



**Silkroad Nickel Ltd.
and its Subsidiaries**
(Company Registration Number 200512048E)

Condensed Interim Consolidated
Financial Statements
For the Six Months ended 30 June 2021

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

A Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group		% Change
		6 months ended 30/6/2021 (Unaudited) US\$'000	6 months ended 30/6/2020 (Unaudited) US\$'000	
Revenue	6	7,764	475	n.m.
Cost of goods sold		(5,389)	(891)	n.m.
Gross profit/(loss)		2,375	(416)	n.m.
Other income		19	41	(53.7)
Expenses				
Administrative expenses		(1,692)	(1,549)	9.2
Finance costs		(197)	(167)	18.0
		(1,889)	(1,716)	
Profit/(loss) before tax	8	505	(2,091)	n.m.
Tax expense	10	(12)	(13)	(7.7)
Profit/(loss) after tax		493	(2,104)	n.m.
Total comprehensive income/(loss) for the period		493	(2,104)	n.m.
Earnings/(loss) per share¹:				
Basic and diluted ² (USD in cents)		0.19	(0.81)	n.m.
EBITDA:				
Profit/(loss) after tax		493	(2,104)	
Add: Depreciation		402	531	
Add: Finance costs		197	167	
Add: Tax expense		12	13	
		1,104	(1,393)	

EBITDA – Earnings before interest, tax, depreciation and amortisation

n.m. – not meaningful

¹ Computed based on profit/(loss) after tax for the respective financial periods divided by the weighted average number of ordinary shares in issue during the respective financial periods.

² As there are no dilutive potential ordinary shares that were outstanding during the respective financial periods, the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share.

B Condensed interim consolidated statements of financial position

	Note	Group As at		Company As at	
		30/6/2021 (Unaudited) US\$'000	31/12/2020 (Audited) US\$'000	30/6/2021 (Unaudited) US\$'000	31/12/2020 (Audited) US\$'000
Non-current assets					
Investment in subsidiaries		-	-	66,241	66,241
Property, plant and equipment	12	11,199	11,246	65	96
Deferred tax assets		241	248	-	-
Receivables		347	357	-	-
		11,787	11,851	66,306	66,337
Current assets					
Inventories		3,104	4,868	-	2,195
Receivables and prepayments		11,235	8,118	4,446	3,051
Cash and cash equivalents		276	33	57	8
		14,615	13,019	4,503	5,254
Total assets		26,402	24,870	70,809	71,591
Non-current liabilities					
Liabilities for post- employment benefits		594	507	-	-
Payables		-	756	-	756
Lease liabilities		39	39	39	39
Provisions		823	808	-	-
Long-term borrowings	13	4,389	2,062	3,699	2,062
		5,845	4,172	3,738	2,857
Current liabilities					
Payables and accruals		9,232	9,194	878	807
Contract liabilities		-	61	-	61
Lease liabilities		342	138	33	56
Tax payables		1,293	1,078	31	38
Short-term borrowings	13	416	1,446	9	922
		11,283	11,917	951	1,884
Total liabilities		17,128	16,089	4,689	4,741
Net assets		9,274	8,781	66,120	66,850
Equity					
Share capital	14	8,979	8,979	86,387	86,387
Accumulated profits/(losses)		295	(198)	(20,267)	(19,537)
Total equity		9,274	8,781	66,120	66,850

C Condensed interim statements of changes in equity

(Unaudited)	Share capital US\$'000	Accumulated profits/(losses) US\$'000	Total equity US\$'000
Group			
Balance as at 1 January 2021	8,979	(198)	8,781
Total comprehensive income for the period	-	493	493
Balance as at 30 June 2021	8,979	295	9,274
Balance as at 1 January 2020			
Balance as at 1 January 2020	8,979	3,453	12,432
Total comprehensive loss for the period	-	(2,104)	(2,104)
Balance as at 30 June 2020	8,979	1,349	10,328

(Unaudited)	Share capital US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Company			
Balance as at 1 January 2021	86,387	(19,537)	66,850
Total comprehensive loss for the period	-	(730)	(730)
Balance as at 30 June 2021	86,387	(20,267)	66,120
Balance as at 1 January 2020			
Balance as at 1 January 2020	86,387	(18,368)	68,019
Total comprehensive loss for the period	-	(606)	(606)
Balance as at 30 June 2020	86,387	(18,974)	67,413

D Condensed interim consolidated statement of cash flows

	Note	Group	
		6 months ended 30/06/2021 (Unaudited) US\$'000	30/06/2020 (Unaudited) US\$'000
Cash flows from operating activities			
Profit/(loss) before tax		505	(2,091)
Adjustments for:			
Amortisation of discount on provision for assets retirement obligations	8	6	8
Depreciation of property, plant and equipment	8	402	531
Interest income	8	(4)	(5)
Interest expense	8	191	159
Loss on disposal of property, plant and equipment	8	-	32
Post-employment benefits		108	102
Provision for mine reclamation and rehabilitation		31	28
Unrealised foreign exchange loss		(34)	(52)
Operating cash flows before working capital changes		1,205	(1,288)
Changes in operating assets and liabilities			
Inventories		1,764	(292)
Receivables and prepayments		(3,032)	851
Payables and accruals		(136)	428
Cash used in operations		(199)	(301)
Interest received		4	5
Taxes paid		(94)	(9)
Net cash used in operating activities		(289)	(305)
Cash flows from investing activities			
Deposit of investment to a related party		-	(16)
Net proceeds from disposal of property, plant and equipment		-	15
Purchase of property, plant and equipment	12	(13)	(209)
Net cash used in investing activities		(13)	(210)
Cash flows from financing activities			
Interest paid		(216)	(129)
Net advances from related parties		-	510
Net (repayment to)/advances from ultimate holding company		(836)	10
Loan from third parties		2,498	524
Repayment of loans from third parties		(794)	-
Advances received from third parties		-	254
Repayment of advances from third parties		-	(620)
Repayment of lease liabilities		(106)	(33)
Net cash generated from financing activities		546	516
Net increase in cash and cash equivalents		244	1
Cash and cash equivalents at beginning of financial period		33	64
Effects of exchange rate changes on cash and cash equivalents		(1)	(2)
Cash and cash equivalents at end of financial period		276	63

E Notes to the condensed interim consolidated financial statements

1. Corporate information

The Company (Co. Reg. No. 200512048E) is incorporated and domiciled in Singapore as a limited liability company. The registered office is located at 50 Armenian Street, #03-04, Singapore 179938. The shares of the Company are listed on the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of an investment holding company. The principal activity of the Group is mining of nickel ore.

The immediate and ultimate holding company is Far East Mining Pte. Ltd., a company incorporated in Singapore.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards International ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual audited consolidated financial statements for the year ended 31 December 2020.

The accounting policies and methods of computation adopted are consistent with those adopted by the Company in its most recently audited consolidated financial statements for the year ended 31 December 2020, which were prepared in accordance with SFRS(I)s. The Group has adopted all the applicable new and revised SFRS(I)s and SFRS(I) Interpretations that are mandatory for the accounting periods beginning on or after 1 January 2021.

The financial statements, presented in United States dollar ("US\$" or "USD"), which is the Company's functional currency and all financial information presented in United States dollar are rounded to the nearest thousand (US\$'000) except when otherwise indicated.

3. New and amended standards adopted by the Group

The Group and the Company have adopted all the new and revised SFRS(I)s and SFRS(I) Interpretations that are relevant to its operations and effective for annual period beginning on 1 January 2021. The adoption of the new and revised standards and interpretations is assessed to have no material financial effect on the performance and financial position of the Group and of the Company for the current financial period reported on. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new and revised standards and interpretations.

4. Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

5. Seasonal operations

The Group's business has not been affected significantly by seasonal or cyclical factors during the six months ended 30 June 2021.

6. Segment and revenue information

The Group has only one reportable segment, which is nickel ore mining.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Indonesia US\$'000	Group Singapore US\$'000	Consolidated US\$'000
Revenue			
6 months ended 30 June 2021			
Total sales to external customers	5,914	1,850	7,764
6 months ended 30 June 2020			
Total sales to external customers	475	-	475
Non-current assets			
30 June 2021			
	11,134	65	11,199
31 December 2020			
	11,150	96	11,246

Non-current assets information presented above are non-current assets as presented on the condensed interim consolidated statement of financial position excluding financial instruments and deferred tax assets.

Information about major customers

Revenue of US\$7,764,000 (six months ended 30 June 2020: US\$475,000) is derived from two (six months ended 30 June 2020: one) external customers who individually contributed 10% or more of the Group's revenue as detailed below:

	Group 6 months ended 30 June 2021 US\$'000	Group 6 months ended 30 June 2020 US\$'000
Customer 1	5,914	475
Customer 2	1,850	-
	7,764	475

7. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Financial assets</i>				
Cash and bank balances and trade and other receivables (Amortised cost)	10,991	8,170	4,484	3,054

*Financial liabilities*Trade and other payables
and borrowings
(Amortised cost)

16,327	13,635	4,688	4,642
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8. Profit/(loss) before taxation

Profit/(loss) before tax has been arrived after charging/(crediting):

	Group	
	6 months ended 30 June 2021 US\$'000	6 months ended 30 June 2020 US\$'000
Staff costs	788	848
Interest income	(4)	(5)
Government grant	(15)	(36)
Interest expenses		
- borrowings	181	155
- lease liabilities	10	4
Amortisation of discount on provision for assets retirement obligations	6	8
Depreciation of property, plant and equipment	402	531
Foreign exchange loss, net	68	43
Loss on disposal of property, plant and equipment	-	32

9. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in this set of condensed interim consolidated financial statements for the six months ended 30 June 2021.

10. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 30 June 2021 US\$'000	6 months ended 30 June 2020 US\$'000
Current income tax expense	12	13

11. Net Asset Value

	Group		Company	
	As at 30 June 2021 US cents	As at 31 December 2020 US cents	As at 30 June 2021 US cents	As at 31 December 2020 US cents
Net asset value per ordinary share	3.55	3.36	25.31	25.59

The net asset value per ordinary share of the Group and the Company as at 30 June 2021 and 31 December 2020 are calculated based on the total number of issued ordinary shares (excluding treasury shares) of 261,213,792.

12. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to US\$13,000 (six months ended 30 June 2020: US\$209,000) and disposed of assets amounting to US\$Nil (six months ended 30 June 2020: US\$47,000).

13. Borrowings

	Group		Company	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Amount repayable within one year or on demand</i>				
Secured	-	-	-	-
Unsecured	416	1,446	9	922
<i>Amount repayable after one year</i>				
Secured	-	-	-	-
Unsecured	4,389	2,062	3,699	2,062

14. Share capital

	30 June 2021		31 December 2020	
	Number of ordinary shares	US\$'000	Number of ordinary shares	US\$'000
Group				
Beginning and end of interim period/financial year	261,213,792	8,979	261,213,792	8,979
Company				
Beginning and end of interim period/financial year	261,213,792	86,387	261,213,792	86,387

The Company did not have any outstanding convertibles as at 30 June 2021 and 30 June 2020.

The Company did not hold any treasury shares as at 30 June 2021, 31 December 2020 and 30 June 2020.

The Company's subsidiaries did not hold any shares in the Company as at 30 June 2021, 31 December 2020 and 30 June 2020.

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements for the six months ended 30 June 2021.

F Other Information Required by Catalist Rule Appendix 7C

1. Review

The condensed interim consolidated statement of financial position of Silkroad Nickel Ltd. and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 June 2021 and explanatory notes have not been audited or reviewed by the Company's auditors.

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2020 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

3. Review of performance of the Group

Review of the consolidated profit or loss and other comprehensive income for the six months ended 30 June 2021 ("1H2021") as compared to the six months ended 30 June 2020 ("1H2020")

(a) Revenue

The Group recorded a total revenue of US\$7.8 million in 1H2021 from the sale of nickel ore and nickel pig iron.

The Group completed the sale of 159,341 metric tonnes of nickel ore in 1H2021 generating a revenue of US\$5.9 million, a significant increase as compared to a revenue of US\$0.5 million generated in 1H2020 from the sale of 26,174 metric tonnes of nickel ore. The nickel ore sales to PT Ekasa Yad Resources ("**Ekasa**") commenced in April 2021 under the two-year nickel ore sales contract to deliver a total of 2.7 million metric tonnes of nickel ore. In addition to the higher quantity of nickel ore sold in 1H2021, the average grade of nickel ore sold in 1H2021 was higher too, which resulted in a higher average selling price of nickel ore, as compared to 1H2020.

The Group also completed a one-off US\$1.9 million sale of nickel pig iron to a customer in 1H2021. There was no such sale of nickel pig iron in 1H2020.

(b) Cost of goods sold

The Group's total cost of goods sold increased by US\$4.5 million from US\$0.9 million in 1H2020 to US\$5.4 million in 1H2021, mainly due to the increase in sale of nickel ore and nickel pig iron in 1H2021, as compared to 1H2020.

(c) Gross profit margin

As a result of the above, gross profit increased by US\$2.8 million from a gross loss in 1H2020 of US\$0.4 million to a gross profit of US\$2.4 million in 1H2021. Overall, the gross profit margin increased to 30.6% in 1H2021, as compared to a gross loss margin of 87.6% in 1H2020.

(d) Administrative expenses

As a result of continued prudent cost management during 1H2021, there was no material change in the Group's administrative expenses. In 1H2021, administrative expenses increased slightly by 9.2% to US\$1.7 million, as compared to US\$1.5 million in 1H2020.

(e) Finance costs

Finance costs increased by US\$30,000, from US\$167,000 in 1H2020 to US\$197,000 in 1H2021, mainly due to interest incurred on new borrowings obtained in 1H2021.

(f) Profit after tax

The Group recorded a profit after tax of US\$0.5 million for 1H2021, as compared to a loss after tax of US\$2.1 million for 1H2020, as a result of the above.

(g) EBITDA

The Group's EBITDA was US\$1.1 million in 1H2021, as compared to a loss of US\$1.4 million in 1H2020.

Review of Financial Position as at 30 June 2021 as compared to 31 December 2020

Non-Current Assets

There was no material change (a decrease of 0.5%) in the Group's non-current assets of US\$11.8 million as at 30 June 2021, as compared to US\$11.9 million as at 31 December 2020.

Current Assets

Current assets increased by US\$1.6 million, from US\$13.0 million as at 31 December 2020 to US\$14.6 million as at 30 June 2021, mainly due to the increase in receivables and prepayments and the increase in cash and cash equivalents, partially offset by the decrease in inventories.

- (i) Receivables and prepayments increased by US\$3.1 million, from US\$8.1 million as at 31 December 2020 to US\$11.2 million as at 30 June 2021. The increase was mainly due to increase in sales in 1H2021 as mentioned in section 3(a) above.
- (ii) Inventories decreased by US\$1.8 million, from US\$4.9 million as at 31 December 2020 to US\$3.1 million as at 30 June 2021. The decrease was mainly due to the sales of nickel ore and the nickel pig iron.

Please refer to sub-section below titled "Review of Statement of Cash Flows" on the reasons for the increase in cash and cash equivalents.

Non-Current Liabilities

Non-current liabilities increased by US\$1.6 million, from US\$4.2 million as at 31 December 2020 to US\$5.8 million as at 30 June 2021, mainly due to the increase in long-term financing facilities obtained by the Group to fund the working capital requirements in preparation for the increase in production capacity to meet the delivery schedules for the Ekasa contract and to repay part of the existing long-term payables and borrowings. The additional financing facilities are repayable 12 months after the reporting period.

Current Liabilities

Current liabilities decreased by US\$0.6 million, from US\$11.9 million as at 31 December 2020 to US\$11.3 million as at 30 June 2021, mainly due to the decrease in short-term borrowings of US\$1.0 million, partially offset by a US\$0.4 million increase in tax payables and lease liabilities.

Equity

As a result of the above, total equity of the Group increased by US\$0.5 million, from US\$8.8 million as at 31 December 2020 to US\$9.3 million as at 30 June 2021.

Working Capital Position

The Group reported an improved positive working capital position, from US\$1.1 million as at 31 December 2020 to US\$3.3 million as at 30 June 2021.

Review of Statement of Cash Flows

1H2021

Net cash used in operating activities of US\$0.3 million in 1H2021 was attributable to (i) operating cash inflows before working capital changes of US\$1.2 million; and (ii) a net working capital outflow of US\$1.4 million resulting from an increase of US\$3.0 million in receivables and prepayments and a decrease of US\$0.2 million in payables and accruals, partially offset by a decrease of US\$1.8 million in inventories in 1H2021. The Group also paid tax amounting to US\$0.1 million in 1H2021.

Net cash used in investing activities in 1H2021 was for the purchase of plant and equipment, which was insignificant.

Net cash generated from financing activities of US\$0.5 million in 1H2021 was mainly attributable to the loans received from third parties of US\$2.5 million. The Group utilised US\$2.0 million for interest, lease payments and repayment of advances and loans received from ultimate holding company and third parties.

As a result of the above, the Group's cash and cash equivalents (after netting the effects of exchange rate changes) increased by US\$243,000, from US\$33,000 as at 1 January 2021 to US\$276,000 as at 30 June 2021.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement was previously disclosed to shareholders.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The COVID-19 pandemic remains an evolving situation with new variants emerging in Asia. As at the date of this announcement, the COVID-19 pandemic has not caused significant disruption to the Group's business and operations. Notwithstanding this, the Group will continue to monitor its operations and health and safety of its employees in Singapore and Indonesia.

Current review of the Indonesian Mining Industry

The Indonesian government has made a strategic shift towards supporting domestic value-added nickel pig iron production and there is a rapidly growing demand for nickel and cobalt from the electric vehicle ("EV") battery manufacturers. Nickel is widely considered a "future-facing" commodity as it is a critical raw ingredient for steel, as well as the batteries which power the growing market for EVs. Global nickel supply is expected to grow with a CAGR of 4.6% by 2025, with EV batteries being the most prominent driver for nickel demand, estimated to grow 23% annually until 2030³. Over the last 12 months, the average nickel prices have increased by almost 45% from US\$12,400/t to US\$18,000/t.

³ Lee, E. Y., 2019. *Nickel and the Battery Revolution: A New Dawn for Nickel in Batteries*. DBS Asian Insights Sector Briefing 80. DBS Group Research. Available at:

Group's strategic investment partnership with GFL International Co., Limited ("GFL"), a wholly-owned subsidiary of Ganfeng Lithium Co., Ltd.⁴

Please refer to (i) the announcement released by the Company on 28 May 2021 in respect of the entry into a subscription agreement (the "**Subscription Agreement**") for the proposed issuance of 7% US\$15.0 million exchangeable bonds due 2024 to GFL ("**Proposed Issuance**"); and (ii) the announcement released by the Company on 22 June 2021 in respect of the entry into a placement agreement and a supplemental agreement to the Subscription Agreement for the US\$2.0 million proposed placement of 6.0 million new shares in the capital of the Company ("**Proposed Placement**"). With the completion of the Proposed Placement and the Proposed Issuance (which are subject to the fulfillment of certain conditions), the Group will be able to strengthen its financial position. The Group intends to use these funds for the expansion of its mining activities, capital expenditure for its smelter projects, repay existing debt, general working capital requirements and investment in partnerships and initiatives in the EV battery business.

Update on smelter projects

The Group has previously announced its strategy to build and operate smelter facilities in Sulawesi, Indonesia for the production and export of nickel pig iron. The Group continues to assess the capital and operational requirements of these projects and is still in discussions with its financing and strategic operating partners regarding the feasibility and financing of the blast furnace and rotary kiln electric furnace smelters.

6. Dividend Information

No interim dividend has been declared or recommended for 1H2021 as the Group wishes to conserve its cash flow for its mining operations and downstream projects. No dividend had been declared or recommended for 1H2020.

<https://www.dbs.com/aics/templatedata/article/generic/data/en/GR/092019/190918_insights_nickel.xml>
[Accessed on 5 July 2021].

⁴ Ganfeng Lithium Co., Ltd., a public dual-listed company on the Shenzhen Stock Exchange (stock code: 002460.SZ) and Hong Kong Stock Exchange (stock code: 1772) with a market capitalisation of approximately US\$38 billion (as at 10 August 2021), is one of the world's largest lithium compound producers in China operating across the entire lithium-ion battery supply chain. More information about Ganfeng Lithium Co., Ltd. is available at: <[https:// www.ganfenglithium.com](https://www.ganfenglithium.com)>.

7. Interested person transactions

The Company does not have a general mandate from shareholders for interested person transactions.

Details of the interested person transactions for 1H2021 are as follows:

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (S\$'000)
PT Bina Mitra Serasi (" PT BMS ") - Rental of cars by PT Teknik Alum Service (" PT TAS ") from PT BMS	PT BMS is 4% and 96% owned by (i) Mr. Hong Kah Ing (" Mr. Hong "), who is a controlling shareholder of the Company and the Executive Director and Chief Executive Officer of the Group; and (ii) Mr Hong's spouse, respectively.	85	-
Total		85	-

8. Additional disclosures required for mineral, oil and gas companies

(a) Rule 705(6)(a) of the Catalist Rules

(i) Use of funds/cash for the quarter

For the second quarter from 1 April 2021 to 30 June 2021 ("**2Q2021**"), funds/cash were mainly used by the Group for the following activities:

Purpose	Forecasted usage of funds (US\$'000)	Actual usage of funds (US\$'000)
Development activities	50	-
Production activities	1,700	4,178
General working capital	1,000	1,421
Total	2,750	5,599

There were no development activities in 2Q2021.

Actual funds used for production activities in 2Q2021 was US\$2.5 million higher than forecasted as the Group increased its production capacity to fulfill the sale of nickel ore under the Ekasa contract.

Actual funds used for general working capital in 2Q2021 was US\$0.4 million higher than forecasted primarily due to the increase in manpower costs and operating expenses including costs for rental of heavy equipment as the Group increased its production capacity.

(ii) Projection on the use of funds/cash for the next immediate quarter, including principal assumptions

For the next immediate quarter from 1 July 2021 to 30 September 2021 (“3Q2021”), the Group’s use of funds are expected to be as follows:

Purpose	Amount (US\$’000)
Development activities	50
Production activities	4,400
General working capital	1,600
Total	6,050

Principal assumptions

Projected use of funds is based on the current production and sales estimates to fulfill the Ekasa contract. Expenses incurred for the Group’s mine development activities, will vary according to the Group’s rate of nickel mining and production. Accordingly, if the Group’s rate of nickel mining and production changes, the Group’s use of funds for mine development activities will change as well.

In addition, the level of exploration and production activities at the Group’s mine site will vary depending on the weather conditions, the development of the COVID-19 pandemic as well as the COVID-19 safety considerations and travel restrictions imposed by the Indonesian Government and/or regulatory authorities.

(b) Rule 705(6)(b) of the Catalist Rules

The Board of Directors of the Company confirms that, to the best of its knowledge, nothing has come to its attention which may render the information provided in this announcement to be false or misleading in any material aspect.

(c) Rule 705(7) of the Catalist Rules

Details of any exploration (including geophysical surveys), development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

During 2Q2021, no exploration and development activities were carried out.

In relation to production activities, a total of approximately 192,407 metric tons of nickel ore was produced during 2Q2021. Please refer to part (i) to Rule 705(6)(a) of the Catalist Rules above for information on the amount of expenditure incurred on the production activities in 2Q2021.

9. Disclosure of acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period pursuant to Rule 706A of the Catalist Rules

The Group does not have any acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period.

10. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company confirms that it has procured the required undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

11. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Hong Kah Ing
Executive Director and Chief Executive Officer

Syed Abdel Nasser Bin Syed Hassan Aljunied
Executive Director

**By Order of the Board
Silkroad Nickel Ltd.**

Hong Kah Ing
Executive Director and Chief Executive Officer

11 August 2021, Singapore