Silkroad Nickel Ltd.
(Company Registration No.: 200512048E)
50 Armenian Street #03-04, Wilmer Place,
Singapore 179938
Tel: (65) 6327 8971 / Fax: (65) 6327 8596

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meanings as defined in the Unaudited Financial Statements (as defined below).

The board of directors (the "**Board**") of Silkroad Nickel Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement on 1 March 2022 relating to the unaudited condensed interim consolidated financial statements of the Group for the six months and full year ended 31 December 2021 ("**FY2021**") (the "**Unaudited Financial Statements**").

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce certain material adjustments made to the Unaudited Financial Statements following the finalisation of the audit and issuance of the independent auditor's report for FY2021 dated 14 April 2022 by the Company's external auditors, Messrs Baker Tilly TFW LLP (the "**Independent Auditor's Report**", and the related audited financial statements for FY2021 are referred to herein as the "**Audited Financial Statements**"). The details and explanations of the material adjustments are set out in Appendix A as annexed hereto. Save as set out in Appendix A as annexed hereto, there are no other material adjustments to the Unaudited Financial Statements.

Shareholders of the Company (the "**Shareholders**") are advised to read this announcement in conjunction with the Independent Auditor's Report and the Audited Financial Statements, included in the Company's annual report for FY2021, which has been issued and released by the Company on SGXNet on 14 April 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

The Board confirms that, to the best of its knowledge, all material disclosures, facts and information have been provided and announced and are not aware of any facts, information or disclosures, the omission of which would make any statement in this announcement or disclosures misleading.

By Order of the Board

Hong Kah Ing
Executive Director and Chief Executive Officer
14 April 2022

---

*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 ("**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 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

Appendix A

Consolidated Statement of Financial Position of the Group as at 31 December 2021

	Audited Financial Statements	Unaudited Financial Statements	Difference
	US$'000	**US$'000**	**US$'000**
Non-Current Liabilities			
Exchangeable Bonds	0	9,553	(9,553)
Total Non-Current Liabilities	1,642	11,195	(9,553)
Current Liabilities			
Exchangeable Bonds	15,070	5,517	9,553
Total Current Liabilities	22,095	12,542	9,553

The exchangeable bonds relate to the issuance of a US$15,000,000 7% exchangeable bond drawn down by the Company on 19 November 2021 in accordance with the subscription agreement entered into with GFL International Co., Limited ("**GFL**").

Subsequent to the release of the Unaudited Financial Statements on 1 March 2022, the Company's external auditors conveyed to the Company the interpretation of accounting standard - SFRS(I) 1-1 *Presentation of financial statements paragraph 69 (d).* In accordance with this accounting standard, the liability component amount of US$9,553,000 of the exchangeable bonds classified as non-current liability in the Unaudited Financial Statements has been reclassified as current liability in the Audited Financial Statements. This is on the basis that, under the terms of the subscription agreement, the exercise of the exchangeable rights of the exchangeable bonds is at the sole option of GFL and that following the receipt of the exchange notice, the exchange of the entire exchangeable bonds for shares representing 25% of the total issued and paid-up share capital of the Company's wholly-owned subsidiary, FE Resources Pte. Ltd. ("**FER**"), to GFL has to be completed within five business days. The settlement of the liability cannot be deferred beyond 12 months after the end of the reporting period.

Although the aforesaid reclassification results in a negative working capital of US$773,000 as at 31 December 2021, the operations and business of the Group are not expected to be affected adversely as the Group has sufficient cash and cash equivalents of US$9,457,000 as at 31 December 2021 and as aforementioned, following such exercise of the exchangeable rights of the exchangeable bonds and transfer of 25% shares in FER to GFL, the total liability of the exchangeable bonds of US$15,070,000 classified as current liability in the Audited Financial Statements will be extinguished without any cash payment.

Appendix A

Consolidated Statement of Comprehensive Income of the Group for FY2021

	Audited Financial Statements	**Unaudited Financial Statements**	**Difference**
	US$'000	**US$'000**	**US$'000**
Administrative Expenses (Note 1)	4,401	6,589	(2,188)
Selling and Distribution Expenses (Note 1)	629	0	629
Other Expenses (Note 1)	1,489	0	1,489
Finance Costs (Note 1)	787	717	70
Earnings/(loss) per share ("EPS")	**US cents**	**US cents**	**US cents**
- Fully diluted basis (Note 2)	(0.14)	0.90	(1.04)

Note 1:

Administrative expenses decreased by US$2,188,000 due to reclassification of the following line items in the Audited Financial Statements:

- Selling and distribution expenses of US$629,000 relating to marketing introducer fees paid to a third party for the delivery of nickel ore to a specific customer;
- Other expenses of US$1,489,000 relating to cost expensed for the evaluation of the Group's smelter project; and
- Finance costs of US$70,000 relating to interest expense incurred by the Group for a loan from a third party.

For the avoidance of doubt, there is no change to the total comprehensive income of US$2,403,000 of the Group for FY2021 as a result of the aforesaid reclassifications.

Note 2:

Subsequent to the release of the Unaudited Financial Statements on 1 March 2022, the Company's external auditors conveyed to the Company the interpretation of accounting standard – SFRS(I) 1-33 *Earnings per Share paragraphs 40, A11 and A12*. In accordance with this accounting standard, the fully diluted EPS attributable to the equity holders of the Company for FY2021 has been recalculated, assuming that the exchangeable rights and option of the exchangeable bonds were exercised on 31 December 2021. For the purpose of calculating the fully diluted EPS, the net profit attributable to equity holders of the Company has been adjusted for the effects of changes in income and expenses as well as non-controlling interests' share of profit of the subsidiaries that would result from the exercise of the exchangeable rights and option of the exchangeable bonds.

Appendix A

Consolidated Statement of Cash Flows of the Group for FY2021

	Audited Financial Statements	Unaudited Financial Statements	Difference
	US$'000	**US$'000**	**US$'000**
Operating cash flows before working capital changes (Note 1)	7,288	5,729	1,559
Net cash generated from operating activities (Note 2)	2,136	599	1,537
Net cash used in investing activities (Note 3)	(3,399)	(1,932)	1,467
Net cash generated from financing activities (Note 4)	10,687	10,757	(70)

Note 1:

Operating cash flows before working capital changes increased by US$1,559,000 due to:

(a) reclassification of costs of US$1,489,000 relating to the evaluation of the Group's smelter project under (i) cash used in investing activities of US$1,467,000 (Note 3); and receivables and prepayments of US$22,000 (Note 2); and

(b) reclassification of US$70,000 to finance costs.

Note 2:

Net cash generated from operating activities increased by US$1,537,000 as a result of Note 1 above, partially offset by US$22,000 for items reclassified to receivables and prepayments.

Note 3:

Net cash used in investing activities increased by US$1,467,000 due to reclassification of the payments made for the evaluation of the Group's smelter project from operating cash flows before working capital, as detailed under Note 1 above.

Note 4:

Net cash generated from financing activities decreased by US$70,000 as a result of the reclassification to finance costs from operating cash flows before working capital, as detailed under Note 1 above.