

Statement By Executive Chairman, Mr Chen Tong

With reference to recent corporate developments and media reports, Mr Chen Tong, the Executive Chairman of ISR Capital Limited (“ISR Capital” or “the Company”), wishes to make following statement:

Having been appointed as Executive Chairman of ISR Capital on 18 November 2016, I wish to make the following statement to emphasise my confidence in the Company’s business direction, to outline the contribution that I wish to make and to address possible misconceptions arising from recent media reports and the suspension of trading of the Company’s shares on the Singapore Exchange (“SGX”) since 27 November 2016.

As has been announced to the SGX, ISR Capital is awaiting regulatory and shareholder approvals to acquire a 60%-stake in Tantalum Holding (Mauritius) Ltd, which owns 100% of Tantalum Rare Earth Malagasy S.A.R.L (“TREM”) (collectively, “the Madagascar Asset”). The latter company holds a concession for a rare earth oxide resource in Madagascar, an island located off the south-eastern coast of Africa.

Significance of Rare Earth Oxides For High-Technology Industries Worldwide

Despite its importance as a high-value resource, there are widespread misconceptions and lack of understanding of the science and applications of rare earth materials. These scarce oxides are expected to become more prominent and more valuable in the years to come due to the development of several important high-tech applications. These include specialised magnets used for electric vehicles, which are increasingly popular, and components for aerospace or satellite components. Rare earth materials possess unique magnetic, luminescent and electrochemical properties which can make specialised high-tech metal products lighter, smaller, more durable and more energy-efficient. They are critical for the production of high-quality permanent magnets, which are found in everything from electric cars and smartphones to wind turbines; they can enable components to operate in extremely cold temperatures without the need for lubricants and are vital for satellite operations in space.

Rare Earth Industrial Landscape – Significance of China as Producer and Consumer

Currently, the People’s Republic of China (“PRC”) is one of the few nations capable of mining rare earths on an industrial scale. As it is also the world’s largest consumer of rare earths, the authorities in PRC are extremely careful to control the supply as well as to restrict the extraction technology to within the PRC. After more than 50 years of excessive mining of rare earth oxides, the PRC has in recent years cracked down on illegal domestic mining activities which damage the environment. The PRC has announced plans to limit national output to 140,000 tonnes by 2020. This limit will create a significant shortage as the demand for these materials continues to rise globally.

Relevant Information on the Madagascar Asset

The target asset is a concession spread out over 300 square kilometres on the west coast of Madagascar. By comparison to existing rare earth concessions in the PRC, the Madagascar Asset is large. Beyond the size, the special significance of the Madagascar Asset is that it is the only known ionic clay mine with rare earth potential outside of PRC. Ionic clays have the optimal environmental and geological characteristics to facilitate extraction of the rare earth elements in an efficient, economic and environmentally friendly manner. The unique nature of the deposit means that the mining process can be conducted entirely *in situ*. This will require lower costs and capital

expenditure, and will result in little to no harmful radioactive tailings as a by-product of the extraction process.

Based on the results of bulk sampling conducted in November 2016, the site is rich in the four most valuable medium and heavy magnet rare earth elements which are critical for high-tech components described above. These four rare earth elements are Praseodymium, Neodymium, Terbium and Dysprosium.

Through our representatives, the Company has been working closely with the Malagasy government to ensure the success of the project – not only to grant the necessary permits, but also to support the local community around the site.

Update on Ongoing Corporate Actions to Acquire Madagascar Asset

As part of the ongoing corporate actions to obtain the necessary approvals, the Company has commissioned reports by two independent valuers. Both reports have been publicly disclosed and place the value of the Madagascar Asset at over US\$1.0 billion.

In response to the Singapore Exchange query of 21 November 2016, I wish to announce that the Company intends to commission a third independent report by a qualified valuer to assess the value of the Madagascar Asset and to address remaining issues raised by the latest query.

Apart from seeking the necessary regulatory approvals, ISR Capital has to date raised S\$6 million from a share placement, with a second tranche of another S\$6 million to be placed out after TREM secures a pilot production permit (the “Share Placement”). Part of the net proceeds of the first placement has been used as working capital for the mine, including application for a pilot production permit and commencement of bulk sampling.

I wish to announce that ISR Capital has signed a Memorandum of Understanding (“MOU”) with China Nonferrous Metal Industry’s Foreign Engineering and Construction Co, Ltd (“NFC”). NFC is a subsidiary of China Nonferrous Metal Mining (Group) Co Ltd, a PRC state-owned enterprise, and specialises in mining nonferrous mineral resources such as zinc, copper and bauxite.

Through the MOU, NFC has declared its interest in supplying its extensive expertise and background to ISR Capital. The Company and NFC have identified several potential opportunities for closer collaboration, subject to the completion of the Company’s acquisition of the Madagascar Asset.

Personal Confidence That Madagascar Asset Will Enhance Value for ISR Capital

I have been involved in mining, metallurgy and investments for nearly 30 years. After graduating from Beijing Technological University in 1987, I completed a Master’s degree in Metallurgy from Shanghai University in 1997. In my entire working life in the metallurgy sector, I have developed a strong understanding of, and exposure to, rare earths. Before founding Newview Resources in 2009, I was managing director at a subsidiary of Bao Steel Group – the second-largest steel producer in the PRC – where I gained technical mining-related expertise. I have also cultivated strong working relationships with many Chinese and Japanese companies, including Chinalco, Minmetals, Winsway and Sumitomo. I have come to appreciate the importance of rare earth elements in metallurgy, and have gained strong knowledge of their applications. I have also developed a wide network of contacts in the metallurgy and rare earth sector in the PRC and elsewhere. I became a Singapore citizen in July 2013.

For the Share Placement described above I have personally invested S\$2 million by way of participation in the placement, and will commit a further S\$2 million for the second S\$6.0 million tranche of shares.

This, together with my decision to accept the invitation to serve as ISR Capital's Executive Chairman, underscore my confidence and personal commitment to ensure the successful corporate transformation of the Company as a leading rare earths player on the global stage. I have valuable industry knowledge and contacts which can contribute to ISR Capital's endeavours in the rare earths industry.

Subject to the necessary approvals being obtained, the Madagascar Asset will be the first and possibly only rare earth concession to be listed on the Singapore Exchange. That successful outcome will in turn spur our efforts to pursue research collaboration with the relevant institutions in Singapore engaged in the advancement of such high-technology material sciences.

Conclusion

As the newly-appointed Executive Chairman of the Company, I am aware of speculative media reports surrounding ISR Capital. Despite these reports, I have full faith that the Company practises the highest levels of corporate governance and ethics. I am completely committed to ensuring ISR Capital's successful acquisition of the Madagascar project and to enhance shareholder value through the responsible extraction of valuable rare earth oxides.

Chen Tong

Executive Chairman
ISR Capital Limited

7 December 2016