ISR CAPITAL LIMITED

(Company Registration No. 200104762G)

(Incorporated in the Republic of Singapore)

(the "**Company**")

ENTRY INTO OF A MEMORANDUM OF UNDERSTANDING

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1. Introduction

The board of directors (**Directors**) of the Company wishes to announce that it has today signed a memorandum of understanding (**MOU**) with REO Magnetic Pte. Ltd. (**REO Magnetic**), a private limited company incorporated under the laws of Singapore, with a view to the Company and REO Magnetic entering into a formal agreement under which the Company will make an investment into REO Magnetic or purchase from REO Magnetic a part of the shareholding interest REO Magnetic holds in a company incorporated in Madagascar (**Proposed Transaction**). The Madagascan Company (**Operating Company**) holds a current permit to explore, develop and operate a concession in the province of Antsiranana (**Concession**), the Republic of Madagascar (off the coast of Southeast Africa, in the Indian Ocean). The Concession has been assessed by SGS Canada Inc. to have significant mineralisation of rare earth elements (**REE**)[1].

The Concession covers an area of approximately 300KM in the Antsiranana area. An NI 43-101 Technical Report was prepared and issued by SGS Canada Inc, dated 30 October 2014 (**2014 Report**) which was an update to the technical report first published by SRK Exploration Services Ltd in 2013. An updated report will be commissioned by REO Magnetic to bring the technical report up to date for analysis and study by the Company. According to the 2014 Report, the base case mineral resource with tonnage comprising measured [2] and indicated [3] is 197,684,190, with a total inferred[4] resource of 429,999,525 metric tonnes.

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[1] REE, sometimes referred as rare earth metals, have a wide and diverse use in high-technology products and applications, such as computer hard drives, wind turbines, electric cars, camera lenses, television and mobile devices screens and aircraft engines, to name a few.

[2] A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

As agreed in the MOU, the Company has 45 days (**Exclusivity Period**) to undertake preliminary legal, commercial and technical due diligence on the Concession, REO Magnetic and any other relevant entities prior to the Company entering into a formal agreement.

The Company will use the Exclusivity Period to determine if it should enter into a formal agreement with REO Magnetic and the form of investment it would make.

The Company sees this as a good opportunity to pursue as it understands the global rare earth metals market is anticipated to reach US$8.19 billion by the end of 2018, growing at 13.0% CAGR according to the "Rare Earth Metals Market (Lanthanum, Cerium, Neodymium, Europium, Yttrium, Scandium, Terbium & Other Key Elements) - Global Industry Analysis, Applications (Magnets, Catalysts, Metallurgy, Phosphors, Ceramics & Others), Size, Share, Growth, Trends and Forecast, 2012 – 2018". Transparency Market Research Report, 2015.

2. Directors' and Controlling Shareholders' Interest

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction (other than through their respective interests in the shares of the Company).

3. Further Disclosure

The Company will provide further update (where relevant and required) in compliance with the rules of the Singapore Exchange Securities Trading Limited upon entry by the Company into a formal agreement with REO Magnetic, including any ancillary transaction or corporate action taken in relation to the Proposed Transaction.

When a formal agreement has been entered into by the Company with REO Magnetic, further details of the Proposed Transactions will be disclosed.

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3 An 'Indicated Mineral Resource' is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

4 An 'Inferred Mineral Resource' is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

4. Caution in Trading

Shareholders are reminded that the MOU is non-binding, does not represent a complete agreement or arrangement, and, therefore, may or may not lead to the entry into of any formal agreement. Shareholders and potential investors should, therefore, exercise caution when trading in the Company's shares. Any such person who is in doubt as to any action they should take are advised to consult its legal, financial or tax advisers.

By order of the Board of Directors
ISR Capital Limited

Quah Su-Yin
Chief Executive Officer and Executive Director

20 May 2016