ABTERRA LTD.
(Company Registration No. 199903007C)

RESPONSE TO SGX QUERIES ON THE UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

The Board of Directors (the "**Board**") of Abterra Ltd. (the "**Company**") wishes to make the following clarification in response to the query raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 20 November 2017:-

Query:

With reference to the statement of financial position on page 3 of the financial statements for the third quarter ended 30 September 2017, please disclose the reason(s) for the material variances in the amounts of the following items:-

Line Item	The Group S$'000		The Company (S$'000)	
	At 30.09.2017 (unaudited)	At 31.12.2016 (audited)	At 30.09.2017 (unaudited)	At 31.12.2016 (audited)
Intangible assets	4,960	325	-	-
Inventories	18,361	-	-	-
Trade receivables	59,025	100	-	-
Trade payables	44,442	-	-	-

Our Response:

The reasons for the material variances in the amounts are due to the consolidation of the financial figures of Tianjin Belong Faith Energy Minerals Co., Ltd ("**BLX**") and the acquisition of 51% of the equity interest in BLX which was completed on 18 August 2017. Details are as follows:

	Note	The Group S$'000 At 30/9/2017	The Group S$'000 At 31/12/2016	The Company S$'000 At 30/9/2017	The Company S$'000 At 31/12/2016
Intangible assets					
Supplier contract of iron ore fines or lumps		325	325	-	-
Mining right in Australia		-	-	-	-
Goodwill on business combination	(i)	4,635	-	-	-
		4,960	325	-	-
Inventories					
China trading operations	(ii)	18,361	-	-	-
Trade receivables					
Macao trading operations		94	100	-	-
China trading operations	(iii)	58,931	-	-	-
		59,025	100	-	-
Trade payables					
China trading operations	(ii)	44,442	-	-	-

Note:

(i) Balance represented goodwill for the acquisition of Lead China Development Limited group of companies in August 2017. Lead China Development Limited owns 51% equity interest in BLX, which is primarily engaged in the business of steam coal imports for sale within the People's Republic of China. The calculation of goodwill is as follows:

		S$'000	S$'000
Cost of investment through share issuance			15,051
Less:	Net assets attributable to owners of the Company		
	Acquiree's net assets at date of acquisition	20,366	
	Non-controlling interests at date of acquisition	(9,950)	10,416
			4,635

(ii) Balances represented inventory and trade payable balances recognised by BLX, which are mainly steam coal purchases.

(iii) Balances represented trade receivable balances recognised by BLX, which are mainly steam coal sales.

BY ORDER OF THE BOARD

Cai Suirong
Director and Chief Executive Officer
22 November 2017