

## MEDIA RELEASE

For Immediate Release

### **Silkroad Nickel signs mining exploration agreement with Sinohydro Corporation Limited**

- **At least 6 million committed tonnes of nickel ore to be produced under a five-year fixed price exploration agreement**
- **The contract value is estimated to be in excess of S\$90 million**

**Singapore, 7 January 2019** – SGX-Catalist listed Silkroad Nickel Ltd. (“**Silkroad Nickel**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), an Indonesian nickel mining group, is pleased to announce that its subsidiary, PT Teknik Alum Service has entered into a new long-term mining exploration agreement (“**Agreement**”) with Sinohydro Corporation Limited (“**Sinohydro**”) and PT. Sepco II Indo (“**PT. Sepco**”, and together with Sinohydro, collectively known as the “**Mining Contractor**”) on 5 January 2019.

The Agreement provides for, *inter alia*, the following:

- the Agreement is for a period of five years from the commencement date, which refers to the date when the Group issues the notice to proceed (“**Commencement Date**”);
- the Group is responsible for, *inter alia*, (i) completing all land acquisition related matters; (ii) applying and obtaining all necessary licenses and permits; and (iii) providing the Mining Contractor with the necessary data of the mining area;
- the Mining Contractor is responsible for, *inter alia*, (i) excavating and transporting the overburden; (ii) providing the mining equipment, technical assistance, personnel and support needed to produce the nickel ore; (iii) maintaining the roads to be used for transporting the nickel ore; and (iv) transporting the nickel ore;

- if the Group fails to perform its responsibilities under the Agreement and causes losses to the Mining Contractor, then the Group shall compensate the Mining Contractor for the losses and *vice versa*;
- the Mining Contractor has committed to produce and deliver a minimum of 1.2 million tonnes of nickel ore annually to the Group, upon completion of certain preparatory activities within six months from the Commencement Date. Pursuant to the terms of the Agreement, if the Mining Contractor fails to deliver the nickel ore according to the aforesaid production amount and schedule, the Group can terminate the Agreement and the Mining Contractor shall compensate the Group for all of its economic losses;
- the price per tonne of nickel ore has been fixed and shall be valid and remain in force for the five-year period, assuming certain conditions under the Agreement are met; and
- the contract value, based on the fixed price per tonne as agreed under the Agreement and the 6 million tonnes of nickel ore committed to be produced by the Mining Contractor, is estimated to be in excess of S\$90 million.

Sinohydro is owned by Power Construction Corporation of China (“**PowerChina**”)<sup>1</sup>, a wholly state-owned company of the People’s Republic of China. PowerChina is an integrated construction group and its principal businesses include energy, power, construction equipment and engineering and operation management. PT. Sepco is a company in Indonesia, owned by PowerChina.

Mr Hong Kah Ing, Executive Director and Chief Executive Officer of Silkroad Nickel commented, “We are pleased to announce this Agreement with PowerChina which is amongst the world’s top five largest contractors and engineering companies. PowerChina is also involved in mining activities worldwide and this Agreement gives us the impetus required to ramp up our production levels to fulfill the requirements of our offtake contracts and start the exploration of new areas within our concession.”

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<sup>1</sup>[http://en.powerchina.cn/2016-02/26/content\\_16651992.htm](http://en.powerchina.cn/2016-02/26/content_16651992.htm); <http://eng.sinohydro.com/index.php>

The Agreement is not expected to have any impact on the net tangible assets per share and earnings per share of the Group for the financial year ending 31 December 2019.

None of the directors or substantial shareholders of the Company and their respective associates has any interest, direct or indirect, in the Agreement, save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

End.

**About Silkroad Nickel Ltd. (Bloomberg Ticker: SROAD SP; SGX Ticker STP)**

*Silkroad Nickel Ltd. (“**Silkroad**”, and together with its subsidiaries, the “**Group**”) is listed on the Catalist board of the Singapore Exchange Securities Trading Limited. The Group is principally engaged in the business of exploration, mining, production and sale of nickel ore and has been granted the Production Operations IUP to conduct nickel ore mining operations in the mining concession area, covering approximately 1,301 hectares located in Morowali, Sulawesi, Indonesia. Based on the standards of the JORC Code, the independent qualified person’s report dated 11 May 2018 had estimated nickel resources covering certain sections of the mining concession area with a total coverage area of 494 hectares to be at 66.5 million wet metric tonnes. No ore reserves have been estimated.*

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Issued on behalf of the Company by Cogent Communications Pte Ltd. For media enquiries please contact:

Ms Melissa Sim, Tel: (65) 6704-9287, Mob: (65) 9380-2938 Email: [melissasim@cogentcomms.com](mailto:melissasim@cogentcomms.com)

Mr Gerald Woon, Tel: (65) 6704-9268, Mob: (65) 9694-8364 Email: [woon@cogentcomms.com](mailto:woon@cogentcomms.com)

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*This media release has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this media release.*

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*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.*