

MEDIA RELEASE

Silkroad Nickel and Ganfeng Lithium, one of the world's largest lithium compound producers, pursue exclusive investment partnership

- *Indonesia is one of the world's largest producers of nickel, a key component of lithium-ion batteries used in electric vehicles ("EV")*
- *Silkroad Nickel is an established producer of laterite nickel ore from the Morowali Region in Sulawesi, Indonesia, with large mineral resources and reserves, rich in nickel and cobalt content, to supply long-term offtake contracts*
- *Ganfeng Lithium is one of the world's largest lithium compound producers supplying the likes of Tesla, Panasonic and Volkswagen for their EV batteries*
- *Silkroad Nickel's potential new deal with Ganfeng Lithium is expected to create a strong and synergistic partnership in the EV ecosystem and supply chain*

Singapore, 18 January 2021 – SGX-Catalist listed Silkroad Nickel Ltd., an established producer of laterite nickel ore based in the nickel hotspot region of Morowali, Central Sulawesi, Indonesia ("**Silkroad Nickel**" or the "**Company**", and together with its subsidiaries, the "**Group**"), is pleased to announce that the Company has entered into an exclusive term sheet ("**Term Sheet**") on 15 January 2021 with Ganfeng Lithium Co., Ltd. ("**Ganfeng Lithium**"), one of the world's largest lithium compound producers and its shares are dual-listed on the Shenzhen Stock Exchange and Hong Kong Stock Exchange.

The Term Sheet provides for future raw materials offtake, funding for upstream and downstream expansion, and potential strategic partnership initiatives in the EV battery space, between Silkroad Nickel and Ganfeng Lithium.

Information on Ganfeng Lithium¹

Ganfeng Lithium is dual-listed on the Shenzhen Stock Exchange (stock code: 002460.SZ) and Hong Kong Stock Exchange (stock code: 1772). 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.

Indonesia, being one of the world's largest producers of nickel ore, is on an EV growth trajectory from nickel ore producer to EV producer in the next five years

Indonesia is one of the world's largest producers of nickel ore, and the country aims to start processing its rich supplies of laterite nickel ore for use in lithium batteries to eventually become a global hub for producing and exporting EVs by 2025². The nickel and EV industry has garnered tremendous support from the Indonesian Government and has seen over USD 20 billion in foreign direct investments over the past five years into infrastructure, mine acquisitions, and processing plants³. Indonesian expects to see investment in nickel processing as well as petrochemicals double to USD 35 billion by 2033, led by investors from China seeking to expand their businesses in Indonesia (South East Asia's biggest economy)⁴.

Silkroad Nickel stands to benefit and capitalize on booming EV trends around the region by building a strong and synergistic partnership with Ganfeng Lithium

Both Silkroad Nickel and Ganfeng Lithium are critical players in the EV industry supply chain. Silkroad Nickel will ensure the availability of raw materials supply through its mine's laterite ore which contains both nickel and cobalt, two key metal components

¹ Information provided by Ganfeng Lithium

² <https://setkab.go.id/en/govt-to-mass-produce-ev-by-2025-minister-says/>

³ Information extracted from various Indonesian media articles

⁴ <https://www.businesstimes.com.sg/government-economy/indonesia-sees-china-firms-lead-commitment-for-us35b-in-nickel-investments>

used in lithium-ion battery production. Ganfeng Lithium in turn, will be able to access and participate in the South East Asian market with confidence, and expand its growing business in the EV industry together with Silkroad Nickel. The Group foresees many mutual benefits and synergistic opportunities from this partnership, and views it as a step forward in its vision towards becoming a vertically-integrated key nickel and cobalt supplier and processor to the EV industry.

Mr Hong Kah Ing, Executive Director and Chief Executive Officer of Silkroad Nickel commented, “We are pleased to announce and embark on this exclusive partnership with Ganfeng Lithium, a world leader in lithium-ion batteries and electric vehicles. As the demand for EV accelerates across the world, Indonesia has emerged as a key player in the global EV ecosystem and we are excited to be part of this exciting supply chain. We are particularly pleased to partner with such an established and experienced player like Ganfeng Lithium, with operations across the world and best-in-class technology and experience, and we look forward to an exciting new chapter of growth.”

The Term Sheet provides for exclusive investment partnership between the Company and Ganfeng Lithium, which, among others, include the following salient terms:

- Ganfeng Lithium will invest in the Company, a 3-year convertible bond of a principal amount of USD 15 million, which bears interest (payable in cash) at a rate of 7% per annum (“**Convertible Bond**”).
- Ganfeng Lithium, at its sole option (subject to both parties obtaining legal advice), has the right to convert the entire principal amount of the Convertible Bond six months after the issue of the Convertible Bond into new shares amounting to a 25% equity interest in either FE Resources Pte. Ltd. (“**FER**”) (the Company’s wholly owned subsidiary in Singapore) or PT Anugrah Tambang Sejahtera (“**PT ATS**”) (the Company’s wholly owned subsidiary in Indonesia).
- Ganfeng Lithium has a call option to subscribe for additional new shares in either FER or PT ATS (“**Additional Subscription**”) upon conversion of the Convertible Bond.
- The aggregate equity interest in FER or PT ATS that Ganfeng Lithium acquires

through the conversion of the Convertible Bond and the Additional Subscription shall not exceed 50%, subject to a final agreed valuation.

- Ganfeng Lithium will enter into 10-year nickel ore offtake contract with PT ATS for the supply, at market price, of at least one million tonnes per annum with an option to increase the volume by an additional 0.5 million tonnes per annum and extend the offtake contract for a further five years.

Further details of the aforesaid key terms of the exclusive investment partnership shall be set out and agreed upon in a definitive agreement (“**Definitive Agreement**”) which is expected to be signed no later than three months from the date of the Term Sheet, upon which the Term Sheet shall be terminated, unless extended by mutual consent by both parties. The Definitive Agreement is subject to due diligence, the approval of the board of directors of the Company, and conditional upon any necessary shareholder and regulatory approvals to be obtained by the Company and Ganfeng Lithium.

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

The 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 Catalist Rules, upon the execution of the Definitive Agreement and/or when there are material developments in respect of Ganfeng Lithium’s investment in the Company.

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 2012, the independent qualified person's report dated 30 September 2019 estimated the mineral resources covering the mining concession area to be 146.6 million wet metric tonnes including an estimated 56.8 million wet metric tonnes being defined as indicated resources and an estimated 89.7 million wet metric tonnes being defined as inferred resources. Of the total resources, an estimated 44.5 million wet metric tonnes were defined as probable ore reserves.

*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**").*

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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