



ACN 119 057 457

ASX QUARTERLY REPORT

FOR PERIOD ENDED 31ST MARCH 2020

HIGHLIGHTS:

MT THIRSTY COBALT NICKEL PROJECT:

- Mt Thirsty now assumes the mantle of Australia's most advanced genuine cobalt project with a completed Pre-Feasibility Study (PFS)
- Hydrometallurgical process is at atmospheric pressure and 70-90°C utilising sulphur dioxide (SO₂) as the main reagent
- Maiden JORC 2012 Probable Ore Reserve of 18.8 Mdt at 0.13% cobalt and 0.54% nickel estimated for the project
- Positive economics returned over a 12 year mine life with a pre-tax NPV of A\$44.4M (A\$25.7M post-tax)
- Capital Expenditure of A\$371M including 10% indirects, 9% growth allowance, 4% owner's costs, and 10% contingency
- All in Sustaining Costs of US\$35,400/t contained cobalt
- The direct project expenditure for the MTJV now reverts to a minimum while the partnering strategy for the project is pursued as planned

CORPORATE:

- Loan facility from Barra Resources Ltd for up to \$500,000 to facilitate the completion of the Mt Thirsty JV has been drawn to a balance of \$332,000 as at end of the quarter.

**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.

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 Mt Thirsty Project is highly leveraged to cobalt prices with approximately 70% 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 appointed Mr Sean Gregory, MD and CEO of Barra Resources Ltd as Manager of the Mt Thirsty Project Prefeasibility Study (PFS).

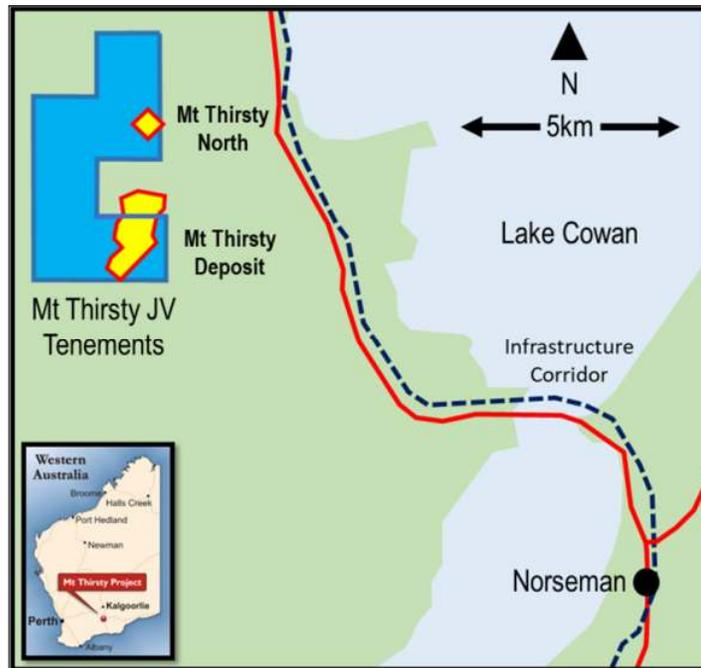


Figure 1: Mt Thirsty Project Location

ACTIVITIES

The Pre-Feasibility Study (PFS) for the project was completed and announced to the ASX on 20 February 2020.

The PFS is based on the 26.9 Mdt @ 0.117% cobalt and 0.52% nickel Indicated and Inferred Mineral Resource (Table 1) and allowed a Maiden Probable Ore Reserve of 18.8 Mdt @ 0.126% cobalt and 0.54% nickel to be estimated (Table 2).

Table 1: 2019 Mineral Resource estimates (all grades reported on a dry basis).

Mineral Resource	Cut-off (Co%)	Wet Tonnes (Mt)	Moisture (% wet t)	Dry Tonnes (Mt)	Co (%)	Ni (%)	Mn (%)	Fe (%)
Mt Thirsty Main Indicated	0.06	31.2	27%	22.8	0.121	0.53	0.79	21.3
Mt Thirsty Main Inferred	0.06	3.5	27%	2.5	0.103	0.45	0.66	19.1
Mt Thirsty Main Sub Total	0.06	34.7	27%	25.4	0.119	0.52	0.77	21.1
Mt Thirsty North Inferred	0.06	2.0	27%	1.5	0.092	0.55	0.48	19.4
Total	0.06	36.7	27%	26.9	0.117	0.52	0.76	20.9

Table 2: Mt Thirsty Ore Reserve estimate.

Mineral Resource	Cut-off (Co%)	Wet Tonnes (Mwt)	Moisture (% wet t)	Dry Tonnes (Mdt)	Co (%)	Ni (%)	Mn (%)	Fe (%)
Mt Thirsty Probable	Approx. 0.07% Co (Variable)	25.9	27%	18.8	0.126	0.54	0.80	21.6

Refer to ASX Announcements of 9/9/2019 for full details of the Mineral Resource and 20/2/2020 for full details of the Ore Reserve.

The PFS has assumed a water supply of 1.8 GLpa of hyper saline (4 times seawater) from the paleochannel aquifers for process water supplemented by 0.2 GLpa of saline water (1 times seawater) to be treated by reverse osmosis for the potable and demineralised water requirements for the Project. A \$170,000 investigative drilling program has been prepared with program of work approvals in place. This will form a key part of future studies on the Project.

Metallurgical testwork on the project included beneficiation studies (the base case selected whole ore leaching in preference to beneficiation), 71 leaching tests (including 7 at the bulk 20 dry kg scale), and testwork to demonstrate each of the proposed process engineering steps. The testwork was based on representative sample composites from 2016 Reverse Circulation and 2018 Air Core drilling campaigns.

Mining will be by conventional open pit methods using 200t hydraulic excavators and 150t off-road trucks. Most of the ore will be free dig with an allowance for drill and blast in the laterite cap rock. 14 pit stages based on whittle optimisations have been scheduled over a 12 year mine life. 18.8 Mdt of Ore Reserves plus an additional 1.0 Mdt of Inferred Mineral Resources at Mt Thirsty and 0.8Mdt of Inferred Mineral Resources have been scheduled at a 1.8Mdtpa Ore feed rate and a 2.4:1 waste:ore strip ratio.

The ore feed will pass through a static grizzly into a mineral sizer, prior to wet scrubbing in an open circuit SAG mill and then closed circuit grinding in a ball mill to meet a -53um leach feed specification. The ball mill cyclone overflow is thickened to 40% solids (in hypersaline process water) and leached at 70-90°C at atmospheric pressure using SO₂ and air. Sulphur will be imported and burnt in air to make sulphur dioxide that will be diluted with compressed air and sparged into the leach tanks at varying concentrations. The leached slurry will be primary neutralised with limestone and treated by counter current decantation before secondary neutralisation using limestone. The cobalt and nickel in the neutralised solution is recovered by mixed sulphide precipitation using NaHS and NaOH prior to filtering and product bagging. Manganese precipitation using sulphur dioxide and tailings neutralisation with limestone and lime complete the process (Figures 2 and 3).

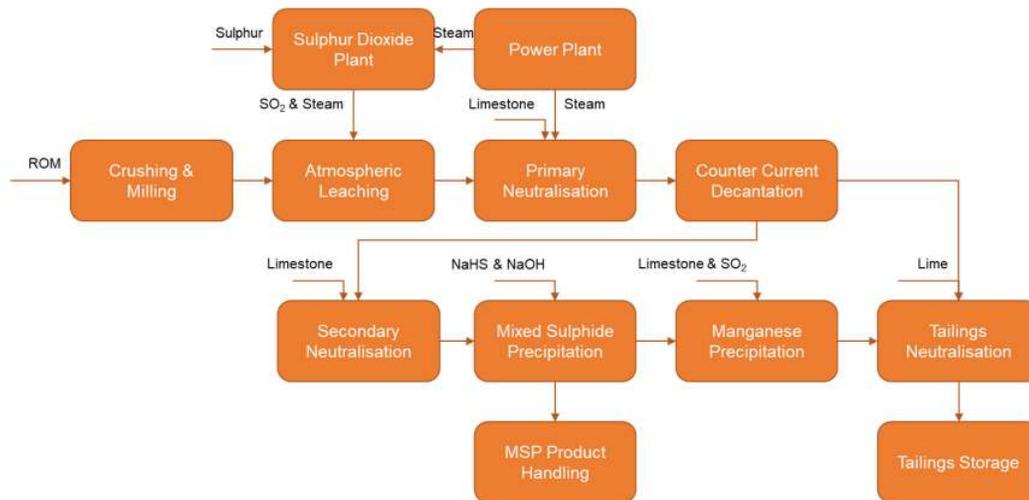


Figure 2: Schematic Process Flowsheet for Mt Thirsty.

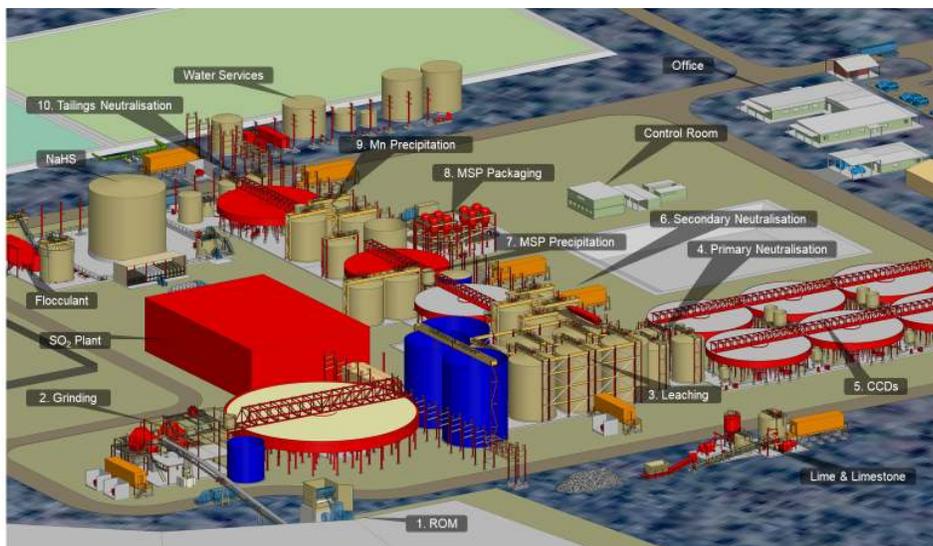


Figure 3: 3D isometric of the Mt Thirsty processing plant showing generalised process flow (numbered labels).

Tailings will be stored on site in a dedicated single cell tailings dam constructed using the downstream stacking method from mine waste and engineered rock fill in accordance with stringent regulatory guidelines and approvals.

The Project is fortunate to be located only 16km north-west of Norseman and only 4km from the Coolgardie-Esperance Highway (part of the Trans-Australia Highway 1) (Figure 1). This infrastructure corridor includes road, rail, gas, water, fibre optic infrastructure, some of which will be useful to the Project. Power and steam will be generated on site.

A workforce of up to 300 both during construction and operations will be accommodated in existing and proposed camps in the nearby towns of Norseman and Kambalda with a combination of residential, fly-in fly-out and drive-in-drive-out workers.

A reconnaissance flora and fauna survey was conducted by Spectrum Ecology at Mt Thirsty in spring 2018. The survey did not identify any rare plants or animals. Plants listed as priority flora were however identified and Mallee Fowl are known in the area. As such, a targeted flora and Mallee Fowl search was conducted over the tenements in spring 2019. No evidence of Mallee Fowl were found. Seven priority flora species were recorded. Approvals under the Environmental Protection Act 1986, Environmental Protection Act 1986, and Mining Act 1978 should be able to be completed within 6 months.

The capital cost estimate for the project is A\$370.7M +/- 25% including 10% contingency on direct and indirect costs, 9% growth allowance and 4% owner's costs.

The operating cost estimate is \$65.32 per dry tonne at the process design criteria grades, but will vary over the life of mine with reagent consumption tied to feed grades. The All-In Sustaining Cost is A\$35,400 per tonne of contained cobalt metal after adjusting for Nickel credits and payability discounts.

The financial analysis returned the following results:

- Life of Mine Revenue after Royalties \$1,848M (71% from Cobalt and 29% from Nickel)
- Life of Mine Operating Costs \$1,233M
- Life of Mine Cumulative Net Cash Flow \$213M
- Pre Tax NPV \$44.4M
- Post Tax NPV \$25.7M

Next Steps

Native Title negotiations are continuing with the Ngadju Traditional Owners and no impediments to an agreement are anticipated.

The Mt Thirsty Joint Venture (MTJV) has identified the highest value development path to be a farm-in from a large global firm, eager to secure a guaranteed sustainable source of cobalt. The MTJV is now re-engaging with several major Australian and international mining, trading and refining firms who have all identified a high quality PFS as their minimum investment criteria.

The direct Project expenditure for the MTJV now reverts to a minimum while the partnering strategy is pursued as planned.

CORPORATE**Loan Facility**

The previously announced loan facility of up to \$500,000 from Barra to Conico to facilitate the completion of the PFS has been drawn down by a total of \$332,000 to the end of the quarter (refer ASX Announcement dated 29 October 2019).



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 Mineral Resources for 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. Mr Reid 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 the Metallurgy for the Mt Thirsty Cobalt-Nickel Project is based on and fairly represents information compiled by Mr David Nofal who is a Fellow of the Australian Institute of Mining and Metallurgy and a full-time employee of AMEC Foster Wheeler (trading as Wood). Mr Nofal 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 Mining and Ore Reserves for the Mt Thirsty Cobalt-Nickel Project is based on information provided to and compiled by Mr Frank Blanchfield, a Competent Person who is a full-time employee of Snowden Mining Industry Consultants Pty Ltd, and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Blanchfield consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Messer's Glasson, Reid, Nofal and Blanchfield 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 Competent Persons as defined in the JORC Code (2012 Edition).

Previously announced information is cross referenced to the original announcements. In these cases, 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.