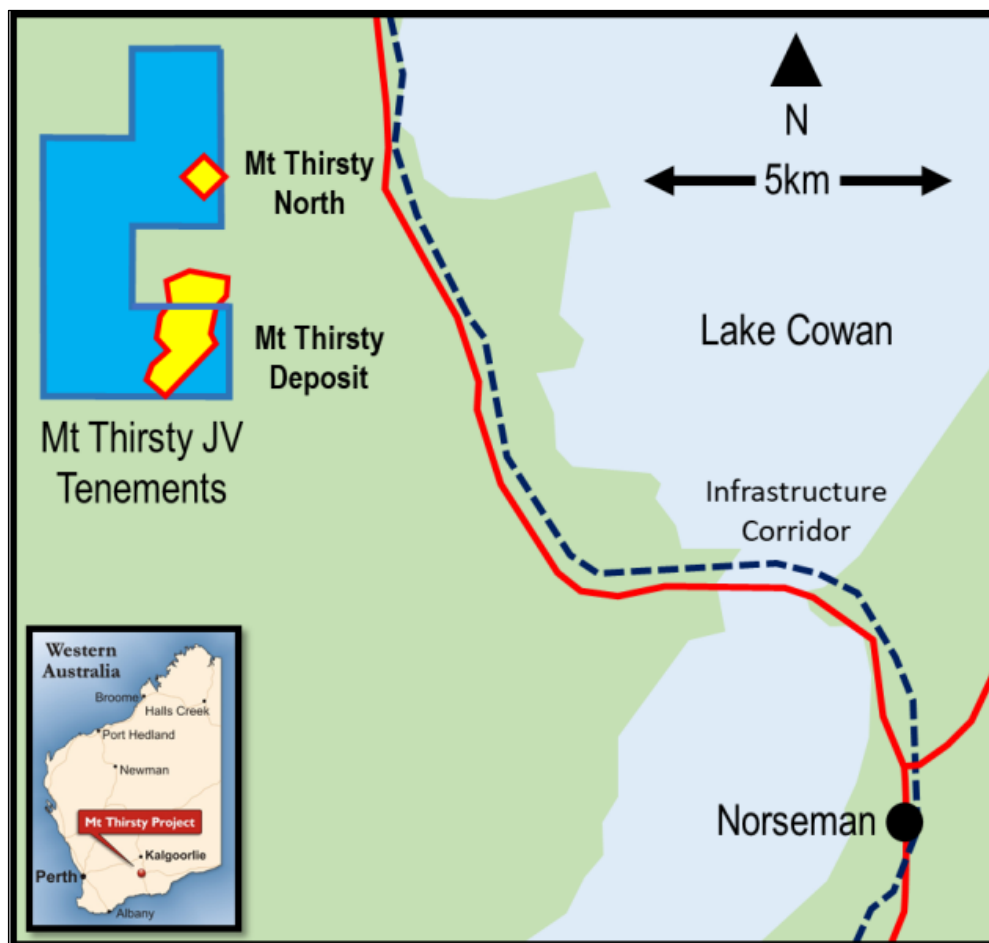


Figure 1: Mt Thirsty Project Location

MT THIRSTY COBALT PROJECT**(50% Conico Ltd: 50% Barra Resources Ltd– *Joint Venture, MTJV*)**

The Mt Thirsty Cobalt Project is located 20km north-northwest of Norseman, Western Australia (Figure 1).

The Project contains the Mt Thirsty Cobalt-Nickel (Co-Ni) Oxide Deposit that has the potential to emerge as a significant cobalt producer. In addition to the Co-Ni Oxide Deposit, the Project also hosts nickel sulphide (Ni-S) mineralisation.

Demand for cobalt looks very encouraging as the world becomes more dependent on rechargeable power sources for portable electronics and electric vehicles. In addition, the battery industry is also competing with demand for cobalt from producers of superalloys, aircraft turbines and chemical industries.

The undeveloped Mt Thirsty Cobalt Project has a significant resource with a potential to have a long mine life. The Project is close to all necessary infrastructure (rail, road, power, water, and sea port) and, being in a mining orientated state, has the potential to attract a variety of interested parties including end users of cobalt. Mt Thirsty has the potential to become a major supplier to the burgeoning battery supply chain.

The great advantage of Mt Thirsty compared to other potential cobalt operations is the nature of the resource, being a flat lying, continuous and thick deposit starting from near surface to around 70 metres below surface. Due to intense oxidation, the deposit is very soft, fine grained and low in silica.

The Mount Thirsty Joint Venture (MTJV) is progressing a Pre-Feasibility Study (PFS) on the project utilising industry leading consultants led by Amec Foster Wheeler Australia Pty Ltd, trading as Wood.

The Mt Thirsty Project is highly leveraged to cobalt prices with approximately 80% of potential revenue being from cobalt; far higher than other nickel laterite projects.

Conico Ltd is the operator of the MTJV and the Joint Venture has appointed Mr Sean Gregory, MD and CEO of Barra Resources Ltd as Manager of the Mt Thirsty Project Prefeasibility Study (PFS).

ACTIVITIES**Site Visit**

Engineers working on the PFS study from Wood, Golder and Snowden attended a site visit on 13 June 2019. The visit identified significant infrastructure available in Norseman, including:

Newly sealed 1.4km airstrip suitable for a 50 seat aircraft such as a Dash 8 or Fokker 50. Lengthening may be required to accommodate larger 100 seat aircraft such as the B717, BAE146 or Fokker 100 depending on the exact configuration of the aircraft.

Rail siding potentially for importing sulphur or exporting product depending on the economics versus road transport.

Existing and expandable camps, caravan parks and motels in town. The Shire has indicated a strong preference to locate camps in the town itself and is also working with potential 3rd party camp owner operators.

Sealed access road and intersections for the first 8km of the Norseman-Hyden road.

NBN availability in town; and Power and Gas availability.

The site visit is a pre-requisite for the Snowden Mining Engineer who will be signing off on the JORC2012 Ore Reserve.

The Golder tailings engineer was able to understand the availability of local construction materials and the topography available for tailings construction. The constrained tenement layout and gently sloping topography lends itself to the concept of an integrated waste landform where mine waste could be used to build a large crescent shaped tailings dam wall.

Bulk Leaching Test Work

Three bulk leach tests have now been completed on 15-20kg dry master composite samples, made up to a nominally 40% solids slurry in hypersaline water i.e. 40-50kg wet. The results shown in Table 1 and Figure 2 demonstrate that the extractions reported from the bench-scale tests have been replicated at the larger scale¹.

Table 1: Bulk Leach Results – Reported Metal in Residue vs Metal in Feed

Test ID	Date	Duration (hours)	SO ₂ addition (kg/t)	Cobalt Extraction (%)	Nickel Extraction (%)	Cobalt Residue (%)	Nickel Residue (%)	Iron in Solution (g/l)
HY7334	18/2/19	17.5	64	85	30	0.029	0.50	12
HY7460	27/3/19	24	52	83	27	0.034	0.51	1.3
HY7556 ²	1/5/19	24	59	83	27	0.032	0.51	2.6

The recognition of two key leaching reactions has been instrumental in achieving the higher extractions compared to those achieved in the 2017 Scoping Study. The first reaction is a reductive leach targeting the cobalt and nickel in the asbolane mineral. The second reaction is an acidic leach targeting the nickel and cobalt in the goethite mineral. The acidic leach conditions have been achieved in-situ without the need for the addition of expensive supplemental acid. A by-product of the first reaction is the leaching of manganese, which is easily rejected in downstream mixed cobalt-nickel sulphide precipitation. For the second reaction, iron is leached as a by-product, which does create a cost to remove downstream. While some earlier tests did achieve higher nickel extractions of up to 37%, these also came with the significant penalty of increased iron in solution. As a consequence, the bulk leaches have been targeted at the optimum economic balance between additional cobalt and nickel extraction, and costs associated with leaching then precipitating iron.

¹ Refer to ASX:CNJ Announcement 9/5/19

² Note results for HY7556 have been adjusted after measurement of solids mass which was previously estimated.

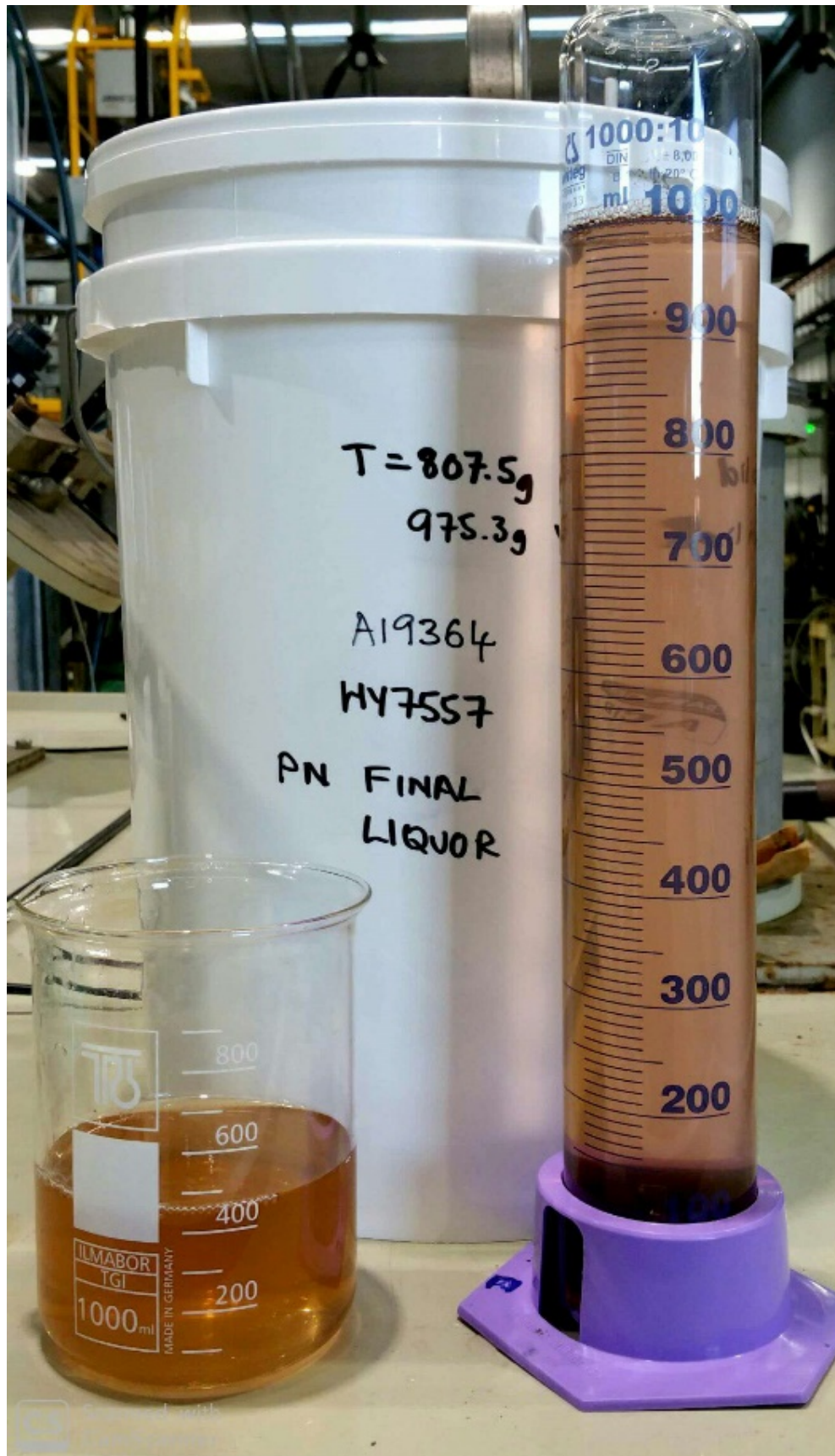


Figure 2: Final neutralised leach liquor solution.

Primary neutralisation tests were completed on each of the liquor solutions from the bulk leaches. These results have shown that iron (III), aluminium, and silicon can be precipitated at this stage of the process with no losses in payable metals.

Secondary neutralisation has also been completed with no loss in payable metals.

While some reduction in overall recovery is expected during solid-liquid separation and precipitation of the final MSP product, the losses assumed in the 2017 Scoping Study are targeted to be significantly bettered in the PFS.

The neutralised liquor solution from the bulk leaches will now be used in bulk downstream impurity removal and precipitation test-work. Residues from the bulk leaches are also presently being prepared for tailings test-work.

Land Access

All objections to tenement applications for the purpose of a water search have now been resolved allowing the tenements to now proceed to grant. A Program of Works has been submitted to the Mines Department (DMIRS) and drilling to confirm the water source for the project will be able to commence during the current quarter.

Tenement applications for mining, roads and infrastructure are also moving through the process towards grant with two objections from underlying tenement holders resolved favourably during the quarter.

Tenders have been called for a Level 2 Flora and Vegetation survey to be conducted in spring to follow up the successful Level 1 survey from 2018.

Cobalt-Nickel Market

The price for cobalt metal has corrected over the last 12 months from a high of US\$90,000/t in March 2018 to US\$29,000/t today. This has been due to short term supply exceeding demand as evident by LME warehouse levels which remain at high levels. The supply growth has been led by producers from the Democratic Republic of Congo, increasing their dominance of the market to above 70% and further exacerbating future supply shock risk.

Electric Vehicle (EV) sales are growing exponentially from a low base, particularly in China where EV sales accounted for 4% of all new vehicles in 2018, however the mass adoption of EVs is still ahead of us. When this inevitably occurs, supply growth will be unable to keep pace with demand. Hence the rampant speculation that saw the cobalt price unsustainably rise this time last year.

Substitution away from cobalt through the adoption of 811 cathode chemistry (8 parts nickel, 1 part manganese, 1 part cobalt) to displace 622 cathodes has proved more difficult than major battery manufacturers forecast. Even if this thrifting away from cobalt can be safely implemented, the demand growth is still forecast to significantly outstrip supply. The challenges of 811 highlight the difficulty of technological change disrupting the need for cobalt in batteries within any reasonable investment time frame.

Many commentators have now identified nickel as a commodity to watch during 2019. Nickel inventory levels halved from approximately 400,000t to 200,000t during 2018. Growth in use of stainless steel has been strong, and when the demand from the battery industry is overlaid, nickel demand is expected to outstrip supply.

Longer term, the fundamentals of the cobalt and nickel markets remain exceptional with very few high-quality projects such as Mt Thirsty being expected to be available to meet the demand driven by EVs.

Next Steps

Test-work for the PFS is ongoing with the next steps to include impurity removal test-work and mixed sulphide product precipitation. Other work underway during the current quarter includes:

- Mine plan optimisation informed by the new Mineral Resource block model and metallurgical regressions from the latest test-work.
- Hydrogeological drilling to confirm the water source for the project.
- Tailings test work on residue samples from the bulk leaches; and
- PFS level engineering, capital and operating cost estimation.

The MTJV remains committed to progressing the PFS in 2019 in anticipation of a recovery in cobalt and nickel in FY 2020. Interest remains strong from several multinational companies eager to secure supply of scarce commodities and the MTJV is continuing discussions regarding potential partnering to align with the successful completion of the PFS.

CORPORATE

Pro Rata Non-Renounceable Rights Issue

Conico is undertaking a non-renounceable pro-rata rights offer to Conico shareholders to raise up to approximately \$1,005,023. The Offer will be open to all Conico shareholders who are on the register as at 5.00pm WST on 10 July 2019 (the Record Date) and who have a registered address in Australia or New Zealand.

Under the Offer, Conico will make an offer to all eligible shareholders of two (2) fully paid ordinary Conico shares for every seven (7) fully paid ordinary Conico shares held as at the Record Date, at a price of \$0.01 per share.

The anticipated Timetable* for the Offer is as follows:

Offer announcement	25 June 2019
Lodgement of disclosure document and Appendix 3B with ASX	5 July 2019
Notice sent to shareholders	8 July 2019
Ex date	9 July 2019
Record Date for determining entitlements	10 July 2019
Offer document despatched to eligible shareholders	15 July 2019
Closing date of the Offer	30 July 2019
Securities quoted on a deferred settlement basis	31 July 2019
Company notifies ASX of under subscriptions	2 August 2019
Issue Date	6 August 2019

The funds will be used towards continuing to progress the Mt Thirsty pre-feasibility study and for general working capital.



Guy T Le Page
Director

Disclaimer

The interpretations and conclusions reached in this report are based on current geological theory and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for complete certainty. Any economic decisions that might be taken based on interpretations or conclusions contained in this report will therefore carry an element of risk.

This report contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this report. No obligation is assumed to update forward-looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Competent Persons Statements

The information in this report that relates to Exploration Results for the Mt Thirsty project is based on and fairly represents information compiled by Michael J Glasson, a Competent Person who is a member of the Australian Institute of Geoscientists. Mr Glasson is an employee of Tasman Resources Ltd and in this capacity acts as part time consultant to Conico Ltd and the MTJV. Mr Glasson holds shares in Conico Ltd.

The information in this report which relates to the metallurgical test-work for Exploration Results for the Mt Thirsty Project is based on and fairly represents information compiled by Mr Karel Osten who is a Member of the Australian Institute of Mining and Metallurgy and a full-time employee of Wood.

Messrs Glasson and Osten have sufficient relevant experience to the style of mineralisation and type of deposits under consideration and to the activity for which they are undertaking to qualify as a Competent Person as defined in the JORC Code (2012 Edition).

The company is not aware of any new information or data that materially affects the information presented and that the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

Interests in Mining Tenements

Tenements	Location	Interest held at end of quarter	Acquired during the quarter	Disposed during the quarter
E63/1267	WA	50%		
R63/4	WA	50%		
E63/1790	WA	50%		
P63/2045	WA	50%		
M(A) 63/669*	WA	50%		
M(A) 63/670 [#]	WA	50%		
G(A) 63/93 [^]	WA	50%		
L(A) 63/80	WA	50%		
L(A) 63/81	WA	50%		
L(A) 63/91	WA	50%		
L(A) 63/92	WA	50%		

Notes:

*MLA over P63/1267, [#]MLA over R63/4, [^]GLA over E63/1790 & P63/2045

LA 63/91&92 for haul roads and services. LA63/80 & 81 for ground water search.