

ISR CAPITAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200104762G)
(the "**Company**")

SUPPLEMENTAL AGREEMENT TO THE SALE AND PURCHASE AGREEMENT DATED 9 JUNE 2016 AND THE SALE AND PURCHASE AGREEMENT DATED 30 JUNE 2016 (COLLECTIVELY, THE "SALE AND PURCHASE AGREEMENTS") IN RELATION TO THE PROPOSED ACQUISITION OF 60% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF TANTALUM HOLDING (MAURITIUS) LTD ("TANTALUM") BY ISR CAPITAL LIMITED

Unless otherwise defined, all capitalized terms used in this announcement which are not defined shall have the meanings ascribed to them in the announcements of the Company dated 10 June 2016 and 1 July 2016 (the "Announcements") in relation to the Proposed Acquisition (as defined below).

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of ISR Capital Limited (the "**Company**") refers to the announcements previously released in relation to the acquisition by the Company of all the 60% shareholding in Tantalum held by REO Magnetic Pte. Ltd. (the "**Vendor**"), for an aggregate consideration of S\$40,000,000 (the "**Original Consideration**") (the "**Proposed Acquisition**").
- 1.2 The Company had on 1 July 2016 announced that the Original Consideration will be wholly satisfied by the allotment and issue by the Company to the Vendor of such number of new ordinary shares in the share capital of the Company (the "**Consideration Shares**") at an issue price per Consideration Share of S\$0.10 ("**Original Issue Price**"), which in aggregate is equal to the Original Consideration.
- 1.3 The Board wishes to announce that the Company had on 31 July 2017 entered into a supplemental agreement (the "**Supplemental Agreement**") with the Vendor to further supplement and vary the Sale and Purchase Agreements in the manner as set out in the Supplemental Agreement.
- 1.4 Except to the extent varied or amended by the provisions of the Supplemental Agreement, the terms and conditions of the Sale and Purchase Agreements shall remain in full force and effect.

2. PRINCIPAL AMENDMENTS TO THE SALE AND PURCHASE AGREEMENTS

Purchase Consideration

- 2.1 The effect of the principal amendments made to the Sale and Purchase Agreements include that the total consideration payable for the Proposed Acquisition shall now be fully satisfied by the allotment and issue of such number of Consideration Shares at the Issue Price (as defined below) to the Vendor on Completion Date such that the Vendor shall hold such number of issued ordinary shares in the Company ("**Shares**") derived by taking 29% of the total number of Shares (including convertible securities on an as converted basis but excluding treasury shares) of the Company as at the date of the Supplemental Agreement, provided that the total number of Consideration Shares issued shall not exceed 29% of the total number of Shares in the Company as at Completion Date.
- 2.2 Based on the terms of the Supplemental Agreement, the issue price (the "**Issue Price**") shall be fixed initially at S\$0.0067¹. However, in the event that the total number of issued ordinary shares in the capital Company (excluding treasury shares) increases during the period from the date of the Supplemental Agreement up to the date preceding the date of submission by the

¹ The Issue Price is based on the weighted volume average price ("**VWAP**") of the shares of the Company traded on 28 July 2017, being the full market day preceding the date of the Supplemental Agreement.

Company of the additional listing application to the SGX-ST ("**Latest Practicable Date**"), the Issue Price shall be adjusted to be the VWAP of the Shares traded on the full market day preceding the Latest Practicable Date ("**Adjusted Issue Price**") ("**Adjustment**"), resulting in the revised consideration of the Proposed Acquisition being adjusted. In the event of an Adjustment, the total consideration payable for the Proposed Acquisition shall be fully satisfied by the allotment and issue of such number of Consideration Shares at the Adjusted Issue Price to the Vendor on Completion Date such that the Vendor shall hold such number of Shares derived by taking 29% of the total number of Shares (including convertible securities on an as converted basis but excluding treasury shares) of the Company as at the Latest Practicable Date, provided that the total number of Consideration Shares issued shall not exceed 29% of the total number of Shares in the Company as at Completion Date).

- 2.3 The Company has also undertaken that, except (i) where required by law or regulations or by a court of competent jurisdiction or by any governmental or regulatory authority or the rules of any relevant securities exchange(s) applicable to itself or (ii) in circumstances where any non-issuance of new shares in the capital of the Company would be a breach of the Company's board of directors' fiduciary duties to the Company and its shareholders or (iii) where required pursuant to the conversion of any convertible redeemable bonds issued by the Company, it shall not issue any new shares from the Latest Practicable Date until the Completion Date, save with the written consent of the Vendor (such consent not to be unreasonably withheld).
- 2.4 Accordingly, subject to the Adjustment, the total consideration for the Proposed Acquisition is equivalent to a value of S\$4,520,874 (the "**Revised Consideration**"), which shall be fully satisfied by the issue and allotment of 674,757,307 Consideration Shares² to the Vendor at the initial Issue Price of S\$0.0067 per Consideration Share. The Revised Consideration was arrived at on a willing buyer and willing seller basis, after taking into consideration the revised indicative fair value of the Project in Madagascar.

Long-Stop Date

- 2.5 Under the Supplemental Agreement, the Company and the Vendor have agreed that the long-stop date for the Proposed Acquisition shall be extended to 31 December 2017.

Moratorium

- 2.6 Under the Supplemental Agreement, the Vendor has undertaken and covenanted to provide a deed of undertaking to the Company that for a period of nine (9) months from the date of the issue of the Consideration Shares, it would not sell or transfer any of Consideration Shares without the written consent of the Company.

3. FINANCIAL EFFECTS AND RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

- 3.1 The relative figures for the Proposed Acquisition as computed using the applicable bases of comparison set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Basis	Relative Figure
(a)	Net asset value of the assets to be disposed of compared to the Group's net asset value	Not applicable to the Proposed Acquisition.

² 674,757,307 Consideration Shares represent approximately 29% of the total issued share capital of the Company (including 12,500,000 convertible securities on an as converted basis but excluding treasury shares) on the full market day preceding the date of the Supplemental Agreement.

(b)	The net profits attributable to the assets acquired compared with the Group's net asset value	Not applicable as the Target Company and the Operating Company have not commenced production and have, therefore, no profits.
(c)	The aggregate value of the consideration for the Proposed Acquisition as compared with the Company's market capitalisation as at 28 July 2017, being the market day immediately preceding the date of the Supplemental Agreement	33% based on the Revised Consideration of S\$4,520,874 compared with a market capitalisation of S\$13,885,496 as at 28 July 2017
(d)	Number of Consideration Shares to be issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities of the Company previously in issue	29% based on a total of 674,757,307 Consideration Shares to be issued, at an Issue Price of S\$0.0067 per Consideration Share.
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable to the Proposed Acquisition.

- 3.2 As the relative figures under Rule 1006(c) and Rule 1006(d) of Chapter 10 of the Listing Manual exceed 20%, the Proposed Acquisition constitutes a "Major Transaction" as defined under Rule 1010, and is subject to approval of shareholders.

4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

- 4.1 The financial effects of the Proposed Acquisition set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Company following completion of the Proposed Acquisition.
- 4.2 The financial effects of the Proposed Acquisition on (i) the consolidated net tangible assets attributable to Shareholders ("**NTA**") for each Share; and (ii) the consolidated earnings for each Share attributable to shareholders ("**EPS**") of the Company were prepared based on the audited consolidated financial statements of the Company for FY2016 and subject to the following assumptions:
- 4.2.1 the financial effects of the Proposed Acquisition on the consolidated NTA per Share were computed assuming that the Proposed Acquisition was effected on 31 December 2016;
 - 4.2.2 the financial effects of the Proposed Acquisition on the consolidated EPS of the Company were computed assuming the Proposed Acquisition was effected on 1 January 2016;
 - 4.2.3 the expenses in connection with the Proposed Acquisition have been disregarded; and
 - 4.2.4 no earnings/profits generated as the Target Company and the Operating Company have not commenced production.

- 4.3 When issued, the Consideration Shares will comprise of 674,757,307 Shares and will represent approximately 29% of all Shares as at the date of this announcement (assuming that all 12,500,000 issued convertible securities have been converted and excluding treasury shares), and approximately 23% of the enlarged issued and paid-up share capital of the Company following completion of the issuance of the Consideration Shares (assuming that none of the 12,500,000 issued convertible securities has been converted and excluding treasury shares). Following completion of the issuance of the Consideration Shares, the Company's issued and paid-up share capital will increase from 2,314,249,336 Shares as at the date of this announcement to 2,989,006,643 Shares.

4.4 **Financial effects on consolidated NTA:**

	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated NTA as at 31 December 2016 (S\$'000)	4,631	9,152
Number of Shares as at 31 December 2016 ('000)	1,564,249	2,239,006
Consolidated NTA per Share as at 31 December 2016 (cents)	0.30	0.41

4.5 **Financial effects on consolidated EPS**

	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated net earnings attributable to Shareholders for FY2016 (S\$'000)	(8,277)	(8,277)
Weighted average number of Shares for FY2016 ('000)	1,148,340	1,823,097
Consolidated EPS for FY2016 (cents)	(0.72)	(0.45)

5. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors has any interest, direct or indirect, in the Proposed Acquisition other than their respective shareholdings in the Company. However, the Company would like to inform shareholders that Mr Chen Tong, the Company's Executive Chairman (as well as with Mr Vincent Lee, the Company's Group Financial Controller) was appointed as a director of Tantalum on 12 April 2017 pursuant to one of the conditions precedent of the facility agreement dated 23 September 2016 between the Company's wholly-owned subsidiary, ISR Global Pte. Ltd. and Tantalum. To the best information, belief and knowledge of the Company and its Directors, no controlling shareholder of the Company has any interest, direct or indirect, in the Proposed Acquisition.

6. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Supplemental Agreement is available for inspection during normal business hours at the Company's registered office at 83 Clemenceau Avenue, #10-03 UE Square, Singapore 239920, for a period of three (3) months from the date of this announcement.

7. RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

By Order of the Board
ISR Capital Limited

Chen Tong
Executive Chairman

1 August 2017