

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

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**PLACEMENT OF AN AGGREGATE OF 141,176,470 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY**

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**1 INTRODUCTION**

- 1.1 The board of directors of the Company (together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a subscription agreement dated 2 September 2016 (collectively, the "**Subscription Agreements**") with each of the persons named in the Schedule (collectively, the "**Subscribers**" and each a "**Subscriber**"), pursuant to which the Company shall allot and issue to the respective Subscriber the number of new ordinary shares (collectively, the "**Subscription Shares**") at the issue price of S\$0.085 per Subscription Share (the "**Issue Price**") as set out in the said schedule.
- 1.2 The Subscription Shares to be issued and allotted to each Subscriber shall be issued and allotted in two equal tranches, namely, the first tranche of the respective number of Subscription Shares listed in the Schedule to each Subscriber (the "**First Subscription Tranche**") and the second tranche of the respective number Subscription Shares to the relevant Subscriber (the "**Second Subscription Tranche**").
- 1.3 The Issue Price represents a discount of approximately 5.8% to the weighted average price of S\$0.0903 for trades done on the shares of the Company (the "**Shares**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 2 September 2016, being the last full market day on which Shares were traded prior to the date of signing of the Subscription Agreements. The Issue Price was arrived at following arm's length negotiations between the Company and the Subscribers, taking into account the prevailing Share price, the financial position of and the prospect of the proposed acquisition ("**Proposed Acquisition**") by the Company of a 60% shareholding in Tantalus (Mauritius) Holding Ltd ("**TRM**") from REO Magnetic Pte. Ltd. (the "**Vendor**"). TRM wholly owns Tantalum Rare Earth Malagasy S.A.R.L. ("**Operating Company**"), which is entitled to the rights under an exploration permit granted by the Malagasy government to explore a concession area which is reported to host rare earth oxides (the "**Project**"). For more information, please read announcements released by the Company on 10 June 2016 and 1 July 2016 in relation to the Proposed Acquisition.
- 1.4 By this fund raising exercise, the Company is raising up to S\$12,000,000 for use, primarily, to progress the Project, in particular to fund the planned application and receipt of pilot production permit and consequential extraction of the rare earth oxides.

## **2 THE SUBSCRIBERS**

### **2.1 Mr. Chen Tong**

Mr. Chen Tong is an entrepreneur from the Peoples' Republic of China, and is currently the managing director of Newview Resources Pte. Ltd. In the past 10 years been involved in the development of mineral resources assets and businesses. In Australia, Canada, South Africa and Southeast Asia with many corporations such as Minmetals, Chinalco, Winsway, Sumitomo and other large enterprises. Before Mr. Chen joined Newview, he was managing director of the department of overseas business for B.M> International Co., Ltd.

Mr. Chen's focus in relation to mineral resources has been in coking coal, manganese, nickel and non-ferrous minerals.

### **Mr. Lee Thiam Seng**

Mr. Lee is an accredited investor and is the chairman and Chief Executive Officer of Ecowise Holdings Ltd.

### **2.2 Mdm. Ong Siew Choo**

Mdm. Ong is an accredited investor of independent financial means.

### **2.3 Financial Frontiers Pte. Ltd.**

Financial Frontiers Pte Ltd, headed by Mr. Ng Eng Tiong, is a Singapore-based, boutique private equity firm. It has been investing in companies with high growth potential from diverse industry, including mineral resources.

2.4 The Subscribers are strategic and/or financial investors who have studied the potential of, and are interested in the Project. Mr. Chen Tong, Mr. Lee and Financial Frontier Pte Ltd were introduced by Empire Capital Partners who were engaged by the Company to raise funds. Mdm. Ong was introduced to our Executive Director, Mr. David Rigoll from his contacts within the industry.

2.5 In accordance with the terms of the engagement, the Company will pay to Empire Capital Partners a commission of 3% of the total proceeds of the placement raised by Empire Capital Partners.

2.6 The Subscribers do not fall within any of the categories set out in Rule 812(1) of the Listing Manual of the SGX-ST (the "**Listing Manual**"). The allotment and issuance of the Subscription Shares to the Subscribers will also not transfer a controlling interest in the capital of the Company to either of the Subscribers.

## **3 CONSIDERATION AND PAYMENT TERMS**

3.1 The aggregate consideration of the Placement under the Subscription Agreements is S\$12,000,000 and will be satisfied in cash.

- 3.2 Save for Mdm. Ong and Financial Frontiers, the other two Subscribers, namely, Mr. Chen Tong and Mr. Lee will pay to the Company their respective consideration for the First Subscription Tranche, amounting to a total of S\$3,000,000, within ten (10) days from the date of the Subscription Agreements (the "**Advance Payment**"). The Advance Payment will be made subject to payment by the Company of interest at 5% per annum, which shall accrue daily based on a 365 day year on the amount paid until the completion of the First Subscription Tranche (the "**First Completion Date**").

#### **4 CONDITIONS PRECEDENT**

- 4.1 Completion of the First Subscription Tranche ("**First Completion**") is conditional upon the following conditions being satisfied:
- 4.1.1 the listing and quotation notice of approval being obtained from the SGX-ST for the admission of the Subscription Shares to the official list of the SGX-ST ("**AIP**") not being revoked or amended, and if the AIP is subject to any condition(s) or restriction(s) imposed by the SGX-ST, such condition(s) or restriction(s) being acceptable to the Company and the relevant Subscriber;
  - 4.1.2 to the extent that such condition(s) under the AIP are required to be fulfilled on or before the First Completion Date, they have been so fulfilled;
  - 4.1.3 all material approvals, consents and waivers for the Placement having been received; and
  - 4.1.4 there having been, as at the First Completion Date, no occurrence of any event or the discovery of any fact rendering untrue or incorrect in any material respect any of the warranties contained in the relevant Subscription Agreement if they were repeated on and as of the First Completion Date.
- 4.2 If any of the above conditions is not satisfied on or before the date falling five (5) weeks from the date of the relevant Subscription Agreement (or such other date as the parties may otherwise agree to in writing), the Subscription Agreement shall lapse and cease to have effect as between the parties.
- 4.3 If the Agreement lapses or is terminated in accordance with Subscription Agreement, the Advance Payment together with all Interest accrued shall be paid to the Subscriber within ten(10) days of the date the lapse or termination of this Agreement.
- 4.4 Completion of the Second Subscription Tranche ("**Second Completion**") is conditional upon the following conditions being satisfied:
- 4.4.1 completion of the First Subscription Tranche having taken place;
  - 4.4.2 the AIP not having been revoked or amended in any way;
  - 4.4.3 to the extent that such condition(s) under the AIP are required to be fulfilled on or before the date of the Second Completion (the "**Second Completion Date**"), they have been so fulfilled;

- 4.4.4 all material approvals, consents and waivers for the Placement having been received;
- 4.4.5 the permit for pilot production having been received by the Operating Company and extraction of rare earth oxides having commenced; and
- 4.4.6 there having been, as at the Second Completion Date, no occurrence of any event or the discovery of any fact rendering untrue or incorrect in any material respect any of the warranties contained in the relevant Subscription Agreement if they were repeated on and as of the Second Completion Date.

## **5 EXEMPTION FROM PROSPECTUS OR OFFER INFORMATION STATEMENT**

- 5.1 The Placement is made pursuant to an exemption available under the Securities and Futures Act, Chapter 289 of Singapore. Accordingly, no prospectus or offer information statement will be issued by the Company in connection with the Placement.

## **6 AUTHORITY FOR ISSUE OF SHARES**

- 6.1 The Subscription Shares will be issued pursuant to the general share issue mandate approved by the Company's shareholders (the "**Shareholders**") at the Company's annual general meeting held on 29 April 2016. As such, shareholders' approval will not be sought for the issuance of the Subscription Shares.
- 6.2 The Subscription Shares in aggregate will represent approximately 9.45% of the existing issued Shares as at the date of this announcement comprising 1,493,661,100 Shares, and approximately 8.64% of the enlarged number of Shares in issue immediately following the Second Completion comprising 1,634,837,570 Shares.

## **7 RANKING**

- 7.1 The Subscription Shares when issued and fully paid, will be free from all claims, charges, liens and other encumbrances whatsoever and will rank *pari passu* in all respects with the existing Shares, save that they will not rank for any dividend, rights, allotments or other distributions, the record date of which falls on or before the relevant completion date.

## **8 RATIONALE AND USE OF PROCEEDS**

- 8.1 The Company is raising funds under the Placement primarily to fund working capital required for the Project. The Project will require funding to meet operational expenditure as well as to apply for a permit for the planned pilot production and all studies required under the laws of Madagascar to be undertaken prior extraction of the rare earths oxides. The net proceeds from the Placement upon completion, after deducting expenses of approximately S\$400,000 (including fees of 3%), will be approximately S\$11,600,000 (the "**Proceeds**"). The Proceeds will be used by the Company in the following estimated proportions:

### **Use of Proceeds**

### **Percentage Allocation**

For working capital in relation to the Proposed

80%

Acquisition

General working capital purposes 20%

- 8.2 In compliance with the rules of the Listing Manual, the Company will make periodic announcements on the use of the Proceeds as and when the Proceeds are materially disbursed, and provide a status report on the use of the Proceeds in the Company's annual report. The Company will disclose a breakdown with specific details on the use of Proceeds for working capital in such announcements and annual reports.

## **9 FINANCIAL EFFECTS OF THE PLACEMENT**

- 9.1 Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2015:
- 9.1.1 assuming the Placement was completed on 1 January 2015 with all the Subscription Shares being in issue during the period, the net earnings per Share after adjusting for the Subscription Shares will decrease from 0.27 cents to 0.17 cents ; and
- 9.1.2 assuming the Placement was completed on 31 December 2015, the net asset value per Share after adjusting for the Subscription Shares and the net proceeds of the Placement will increase from 0.75 cents to 2.69 cents.
- 9.2 The financial effects shown above are purely for illustrative purposes only and do not reflect the actual financial results and position of the Group after the completion of the Placement.
- 9.3 As at the date of this announcement, the issued and paid-up share capital of the Company is S\$26,291,677 comprising 1,493,661,100 Shares. Upon completion of the Placement, the issued and paid-up share capital of the Company will increase to approximately S\$37,891,677 comprising 1,634,837,570 Shares.

## **10 ADDITIONAL LISTING APPLICATION**

- 10.1 The Company will be making an application to the SGX-ST for the listing of and quotation for the Subscription Shares on the Mainboard of the SGX-ST, and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

## **11 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

- 11.1 None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Placement, other than through their respective shareholdings in the Company.

## **12 RESPONSIBILITY STATEMENT**

- 12.1 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 Placement and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

### **13 DOCUMENTS AVAILABLE FOR INSPECTION**

- 13.1 A copy of each Subscription Agreement is available for inspection during normal business hours at the registered office of the Company for a period of three months commencing from the date of this announcement.

### **14 FURTHER INFORMATION AND ACTION BY SHAREHOLDERS**

- 14.1 The Company will make further announcement(s) to update Shareholders on the Placement as and when appropriate.
- 14.2 In the meantime, Shareholders should exercise caution when trading in the Shares as the completion of the Placement is subject to certain conditions and there is no certainty or assurance as at the date of this announcement that completion of the Placement will take place. Where in doubt as to the action they should take, Shareholders should consult their financial, tax, legal or other professional advisers.

By Order of the Board  
ISR CAPITAL LIMITED

**Quah Su-Yin**  
Chief Executive Officer and Executive Director

**4 September 2016**

### SCHEDULE

<b>Name of Subscriber</b>	<b>Number of Subscription Shares</b>	<b>Subscription Consideration payable</b>	<b>Percentage of enlarged share capital of the Company</b>
Mr. Chen Tong	47,058,823	S\$4,000,000	± 2.88%
Mr. Lee Thiam Seng	23,529,411	S\$2,000,000	± 1.43%
Mdm. Ong Siew Choo	23,529,411	S\$2,000,000	± 1.43%
Financial Frontiers Pte.Ltd.	47,058,823	S\$4,000,000	± 2.88%