



Conico Ltd

ABN 85 009 253 187

and Controlled Entities

**Interim Financial Report
for the
Half-Year Ended 31 December 2015**

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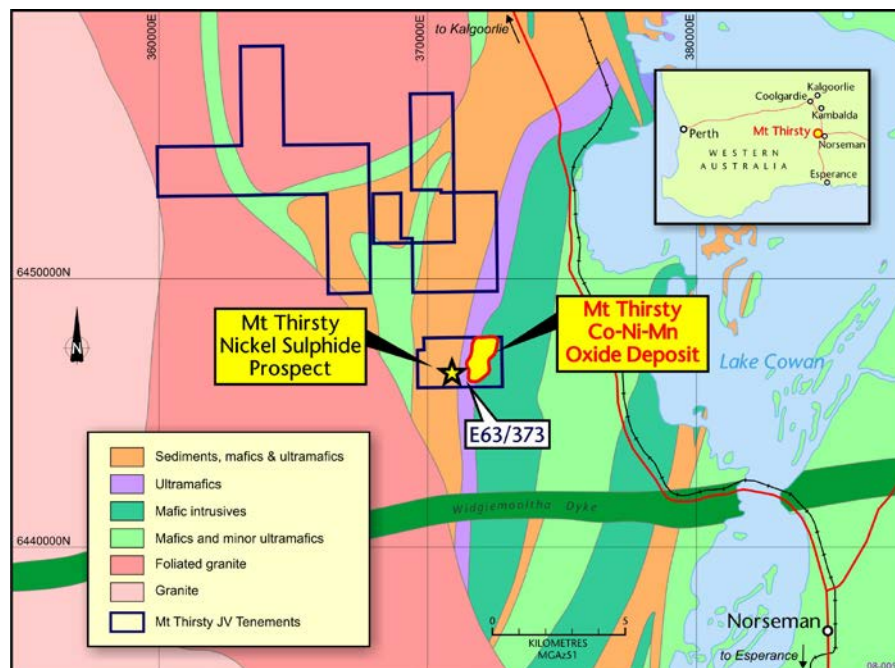
HIGHLIGHTS

Corporate

- The directors continue to review other possible base metal, gold and other mineral exploration opportunities.
- Most of the company's debt discharged through debt to equity conversion.
- Initial placement raised \$78,000 with second placement raising a further \$299,000 before costs.

Mt Thirsty Project (Conico Ltd 50%, JV with Barra Resources Ltd)

- Retention Licence Application over E63/373 reaches notification stage and should be granted early 2016 if no objections from any Native Title party.



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:

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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:

Advanced 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

Corporate

Completion of the discharge of most of Conico's debts by issuing securities

Conico issued shares to settle outstanding debts totalling \$733,497, which represented a large percentage of its long outstanding debts by issuing securities in the Company, rather than paying the same in cash. These debts were owed to its major shareholder for a loan (\$131,810 being for a loan of \$100,000 plus interest and the cost of supplying contract geologists), to entities related to the directors for loans (\$110,000), to its directors for directors' fees (\$419,687), and to RM Corporate Pty Ltd for providing corporate advisory services to the Company (\$72,000). These debts cover the period from December 2012 up to 31 August 2015.

These debts were converted into equity at an issue price of \$0.008 per share, being an 11% discount to the closing price of the Company's shares on 25 August 2015 (the last date on which its shares traded prior to the debt conversion being announced).

The discharge of debt by issuing securities was approved by shareholders at a General Meeting that was convened on 8 December 2015.

Placement

During the period Conico initially successfully placed 9,750,000 fully paid ordinary shares (an increase of 7.36% over the previously issued shares) and 9,750,000 free attaching options exercisable at 3 cents expiring 30 November 2019. This placement was at an issue price of \$0.008 per share, with one free attaching option per share, to investors in accordance with section 708 of the Corporations Act 2001 ("the Act"), raising \$78,000 before costs.

A further 37,375,000 fully paid ordinary shares (an increase of 28.22% over the previously issued shares) were subsequently placed along with 37,375,000 free attaching options exercisable at 3 cents expiring 30 November 2019. This placement was at an issue price of \$0.008 per share, with one free attaching option per share, to investors in accordance with section 708 of the Act, raising \$299,000 before costs.

A commission of 6% of the value of the funds raised is payable to financial services licencees in respect of a portion of the second placement raised by financial services licencees.

The funds raised were used to retire outstanding debt and fund the Company's ongoing working capital requirements.

Mt Thirsty Project

Advice was received from the Department of Mines and Petroleum that the retention licence application (R63/4) over E63/373, which covers the Mt Thirsty Ni-Co oxide deposit, has reached the notification stage. If there are no objections from any Native Title parties the licence should be granted early 2016.

Mt Thirsty Project Summary

The Mt Thirsty Cobalt – Nickel - Manganese oxide project covering an area of 11.5km² is located 20km north-northwest of Norseman in the southern goldfields of Western Australia, a well-endowed nickel terrain (see Figure 1). 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 within E63/373 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 within E63/373 (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 Persons Statement

The information in this quarterly 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 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 2015.

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 profit after income tax for the half year was \$37,459 (2014: loss of \$226,634).

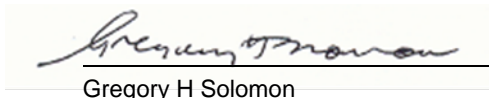
A review of the operations of the Group during the half-year ended 31 December 2015 is set out in the Review of Operations on Page 5.

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 2015.

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', is written over a horizontal line. Below the line, the name 'Gregory H Solomon' is printed in a standard black font.

Dated this 1st day of March 2016

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 2015, 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.



Nexia Perth Audit Services Pty Ltd



TJ Spooner
Director

Perth
1 March 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Notes	Consolidated Group	
		31 Dec 2015	31 Dec 2014
		\$	\$
Other income		594	378
Debt forgiveness		355,342	-
Accounting and audit expense		(3,779)	(6,957)
Depreciation and amortisation expense		(1,029)	(1,309)
Employee benefits expense		(82,310)	(86,239)
Insurance expense		(12,786)	(14,317)
Interest expense		(764)	(15,016)
Legal and other consultants expense		(100,143)	-
Management Fees		(97,335)	(97,335)
Other expenses		(20,331)	(5,839)
Profit/(Loss) before income tax		37,459	(226,634)
Income tax expense		-	-
Profit/(Loss) for the period		37,459	(226,634)
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			
		37,459	(226,634)
Basic/Diluted earnings per share (cents per share)		0.0246	(0.1711)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Consolidated Group	
	31 Dec 2015	30 Jun 2015
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	56,030	16,352
Trade and other receivables	39,299	10,236
TOTAL CURRENT ASSETS	95,329	26,588
NON-CURRENT ASSETS		
Property, plant and equipment	12,357	13,420
Exploration and Evaluation expenditure	14,737,630	14,727,743
TOTAL NON-CURRENT ASSETS	14,749,987	14,741,163
TOTAL ASSETS	14,845,316	14,767,751
CURRENT LIABILITIES		
Trade and other payables	187,791	1,022,886
Interest bearing liabilities	-	100,000
Non-interest bearing liabilities	-	100,000
TOTAL CURRENT LIABILITIES	187,791	1,222,886
NON-CURRENT LIABILITIES		
Provisions	250,000	250,000
TOTAL NON-CURRENT LIABILITIES	250,000	250,000
TOTAL LIABILITIES	437,791	1,472,886
NET ASSETS	14,407,525	13,294,865
EQUITY		
Issued capital	17,874,658	16,799,457
Reserves	477,450	477,450
Accumulated losses	(3,944,583)	(3,982,042)
TOTAL EQUITY	14,407,525	13,294,865

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Share Capital Ordinary	Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
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
Balance at 1 July 2015	16,799,457	477,450	(3,982,042)	13,294,865
Net profit for the period	-	-	37,459	37,459
Issue of shares	1,075,201	-	-	1,075,201
Other comprehensive income / (loss)	-	-	-	-
Balance at 31 December 2015	17,874,658	477,450	(3,944,583)	14,407,525

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Consolidated Group	
	31 Dec 2015	31 Dec 2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	1,385
Payments to suppliers and employees	(302,212)	(49,032)
Interest received	73	114
Net cash provided by (used in) operating activities	(302,139)	(47,533)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure	(9,887)	(1,522)
Net cash provided by (used in) investing activities	(9,887)	(1,522)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	10,000	40,000
Net proceeds from share issues	341,704	-
Net cash provided by (used in) financing activities	351,704	40,000
Net increase/(decrease) in cash held	39,678	(9,055)
Cash at beginning of period	16,352	35,238
Cash at end of period	56,030	26,183

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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 2015 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 2015 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.

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 cash outflow from operating activities of \$302,139 (2014: \$47,533). The Group also had a net working capital deficit of \$92,462 at 31 December 2015 (30 June 2015: deficit of \$1,196,298).

Included in current liabilities are amounts owed to related parties totalling \$130,747 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

NOTE 3: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The directors are not aware of any contingent liabilities or contingent assets as at 31 December 2015.

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

	2015	2014
	\$	\$
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:		
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. At 31 December 2015 an amount of \$64,890 (2014: \$405,562) was included in Trade and Other Payables as owing to Princebrook Pty Ltd.	97,335	97,335
Management fees and administration fees forgiven by Princebrook Pty Ltd, a company in which Mr G Solomon and Mr D Solomon have an interest.	355,342	-
RM Capital Pty Ltd, a company in which Mr G LePage and Mr J Richardson have an interest, provided the Company an unsecured interest-free loan.	10,000	-
Mr G Solomon provided the Company an unsecured interest-free loan.	-	12,500
Mr D Solomon provided the Company an unsecured interest-free loan.	-	12,500
BT Global Pty Ltd, a company in which Mr G LePage and Mr J Richardson have an interest, provided the Company an unsecured interest-free loan.	-	15,000
	31 Dec	30 June
	2015	2015
	\$	\$
Amount included in Trade and Other Payables as owing to Mr Gregory H Solomon for unpaid directors fees and superannuation.	27,375	212,156
Amount included in Trade and Other Payables as owing to Mr Douglas H Solomon for unpaid directors fees and superannuation.	8,760	67,890
Amount included in Trade and Other Payables as owing to Mr Guy T Le Page for unpaid directors fees and superannuation.	8,760	67,890
Amount included in Trade and Other Payables as owing to Mr James B Richardson for unpaid directors fees and superannuation.	8,760	67,890
	2015	2014
	\$	\$
Associated Companies		
Reimbursement to Tasman Resources Ltd (which has a 15.29% fully diluted interest in the Company) for employee costs on an hourly basis, in relation to Tasman staff utilised by the Company.	4,202	5,175

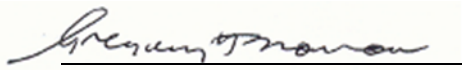
DIRECTORS' DECLARATION

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 2015 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 1st day of March 2016

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 entity and joint venture company (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2015, 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 entity it controlled and its interest in a joint venture company 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 2015 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.

Nexia Perth Audit Services Pty Ltd

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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 entity and joint venture company 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 2015 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.

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Nexia Perth Audit Services Pty Ltd

A handwritten signature in black ink, appearing to read "TJ Spooner".

TJ Spooner
Director

Perth
1 March 2016

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%		

*These applications cover the same area as E63/373