

HIGHLIGHTS:

MT THIRSTY COBALT PROJECT:

- Leach optimisation test work nearing completion
- Positive land access, native title and community engagement
- Resource upgrade to JORC 2012 nearing completion
- Pre-Feasibility Study level engineering and capital estimation is scheduled to commence this quarter on schedule

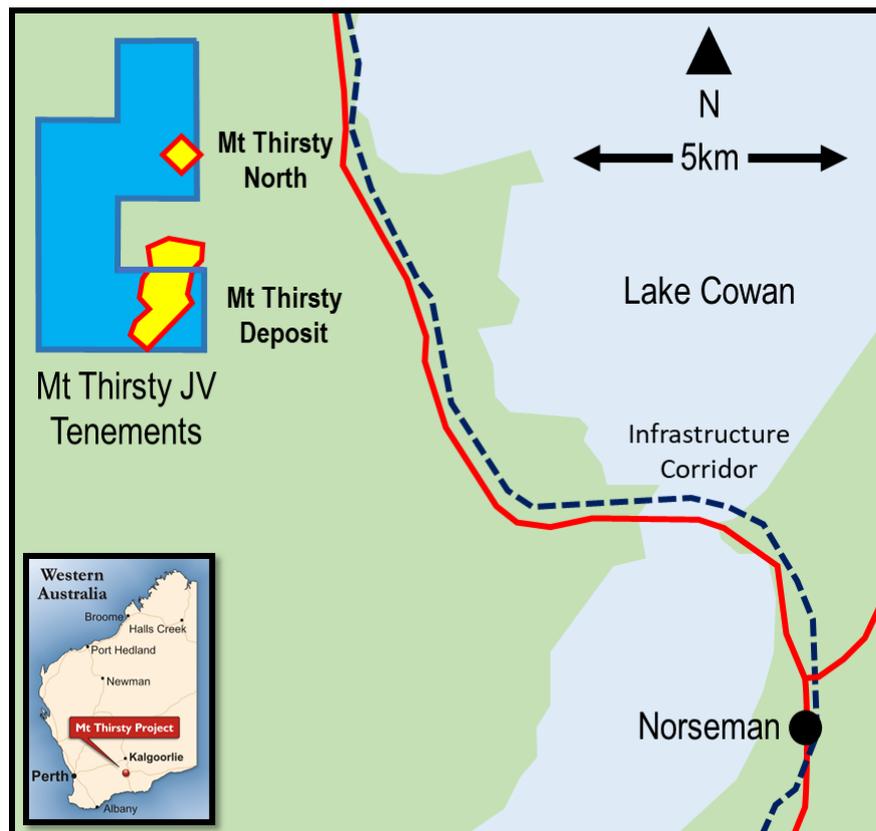


Figure 1: Mt Thirsty Project location

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**Front-End Flowsheet Selection**

As announced during the quarter, economic analysis of multiple financial and non-financial criteria enabled the MTJV to confidently select the whole ore leach case for the front-end go-forward flowsheet for the project in preference to the beneficiation options considered. The PFS and subsequent studies are now moving forward knowing that the beneficiation case has been thoroughly investigated and eliminated from further study.

Leaching Optimisation Test Work

Substantial metallurgical test work is nearing completion at ALS laboratories in Balcatta, in Perth. This work has focused on adjusting parameters such as feed grade, SO₂ concentration, temperature, process water salinity, grind size, agitator sizing, H₂SO₄ acid addition and the addition of other reagents. Optimisation of each of these parameters is expected to result in increased metal recoveries. The opportunity lies in the relatively low metal recoveries applied in the 2017 Scoping Study of 73% for cobalt and 21% for nickel. The MTJV is confident in substantially increasing these recoveries and looks forward to publishing the results as soon as they are finalised in the current quarter. These expected increases in recoveries are anticipated to significantly mitigate the effect of lower cobalt prices on project economics.

Cobalt Market

The price for cobalt metal has corrected over the last 12 months from a high of US\$90,000/t in March to US\$38,000/t today. This has been due to short term supply exceeding demand as evident by LME warehouse levels which are now at their highest level since Info-mine began tracking cobalt 7 years ago. 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.

Speculators have been purchasing and stockpiling physical cobalt in expectation of the electric vehicle (EV) revolution. EV sales are growing exponentially from a low base, particularly in China, 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.

The recent correction of the cobalt price has been sharper than forecasts issued by all major banks as reported by Consensus Economics. Longer term, the fundamentals of the cobalt market remain exceptional with very few high-quality projects such as Mt Thirsty being expected to be available to meet the demand driven by EVs.

Land Access and Community Engagement

Several land access negotiations were satisfactorily concluded during the quarter for tenure required for groundwater drilling planned to firm up the water source for the project. The remaining land access negotiations are progressing and expected to be resolved to enable ground water drilling to be completed to support the Pre-Feasibility Study.

Initial meetings with the Shire of Dundas have been very positive with the Shire indicating their strong preference to see support infrastructure located in the town of Norseman, located only 16km from the project. This presents a win-win opportunity for the MTJV to leverage the existing infrastructure in town such as power, water, a recently completed sealed airstrip and other community facilities. Subject to future commercial negotiations, there may be opportunities to have facilities such as a camp owned and operated by 3rd parties in town, reducing the capital funding requirements for the MTJV.

Meetings were held with representatives of the Ngadju Native Title holders who remain supportive of the project.

Other Studies

Golder are presently re-estimating the Mt Thirsty Mineral Resource to enable upgrading from JORC 2004 to JORC 2012 to enable an Ore Reserve to be declared at the completion of a positive PFS.

Mine plan optimisation will commence during the current quarter, informed by the new resource block model and metallurgical regressions from the latest test-work.

PFS level engineering and capital estimation is scheduled to commence this quarter on schedule.



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 Statement

The information in this report which relates to Exploration Results for the Mt Thirsty Project is based on and fairly represents information compiled by Mr Michael J Glasson who is a Member of the Australian Institute of Geoscientists contracted to Conico Limited. Mr Glasson holds shares in Conico Ltd.

Mr Glasson 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). He consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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) 63/79	WA	0%		50%
L(A) 63/80	WA	50%		
L(A) 63/81	WA	50%		
L(A) 63/91	WA	50%	50%	
L(A) 63/92	WA	50%	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.