conico LTD

ABN 49 119 057 457

Annual Report

for the Year Ended
30 June 2018

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** Cover Photo: Cuttings from drill hole through mineralised zone - Mt Thirsty Nickel-Cobalt-Manganese Oxide Project*

HIGHLIGHTS FOR THE YEAR TO 30 JUNE 2018

- **Metallurgical testwork indicates that up to 80% of the cobalt and 27% of the nickel can be extracted by selective low cost sulphur dioxide leaching.**
- **Mt Thirsty Scoping Study completed in October 2017 with robust financial metrics.**
- **Pre Feasibility Study (PFS) tenders from a short list of four engineering companies were received and underwent rigorous assessment. AMEC Foster Wheeler Australia Pty Ltd (a Wood company) was selected as the overall Study Engineer for the PFS.**
- **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 were also tendered.**
- **PFS now in progress.**
- **Beneficiation size screening test work in progress has potential to significantly add value.**

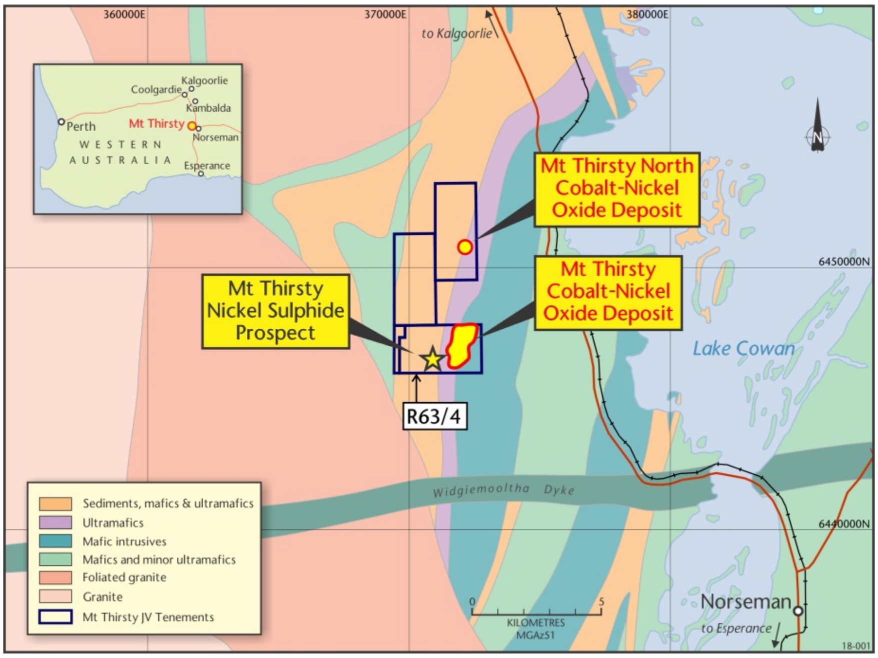

Figure 1: Mt Thirsty Project Location

CORPORATE DIRECTORY

DIRECTORS:
Gregory H Solomon **LLB** (Non-Executive Chairman)
Douglas H Solomon **BJuris LLB (Hons)** (Non-Executive)
Guy T Le Page **B.A., B.Sc. (Hons).,M.B.A., F.FIN., MAusIMM** (Non-Executive)
James B Richardson **Dip, Fin Plan** (Non-Executive)

COMPANY SECRETARY:

Aaron P Gates **B.Com CA AGIA**

REGISTERED OFFICE:

Level 15,
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, Western Australia 6000

AUDITORS:

Nexia Perth Audit Services Pty Ltd
Chartered Accountants
Level 3
88 William Street
Perth, Western Australia 6000

SHARE REGISTRY:

Advanced Share Registry Services
110 Stirling Highway
Nedlands, Western Australia 6009

STOCK EXCHANGE LISTING:
ASX Code: CNJ (ordinary shares)

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

REVIEW OF OPERATIONS

MT THIRSTY PROJECT, WA **(Conico Ltd 50%, JV with Barra Resources Ltd)**

The Mt Thirsty Cobalt Project is located 16km northwest of Norseman (Figure 1) in the stable and ethical Western Australian mining jurisdiction. The project is a 50:50 joint venture (MTJV) between Barra Resources Ltd and Conico Ltd. In addition to the Cobalt-Nickel Oxide Deposit, the Project also hosts nickel sulphide (Ni-S) mineralisation. The Mt Thirsty joint venture tenements cover a total area of $17km^2$.

The undeveloped Mt Thirsty Cobalt Project has a significant JORC (2004) compliant resource with the potential to have a long mine life. The Mt Thirsty Cobalt-Nickel Oxide deposit is a shallow flat lying deposit formed by deep weathering of ultramafic host rocks and is amenable to open pit mining. 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 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.

A Scoping Study completed in 2017 has shown that 73% of the cobalt is readily won through agitated atmospheric leaching using sulphur dioxide (SO_2) as a preferred reagent. This is a key competitive advantage for the project over many peers who require significantly higher capital to liberate cobalt and nickel through high pressure acid leaching. It is also why Mt Thirsty is so heavily leveraged to the cobalt price, with approximately 79% of all revenue forecast to come from cobalt rather than nickel. The Scoping Study is the base case for the project and is targeted to be significantly optimised in all areas, including metal recovery, during a Prefeasibility Study (PFS) which is now in progress.

Cobalt Market Outlook

The long-term demand for cobalt remains very encouraging due to the electric vehicle and solar energy storage battery revolution .In addition, the battery industry is also competing with demand for cobalt from producers of superalloys, aircraft turbines and chemical industries.

While there has been some short-term softening in the spot price for cobalt, the medium- and long-term fundamentals remain strong.

Demand is likely to escalate exponentially with battery production; however, supply is uncertain as 56% of global supply comes from the politically unstable African countries such the Democratic Republic of Congo, typically as a by-product of nickel and copper mining.

Work Completed

Work carried out by the joint venture during the year has involved metallurgical testwork, completion of a Scoping Study and commencement of a PFS.

Metallurgical Testwork

Metallurgical testwork carried out as part of the Scoping Study has indicated that up to 80% of the cobalt and 27% of the nickel can be extracted by selective low cost SO_2 leaching at atmospheric pressure over 24 hours duration (Figure 2). The overall metal recovery from run of mine ore to a mixed sulphide precipitate (MSP) end product with the selected low capex flowsheet was modelled to be 73% for cobalt and 21.5% for nickel. Waste heat from the production of SO_2 would be used for power generation and in process heating.

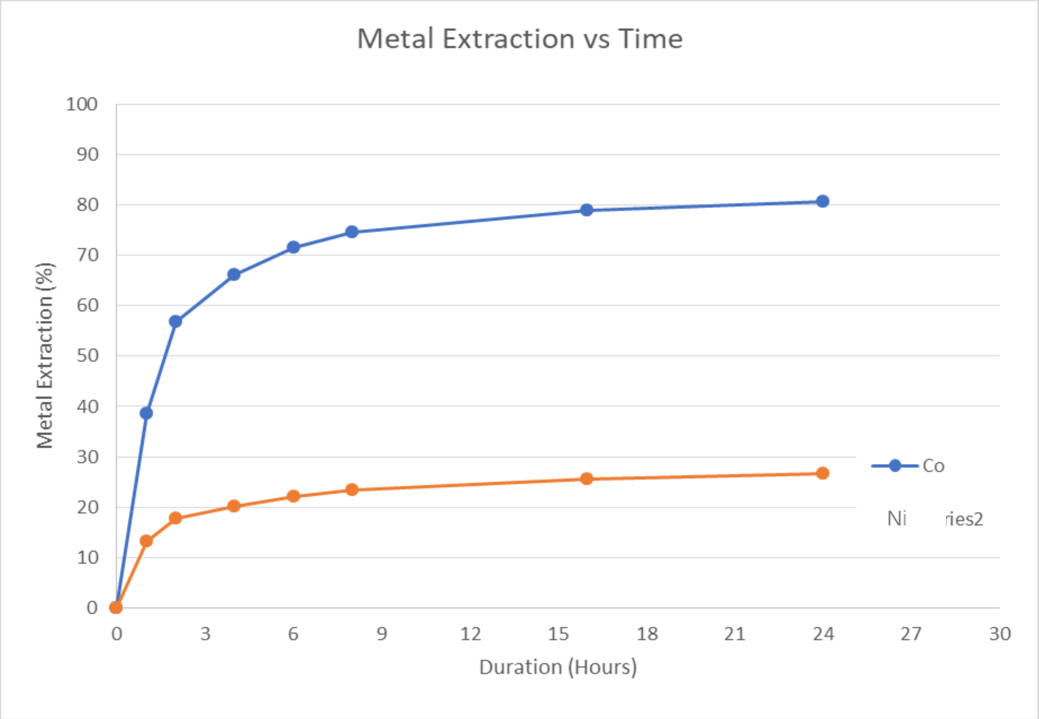

Figure 2: Graph of cobalt and nickel recoveries based on residence times for test HY5350 at 70°C and atmospheric pressure (source: ALS Metallurgy, technical report, 4 August 2017).

Scoping Study

The Mt Thirsty Scoping Study was completed in October 2017 and returned a robust set of financial metrics over a long mine life. (refer CNJ ASX Announcement October 2017 for further details). The study was managed by Provide Advantage, with support from consultant engineers CPC Engineering, metallurgical support from ALS Metallurgy Pty Ltd and open pit optimisation and mine scheduling from CSA Global.

The Scoping Study returned a preferred case Net Present Value (NPV) of A$290 million (within a range of A$245 million to A$335 million) over a 21-year mine life with a low capital cost of A$212 million (incl. A$34 million contingency), with a healthy 21.5% Internal Rate of Return (IRR) and an expected 4-year pay back. Life of mine operating costs are projected to be A$43 per tonne of treated ore due to the very low reagent consumption.

The plant will employ an atmospheric SO_2 leaching process with overall base case metal recoveries of 73% for cobalt and 21.5% for nickel.

The first 5 years of production will be targeting 1,900 tonnes of cobalt and up to 1,760 tonnes of nickel per annum.

Pre Feasibility Study (PFS)

Following positive results from the 2017 Scoping Study the following contracts were awarded for the Mt Thirsty PFS in May 2018 and the study is now in progress.

AMEC Foster Wheeler Australia Pty Ltd (a Wood company) has been selected as the overall Study Engineer for the PFS. Wood is a global leader in the delivery of project, engineering and technical services to energy and industrial markets.

Snowden Mining Industry Consultants Pty Ltd has been selected to consult the Mining aspects of the study directly to the JV. Snowden were specifically selected for their expertise in geo-metallurgical optimisation of the mine plan.

Golder Associates Pty Ltd has been selected to consult many technical functions directly to the JV including mineral resources, hydrogeology and tailings management.

Talis Consultants Pty Ltd has been selected to progress the Environment and Community aspects of the study.

The JV will also contract directly with several independent consultants in the fields of geology, marketing and metallurgy to form the owner's team. Each is an expert in its own field.

Following detailed collaboration between these consultants and the owners' team the MTJV has agreed several outcomes to firm up the definition of the project.

Value Adding Themes Under Study

The MTJV has selected three processing themes for study during the PFS; an optimised scoping study flowsheet as the base case, and two potentially value adding variations to this; beneficiation and the addition of varying amounts of sulphuric acid. The scoping study base case has been endorsed by our expert metallurgical consultants as having no fatal flaws and it is agreed that the scoping study flowsheet is a sound basis for the project to move forward on.

The beneficiation option has been put forward by Wood as an opportunity to significantly add value to the project and is subject to a successful testwork outcome. This option involves desliming the ore feed at 10 microns, and in the laboratory this is achieved using a process of low energy attritioning and low density cycloning. This will have the effect of significantly increasing the Co grade and reducing the volume of feed going to the leach circuit for a given Co production, thereby reducing capital and operating costs. It is anticipated that most of the cobalt will report to the coarse size fraction as it is contained in the easily leached manganese mineral, asbolane. Asbolane will preferentially report to the coarse fraction due to its coarse grain size and due to its high mineral density, which cyclone desliming will also benefit from.

The addition of sulphuric acid in conjunction with SO2 has been long known to the MTJV as being a method to increase nickel and to a lesser extent cobalt recoveries at Mt Thirsty. The PFS will test a range of acid additions at varying concentrations to optimise the additional reagent costs and potential materials of construction costs against the significant increases to metal recovery and revenue expected.

To enable all cases to be compared on equivalent terms and to maximise the NPV of the project, a 12-year initial mine life will be targeted. This nominally corresponds with a 2.5Mwmtpa (million wet metric tonnes per annum) feed rate in all cases, and a proportionately lower leach feed rate for the beneficiation case.

The PFS has also been able to eliminate options at this stage to frame a sensible number of options for study. Expensive High-Pressure Acid Leaching (HPAL) and the production of metal or battery grade sulphate salts on site at Mt Thirsty as part of this project have been eliminated as study options for the PFS.

Metallurgical testwork programs have been developed to test these themes in detail and are presently proceeding (Figure 3).

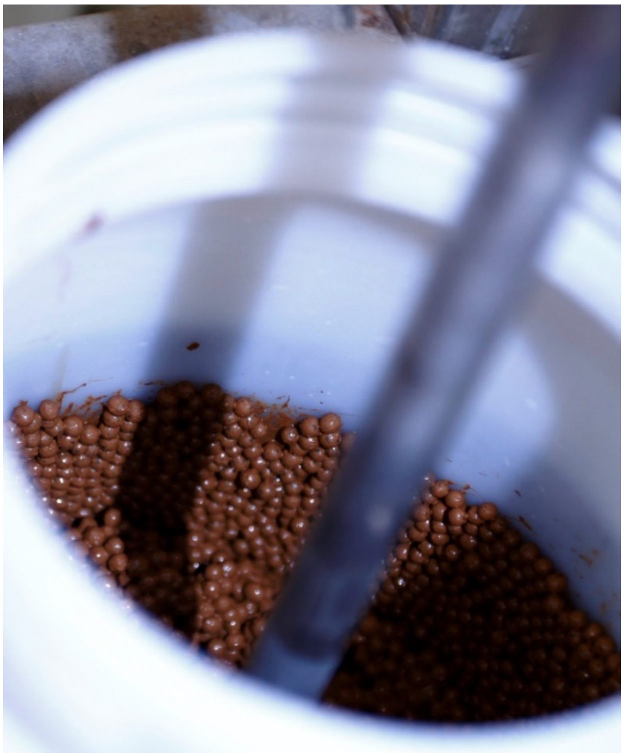

Figure 3: Laboratory scale low energy deagglomeration of -38 micron sample utilising glass beads as grinding media

Mt Thirsty Mineralogy

Mineralogical studies at Mt Thirsty have improved the understanding of the orebody and likely beneficiation and metallurgical performance. The cobalt is known to exist at Mt Thirsty in dark coloured veins of the manganese mineral asbolane evident at varying scales as shown in Figures 4, 5, and 6. The rock exhibits the relict texture from the precursor peridotite bedrock including pseudomorphs of olivine. A horizontal fabric is consistent with the volume reduction that has occurred during weathering. Back-scatter electron images in Figure 5 illustrate that the nickel is more broadly dispersed in the goethitic matrix as well as being concentrated in the asbolane veins, although not to the same extent as the manganese and its associated cobalt.

As the cobalt in the asbolane is more readily leached than the nickel which is held by stronger chemical bonds in the goethite, the leach yields of nickel are lower than the leach yields of the higher value cobalt.

Figure 4: Asbolane veining (bluish colour) in costean at Mt Thirsty. Image is 1m across.

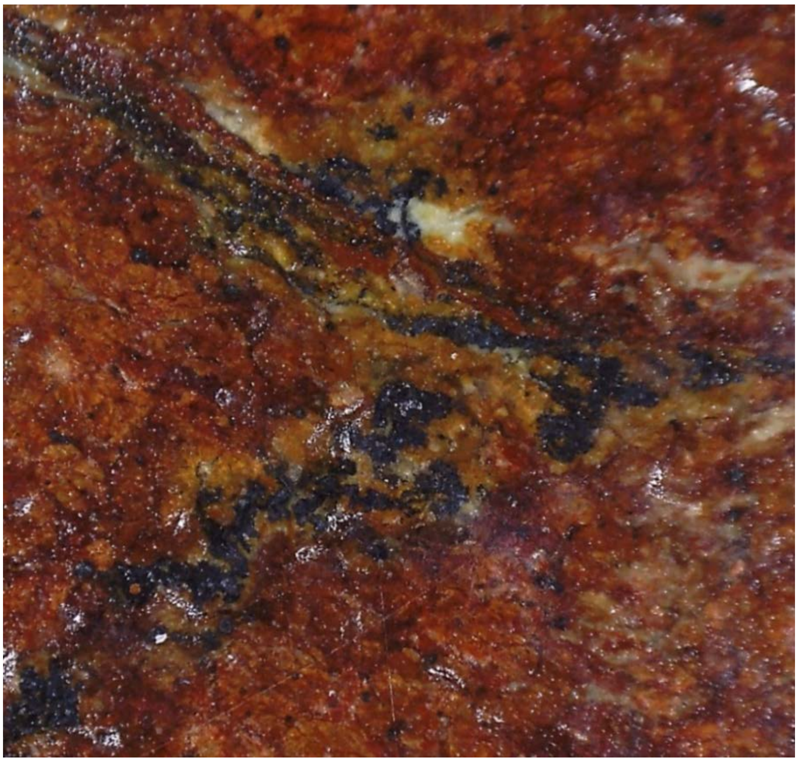

Figure 5: Photomicrograph of polished Mt Thirsty drill core illustrating asbolane veins (black). Image is 4mm across.

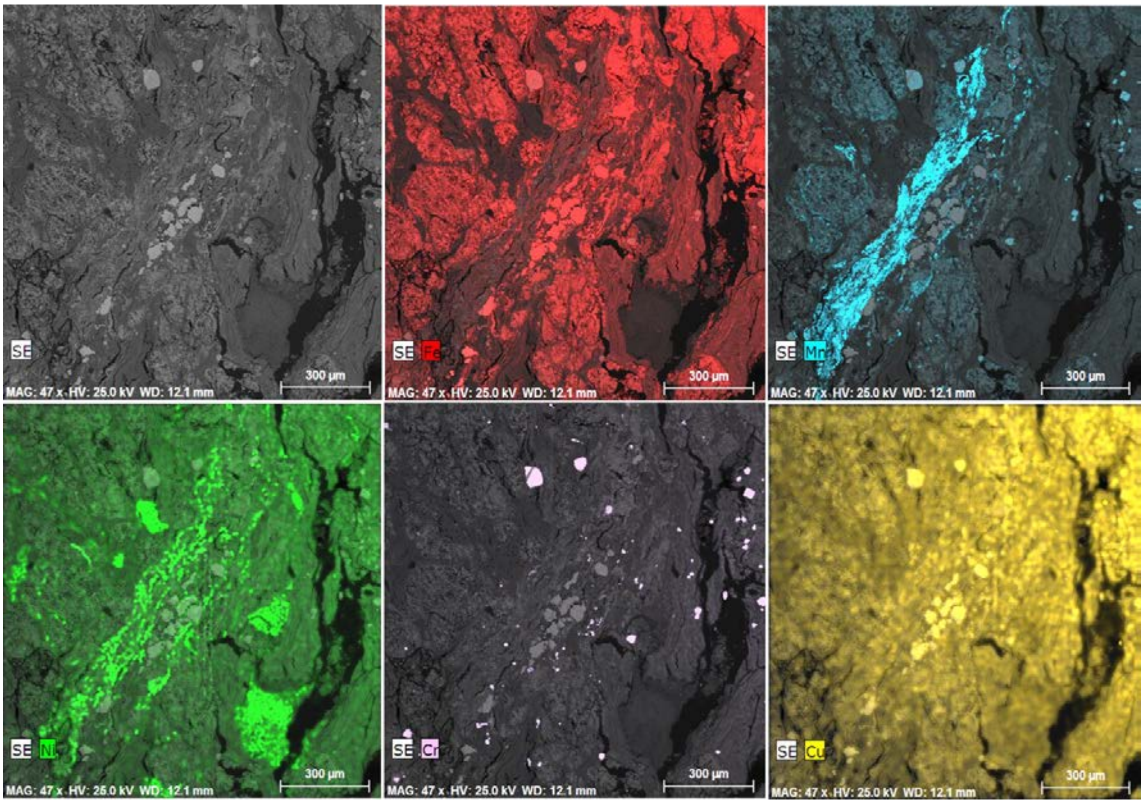

Figure 6: Back Scatter Electron Images of Mt Thirsty drill core. The manganese mineral asbolane, which hosts the cobalt, is shown highlighted in blue in the top right hand image.

Other Studies

A desktop hydrogeological study for Mt Thirsty has been completed and identified several potentially suitable water sources within 30km of the project. Drilling programs to test these targets are now being planned.

Environmental studies have now commenced with fieldwork anticipated in early Spring.

Preliminary work on the upgrading of the Mt Thirsty resource from JORC 2004 to JORC 2012 to enable an Ore Reserve to be declared at the completion of a positive PFS is underway by Golder.

Snowden attended the PFS options selection workshop and are expected to play a key role in assessing the economic benefits of the three options under study.

Product Strategy

The product strategy from the 2017 scoping study to produce a mixed sulphide product (MSP) has now been ratified. The advice from our expert marketing consultants indicates that the lion's share of the value can be captured by producing an intermediary product such as an MSP for a low capital cost. The MSP is a very suitable feedstock into numerous downstream processes in both the burgeoning batteries market and the presently undersupplied metals market, including into refineries both overseas and within Australia. The practicalities of producing final battery grade specifications in outback Western Australia are also a consideration, although pleasingly this option remains open as the MSP product would be a necessary intermediary step for potential value adding future downstream investments, even if they were made on site at Mt Thirsty. Other intermediaries such as mixed hydroxide products (MHP) were also considered, however the manganese mineralogy and metallurgical process employed at Mt Thirsty lend themselves to the MSP product and market intelligence suggests that MSP products would attract a pricing premium over MHP products.

R & D Claim

An R&D claim was prepared for the year ended 30 June 2017 by Ernst and Young and lodged with AusIndustry for Mt Thirsty metallurgical process development work. $41,656 was returned to each of Conico and Barra from the ATO.

Mt Thirsty Project - Mineral Resources Statement
In view of the current status of the project and lack of any new information no annual review of the company's mineral resources which are entirely located within R63/4 (previously E63/373) at Mt Thirsty has been undertaken.

Mt Thirsty Oxide Resources

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

The figures shown in this table were estimated within a wireframed mineralised envelope which was based mostly on a 0.06% Co cut off. In some places where Co was less than 0.06% a Ni cut off of 0.7% was used.

Estimation Governance Statement

The resource information above was prepared and first disclosed under the JORC Code 2004. It has not been updated since or re-estimated 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).

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 Person's Statement

The information in this report that relates to Exploration Targets, Exploration Results and Mineral Resources 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 act as part time consultant to Conico Ltd. Mr Glasson hold shares in Conico Ltd.

Mr Glasson has 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 a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Glasson consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

DIRECTORS' REPORT

The directors present their report together with the consolidated financial statements of the Group comprising Conico Ltd (the Company) and its controlled entity and the Group's interest in a joint venture for the financial year ended 30 June 2018.

Directors

The names of directors in office at any time during or since the end of the year are:

Gregory H Solomon	**Guy T Le Page**
Douglas H Solomon	**James B Richardson**

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Mr Aaron P Gates has worked for Conico Ltd for the past 10 years. He is a Chartered Accountant and Chartered Secretary, has completed a Bachelor of Commerce (Curtin University) with majors in accounting and business law and completed a Diploma of Corporate Governance. Prior to joining Conico he worked in public practice in audit and corporate finance roles.

Principal Activities

The principal activity of the Group during the financial year ended 30th June 2018 was mineral exploration for cobalt, nickel and manganese.

There were no significant changes in the nature of the activities of the Group during the year.

Operating Results

The loss of the Group after providing for income tax amounted to $775,340 (2017: $325,673).

Dividends Paid or Recommended

No dividends were paid or declared for payment during the year.

Review of Mineral Exploration Operations

A review of the operations of the Group during the year ended 30 June 2018 is set out in the Review of Operations on Page 5.

Financial position

The net assets of the Group have decreased by $89,140 from 30 June 2017 to $14,933,885 in 2018. This decrease is largely resulted from the operating loss for the year.

Significant Changes in State of Affairs

In the opinion of the directors, other than disclosed elsewhere in this report, there were no significant changes in the state of affairs of the Group that occurred during the year.

After Balance Date Events

On 12 September 2018 the Company issued 21,598,199 shares and 21,598,199 options (exercisable at $0.048 and expiring on 30 June 2021) pursuant to a non-renounceable right issue raising $647,946 before costs.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future Developments, Prospects and Business Strategies

The Group proposes to continue with its exploration and evaluation program as detailed in the Review of Operations.

Environmental Issues

The Group is the subject of environmental regulation with respect to mining exploration and will comply fully with all requirements with respect to rehabilitation of exploration sites.

Information on Directors

Gregory H Solomon	Non-Executive Chairman
Qualifications	**LLB**
Experience	Appointed chairman March 2006. Board member since March 2006. A solicitor with more than 30 years of Australian and international experience in a wide range of areas including mining law, commercial negotiation (including numerous mining and exploration joint ventures) and corporate law. He is a partner in the Western Australian legal firm, Solomon Brothers and has previously held directorships of various public companies since 1984 including two mining/exploration companies.
Interest in Shares and Options	23,105,469 Ordinary Shares 2,000,000 Options
Directorships held in other listed entities	Eden Innovations Ltd Tasman Resources Ltd

Douglas H Solomon	Non-Executive
Qualifications	**BJuris LLB (Hons)**
Experience	Board member since 30 March 2006. A Barrister and Solicitor with more than 20 years' experience in the areas of mining, corporate, commercial and property law. He is a partner in the legal firm, Solomon Brothers.
Interest in Shares and Options	21,511,875 Ordinary Shares 2,000,000 Options
Directorships held in other listed entities	Eden Innovations Ltd Tasman Resources Ltd

Guy T Le Page	Non-Executive
Qualifications	**B.A., B.Sc. (Hons).,M.B.A., F.FIN., MAusIMM**
Experience	Board member since 30 March 2006. Currently a corporate adviser specialising in resources. He is actively involved in a range of corporate initiatives from mergers and acquisitions, initial public offerings to valuations, consulting and corporate advisory roles. He previously spent 10 years as an exploration and mining geologist in Australia, Canada and the United States. His experience spans gold and base metal exploration and mining geology and he has acted as a consultant to private and public companies.
Interest in Shares and Options	15,852,502 Ordinary Shares 2,000,000 Options
Directorships held in other listed entities	Mt Ridley Mines Ltd Red Sky Energy Ltd Tasman Resources Ltd

James B Richardson	Non-Executive
Qualifications	**Dip, Fin Plan**
Experience	Board member since 11 November 2008. Currently a corporate advisor where he has been actively involved in a range of corporate activities, including the development, documentation, negotiation and marketing of a number of successful financial instruments for various companies encompassing various sectors of the investment market. He has also been employed as a specialist business development executive in some of the more successful national financial services organisations. Additionally, he has extensive experience in evaluating investment opportunities, structuring projects and negotiating financial transactions to meet the expectations of the investment market.
Interest in Shares and Options	28,500,000 Ordinary Shares 2,000,000 Options
Directorships held in other listed entities	None

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director of Conico Ltd, and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of Conico Ltd has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the company is as follows:

All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and options. Executives are also entitled to participate in the employee share and option arrangements. All directors and executives receive a superannuation guarantee contribution where required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology or an appropriate market based pricing valuation methodology. The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Group does not have a policy on directors hedging their shares.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Details of Remuneration for Year Ended 30 June 2018

The remuneration for each director and each of the executive officers of the Group during the year was as follows:

Key Management Personnel Remuneration –

Key Management Person	Short-term Benefits			Post-employment benefits	Other long-term benefits	Termination Benefits	Share-based payments		Total	Performance Related
	Salary and Fees	Cash profit share	Non-cash benefit	Super-annuation	Other	Other	Equity	Options		
	$	$	$	$	$	$	$	$	$	%
2018										
Gregory H Solomon	62,500	-	-	5,937	-	-	-	40,000	108,437	-
Douglas H Solomon	34,000	-	-	3,230	-	-	-	40,000	77,230	-
Guy T Le Page	34,000	-	-	3,230	-	-	-	40,000	77,230	-
James B Richardson	34,000	-	-	3,230	-	-	-	40,000	77,230	-
Aaron P Gates	(i)	-	-	-	-	-	-	50,400	50,400	-
	164,500	-	-	15,627	-	-	-	210,400	390,527	-
2017										
Gregory H Solomon	31,250	-	-	2,969	-	-	-	-	34,219	-
Douglas H Solomon	10,000	-	-	950	-	-	-	-	10,950	-
Guy T Le Page	10,000	-	-	950	-	-	-	-	10,950	-
James B Richardson	10,000	-	-	950	-	-	-	-	10,950	-
Aaron P Gates	(i)	-	-	-	-	-	-	-	-	-
	61,250	-	-	5,819	-	-	-	-	67,069	-

(i) - These management personnel are remunerated by Princebrook Pty Ltd under the Princebrook Management Services Contract.

Options issued as part of remuneration for the year ended 30 June 2018

2,000,000 options were issued to each Director, pursuant to shareholder approval at the 2017 Annual General Meeting. These options are exercisable at 4.88 cents each, expire 20 November 2020 and had a value of $0.02 per option using the Black Scholes valuation method.

2,000,000 options were issued to Mr Gates, pursuant to Conico Employee Share Option Plan. These options are exercisable at 6.25 cents each, expire 28 August 2020 and had a value of $0.0252 per option using the Black Scholes valuation method.

No other options were issued to directors and employees as part of their remuneration during the year and no shares were issued upon the exercise of options granted as remuneration.

Number of Options Held by Key Management Personnel

	Balance 1.7.2017	Granted as Compen-sation	Options Exercised	Net Change Other	Balance 30.6.2018	Total Vested 30.6.2018	Total Exer-cisable 30.6.2018	Total Unexer-cisable 30.6.2018
Gregory H Solomon	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Douglas H Solomon	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Guy T Le Page	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
James B Richardson	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Aaron P Gates	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Total	-	10,000,000	-	-	10,000,000	10,000,000	10,000,000	-

Number of Shares Held by Key Management Personnel

	Balance 30.6.2017	Received as Compen-sation	Options Exercised	Net Change Other*	Balance 30.6.2018
Gregory H Solomon	23,105,469	-	-	-	23,105,469
Douglas H Solomon	21,586,875	-	-	(75,000)	21,511,875
Guy T Le Page	15,852,502	-	-	-	15,852,502
James B Richardson	28,500,000	-	-	-	28,500,000
Aaron P Gates	-	-	-	-	-
Total	89,044,846	-	-	(75,000)	88,969,846

*Net Change Other refers to shares purchased, sold or other movements.

<End of Remuneration Report>

Directors Meetings

During the financial year, three meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gregory H Solomon	3	3
Douglas H Solomon	3	3
Guy T Le Page	3	3
James B Richardson	3	3

Indemnifying Officers or Auditor

The company has arranged for an insurance policy to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The total premium payable is approximately $16,500.

Proceedings on Behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Options

At the date of this report, the unissued ordinary shares of Conico Ltd under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
Various	30 November 2019	$0.03	30,875,000
29 August 2017	28 August 2020	$0.0625	6,000,000
27 November 2017	20 November 2020	$0.0488	8,000,000
12 September 2018	30 June 2021	$0.048	21,598,199
			66,473,199

During the year ended 30 June 2018, no ordinary shares of Conico Ltd were issued on the exercise of options granted under the Conico Ltd Employee Share Option Plan. No shares have been issued since.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Non-audit Services

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2018.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 16.

Signed in accordance with a resolution of the Board of Directors.

Douglas H Solomon

Douglas H Solomon
Director

Dated this 21st day of September 2018

Auditor's independence declaration under section 307C of the *Corporations Act 2001*

To the directors of Conico Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2018 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director

Perth
21 September 2018

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2018

		Consolidated	
	Note	**2018** **$**	**2017** **$**
Other Income	2	11,548	12,528
Accounting and audit		(31,384)	(17,037)
Depreciation and amortisation		(1,463)	(1,738)
Exploration and evaluations assets written off		-	(35,720)
Key management remuneration	4(d)	(390,527)	(67,069)
Legal and other consultants		(99,332)	(2,419)
Management fees		(144,000)	(144,000)
Other expenses		(160,443)	(70,218)
Loss before income tax		(815,601)	(325,673)
Income tax benefit	3	40,261	-
Loss for the year		(775,340)	(325,673)
Other Comprehensive Income			
Items that may be reclassified to profit or loss:			
Revaluations of financial assets		-	-
Income tax relating to comprehensive income		-	-
Total other comprehensive income		-	-
Total Comprehensive Loss attributable to members of the parent entity, net of tax		(775,340)	(325,673)
Basic/Diluted loss per share (cents per share)	6	(0.24)	(0.11)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	165,746	466,368
Trade and other receivables	8	11,318	24,700
TOTAL CURRENT ASSETS		177,064	491,068
NON-CURRENT ASSETS			
Property, plant and equipment	9	8,124	9,587
Exploration and evaluation	10	15,107,046	14,921,918
TOTAL NON-CURRENT ASSETS		15,115,170	14,931,505
TOTAL ASSETS		15,292,234	15,422,573
CURRENT LIABILITIES			
Trade and other payables	13	83,349	124,548
TOTAL CURRENT LIABILITIES		83,349	124,548
NON-CURRENT LIABILITIES			
Provisions	14	275,000	275,000
TOTAL NON-CURRENT LIABILITIES		275,000	275,000
TOTAL LIABILITIES		358,349	399,548
NET ASSETS		14,933,885	15,023,025
EQUITY			
Issued capital	15	19,282,403	18,907,403
Reserves		788,650	477,450
Accumulated losses		(5,137,168)	(4,361,828)
TOTAL EQUITY		14,933,885	15,023,025

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2018

Consolidated Group

	Ordinary Share Capital	Option Reserve	Retained Earnings	Total
	$	$	$	$
Balance at 30 June 2016	18,434,903	477,450	(4,036,155)	14,876,198
Net loss for the year	-	-	(325,673)	(325,673)
Shares issued	472,500	-	-	472,500
Other comprehensive Income	-	-	-	-
Balance at 30 June 2017	18,907,403	477,450	(4,361,828)	15,023,025
Net loss for the year	-	-	(775,340)	(775,340)
Shares issued	375,000	-	-	375,000
Options issued	-	311,200	-	311,200
Other comprehensive Income	-	-	-	-
Balance at 30 June 2018	19,282,403	788,650	(5,137,168)	14,933,885

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated	
	Note	**2018**	**2017**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,762	17,793
Payments to suppliers and employees		(546,931)	(256,969)
Interest received		1,414	2,568
R&D tax rebate		40,261	-
Net cash provided by (used in) operating activities	20	(490,494)	(236,608)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation expenditure		(185,128)	(167,313)
Net cash provided by (used in) investing activities		(185,128)	(167,313)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		375,000	472,500
Net cash provided by (used in) financing activities		375,000	472,500
Net increase / (decrease) in cash held		(300,622)	68,579
Cash at beginning of financial year		466,368	397,789
Cash at end of financial year	7	165,746	466,368

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report of Conico Limited and controlled entities complies with all International Financial Reporting Standards (IFRS) in their entirety.

The financial report covers the consolidated group of Conico Ltd and controlled entities as at and for the year ended 30 June 2018. Conico Ltd is a listed public company, incorporated and domiciled in Australia. The Group is a for-profit entity and primarily is involved in mineral exploration for cobalt, nickel and manganese.

The following is a summary of the material accounting policies adopted by the group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. These consolidated financial statements are presented in Australian dollars, which is the Group’s functional currency.

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 net loss for the year of $775,340 (2017: $325,673) and a cash outflow from operating activities of $490,494 (2017: $236,608).

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 year 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.

Accounting Policies

a. **Principles of Consolidation**

A controlled entity is any entity Conico Ltd is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. A list of controlled entities is contained in Note 12 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of controlled entities have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

b. **Interests in a Joint Operation**

The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation. Details of the Group’s interests are shown at Note 11.

c. **Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

c. Income Tax continued

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future tax profits will be available against which they can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised.

The R&D tax offset is recognised upon receipt.

d. Property, Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	15.00–50.00%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss.

e. Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward where right of tenure is current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

f. Impairment of Non-financial Assets

At each reporting date, the Group reviews the carrying values of its non-financial / tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. Cash and cash equivalents

Cash comprises current deposits with banks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

i. **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the Group assesses at a specific asset level whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

j. **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

k. **Revenue**

Revenue from the sale of goods is recognised upon delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

l. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

m. **New accounting standards and interpretations**

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2017. There were no significant standards or interpretations and the adoption of the new standards and interpretations has not had a material impact on the Group.

n. **Segment reporting**

Segment results that are reported to the Group's board of directors (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

o. **Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

p. **New accounting standards and interpretations not yet adopted**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2018, and have not been applied in preparing these consolidated financial statements. Management are of the view that these standards and amendments will not have a significant impact on the financials.

q. **Key estimates – Exploration and Evaluation**

The Group's policy for exploration and evaluation is discussed in Note 1(e). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. At the date of this report the Group has sufficient reason to believe:

- rights to explore in specific areas, once expired, will be renewed;
- substantive expenditure on further exploration and evaluation in specific areas has been budgeted;
- exploration in specific areas is ongoing and the entity has not decided to discontinue such activities; and
- no specific sufficient data exists that indicates that the carrying amount of the exploration and evaluation asset is unlikely to be recovered.

The consolidated financial statements were authorised for issue on 21 September 2018 by the board of directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 $	2017 $
NOTE 2: OTHER INCOME		
— interest received	1,414	2,568
— sale of goods / services	10,134	9,960
Total Other Income	11,548	12,528

NOTE 3: INCOME TAX BENEFIT

a. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	2018 $	2017 $
Prima facie tax payable on loss from ordinary activities before income tax at 27.5% (2017: 27.5%)	(224,290)	(89,560)
Tax effect of:		
— Current year temporary differences not recognised	62,726	(235,053)
— Effect of tax rate change	-	(79,665)
— Current year tax losses not recognised	201,825	404,278
Income tax expense / (benefit)	40,261	-

b. Components of deferred tax

	2018 $	2017 $
Unrecognised deferred tax asset - losses	2,293,322	2,091,497
Unrecognised deferred tax asset – provisions and accruals	93,103	83,254
Unrecognised deferred tax liabilities – exploration and evaluation	(1,030,577)	(979,667)
Unrecognised deferred tax liabilities – capital raising costs	(227,481)	(223,353)
Net Unrecognised deferred tax assets	1,128,367	971,731

Deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised. The benefit of the tax losses will only be obtained if the Group complies with conditions imposed by the tax legislation in Australia.

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

a. Names and positions held of key management personnel in office at any time during the financial year:

Person	**Position**	**Person**	**Position**
Gregory H Solomon	Chairman	James B Richardson	Non-Executive Director
Douglas H Solomon	Non-Executive Director	Guy T Le Page	Non-Executive Director
Aaron P Gates	Company Secretary/CFO		

Key management personnel remuneration is included in the Remuneration Report of the Directors' Report.

b. Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance 1.7.2017	Granted as Compen-sation	Options Exercised	Net Change Other	Balance 30.6.2018	Total Vested 30.6.2018	Total Exer-cisable 30.6.2018	Total Unexer-cisable 30.6.2018
Gregory H Solomon	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Douglas H Solomon	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Guy T Le Page	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
James B Richardson	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Aaron P Gates	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Total	-	10,000,000	-	-	10,000,000	10,000,000	10,000,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION CONTINUED

c. Shareholdings

Number of Shares held by Key Management Personnel

	Balance 30.6.2017	Received as Compen-sation	Options Exercised	Net Change Other*	Balance 30.6.2018
Gregory H Solomon	23,105,469	-	-	-	23,105,469
Douglas H Solomon	21,586,875	-	-	(75,000)	21,511,875
Guy T Le Page	15,852,502	-	-	-	15,852,502
James B Richardson	28,500,000	-	-	-	28,500,000
Aaron P Gates	-	-	-	-	-
Total	89,044,846	-	-	(75,000)	88,969,846

*Net Change Other refers to shares purchased or sold during the financial year.

	2018 $	2017 $
d. Remuneration		
Refer to disclosures contained in the Remuneration Report section of the Directors' Report. The totals of remuneration paid to key management personnel of the Group during the year are as follows:		
Short-term employee benefits	164,500	61,250
Post-employment benefits	15,627	5,819
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	210,400	-
Total	390,527	67,069

NOTE 5: AUDITOR'S REMUNERATION

	2018 $	2017 $
Remuneration of the auditor for auditing or reviewing the financial report	19,678	17,975

NOTE 6: LOSS PER SHARE

	2018 $	2017 $
a. Reconciliation of loss to profit or loss		
Profit/(loss)	(775,340)	(325,673)
Loss used to calculate basic EPS	(775,340)	(325,673)
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	318,535,853	299,949,570

The share options on issue are not potentially dilutive shares.

NOTE 7: CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Cash at bank	165,746	466,368
	165,746	466,368

Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the balance sheet as follows:

	2018 $	2017 $
Cash and cash equivalents	165,746	466,368
	165,746	466,368

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 $	2017 $
NOTE 8: TRADE AND OTHER RECEIVABLES		
Other receivables	11,318	24,700
	11,318	24,700

	2018 $	2017 $
NOTE 9: PROPERTY, PLANT AND EQUIPMENT		
Equipment:		
At cost	50,786	50,786
Accumulated depreciation	(42,662)	(41,199)
Total Plant and Equipment	8,124	9,587

a. Movements in Carrying Amounts

Movement in the carrying amount between the beginning and the end of the current financial year.

	2018 $	2017 $
Opening balance	9,587	11,325
Depreciation expense	(1,463)	(1,738)
Closing balance	8,124	9,587

b. Impairment losses

The total impairment loss recognised in the consolidated statement of profit or loss and other comprehensive income during the current year amounted to $Nil (2017: Nil).

NOTE 10: EXPLORATION AND EVALUATION

	2018 $	2017 $
Balance at the beginning of the financial year	14,921,918	14,768,889
Expenditure incurred during the year	185,128	188,749
Expenditure written-off during the year	-	(35,720)
Balance at the end on the financial year	15,107,046	14,921,918

Capitalised costs amounting to $185,128 (2017: $167,313) have been included in cash flows from investing activities in the statement of cash flows for the consolidated entity.

NOTE 11: JOINT OPERATION

A controlled entity, Meteore Metals Pty Ltd, has a 50% interest in the Mt Thirsty Joint Venture, whose principal activity is the development of the Mt Thirsty nickel, cobalt and manganese project. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

Share of joint operation results and financial position:

	2018 $	2017 $
Current Assets	17,002	45,519
Non-Current Assets	2,655,754	2,470,626
Total Assets	2,672,756	2,516,145
Current Liabilities	33,713	55,183
Total Liabilities	58,713	80,183
Revenue	-	-
Expenses	(18,919)	(7,461)
Profit / (Loss) before income tax	(18,919)	(7,461)
Income tax expense	-	-
Profit / (Loss) after income tax	(18,919)	(7,461)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 12: CONTROLLED ENTITIES

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)* 2018	Percentage Owned (%)* 2017
Meteore Metals Pty Ltd	Australia	100	100

** Percentage of voting power is in proportion to ownership*

	2018 $	2017 $
NOTE 13: TRADE AND OTHER PAYABLES		
Trade payables	17,812	92,163
Sundry payables and accrued expenses	65,537	32,385
	83,349	124,548
NOTE 14: PROVISIONS		
NON-CURRENT		
Other	275,000	275,000
	275,000	275,000

This mainly relates to a provision of $250,000 that has been recognised in relation to the Group's 50% share of the liability to pay the original owners of the Mt Thirsty project $500,000 upon the commencement of mining on the tenements. The directors believe this will not become due for at least a couple of years. This amount has not been recorded at present value as a timeframe for discounting is not determinable.

NOTE 15: ISSUED CAPITAL

	2018 $	2017 $
323,493,387 (2017: 310,993,387) ordinary shares	19,282,403	18,907,403

		2018 No.	2017 No.	2018 $	2017 $
a.	**Ordinary shares**				
	At the beginning of reporting period	310,993,387	295,243,387	18,907,403	18,434,903
	Shares issued during the year	12,500,000	15,750,000	375,000	472,500
	At reporting date	323,493,387	310,993,387	19,282,403	18,907,403

Ordinary shares participate in dividends and in the proceeds of winding up in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The Company has no authorised share capital or par value. All issued shares are fully paid.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 15: ISSUED CAPITAL CONTINUED

		2018	2017
b.	**Options**		
	At the beginning of reporting period	43,375,000	64,626,000
	Issued during the year	14,000,000	-
	Options lapsed during the year	-	(5,501,000)
	Options exercised during the year	(12,500,000)	(15,750,000)
	At reporting date	44,875,000	43,375,000

c. Capital Management

Management controls the working capital of the Company in order to maximise the return to shareholders and ensure that the Company can fund its operations and continue as a going concern. Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels, distributions to shareholders and capital raisings. There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

NOTE 16: RESERVES

a. Option Reserve

The option reserve records items recognised as expenses on valuation of share options.

NOTE 17: PARENT COMPANY INFORMATION

		2018 $	2017 $
a.	**Parent Entity**		
	Assets		
	Current assets	154,247	430,761
	Non-current assets	14,380,960	14,251,822
	Total Assets	14,535,207	14,682,583
	Liabilities		
	Current liabilities	51,923	74,740
	Non-current liabilities	-	-
	Total liabilities	51,923	74,740
	Equity		
	Issued capital	19,282,403	18,907,403
	Accumulated losses	(5,587,769)	(4,777,010)
	Reserves		
	Option reserve	788,650	477,450
	Total reserves	788,650	477,450
	Financial performance		
	Profit / (Loss) for the year	(810,759)	(330,778)
	Other comprehensive income	-	-
	Total comprehensive loss	(810,759)	(330,778)

Contingent Liabilities and Commitments

The Directors are not aware of any contingent liabilities or capital commitments as at 30 June 2018.

Guarantees in respect of the debts of its subsidiaries

There are no parent entity guarantees in respect of the debts of its subsidiary at year end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 18: CAPITAL AND LEASING COMMITMENTS

		2018 $	2017 $
a.	**Capital Expenditure Commitments**		
	Payable:		
	— not later than 12 months	31,500	-
	— greater than12 months	-	-
		31,500	-

b. Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements, the company is required to perform minimum exploration work to meet the requirements specified by various State governments. It is anticipated that expenditure commitments for the twelve months will be tenement rentals of $6,178 (2017: $3,000) and exploration expenditure of $67,000 (2017: $33,500).

NOTE 19: SHARE-BASED PAYMENTS

All options granted to personnel are over ordinary shares in Conico Ltd, which confer a right of one ordinary share for every option held. When issued, the shares carry full dividend and voting rights.

Share-based payments - Options	**2018**		**2017**	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at the beginning of the year	-	-	-	-
Granted	14,000,000	0.055	-	-
Exercised	-	-	-	-
Lapsed	-	-	-	-
Outstanding at year-end	14,000,000	0.055	-	-
Exercisable at year-end	14,000,000	0.055	-	-

The options outstanding at 30 June 2018 had a weighted average exercise price of $0.055 and a weighted average remaining contractual life of 2.3 years.

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate. Volatility of 100% and a risk free rate of 1.61% were used in the Black-Scholes model to calculate the fair values which ranged from $0.2 and $0.242. The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

No options were exercised during the year ended 30 June 2018. Included under key management remuneration and other expense in the income statement is $311,200 (2017: Nil) and relates, in full, to equity settled share-based payment transactions.

NOTE 20: CASH FLOW INFORMATION

a. Reconciliation of Cash Flow from Operations with Loss after Income Tax

	2018	2017
Loss after income tax	(775,340)	(325,673)
Non-cash flows in profit		
Depreciation	1,463	1,738
Debt forgiveness	-	35,720
Options expense	311,200	-
Changes in assets and liabilities, net of non-cash payments		
(Increase)/decrease in trade and term receivables*	13,382	20,076
Increase/(decrease) in trade payables and accruals*	(41,199)	31,531
Cash flow used in operations	(490,494)	(236,608)

* - Net of Exploration and Evaluation cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 21: RELATED PARTY TRANSACTIONS

	2018 $	2017 $
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:		
Key Management Personnel		
Management fees and administration fees paid to Princebrook Pty Ltd, a company in which Mr GH Solomon and Mr DH Solomon have an interest. At 30 June 2018 $12,000 (2017: $12,000) was included in Trade and Other Payables owing to Princebrook Pty Ltd.	144,000	144,000
Legal and professional fees payable to Solomon Brothers, a firm of which Mr GH Solomon and Mr DH Solomon are partners.	20,532	2,436
Corporate advisory fees paid to RM Corporate Finance Pty Ltd, a company in which Mr G T Le Page and Mr J B Richardson have an interest.	84,000	-
Associated Companies		
Reimbursement to Tasman Resources Ltd (which has a 12.82% interest in the Company) for employee costs on an hourly basis, in relation to Tasman staff utilised by the Company.	36,179	27,586

NOTE 22: SEGMENT REPORTING

The Group operates predominately in one geographical segment and one business segment, being mineral exploration and development in Western Australia. Operating segments are identified based on internal reports reviewed by the chief operating decision maker/s.

NOTE 23: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Directors are not aware of any contingent assets or contingent liabilities as at 30 June 2018.

NOTE 24: EVENTS AFTER THE BALANCE SHEET DATE

On 12 September 2018 the Company issued 21,598,199 shares and 21,598,199 options (exercisable at $0.048 and expiring on 30 June 2021) pursuant to a non-renounceable right issue raising $647,946 before costs.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 25: FINANCIAL INSTRUMENTS

a. Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has minimal exposure to interest rate risk, the only asset / liability affected by changes in market interest rates is Cash and cash equivalents.

ii. Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funding is maintained. The Company's operations require it to raise capital on an on-going basis to fund its planned exploration program and to commercialise its tenement assets. If the company does not raise capital in the short term, it can continue as a going concern by reducing planned but not committed exploration expenditure until funding is available and/or entering into joint venture arrangements where exploration is funded by the joint venture partner. All financial liabilities and assets are expected to be realised and settled within 6 months.

iii. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the company. The company has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 25: FINANCIAL INSTRUMENTS CONTINUED

iii. Credit risk continued

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

b. Financial Instruments

i. **Net Fair Values**

The aggregate net fair values of the financial assets and financial liabilities, at the balance date, are approximated by their carrying value.

ii. **Interest Rate Risk**

The company's exposure to interest rate risk and effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		**Floating Interest Rate**		**Non Interest Bearing**		**Total**	
	2018	**2017**	**2018 $**	**2017 $**	**2018 $**	**2017 $**	**2018 $**	**2017 $**
Financial Assets:								
Cash and cash equivalents	0.60%	0.60%	165,746	466,368	-	-	165,746	466,368
Trade and other receivables	-	-	-	-	11,318	24,700	11,318	24,700
Total Financial Assets	0.60%	0.60%	165,746	466,368	11,318	24,700	177,064	491,068
Financial Liabilities:								
Trade and sundry payables	-	-	-	-	83,349	124,548	83,349	124,548
Total Financial Liabilities	-	-	-	-	83,349	124,548	83,349	124,548

NOTE 26: COMPANY DETAILS

The registered office of the company is:

Conico Limited
Level 15,
197 St Georges Terrace
Perth Western Australia 6000

The principal place of business is:

Conico Limited
Level 15,
197 St Georges Terrace
Perth Western Australia 6000

DIRECTORS' DECLARATION

In the opinion of the directors of Conico Ltd (the "Company"):

a. the financial statements and notes set out on pages 17 to 31, and the Remuneration disclosures that are contained in pages 13 to 14 of the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (iii) complying with International Financial Reporting Standards as disclosed in Note 1.

b. the remuneration disclosures that are contained in pages 13 to 14 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and

c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Non-Executive Chairman and Chief Financial Officer for the financial year ended 30 June 2018.

This declaration is made in accordance with a resolution of the Board of Directors.

Douglas H Solomon

Douglas H Solomon
Director

Dated this 21st day of September 2018

Nexia Australia

Independent Auditor's Report to the Members of Conico Limited

Report on the financial report

Opinion

We have audited the financial report of Conico Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the entity in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

Without modifying our opinion, we draw attention to Note 1 to the Financial Report, which indicates that the Group will require further funding in the next twelve months from the date of this report to fund its planned exploration and evaluation projects and operating costs. 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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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of Exploration and evaluation assets ***Refer to Note 10 (Exploration and evaluation)*** As at 30 June 2018 the carrying value of Exploration and Evaluation assets was $15,107,046 (2017: $14,921,918). The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 1e. This is a key audit matter due to the fact that significant judgement is applied in determining whether the capitalised Exploration and Evaluation assets continue to meet the recognition criteria in terms of AASB 6 *Exploration for and Evaluation of Mineral Resources*.	Our procedures focussed on evaluating management's assessment of the capitalised Exploration and Evaluation assets' carrying value. These procedures included, amongst others: • verifying whether the rights to tenure of the areas of interest remained current at balance date; • obtaining evidence of the future intention for the areas of interest, including checking future budgeted expenditure and related work programmes; and • obtaining an understanding of the status of ongoing exploration programmes for the areas of interest. We also assessed the appropriateness of the accounting treatment and disclosure in terms of AASB 6.

Other information

The directors are responsible for the other information. The other information comprises the information in Conico Limited's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 14 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Conico Limited for the year ended 30 June 2018, complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director

Perth
21 September 2018

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

1. **Shareholding as at 17 September 2018**

a. **Distribution of Shareholders**

Category (size of holding)	Number of Shareholders
1 – 1,000	34
1,001 – 5,000	60
5,001 – 10,000	134
10,001 – 100,000	529
100,001 – and over	290
	1,047

b. The number of shareholdings held in less than marketable parcels at 17 September 2018 is 339.

c. The names and relevant interests of the substantial shareholders listed in the holding company's register as at 17 September 2018 are:

Shareholder	Number of Ordinary shares
Tasman Resources Ltd	46,660,821
J Richardson	29,377,083
Arkenstone Pty Ltd	25,993,654
March Bells Pty Ltd	24,200,860

d. **Voting Rights**

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e **20 Largest Shareholders — Ordinary Shares**

	Name	Number Shares Held	% of Issued Capital
1.	Tasman Resources Ltd	46,660,821	13.52%
2	March Bells Pty Ltd <DH Solomon Family A/c>	23,319,141	6.76%
3	Arkenstone Pty Ltd <GH Solomon Family A/c>	19,142,579	5.55%
4.	Tadea Pty Ltd <Richardson Family S/F A/C>	15,250,000	4.42%
5.	Tadea Pty Ltd	14,127,083	4.09%
6.	Peto Pty Ltd <1953 Superfund A/c>	9,562,500	2.77%
7.	Redcode Pty Ltd	8,437,500	2.44%
8.	Guy Le Page & Dina Le Page <The Guy Le Page S/Fund A/c>	6,342,761	1.84%
9.	Anthony Ford	6,000,027	1.74%
10.	BNP Paribas Noms Pty Ltd	5,827,772	1.69%
11.	Matthew Torenius & Oliver Torenius <Alby Super Fund A/c>	5,800,000	1.68%
12.	GT Le Page & Associates Pty Ltd	5,780,597	1.68%
13.	Apostman Superannuation Pty Ltd <Apostman Super Fund A/c>	5,484,375	1.59%
14.	Guy Touzeau Le Page	5,062,509	1.47%
15.	D M Middleton Pty Ltd <Middleton S/F – Greg A/C>	5,000,000	1.45%
16.	Norman & Megan Parker < Parker Superfund A/C>	5,000,000	1.45%
17.	Flourish Super Pty Ltd <Flourish S/f A/c>	4,500,000	1.30%
18.	Hyun Ho Ok & Byung Hye Ok	4,481,493	1.30%
19.	JP Morgan Nominees Australia Limited	4,431,188	1.28%
20.	Arkenstone Pty Ltd <GH Solomon Family A/c>	4,317,188	1.25%
		204,528,151	59.27%

f **20 Largest CNJO Holders — Listed CNJO Options**

	Name	Number Shares Held	% of Issued Capital
1.	Tasman Resources Ltd	5,184,536	24.00%
2	March Bells Pty Ltd <DH Solomon Family A/c>	2,591,016	12.00%
3	Arkenstone Pty Ltd <GH Solomon Family A/c>	2,126,954	9.85%
4.	Peto Pty Ltd <1953 Superfund A/c>	1,062,500	4.92%
5.	Anthony Ford	1,000,000	4.63%
6.	Auxilium Capiital Pty Ltd <Sala Tenna Family A/c>	1,000,000	4.63%
7.	Redcode Pty Ltd	937,500	4.34%
8.	Tadea Pty Ltd	877,083	4.06%
9.	Norman & Megan Parker < Parker Superfund A/c>	800,000	3.71%
10.	GT Le Page & Associates Pty Ltd	642,289	2.98%
11.	Apostman Superannuation Pty Ltd <Apostman Super Fund A/c>	609,375	2.82%
12.	Guy Touzeau Le Page	562,501	2.60%
13.	Arkenstone Pty Ltd <GH Solomon Family A/c>	479,688	2.22%
14.	Anna De Lucia	456,250	2.11%
15.	ASB Nominees Limited <123619 A/c>	335,938	1.56%
16.	Arkenstone Pty Ltd <The Gregory H & Lee H Solomon Superfund A/c>	281,543	1.30%
17.	Colin McKenzie	260,951	1.21%
18.	Beniris Pty Ltd <SIA Superannuation Fund A/c>	250,000	1.16%
19.	Yongmei Chen	180,000	0.83%
20.	Matthew Edwards	162,500	0.75%
		19,800,624	91.68%

2. Unquoted Securities – Options as at 17 September 2018

Holder Name	Date of Expiry	Exercise Price	Number on issue	Number of holders
Various	30 November 2019	$0.03	30,875,000	15
Various	28 August 2020	$0.0625	6,000,000	3
Various	20 November 2020	$0.0488	8,000,000	4
			44,875,000	17

TENEMENT SCHEDULE

Table 1 lists further details on the tenements.

Table 1: Conico Tenement Schedule

State	Licence Type	Number	Interest %	Locality	Location
WA	EL	E63/1790	50	Mt Thirsty	Approximately 20 km NW of Norseman
WA	P	P/2045	50	Mt Thirsty	Approximately 20 km NW of Norseman
WA	EL	E63/1267	50	Mt Thirsty	Approximately 20 km NW of Norseman
WA	R	R63/4	50	Mt Thirsty	Approximately 20 km NW of Norseman