

ANNOUNCEMENT OF UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	3 months ended			9 months ended		
	30/09/2018	30/09/2017	Inc/(Dec)	30/09/2018	30/09/2017	Inc/(Dec)
	S\$	S\$	%	S\$	S\$	%
Revenue	193,269	428,443	(54.9)	540,199	428,443	26.1
Other losses, net	-	-	-	-	(10,109)	(100.0)
Other income	353	608	(41.9)	1,764	4,770	(63.0)
Employee benefits expense	(161,733)	(167,937)	(3.7)	(483,271)	(593,075)	(18.5)
Depreciation	(12,779)	(12,847)	(0.5)	(38,384)	(39,211)	(2.1)
Other operating expenses	(163,949)	(267,410)	(38.7)	(589,436)	(748,245)	(21.2)
Finance costs	-	(662)	(100.0)	(236)	(2,843)	(91.7)
Loss before tax	(144,839)	(19,805)	631.3	(569,364)	(960,270)	(40.7)
Income tax expense	-	-	-	(161,384)	-	N.M
Loss for the period	(144,839)	(19,805)	631.3	(730,748)	(960,270)	(23.9)
Other comprehensive income						
Net gain on fair value changes during the period	-	40,435	(100.0)	-	40,435	(100.0)
Total comprehensive (loss)/gain for the period	(144,839)	20,630	(802.1)	(730,748)	(919,835)	(20.6)
Loss attributable to:						
Owners of the Company	(144,839)	(19,805)	631.3	(730,748)	(960,270)	(23.9)
Total comprehensive (loss)/gain attributable to:						
Owners of the Company	(144,839)	20,630	(802.1)	(730,748)	(919,835)	(20.6)

N.M.: Not Meaningful

Notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income

Loss, net of tax is arrived after (charging)/crediting the following items:

	Group					
	3 months ended			9 months ended		
	30/09/2018	30/09/2017	Inc/(Dec)	30/09/2018	30/09/2017	Inc/(Dec)
	S\$	S\$	%	S\$	S\$	%
Interest income on debt securities and bank deposits	193,322	428,691	(54.9)	540,392	429,166	25.9
Rental and operating leases	(22,600)	(22,011)	(3.0)	(67,664)	(70,472)	(4.0)
Income tax expense – under provision in respect of prior years	-	-	-	(161,384)	-	N.M

N.M.: Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017
	S\$	S\$	S\$	S\$
ASSETS				
Current assets				
Cash and cash equivalents	154,866	646,422	149,823	632,273
Trade receivables	1,116,274	576,075	-	-
Other receivables	47,251	49,401	47,252	49,401
Amounts due from subsidiaries	-	-	8,642,778	6,514,399
Financial assets, available-for-sale	1	1	-	-
Debt securities	6,538,287	5,322,075	-	-
Other current assets	75,812	47,260	75,813	47,260
	7,932,491	6,641,234	8,915,666	7,243,333
Non-current assets				
Investments in subsidiaries	-	-	7	7
Investment in a joint venture	1,340,000	670,000	-	-
Property, plant and equipment	151,431	189,815	144,431	178,315
	1,491,431	859,815	144,438	178,322
Total assets	9,423,922	7,501,049	9,060,104	7,421,655
LIABILITIES				
Current liabilities				
Other payables	292,423	449,606	216,150	298,809
Finance lease liabilities	-	9,255	-	9,255
Convertible redeemable bonds	-	50,148	-	50,148
	292,423	509,009	216,150	358,212
Non-current liabilities				
Convertible redeemable bonds	944,933	-	944,933	-
Deferred income tax liabilities	13,912	13,912	2,954	2,954
	958,845	13,912	947,887	2,954
Total liabilities	1,251,268	522,921	1,164,037	361,166
NET ASSETS	8,172,654	6,978,128	7,896,067	7,060,489
EQUITY				
Share capital	37,816,578	35,868,655	37,816,578	35,868,655
Capital reserve	139,124	161,773	139,124	161,773
Currency translation reserve	406	406	-	-
Accumulated losses	(29,783,454)	(29,052,706)	(30,059,635)	(28,969,939)
Total equity attributable to owners of the Company	8,172,654	6,978,128	7,896,067	7,060,489

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

The Group has finance lease liabilities and convertible redeemable bonds amounting to Nil and S\$944,933 respectively as at 30 September 2018.

	Group			
	30/09/2018		31/12/2017	
Finance lease liabilities	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Amount repayable in one year or less	-	-	9,255	-
Amount repayable after one year	-	-	-	-
	-	-	9,255	-
Convertible redeemable bonds				
Amount repayable in one year or less	-	-	-	50,148
Amount repayable after one year	-	944,933	-	-
	-	944,933	-	50,148

Details of any collateral

Not applicable.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	9 months ended	
	30/09/2018	30/09/2017
	S\$	S\$
Cash flows from operating activities		
Net loss for the period	(730,748)	(960,270)
Adjustments for:		
Depreciation	38,384	39,211
Hire purchase interest expense	89	2,233
Convertible redeemable bond interest	147	609
Interest income	(540,392)	(679)
Impairment loss on other receivables	4,763	-
Impairment loss on financial assets, available-for-sale	-	10,109
Income tax expense	161,384	-
Allowance for unutilised leave	-	(8,000)
Operating cash flows before working capital changes	(1,066,373)	(916,787)
Changes in working capital:		
Trade and other receivables and other current assets	(31,221)	(328,056)
Other payables	(157,183)	(211,295)
Cash used in operating activities	(1,254,777)	(1,456,138)
Interest received	192	679
Income tax paid, net	(161,384)	-
Net cash used in operating activities	(1,415,969)	(1,455,459)
Cash flows from investing activities		
Debt securities extended to third party	(257,925)	(1,197,703)
Debt securities extended to a related party	(958,286)	-
Purchase of property, plant and equipment	-	(2,750)
Investment in a joint venture	(670,000)	(134,000)
Net cash used in investing activities	(1,886,211)	(1,334,453)
Cash flows from financing activities		
Hire purchase interest paid	(89)	(2,233)
Proceeds from issuance of convertible redeemable bonds	2,850,000	2,850,000
Share issue expense	(30,032)	(30,191)
Repayment of finance lease liabilities	(9,255)	(32,492)
Net cash flows provided by financing activities	2,810,624	2,785,084
Net decrease in cash and cash equivalents	(491,556)	(4,828)
Cash and cash equivalents at beginning of financial period	646,422	1,223,132
Cash and cash equivalents at end of financial period	154,866	1,218,304
List of significant non-cash transactions:		
Conversion of convertible redeemable bonds to ordinary shares (Note A)	1,977,955	2,851,674

Note A:

During the period ended 30 September 2018, the convertible redeemable bonds issued by the Company were converted into 595.83 million ordinary shares with a present value of S\$1,977,955 (with face value totaling S\$2.05 million).

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Capital reserve	Fair Value reserve	Currency translation reserve	Accumulated losses	Total equity
	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 January 2018	35,868,655	161,773	-	406	(29,052,706)	6,978,128
Issuance of new ordinary shares	1,977,955	-	-	-	-	1,977,955
Share issue expense	(30,032)	-	-	-	-	(30,032)
Convertible redeemable bonds equity component	-	(22,649)	-	-	-	(22,649)
Total transactions with owners, recognised directly in equity	1,947,923	(22,649)	-	-	-	1,925,274
Loss for the year, representing total comprehensive loss for the period	-	-	-	-	(730,748)	(730,748)
Balance at 30 September 2018	37,816,578	139,124	-	406	(29,783,454)	8,172,654
Balance at 1 January 2017	32,074,968	188,135	-	406	(27,632,021)	4,631,488
Issuance of new ordinary shares	2,851,674	-	-	-	-	2,851,674
Share issue expense	(30,193)	-	-	-	-	(30,193)
Convertible redeemable bonds equity component	-	(3,068)	-	-	-	(3,068)
Total transactions with owners, recognised directly in equity	2,821,481	(3,068)	-	-	-	2,818,413
<u>Other comprehensive income:</u>						
Net fair value gain on available-for-sale financial assets	-	-	40,435	-	-	40,435
Loss for the year, representing total comprehensive loss for the period	-	-	-	-	(960,270)	(960,270)
Balance at 30 September 2017	34,896,449	185,067	40,435	406	(28,592,291)	6,530,066

Company	Share capital	Capital reserve	Accumulated losses	Total equity
	S\$	S\$	S\$	S\$
Balance at 1 January 2018	35,868,655	161,773	(28,969,939)	7,060,489
Issuance of new ordinary shares	1,977,955	-	-	1,977,955
Share issue expense	(30,032)	-	-	(30,032)
Convertible redeemable bonds – equity component	-	(22,649)	-	(22,649)
Loss for the year, representing total comprehensive loss for the period	-	-	(1,089,696)	(1,089,696)
Balance at 30 September 2018	37,816,578	139,124	(30,059,635)	7,896,067

Company	Share capital	Capital reserve	Accumulated losses	Total equity
	S\$	S\$	S\$	S\$
Balance at 1 January 2017	32,074,968	188,135	(27,433,025)	4,830,078
Issuance of new ordinary shares	2,851,674	-	-	2,851,674
Share issue expense	(30,193)	-	-	(30,193)
Convertible redeemable bonds – equity component	-	(3,068)	-	(3,068)
Loss for the year, representing total comprehensive loss for the period	-	-	(997,050)	(997,050)
Balance at 30 September 2017	34,896,449	185,067	(28,430,075)	6,651,441

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital in Q3 2018. Share capital increased by S\$1,977,955 during 9M 2018 arising from conversion of convertible redeemable bonds with a face value of S\$2,050,000 into 595,833,333 conversion shares.

The number of shares that may be potentially issued on conversion of the outstanding convertible redeemable bonds of S\$944,933 (with a face value of S\$1,000,000) as at 30 September 2018 is 333,333,333 conversion shares (30 September 2017: 12,500,000 conversion shares).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 30 September 2018 and 31 December 2017 are 3,160,082,669 and 2,564,249,336 respectively.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as stated in paragraph 5 below, the Group has applied the same accounting policies and methods of computation as in the most recently audited annual financial statements for the financial year ended 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)s"), which became effective for the financial year beginning on or after 1 January 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

The following SFRS(I)s, and amendments and interpretations of SFRS(I)s that are relevant to the Group and the Company are effective on or after the same date:

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15 *Clarifications to SFRS(I) 15*
- SFRS(I) 16 *Leases*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Amendments to SFRS(I) 28 *Measuring an Associate or Joint Venture at Fair Value*

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group and the Company as at and for the financial period ended 30 September 2018.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group			
	3 months ended		9 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
(Loss) per ordinary share of the Group after deducting any provision for preference dividends (Singapore cents per share):				
(a) Based on weighted average number of ordinary shares on issue; and	(0.004)	(0.001)	(0.02)	(0.05)
(b) On a fully diluted basis	(0.004)	(0.001)	(0.02)	(0.05)
Weighted average number of ordinary shares outstanding for basic loss per share	3,160,082,669	2,314,249,336	2,896,850,068	2,058,571,680

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	Group		Company	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017
Net asset value per ordinary share based on issued share capital at the end of:	0.26 cents	0.27 cents	0.25 cents	0.28 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

I) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Revenue decreased by approximately S\$235,000 or 54.9% from S\$428,000 for Q3 2017 to S\$193,000 for Q3 2018 and increased by approximately S\$112,000 or 26.1% from S\$428,000 for 9M 2017 to S\$540,000 for 9M 2018. The decrease in interest income for Q3 2018 as compared to Q3 2017 was due mainly to the recognition of interest income earned on debt securities for the period from September 2016 to September 2017 in Q3 2017 whereas interest income for three months was recognised for Q3 2018. The increase in interest income for 9M 2018 as compared to 9M 2017 was due mainly to the additional interest earned on further drawdowns by THM and TRE AG during 9M 2018.

Other losses – net

The Group did not record other losses for Q3 2018 and 9M 2018. Other losses of approximately S\$10,000 recognised in 9M 2017 were due mainly to the impairment loss on financial assets available-for-sale.

Other income

Other income decreased by approximately S\$255 or 41.9% from S\$608 for Q3 2017 to S\$353 for Q3 2018; and decreased by approximately S\$3,000 or 63.0% from S\$4,800 for 9M 2017 to S\$1,800 for 9M 2018. This was due to the decrease in wage credits from the Inland Revenue Authority of Singapore ("IRAS"), MOM-Special Employment credits and MOM-Temporary Employment credits received in Q3 2018 and 9M 2018 as compared to Q3 2017 and 9M 2017.

Employee benefits expense

Employee benefits expense decreased by approximately S\$6,000 or 3.7% from S\$168,000 for Q3 2017 to S\$162,000 for Q3 2018; and decreased by approximately S\$110,000 or 18.5% from S\$593,000 for 9M 2017 to S\$483,000 for 9M 2018. This was mainly due to the reduction in headcount from six employees in Q3 2017 to four employees in Q3 2018 and the resignation of a former executive director and one of the subsidiary's director in 9M 2017 whereas there was no resignation in 9M 2018.

Other operating expenses

Other operating expenses decreased by approximately S\$103,000 or 38.7% from S\$267,000 for Q3 2017 to S\$164,000 for Q3 2018 and decreased by approximately S\$159,000 or 21.2% from S\$748,000 for 9M 2017 to S\$589,000 for 9M 2018. This was due mainly to decrease in valuation fees, professional fees and travelling expenses incurred on the Proposed Acquisition of 60% shareholding interest in Tantalum Holding (Mauritius) Ltd.

Finance costs

Finance costs decreased by approximately S\$662 or 100.0% from S\$662 for Q3 2017 to Nil for Q3 2018; and decreased by approximately S\$2,600 or 91.7% from S\$2,800 for 9M 2017 to S\$236 for 9M 2018. This was mainly due to the decreasing interest on the reducing hire purchase motor vehicle loan balance as a result of monthly repayments. The hire purchase loan was fully paid off in April 2018.

I) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

Loss before tax

Loss before tax increased by approximately S\$125,000 or 631.3% from S\$19,800 for Q3 2017 to S\$145,000 for Q3 2018 and decreased by approximately S\$391,000 or 40.7% from S\$960,000 for 9M 2017 to S\$569,000 for 9M 2018. The increase of S\$125,000 in loss before tax for Q3 2018 as compared to Q3 2017 was mainly due to the decrease in interest income of S\$235,000 and partially offset by the decrease in other operating expenses of S\$103,000 whereas the decrease of S\$391,000 in loss before tax for 9M 2018 as compared to 9M 2017 was mainly due to the increase in interest income of S\$112,000 and the decrease in employee benefits expense of S\$110,000 and other operating expenses of S\$159,000.

Income tax expense

Income tax expense increased to S\$161,000 for 9M 2018 due to an under-provision of prior years' income tax expense, which the Group is disputing with IRAS. The Group did not record any income tax expense for Q3 2017 and 9M 2017.

II) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents

Cash and cash equivalents decreased by approximately S\$492,000 or 76.0% from S\$646,000 as at 31 December 2017 to S\$155,000 as at 30 September 2018. The decrease was mainly due to net cash flows used in operating activities and investing activities of S\$1.42 million and S\$1.89 million respectively and partially offset by net cash flows of S\$2.81 million provided by financing activities.

Trade receivables

Trade receivables increased by approximately S\$540,000 or 93.8% from S\$576,000 as at 31 December 2017 to S\$1.12 million as at 30 September 2018. The increase was mainly due to the interest accrued on debt securities.

Debt securities

Debt securities increased by approximately S\$1.22 million or 22.9% from S\$5.32 million as at 31 December 2017 to S\$6.54 million as at 30 September 2018. This was due to further drawdowns of S\$958,000 by Tantalum Holding (Mauritius) Ltd ("THM") in 9M 2018 pursuant to the facility agreement between ISR Global Pte Ltd and THM and drawdowns of S\$258,000 by Tantalus Rare Earths AG in 9M 2018 pursuant to the facility agreements between ISR Global Pte Ltd and TRE AG.

Other current assets

Other current assets increased by approximately S\$29,000 or 60.4% from S\$47,000 as at 31 December 2017 to S\$76,000 as at 30 September 2018. This was mainly due to prepayments relating to the upgrade of accounting software and premium on directors and officers liability insurance.

Property, plant and equipment

Property, plant and equipment decreased by approximately S\$38,000 or 20.2% from S\$190,000 as at 31 December 2017 to S\$151,000 as at 30 September 2018. The decrease was due to depreciation charges for 9M 2018.

Other payables

Other payables decreased by S\$157,000 or 35.0% from S\$450,000 as at 31 December 2017 to S\$292,000 as at 30 September 2018. The decrease was mainly due to payments of accrued operating expenses for FY2017 as well as payment of provision for bonus (AWS) in Q1 2018.

II) CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

Convertible redeemable bonds

Convertible redeemable bonds increased by S\$895,000 or 1,784.3% from S\$50,000 as at 31 December 2017 to S\$945,000 as at 30 September 2018, due mainly to the issuance of convertible bonds in Q2 2018. The face value of the bonds, which amount to S\$1.0 million, represents a present value of S\$945,000 at an effective interest rate of 5.5% p.a.

Share capital

Share capital increased by approximately S\$1.95 million or 5.4% from S\$35.87 million as at 31 December 2017 to S\$37.80 million as at 30 September 2018. This was mainly due to the conversion of bonds with a face value of S\$2.05 million into ordinary shares during HY2018, and partially offset by share issue expense of approximately S\$30,000.

III) CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents decreased by approximately S\$492,000 or 76.0% from S\$646,000 as at 31 December 2017 to S\$155,000 as at 30 September 2018. The decrease was mainly due to net cash flows used in operating activities and investing activities of S\$1.42 million and S\$1.89 million respectively and partially offset by net cash flows of S\$2.81 million provided by financing activities.

STATUS ON THE UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF CONVERTIBLE REDEEMABLE BONDS OF S\$12,000,000 AS AT 30 SEPTEMBER 2018

The Company refers to the net proceeds of approximately S\$11.10 million raised from the issuance of convertible redeemable bonds as at 30 September 2018.

As at 30 September 2018, the status on the use of the net proceeds raised from the issuance of convertible redeemable bonds in S\$'000 is as follows:

	Amount utilised S\$'000
Investments and general corporate purposes	7,732*
General working capital	3,220**
Total net proceeds raised from issuance of convertible redeemable bonds	<u>10,952</u>

* Including loans provided to Tantalum Holding (Mauritius) Ltd and Tantalus Rare Earths AG of S\$2.06 million and S\$653,000 respectively.

** The breakdown of the amount utilised for general working capital is as follows:

	S\$'000
Wages, salaries, bonuses and other short-term employee benefits and employer's contributions to Central Provident Fund	1,464
Office and warehouse rental	286
Directors' fees	352
Professional fees (including legal, secretarial, investor relations)	257
Listing related expenses	154
Office expenses	68
Repair and maintenance	48
Insurance premiums	124
Others	467
Total	<u>3,220</u>

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group did not make a forecast in its previous prospect statement; hence, there is no variance to comment upon. The Group did, however, indicate that it had entered into sale and purchase agreements to acquire a 60%-stake in a rare earths project in Madagascar. It secured in-principle approval from the Singapore Exchange Securities Trading Limited ("SGX-ST") on 14 September 2018, which is not to be taken as an indication of the merits of the Proposed Acquisition of a 60%-stake in Tantalum Holding (Mauritius) Ltd ("THM"), the Consideration Shares, the Company and/or its subsidiaries, and subsequently obtained shareholder approval at an Extraordinary General Meeting on 30 October 2018.

The Group had on 17 September 2017 entered into an Investment and Shareholders Agreement with Straits Hi-Rel Pte Ltd ("SHR") and the original shareholders of SHR to invest up to S\$2.68 million and acquire a 25%-stake in SHR across five stages. As announced on 28 December 2017, Stage 3 of the investment has been split into Stage 3A and Stage 3B, with Stage 3A completed on 3 January 2018. The investment will conclude on completion of Stage 4. The Group is working with SHR to determine a timeline for the final two stages of investment.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group has secured regulatory and shareholder approval to proceed with Share Sale and Purchase Agreements ("SPAs") for the Proposed Acquisition of a 60%-stake in Tantalum Holding (Mauritius) Ltd ("THM"). THM owns 100% of Tantalum Rare Earth Malagasy s.a.r.l.u. ("TREM"), which holds an exploration licence for a 238km² concession that hosts rare earth oxides in Madagascar, Africa.

Before the Proposed Acquisition can be completed, the Group requires TREM to renew its current exploration licence, which in turn requires the signatures of the Minister of Mines and the Prime Minister of Madagascar. The Group will later conduct a feasibility study to define the project's scope, determine initial costs and assess environmental impact. As previously announced on 28 June 2018, the long-stop date for the completion of the Proposed Acquisition is 31 December 2018.

There has been high demand for rare earths in recent years due to their magnetic, luminescent and electrochemical properties, which are essential for the production of specialised magnets used in electric cars, smartphones, wind turbines, X-ray equipment and satellite communication systems. The Madagascar concession is one of the only known ionic clay mines with rare earth potential outside China, which controls almost 80% of the United States' rare earth supply¹, and between 85% and 95% of global demand² for the rare earth powders and metals used in various high-tech applications.

Despite media reports that China plans to cut rare earth output by 36% and restrict supply to domestic buyers³, which would drive up prices and limit exports, the Chinese government has denied the claims and even pledged that the country's rare earth mining and output will continue to rise⁴. The Group is monitoring global political and economic developments for any impact on the supply chain.

The Group's wholly-owned subsidiary Infiniti Advantage Pte. Ltd. is currently still determining a suitable timeline for the completion of its investment in high-reliability engineering services provider Straits Hi-Rel Pte. Ltd ("SHR"). SHR, which commenced Singapore operations in March 2018, offers engineering services such as speciality testing and back-end manufacturing for integrated chips and electronic modules used in the automotive, energy (oil and gas) and industrial sectors.

The Group has been placed on the SGX-ST Watch-list under the Minimum Trading Price Entry Criterion with effect from 5 December 2017. The Board is actively reviewing its options for removal from the Watch-list, which may include a share consolidation exercise or transferring its listing to the Catalyst board of the SGX-ST.

¹ US Geological Survey, *Mineral Commodity Summaries*, January 2018.

<https://minerals.usgs.gov/minerals/pubs/commodity/rare_earths/mcs-2018-raree.pdf>.

² Mining Technology, *Rare earths: Chinese dominance unchallenged despite newer discoveries*, 16 July 2018. <<https://www.mining-technology.com/comment/rare-earths-chinese-dominance-unchallenged-despite-newer-discoveries/>>.

³ Reuters, *China cutting rare earth output, unnerving global manufacturers*, 25 October 2018. <<https://www.reuters.com/article/us-china-rareearths/china-cutting-rare-earth-output-unnerving-global-manufacturers-idUSKCN1MY2GZ>>.

⁴ Asia Times, *China pledges bigger quotas for rare earth mining and exports*, 8 November 2018. <<http://www.atimes.com/article/china-pledges-bigger-quotas-for-rare-earth-mining-and-exports/>>.

11. Dividend

(a) Current Financial Period Reported On

Any interim (final) dividend declared (recommended) for the current financial period reported on?
None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared / recommended for the period ended 30 September 2018.

13. Interested Person Transactions

The Group has no general mandate for interested person transactions under Rule 920(1) of the SGX-ST Listing Manual.

14. Negative Assurance Confirmation On Third Quarter Financial Results Pursuant To Rule 705(5) Of The Listing Manual

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the financial results for the third quarter and nine-months period ended 30 September 2018 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers pursuant to Rule 720(1) of the SGX Listing Manual.

BY ORDER OF THE BOARD

CHEN TONG
Executive Chairman and Executive Director

13 November 2018