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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ISR CAPITAL LIMITED
For the financial year ended 31 December 2017

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of ISR Capital Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 7 to 57.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(1) Loan to Tantalum Holding (Mauritius) Ltd and Tantalus Rare Earths AG

We were unable to determine the recoverability of the loans receivable of S$5,898,150 to Tantalum Holding (Mauritius) Ltd ("THM") and Tantalus Rare Earths AG ("TREAG") which is stated as debt securities (S$5,322,075) and trade receivables (S$576,075) on the consolidated statement of financial position as at 31 December 2017 as management is currently awaiting the approval of the renewal of exploration licence PR 6698 (the "PR Licence") by the Madagascar government and are unable to determine whether there will be sufficient future cash flows from THM and TREAG to repay the loans.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ISR CAPITAL LIMITED
For the financial year ended 31 December 2017 (Continued)

Report on the Audit of the Financial Statements (Continued)

Basis for Disclaimer of Opinion (Continued)

(2) Going Concern

During the financial year ended 31 December 2017, the Group incurred net loss of $1.4 million and net operating cash outflows of $1.8 million. These conditions indicated the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The financial statements have been prepared on a going concern basis as the Directors are of the view that the proposed acquisition of THM will be forthcoming once the approval of renewal of the PR licence is obtained and the acquisition of THM is cleared by SGX and approved by shareholders of the Company.

The validity of the going concern basis on which the financial statements are prepared depends on the Directors' assessment of the Group's ability to operate as a going concern as set forth above. The assumptions are premised on future events, the outcome of which are inherently uncertain.

Accordingly, we are unable to assess the appropriateness of the management's use of going concern assumption in the preparation of the financial statements. If the Group were unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which they are currently recorded in the statement of financial position. In addition, the Group may have to reclassify its non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these accompanying financial statements.

As a result of the above matters, we were unable to determine whether any adjustments might have been found necessary in respect of the debt securities and the trade receivables which may be realised other than under the normal course of business, and the elements making up the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ISR CAPITAL LIMITED
For the financial year ended 31 December 2017 (Continued)

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ISR CAPITAL LIMITED
For the financial year ended 31 December 2017 (Continued)

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Su Chun Keat.

RT LLP
Public Accountants and
Chartered Accountants

Singapore
5 April 2018