

HIGHLIGHTS:

MT THIRSTY COBALT PROJECT:

- Test work demonstrates reduced nickel losses
- Mine pits and tailings design complete
- Wood finalising PFS capital and operating cost estimates
- All supporting PFS chapters in final draft

CORPORATE:

- Research and Development rebate of \$103,000 received during the current quarter
- Loan facility from Barra Resources Ltd for up to \$500,000 to facilitate the completion of the Mt Thirsty JV

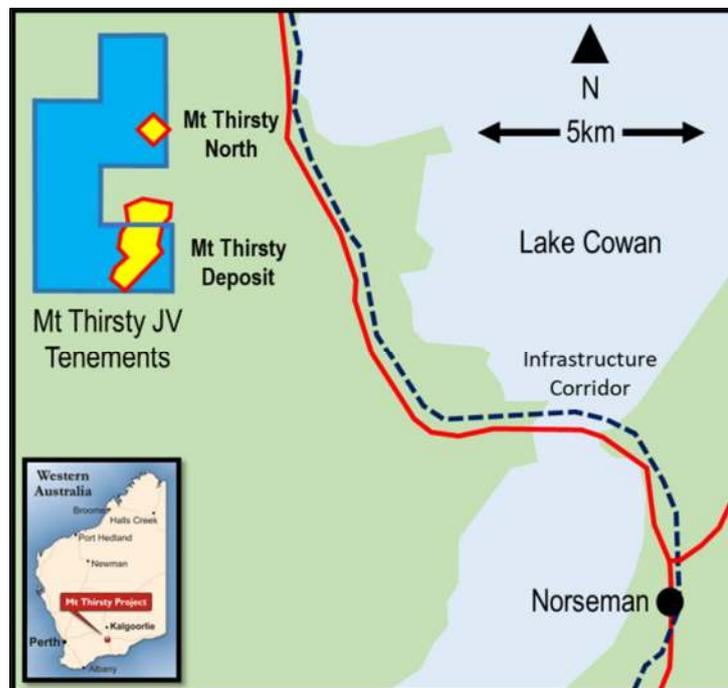


Figure 1: Mt Thirsty Project Location

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

The Mt Thirsty Cobalt Project is located 16km 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**Further Metallurgical Testwork**

Mixed Sulphide Precipitation testwork was completed during the quarter.

Five sighter tests were completed on one litre solutions at 70 degrees celsius. NaHS addition was set at 107-125% of the stoichiometric requirement and NaOH addition was 0.54-0.80kg/m³. The pH was increased gradually from 3.2 in the first test to 3.8 in the fifth test. Cobalt precipitation increased from 75.7% to 94.5% and nickel precipitation increased from 91.7% to 99.4% from the first to the fifth sighter test.

The bulk 17.2 litre sample from the secondary neutralisation test was then run at 70 degrees celsius and pH 3.8. NaHS and NaOH were added in excess, at 164% of the stoichiometric requirement and 0.93kg/m³ respectively, to ensure the target precipitation was achieved. Both cobalt and nickel precipitation exceeded 99.8%, demonstrating that minimal losses are

achievable in mixed sulphide precipitation. This is an improvement on previous assumptions for Nickel losses during mixed sulphide precipitation, which will be revised downwards for the previously assumed 2% to the now demonstrated 1%.

Cobalt losses during mixed sulphide precipitation will remain as previously assumed at 2%

Assumed losses in the Counter Current Decantation (CCD) will remain at 2% for both payable metals. The CCD loss estimate can only be refined with continuous piloting, which will be part of forward work post PFS.

The only testwork still underway is Manganese precipitation, both as an oxide for disposal to allow process water recycling and as a carbonate as a potential future by-product.

Mine Planning

The pit designs have been finalised. 18 pit stages have been designed based on the best known revenue and operating cost assumptions (Figure 2). These multiple stages will allow the scheduling of the highest value material first. They will also allow the later stages to be not mined should economic conditions prove less favourable. As a final step in the PFS, the final revenue and operating cost assumptions will be used to refine the final mine schedule to be published in the PFS.

The preliminary mine schedule was sent out as a request for quotation. Mining quotes have been received from Hamptons Transport Services Pty Ltd and MACA Ltd. A third major mining contractor is also planning to provide a quote.

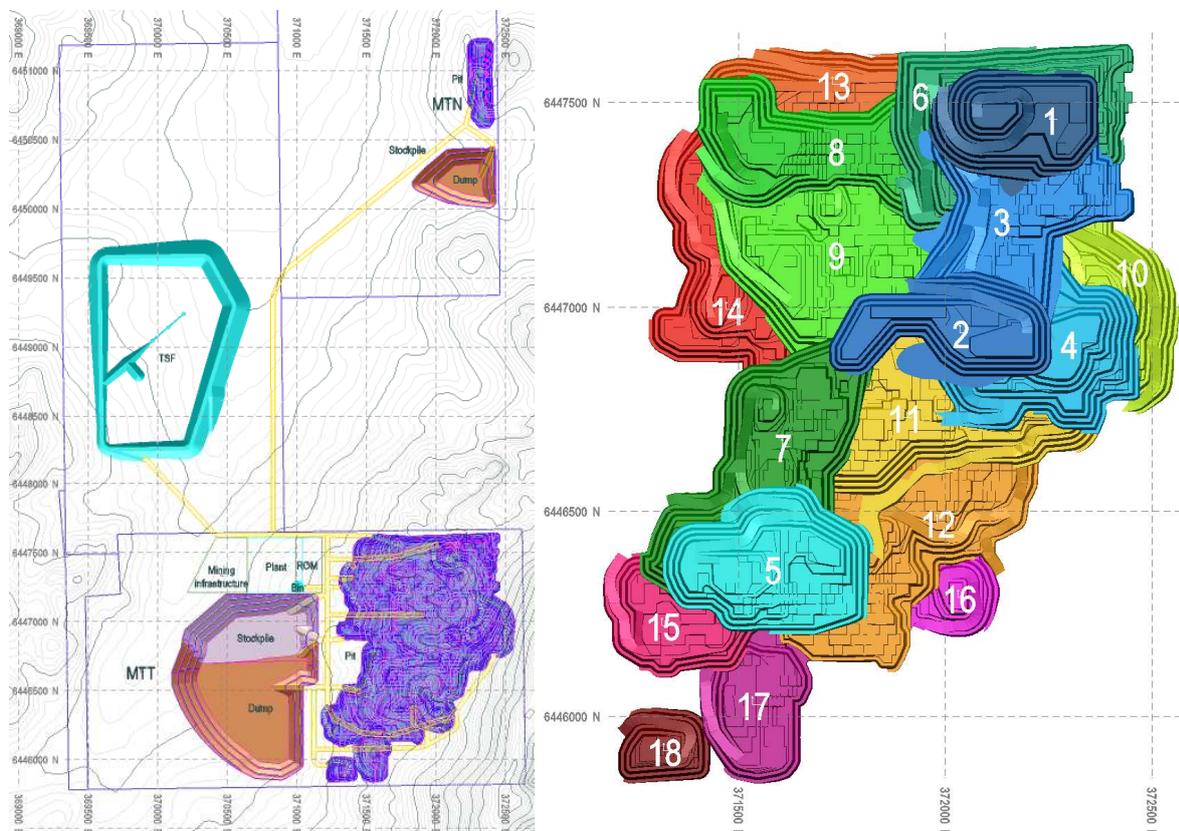


Figure 2: Preliminary mine layout showing pits, dumps, plant, infrastructure and TSF (left) and pit stages (right).

Tailings Design

The tailings design has now been finalised. The Tailings Storage Facility (TSF) will be constructed using the downstream stacking method, thereby avoid any risks of stacking tailings walls above unconsolidated wet tailings. The embankments will be constructed primarily using mine waste fill. Low permeability clay sourced locally and from the mine waste will be used to line the TSF. The tailings dam has been designed to accommodate 21.6 Mm³ of tailings up to a maximum height of 35m above natural ground surface. The TSF footprint is large enough for up to 11 years of tailings production, with sufficient real estate available on the mining tenements within the topographical constraints for future expansions (Figure 2).

Process Design

The flowsheet for the PFS is ostensibly unchanged from that proposed during the scoping study other than being increased in scale from 1.5 to 1.8 Mdt/pta feed rate or 2.3 Mwt/pta to bring revenue forward and maximise the NPV of the project. The basic process steps and PFS processing plant layout are shown in Figures 3 and 4.

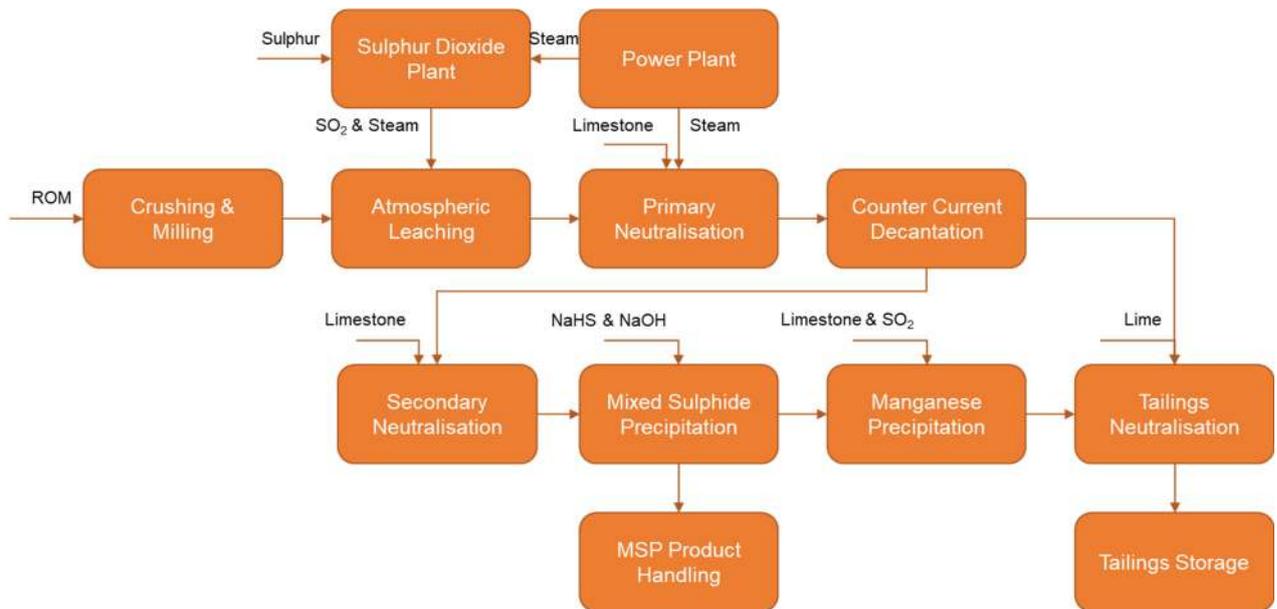


Figure 3: Schematic Process Flowsheet for Mt Thirsty.



Figure 4: 3D isometric of the Mt Thirsty processing plant showing generalised process flow (numbered labels).

Capital and Operating Cost Estimates

Capital and operating cost estimates are being prepared by Wood with all major equipment items being based on multiple vendor quotes.

Report Writing

The following chapters are in final draft: Geology, Mineral Resources, Environment and Community, Marketing, Hydrogeology and Tailings. Write up of Metallurgy, Mining, Process Design, and Infrastructure chapters has commenced.

Land Access

All biological surveys sufficient to support approvals for the project are complete.

Granted tenure, land access agreements and program of works approvals are now in place for water search drilling for the project. This activity has however been rescheduled as a post-PFS activity.

Tenement applications for mining, roads and infrastructure are also moving through the process towards grant.

Discussions are continuing with the Ngadju Traditional Owners towards a Native Title agreement.

Cobalt-Nickel Market

Nickel has been trading at US\$13,800 per tonne. Cobalt has stubbornly held levels at around US\$32,000 per tonne despite mine closures and production challenges reported at the world's three largest cobalt mines in the DRC.

Most commodity price forecasters continue to predict that cobalt prices will rise with increased Electric Vehicle (EV) demand in 2020. Cobalt is often cited as the metal most heavily leveraged to the electric vehicle revolution, due to its scarcity. Whilst EV demand has continued to accelerate in Europe, demand in China in the second half of 2019 was impacted by the planned reduction of electric vehicle subsidies. Promisingly, the Chinese government has now scrapped further reductions previously planned for 2020.

The Tesla Model 3 has dominated EV sales in the US and now accounts for approximately half of all electric vehicle sales there. This vehicle represents a compelling value proposition for superior performance and prestige compared to similarly priced European luxury cars. New models expected to debut from traditional OEMs may be what is required for another kick in EV sales growth in this market and hence cobalt commodity prices.

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

Next Steps

Once the capital and operating cost estimates are finalised, one final version of the mine schedule will be run and the project financial model will be updated. At this point the PFS will be ready for publication, marking a significant milestone for the MTJV and opening the door to project partnering with tier one mining and refining firms looking to secure sustainable sources of cobalt. Importantly, the completion of the PFS will also see a significant reduction in cash burn on the project until the future development partner for the project is agreed and can stamp their mark on the next phase of study.

CORPORATE

Loan Facility

The previously announced loan facility of up to \$500,000 from Barra to Conico to facilitate the completion of the PFS was agreed and drawn down by \$174,000 during the quarter (refer ASX Announcement dated 29 October 2019).

Research and Development Rebate

A Research and Development rebate of \$103,000 was received during the current quarter.



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 Cobalt-Nickel Project is based on and fairly represents information compiled by Mr Dean David who is a Member of the Australian Institute of Mining and Metallurgy and a full-time employee of Wood. Mr David consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report which relates to Mineral Resources at the Mt Thirsty Cobalt-Nickel Project is based on information provided to and compiled by Mr David Reid, a Competent Person who is a full-time employee of Golder Associates Pty Ltd, and a Member of the Australasian Institute of Mining and Metallurgy.

Messer's Glasson, David, and Reid 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%		
L63/80	WA	50%		
L63/81	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. L63/80 & 81 for ground water search.