Silkroad Nickel Ltd.
(Company Registration Number 200512048E)
(Incorporated in the Republic of Singapore)

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

*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**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

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.

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Background

Silkroad Nickel Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**"), formerly known as China Bearing (Singapore) Ltd., was formed subsequent to the successful reverse takeover ("**RTO**") by FE Resources Pte. Ltd. ("**FER**", and together with its subsidiaries, the "**FER Group**"). In December 2015, the Company completed the disposal of its principal and wholly-owned subsidiary (the "**Disposal**"). Following the completion of the Disposal, the Company became a "cash company" under Rule 1018 of the SGX-ST Listing Manual and ceased to have any operating subsidiaries or businesses up to 5 July 2018. On 5 July 2018, the Company completed the acquisition of the entire issued and paid-up capital of FER (the "**Proposed Acquisition**") and changed its name from "China Bearing (Singapore) Ltd." to "Silkroad Nickel Ltd.". Please refer to the Company's circular to shareholders (the "**Circular**") dated 31 May 2018 for further details of the RTO and the Proposed Acquisition.

The FER Group is principally engaged in the business of exploration, mining, production and sale of nickel ore.

Following the completion of the RTO, the Company changed the presentation currency and functional currency for its financial statements from Singapore Dollars ("**SGD**") to United States Dollars ("**USD**" or "**US$**"). The exchange rate of USD1: SGD1.36659 as at 30 September 2018 and USD1: SGD1.33646 as at 31 December 2017 was used for the translation.

Group Level

Following the completion of the RTO, the Company's wholly-owned subsidiary, FER, is regarded as the accounting acquirer and the Company as the accounting acquiree, for accounting purpose. As such, the consolidated financial statements have been prepared and presented as a continuation of the FER Group.

Accordingly, the consolidated financial statements comprising the income statement and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the 9 months ended 30 September 2018 have been presented as a continuation of the FER Group's financial results and operations, in accordance with the following:

1) the assets and liabilities of the accounting acquirer, FER Group, are recognised and measured in the consolidated statement of financial position at their pre-acquisition carrying amount;
2) the assets and liabilities of the accounting acquiree, the Company, are recognised and measured in accordance with their acquisition date fair value;

3) the retained earnings and other equity balances recognised in the consolidated financial statements of the Group are the retained earnings and other equity balances of the FER Group immediately before the RTO;

4) the amount recognised in the issued equity interest in the consolidated financial statements of the Group is computed by adding the issued equity of FER Group immediately before the RTO to the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to effect the acquisition; and

5) the comparative figures presented in these consolidated financial statements of the Group are those of consolidated financial statements of the FER Group.

Following the completion of the RTO, the principal business of the Group is those of FER Group. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in FRS 103, but it does not result in the recognition of goodwill, as the Company was deemed a "cash company" under the Rule 1017 of the Catalist Rules on 5 July 2018 and did not meet the definition of a business as set out in FRS 103. Instead, such transaction falls within the scope of FRS 102 "Share-based payments", which requires the shares deemed issued by the legal subsidiary (as consideration for the acquisition of the Company) to be recognised at fair value. Any difference between the consideration sum and the fair value of the Company's identifiable net assets represents a service received by the legal subsidiary, FER Group, which is recognised as an expense in the statement of comprehensive income.

Company Level

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. As such, the investment in FER Group recorded in the Company's financial statements is accounted for at cost less accumulated impairment losses, if any.

Notes:

I. The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the 9 months ended 30 September 2018 refer to the enlarged group which included the results of FER Group from 1 January 2018 to 30 September 2018 and the results of the Company from 5 July 2018 to 30 September 2018.

II. The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the 9 months ended 30 September 2017 refer to the results of FER Group from 1 January 2017 to 30 September 2017.

III. The Group's consolidated statement of comprehensive income and consolidated statement of changes in equity for the 3 months ended 30 September 2018 refer to the enlarged group which included the results of FER Group from 1 July 2018 to 30 September 2018 and the result of the Company from 5 July 2018 to 30 September 2018.

IV. The Group's consolidated statement of comprehensive income and consolidated statement of changes in equity for the 3 months ended 30 September 2017 refer to the results of FER Group from 1 July 2017 to 30 September 2017.

V. The Group's consolidated statement of financial position as at 30 September 2018 refers to the consolidated statement of financial position of the enlarged group comprising FER Group and the Company.

VI. The Group's consolidated statement of financial position as at 30 September 2017 refers to the consolidated statement of financial position of the FER Group.

VII. The Company's statement of financial position as at 30 September 2018 and 31 December 2017 refer to that of the Company.

VIII. The Company's statement of changes in equity for the 9 months ended 30 September 2018 and 12 months ended 31 December 2017 refer to that of the Company.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF –YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

		Group 3 months ended			**Group 9 months ended**		
	Notes	**30/9/2018 US$ (Unaudited)**	**30/9/2017 US$ (Unaudited)**	**% Change**	**30/9/2018 US$ (Unaudited)**	**30/9/2017 US$ (Unaudited)**	**% Change**
Revenue	8(a)	1,380,102	2,209,542	(37.5)	3,024,081	4,950,824	(38.9)
Cost of goods sold	8(b)	(901,865)	(1,588,962)	(43.2)	(2,323,595)	(3,350,753)	(30.7)
Gross profit		478,237	620,580	(22.9)	700,486	1,600,071	(56.2)
Other income	8(d)	48,853	21,750	124.6	52,849	32,226	64.0
Expenses							
Administrative expenses	8(e)	(1,377,551)	(335,300)	310.8	(2,214,165)	(1,095,030)	102.2
Finance expenses	8(f)	(149,001)	(47,663)	212.6	(388,744)	(330,091)	17.8
Other expenses	8(g)	(2,136,535)	-	n.m	(2,136,535)	-	n.m
(Loss)/profit before tax		(3,135,997)	259,367	n.m	(3,986,109)	207,176	n.m
Tax expense		-	(10,393)	(100.0)	-	(26,519)	(100.0)
(Loss)/profit after tax		(3,135,997)	248,974	n.m	(3,986,109)	180,657	n.m
Other comprehensive income							
Items that will not be reclassified subsequently to profit or loss:							
Re-measurement of post-employment benefits liabilities, net of tax		-	3,823	(100.0)	-	3,823	(100.0)
Other comprehensive income for the financial period, net of tax		-	3,823	(100.0)	-	3,823	(100.0)
Total comprehensive (loss)/income for the financial period		(3,135,997)	252,797	n.m	(3,986,109)	184,480	n.m

n.m – not meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

	Group 3 months ended			Group 9 months ended		
	30/9/2018 US$ (Unaudited)	**30/9/2017 US$ (Unaudited)**	**% Change**	**30/9/2018 US$ (Unaudited)**	**30/9/2017 US$ (Unaudited)**	**% Change**
Profit/(loss) for the period is arrived at after charging/(crediting):						
Included in cost of goods sold:						
Changes in inventories	(237,624)	(169,281)	(40.4)	(208,675)	(160,017)	(30.4)
Depreciation of property, plant and equipment	165,459	219,350	(24.6)	426,165	523,239	(18.6)
Mining contractor charges	585,796	593,922	(1.4)	1,163,342	1,477,788	(21.3)
Provision for mine reclamation and rehabilitation	9,697	27,678	(65.0)	27,331	29,062	(6.0)
Royalty fees	69,532	89,907	(22.7)	144,176	199,142	(27.6)
Staff costs	73,399	69,191	6.1	196,986	241,386	(18.4)
Transportation costs	152,763	230,595	(33.8)	388,280	507,907	(23.6)
Included in administrative expenses:						
Depreciation of property, plant and equipment	25,758	28,909	(10.9)	79,905	65,934	21.2
Foreign exchange loss/(gain)	58,455	(50,870)	n.m	42,306	(20,067)	n.m
Professional fees	423,682	79,636	432.0	483,290	178,591	170.6
Staff costs	226,739	142,610	59.0	511,300	392,756	30.2
Travelling expenses	80,917	58,361	38.6	161,032	110,647	45.5
Included in other expenses:						
RTO expenses	2,136,535	-	n.m	2,136,535	-	n.m

n.m – not meaningful

1(b)(i) A statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

		Group		Company	
		As at		As at	
	Notes	30/9/2018 (Unaudited) US$	31/12/2017 (Audited) US$	30/9/2018 (Unaudited) US$	31/12/2017 (Restated) US$
Non-current assets					
Investment in subsidiaries		-	-	50,000,000	-
Property, plant and equipment	8(i)	11,583,472	11,129,658	3,223	-
Deferred tax assets	8(ii)	249,860	275,081	-	-
Receivables	8(iii)	249,348	197,344	3,510,239	-
		12,082,680	11,602,083	53,513,462	-
Current assets					
Inventories	8(vi)	1,046,313	837,638	-	-
Receivables and prepayments	8(iv)(v)	1,023,922	628,291	115,554	-
Cash and cash equivalents		1,070,395	77,157	490,809	9,146,893
		3,140,630	1,543,086	606,363	9,146,893
Total assets		15,223,310	13,145,169	54,119,825	9,146,893
Non-current liabilities					
Liabilities for post-employment benefits	8(vii)	194,662	160,132	-	-
Finance lease liabilities		9,981	51,854	-	-
Provisions	8(viii)	626,439	661,659	-	-
		831,082	873,645	-	-
Current liabilities					
Payables and accruals	8(ix)(x)(xi)	857,637	4,638,596	103,925	408,278
Finance lease liabilities	8(xii)	211,933	165,470	-	-
Tax payables	8(xiii)	86,165	151,204	-	-
		1,155,735	4,955,270	103,925	408,278
Total liabilities		1,986,817	5,828,915	103,925	408,278
Net assets		13,236,493	7,316,254	54,015,900	8,738,615
Equity					
Share capital		8,978,814	1	70,145,621	17,091,937
Retained earnings/(Accumulated losses)		4,257,679	7,316,253	(16,129,721)	(9,035,311)
Translation reserves		-	-	-	681,989
Total Equity		13,236,493	7,316,254	54,015,900	8,738,615

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 September 2018		As at 31 December 2017	
Secured (US$)	**Unsecured (US$)**	**Secured (US$)**	**Unsecured (US$)**
211,933	NA	165,470	3,524,369

Amount repayable after one year

As at 30 September 2018		As at 31 December 2017	
Secured (US$)	**Unsecured (US$)**	**Secured (US$)**	**Unsecured (US$)**
9,981	NA	51,854	NA

The Group's borrowings and debt securities comprised (i) obligations under finance leases; and (ii) loans from ultimate holding company and a third party, which are unsecured and repaid as at 30 September 2018.

Details of any collateral

The Group's borrowings, which comprised obligations under finance leases, are secured by property, plant and equipment with a net book value of US$644,973 as at 30 September 2018 (31 December 2017: US$411,749).

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	9 months period ended	
	30/9/2018	30/9/2017
	(Unaudited)	(Unaudited)
	US$	US$
Cashflows from operating activities		
(Loss)/profit before tax	(3,986,109)	207,176
Adjustments for:		
Amortization of discount on provision for assets retirement obligations	-	9,936
Acquisition costs arising from reverse acquisition	2,001,875	-
Depreciation of property, plant and equipment	506,320	589,173
Post-employment benefits	34,530	59,696
Interest income	(7,265)	(5,834)
Interest expense	388,744	320,155
Provision for mine reclamation and rehabilitation	27,331	29,062
Unrealized foreign exchange loss/(gain)	30,273	(2,108)
Operating cash flows before working capital changes	(1,004,301)	1,207,256
Changes in operating assets and liabilities		
Inventories	(208,675)	(160,017)
Receivables and prepayments	(462,232)	(41,775)
Payables and accruals	(1,293,128)	132,293
Cash (used in)/generated from operations	(2,968,336)	1,137,757
Interest received	7,265	5,834
Taxes paid, net of taxes refunded	(17,388)	(66,197)
Net cash (used in)/generated from operating activities	(2,978,459)	1,077,394
Cash flows from investing activities		
Net advances to related parties	(2,142)	(331,522)
Net proceeds from reverse acquisition	8,978,178	-
Purchase of property, plant and equipment	(840,756)	(248,814)
Net cash generated from/(used in) investing activities	8,135,280	(580,336)
Cash flows from financing activities		
Interest paid	(388,744)	(137,470)
Loan repayment to director	-	(487,582)
Loan repayment to shareholder	(3,567,228)	(69,902)
Repayment of finance leases	(200,926)	(81,214)
Net cash used in financing activities	(4,156,898)	(776,168)
Net increase/(decrease) in cash and cash equivalents	999,923	(279,110)
Cash and cash equivalents at beginning of financial period	77,157	400,535
Effects of exchange rate changes on cash and cash equivalents	(6,685)	(1,528)
Cash and cash equivalents at end of financial period	1,070,395	119,897

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd).

	Group	
	3 months period ended	
	30/9/2018	30/9/2017
	(Unaudited)	(Unaudited)
	US$	US$
Cashflows from operating activities		
(Loss)/profit before tax	(3,135,997)	259,367
Adjustments for:		
Acquisition costs arising from reverse acquisition	2,001,875	-
Depreciation of property, plant and equipment	191,217	248,259
Post-employment benefits	9,952	53,823
Interest income	(3,324)	(1,685)
Interest expense	149,001	47,663
Provision for mine reclamation and rehabilitation	27,331	30,618
Unrealized foreign exchange loss	2,586	194,130
Operating cash flows before working capital changes	(757,359)	832,175
Changes in operating assets and liabilities		
Inventories	(237,624)	(169,281)
Receivables and prepayments	(731,455)	284,677
Payables and accruals	(1,514,407)	(711,342)
Cash (used in)/generated from operations	(3,240,845)	236,229
Interest received	3,324	1,685
Taxes paid	(81,431)	(91,582)
Net cash (used in)/generated from operating activities	(3,318,952)	146,332
Cash flows from investing activities		
Net advances to related parties	(48,942)	(62,535)
Net proceeds from reverse acquisition	8,978,178	-
Purchase of property, plant and equipment	(807,830)	(82,467)
Net cash generated from/(used in) investing activities	8,121,406	(145,002)
Cash flows from financing activities		
Interest paid	(149,001)	(47,663)
Repayment of loans	(3,567,228)	(2,059)
Repayment of finance leases	(97,545)	(18,513)
Net cash used in financing activities	(3,813,774)	(68,235)
Net increase/(decrease) in cash and cash equivalents	988,680	(66,905)
Cash and cash equivalents at beginning of financial period	84,301	186,355
Effects of exchange rate changes on cash and cash equivalents	(2,586)	447
Cash and cash equivalents at end of financial period	1,070,395	119,897

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Retained earnings/ (Accumulated losses)	Total equity
	US$	US$	US$
Group			
(Unaudited)			
Balance as at 1 January 2018	1	7,316,253	7,316,254
Total comprehensive loss for the period	-	(3,986,109)	(3,986,109)
Issue of shares pursuant to the reverse acquisition	8,978,813	-	8,978,813
Loans waived by ultimate holding company	-	927,535	927,535
Balance as at 30 September 2018	8,978,814	4,257,679	13,236,493
Balance as at 1 January 2017	500,001	(583,510)	(83,509)
Total comprehensive income for the period	-	184,480	184,480
Loans waived by a director	-	7,650,192	7,650,192
Adjustment pursuant to the Restructuring Exercise	(500,000)	-	(500,000)
Balance as at 30 September 2017	1	7,251,162	7,251,163

	Share capital	Accumulated losses	Translation reserves	Total equity
	US$	US$	US$	US$
Company				
(Unaudited)				
Balance as at 1 January 2018	17,091,937	(9,035,311)	681,989	8,738,615
Total comprehensive loss for the period	-	(6,570,903)	(150,300)	(6,721,203)
Issue of shares pursuant to the reverse acquisition	51,998,488	-	-	51,998,488
Effect of change in functional currency	1,055,196	(523,507)	(531,689)	-
Balance as at 30 September 2018	70,145,621	(16,129,721)	-	54,015,900
Balance as at 1 January 2017	17,091,937	(8,584,740)	-	8,507,197
Total comprehensive (loss)/ income for the period	-	(316,553)	546,795	230,242
Balance as at 30 September 2017	17,091,937	(8,901,293)	546,795	8,737,439

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd).

	Share capital	Retained earnings/ (Accumulated losses)	Total equity
	US$	US$	US$
Group			
(Unaudited)			
Balance as at 1 July 2018	1	6,466,141	6,466,142
Total comprehensive loss for the period	-	(3,135,997)	(3,135,997)
Issue of shares pursuant to the reverse acquisition	8,978,813	-	8,978,813
Loans waived by ultimate holding company	-	927,535	927,535
Balance as at 30 September 2018	8,978,814	4,257,679	13,236,493
Balance as at 1 July 2017	500,001	(651,827)	(151,826)
Total comprehensive income for the period	-	252,797	252,797
Loans waived by a director	-	7,650,192	7,650,192
Adjustment pursuant to the Restructuring Exercise	(500,000)	-	(500,000)
Balance as at 30 September 2017	1	7,251,162	7,251,163

	Share capital	Accumulated losses	Translation reserves	Total equity
	US$	US$	US$	US$
Company				
(Unaudited)				
Balance as at 1 July 2018	17,091,937	(10,026,294)	531,689	7,597,332
Total comprehensive loss for the period	-	(5,579,920)	-	(5,579,920)
Issue of shares pursuant to the reverse acquisition	51,998,488	-	-	51,998,488
Effect of change in functional currency	1,055,196	(523,507)	(531,689)	-
Balance as at 30 September 2018	70,145,621	(16,129,721)	-	54,015,900
Balance as at 1 July 2017	17,091,937	(8,768,796)	379,285	8,702,426
Total comprehensive (loss)/ income for the period	-	(132,497)	167,910	35,413
Balance as at 30 September 2017	17,091,937	(8,901,293)	547,195	8,737,839

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share option or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Issued and paid-up share capital US$
Balance as at 1 January 2018 and 30 June 2018	276,000,000	17,091,937
Upon completion of Share Consolidation*	27,599,999	17,091,937
Effect of change in functional currency	-	1,055,196
Issuance of new shares pursuant to reverse acquisition	99,503,448	51,998,488
Balance as at 30 September 2018	127,103,447	70,145,621

**In conjunction with the RTO, every 10 existing issued shares were consolidated into one (1) share as at 4 July 2018, fractional entitlements were disregarded.*

The Company did not have any outstanding convertibles, treasury shares and subsidiary holdings as at 30 September 2018 and 30 September 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 September 2018	As at 31 December 2017
Total number of issued shares, excluding treasury shares	127,103,447	276,000,000

There were no treasury shares as at 30 September 2018 and 31 December 2017.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable. The figures have not been audited nor reviewed by the Company's auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in section 5 below, the Company has adopted the same accounting policies and methods of computation in the presentation of the unaudited financial statements for the financial period ended 30 September 2018 as compared with the audited financial statements for the financial year ended 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reason for, and the effect of, the change.

The Group has adopted all applicable Singapore Financial Reporting Standards (International) ("**SFRS (I)**") that are relevant to its operations and become effective for the financial period ended 30 September 2018. The adoption of SFRS (I) did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the Group's and the Company's financial statements for the current financial reporting period.

Each of the Group and the Company has changed its presentation currency and functional currency for its financial statements from Singapore Dollars to United States Dollars due to the acquisition of FER Group. This has no significant impact on the Group's and the Company's financial statements for the current financial reporting period.

6. Earnings per ordinary share of the group for the current financial period reported on and the immediately preceding financial period, after deducting any provision for preference dividends.

	Group			
	3 months ended		9 months ended	
	30/9/2018 (Unaudited)	30/9/2017 (Unaudited)	30/9/2018 (Unaudited)	30/9/2017 (Unaudited)
(Loss)/profit attributable to owners of the Company (US$)	(3,135,997)	248,974	(3,986,109)	180,657
Weighted average number of ordinary shares outstanding	125,742,129	95,793,103	105,420,235	95,793,103
Basic and diluted (loss)/earnings per share (US cents)	(2.49)	0.26	(3.78)	0.19

For the respective immediately preceding financial periods, the earnings per share was recomputed based on the weighted average number of shares of 95,793,103 shares (determined based on the number of issued shares upon completion of the Share Consolidation and after taking into account the number of new shares issued for the RTO, excluding the new shares issued to the arranger and financial advisor).

For the respective current financial periods, the loss per share was computed based on their respective weighted average number of shares (determined based on 95,793,103 shares up to 4 July 2018 and 127,103,448 shares from 5 July 2018 to 30 September 2018).

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

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:
(a) current financial year reported on; and
(b) immediately preceding financial year.

	Group		**Company**	
	As at 30/9/2018	**As at 31/12/2017**	**As at 30/9/2018**	**As at 31/12/2017**
Net assets value (US$)	13,236,493	7,316,254	54,015,900	8,738,614
Number of ordinary shares in issue	127,103,448	95,793,103	127,103,448	27,600,000
Net assets value per share (US cents)	10.41	7.64	42.53	31.66

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group's performance for the 3 months ended 30 September 2018 ("3Q2018") as compared to the 3 months ended 30 September 2017 ("3Q2017")

(a) Revenue

The Group's revenue for 3Q2018 decreased by US$0.8 million or 37.5%, from US$2.2 million in 3Q2017 to US$1.4 million in 3Q2018. This was due mainly to the decrease in the quantity of nickel ore sold, from 109,868 metric tons in 3Q2017 to 62,154 metric tons in 3Q2018. The decrease in sales quantity arose as the Group was conserving nickel ore stocks in anticipation of getting the export quota license for export market sales.

(b) Cost of goods sold

Cost of goods sold decreased by US$0.7 million, from US$1.6 million in 3Q2017 to US$0.9 million in 3Q2018. The decrease in cost of goods sold was in line with the decrease in the Group's revenue.

(c) Gross profit margin

The gross profit margin in 3Q2017 and 3Q2018 was 28.1% and 34.7%, respectively. The increase in gross profit margin in 3Q2018 was mainly due to a higher average selling prices in 3Q2018 as compared to 3Q2017, despite slightly lower grade of nickel ore being sold in 3Q2018.

(d) Other income

Other income comprises interest income from bank deposits, miscellaneous income and foreign exchange gain.

Other income increased by approximately US$27,000, from approximately US$22,000 in 3Q2017 to approximately US$49,000 in 3Q2018. This was attributable to the increase in rental income generated from renting out the Group's excavators and off-highway trucks to the mining contractor in 3Q2018.

(e) Administrative expenses

Administrative expenses increased by US$1.1 million, from US$0.3 million in 3Q2017 to US$1.4 million in 3Q2018. This was mainly due to the increase in (i) professional fees incurred to perform feasibility studies on the development of smelter operations and their supporting facilities; (ii) consultancy fees incurred in relation to preparation of documents to apply for export quota; (iii) fees for drilling services made on mine site to identify new mine pits for future production; (iv) employee costs due to the increase in number of employees in the Group; and (v) foreign exchange loss arising from the depreciation of Indonesia Rupiah against USD in 3Q2018.

(f) Finance expenses

Finance expenses increased by approximately US$101,000, from approximately US$48,000 in 3Q2017 to approximately US$149,000 in 3Q2018 due to the increase in lease interest expenses incurred which arose from the increase in new heavy machinery acquired on hire purchase in 3Q2018.

(g) Other expenses

The Group reported a one-off other expenses of US$2.1 million in 3Q2018, which was absent in 3Q2017. The other expenses incurred in 3Q2018 comprised expenses (such as professional fees, arranger fees and success fees) incurred in relation to the RTO, which was completed in July 2018.

As a result of the above, the Group recorded a loss after tax of US$3.1 million for 3Q2018, as compared to a profit after tax of US$0.2 million for 3Q2017.

<u>Review of Group's performance for the 9 months ended 30 September 2018 ("9M2018") as compared to the 9 months ended 30 September 2017 ("9M2017")</u>

(a) Revenue

The Group's revenue for 9M2018 decreased by US$2.0 million or 38.9%, from US$5.0 million in 9M2017 to US$3.0 million in 9M2018. The decrease was due to (i) lower average selling prices of nickel ore for 9M2018 as compared to 9M2017; and (ii) the decrease in the quantity of nickel ore sold by 32.4%, from 223,271 metric tons in 9M2017 to 150,981 metric tons in 9M2018. The decrease in sales quantity arose as the Group was conserving nickel ore stock in anticipation of getting the export quota license for export market sales.

(b) Cost of goods sold

Cost of goods sold decreased by US$1.1 million, from US$3.4 million in 9M2017 to US$2.3 million in 9M2018. The decrease in cost of goods sold was in line with the decrease in the Group's revenue.

(c) Gross profit margin

The gross profit margin in 9M2017 and 9M2018 was 32.3% and 23.2%, respectively. Although the average selling price of the nickel ore in 9M2018 was marginally lower than that in 9M2017, the decrease in gross profit margin in 9M2018 compared to 9M2017 was mainly due to an increase in the cost of goods sold per metric ton as a result of higher mining contractor fees and fuel costs.

(d) Other income

Other income comprises interest income from bank deposits, miscellaneous income and foreign exchange gain.

Other income increased by approximately US$21,000, from approximately US$32,000 in 9M2017 to approximately US$53,000 in 9M2018. This was due to the increase in rental income generated from renting out the Group's excavators and off-highway trucks to the mining contractor.

(e) Administrative expenses

Administrative expenses increased by US$1.1 million, from US$1.1 million in 9M2017 to US$2.2 million in 9M2018. This was mainly due to the increase in (i) professional fees incurred to perform feasibility studies on development of smelter operations and their supporting facilities; (ii) consultancy fees incurred in relation to preparation of documents to apply for export quota; (iii) fees for drilling services made on mine site to identify new mine pits for future production; (iv) employee costs due to the increase in number of employees in the Group; and (v) foreign exchange loss arising from the depreciation of Indonesia Rupiah against USD in 9M2018.

(f) Finance expenses

Finance expenses increased by US$0.1 million, from US$0.3 million in 9M2017 to US$0.4 million in 9M2018 due to the increase in lease interest expenses incurred in 9M2018 as compared in 9M2017.

(g) Other expenses

The Group reported a one-off other expenses of US$2.1 million in 9M2018, which was absent in 9M2017. The other expenses incurred in 9M2018 comprised expenses (such as professional fees, arranger fees and success fees) incurred in relation to the RTO, which was completed in July 2018.

As a result of the above, the Group recorded a loss after tax of US$4.0 million in 9M2018, as compared to a profit after tax of US$0.2 million in 9M2017.

Review of Financial Position

Non-Current Assets

(i) Property, plant and equipment increased by US$0.5 million, from US$11.1 million as at 31 December 2017 to US$11.6 million as at 30 September 2018. This was due to additions of new property, plant and equipment acquired during 9M2018, partially offset by the depreciation of property, plant and equipment, and amortization of mining property made during 9M2018.

(ii) Deferred tax assets, which relate to tax benefits to be realized in the future, decreased by approximately US$25,000, from approximately US$275,000 as at 31 December 2017 to approximately US$250,000 as at 30 September 2018. The decrease was due to exchange differences recognised during 9M2018.

(iii) Other receivables comprised fixed deposits placed as security deposits for mine reclamation purposes. Other receivables increased by approximately US$52,000, from approximately US$197,000 as at 31 December 2017 to approximately US$249,000 as at 30 September 2018 due to additional security deposits placed during 9M2018.

Current Assets

(iv) Trade receivables increased by US$0.1 million, from US$0.5 million as at 31 December 2017 to US$0.6 million as at 30 September 2018 due to billings made to customers in September 2018 for which collection have not been made from the customers as at 30 September 2018.

(v) Prepayments increased by US$0.2 million, from US$0.2 million as at 31 December 2017 to US$0.4 million due to prepaid rent, down payment for off-highway trucks and advance payments for shipping fees and professional service fees incurred prior to the render of the services.

(vi) Inventories increased by US$0.2 million, from US$0.8 million as at 31 December 2017 to US$1.0 million as at 30 September 2018 as the Group was in the process of conserving nickel ore stock in anticipation of the receipt of the export quota license for export market sales.

Non-Current Liabilities

(vii) Liabilities for post-employment benefits increased by approximately US$35,000, from approximately US$160,000 as at 31 December 2017 to approximately US$195,000 as at 30 September 2018. The increase was in line with the increase in number of employees during 9M2018.

(viii) Provisions were in relation to provisions made for mine reclamation and rehabilitation expenses. Provisions decreased by approximately US$35,000, from US$661,000 as at 31 December 2017 to approximately US$626,000 as at 30 September 2018 due to utilization of the provisions in 9M2018.

Current Liabilities

(ix) Trade payables increased by US$0.2 million, from US$0.1 million as at 31 December 2017 to US$0.3 million as at 30 September 2018. The increase was due to slower repayment made to trade creditors as advance payment had been made to the mining contractor prior to commencement of production. The balance of the payment are to be made upon completion of production activities.

(x) Other payables decreased by US$3.5 million, from US$3.5 million as at 31 December 2017 to US$1.0 million as at 30 September 2018 due to waiver by the vendor of FER of the outstanding loan payable by the Group upon partial settlement of the Zana Loan (as defined in the Circular) by the Company upon completion of the RTO. Please refer to page 59 of the Circular for further information.

(xi) Accruals decreased by US$0.5 million, from US$1.0 million as at 31 December 2017 to US$0.5 million as at 30 September 2018. This was due to the reduction in accrual of professional fees incurred in relation to the RTO as at 30 September 2018 as compared to 31 December 2017.

(xii) Finance lease liabilities increased by approximately US$47,000, from approximately US$165,000 as at 31 December 2017 to approximately US$212,000 as at 30 September 2018. This was due to more heavy equipment being acquired on hire purchase in 9M2018.

(xiii) Tax payables decreased by approximately US$65,000, from approximately US$151,000 as at 31 December 2017 to approximately US$86,000 as at 30 September 2018. The decrease was in line with lower taxable income generated in 9M2018.

Working Capital Position

The Group reported a positive working capital position of US$2.0 million as at 30 September 2018, as compared to a negative working capital position of US$3.4 million as at 31 December 2017.

Equity

As a result of the above and completion of the RTO, total equity of the Group increased by US$5.9 million, from US$7.3 million as at 31 December 2017 to US$13.2 million as at 30 September 2018.

Review of Statement of Cash Flows

9M2018

Net cash used in operating activities of US$3.0 million was attributable to (i) operating cash outflows before changes in working capital of US$1.0 million due mainly to the loss incurred for 9M2018; and (ii) net working capital outflow of US$2.0 million as a result of an increase in receivables and prepayments (US$0.5 million) as well as inventories (US$0.2 million) and the decrease in payables and accruals (US$1.3 million) in 9M2018.

Net cash generated from investing activities of US$8.1 million was attributable to net proceeds received of US$9.0 million from completion of the RTO, which was partially offset by purchase of property, plant and equipment of US$0.8 million.

Net cash used in financing activities of US$4.2 million was attributable to the settlement of the FER Payment Sum (as defined in the Circular) which was recorded as settlement of loans payable to ultimate holding company in the Group's accounts amounting to US$3.6 million, interest payments of US$0.4 million and finance lease payments of US$0.2 million.

As a result of the above, the Group's cash and cash equivalents increased by US$1.0 million, from US$0.1 million as at 31 December 2017 to US$1.1 million as at 30 September 2018.

3Q2018

Net cash used in operating activities of US$3.3 million was attributable to (i) operating cash outflows before changes in working capital of US$0.8 million due mainly to the loss incurred for 3Q2018; (ii) net working capital outflow of US$2.5 million as a result of an increase in receivables and prepayments (US$2.5 million) as well as inventories (US$0.2 million) and the decrease in payables and accruals (US$1.5 million) in 3Q2018; and (iii) taxes paid of US$0.1 million.

Net cash generated from investing activities of US$8.1 million was attributable to net proceeds received of US$9.0 million from completion of the RTO, which was partially offset by purchase of property, plant and equipment of US$0.8 million.

Net cash used in financing activities of US$3.9 million was attributable to the settlement of the FER Payment Sum which was recorded as settlement of loans payable to ultimate holding company in the Group's accounts amounting to US$3.6 million, interest payments of US$0.2 million and finance lease payments of US$0.1 million.

As a result of the above, the Group's cash and cash equivalents increased by US$1.0 million, from US$0.1 million as at 1 July 2018 to US$1.1 million as at 30 September 2018.

9. 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.

10. 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 reporting period and the next 12 months.

The Group is principally engaged in the exploration, mining, production and sale of nickel ore. Please refer to Sections B.9 and B.10.1 entitled “Industry Overview and Prospects” and “Trend Information, Strategies and Future Plans - Trend Information” respectively of the Circular, for information on (i) the significant trends affecting the Group’s sales and results of operations for the financial year ending 31 December 2018; and (ii) prospects of the industry which the Group is currently operating in.

As the Group anticipates the receipt of the export quota license by end of 2018, the Group is currently ramping up its production in order to meet the supply requirements stated in the two offtake agreements signed with the Tsingshan Group.

Further to the above, the Group had, in September 2018, entered into a non-binding heads of agreement with PT Artabumi Sentra Industri and PT Anugrah Tambang Smelter to form a joint venture to build and operate smelter facilities for the production of nickel pig iron on the Group’s mine site in Sulawesi, Indonesia. Please refer to the separate media release announced by the Company on 18 September 2018, for more information.

11. If a decision regarding dividend has been made

(a) Whether an interim (final) ordinary dividend has been declared (recommended).

None.

(b) (i) Amount per share

Not Applicable.

(ii) Previous corresponding period

Not Applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not Applicable.

(d) The date the dividend is payable

Not Applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined.

Not Applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared / recommended for the current financial period reported on.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from shareholders for interested person transactions. Save for interested person transactions amounting to less than S$100,000, no interested person transaction was entered into between the Group and any other interested person in 3Q2018.

14. Update on the use of Escrow Cash

Unless otherwise defined herein, capitalised terms used herein shall bear the same meaning ascribed to them in the Circular.

As disclosed in the Circular, as at 21 May 2018 (i.e. the Latest Practicable Date), the cash deposits placed in an escrow account opened with and operated by Standard Chartered Bank (Singapore) Limited ("**Escrow Cash**") amounted to S$12.2 million (equivalent to US$9.1 million based on an exchange rate of US$1:S$1.3415). Upon completion of the RTO, the Group will have access to and will be able to draw down the Escrow Cash.

The following is a summary of the Escrow Cash and the utilisation thereof:-

Use of the Escrow Cash	**Allocation of the Escrow Cash (as disclosed in the Circular) (US$'000)**	**Amount utilised as at 30 September 2018 (US$'000)**	**Balance of the Escrow Cash as at 30 September 2018 (US$'000)**	**Balance of the Escrow Cash (on a re-allocated basis) as at 30 September 2018 (US$'000)**
Payment of professional fees incurred in respect of the Proposed Acquisition, including the Arranger Fees	1,267[1]	1,112	155[2]	-[2]
Payment of the FER Payment Sum to ZAF and ZAF II pursuant to the Zana Novation Documents	2,609[1]	2,609	-	-
Repayment of AMSB Loan 1	783[1]	783	-	-
Repayment of AMSB Loan 2	209[1]	209	-	-
Capital expenditure for the purchase of additional mining equipment and machinery, laboratory equipment, vehicles and infrastructure development to support the Group's nickel ore mining and production activities, as well as exploration activities at the Mining Concession Area ("**Capital Expenditure**")	2,237[1]	1,292	945[3]	-[3]
General working capital purposes	2,007[1]	2,616[4]	(609)[2][3]	491[2][3]
Total	**9,112[1]**	**8,621**	**491**	**491**

14. Update on the use of Escrow Cash (cont'd)

Notes:

(1) Converted from S$ to US$ based on an exchange rate of US$1:S$1.3415 which is the exchange rate on 31 May 2018 (date of circular).

(2) The Company had utilised US$1.1 million for the full payment of professional fees incurred in respect of the Proposed Acquisition, including the Arranger Fees. As such, the unutilised balance of US$0.2 million of the Escrow Cash initially allocated for the aforesaid use of Escrow Cash shall be re-allocated for general working capital purposes.

(3) The Company had utilised US$1.3 million for the payment of the Capital Expenditure up to 30 September 2018 and the Company intends to utilise other sources of funds instead of the Escrow Cash for the Capital Expenditure going forward. As such, the unutilised balance of US$0.9 million of the Escrow Cash initially allocated for the Capital Expenditure shall be re-allocated for general working capital purposes.

(4) This amount pertains to general working capital such as professional fees of US$0.4 million, staff costs of US$0.3 million, office expenses of US$0.1 million, rental expenses of US$0.1 million and general and administrative expenses of US$0.2 million incurred for 3Q2018, as well as repayment of trade payables of US$1.1 million.

Save as disclosed above, the use of the Escrow Cash is in accordance with the intended use as stated in the Circular. The Company will make periodic announcements via SGXNet as and when the balance of the Escrow Cash is materially utilised.

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

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

(i) Use of funds/cash for the quarter

For 3Q2018, funds were mainly used for the following activities:-

Purpose	Forecasted usage of funds (US$)	Actual usage of funds (US$)
Development activities*	986,746	1,292,947
Production activities	1,469,035	796,048
General working capital	1,244,219	1,515,601
Total	**3,700,000**	**3,604,596**

*Development activities include capital expenditures.

Actual funds used for development activities in 3Q2018 was US$0.3 million higher than forecasted due to higher actual capital expenditures incurred on infrastructure improvement works on the roads at the mine site and the jetty.

Actual funds used for production activities in 3Q2018 was US$0.7 million lower than forecasted due to the lower quantity of nickel ore being produced as compared to the forecasted production quantity.

Actual funds used for general working capital in 3Q2018 was US$0.3 million higher than forecasted due to increase in (i) staff costs which arose from new staff being employed by the Group in 3Q2018; and (ii) expenses incurred in relation to listing on the Catalist Board.

15. Additional disclosures required for mineral, oil and gas companies (cont'd)

15(a) Rule 705(6)(a) of the Catalist Rules (cont'd)

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

For the next immediate quarter from 1 October 2018 to 31 December 2018, the Group's use of funds for production activities are expected to be as follows:-

Purpose	Amount (US$)
Development activities	2,980,000
Production activities	3,164,000
General working capital	1,250,000
Total	**7,394,000**

Principal assumptions

Projected use of funds for certain items, including, but not limited to, expenses incurred for the Group's mine development activities, will vary according to the Group's rate of nickel mining and production and on the basis that export sales has begun. 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.

15(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 above information provided to be false or misleading in any material aspect.

15(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 3Q2018, exploration activities were carried out to identify mine pits for production purpose. In relation to production activities, a total of 62,154 metric tons was produced during 3Q2018.

Infrastructure improvement works to the mine site and jetty remains ongoing.

16. Negative Confirmation Pursuant to Rule 705(5)

The directors confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited financial results of the Company and the Group for the 3-month and 9-month financial periods ended 30 September 2018 to be false or misleading in any material aspect.

17. 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)

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.

On behalf of the Board of Directors

Syed Abdel Nasser Bin Syed Hassan Aljunied Director	Hong Kah Ing Director

14 November 2018