



ACN 119 057 457

9 August 2018

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 prospectus for the Offer (the **Prospectus**).

Overview

Under the Offer the Company will issue to each Eligible Shareholder, at a price of \$0.03 per share, one (1) new ordinary fully paid share of the Company (**Share**) for every eight (8) Shares held by the Eligible Shareholder as at 5.00pm WST on 16 August 2018 (the **Record Date**). In addition, one (1) free Company option will be issued with every one (1) new Share issued under the Offer, exercisable at \$0.048 at any time on or before 5.00pm WST on 30 June 2021 (the **Options**).

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

The Company lodged the Prospectus with ASIC (and provided a copy to ASX) on 7 August 2018.

If fully subscribed, the Offer will result in the issue of approximately 40,436,673 Shares in the Company, and 40,436,673 Options (assuming no existing options are converted to Shares before the Record Date), and will raise approximately \$1,213,100.20 (before expenses of the Offer). All of the Shares issued under the Offer will rank equally with the Company's existing Shares (Code: CNJ). Except with respect to their exercise price and expiry date, all of the attaching Options under the Offer will be issued on the same terms and conditions as the Company's existing unlisted options (other than options issued under the Company's ESOP).

Funds raised from the Offer will be used:

1. firstly, to meet the expenses of the Offer;
2. secondly, to continue to fund the Mt Thirsty Cobalt Nickel Manganese Oxide Project; and
3. thirdly, to provide ongoing working capital to cover operating expenses of the Company for up to 12 to 15 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 in accordance with section 713 of the Act. This means that the Prospectus 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 Prospectus 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 and Options 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 (and attaching Options) 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 Prospectus.

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

A copy of the Prospectus 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	323,493,387
Shares offered under the Offer (est)	40,436,673
Total Shares on issue on completion of the Offer (est)	363,930,060
Options	
Options currently on issue	44,875,000
Options offered under the Offer (est)	40,436,673
Total Options on issue on completion of the Offer (est)	85,311,673

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

Offer timetable

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

Offer announcement	31 July 2018
Lodgement of Prospectus at ASIC (copy to ASX) and Appendix 3B with ASX	7 August 2018
Notice sent to shareholders	9 August 2018
Ex date;	15 August 2018
Record Date for determining entitlements	16 August 2018
Prospectus despatched to Qualifying Shareholders	20 August 2018
Closing date of the Offer	6 September 2018
Securities quoted on a deferred settlement basis	74 September 2018
Company notifies ASX of under subscriptions	11 September 2018
Issue Date (end of any deferred settlement trading), dispatch of holding statements	12 September 2018

Further information

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

Yours faithfully



Gregory H Solomon
Chairman