



Securities Investors Association (Singapore)

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Issuer: ISR Capital Limited

Security: ISR Capital Limited

Meeting details:

Date: 28 Jun 2019

Time: 10.00 a.m.

Venue: 51 Cuppage Road, #03-03 (Room Oasis 1 and 2), Singapore 229469

Company Description

ISR Capital Limited is a Singapore-based investment holding company. The Company operates in two segments: consultancy and investment management. The consultancy segment's services include investment advisory and consultancy services in both the resource and non-resource space. It offers consultancy services for companies seeking initial public offer (IPO)/placement deals before the actual launch of the IPO/placement efforts. The investment management segment is engaged in making direct and indirect investments in both listed and unlisted companies and projects. The investment management segment's investments include quoted and non-quoted equity or debt securities; pre-IPO shares, which include late stage pre-IPO deals and early stage pre-IPO deals, IPO placement tranche shares, and other corporate finance deals, including buyout deals and corporate restructuring deals. Its subsidiaries include Dynamic Return (Singapore) Pte Ltd and ISR Global Pte Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5EC)

Q1. Would the board/management provide shareholders with better clarity on the following operational and financial matters? Specifically:

- (i) **Development plan:** In the operations review, it was stated that the group expects to take up to 22 months to complete feasibility and engineering studies that include pilot production and onsite geological topography, as well as up to 18 months to complete and receive approval of the environmental impact assessment.

Would the board/management consider providing shareholders with greater clarity on the project management plan of the feasibility and engineering studies, including the major milestones, timeline, human resources and financial budget?

How is the group going to fund the development of the mine?

- (ii) **Ore reserves:** The estimated base case resource statement from the technical report shows the following mineral resources at Tantalus:

Tantalus Mineral Resource Summary

Category	Tonnage Mt	Thickness m	TREO ppm	TREOnoCe ppm	CREO ppm	HREO ppm	TREO Cont. Tonnes
Measured	40.1	5.4	975	660	296	187	39,100
Indicated	157.6	6.8	878	554	255	166	138,300
Meas/Ind	197.7	6.5	897	575	263	170	177,400
Inferred	430.0	5.6	894	574	247	149	384,600
Total	627.7	5.9	895	574	252	156	562,000

(Source: Company annual report)

While the mineral resource report shows the concentration or occurrence of the rare earth element, they are only potentially valuable and for which reasonable prospects exist for eventual economic extraction.

When does management think it will be able to determine the ore reserves at Tantalus? Different from mineral resources, ore/mineral reserves are valuable and legally, economically, and technically feasible to extract.

- (iii) **Strategic partners:** Given that the development of a greenfield mine carries a lot of risks, has the board/management evaluated the benefits of bringing in a strategic partner who can contribute capital and technical expertise to lower the risks of developing a greenfield rare earth mine?
- (iv) **Human capital:** Can the board help shareholders understand the level of control over the 60%-owned in Tantalum Holding (Mauritius) Ltd? What is the level of mining expertise and management bench strength in the company to effectively oversee and run the operations?

Q2. The company entered into a convertible redeemable bonds subscription agreement with Premier Equity Fund (the “Bond Subscriber”) and Value Capital Asset Management Private Limited (the “Manager”) in 2015. The total aggregate principal amount under the agreement was up to S\$35,000,000, comprising seven tranches of bonds of S\$5,000,000 each.

- (i) Can the board/management update shareholders on the status of the bond subscription agreement?** In particular, \$12 million out of the \$35 million has been issued and subscribed. **Does the company intend to issue more convertible redeemable bonds under the same term?**
- (ii) Has the board calculated the real cost of the convertible redeemable bonds given that the bonds (in tranches 1-4) convert based on a floating conversion price that is 85% of the average of volume weighted average price of any 3 consecutive days during the 30 trading days before the close of the first sub-tranche?**
- (iii) Has the board/management evaluated in greater detail the dilutive impact of the convertible redeemable bonds?**
- (iv) Has the board/management reviewed the track record of the bond subscriber and the manager?**
- (v) What are the options available to the group to raise more capital to support the development of the greenfield mine?**

Q3. On 27 October 2016, the company announced the appointment of Mr Chen Tong as a non-executive director of the board. It was stated that Mr Chen had experience developing mineral resources in Australia, Canada, Southern Africa and Southeast Asia. In the director’s profile on page 10 of the annual report, it was stated that Mr Chen Tong over 30 years of operational experience and related industry expertise.

- (i) Would Mr Chen Tong help shareholders understand the mines that he has helped develop in the past? In particular, does Mr Chen Tong have any experience developing greenfield mines and/or developing a mine in Madagascar?**

On 21 November 2016, the company further announced the appointment of Mr Chen as the executive chairman of the company. As Mr Chen has no prior experience as a director of a listed company, the company has stated that Mr Chen will attend relevant training courses following his appointment.

- (ii) Can the company let shareholders know if Mr Chen has undergone training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange since his appointment in 2016?**