



ABTERRA LTD.

(Company Registration No. 199903007C)

MEMORANDUM OF UNDERSTANDING FOR PROPOSED ACQUISITION

1. INTRODUCTION

The board of directors ("**Board**") of Abterra Ltd. (the "**Company**") is pleased to announce that the Company has entered into a non-binding Memorandum of Understanding ("**MOU**") dated 13 February 2017 with Lu Du Wei (鹿笃薇) ("**LDW**"), Li Ya Nan (李雅楠) ("**LYN**") (LDW and LYN collectively referred to as the "**Vendors**"), Hou Wei Jue (侯炜珏) and Zhang Wei (张伟).

2. INFORMATION ON THE PROPOSED ACQUISITION

Tianjin Belong Faith Energy Minerals Co., Ltd (天津博朗信国际贸易有限公司) ("**BLX**") is a limited liability company established in the People's Republic of China ("**PRC**") primarily engaged in the business of coal imports for sale within the PRC.

The Company is considering a purchase of a 51% equity interest in BLX (the "**Proposed Acquisition**") after a restructuring exercise has been undertaken by the current owners.

3. PRINCIPAL TERMS OF THE MOU

The principal terms of the Proposed Acquisition as set out in the MOU are subject to the terms and conditions to be agreed and set out in a definitive sale and purchase agreement and other definitive agreements, and are not intended to be legally binding on the parties, except for certain provisions relating to, *inter alia*, exclusivity and confidentiality.

The consideration for the purchase of the 51% equity interest in BLX ("**Purchase Consideration**") will be equivalent to 51% of the value of BLX, as set out in a valuation report to be issued by an independent third party valuer acceptable to the Company.

It is intended that the Purchase Consideration will be satisfied by the Company's issuance and allotment of ordinary shares to the Vendors ("**Consideration Shares**"). The issue price for each Consideration Share shall be the amount representing a 10% discount to the volume weighted average price of the Company's shares transacted on the SGX-ST for a 30-day period prior to completion of the Proposed Acquisition.

The parties have agreed to an exclusivity period of four (4) months to negotiate and finalise the definitive agreements.

Shareholders of the Company should note that the MOU is not legally binding and there can be no assurance that the Proposed Acquisition will materialise.

4. RATIONALE FOR PROPOSED ACQUISITION

Through the Proposed Acquisition, the Company intends to enhance its trading capabilities and achieve a greater market presence, as well as to enlarge its revenue stream.

5. FURTHER UPDATES AND TRADING CAUTION

The Company will provide further updates and details on the Proposed Acquisition in subsequent announcements as appropriate when there are material developments to the Proposed Acquisition and/or disclose further details in accordance with the listing rules of the Singapore Exchange Securities Trading Limited.

In the meantime, Shareholders are advised to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests and to exercise caution when dealing with shares in the Company. In the event that Shareholders of the Company wish to deal in the shares of the Company, they are advised to seek their own professional advice and/or consult their stockbrokers.

6. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors of the Company or, to the best of the knowledge and belief of the Company, the substantial Shareholders of the Company, has any interest, direct or indirect, in the Proposed Acquisition.

BY ORDER OF THE BOARD

Lau Yu
Director and Chief Executive Officer
13 February 2017