



ABTERRA LTD.

(Company Registration No. 199903007C)

RESPONSE TO SGX QUERIES ON THE UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

The Board of Directors (the “**Board**”) of Abterra Ltd. (the “**Company**”) wishes to make the following clarification in response to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 18 May 2018:-

Query:

With reference to page 3 of the financial results, please elaborate on the reason(s) for:-

- (a) **A decrease in inventories from S\$21.35 million as at 31 December 2017 to S\$7.41 million as at 31 March 2018.**

Company’s Response:

The decrease in inventories was mainly due to the fact that Tianjin Belong Faith Energy Minerals Co., Ltd.’s (“**BLX**”) trading activities in 1st quarter 2018 were mainly on coal where the nature of such trade does not require BLX to maintain a certain level of inventories.

- (b) **A decrease in other receivables, deposits and prepayments from S\$86.05 million as at 31 December 2017 to S\$56.61 million as at 31 March 2018.**

Company’s Response:

The decrease in other receivables, deposits and prepayments of S\$29.44 million were mainly due to offsetting of advance payment with trade payables (incurred in 1st quarter 2018) and a refund of advance payment related to coal trading activities in BLX.

- (c) **A decrease in trade payables from S\$30.93 million as at 31 December 2017 to S\$3.15 million as at 31 March 2018.**

Company’s Response:

The decrease in trade payables of S\$27.78 million were mainly due to payments by BLX to trade creditors related to its coal trading activities. Please refer to Group Cash Flow Statement for the changes in working capital.

ABTERRA LTD.

Page 2

- (d) **A decrease in other payables and accruals from S\$32.17 million as at 31 December 2017 to S\$15.29 million as at 31 March 2018.**

Company's Response:

The decrease in other payables and accruals of S\$16.88 million were mainly due to payments made to BLX's creditors. Please refer to Group Cash Flow Statement for the changes in working capital.

BY ORDER OF THE BOARD

Cai Suirong
Director and Chief Executive Officer
22 May 2018