ISR CAPITAL LIMITED
威豪投资集团

ISR signs MOU with China Nonferrous Metal Industry's Foreign Engineering and Construction on Potential Developments for its Rare Earth Project in Madagascar

- Group is committed to achieving the stipulated milestones towards commercial production of rare earth oxides from its rare earth concession in Madagascar, Africa

FOR IMMEDIATE RELEASE

SINGAPORE, 24 June 2019 – Mainboard-listed **ISR Capital Limited 威豪投资集团** ("**ISR**" and together with its subsidiaries, the "**Group**"), today announced that it has entered into a non-binding memorandum of understanding ("**MOU**") with China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd. (**中国有色金属建设股份有限公司**) ("**NFC**"), a listed company on the Shenzhen Stock Exchange, to commence discussions and negotiations on potential developments for its 75% owned rare earth concession located in north-western Madagascar, Africa (the "**Rare Earth Project**").

The Group had legally completed the acquisition of the Rare Earth Project – the 238km^2 concession area in north-western Madagascar, Africa that hosted rare earth oxides – through the 60% stake in Tantalum Holding (Mauritius) Ltd ("**THM**"), which in turn owns 100% of Tantalum Rare Earth Malagasy S.A.R.L.U. ("**TREM**") on 3rd January 2019. Subsequently, the Group increased its shareholding in THM to 75% on 15th May 2019 with the enforcement of share pledges made by Tantalus Rare Earths AG, which had defaulted on its obligation of repayment under the loan facility agreements.

Rare earth elements are a group of 17 chemical elements used in some of the world's fastest growing industries including renewable energy, electric vehicles, telecommunications and defence. The 5G revolution is likely to quicken the pace of integrating more sophisticated high-tech devices into our daily lives. Moving upstream in the supply chain of these high-tech devices, at least seven key rare earths elements are key ingredients of the components used in the manufacture of electric vehicles, turbines, and consumer electronics.

China has been the world's largest exporter, raising overseas shipments by 4% year-on-year to more than 53,000 tonnes in 2018. The crackdown on illegal production in China last year reduced domestic output and led to a surge in imports by 167% to 41,400 tonnes of rare earth oxides. In March 2019, China's Ministry of Industry and Information Technology in a joint statement with the Ministry of

Natural Resources lowered rare earth output quotas by 18.4% to 60,000 tonnes for the first half of 2019. In view of China's reduction in supply and an anticipated demand growth for rare earth elements of 7–8% annually, global manufacturers are seeking alternative supplies.

According to a recent report by Zion Market Research titled "*Rare Earth Metals Market by Product (Cerium, Lanthanum, Neodymium, Praseodymium, and Others) and by Application (Catalyst, Magnets, Ceramics, Metallurgy, and Others): Global Industry Perspective, Comprehensive Analysis, and Forecast, 2018–2025*", the global rare earth metals market was valued at approximately US$8.10 billion in 2018 and is expected to generate around US$14.43 billion by 2025, at a compound annual growth rate ("**CAGR**") of around 8.6% between 2019 and 2025.[1]

Said Mr Chen Tong (陈彤), Executive Chairman of ISR, "**The macroenvironment bodes well for the Group's Madagascar Rare Earth Project as we are well-positioned to ride this rising trend for rare earth elements.**"

This MOU will see both companies leverage on each other's resources to realise the potential of this Rare Earths Project. The MOU sets out the framework for the parties to discuss in detail the matters including, but not limited to, (i) the purchase by NFC of up to 3,000 metric tons (where 1 metric ton = 1,000 kilograms) of the Rare Earth Project's output within the first three years of successful commissioning of the production facilities to be built for the Project, subject to the products meeting the quality requirements for the Chinese market, as determined by an independent surveyor to be jointly engaged by both parties; (ii) the provision of engineering procurement and construction services by NFC; and (iii) future investment by NFC into the Rare Earth Project. The MOU shall expire two years from the commencement date of the MOU, unless the parties agree otherwise in writing.

"**We are pleased to have this opportunity to be in discussion with NFC whose expertise in nonferrous metal resources exploitation activities worldwide will be a significant complement to our Rare Earth Project. We look forward to a purposeful collaboration in bringing this greenfield Rare Earth Project in Madagascar to commercialisation,**" added Mr Chen.

The Group will keep its shareholders updated on the progress of its discussion with NFC as and when there are material developments in connection with the MOU, such as the entry into definitive agreement(s) on the above-mentioned subject matter.

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1 https://www.globenewswire.com/news-release/2019/04/16/1804623/0/en/Global-Rare-Earth-Metals-Market-Will-Reach-USD-14-43-Billion-By-2025-Zion-Market-Research.html

ISR will be holding an extraordinary general meeting ("**EGM**") immediately after its annual general meeting ("**AGM**") on 28 June 2019 to seek shareholders' approval on (i) the proposed ratification of the waiver of a condition precedent related to the acquisition of 60% of THM, pursuant to the Notice of Compliance dated 10 January 2019 from the Singapore Exchange Regulation ("**SGX RegCo**") and (ii) the proposed change of the Company's name to "**Reenova Investment Holding Limited**" to better reflect the Group's profile and broader scope of business activities following completion of the acquisition of THM.

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About China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd.
(中国有色金属建设股份有限公司)
(Stock Code – Bloomberg: 000758 CH | Reuters: 000758.SZ)

China Nonferrous Metal Industry's Foreign Engineering and Construction Co.,Ltd. is a China-based company principally engaged in the mining, selecting and smelting of non-ferrous metals. The Company's main products include lead concentrates, zinc concentrates, lead ingots and rare earth oxides, among others. The Company is also involved in the international project contracting, the manufacture and trading of equipment and other businesses. The Company operates its business in domestic and overseas markets.

For more information, please visit the website http://www.nfc.com.cn/en/

About ISR CAPITAL LIMITED 威豪投资集团

(Stock Code – SGX: 5EC | Bloomberg: ISR SP | Reuters: ISRC.SI)

ISR Capital Limited ("**ISR Capital**" or the "**Company**", and together with its subsidiaries, the "**Group**"), through the reconstruction of its investment portfolio focuses on the supply chain of high-tech industries that will generate value for the Group in the long term.

In line with its objective to strengthen its earnings base, the Group is primarily involved in two strategic investments: (i) a 75% stake in a rare earth concession area located in Madagascar, Africa, and (ii) a up to 25% stake in Straits Hi-Rel Pte. Ltd., a start-up focusing on speciality testing and back-end manufacturing for high reliability integrated chips and electronic modules for end-user application in the automotive, energy (oil and gas) and industrial sectors.

Through its wholly-owned subsidiary, ISR Global Pte Ltd, the Group holds an exploration licence for the 238km^2 concession area that hosts rare earth oxides in north-western Madagascar, Africa. This licence enables the Group to embark on trial leaching, pilot production, conducting feasibility and engineering studies, as well as environmental impact assessments concurrently. The Group is targeting to apply for a full mining licence (*Permis de Exploitation)* before November 2021. The Group is committed to making good progress in the operation, management and production of rare earth oxides, to bring forth stable and sustainable earnings growth.

For more information, please visit the company's website at www.isrcap.com

Issued for and on behalf of **ISR CAPITAL LIMITED** by:

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