

MEDIA RELEASE

For Immediate Release

Silkroad Nickel signs MOU with Shandong Xinhai for RKEF nickel smelter

Singapore, 15 August 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 it has entered into a non-binding memorandum of understanding (“**MOU**”) with Shandong Xinhai (Singapore) Pte Ltd, a subsidiary of Shandong Xinhai Technology Co Ltd¹ (“**Shandong Xinhai**”).

Under the MOU, Shandong Xinhai is proposing to build and operate a Rotary Kiln Electric Furnace (“**RKEF**”) (which will be supported by a coal-fired power plant) in Indonesia for the production of up to 400,000 metric tonnes of ferronickel (“**RKEF Project**”). The parties to the MOU (the “**Parties**”) have entered into exclusive discussions to form a partnership for the development and operations of the RKEF smelter facility to the mutual benefit of the Parties (“**Proposed Partnership**”).

Salient terms of the Proposed Partnership under the MOU include, among others, the following:

- Completion of a feasibility report and any necessary due diligence on the RKEF Project by the Parties.
- If the RKEF Project is deemed to be economically feasible, the Parties will agree on the financing requirements for the RKEF Project and consider a proposal for **Silkroad**

¹ Shandong Xinhai, a company established in Junan Economic Development Zone, Shandong, China, specialises in the production of high grade ferronickel and electric power.

Nickel to invest or acquire at least a 30% shareholding interest in a company to be incorporated in Singapore by Shandong Xinhai for the purposes of the RKEF Project (“**Investment Company**”), subject to (if required) the approvals of the board of directors and shareholders of the Company as well as any necessary regulatory approvals.

- **Silkroad Nickel** shall be a long term supplier of nickel ore for the operations of the RKEF smelter facility, on terms to be agreed separately under a long term offtake contract. In addition, **Silkroad Nickel** shall be responsible to obtain all necessary permits and licences as well as to obtain and manage the land required for the RKEF smelter facility.
- **Shandong Xinhai** shall be responsible for the design, procurement, development, construction and operation of the RKEF smelter facility, including the provision of suitably qualified and experienced personnel.

Mr Hong Kah Ing, Executive Director and Chief Executive Officer of Silkroad Nickel commented, “We are pleased to have signed this MOU with China’s largest producer of nickel alloy. Shandong Xinhai is the only enterprise in China capable of co-producing electricity and ferronickel, with a production capacity of 10 billion kilowatt hour of electric power and 1.9 million metric tons of ferronickel, which accounts for over 50% of China’s total market share. Shandong Xinhai has a permit to operate a RKEF smelter facility which meets the stringent environmental standards required in China and which can co-produce ferronickel alloy and generate electricity with a 1.4 gigawatt coal fired power plant. Silkroad Nickel shall be supplying the nickel ore required to operate the RKEF smelter facility and may consider investing in the Investment Company for the RKEF smelter facility. This would mark a further step towards our Group’s strategy of becoming an integrated nickel mining company.”

The MOU is not intended to be an exhaustive enunciation of the terms of the Proposed Partnership. The Parties will be working towards the signing of the definitive agreements before the end of 2019, which will be subject to, among others, the approvals of the board of directors and shareholders (if required) of the Company, any necessary regulatory approvals and the completion of a feasibility study to be approved by the Company.

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

The MOU does not have any material impact on the earnings per share and net tangible assets per share of the Company for the current financial year ending 31 December 2019.

As the MOU is non-binding and may or may not lead to the entry into any definitive agreements, 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.

The Company will make further announcements, in compliance with the requirements of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist, upon the execution of the definitive agreements.

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.

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"), 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 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.

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.