ISR CAPITAL LIMITED

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

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

The Board of Directors (the "**Board**") of ISR Capital Limited (the "**Company**") wishes to provide the following information in response to the queries raised by Singapore Exchange Securities Trading Limited ("**SGX-ST**") dated 10 August 2016 and 11 August 2016:-

Query by SGX-ST:

1) We refer to the Company's announcements on 20 May 2016 and 18 July 2016 relating to the acquisition of Tantalum Holding (Mauritius) Ltd ("**Project**") from Reo Magnetic Pte. Ltd ("**Reo Magnetic**"). Based on public information disclosed by Tantalus Rare Earths AG ("**TRE-AG**"), a company quoted on OTC Market Duesseldorf, TRE-AG had sold the Project to REO Magnetic in 2016. The Company's director David Rigoll was a director and controlling shareholder of TRE-AG at the point of sale to REO Magnetic.

   The Company disclosed that "(t)he 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". In publicly disclosed information by TRE-AG, Aston Nash holds 32.7%, David Rigoll 0.78% of TRE-AG and that "[t]he shares of Aston Nash Limited have to be attributed to Mr. David Rigoll, who holds 33,35% of TRE AG". Please disclose when David Rigoll sold off his interest in TRE-AG.

Company's Response:

The Company understands that the 32.7% shareholding held by Aston Nash in TRE-AG was agreed to be sold in December 2015, and completed on 30 April 2016. As of 30 April 2016, Mr David Rigoll has sold off all his interest in TRE AG.

Query by SGX-ST:

2) In the Company's announcement on 1 July 2016, it was disclosed that the Company appointed Empire Capital Partners Pty Ltd as corporate advisors for the Company's acquisition of the Project. Please disclose the date of appointment of Empire Capital Partners Pty Ltd and why was it necessary to appoint them as corporate advisor for the acquisition when the Sales & Purchase Agreements for the acquisition were already signed on 9 June 2016 and 30 June 2016 respectively. Please disclose the terms of the appointment, the responsibilities of Empire Capital Partners Pty Ltd and their role in the acquisition. Please quantify the fees payable to Empire Capital and the basis how the fees were calculated.

Company's Response:

The letter of engagement with Empire Capital Partners Pty Ltd ("Empire") dated 21 May 2016 was accepted by the Company on 26 May 2016.

Basis for appointment:

Empire was appointed principally to take a lead in corporate advisory, which include coordinating a site visit to Madagascar and facilitating the conduct of a preliminary due diligence. Shareholders should note that while it may seem that structuring of a corporate acquisition typically falls on the role of a lawyer or tax advisor, fund raising is yet another aspects which is also required for the success of an acquisition. In an acquisition which requires fund raising, the structure of the acquisition would have to be acceptable to potential investors from, for example, a capital structure point of view. Empire is principally engaged to manage the fund raising for the Project which requires funds for its pilot production. Empire's expertise and track record is in corporate advisory and capital raising for companies in the natural resources sector in emerging markets.

Shareholders should note that the acquisition has not been completed as at the date of this announcement and advisory from a legal taxation, corporate and industry perspective will continue to be required up to and beyond completion of the acquisition.

The terms of the appointment, the responsibilities of Empire Capital Partners Pty Ltd and their role in the acquisition are as follows:

As requested by the SGX-ST, the Company sets out the scope of Empire's role below:

"As corporate advisor to the Company, Empire will perform the following functions ("the Services"):

i. Assist the Company in the assessment of certain market information and business strategies relevant to the operations of the Company;
ii. Assist the Company in reviewing, evaluating and structuring any proposed transaction;
iii. Assist the Company in developing a general negotiating strategy and in actual negotiations with potential investors and consult with and assist counsel and independent accountants in structuring and carrying through to settlement any agreement which may be reached;
iv. Assist the Company in preparing summary information (the 'Information") with respect to the Company for distribution to potential investors selected by Empire and the Company, describing the Company and its business, it being specifically agreed that (a) the Information shall be based entirely upon information supplied by the Company (or public information), and the Company hereby warrants that, to the best of its knowledge, the Information supplied shall be complete and accurate in all material respects, and not misleading and (b) Empire shall not be responsible for the accuracy and completeness of the Information except as it pertains to public information derived from research performed by Empire.

As requested by the SGX-ST, the Company sets out the salient terms of Empire's appointment below:

"This Agreement shall have an initial term of 3 months from the date of this Agreement set forth above and can be continued by mutual consent for an agreed period of time. Either party may terminate this Agreement at any time if the other party is in material breach of this Agreement, on written notice to such party. Notwithstanding the foregoing, no expiration or termination of this Agreement shall affect: (a) the Company's indemnification, reimbursement, contribution, and other obligations as set forth in this Agreement; (b) the confidentiality provisions; (c) Empire's right to receive, and the Company's obligation to pay, any fees and expenses due, whether or not any transaction is consummated before or after the effective date of termination, all as more fully set forth in this Agreement and (d) the agreements of the Company and Empire with respect to choice of law and forum."

As regards to the payment terms of Empire's appointment, please note that the Company is bound by confidentiality terms with Empire and is not at liberty to disclose to the general public

on the details of the payment terms. What shareholders should note is that the payment term is performance based, on a reasonable percentage of the total fund successfully raised.

Query by SGX-ST:

3) Please disclose the track record, controlling shareholders, directors and key management of Empire Capital Partners Pty Ltd and why Empire Capital Partners Pty Ltd had to be engaged as the corporate advisor for the acquisition.

Company's Response:

The directors and key management of Empire Capital Partners Pty Ltd ("Empire") are as follows:

i. Mr Paul D'Sylva – Partner
ii. Mr Timothy Morrison – Partner
iii. Mr Rob Hamilton – Director
iv. Mr Cameron Williams – Associate Director

Empire has advised that their shareholding structure is commercial in confidence and they are not prepared nor obliged to share it publicly.

Track record of Empire Capital Partners Pty Ltd:

Empire has extensive knowledge of Mineral, Oil and Gas ("MOG") assets and regularly works with technical professionals in the MOG industry. Empire's expertise and track record is in corporate advisory and capital raising for companies in the natural resources sector in emerging markets. Empire has raised over A$500 million for clients in the last seven (7) years and has closed eight (8) transactions with a total raise of A$70 million in the last six (6) months.

Empire has strong relationships with strategic global investors and a good understanding of funds investment criteria. Empire's recent team additions bring further distribution capacity in alternative capital sector. Empire has raised capital globally for clients and they have a strong relationship with North American funds and a strong presence in the Asia Pacific region.

Why engage Empire:

The Company's management was carrying out its job and selecting who it thought was a firm that has the expertise and contacts for the role. Empire has a track record in corporate advisory and capital raising for companies in the natural resources sector in emerging markets.

Query by SGX-ST:

4) In the Company's announcement on 1 July 2016, it was disclosed that the Company has appointed Empire Capital Partners Pty Ltd as corporate advisors for the Company's acquisition of Tantalum Holding (Mauritius) Ltd. Please:-

   i) Advise whether any key management, substantial shareholders or directors of Empire Capital Partners Pty Ltd (such as Timothy Morrison) had been appointed as directors of REO Magnetic and their dates of appointment and acquisition of interests;

   ii) Explain why this was not disclosed in the Company's announcement on 1 July 2016 relating to the appointment of Empire Capital Partner Pty Ltd as the corporate advisor and the basis why the board did not deem this as material information;

iii) Disclose the names of the shareholders of REO Magnetic as at the latest practicable date and the names of the current board of REO Magnetic; and

iv) Provide the Board of Directors' views on whether this will affect the independence of Empire Capital Partners Pty Ltd for its role as a corporate advisor of the Company and how will Empire Capital Partners Pty Ltd be able to act in the best interest of the Company.

Company's Response:

(i) The Company is not aware of any shareholding interest held by Empire in REO Magnetic Pte. Ltd. We understand from the ACRA Business Profile ("ACRA BizFile") for REO Magnetic Pte. Ltd. conducted as at 11 August 2016, 2.30pm, that Mr Timothy Morrison was appointed as a director of REO Magnetic Pte. Ltd. on 6 June 2016.

(ii) Before 11 August 2016, the Company conducted a search on REO Magnetic Pte Ltd, via ACRA BizFile, on 20 May 2016, which is the date where the Company executed a memorandum of understanding with REO Magnetic Pte Ltd. Paragraph 6.1 of the Company's announcement on 1 July 2016 disclosed Empire's appointment.

(iii) Shareholders may wish to read the ACRA BizFile search for REO Magnetic Pte. Ltd. as at 11 August 2016, 2.30pm attached to this announcement.

(iv) (a) As can be seen from the scope of Empire's engagement, its primary role is to source for and raise funding for the Company from potential investors, and not to negotiate the terms of the sale and purchase agreements.
(b) The Board views that Mr Timothy Morrison's appointment may aid the process of the acquisition post signing the sale and purchase agreements; and
(c) As such, the Board of Directors does not consider Mr Timothy Morrison's appointment in REO Magnetic Pte Ltd to be in conflict with the Company's interest in the proposed acquisition.

Query by SGX-ST:

5) Please provide a confirmation that the qualified person signing off on either the qualified person's report and the valuation report meet the requirements of the Listing Rules and the persons who prepared and sign off these reports are qualified to do so.

Company's Response:

The Company has announced on 1 July 2016 that when aggregated together the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement would amount to a Major Transaction in accordance with the Listing Rules.

Rule 1014 provides:
A major transaction must be made conditional upon approval by shareholders in general meeting. A circular containing the information in Rule 1010 must be sent to all shareholders. This rule does not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b). If the major transaction relates to an acquisition or disposal of mineral, oil or gas asset of a mineral, oil or gas company, the circular to shareholders must contain (i) a qualified person's report that is prepared by an independent qualified person who meets the requirements in Rule 210(9)(b); and (ii) a statement that no material changes have occurred since the effective date of the qualified person's report. The effective date of the qualified person's report must not be more than 6 months from the date of publishing the circular. In the case of a major acquisition, the circular to shareholders must contain a valuation report prepared by an independent qualified person in accordance with the VALMIN Code, SPE-PRMS or an equivalent

standard that is acceptable to the Exchange. The effective date of the valuation report must not be more than 6 months from the date of publishing the circular and the contents of the qualified person's report must comply with the requirements as set out in paragraph 5 of Practice Note 6.3. The valuation report may form part of the qualified person's report. In ascertaining whether or not the issuer is required to seek shareholders' approval for the transaction, the issuer should refer to the general principles set out in Practice Note 10.1. Where the issuer is unclear, the issuer should consult and clarify with the Exchange as soon as possible.

The Company confirms that the Technical Report issued by SGS Canada Inc. on 10 June 2016 was prepared in accordance with a Standard acceptable under the Listing Rules and that Rule 210(9)(b) is complied with. The Technical Report contains certificates signed by the 3 experts who prepared the report in accordance with the Standard, i.e., in this case, the National Instrument 34-101 standards of disclosures.

The Valuation report dated 15 July 2016 is issued in accordance with the requirements of VALMIN and also contains a certificate signed by the expert of his qualification to so prepare the valuation report.

The reports have been uploaded via SGXNET on 22 July 2016 and can also be found in the Company's website.

Query by SGX-ST:

6) For each of SGS Canada Inc and Geologica Pty Ltd, please set out how each of the requirements under Listing Rules 210(9)(b) and (c) has been met.

Company's Response:

In respect of the Technical Report issued on 10 June 2016, the Company is of the view that it has been prepared in accordance with the standards of disclosures under NI 43-101. Similarly, the valuation report is prepared in accordance with the VALMIN code.

As the Company is proposing to go into this business and will be seeking shareholders' approval, it is unable, technically, to point out requirement by requirement, whether these reports meet the requirements of Rule 210(9)(b) and (c). The Company respectfully seeks the Exchange's guidance on this and will work with SGS Canada Inc and Geologica Pty Ltd to include matters that in the Exchange's view have been left out.

BY ORDER OF THE BOARD

Quah Su-Yin
Chief Executive Officer and Executive Director

14 August 2016