

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

22 FEBRUARY 2017

MT THIRSTY COBALT PROJECT UPDATE

- **Metallurgical Testwork nearing completion before flowsheet design starts**
- **Scoping Study targeting June Quarter completion**
- **Tender commenced for independent Engineering Consultant to Scoping Study**
- **Mt Thirsty a major Australian undeveloped cobalt resource**

Conico Ltd (ASX: CNJ) ("Conico" or "the Company") is pleased to advise that metallurgical testing of leaching rates at the ALS laboratories in Perth is nearing completion and is expected to conclude in the coming weeks. These tests continue to build on previous work confirming sulphur dioxide as the preferred reagent as well as temperature and residence time to maximise recoveries against costs. These results will then feed into the flowsheet design phase of the Scoping Study. The Joint Venture is now in the process of engaging a leading independent engineering consultancy to perform this section of the Scoping Study.

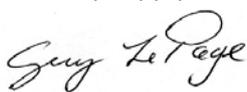
Background on Mt Thirsty Cobalt Project

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

The Mt Thirsty Cobalt Oxide Deposit mineral resource was prepared and first reported in accordance with 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 to ASX announcement 8th March 2011: "Resource Upgrade Mt Thirsty Cobalt-Nickel Oxide Deposit": available to view at www.conico.com.au). The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the announcement dated 8th March 2011 have not materially changed.

Mt Thirsty is one of Australia's largest known stand-alone cobalt resources at 32 million tonnes with approximately 40,000 tonnes of contained cobalt. The great advantages of Mt Thirsty compared to other potential cobalt miners 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 resource is very soft and fine and low in silica. As the cobalt is attached to the manganese, initial test work has indicated that an agitated leach process undertaken at around 40°C and atmospheric pressure will be sufficient to extract the cobalt. The very nature of the deposit and leaching process being pursued has the potential to translate to a lower CAPEX/OPEX operation.

Given Mt Thirsty's ideal positioning close to infrastructure including power and port access in Western Australia, the Joint Venture remains confident Mt Thirsty has the potential to become a major supplier to the burgeoning battery supply chain.



Guy T Le Page
Director

Background on Mt Thirsty Cobalt Project

The Mt Thirsty Cobalt Project covers an area of 12km² and is located 20km north-northwest of Norseman, Western Australia, in a well-endowed nickel terrain. The Mt Thirsty Joint Venture is a 50:50 joint venture between the Company and ASX listed Barra Resources Ltd (ASX: BAR).

The project hosts the Mt Thirsty Cobalt Oxide Deposit (Table 1) which has the potential to emerge as a significant cobalt supplier.

Table 1: Mt Thirsty Cobalt Oxide Deposit Mineral Resource Summary (Un-cut)

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

The Mt Thirsty Cobalt Oxide Deposit mineral resource was prepared and first reported in accordance with 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 to ASX announcement 8th March 2011: "Resource Upgrade Mt Thirsty Cobalt-Nickel Oxide Deposit": available to view at www.conico.com.au/mtthirsty.php. The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the announcement dated 8th March 2011 have not materially changed.

Extensive metallurgical testwork in recent years has indicated that high recoveries of cobalt can be achieved via agitated, low temperature, atmospheric pressure, 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.

Two flowsheets, one utilising a paste thickener and the other using an ion exchange resin-in-pulp (RIP), are still under investigation. Both have low water consumption, low reagent consumption and greater than 80% cobalt and 25% nickel recoveries. Preliminary estimations justify continued work to progress to a pre-feasibility stage.

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

In addition to the Mt Thirsty Cobalt Oxide Deposit, the Project also hosts high-grade primary massive nickel sulphide mineralisation at the Mt Thirsty Nickel Sulphide (Ni-S) Prospect. Intersections of massive nickel sulphide up to 6.0 metres down-hole grading 3.5% nickel were reported by the joint venture in 2010. (refer to ASX announcement 19th May 2010: "High Grade Nickel Sulphide's Intersected at Mt Thirsty JV": available to view at www.conico.com.au/mtthirsty.php). The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the announcement dated 8th March 2011 have not materially changed.

For more details on the Mt Thirsty Cobalt Project, shareholders and investors are encouraged to visit the Project website at www.mtthirstycobalt.com.

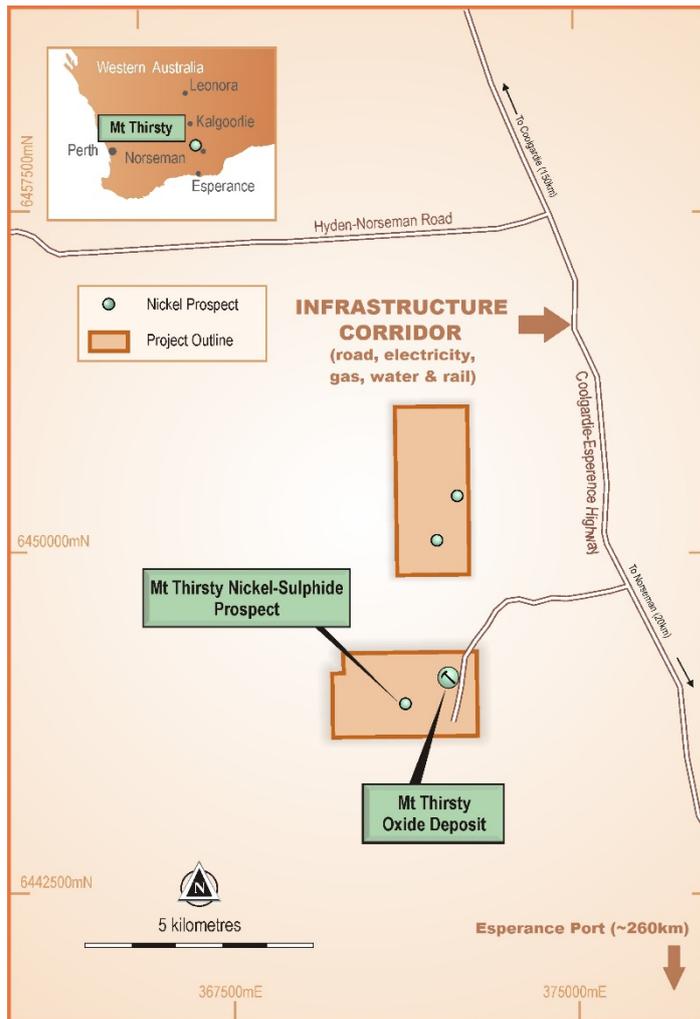


Figure 1: Mt Thirsty Cobalt Project location map

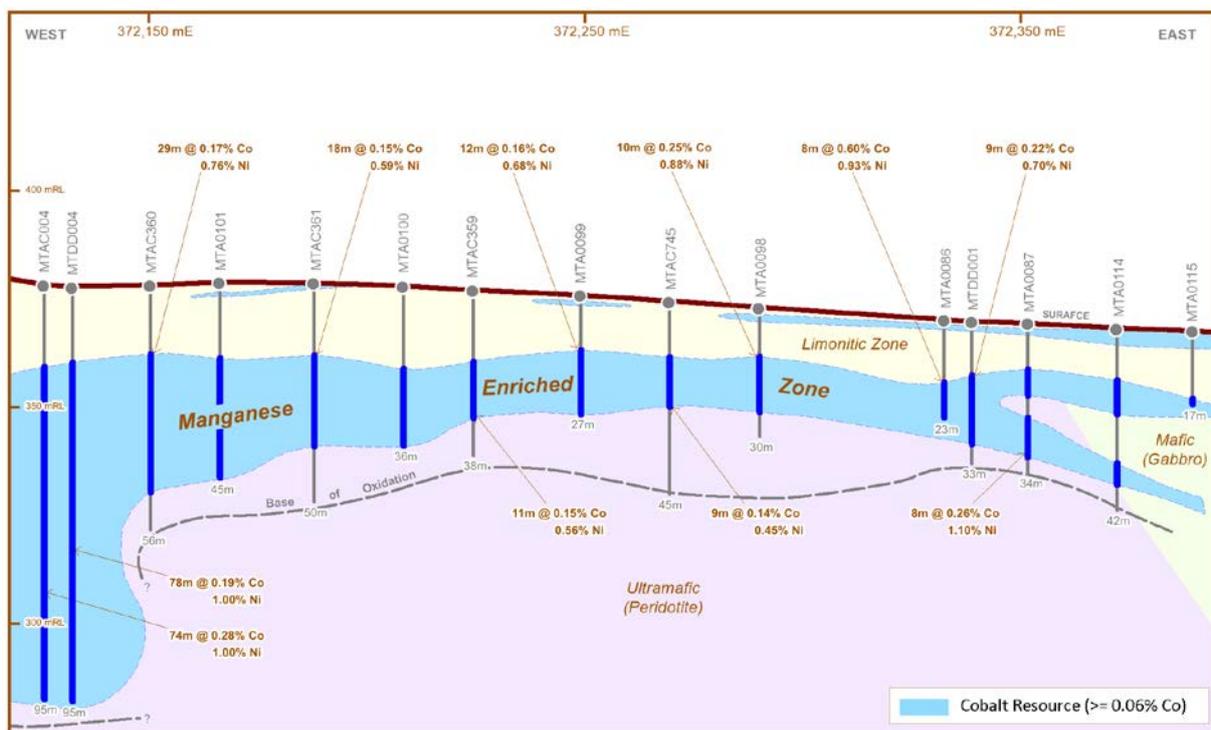


Figure 2: Representative schematic cross-section through the Mt Thirsty Cobalt – Nickel Oxide Deposit

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 undertaken 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.