

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

- (I) EXECUTION OF SUPPLEMENTAL AGREEMENT TO THE SUBSCRIPTION AGREEMENT FOR THE PROPOSED ISSUANCE OF 7% US\$15,000,000 EXCHANGEABLE BONDS DUE 2024 TO GFL INTERNATIONAL CO., LIMITED; AND**
 - (II) ENTRY INTO A PLACEMENT AGREEMENT FOR THE PLACEMENT OF NEW SHARES TO GFL INTERNATIONAL CO., LIMITED**
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1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of Silkroad Nickel Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 28 May 2021 (the “**28 May Announcement**”) in relation to the entry of a definitive subscription agreement (the “**Subscription Agreement**”) between the Company and its wholly-owned subsidiary, FE Resources Pte. Ltd. (the “**Guarantor**” or “**FER**”) with GFL International Co., Limited (the “**Subscriber**” or “**GFL**”, and together with the Company and FER, the “**Parties**” and each, a “**Party**”), a wholly-owned subsidiary of Ganfeng Lithium Co., Ltd. (“**Ganfeng Lithium**”). *Any capitalized but undefined terms used herein have the same meanings as used in the 28 May Announcement.*
- 1.2 Pursuant to the Subscription Agreement, GFL will subscribe for exchangeable bonds (“**Exchangeable Bonds**”) in aggregate principal amount of US\$15,000,000 to be issued by the Company at an issue price of 100% of the principal amount of the Exchangeable Bonds (“**Issue Price**”), on the terms and subject to the conditions of the Subscription Agreement (“**Proposed Issuance**”). The Company will be seeking the approval of Shareholders for the grant and exercise of the Exchange Right and the Option as part of the Proposed Issuance, at an extraordinary general meeting of the Company to be convened. A circular to Shareholders setting out, amongst others, further information on the Proposed Issuance (which entails the grant of the Exchange Right and the Option to the Subscriber), together with a notice of the EGM to be convened, will be dispatched to Shareholders in due course. Please refer to the 28 May Announcement for further details on the Proposed Issuance.
- 1.3 Following the signing of the Subscription Agreement, the Company was informed by GFL that the relevant authorities in the People’s Republic of China require GFL, in addition to GFL’s investment in the Exchangeable Bonds, to be a shareholder in the Company. Pursuant to discussions with GFL, the Board agreed to GFL’s proposal of a new investment of US\$2,000,000 by way of subscription for new shares in the Company. Pursuant thereto, the Company has today entered into a supplemental agreement to the Subscription Agreement (“**Supplemental Agreement**”) with FER and GFL, and a placement agreement (“**Placement Agreement**”) with GFL, pursuant to which the Company has agreed to allot and issue, and GFL has agreed to subscribe for, an aggregate of 6,000,000 new ordinary shares in the capital of the Company (“**Placement Shares**”) at an issue price of approximately S\$0.44 (“**Placement**

Price) for each Placement Share ("**Proposed Placement**"), for a total consideration of S\$2,640,000 (equivalent to the aforesaid investment amount of US\$2,000,000).

- 1.4 There is no placement agent appointed in connection with the Proposed Placement. The Proposed Placement is being undertaken by way of a private placement pursuant to an exempted offer under Section 274 or 275 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"). Hence, no prospectus or offer information statement in connection with the Proposed Placement will be lodged with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") acting as agent on behalf of the Monetary Authority of Singapore.

2. THE PROPOSED PLACEMENT

2.1 Placement Price

2.1.1 The Placement Price represents a premium of approximately 10.6% to the volume weighted average price of S\$0.3980 per Share, based on trades done on the SGX-ST on 21 June 2021 (being the last full market day on which the Shares were traded immediately preceding the date of signing of the Placement Agreement) and up to the time of signing of the Placement Agreement on 22 June 2021.

2.1.2 The Placement Price was commercially agreed between the Company and the Subscriber after arm's length negotiations and taking into account historical trading performance of the Company, prevailing market conditions and the strategic partnership with GFL.

2.2 Placement Shares

2.2.1 The Placement Shares represent approximately 2.30% of the existing issued and paid-up share capital of the Company comprising 261,213,792 ordinary shares ("**Shares**") as at the date of this announcement (excluding treasury shares and subsidiary holdings) ("**Existing Share Capital**"); and will represent approximately 2.25% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings) of 267,213,792 Shares ("**Enlarged Share Capital**"), immediately after the completion of the Proposed Placement ("**Completion**"), comprising the Existing Share Capital and the Placement Shares. As at the date of this announcement, the Company does not have any existing outstanding warrants or other convertibles.

2.2.2 The Placement Shares will be delivered to GFL freely transferable, free and clear of any pledge, lien, charge security interest, encumbrance, claim, equitable interest or other third party right whatsoever and shall rank *pari passu* with the existing Shares and carry all rights similar to the existing Shares at the time of the transfer.

2.2.3 The Placement Shares will not be issued to transfer a controlling interest in the Company and are not placed to any person who is a Director or a substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

2.3 Conditions Precedent

2.3.1 The Proposed Placement shall be conditional upon the following conditions precedent, among others, being fulfilled:

- (i) the approval of the Board for the entering into of the Placement Agreement and the transactions under the Placement Agreement and any related transactions in relation thereto;
 - (ii) GFL to receive the approval from the relevant Provincial Development and Reform Commission, the Ministry of Commerce and the State Administration of Foreign Exchange, each in the People's Republic of China, for the performance of its obligations under the Subscription Agreement and the Placement Agreement;
 - (iii) a valid general share issue mandate pursuant to section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Catalist Rules from the shareholders of the Company ("**Shareholders**") being in force, available and sufficient for the allotment and issue of the Placement Shares to GFL; and
 - (iv) the receipt of the Listing and Quotation Notice (as defined below),
- (collectively, the "**Conditions Precedent**").

2.4 Completion

2.4.1 The completion of the Proposed Placement is subject to the satisfaction of the Conditions Precedent under paragraph 2.3 above and the Company obtaining the listing and quotation notice from the SGX-ST ("**Listing and Quotation Notice**") for the listing of and quotation for the Placement Shares on the Catalist board of the SGX-ST ("**Catalist**"), such approval not having been withdrawn, revoked or amended, and where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and GFL, and to the extent that any conditions for the listing and quotation of the Placement Shares on Catalist are required to be fulfilled, they are so fulfilled prior to the date of completion of the Proposed Placement.

3. **MANDATE FOR THE ISSUANCE OF THE PLACEMENT SHARES**

3.1 The Placement Shares will be allotted and issued pursuant to the general share issue mandate approved by Shareholders (the "**General Mandate**") at the annual general meeting of the Company held on 30 April 2021 (the "**2021 AGM**"). The General Mandate grants authority to the Directors to, *inter alia*, allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the 2021 AGM, of which the aggregate number of shares to be issued other than on a *pro rata* basis to existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the 2021 AGM.

3.2 As at the date of the 2021 AGM, the issued and paid-up share capital of the Company was 261,213,792 Shares and the maximum number of Shares to be issued other than on a *pro rata*

basis is 130,606,896 Shares. As at the date of this announcement, the Company has not issued any new Shares pursuant to the General Mandate. Accordingly, the allotment and issuance of the Placement Shares of 6,000,000 new Shares is within the limit of the General Mandate, and as such, prior approval of Shareholders is not required for the allotment and issuance of the Placement Shares pursuant to the Proposed Placement.

- 3.3 The Company (through its Sponsor) will be making an application to the SGX-ST for the Listing and Quotation Notice. The Company will make the necessary announcements in due course upon obtaining the Listing and Quotation Notice from the SGX-ST.

4. DETAILS OF THE SUBSCRIBER

GFL is a wholly-owned subsidiary of Ganfeng Lithium, a public dual-listed company on the Shenzhen Stock Exchange (stock code: 002460.SZ) and Hong Kong Stock Exchange (stock code: 1772) with a market capitalisation of approximately US\$24 billion (as at 21 June 2021). Established in 2000, Ganfeng Lithium has cultivated a deep expertise in the lithium industry and its mission is to utilize limited lithium resources to create a green, clean and healthy life for human development and progress. Ganfeng Lithium is one of the world's largest lithium compound producers and the leading producer in China operating across the entire lithium-ion battery supply chain, including lithium resource development, refining and processing, battery manufacturing and battery recycling. Ganfeng Lithium operates its vertically-integrated business across China, Australia, Argentina, Mexico and Ireland with over 5,000 employees worldwide.

The Company confirms that none of its Directors or substantial Shareholders has, to the best of their knowledge, any relationships/connections (including business relationships) with the Subscriber as well as its directors and controlling shareholders / ultimate beneficial owners.

5. RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS

- 5.1 As stated in paragraph 1.2 above, the Proposed Placement is to facilitate GFL's compliance with the local government requirements in the People's Republic of China for GFL to be a Shareholder of the Company in conjunction with the Proposed Issuance.
- 5.2 The estimated proceeds to be raised from the Proposed Placement (after deducting estimated legal expenses of approximately S\$20,000 to be incurred in connection with the Proposed Placement), would be approximately S\$2,620,000 ("**Net Proceeds**").
- 5.3 The Net Proceeds are intended to be used for the Company to (i) expand the Group's upstream and downstream developments in Indonesia; (ii) refinance existing debt of the Group; and (iii) fund general working capital requirements of the Group.

The Company intends to apply the Net Proceeds as follows:

Net Proceeds	Amount (\$)	Amount as an approximate percentage of Total Net Proceeds
Expansion of upstream and downstream developments of the Group in Indonesia	820,000 - 1,120,000	32% - 43%
Refinance existing debt of the Group	700,000 - 800,000	27% - 30%
Working capital of the Group	800,000 - 1,000,000	30% - 38%
Total	2,620,000	100%

- 5.4 Pending the deployment of the Net Proceeds, such proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the Company may, in its absolute discretion, deem fit from time to time.
- 5.5 The Company will make periodic announcement(s) as to the use of the Net Proceeds as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the Net Proceeds in the Company's interim and full-year financial statements issued under Rule 705 of the Catalyst Rules and the Company's annual report. Where the Net Proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the relevant announcements and annual reports of the Company. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

6. CONFIRMATION BY DIRECTORS

The Directors are of the opinion that as at the date of this announcement:

- (a) after taking into consideration the present bank facilities available to the Group, the Group's internal resources and operating cashflows, the working capital available to the Group is sufficient to meet its present requirements, and the Proposed Placement is being undertaken for purposes set out in paragraph 5.1 above; and
- (b) after taking into consideration the present bank facilities available to the Group, the Group's internal resources and operating cashflows, and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

7. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT, PROPOSED ISSUANCE, AS WELL AS THE EXERCISE OF THE EXCHANGE RIGHT AND THE OPTION

7.1 Assumptions

As explained in paragraphs 1 and 5.1 above, the Proposed Placement will be undertaken in connection with and in order to facilitate the Proposed Issuance under the Subscription Agreement. As such, the Company has presented the *pro forma* financial effects of the Proposed Placement, the Proposed Issuance, as well as the exercise of the Exchange Right and the Option together in this paragraph.

The *pro forma* financial effects of the Proposed Placement, the Proposed Issuance, as well as the exercise of the Exchange Right and the Option, are presented for illustrative purposes only and are not intended to be indicative or reflective of the actual future financial position of the Company or the Group after the Proposed Placement, the Proposed Issuance, and the exercise of the Exchange Right and the Option.

The *pro forma* financial effects of the Proposed Placement, the Proposed Issuance, as well as the exercise of the Exchange Right and the Option have been computed based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 (“FY2020”), on the following bases and assumptions:

- a) the financial effect on the consolidated net tangible assets (“NTA”) per Share is computed based on the assumption that the Proposed Placement, the Proposed Issuance, and the exercise of the Exchange Right and the Option were completed on 31 December 2020;
- b) the financial effect on the consolidated loss per share (“LPS”) is computed based on the assumption that the Proposed Placement, the Proposed Issuance, and the exercise of the Exchange Right and the Option were completed on 1 January 2020;
- c) the Exchangeable Bonds are fully subscribed by the Subscriber at a principal amount of US\$15,000,000; and
- d) the estimated expenses to be incurred in respect of the Proposed Placement, the Proposed Issuance, and the exercise of the Exchange Right and the Option is approximately US\$215,000.

7.2 NTA per Share

As at 31 December 2020	Before the Proposed Placement, the Proposed Issuance, and the exercise of the Exchange Right and the Option	After the Proposed Placement, but before the Proposed Issuance, and the exercise of the Exchange Right and the Option	After the Proposed Placement and the Proposed Issuance, but before the exercise of the Exchange Right and the Option	After the Proposed Placement, the Proposed Issuance and the exercise of the Exchange Right only	After the Proposed Placement, the Proposed Issuance, and the exercise of the Exchange Right and the Option
NTA of the Group (US\$ 000)	8,781	10,766	10,710	8,525	6,485
Number of Shares	261,213,792	267,213,792	267,213,792	267,213,792	267,213,792
NTA per Share (US\$ cents)	3.36	4.03	4.01	3.19	2.43

Note:

- (a) NTA means total assets less total liabilities

7.3 LPS

FY2020	Before the Proposed Placement, the Proposed Issuance, and the exercise of the Exchange Right and the Option	After the Proposed Placement, but before the Proposed Issuance, and the exercise of the Exchange Right and the Option	After the Proposed Placement and the Proposed Issuance, but before the exercise of the Exchange Right and the Option	After the Proposed Placement, the Proposed Issuance and the exercise of the Exchange Right only	After the Proposed Placement, the Proposed Issuance, and the exercise of the Exchange Right and the Option
Net loss attributable to Shareholders (US\$ 000)	(3,641)	(3,656)	(3,712)	(3,236)	(2,616)
Weighted average number of Shares	261,213,792	267,213,792	267,213,792	267,213,792	267,213,792
LPS (US\$ cents)	(1.39)	(1.37)	(1.39)	(1.21)	(0.98)

7.4 Gearing

As at 31 December 2020	Before the Proposed Placement, the Proposed Issuance, and the exercise of the Exchange Right and the Option	After the Proposed Placement, but before the Proposed Issuance, and the exercise of the Exchange Right and the Option	After the Proposed Placement and Proposed Issuance, but before the exercise of the Exchange Right and the Option	After the Proposed Placement, Proposed Issuance and the exercise of the Exchange Right only	After the Proposed Placement, Proposed Issuance, and the exercise of the Exchange Right and the Option
Net borrowings (US\$ 000)	3,475	1,490	1,546	-	-
Total equity (US\$ 000)	8,781	10,766	10,710	8,525	6,485
Gearing ratio	0.40	0.14	0.14	0.00	0.00

Notes:

- (a) Net borrowings mean total borrowings less cash and bank balances.
- (b) Gearing refers to the ratio of "Net borrowings" to "Total equity".

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and their respective associates, and to the best of the knowledge of the Directors, none of the substantial Shareholders of the Company, as well as their respective associates, has any interest, whether direct or indirect, in the Proposed Placement and the Proposed Issuance.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement and the Proposed Issuance, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information contained in this announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this announcement in its proper form and context.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the Supplemental Agreement and the Placement Agreement will be made available for inspection during normal business hours at the corporate office of the Group at 50 Armenian Street #03-04, Singapore 179938, and the office of the Group's Share Transfer Agent, Tricor Barbinder Share Registration Services, at 80 Robinson Road #02-00, Singapore 068898, for a period of three (3) months from the date of this announcement. Shareholders are required to make an appointment via email to enquiries@silkroadnickel.com prior to the inspection, in view of the social distancing measures currently in place in Singapore.

11. TRADING CAUTION

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. The Proposed Placement, the Proposed Issuance, the Exchange Right and the Option are subject to the fulfilment of certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Placement, Proposed Issuance, the Exchange Right or the Option will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors of the Company should exercise caution when trading in shares of the Company, and where in doubt as to the action they should take, they should consult their legal, financial, tax or other professional adviser immediately.

By Order of the Board

Mr Hong Kah Ing
Executive Director and Chief Executive Officer
22 June 2021

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 Catalist Rules.

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 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.