

ASX QUARTERLY REPORT
FOR PERIOD ENDED 31ST MARCH 2018

HIGHLIGHTS: MT THIRSTY COBALT PROJECT:

- Recent increases in cobalt price have potential to significantly improve project economics.
- Consultation with a number of engineering companies regarding tenders for the proposed Mt Thirsty Pre-Feasibility Study (PFS).
- Tenders from a short list of four engineering companies were received and underwent rigorous assessment; ASX announcement to follow shortly.
- Numerous other work packages in areas of resource estimation (upgrade to JORC 2012), mine planning, hydrogeological studies, tailings disposal, marketing, environmental and community studies and Native Title liaison have also been tendered.

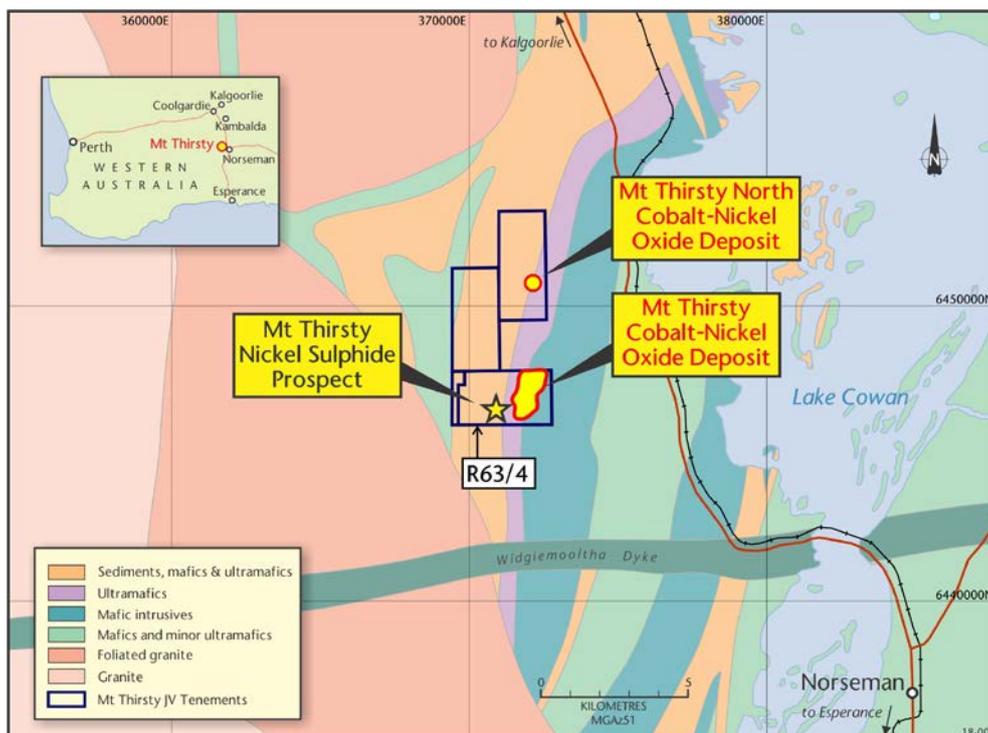


Figure 1: Mt Thirsty Project Location

MT THIRSTY COBALT PROJECT
(50% Conico: 50% Barra – 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.

Demand is likely to escalate exponentially with battery production, however supply is uncertain as over 60% of global supply comes from the politically unstable African countries such the Democratic Republic of Congo, Central African Republic and Zambia.

With potential supply constraints and surging demand, many commentators see pricing pressure as a likely eventuality.

The undeveloped Mt Thirsty Cobalt Project has a significant JORC (2004) compliant 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.

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 Joint Venture partners are working collaboratively to exploit this joint opportunity and remain confident Mt Thirsty has the potential to become a major supplier to the burgeoning battery supply chain.

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. Figure 2 illustrates the effect alternative long-term cobalt prices have on the Net Present Value (NPV) of the Scoping Study* completed in October 2017. All other variables from the Scoping Study are fixed in this analysis.

The Scoping Study was published based on a long-term cobalt price of US\$72,000/t. The published sensitivities at the time were limited to ±20%. Since the Scoping Study was published spot cobalt prices have risen significantly (\$US93,750/tonne as at 2/4/18).

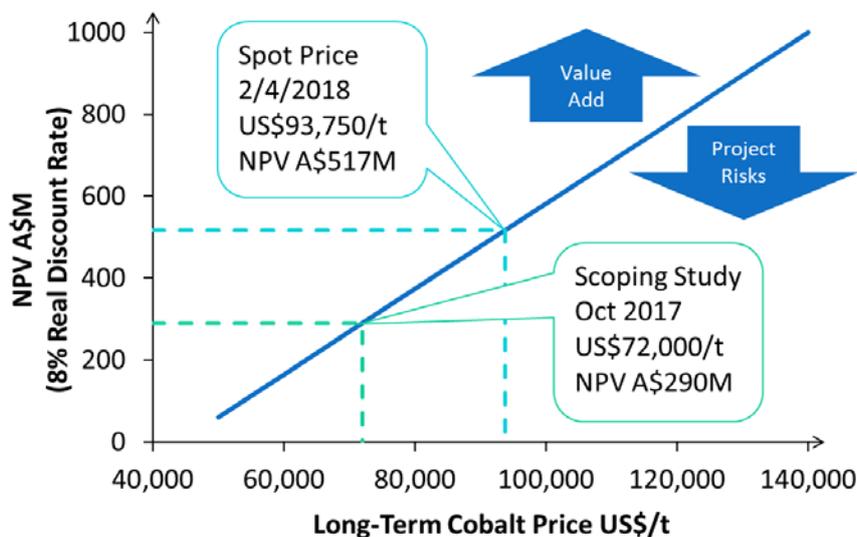


Figure 2: Mt Thirsty Scoping Study Sensitivity to Long-Term Cobalt Prices.

ACTIVITIES**PROPOSED MT THIRSTY PRE-FEASIBILITY STUDY (PFS)**

During the quarter meetings were held in Perth with a number of engineering companies regarding tenders for the proposed Mt Thirsty PFS. Tenders were received from a short list of four companies which underwent rigorous assessment.

As part of the PFS, the successful tenderer would manage a metallurgical test work program in consultation with the MTJV. Other external consultants will be appointed and managed by the MTJV owner's representative. These include consultants for resource estimation (upgrade to JORC 2012), mine planning, hydrogeological studies, tailings disposal, marketing, environmental and community studies and Native Title liaison.

Metallurgical Testwork

As an initial part of the metallurgical test work program the successful tenderer would investigate the potential for beneficiation of Mt Thirsty cobalt-nickel oxide mineralisation. A desktop study based on previous test work indicates that removal of the fine fraction which contains mostly goethite (and a large portion of the nickel) could lead to significant upgrading of the coarser cobalt bearing manganese oxide fraction without affecting the nickel leach recovery (as approx. 20% of the nickel is contained in manganese oxides). This work would be a first priority in the PFS and if successful could be significantly value adding for the Mt Thirsty project.

The metallurgical test work program/PFS study would further investigate the proposed SO₂ leaching process, its supplementation with various concentrations of sulphuric acid to improve leach recoveries of both cobalt and nickel and also the viability of alternative flowsheets.

A handwritten signature in cursive script that reads 'Guy T Le Page'.

Guy T Le Page
Director

Disclaimer

** Refer ASX Announcement 5/10/2017 for details of the Scoping Study including cautionary statements. The Scoping Study referred to in this report is based on low-level technical and economic assessments and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. Cobalt price is one of many key sensitivities to the project. Other sensitivities including but not limited to nickel price, foreign exchange, land access, capital cost, availability of funding, operating cost, metal recoveries and resource inventory also present risks and opportunities to the economics of the project. The Scoping Study is based on an Inferred and Indicated JORC 2004 Mineral Resource. Further work is required during the Pre-Feasibility Study to move this through higher Mineral Resource and Ore Reserve categories under JORC 2012. Investors should form their own view on long-term cobalt prices. Given the uncertainties involved, investors should not make any investment decisions based solely around the outcomes of the Scoping Study or this sensitivity analysis.*

Competent Persons Statement

The information in the 2011 report relating to the Mt Thirsty Mineral Resource Update is based on information compiled by Alan Miller, who at the time was a full time employee of Golder Associates Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Alan Miller has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Resources Committee, the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Mineral Council of Australia.” Alan Miller consented to the inclusion in the 2011 report of the matters based on this 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%		

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 project hosts the Mt Thirsty Cobalt Oxide Deposit (Table 1) which has the potential to emerge as a significant cobalt supplier. Refer also Cross Sections through Mt Thirsty deposit, Figure 3 below.

Table 1: Mt Thirsty Cobalt Oxide Deposit Mineral Resource Summary (0.06% Co cut off)

Mineral Resource Category	Tonnes	Cobalt (Co) (%)	Nickel (Ni) (%)	Manganese (Mn) (%)
Indicated	16,600,000	0.14	0.60	0.98
Inferred	15,340,000	0.11	0.51	0.73
Total Mineral Resource	31,940,000	0.13	0.55	0.86

(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).

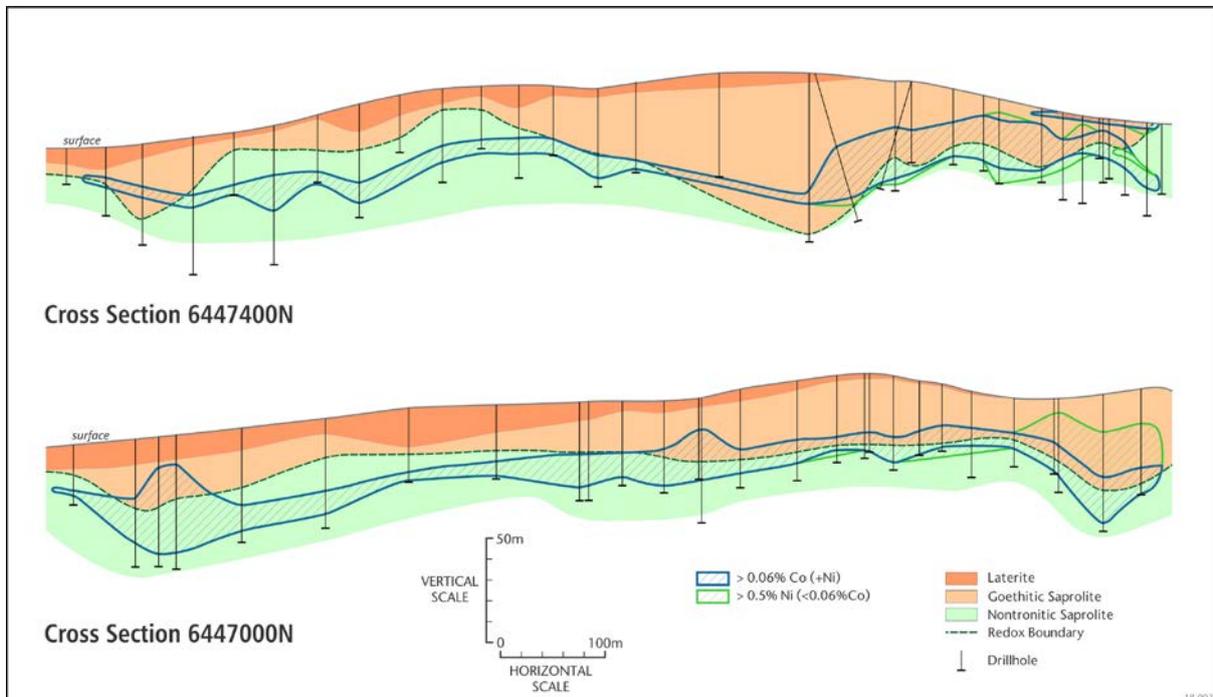


Figure 3: Cross sections through the Mt Thirsty Co-Ni Oxide deposit showing outlines of the mineralisation and weathering profiles.

Extensive metallurgical test work in recent years has indicated that high recoveries of cobalt can be achieved via agitated, low temperature, atmospheric leaching using cheaper and more efficient sulphur dioxide (SO₂) as the main leaching agent resulting in a more practical and economic leaching method by specifically targeting cobalt only.

A low temperature, low reagent consumption agitated atmospheric leaching process flowsheet has been developed with greater than 70% cobalt and 20% nickel recoveries. A recent positive scoping study has justified further work to progress to a pre-feasibility stage.

The Mt Thirsty Cobalt Oxide Deposit currently represents an excellent long-term, low cost, cobalt production opportunity.

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).

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Conico Ltd

ABN

49 119 057 457

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(22)	(159)
(b) development	-	-
(c) production	-	-
(d) staff costs	(46)	(126)
(e) administration and corporate costs	(67)	(270)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	40	40
1.8 Other (provide details if material)	8	8
1.9 Net cash from / (used in) operating activities	(87)	(507)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	225	375
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	225	375

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	196	466
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(87)	(507)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	225	375
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	334	334

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	334	196
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	334	196

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	103
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director fees and superannuation were paid during the quarter.

Management Fees, as per agreement, were paid during the quarter to a company of which Mr GH Solomon and Mr DH Solomon are directors.

Corporate advisory fees paid to RM Corporate Finance Pty Ltd, a company of which Mr GT Le Page and Mr J Richardson have an interest.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
-		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	60
9.2 Development	-
9.3 Production	-
9.4 Staff costs	46
9.5 Administration and corporate costs	65
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	171

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Sign here:


 Company secretary

Date: 30 April 2018

Print name: Aaron Gates

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.