

## GENERAL BUSINESS UPDATE

**Singapore, 27 October 2020** – The board of directors (the “**Board**”) of Silkroad Nickel Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to update shareholders of the Company on the impact of the COVID-19 pandemic on the Group’s business performance and the Group’s current progress on the downstream smelter project.

The Group’s sales of nickel ore have been severely affected due to the COVID-19 pandemic border controls and travel restrictions which remain in place in Indonesia. The Group’s mining production is operating at significantly reduced capacity as the Group’s main mining contractor, PowerChina, is still unable to deploy its personnel from China. The Group has sold 26,174 tonnes of nickel ore for the nine (9) months up to 30 September 2020, and has approximately 88,000 tonnes of nickel ore in its stockpile as at 30 September 2020. As announced by the Company in its announcement dated 13 August 2020 (“**HY2020 Results Announcement**”) in respect of its results for the first half of the financial year ended 31 December 2020 (“**HY2020**”), the Group reported a turnover of US\$0.48 million and a loss before tax of US\$2.09 million for HY2020, as compared to a turnover of US\$2.99 million and a loss before tax of US\$1.77 million for the first half of the preceding financial year. During HY2020, the Group had taken a number of measures to keep costs down, including temporary wage cuts, a reduction in work force and deferral of non-essential expenditure. In October 2020, the Company signed a 3-year 10% loan facility of S\$230,000 with a subsidiary company of Far East Mining Pte Ltd, the controlling shareholder of the Company. The management of the Company (“**Management**”) will continue to implement appropriate measures to conserve the Group’s cash resources to sustain its business operations.

Despite the operational hurdles imposed by the COVID-19 pandemic, the Management believes that the current risks facing the Group's business will not derail the Group's long-term strategy of becoming an integrated ferronickel manufacturing company.

As stated in the HY2020 Results Announcement, the Group has commenced exploring financing options for its downstream nickel pig iron blast furnace and rotary electric kiln smelter projects, respectively. As of the date of this announcement, the Group has received non-binding indicative proposals from Trafigura Pte Ltd and Blackrock (Singapore) Ltd to provide financing for the aforesaid smelter projects, subject to, among others, the completion of due diligence by the potential investors and obtaining the necessary Board and regulatory approvals. These non-binding indicative proposals serve as the basis for negotiation and the Management is currently in discussions with such potential investors on the final terms and conditions before entering into definitive financing agreements. There is no guarantee that these discussions will lead to definitive financing agreements and the Board will make the appropriate announcements as and when there are material developments on this matter.

Shareholders of the Company and potential investors should exercise caution when trading in the Company's shares. Persons who are in doubt as to the action they should take, should consult their legal, financial, tax or other professional advisers.

**By Order of the Board**

Hong Kah Ing  
Executive Director and Chief Executive Officer  
27 October 2020

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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 (the "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.*