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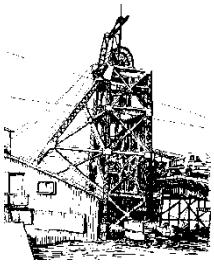
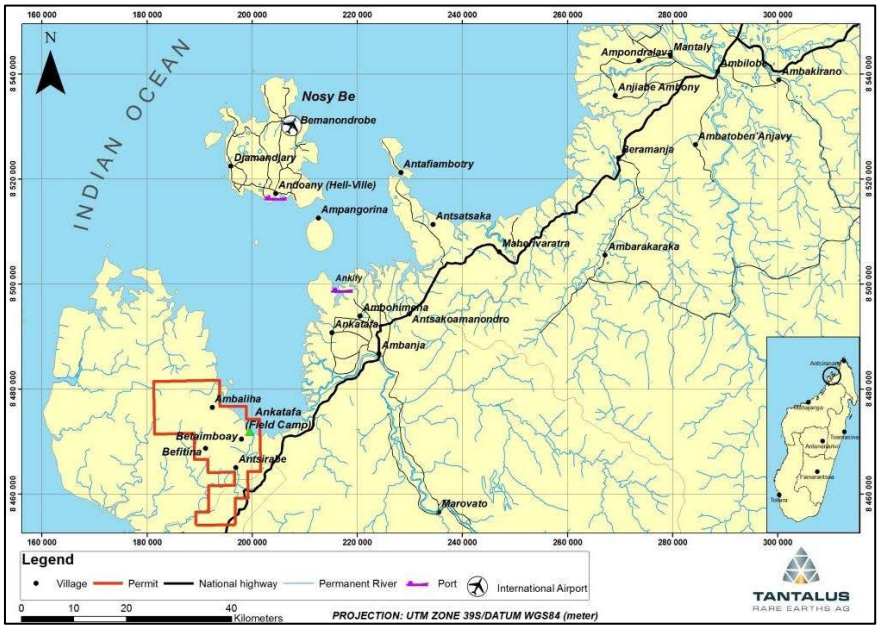


INDEPENDENT GEOLOGY APPRAISAL REPORT

on

The Tantalum Rare Earth Malagasy S.A.R.L. (TREM) deposit, Madagascar
for
ISR Capital Limited, Singapore



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- 15 July 2016 -

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INTRODUCTION

Geologica Pty Ltd was asked to review and assess, in its opinion, the geological value of the exploration property owned by Tantalum Rare Earth Malagasy S.A.R.L. (TREM) in the Ampasindava Peninsula, NW Madagascar. The area hosts an under-saturated (alkaline) igneous volcanic complex with a unique abundance of Rare Earth Elements (REE) including Tantalum, Niobium, Zirconium, Haffnium, Tin and Uranium in hard rock. The secondary ionic clays have a more evolved suite of elements which are characterised by:

Yttrium (Y)
Lanthanum (La)
Cerium (Ce)
Praseodymium (Pr)
Neodymium (Nd)
Samarium (Sm)
Europium (Eu)
Gadolinium (Gd)
Terbium (Tb)
Dysprosium (Dy)
Holmium (Ho)
Ytterbium (Yb)
Lutetium (Lu)

This report has been prepared for ISR Capital Limited of Singapore by Independent Technical Expert Brian Davis in order to assist them in advising potential shareholders about the value of the property.

Contents

This is an independent geological evaluation report, and as such, serves only to comment on the geological setting, initial appraisal and relative economic value and status of exploration and mineralisation on the property reviewed.

The outcomes of this report are limited by:

- Data available for inspection;
- Extent of verified assay, drill log and survey data;
- Evidence for tenement ownership and agreements;
- Compliance with government regulations;
- Native Title or Indigenous Peoples claim; and
- Environmental sensitivity or other encumbrances.

This report is based upon data from previous company exploration reports, market reports and statements, market research along with personal knowledge and field experience of the deposit. A bibliography of references used is shown at the end of this report.

Dollar and Economic Values

This report cannot cover all the financial, investment and market analysis required to give a full economic value assessment and therefore any costs or dollar values within this report should be considered as approximate only. ***T****hroughout the report the United States Dollar ($US) is used for all costs.*

Disclaimer

Geologica Pty Ltd has not been asked to comment on the potential economic value or financial considerations pertaining to the value of shares or assets held in relation to these properties. However, an assessment of the *in situ* value of metals and ores on the property and the likely mining scenarios is presented. Due to the limited nature of the available data and exploration status of the property only the macro-economic aspects have been addressed.

In addition, the intrinsic value of REE sales is totally dependent upon recovery of individual elements through various extraction processes from a concentrate base. Therefore any assigned value in this report relates to sale of concentrate only, not sales of individual pure and processed metals. Unless robust bulk sample production data from vat leaching is available for metal recoveries it is more realistic to value the product as an exported concentrate.

Compliance

All work conducted is in compliance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, 2015 edition (**VALMIN**) as well as the Code for Reporting of Exploration Results and Mineral Resources 2012 (**JORC**). These codes and guidelines are binding upon members of the Australian Institute of Mining and Metallurgy (**AusIMM**) and the Australian Institute of Geoscientists (**AIG**) as well as being part of the legal framework for the Australian Securities Exchange (**ASX**) Listing Rules.

Interests

The author has no material interest in the operating company or mineral properties described in this report. Brian Davis, Principal of Geologica Pty Ltd has conducted this work solely as a professional consultant to the client and the report was prepared for professional fees at agreed commercial rates. Brian Davis does not hold any shares, directorships or operating positions in any companies associated with the project and has been offered no financial incentive to complete this work other than the agreed professional fees.

SUMMARY

Data and historic reports from the Madagascar TREM and other deposits were available for assessment. The project involves an exploration lease in NW Madagascar as described in Section 1 (Background).

This report was prepared with the knowledge that the tenement is in good standing at the time of writing (July 2016). The various merits of the tenement are assessed in this report.

The principal points associated with the project are:

- The tenement is a granted exploration lease;
- The company has a government approved Mining Proposal and Project Management Plan and Environmental Performance Bonds have been lodged;
- The tenement includes extensive NI-43-101 defined REO mineral resources;
- The tenement is easily accessible by road off the National Highway (N6) and by boat from Nosy Be island. These routes provide good access to ports. The access road is in passable condition unless there are heavy rainfall events restricted at limited times of the year;
- The geological setting of the concession is favourable and it is located in an igneous province of NW Madagascar known to host extensive REE mineralisation. Prospectivity for REE is proven from historic records and recent sampling;
- Exploration potential to increase REE and REO resources is considered excellent;
- The potential land tenure risk, including Native Title risk is considered low, as is the sovereign risk associated with the concession; and
- There are very low perceived risks of natural disasters on the concession. Cyclone events in the area are rare, slope stability is generally good, no earthquakes have been recorded and flood, storm or fire events occur infrequently (less than 1 in 50 years).
-

The gross value of the property, using 2 different valuation methods, is estimated to occur within the range **US$0.84 Billion to US$1.84 Billion**.

A reasonable weighted estimate of mean value is considered to be **US$1.08 Billion.** See Conclusions and Method Comparisons (p19).

It is emphasised that this should not be considered a comprehensive evaluation due to the fact that some of the property is unexplored and without resources and some areas are only considered Inferred Mineral Resources which are not considered to be of robust enough category to be included in a valuation. Therefore a conservative approach has been taken and only CREO tonnes from Indicated and Measured Mineral Resources are used.

The general conclusion is that this exploration project is likely to lead to a successful mining operation provided that the following milestones are achieved:

- Successful granting of mining and environmental permissions;
- Delineation of commercial reserves within the Measured and Indicated Resource categories;
- Successful bulk mining trials and concentrate production
- Sustainable commodity prices and exchange rates; and
- No regulatory or legal encumbrances.

BACKGROUND

1.1 Location and Access

The project concession is located in the eastern part of the Ampasindava Peninsula, Antsiranana Province on the northwest coast of Madagascar, approximately 500 km north of Madagascar's capital city Antananarivo. The nearest major town and administrative centre of the region is called Ambanja and is located some 40 km to the northeast of the project area.

The majority of the project area is relatively rugged with elevations ranging from sea-level to 713 m with the highest elevations found in the northwest of the project area. The rugged terrain can make access to certain parts of the project area problematic, particularly in the rainy season. The most characteristic physiographical feature in the project area is a 6 km wide, circular caldera which corresponds to the southeast part of the Ambohimirahavavy igneous complex.

The nearest international airport to the project area is Fascene, located on the island of Nosy Be. Airlines that currently operate include Air Madagascar, Air Austral and Air Italy with destinations including Antananarivo, La Reunion, Johannesburg, Milan and Rome.
Access from Nosy Be to the project area is by boat. The travel time from Madirokely in the southwest of Nosy Be to the project area is approximately 50 minutes, corresponding to a distance of approximately 40 kilometres.
Road access to the project area requires the use of a 4×4 vehicle along a purpose-built track that connects to the main Route Nationale 6 (N6) highway approximately 30 km southwest of Ambanja. The main highway intersects the project area in two locations. Vehicular access around the project area is limited to a few dirt tracks. These are passable using 4×4 vehicles only and restricted to dry conditions. Most access around the project area is on foot.

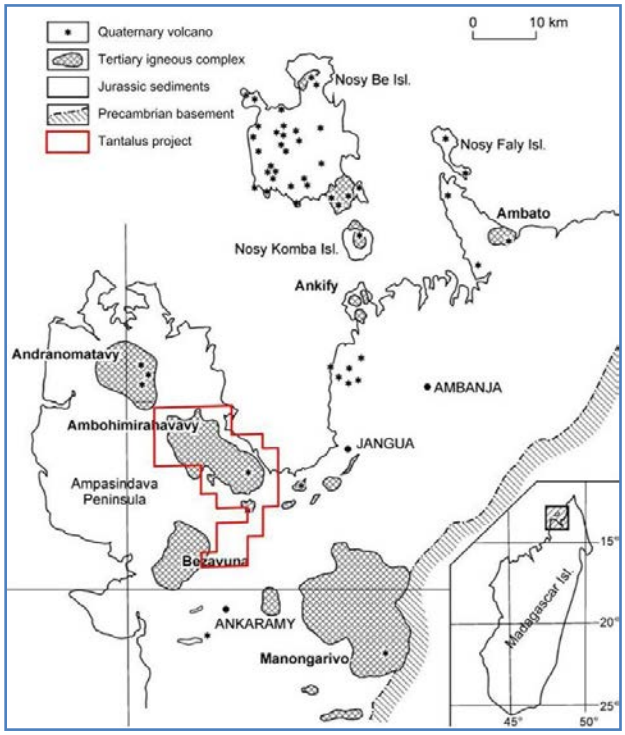

Figure 1. Project Location

1.2 Tenure

The TREM project comprises one exploration licence (permit PR 6698) made up of 768 contiguous 625 m by 625 m unit blocks that encompass a total area of 300 km2. The permit is currently granted as a "Permis de Recherche" (research permit), or PR, which grants the exclusive right for prospecting and research. The permit is valid until 2017 and can be renewed once more, for a period of three years.
The permit was originally held by Calibra Resources and Engineers Madagascar SARL and was subsequently acquired by Zebu Metals Limited in January 2008. Tantalus assumed 100% ownership of the permit in October 2009.
Today Tantalum Rare Earth Malagasy S.A.R.L. (TREM) holds 100% of the mining rights of the project. TREM is a 100% owned subsidiary of Tantalum Holding Ltd (Mauritius), which in turn is 40% owned by Tantalus Rare Earths AG (TRE AG) and 60% owned by REO Magnetic Pte Ltd, a Singapore incorporated company.
There are no known royalties on the project.

1.3 Native Title

In order to engage in exploration activities various approvals from the native peoples administration were granted. In addition, discussions and reviews with the local residents were held. Test pits and exploration work was carried out using local labour and with the full permission of the inhabitants of villages in the area. Geologica concludes that Native Title issues should not provide an impediment to exploration or mining on the concession.

1.4 Environmental Considerations

TREM possesses all the required environmental permits to conduct exploration activities on the licence and employ a full time environmental scientist to ensure that the physical impact of the activities is kept to a minimum. The project area itself has had environmental restriction to exploration and mining lifted for all but a very small fraction to the northwest portion of the exploration licence. The preparation of an environmental impact study, and an environmental management plan, including the preparation for mine closure and the rehabilitation of the site remain as prior conditions for all mining activities. No mining activities can start (and this will eventually apply also to detailed exploration, i.e. trial mining) without prior approval by the relevant environmental authorities, as per the regulations on environmental protection and the commitments contained in the environmental impact study.
The assumptions used to establish the resource estimation cut-off grades included the use of in-situ extraction within areas that have a sufficient topographic slope. This method of extraction is by its nature less invasive than conventional mining. This extraction method is not currently in use in Madagascar, and the authors consider that it is very important to undertake a series of trials to develop the most effective methodology to limit the impact on the environment and gain the social and environmental licenses to operate in this jurisdiction.
The regulatory process for mining is under way and the company does not anticipate any potential issues.

Geologica concludes that there is low environmental risk associated with the concession.

1.5 Regional Geology

In the region of interest the igneous rocks form part of what is called the Ampasindava alkali-bearing province that predominantly occupies the Ampasindava peninsula. The Ampasindava igneous rocks occur as massifs and include alkali syenite, foid syenite, alkali granite, gabbro, alkali trachyte, phololite, rhyolite and volcanic breccia. One of these massifs is called the Ambohimirahavavy igneous complex and occurs almost entirely within the project area.

The project area is underlain by Jurassic sediments into which the Ambohimirahavavy igneous complex has intruded.
The Jurassic Isalo Group sediments are dominated by mudstones and siltstones that are interbedded with sandstones, marls and minor limestone. They comprise an estimated thickness of approximately 2500 m and dip westwards between 5° and 30° (Ganzeev and Grechishchev, 2003).
Apart from localised skarn development adjacent to some of the intrusive rocks, the sediments are un-metamorphosed.
The oval-shaped Tertiary Ambohimirahavavy igneous complex is approximately 20 km in length, up to 8 km in width, elongated in a southeast-northwest orientation and encompasses an area of approximately 150 km2. The complex consists of two arcuate intrusions comprising predominantly syenites known as the Ampasibitika intrusion in the southeast and the Tsarabariabe intrusion in the northwest. These intrusions are characterised by central depressions that are interpreted to be calderas and include volcanic rocks of predominantly trachyte composition. Several smaller intrusions (several hundreds of metres across) of alkali granite and alkali quartz syenite occur within the complex.

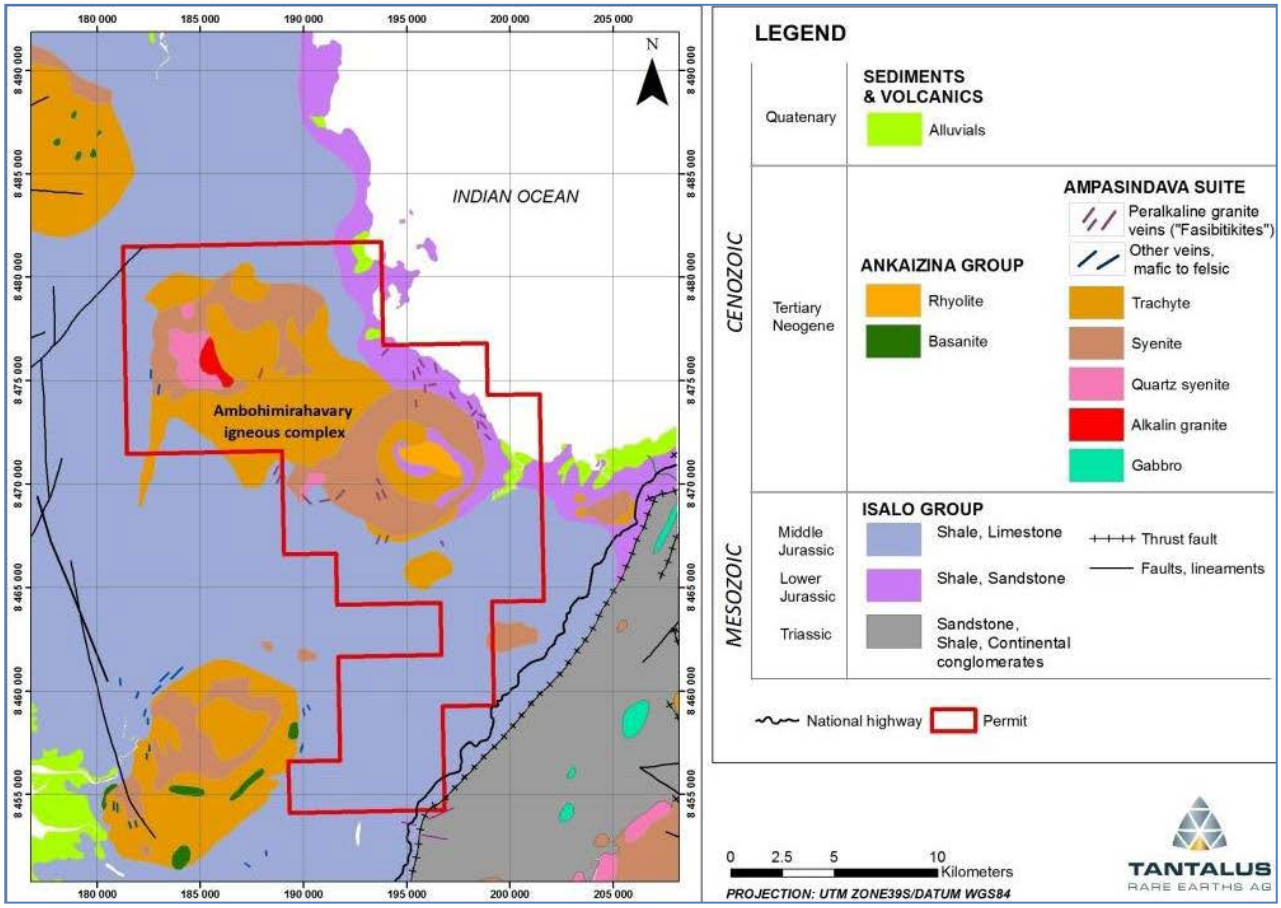

Figure 2: Project Geology

Geologica concludes that the geological setting of the concession is favourable for the discovery of further REE/REO resources of both secondary REO clays and primary hard-rock REE-bearing minerals.

1.6 Geological Prospectivity

The "prospectivity" of a mining tenement is a relative term by which geologists can compare areas and the likelihood of mineralisation occurring that could potentially become a resource in the future. It is not an absolute measure and it is the result of knowledge gained from:

1. Local and regional geological setting (including mapped rock units, structures and continuity along strike);
2. Geophysical and Remote Sensing data such as magnetics, radiometrics and satellite images that indicate a suitable structure or environment;
3. Surface geochemical sampling results from stream sediment , soil or rock chip samples on the tenement;
4. Drill hole data from RAB, Air Core, RC or Diamond Drilling; and
5. Excavated samples from pits or workings

Areas that have good potential to yield a resource when further work is completed are known as geological or mineralisation "Targets", refer Note 1.

The prospectivity of the tenement is described below.

Tenement	Status	Name	Relative Future Potential
PR6698	Granted	TREM Project	Good potential for: • Additional hard-rock REE targets – possibly at least the same volume and tonnes as current near surface total REO NI-43-101 resource. The Ampasibitika area alone has extensive REE mineralisation in hard rock. • Additional ionic clay REO mineralisation located in areas not fully explored on the concession • Identified ionic clay inferred REO resources upgrading from the inferred resource category to the indicated or measured category for inclusion in a potential mine

Note 1:

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. In addition surface sampling assays and drill sample assays may also be discussed in the context of information describing the presence of anomalous mineral content. The above information relating to an Exploration Target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource (s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

1.7 Resources

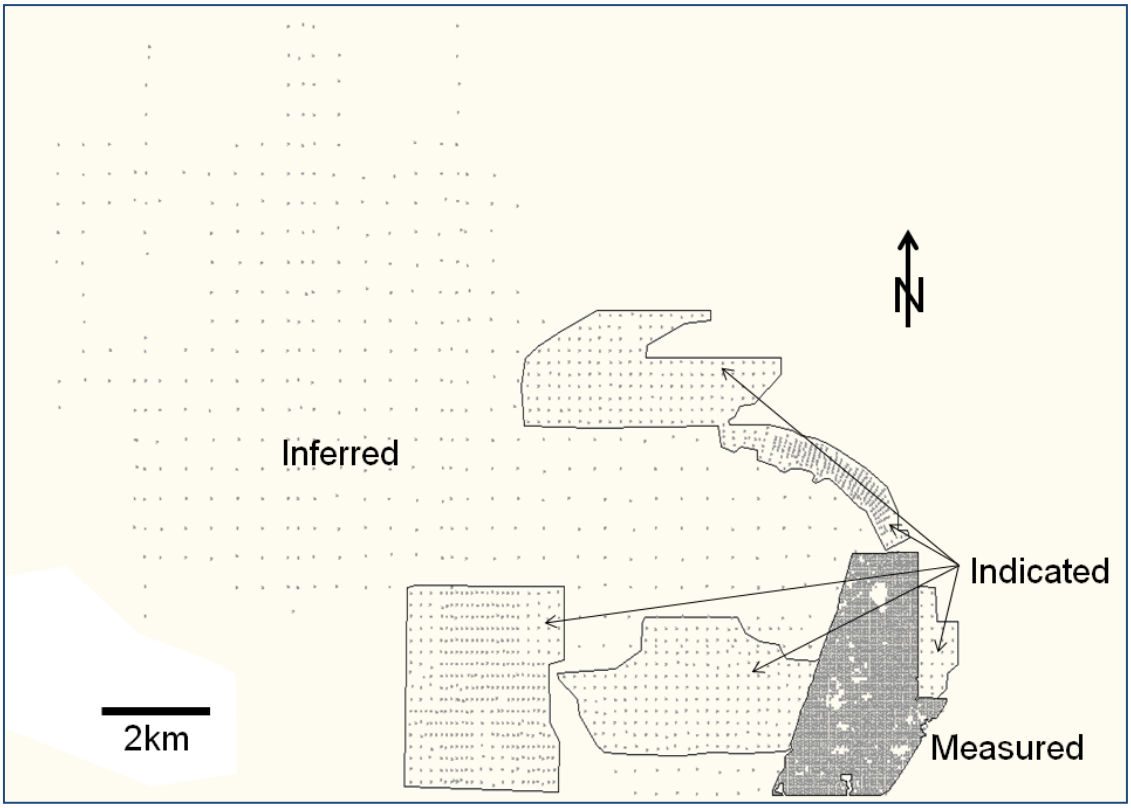

Figure 3: Distribution of resource categories according to the sampling coverage

Table 1.1 Resource Base Case – COGs of 300 and 500 ppm TREO excluding Ce (TREOnoCe)

Classification	Tonnage (t)	Volume (m^3)	Area (m^2)	Density (t/m^3)	Thickness (m)			TREO (ppm)	TREOnoCe (ppm)	CREO (ppm)	HREO (ppm)	LREO (ppm)	HREO / TREOnoCe ratio	Contained TREO * (t)
					Total	PED	SAP							
Measured	40,103,550	35,948,700	6,618,600	1.12	5.4	2.8	2.6	975	660	296	187	788	28%	39,092
Indicated	157,580,640	143,150,400	20,998,800	1.10	6.8	2.6	4.2	878	554	255	166	712	30%	138,292
Measured + Indicated	**197,684,190**	**179,099,100**	**27,617,400**	**1.10**	**6.5**	**2.7**	**3.8**	**897**	**575**	**263**	**170**	**727**	**30%**	**177,383**
Inferred	429,999,525	390,900,600	70,396,200	1.10	5.6	2.7	2.9	894	574	247	149	745	26%	384,552

- The cut-off grade is applied to TREOnoCe because it has good correlation with the material value. Ce has high grades but low recovery and market price
- The cut-off grade is 300 ppm TREOnoCe for areas sloping greater than 5 degrees
- The cut-off grade is 500 ppm TREOnoCe for flat areas

* Contained TREO is presented as in-situ. Values do not account for recovery losses.

TREO = LREO+HREO TREOnoCe = TREO-Ce_2O_3

CREO = Nd_2O_3+Y_2O_3+Eu_2O_3+Tb_2O_3+Dy_2O_3

HREO = Y_2O_3+Eu_2O_3+Gd_2O_3+Tb_2O_3+Dy_2O_3+Ho_2O_3+Er_2O_3+Tm_2O_3+Yb_2O_3+Lu_2O_3

LREO = La_2O_3+Ce_2O_3+Pr_2O_3+Nd_2O_3+Sm_2O_3

NI-43-101 compliant Measured and Indicated TREO resources of 197.7 Million tonnes have been defined over an area occupying 27.6 Million square metres (27.6 square kilometres or roughly 5.1 km x 5.2 km). Average ore thickness is 6.5 metres at a density of 1.1 t/m^3 occurring from surface with a minimal strip ratio.

The Inferred Mineral Resource Category has not been included in this valuation due to the inherent uncertainty of mineral grade continuity. Therefore all volumes/tonnages from the base case resource only refer to Measured and Indicated classifications and are used in any calculations pertaining to value.

The estimated quantity of REE materials in the resource is listed in the table 1.2 below:

Table 1.2 Tonnage of the Individual Oxides Contained in the Project Mineral Resources

Classification	Y_2O_3 (t)	La_2O_3 (t)	Ce_2O_3 (t)	Pr_2O_3 (t)	Nd_2O_3 (t)	Sm_2O_3 (t)	Eu_2O_3 (t)	Gd_2O_3 (t)	Tb_2O_3 (t)	Dy_2O_3 (t)	Ho_2O_3 (t)	Er_2O_3 (t)	Tm_2O_3 (t)	Yb_2O_3 (t)	Lu_2O_3 (t)	TREO (t)
Measured	**4,520**	**9,667**	**12,620**	**1,876**	**6,347**	**1,084**	**115**	**923**	**133**	**766**	**144**	**415**	**58**	**369**	**55**	**39,092**
Indicated	**15,953**	**30,677**	**51,031**	**6,110**	**20,659**	**3,661**	**423**	**2,837**	**440**	**2,630**	**522**	**1,507**	**222**	**1,409**	**210**	**138,292**
Measured + Indicated	**20,472**	**40,344**	**63,651**	**7,986**	**27,006**	**4,745**	**538**	**3,760**	**573**	**3,397**	**666**	**1,922**	**280**	**1,779**	**265**	**177,383**
Inferred	**38,745**	**95,894**	**137,928**	**17,960**	**59,110**	**9,468**	**1,038**	**7,578**	**1,097**	**6,384**	**1,235**	**3,645**	**521**	**3,431**	**517**	**384,552**

- The cut-off grade is applied to TREOnoCe because it has good correlation with the material value. Ce has high grades but low recovery and market price.
- The cut-off grade is 300 ppm TREOnoCe for areas sloping greater than 5 degrees
- The cut-off grade is 500 ppm TREOnoCe for flat areas

Contained TREO is presented as in-situ. Values do not account for recovery losses.

TREO = LREO+HREO TREOnoCe = TREO-Ce_2O_3

HREO = Y_2O_3+Eu_2O_3+Gd_2O_3+Tb_2O_3+Dy_2O_3+Ho_2O_3+Er_2O_3+Tm_2O_3+Yb_2O_3+Lu_2O_3

LREO = La_2O_3+Ce_2O_3+Pr_2O_3+Nd_2O_3+Sm_2O_3

Geologica concludes from the above data there is sufficient economic ionic clay REO mineralisation to rate the Project as highly prospective for locating additional resources.

1.9 Risks and Limitations

Any valuation of an exploration tenement has inherent risks associated with it for example:

- Further exploration may not locate a viable REO source;
- A discovered resource may not be economic to mine;
- The exploration company may be financially incapacitated;
- Access to the area may be denied (e.g. by landholder);
- A natural disaster may occur (flooding, earthquake etc);
- Government policy may prohibit development;
- Exploration and mining costs may be incorrectly assessed; and
- Metal unit price or in-ground metal values are subject to market changes;

The appropriate risks have been considered for each valuation conducted in Section 2 of this report.

1.10 Assumptions

The following factors are normally considered when assessing the economic value of a mineral deposit:

- Economic cut-off grade for the mineral;
- In situ tonnage of mineral above cut-off grade (therefore length of mine life);
- Distribution of mineralisation within the resource (selective mining vs bulk mining);
- Mining costs (dependent on strip ratio, mining method, equipment needed);
- Treatment and mineral extraction required;
- Transport and shipping costs (a function of distance and method);
- Access to transport routes (remoteness);
- Infrastructure required to develop mine (maturity of area);
- Commodity price, exchange rate and future forecast values;
- "Marketability" and demand of the mineral on world markets;
- Negative weighting factors e.g. Native Title, Environmental or Government constraints;
- Positive weighting factors e.g. cheap local labour, high mineral recovery rate, good market price; and
- Exploration and development costs or cost multiples

An illustration of how one could value any hypothetical REO deposit is tabulated below using the following assumptions:

- A resource of at least 20 years life at is validated;
- The mine life will exceed 5 years;
- Commodity prices in US$ per kilogram is maintained for the life of the mine;
- Total mining, haulage and processing costs remain static ;
- Transport from mine to port based on haul costs by road;
- Shipping or export costs of transporting concentrate or product
- Mineral treatment uses conventional methods eg: crushing, screening, separation, leaching;
- Some capital input is required for plant and infrastructure; and
- Native Title, Environmental, Sovereign and Natural Risks are low.

The basis of the assumptions is described in more detail in Section 2 (Valuation) below.

2.0 VALUATION

2.1 Valuation Methods

As identified in the Valmin Code there are several methods for valuing mineral assets e.g.:

- "Rule of Thumb" or "Yardstick" method
- Kilburn or Prospectivity rating method
- Multiples of exploration expenditure
- Discounted Cash Flow (DCF)
- Capitalisation of Earnings
- "Real Estate value" compared to a viable mine
- Joint Venture and Farm-In terms for "arm's length" transactions
- Precedents/Comparability from sales or valuations of similar assets

Geologica has chosen two methods, the **Yardstick Method** and the **Precedents/Comparability Method** as being suited to the valuation of the assets.

The **Yardstick Method** has a global application, is multi-factored and relies on a knowledge and understanding of the local geology, mineralogy and process chemistry as a guide to economic viability and thus value. This method will be used for this report.

The **Precedents or Comparability Method** is where evidence for the sale or valuation of a similar set of projects for REO are available. Although not common there is public data on some REE acquisitions and projects. Therefore due to the relevance and availability of this data this method has been applied.

The reasons why the other methods are not suitable in this case are described below:

The **Prospectivity Rating** system (similar to Kilburn's Method) is more applicable to exploration tenements and does not apply to areas where resources are defined. This system is not considered applicable here.

Likewise the method involving **Multiples of Exploration Expenditure** is not considered a viable technique for this deposit.

The **Discounted Cash Flow** is considered to be more appropriate for assessing the value of properties with known mineral reserves, mine schedules and infrastructure within a granted Mining Lease. The DCF method is considered appropriate for where mining and processing has taken place and where financial data is available. At this project there is insufficient data to support a detailed DCF analysis.

The **Capitalisation of Earnings** was not used due to lack of financial and production data.

The **Real Estate** Method of valuation is not considered to be a reliable indicator and has therefore not been used. The poor reliability of this method is due to its simple cash value approach and the difficulty of application to mining tenements as there are no set guidelines for this type of land value.

The **Joint Venture Method** is not applicable to this deposit and situation.

Geologica's general preference for this deposit is for the use of the **Precedent/Comparability Value Method** or **Yardstick Method** because other methods commonly used either have insufficient data or they are unsuitable for the project.

The early development/exploration status of the concession makes a VALMIN and JORC-compliant statement about the probable monetary worth of the deposit difficult to make. There are some methods commonly in use to estimate the value of such a property.

Each of the chosen methods is used below with discussions about the applicability of the method to the assets.

2.1.1 Method 1 – Yardstick Relative Ranking Scale

This method is based on the conservative assumption that there is at least a 10% chance of locating a small REE deposit.

The reasons for this assumption are:

- The prospectivity of the district for REE/REO deposits is well above average compared to surrounding areas. The discovery chances are therefore greater than 10%.
- Where favourable geology (known to host REE) is present in surface sampling (historical drilling at Ampasibitika had located REE mineralisation of interest) the chances of discovering a REE resource are well above average (greater than 40%).
- Adjacent to a known mineral deposit or resource and where surface sampling and occasional drill sampling results indicate a reasonable expectation of geological and mineralisation continuity, a factor of 80% can be applied.
- Where the ore has been drilled, mined, transported and exported to market and is part of a pit design or mining production schedule a value of 100% can be applied.

For total evaluation of the concession, being under exploration status, where defined reserves are absent, the importance of the mineral samples and anomalies can only be ranked on a relative scale.

A scale that Geologica has developed during the last 20 years relates to the assignment of a "mineable value" to an exploration property compared to a defined resource. This scale relates to a producing mine being an arbitrary 100% and the lowest relative indicator of mineralisation (sampled soil) being 2% on the exploration value scale. Similar scales have been, and still are used by geologists and adapted to specific locations or types of mineralisation.

Where recent mining has taken place from a Proven or Probable Reserve (or a Measured Resource) the chance of locating additional Reserves peripheral to the current Reserve is considered very high at 100%.

Where a defined resource exists it is considered that it represents a chance of discovering further resources adjacent to the area at 80% for a resource (Measured or Indicated status) or 90% for a Reserve (Probable or Proven).

For areas that are within a kilometre of defined resources or reserves, contain some drill intercepts and demonstrate a good chance of containing the same mineralisation, the chance of locating a resource is considered to be 40%.

Table 2 below illustrates the nature of this geological technique:

Table 2: Ranking of Mineral Occurrences in relation to proportion of mineable value

Magnitude of Mineral Occurrence	Proportion of Mineable value	Location
Producing REE/REO Mine	100%	
Mineral Reserve	90%	
Mineral Resource	80%	Indicated/Measured Resource areas
Mineral drill intercepts/trenches or pits	40%	Inferred Resource areas
Mineral soil/rock sample anomaly and/or geophysics structure and mapped outcrops	20%	Selected areas outside resources
Mineralised rock/soil sample anomaly clusters	15%	
Single Rock sample anomaly	10%	
Base Metal or other significant metal anomaly	10%	
Strong geochemical anomaly/geophysics signature	5%	
Weak geochemical anomaly	2%	

The intrinsic value of the mineralisation within any deposit can only be accurately quantified by completing a resource estimate to international (JORC or NI-43-101) standards and re-assessing the operating economics of mining, milling and transport for each location. Because the project has Measured as well as Indicated and Inferred Resources the valuation is given weightings accordingly at 80% for Measured and Indicated status and only 40% for Inferred status. Also the near-resource exploration is considered to be "brown-fields" rather than "greenfields" and would have at least a 20% and up to 40% chance of additional resource discovery.

For the purpose of this analysis only the volumes and tonnages of the Measured and Indicated Resource have been used and the lowest common percentile value of 80% assigned.

A valuation of exploration areas must also consider the negative factors such as:

- Possibility of finding an uneconomic grade - possible on the concession;
- Possibility of finding less tonnes of ore - possible, but unlikely; and
- Environmental/Title/Access or Regulatory delays – the concession is unlikely to face these hurdles.

Therefore for the evaluation analysis the concession is assigned conservative mine value ratings (as extrapolated from existing resource and exploration data) as follows:

Total Rare Earth Oxide classified as Indicated and Measured Resource: 197.7 Million tonnes of ore with only the 5 Critical REO elements (CREO) used (Dy, Eu, Nd, Tb, Y) at various concentrations and recoveries.

This equates to 51,986 tonnes of CREO in the TREM resource rather than the 177,000 tonnes of TREO.

The table below (Table 3) illustrates the estimation process to arrive at a metal value:

TABLE 3: CREO Values in 2014

CREO Element	$US/kg*	$US/tonne	Tonnes in resource	% recovery	T x rec x price
Dy_2O_3	320	320,000	3397	62.9	$683,748,160
Eu_2O_3	700	700,000	538	73.2	$275,671,200
Nd_2O_3	60	60,000	27006	80.6	$1,306,010,160
Tb_2O_3	590	590,000	573	68.9	$232,930,230
Y_2O_3	13	13,000	20472	59.05	$157,153,308
TOTAL			**51986**		**$2,655,513,058**

*Oct 2014 spot price

TABLE 4: Current CREO Values (July 12 2016)

CREO Element	$US/kg*	$US/tonne	Tonnes in resource	% recovery	T x rec x price
Dy_2O_3	215	215,000	3397	62.9	$459,393,295
Eu_2O_3	68	68,000	538	73.2	$26,779,488
Nd_2O_3	39.5	39,500	27006	80.6	$859,790,022
Tb_2O_3	420	420,000	573	68.9	$165,814,740
Y_2O_3	3.7	3,700	20472	59.05	$44,728,249
TOTAL			**51986**		**$1,556,505,794**

*Mid-range figure for July 12 2016 Spot (Metal-Pages.com)

NOTE the 2016 CREO price basket is approximately 41% lower than the 2014 price.

The value of mineralisation within the resource discussed above can be currently quantified as follows:

- The project has 51,986 tonnes of contained CREO metal at a value of US$1.55 billion.
- Extracting a resource of 198 million tonnes and a mining rate of 5 million tonnes per year.
- Mine life calculated from a production rate at 5 million tonnes per annum (TPA) is 40 years, or more realistically at a rate of 10 million TPA for a mine life of 20 years
- Therefore the annualised value over 20 years of the CREO content in the resource is estimated at ***US$77.8 million per year.***
- If the value of the resource is discounted against the proportional of mineable value (Table 2) then only 80% would survive optimising and mining. This calculates to a CREO extractible metal value of **US$1.24 billion** or **US$62 million per year**.

NOTE: these calculations are only intended to illustrate the method of valuation and illustrate well the effect of variations in the metal prices over time

2.1.2 Method 2 – Precedent/Comparability Value

Geologica considers that the Precedent Value method is applicable to the project because there is some public data that can be used for valuation of Rare Earth Oxide assets.
As the project resource assets are held 100% and not in joint venture the value of the asset can be directly attributed to the holding company and dilution of value will not occur.
It is a VALMIN requirement that at least two methods of valuation are used. A general comparison value can be derived by looking at other rare earth projects. Although there are no other ionic clay Rare Earth Oxide deposits outside China a few companies have hard rock deposits of the same Rare Earth Oxide minerals which offer a general comparison of value. Although not considered exactly comparable mineral processing or mining methods, these are only used as a general guide. No information on the Chinese ionic clay Rare Earth Oxide deposits is available to the public and therefore the examples tabulated below (Table 5) are the only rare earth project comparisons that can be used.

Table 5: Global Comparison of Rare Earth Oxide projects

Company	**Location**	**Deposit**	**REO Resource Indicated or Measured category**	**Attributed Post Tax NPV value**	**Value Date**	**Estimated * Current Post Tax NPV Value**
Peak Resources	Tanzania	Ngualla Hard Rock	4.29 million tonnes TREO	$1.0 Billion	2014	$0.59 Billion
Frontier Rare Earths	South Africa	Zandkopsdrift Hard Rock	739,000 tonnes TREO	$3.7 Billion	2015	$2.18 Billion
Quest Minerals	Canada	Strange Lake Hard Rock	2.88 million tonnes TREO	$1.8 Billion	2013	$1.06 Billion
Tantalum Rare Earth Malagasy (TREM)	Madagascar	Ampasindava Ionic Clay	177,000* tonnes TREO	$1.05 Billion	2013	$0.62 Billion

**Note that this figure only refers to Measured & Indicated tonnes so that it compares with other projects*

Data Sources:
Peak Resources: Proactive Investors March 19 2014;
Frontier: Frontier Corporate Presentation. January 2015;
Quest: Markedwired analysis - Quest Rare Minerals Ltd shows positive PFS results from Strange Lake B-Zone. October 23 2013;
TREM: Asian Metals Tantalus Rare Earths Ag Project Evaluation. January 2013
NOTE Market Prices in the REE oxides are at a low point compared to previous years. Whether or not this will change for the positive in the near future is difficult to predict. However most price predictions on Metal Pages.com website suggest that there is an upward trend appearing over the next year.

The Estimated Current Value* column is derived from a factor calculated from the difference in the CREO metal prices between the published date and the current date. The application of such a revision is considered appropriate due to the current state of the Rare Earths market compared to when the former valuations were completed. Although this is empirical in nature rather than a complete re-estimation of each company's NPV value as of today, it is important and relevant to any comparison on a global scale.

Examination of the 2015 Tantalus Annual Report shows that the company owned no other mineral leases in Madagascar other than those included the Ampasindava lease and as such the valuation placed on it by any acquisition or dealing is a direct measure of the value of the company's interest in the assets.

Geologica concludes from the above tabled comparisons that the Madagascar project is on a comparable footing with others and that, although the resource is smaller it shows a good return. Because the resource is near surface, easily mined and thinner than some of the other deposits, as well as containing the CREO elements, it has greater value (grade) per cubic metre of ore. The upside to convert the Inferred Mineral Resource category to Measured/Indicated is favourable and, when included, will produce a better NPV value.

Therefore using the Precedent Method a value between $0.62 Billion and $1.05 Billion (average at $0.84 Billion) is considered realistic for the project after considering the upside.

No extrapolation or depreciation/appreciation of this value due to time or due to movements in metal prices, transport costs or other variables has been made as part of this general valuation by Geologica.

3. VALUATION SUMMARY

3.1 Conclusions

The mining tenement assessed is in good standing, encloses favorable geology and shows excellent REE/REO and other mineral discovery potential.

In Geologica's opinion, exploration of the areas is likely to lead to further REE resource discovery.

Provided that the future resource tonnes and grades are validated by mining, that future mining and processing costs remain low and that the commodity prices remain stable, the deposit will continue to be of commercial value.

In this valuation report, Geologica has used two different valuation methods to assess the interests in the properties and this has provided a range of values reflecting the relative value of the assets.

The values range between $1.24 Billion and $0.84 Billion with the arithmetic average at US$1.04 Billion

This represents a wide range for value assignment. It is therefore important to compare the valuation methods and use a weighted average value derived from the weighting applied to each of the individual valuation methods. The weightings have been derived from Geologica's assessment of the applicability of each method.

3.2 Method Comparison and Preferred Valuation

According to the Valmin Code 2015 Section 8.3: *"A Valuation Report should make use of at least two Valuation Approaches. Where more than one Valuation Approach is used, the Practitioner should comment on how the results compare and on the reasons for selecting the Value adopted."*

On reviewing each method Geologica considers that the Yardstick Value Method is the most reliable and has been assigned a weighting of 60%.

The Precedent Value Method (assigned a weighting of 40%) has been given lower weighting due to the fact that it is based on industry comparisons which are hard rock market data.

The weightings above are summarised in the following table:

Method	Description	Value ($Billion)	Preferred weighting	Result ($Billion)
1	Yardstick Value	**1.24**	60%	0.744
2	Precedent Value	**0.84**	40%	0.336
		Average at equal weight= **1.04**		Average at preferred weight =**1.08**

After consideration of the weighting of the valuation methods as described above the preferred valuation figure considered fair and reasonable is **$1.08 Billion**.

This represents a reasonable value for the assets of within a standard margin of error of +/-10%.

DECLARATION

This is a true and independent record of the reviewed and verified geological data and, as such represents the status of the tenement as of July 15 2016. Any interpretations of the data are opinions of the writer and should not be construed as representing a legal opinion or the opinion of any other person.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information supplied to, or in the possession of Brian Davis, who is a Member of The Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Brian Davis is employed by Geologica Pty Ltd.

Brian Davis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' as required by the Australian Securities Exchange (ASX) Listing Rules. Brian is also considered a Practitioner or Technical Specialist under the VALMIN 2015 Code and has the experience and authority to assess or value mineral assets.

However, Brian Davis is not a specialist in Securities valuation. A Financial Services Licence is mandatory for public reporting of securities and associated corporate valuations in Australia.

Brian Davis and Geologica Pty Ltd do not take any responsibility for the accuracy or validation of the material supplied and used as a basis for this report. We also advise that all due caution must be applied when extrapolating this information for the purposes of raising funds or indicating the monetary worth of the properties described above.

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Submitted to:
Board of Directors
ISR Capital Limited

Issue Date:
July 15th, 2016

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