



Conico Ltd

ABN 85 009 253 187

and Controlled Entities

**Interim Financial Report
for the
Half-Year Ended 31 December 2014**

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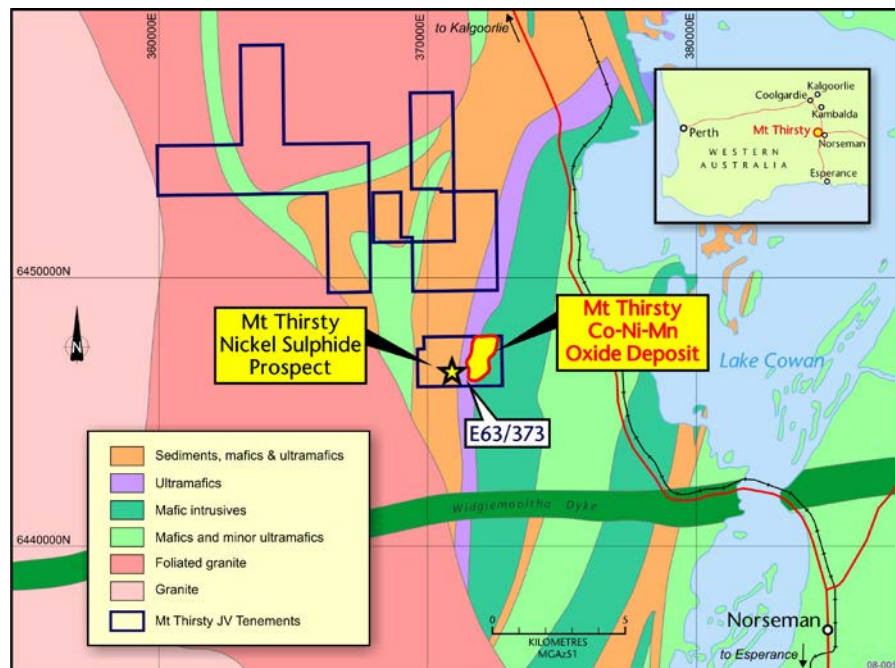
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HIGHLIGHTS

MT THIRSTY PROJECT (WA)

Mt Thirsty Co-Ni-Mn Oxide Resource

- EM Survey defines several Priority 1 EM conductors:
 - 23.6 line km of moving loop EM (MLEM) surveys completed on Exploration Licences 63/373 and 63/1267.
 - Seven EM conductors; three rated Category-1, three rated Category-2 and one rated Category-4 have been identified, modelled and prioritised by a geophysical consultant.
 - All Category-1 conductors have potential for Ni sulphides and have been recommended by the consultant for drill testing.



Mt Thirsty Project Location and Regional Geology

CORPORATE DIRECTORY

DIRECTORS:

Gregory H Solomon **LLB** (Executive Chairman)
Douglas H Solomon **BJuris LLB (Hons)** (Non-Executive)
Guy T Le Page **BA, BSc (Hons), MBA, FINSIA, MAusIMM** (Non-Executive)
James B Richardson **Dip, Fin Plan** (Non-Executive)

COMPANY SECRETARY:

Aaron P Gates **B.Com, CA, AGIA**

REGISTERED OFFICE:

Level 15
197 St Georges Terrace
Perth
Western Australia 6000
Tel +61 8 9282 5889
Fax +61 8 9282 5866
Email: mailroom@conico.com.au
Website: www.conico.com.au

SOLICITORS:

Solomon Brothers
Level 15
197 St Georges Terrace
Perth WA 6000

Minter Ellison
1 King William Street
Adelaide SA 5000

AUDITORS:

Nexia Perth Audit Services Pty Ltd
Level 3
88 William Street
Perth WA 6000

SHARE REGISTRY:

Advance Share Registry Services
110 Stirling Highway
Nedlands WA 6009

STOCK EXCHANGE LISTING:

ASX Code: CNJ (ordinary shares)

Quotation has been granted for all the ordinary shares and all issued options of the company on all Member Exchanges of the Australian Stock Exchange Limited.

REVIEW OF OPERATIONS

Nickel Sulphide Exploration

Electromagnetic Surveys

A 23.6 line kilometre MLEM survey over 19 lines was undertaken by GEM Geophysics over the NNE trending mafic-ultramafic-sediment sequence within E63/373 and E63/1267 (Figure 2).

The survey was targeting conductors due to nickel sulphides associated with an interpreted basal footwall mafic-ultramafic contact or mafic – ultramafic rocks higher in the sequence.

The area tested is the strike extension of the sequence hosting the Mt Thirsty nickel sulphide prospect in E63/373 that has previously returned a number of strong but isolated Ni sulphide intersections up to 6 metres down hole @ 3.5% Ni and 2 metres @ 5.9% Ni in holes MTRC 15 and 22 respectively (*refer ASX announcement 19th May 2010: "High Grades Intersected at Mt Thirsty"*, available to view on www.conico.com.au).

The EM survey lines were mostly at 400m spacing and designed for a 200m by 200m loop. Readings were taken every 100m along each line. In some cases the line spacing was 300m to facilitate access along existing tracks to improve production rates in thick scrub.

Results were modelled and interpreted by Spinifex Geophysics with the aim of identifying conductors representing potential massive sulphide accumulations.

Survey Results

A total of seven EM conductors have been identified and modelled within E63/1267 (3 anomalies) and E63/373 (4 anomalies), (Figure 2). All conductors have been prioritised based on their compliance with a number of primary criteria. Three of the conductors are rated Category-1 (MT002, MT004 & MT009; highest priority), three rated Category-2 (MT005, MT007 & MT008; high priority) and one rated category-4 (MT010; low priority). Category-2 conductors have been downgraded due to their lower modelled conductivity but are generally well defined. Conductors ranked Category-1 and -2 warrant immediate consideration as drill targets.

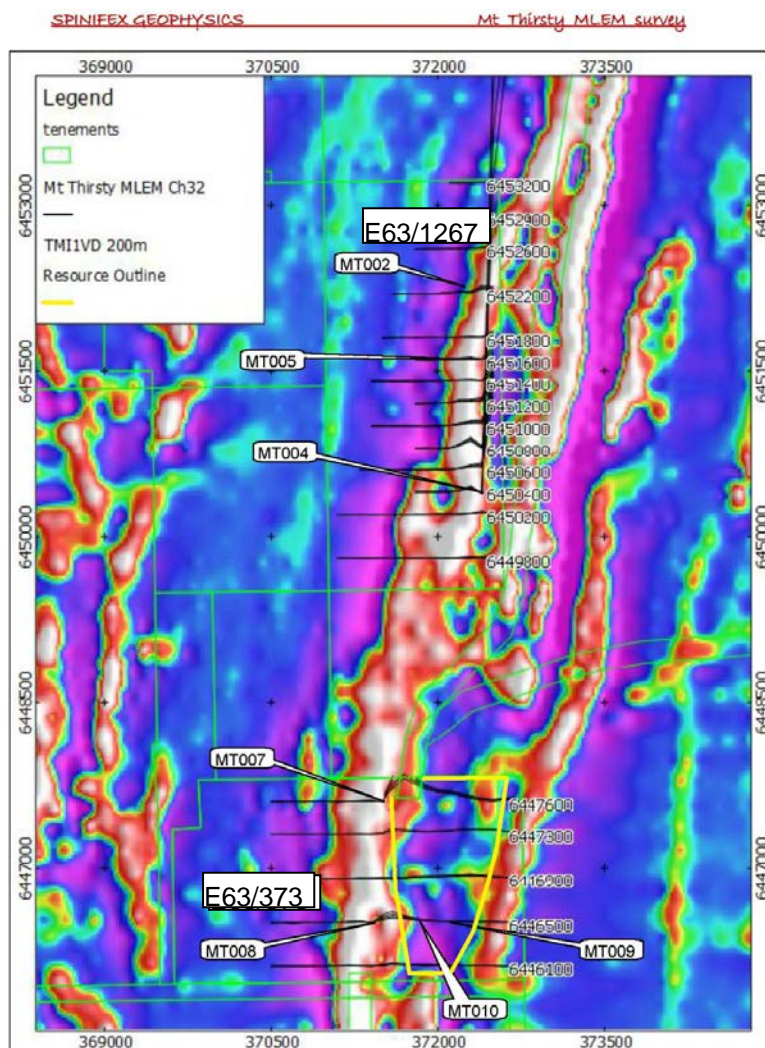


Figure 1: Stacked in-loop MLEM profiles and conductor locations over TMI-1VD aeromagnetic image.

Future Exploration

Recommendations for follow up work are based upon conductor quality and implied geological setting. All Category-1 conductors are recommended for drill testing by Spinifex Geophysics.

Drill testing of the highest priority conductors is planned in the near term.

Mt Thirsty Co-Ni Oxide Deposit

Metallurgical Testwork

A split from a bulk sample was provided to Metaleach Ltd for testing the amenability of Mt Thirsty oxide material to the proprietary ammonia based Ammleach® process for selective leaching of Ni and Co. It has been postulated that this process has the potential to recover significantly higher nickel than the agitated leach process recently developed for Mt Thirsty Co-Ni oxide material. Initial results however were not encouraging although further tests will be undertaken.

At this stage closed tank agitated leaching with SO₂ still looks to be the most cost effective method to treat Mt Thirsty oxide mineralisation.

Retention Licence

A retention licence has been applied for over E63/373 which covers a large portion of the Mt Thirsty Co-Ni oxide resource. A new mining lease application will be lodged over this tenement once market conditions have improved.

Mt Thirsty Project Summary

The Mt Thirsty Cobalt – Nickel - Manganese oxide project covering an area of 17km² is located 20km north-northwest of Norseman in the southern goldfields of Western Australia, a well endowed nickel terrain. Conico Ltd through its wholly owned subsidiary Meteore Metals Pty Ltd owns 50% of the project in joint venture with Barra Resources Limited. The Mt Thirsty deposit has the potential to emerge as a significant cobalt supplier. Recent metallurgical test work indicates that high recoveries of cobalt together with some nickel can be achieved through low temperature agitated leaching in closed tanks using SO₂.

Mt Thirsty has a JORC (2004) compliant Indicated Resource of 16.6 million tonnes at 0.14% Cobalt, 0.60% Nickel and 0.98% Manganese and a JORC (2004) compliant Inferred Resource of 15.3 million tonnes at 0.11% Co, 0.51% Ni and 0.73% Mn over a length of 1.6 kilometres and a width of up to 850 metres. (This resource information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported, refer ASX Announcement 8th March 2011: "Resource Upgrade", available to view on www.conico.com.au).

As well as the Co-Ni oxide resource, the Mt Thirsty joint venture tenements have potential for nickel sulphide mineralisation at greater depths within the same ultramafic sequence which hosts the near surface oxide deposit. Intersections of nickel sulphides up to 6m down hole at 3.4% Ni were made by the joint venture in 2010 (refer ASX announcement 19th May 2010: "High Grades Intersected at Mt Thirsty", available to view on www.conico.com.au).

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 on the basis of interpretations or conclusions contained in this report will therefore carry an element of risk.

It should not be assumed that the reported Exploration Results will result, with further exploration, in the definition of a Mineral Resource.

Competent Person's Statement

The information in this six monthly report that relates to Exploration Targets, Exploration Results and Mineral Resources is based on and fairly represents information compiled by Michael J Glasson and Robert N Smith, Competent Persons who are members of the Australian Institute of Geoscientists.

Mr Glasson and Mr Smith are full time employees of Tasman Resources Ltd and in this capacity act as part time consultants to Conico Ltd. Mr Glasson and Mr Smith hold shares in Conico Ltd.

Mr Glasson and Mr Smith have sufficient experience which is relevant to the style of mineralisation and type of the deposits under consideration and to the activity being undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Glasson and Mr Smith consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2014.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Gregory H Solomon
Mr Douglas H Solomon
Mr Guy T Le Page
Mr James B Richardson

Review of Operations

The net loss after income tax for the half year was \$226,634 (2013: \$231,542).

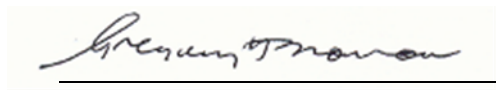
A review of the operations of the Group during the half-year ended 31 December 2014 is set out in the Review of Operations on Page 5.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 8 for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors.

Director

A handwritten signature in black ink, appearing to read 'Gregory H Solomon', written over a light yellow rectangular background.

Gregory H Solomon

Dated this 12th day of March 2015

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Conico Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the period ended 31 December 2014, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

NPAS

Nexia Perth Audit Services Pty Ltd

PTC Klopner

PTC Klopner
Director

Perth
12 March 2015

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Notes	Consolidated Group	
		31 Dec 2014	31 Dec 2013
		\$	\$
Other income		378	4,721
Accounting and audit expense		(6,957)	(7,160)
Depreciation and amortisation expense		(1,309)	(1,611)
Employee benefits expense		(86,239)	(86,715)
Insurance expense		(14,317)	(13,890)
Interest expense		(15,016)	(6,041)
Legal and other consultants expense		-	(3,023)
Management Fees		(97,335)	(97,335)
Other expenses		(5,839)	(20,488)
Loss before income tax		(226,634)	(231,542)
Income tax expense		-	-
Loss for the period		(226,634)	(231,542)
Other Comprehensive Income			
Items that may be reclassified to profit or loss:		-	-
Revaluation Reserve		-	-
Income tax relating to other comprehensive income		-	-
Other comprehensive income, after tax		-	-
Total Comprehensive Income / (Loss) attributable to members of the parent		(226,634)	(231,542)
Basic/Diluted earnings per share (cents per share)		(0.1711)	(0.1748)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Consolidated Group	
	31 Dec 2014	30 Jun 2014
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	26,183	35,238
Trade and other receivables	8,419	9,250
TOTAL CURRENT ASSETS	34,602	44,488
NON-CURRENT ASSETS		
Property, plant and equipment	14,878	16,187
Exploration and Evaluation expenditure	14,697,851	14,696,329
TOTAL NON-CURRENT ASSETS	14,712,729	14,712,516
TOTAL ASSETS	14,747,331	14,757,004
CURRENT LIABILITIES		
Trade and other payables	815,351	638,390
Interest bearing liabilities	100,000	100,000
Non-interest bearing liabilities	80,000	40,000
TOTAL CURRENT LIABILITIES	995,351	778,390
NON-CURRENT LIABILITIES		
Provisions	250,000	250,000
TOTAL NON-CURRENT LIABILITIES	250,000	250,000
TOTAL LIABILITIES	1,245,351	1,028,390
NET ASSETS	13,501,980	13,728,614
EQUITY		
Issued capital	16,799,457	16,799,457
Reserves	477,450	477,450
Accumulated losses	(3,774,927)	(3,548,293)
TOTAL EQUITY	13,501,980	13,728,614

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Share Capital Ordinary	Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2013	16,799,457	477,450	(3,121,495)	14,155,412
Net loss for the period	-	-	(231,542)	(231,542)
Other comprehensive income / (loss)	-	-	-	-
Balance at 31 December 2013	16,799,457	477,450	(3,353,037)	13,923,870
Balance at 1 July 2014	16,799,457	477,450	(3,548,293)	13,728,614
Net loss for the period	-	-	(226,634)	(226,634)
Other comprehensive income / (loss)	-	-	-	-
Balance at 31 December 2014	16,799,457	477,450	(3,774,927)	13,501,980

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Consolidated Group	
	31 Dec 2014	31 Dec 2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,385	3,449
Payments to suppliers and employees	(49,032)	(60,760)
Interest received	114	457
Net cash provided by (used in) operating activities	(47,533)	(56,854)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure	(1,522)	(33,801)
Net cash provided by (used in) investing activities	(1,522)	(33,801)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	40,000	20,000
Net cash provided by (used in) financing activities	40,000	20,000
Net increase/(decrease) in cash held	(9,055)	(70,655)
Cash at beginning of period	35,238	94,984
Cash at end of period	26,183	24,329

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134: Interim Financial Reporting ensures compliance with IAS 34: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Conico Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the *ASX Listing Rules*. The half-year report does not include full disclosures of the type normally included in an annual financial report.

Accounting Policies

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2014 financial report except for the adoption of new and revised Accounting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
 - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
 - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
 - Part C: 'Materiality'
- Interpretation 21 'Levies'

Going Concern

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The Group has reported a net loss for the period of \$226,634 (2013: \$231,542) and a cash outflow from operating activities of \$47,533 (2013: \$56,854). The Group also had a net working capital deficit of \$960,749 at 31 December 2014 (30 June 2014: deficit of \$733,902).

Included in current liabilities are amounts owed to related parties totalling \$988,193 which do not become payable until the company has raised sufficient funds to pay all outstanding debts and continue as a going concern after the related party debts have been repaid.

The directors are confident that the Group, subject to being able to raise further capital, will be able to continue its operations as a going concern. Without such capital, the net loss for the period and the cash outflow from operating activities indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The directors also carefully manage discretionary expenditure in line with the Group's cash flow.

The continuing applicability of the going concern basis of accounting is dependent upon the Group's ability to source additional finance. Unless additional finance is received the Group may need to realise assets and settle liabilities other than in the normal course of business and at amounts which could differ from the amounts at which they are stated in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

NOTE 2: SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed on the basis it is a mineral exploration company operating in the geographical region of Australia. The mineral assets held via outright ownership or joint venture are considered one business segment and the minerals currently being targeted include cobalt, nickel and manganese in Western Australia.

NOTE 3: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The directors are not aware of any contingent liabilities or contingent assets as at 31 December 2014.

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

NOTE 5: RELATED PARTY TRANSACTIONS

	2014	2013
	\$	\$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties during the period:		
a. Key Management Personnel		
Management fees and administration fees to Princebrook Pty Ltd, a company in which Mr G Solomon and Mr D Solomon have an interest.	97,335	97,335
Mr G Solomon provided the Company an unsecured interest-free loan.	12,500	5,000
Mr D Solomon provided the Company an unsecured interest-free loan.	12,500	5,000
Mr G LePage provided the Company an unsecured interest-free loan.	7,500	5,000
Mr J Richardson provided the Company an unsecured interest-free loan.	7,500	5,000
b. Associated Companies		
Reimbursement to Tasman Resources Ltd (which has a 19.5% fully diluted interest in the Company) for employee costs on an hourly basis, in relation to Tasman staff utilised by the Company.	5,175	6,416

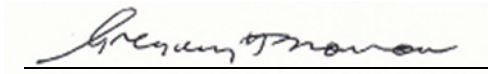
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The consolidated financial statements and notes, as set out on pages 9 to 14:
 - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. give a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director

A handwritten signature in black ink, appearing to read 'Gregory H Solomon', written over a horizontal line.

Gregory H Solomon

Dated this 12th day of March 2015

Independent Auditor's Review Report to the members of Conico Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Conico Limited and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, other selected explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the period.

Directors' Responsibility for the Interim Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the *Corporations Act 2001*. This responsibility includes: establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Conico Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Conico Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Conico Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that the Group will require further equity funding within the next twelve months from the date of this report to fund its operations and planned exploration projects. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

A handwritten signature in black ink that reads 'NPAS'.

Nexia Perth Audit Services Pty Ltd

A handwritten signature in black ink that appears to read 'PTC Kloppe'.

PTC Kloppe
Director

Perth
12 March 2015

Interests in Mining Tenements

Tenements	Location	Interest held at end of period	Acquired during the period	Disposed during the period
E63/373	WA	50%		
E63/1267	WA	50%		
MLA63/527*	WA	50%		
RA63/4*	WA	50%		
L63/66	WA	50%		
L63/67	WA	50%		

*These applications cover the same area as E63/373