ISR CAPITAL LIMITED
(Company Registration No. 200104762G)
(Incorporated in the Republic of Singapore)
(the "Company")

RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S ANNOUNCEMENTS ON THE PROPOSED ACQUISITION OF 60% STAKE IN TANTALUM HOLDING (MAURITIUS) LTD

The Audit Committee ("AC") and the Board of Directors (the "**Board**") of ISR Capital Limited (the "**Company**") wishes to provide the following additional information in response to the queries raised by Singapore Exchange Securities Trading Limited ("**SGX-ST**") in their email dated 18 July 2016 in relation to the Company's announcements on the proposed acquisition of 60% stake in Tantalum Holding (Mauritius) Ltd.

Query by SGX-ST:

The AC's views on the consideration paid by the Company for the acquisition of 60% of Tantalum Holding (Mauritius) Ltd which purportedly amounts to 7 times the amount that the Vendor, REO Magnetic Pte. Ltd. ("REO Magnetic"), had paid for 6 months ago. The announcement should state the Board's and the AC's views and basis for the consideration taking into account the recent developments on commodities prices.

The Company's Response:

The Board and AC are of the view that the consideration paid by the Company for the acquisition of 60% of Tantalum Holding (Mauritius) Ltd is fair and reasonable as they had taken into account the market valuation of the asset. The Board and the AC took into account the following reports:

i. 2014 Technical Report issued by SGS Canada Inc, and conditioned the Proposed Acquisition on an update technical report being issued by SGS, which was subsequently issued;
ii. Preliminary technical due diligence report on the project in Madagascar commissioned in May 2016; and
iii. Indicative valuation which was subsequently confirmed by the Independent Valuation Report issued by Geologica Pty Ltd on 15 July 2016.

The Board and the AC are well aware that commodity prices have been on the lower end in recent times. The Board and AC have for this particular reason taken into account only the measured and indicated estimated resource of the asset in their assessment. Based on these parameters (ie, indicated and measured), and based on the current commodity pricing, the Board and the AC were satisfied that the purchase price asked by REO (the Vendor) was fair and reasonable. Taking a simple mathematical division of the purchase price agreed to by the Company by the purchase price paid by REO is not taking into account numerous factors that boards and management of any company will have analysed in making a

decision to enter into a transaction. There are other commercial consideration, for example, the reported resource of the asset and the indicative valuation, and prospect of the ability to economically produce the rare earth oxides that were considered and weighed up.

Further, in paying for the purchase price of $40 million in scrips at an agreed issue price per Consideration Share, the Company has taken the precaution of catering to the event if the share price of the Company falls. All of this information would be in the circular to be issued by the Company in due course.

The Board and the AC wish to bring shareholders' attention to the fact that in both the 10 June 2016 and 1 July 2016 announcements regarding the Proposed Acquisition, the Company has disclosed the factors it has taken into in arriving at and agreeing the Purchase Price of the Proposed Acquisition – ie, for the 19.9% and subsequently for the 40.1% acquisition. Further, the Company has in the 2 sale and purchase agreements subjected the completion of the Proposed Acquisition to 2 important conditions, ie, the receipt of an updated technical report and the receipt of an independent valuation report, without which the Company will not complete the Proposed Acquisition.

Please also refer to the Company's announcement released on 16 July 2016 regarding the Independent Valuation Report and the Updated Technical Report, which are self-explanatory.

Query by SGX-ST:

The Board's views on how the acquisition will be in the interest of the Company and the basis for its views

The Company's Response:

The Board has viewed the acquisition to be in the interest of the Company as this acquisition represents an opportunity for the Company to acquire an asset that is considered highly strategic and with a likelihood of generating potential income for the Company. The Company has been on the look-out for a good opportunity to acquire a meaningful asset. The Proposed Acquisition is subject to shareholders' approval, and shareholders will have the opportunity to ask the Board questions regarding the Proposed Acquisition.

Query by SGX-ST:

The directors of REO Magnetic and the names of the Singaporean and foreign investors of REO Magnetic

The Company's Response:

The names of directors of Apphia Minerals SOF Pte Ltd (now known as REO Magnetic Pte Ltd) and the names of its Singaporean and foreign investors, based on ACRA Bizfile as at 20 May 2016 are as follows:

Name of Director:	**Nationality**
Jonathan Lim Keng Hock	Singapore citizen
Name of Shareholders:	**Nationality**
Apphia Investments Pte Ltd	Singapore
Jonathan Lim Keng Hock	Singapore citizen
Philip Carl Lennart Anden	Swedish
Sebastian Ernst	German
Heiko Kleinhenz	German
Trevor Murray Mclean	Australian
Barry John Richard O'Connell	Irish
Jon Whittle Pty Ltd	Australia
Graham Forward Pty Ltd	Australia
Hopu Pty Ltd	Australia
Satyricon Pty Ltd	Australia
Jesus Saa Requejo	Spanish

Query by SGX-ST:

Whether David Rigoll holds 33.35% of the shares of TRE, as disclosed on the website of Tantalus Rare Earths AG. If so, please clarify the Company's announcement on 1 July 2016.

The Company's Response:

In the Company's announcement of the 10 June 2016 and 1 July 2016 (paragraph 9.1), the Company disclosed that Mr David Rigoll used to hold shares in TRE-AG and was director of TRE AG and TRE Mauritius (the Target Company), but had since disposed of the shares. The Board and the AC are of the view that Mr. Rigoll has no interest in the Project other than through his interest as a shareholder of the Company.

BY ORDER OF THE BOARD

Quah Su-Yin
Chief Executive Officer and Executive Director

18 July 2016