10 January 2019

The Board of Directors
ISR Capital Limited
83 Clemenceau Avenue
#10-03 UE Square
Singapore 239920

Dear Sirs

ISR CAPITAL LIMITED (THE "COMPANY")
NOTICE OF COMPLIANCE (THE "NOTICE")

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1. Singapore Exchange Regulation ("SGX Regco") refers to the following announcements:-

   (i) The Company's announcement dated 31 December 2018 (Announcement Reference No.: SG181231OTHR8D2S) titled "Completion of the Proposed Acquisition";

   (ii) The Company's announcement dated 2 January 2019 (Announcement Reference No.: SG190102OTHR5C2X) titled "Response to SGX Queries";

   (iii) The Company's announcement dated 3 January 2019 (Announcement Reference No.:SG190103OTHR4ABW) titled "Transfer of Sale Shares and issue and Allotment of Consideration Shares";

   (iv) The Company's announcement dated 5 January 2019 (Announcement Reference No.: SG190105OTHRLBEU) titled "Clarification to Media Reports";

   (v) The Company's announcement dated 8 January 2019 (Announcement Reference No.: SG190108OTHRWK1H) titled "Response to SGX Queries".

2. On 31 December 2018, the Company announced that it has waived the Conditions Precedent set out in Clause 4.1.8 of the First Sale and Purchase Agreement and Clause 4.1.9 of the Second Sale and Purchase Agreement, respectively, which relates to "the Cash Flow Budget and Liquidity Plan having been agreed on by the Buyer with the Seller and/or the Target Company" (the "Waiver"). This Waiver was announced on 31 December 2018, the original Long-Stop Date. It was also announced on the same date that the Parties have further agreed to extend the Long-Stop Date to 3 January 2019.

3. On 2 January 2019, in response to the SGX Regco's queries, the Company disclosed that it is of the view that the condition relating to the Cash Flow Budget and Liquidity Plan is not a material condition precedent. The Board also disclosed that "[t]hrough its discussions with the Target Company and the Operating Company...[b]ased on preliminary estimates, it may require a further US$10 million to US$15 million to complete the pilot production, EIA study, feasibility study and project engineering design....the Target Company and the Operating Company would only be able to provide a rough estimate of the expenses, which has been estimated to be between US$10 million to US$15 million." The Board provided its "view that the Waiver is not prejudicial to the interest of the shareholders and will not have an adverse

impact on the Company and the potential development and/or operation of the commercial production of the Target Company and the mining asset, and thus shareholders' approval for the Waiver is not required."

4. After disclosure of the Waiver on 31 December 2018, the Company announced the issuance of the consideration shares resulting in the completion of the acquisition on 3 January 2019.

5. SGX Regco was concerned about whether the Waiver would have a material bearing on shareholders' decision as the Waiver was disclosed after shareholders' approval and only 2 days prior to completion.

6. On 8 January 2019, in response to the SGX Regco's queries of 3 January 2019, the Company disclosed that Cash Flow Budget and Liquidity Plan is for the purpose of determining and planning for the Operating Company's working capital requirements in the short and medium term (being no more than six (6) months)". As to how the US$10 million to US$15 million estimates is derived if the cash flow and liquidity plan has not been prepared, the Company disclosed that the US$10 million to US$15 million are only "preliminary estimates" that are based on the Company's "Chairman's experience in mine project development and through discussions with certain rare earth mine development consultancy companies". The preliminary estimate will need to be adjusted and updated over time.

7. The Cash Flow Budget and Liquidity Plan have not been prepared as the Company's position is that the Cash Flow Budget and Liquidity Plan is not material consideration to the acquisition of mining operations. As the Company's funding and financing ability has a material bearing on the Company's ability to bring the project to completion and that shareholders have approved the Proposed Acquisition on the basis that the Company will not waive material conditions as confirmed by the Board in the Company's Circular dated 15 October 2018, pursuant to Listing Rule 1405(1)(k), SGX Regco requires the Company to hold an extraordinary general meeting ("EGM") as soon as possible for shareholders to ratify the transaction. Please inform SGX Regco of the date of the EGM to be held. In the event that the transaction is not ratified, SGX Regco reserves its rights to disallow the listing of the consideration shares.

8. Pursuant to Listing Rule 1405(4), failure to comply with the requirements imposed by the SGX Regco shall be deemed to be a contravention of the Listing Rules. Upon fulfilment of the requirements imposed, please write to inform the SGX Regco.

Yours faithfully
June Sim
Senior Vice President
Head, Listing Compliance
Singapore Exchange Regulation