

MEDIA RELEASE

For Immediate Release

Silkroad Nickel signs new offtake agreement with PT Transon Bumindo Resources

- **15 million tonnes long-term contract over a period of five to eight years**
- **Contract value estimated to be in excess of S\$400 million**

Singapore, 13 December 2018 – 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, had, on 11 December 2018, entered into a new long-term offtake agreement (“**Agreement**”) with PT Transon Bumindo Resources (“**PT TBR**”).

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

- the Group will supply 15 million tonnes of nickel ore over a period of five to eight years (commencing from March 2020) to PT TBR;
- the Group has to deliver a minimum of 1.5 million tonnes of nickel ore annually to PT TBR. Pursuant to the terms of the Agreement, if the Group fails to deliver the nickel ore according to the agreed timing, PT TBR can unilaterally terminate the Agreement; and
- the selling price for each shipment of nickel ore will be based on the prevailing domestic Indonesian benchmark price for nickel after adjusting for the specifications of the nickel ore to be sold on a CIF (Cost, Insurance and Freight) basis.

Based on the current domestic selling price by the Group, the total contract value of the Agreement is estimated to be in excess of S\$400 million.

PT TBR is part of the Qingdao Hengshun Zhongsheng Group Co., Ltd. Group, a Shenzhen-listed company that is majority owned by the Qingdao state government, which invests in Indonesian industrial parks, mining, and energy with a focus on electricity.¹

Mr Hong Kah Ing, Executive Director and Chief Executive Officer of Silkroad Nickel commented, “this Agreement with PT TBR, which is building a new rotary kiln electric furnace smelter facility approximately 2 km from the Group’s mine site in Sulawesi, Indonesia, gives us the impetus to not only ramp up our production and start the exploration of new areas within our concession, but to also consider the acquisition of new concession areas.”

In consideration of its obligations under the Agreement and other offtake agreements of the Group, Silkroad Nickel is currently in negotiations to finalise the appointment of a China state-owned company as the main mining contractor to increase the Group’s production volume of nickel ore. The Company will make further announcements in compliance with the requirements of the Catalist Rules as and when there are material developments on this matter.

As the Agreement will only commence from March 2020, 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 2018.

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.

¹ <http://www.qdhengshun.com/en/About/index.html> (Stock Code 300208)

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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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.

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

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