

For Immediate Release

Silkroad Nickel signs heads of agreement for a joint venture to construct smelter facilities in Sulawesi, Indonesia

Singapore, 18 September 2018 – 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 its subsidiary, PT Teknik Alum Service (“**PT TAS**”), and PT Artabumi Sentra Industri¹ (“**PT ASI**”, and together with PT TAS, the “**Purchasers**”) have, on 18 September 2018, entered into a non-binding heads of agreement (“**Agreement**”) with PT Anugrah Tambang Smelter (“**PT ATSM**” or the “**Target**”) for the acquisition of the entire equity interests of the Target by the Purchasers (“**Proposed Acquisition**”). Pursuant to the Agreement, the Purchasers intends to acquire the Target and, through the Target, build and operate smelter facilities for the production of nickel pig iron on the Group’s mine site in Sulawesi, Indonesia.

The Target, a limited liability company duly established under the law of the Republic of Indonesia, currently holds valid principle and location permit licenses for construction of a smelter factory in Buleleng Village, Bungku Pesisir Subdistrict, Morowali Regency, Sulawesi, Indonesia. The Target has an issued share capital of Indonesian Rupiah (“**IDR**”) 12.5 billion and is 99% and 1% owned by PT Bina Mitra Serasi (“**PT BMS**”) and Mr Hong Kah Ing (“**Mr Hong**”), Executive Director and Chief Executive Officer of the Company, respectively. PT BMS is 4% and 96% owned by Mr Hong and his spouse, respectively.

¹ PT Artabumi Sentra Industri is owned by Qingdao Yunjia Electric Appliances Co. Ltd (95%) and PT Transon Bumindo Resources (5%). Qingdao Yunjia Electric Appliances Co. Ltd and PT Transon Bumindo Resources as well as their respective shareholders and directors are not related to any directors or substantial shareholders of the Company and their respective associates.

Salient terms of the Agreement include, among others, the following:

- Shareholding in the Target
 - PT TAS and PT ASI will acquire 30% and 70% of the Target, respectively; and
 - PT TAS will have an option to purchase 21% of the shareholding interests in the Target from PT ASI upon fulfillment of certain conditions.
- PT TAS will provide the Target with a shareholder loan of USD1 million for working capital purposes (“**Shareholder’s Loan**”), and will be responsible for (i) management of the land, operating and environment licences; (ii) providing access of its jetty; and (iii) community socialization.
- PT ASI will provide the Target with the necessary smelter equipment, machineries and technical knowledge to build and operate a smelter facility, and the cost of such equipment and machineries will be determined mutually by the Purchasers following a third party independent valuation of the equipment and machineries (“**Cost of Equipment**”).
- The Cost of Equipment and the Shareholder’s Loan shall be repaid by the Target to PT ASI and PT TAS, respectively, from its profits.
- PT TAS has the rights to appoint the General Manager and Finance Director of the Target.

Mr Hong Kah Ing, Executive Director and Chief Executive Officer of Silkroad Nickel commented, “We are pleased to announce the signing of the Agreement to build and operate the nickel smelter plant at our mine site. This marks the Group’s foray into a downstream cost efficient mine mouth business and is a step towards our Group’s strategy of becoming an integrated nickel mining company.”

The Agreement is intended to serve only as a basis for discussion between the parties and is not intended to be an exhaustive enunciation of the terms of the Proposed Acquisition. The detailed terms of the Proposed Acquisition shall be set out and agreed upon in definitive agreements, which are expected to be signed no later than 6 months from the date of the

Agreement, and are subject to the approval of the board of directors of the Company, any necessary regulatory approvals and a feasibility study to be approved by the Company.

Pursuant to Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Target, being an associate of Mr Hong, is deemed as an "interested person", and accordingly, the Proposed Acquisition would constitute an "interested person transaction". Save as disclosed above, none of the directors or substantial shareholders of the Company and their respective associates has any interest, direct or indirect, in the Agreement, save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

As the Agreement 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 Chapter 9 and Chapter 10 of the Catalist Rules, upon the execution of the definitive agreements and/or when there are material developments in respect of the Proposed Acquisition.

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.

Issued on behalf of the Company by Cogent Communications Pte Ltd. For media enquiries please contact:

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

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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