SINO CONSTRUCTION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200613299H)

RESPONSE TO FURTHER QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON 23 JULY 2014 WITH RESPECT TO THE COMPANY'S ANNOUNCEMENT ON 22 JULY 2014 ON THE PROPOSED ACQUISITION OF 52% OF JEMS EXPLORATION PTY LTD

The Board of Directors ("**Board**") of Sino Construction Limited (the "**Company**" and together with its subsidiaries the "**Group**") would like to respond to the following further queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 23 July 2014 with respect to the Company's announcement on 22 July 2014 on the proposed acquisition of 52% of JEMS Exploration Pty Ltd. Unless otherwise defined herein, terms defined in such announcement shall have the same definitions herein.

The Company has been informed by the SGX-ST to provide the following further information in an announcement to be released via SGXNET before lifting the current trading halt on the Company's Shares on the SGX-ST.

(1) We refer to the announcement on 22 July 2014 by Sino Construction Limited (Sino Construction or the "Company") on the acquisition of 52% of JEMS Exploration Pty Ltd ("JEMS") (the "Announcement").The Exchange also notes an announcement of 14 March 2014 by MUI Corporation Limited ("MUI"), a company listed on ASX with respect to the proposed acquisition of JEMS Exploration Pty Ltd. In the announcement made by MUI on ASX, AusAsia Energy Pty Ltd ("AusAsia") owns 100% of JEMS and JEMS holds the Grey Ranges (Queensland Exploration Permit for Coal EPC 2510, 2544, 2557 and Laura Basin tenements (Queensland Exploration Permit for Coal EPCA 2755). Please provide clarification on the following matters:

(a) In the Company's Announcement, Harun Abidin and Lanesborough Investment Pte Ltd owns 47% and 53% respectively of JEMS. In turn, Lanesborough Investment Pte Ltd is owned by Boelio Muliadi. This differs from the shareholder information of JEMS disclosed by MUI. Please clarify who owns JEMS and the relationships between the Vendor (Bizcap Investments Ltd), Harun Abidin, Boelio Muliadi, Domenic Vincent Martino, MUI, AusAsia in respect of the ownership of JEMS;

As clearly stated in the Company's announcement dated 22 July 2014, as at the date of the SPA, the issued share capital of the Vendor is held by Mr Harun Abidin and Lanesborough Investment Pte Ltd in the proportion of 47% and 53% respectively. Lanesborough Investment Pte Ltd is 100% owned by Mr Boelio Muliadi.

(The Company's announcement did not state that "Harun Abidin and Lanesborough Investment Pte Ltd owns 47% and 53% respectively of JEMS".)

AusAsia and Bizcap Investments Ltd have entered into an agreement for the acquisition of 100% of JEMS Exploration Pty Ltd.

Domenic Vincent Martino is a director of AusAsia and MUI.

MUI is a lender to AusAsia and previously held an option to acquire JEMS from AusAsia.

(b) In MUI's ASX announcement on 14 March 2014, MUI disclosed that it has been granted a Call Option and AusAsia a Put Option for the disposal of 100% interest in JEMS to MUI. The expiry date of the Put and Call Options is 15 December 2014. If so, how is the Company able to make the acquisition of JEMS from Harun Abidin and Boelio Muliadi as announced;

Please refer to the Company's announcement dated 23 July 2014 entitlted "**RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON 23 JULY 2014 WITH RESPECT TO THE COMPANY'S ANNOUNCEMENT ON 22 JULY 2014 ON THE PROPOSED ACQUISITION OF 52% OF JEMS EXPLORATION PTY LTD**".

To recap, in September 2011, ASX listed MUI Corporation Limited ("**MUI**") entered into a call option deed to acquire all of the issued capital of AusAsia Energy Pty Ltd ("**AusAsia**"). AusAsia's primary asset was its wholly owned subsidiary JEMS Exploration Pty Ltd which holds the Grey Range Project. The purchase price on the exercise of this option was AUD 4,650,000 in cash and 2,175,000,000 shares in MUI valued at the time at AUD0.002 per share or AUD 4,350,000.

In August 2012, this agreement was revised to 2,475,000,000 shares in MUI. At that time, MUI had agreed to lend up to AUD2,500,000 to AusAsia for the development of the Grey Range Project.

On 14 March 2014, MUI agreed to increase the loan facility to AusAsia to AUD4 million. MUI and AusAsia also entered into a new agreement for a put and call option to acquire JEMS Exploration Pty Ltd from AusAsia for full repayment of the loan subject to a number of pre-conditions. AUD3.5 million has been advanced and MUI has been granted, inter alia, a charge over the assets of JEMS and AusAsia (which include the shares in JEMS) and a corporate guarantee of JEMS.

MUI has not completed these pre-conditions. MUI has been reviewing options to develop the coal tenements held by JEMS and, given sustained depressed market conditions for coal and their effect particularly on the junior coal sector, MUI has explored a number of alternatives to maximize the value of the call option.

MUI has now agreed binding terms with AusAsia for the repayment of MUI's loan to AusAsia, and to relinquish MUI's call option to purchase JEMS whereby AusAsia will pay MUI a non-refundable cash payment of AUD 1.2 million by 29 August 2014; and AUD4.8 million in cash by 15 December 2015. MUI will release its security upon the last of the above payments.

AusAsia and Bizcap Investments Ltd have subsequently entered into an agreement for the acquisition of 100% of JEMS Exploration Pty Ltd. The terms of such agreement, including the consideration payable, are confidential between the parties.

Nevertheless, the Company has taken its own view on the valuation of JEMS for the purposes of the Purchase Consideration.

(c) The Purchase Consideration payable by the Company amounts to USD 20 million for a 52% stake in JEMS. However, we note that in MUI's recent announcement of 14 March 2014, MUI had agreed to acquire 100% of JEMS for only for A$3.5 million. Please elaborate on the reasons and the factors taken into account by the Board for the significant difference in the consideration to be paid by the Company in the short period of time since March 2014;

Please refer to 1(b) above.

The Company understands that AusAsia had a loan of AUD3.5 million from MUI and did not have the capacity to repay it other than by granting an option to take over its asset. The option price was not based on the resources of the Grey Range Project but related to the amount of indebtedness outstanding.

(d) In MUI's announcement of 14 March 2014, MUI disclosed that it has been granted a charge over the assets of JEMS and AusAsia for loans extended by MUI. Please provide details on whether the acquisition by the Company will be encumbered in any way, whether the charge over the assets of JEMS and AusAsia has been released and if so, when was the loan from MUI to AusAsia repaid and the security over JEMS and AusAsia shares discharged. In respect of the S&P signed by the Company, whose responsibility is it to ensure that Sino Construction is buying over an asset that is not encumbered in any way?;

Please refer to 1(b) above.

In addition, the SPA specifically provides that the Sale Shares are transferred free from all and any encumbrances whatsoever.

(e) In MUI's announcement, it had extended a A$3.5 million loan to AusAsia/JEMS which would be increased to A$4 million. Please advise if this loan has been taken into account in the negative asset (Net liability) position of JEMS of A$100,421 as at 30 June 2013 as disclosed by the Company; and

The loan was made to AusAsia and not JEMS.

(f) In MUI's announcement, it was disclosed that in addition to the Grey Ranges, JEMS hold 100% of the Queensland Exploration Permit for Coal EPCA 2755 (Laura Basin). This was not mentioned by Sino Construction in its announcement. Please reconcile.

The Laura Basin tenement is unexplored and is not considered at this stage to be of any value due to the commitments required to hold them. It is likely that it will be relinquished or farmed out for minimal value prior to Completion.

(2) The Company announced that "In respect of this inferred coal resource, the Company has taken a view of a USD 0.05 valuation per Gross in Situ tonne of coal, equating to approximately USD 42,920,000". We note that the valuation of US$42.92 million refers to 100%, which exceeds the 52% stake in which the Company intends to acquire for US$20 million. The Company's valuation was also based on inferred resources of 858 million tonne. Inferred resources, unlike reserves, has not been confirmed for commercial certainty. Please advise (i) why the Company is paying for the valuation of JEMS based on inferred resources when this does not have any commercial certainty and is different from reserves which have been confirmed for economical mining; (ii) why the Company has determined that USD0.05 is an appropriate value for the valuation of inferred resources. Is this is a figure that is based on discounted cashflow and/or a standard that is normally applied by the industry for valuation of resources? and (iii) how the Company arrived at its valuation, the persons advising the Company and their track record in the mining sector.

The Company has taken a valuation approach of JEMS based on several factors, mainly location, quality, mineability, future forecasts, resource scarcity and replacement. Current exploratory drilling has removed the uncertainty of whether coal exists over the tenement areas and has allowed testing of likely coal products to be exploited over the JORC Inferred areas. The Grey Range Project's close proximity to an existing rail network (approximately 50km), falls within the standard cost allowances and capital extensions of other Queensland projects, maximised by a

cutoff depth of 250m and a probable 6/1 strip ratio. The proximity and mining factors allow a lower cost model of extraction and market serviceability. Most of the international mineral asset valuation codes set out clear approaches and methodologies for the valuation of mineral assets, with confidence in the Mineral Resource and/or Ore Reserves estimates being the primary value lever. In the Australian context, the JORC Code governs Mineral Resource and Ore Reserve classifications on the back of demonstrated confidence in the estimates achieved through the exploration process. With regard to valuation methodology, the VALMIN Code 2005 states "The Expert and Specialist must make use of valuation methods suitable for the Mineral or Petroleum Assets or Securities under consideration. Selection of an appropriate valuation method will depend on such factors as:-

(a) the nature of the Valuation;

(b) the development status of the Mineral Assets; and

(c) the extent and reliability of available information"

With an existing Independent Report compiled by Dr Brian R. Senior. B.Sc.(Hons), M.Sc., Ph.D., F.Aus.I.M.M., Geological Consultant and the principal of B.R. Senior & Associates Pty Ltd, the Company believes the Grey Range Project offers unrivalled market advantage.

Additionally, the Company's management looked at the cost models and infrastructure associated to other Queensland based thermal projects and took a very conservative approach to a fair and reasonable JORC Inferred resource valuation of Grey Range, combining all factors attributed to the project. A likely 6,000 kcal average thermal product valued at USD79 (heavily discounted), with a cash cost of USD65, would result in an EBIT profitability of USD20m (less write downs) yearly. Taking into account depressed market and future JORC valuation models associated to thermal projects at varying resource stages i.e. Indicated, Measured and then Reserves, the valuation attributed to the Grey Range Project is within market parity. Based on existing infrastructure and likely execution requirements, combined with a lower CAPEX costs (generally not associated to Australian thermal projects), a US$0.05 valuation takes into consideration the commercial uncertainty of an Inferred resource valuation with the attributes of Grey Range.

Therefore the US$20m paid for a 52% stake in JEMS provides yet a further discount on the attributed valuation of the 858 million tonnes JORC Inferred resource.

(3) For Project Grey Range, please provide the following details:

(i) The validity period of the permits;

EPC2510 valid until 18 July 2017
EPC2544 valid until 7 April 2018
EPC2557 valid until 10 July 2017

(ii) The grade/quality of the coal resources noted;

The extensive exploration drilling programs to date has consisted of seismic works and exploration boreholes. The results identified Inventory of 1,458 million tonnes of coal in the "Inferred" coal classification category. Due to some of the coal seams being thin and poorer quality coal types the total has been reduced by 40% to provide a JORC Inferred Coal Resource of 858 million tonnes.

The latest JORC compliant coal exploration drilling program was undertaken in EPCs 2510, 2544 and 2557 during the period 12 August to 20 October 2012. 51 rotary chip sampled holes were drilled to an average depth of about 120m and involved 6,224 m of drilling. In addition, three rotary wire-line core holes were drilled and 296 m of cores were recovered.

Numerous coal seams were encountered and the information was correlated with the presence of thick coal seams encountered in Toolerah Creek 1 petroleum exploration well, located about 10km to the west of the west boundary of EPC 2544. This combination provided an insight into the coal prospectivity of the Project area. This drilling project confirmed that the Winton Formation coal seams encountered in this well extend eastwards into the tenements and are broadly distributed over an area of about 700 km2 located within EPC 2544, the southern two-thirds of EPC 2510 and a small strip in the northern part of EPC 2557. Within this area, the described drilling program provided approximate coal resource data for about 160km2 or about 22% of the total area. Areas where coal was encountered were divided into nine square or rectangular blocks and average thicknesses of coal for each of these blocks were calculated.

78% of the area where coal is now evident to be present, still remains to be explored.

The results of JEMS' two exploration drilling program have surpassed expectations. Encouraged by these results, including the use of a conservative value of 1.3 as the density multiplying factor for the calculations of the coal resource; the geophysical logging of drill holes. A coal quality result which shows that analysis of the coal samples collected indicates there are three groups of low sulphur coals in the tenements:

- Group 1 - Low ash relatively high calorific coal types.
- Group 2 - High ash and having relatively high calorific value coal types.
- Group 3 - High ash and low calorific value coal types.

Groups 1 & 2 comprise coal types suitable for thermal power generation.

These results give JEMS confidence that with further resource defining, beneficiation and blending of the thermal coal on site; will produce a product at an average DAF basis > 6,000 kcal.

(iii) The Company disclosed that JEMS "proposed to mine 5 million tonnes per annum (Mtpa) of thermal coal within Exploration Permits for Coal (EPCs) 2510, 2544 and 2557". Please advise the basis for the 5 million tonnes figure and when the mining referred to is expected to commence. Has the license for mining the 5 million tonnes been obtained? If not, please disclose status of the application (where applicable);

The 5 million tonnes figure was derived through the initial studies pertaining to existing rail access, and "economies of scale" to ensure operating costs are compatible to industry standards.

JEMS anticipates that commissioning will commence in mid to late 2016 and mining to commence in late 2016 to early 2017.

The Mining Lease Application (MLA) is scheduled to be submitted in mid 2015. This is due to the final in-fill exploration drilling program having to be completed prior to submitting the MLA.

(iv) Whether there are any further cost of exploration to reach the 5 million tonnes per annual figure disclosed by the Company. If so, please quantify estimated costs and how these will be funded;

JEMS will complete the final in-fill exploration drilling program and the Environmental and Engineering Baseline Assessment. The cost is estimated at approximately USD3 million.

(v) Disclose when the proposed mining of 5 million tonnes p.a. is expected to take place;

JEMS anticipated the mining to commence in late 2016 or early 2017 and will commence in a staged approach. The run of mine (ROM) rate of extraction are 1 million tonnes in year one, 1.67 million tonnes in year two, 3.33 million tonnes in year three and 5 million tonnes in year four onwards.

(vi) Details of the key members of the team overseeing the mining operations, their expertise and track record;

Gary Williams is the Managing Director, and Tim Cameron is the CEO Mining of JEMS and will oversee all future actives associated with the development of the Grey Range Project.

The curriculum vitae and track records of Gary Williams and Tim Cameron are attached.

(vii) Plans of the Company after the exploration stage and the estimated cost that will be incurred at each stage of the plans; and

JEMS is currently in the process of commencing an additional in-fill drilling exploration program to conclude the JORC requirements (>50% of resource being identified as "indicated" or higher) in applying for the Mining Lease (ML). As stated previously, all works required to lodge the Mining Lease Application (MLA) is scheduled for completion in mid-2015. In conjunction with the works associated with lodging the MLA, the Project will complete all necessary works to allow for the lodgement of the Terms of Reference (TOR) as to initiate the EIS process.

JEMS believes that the EIS will be approved by late 2016 to allow the mine to commence construction/commissioning in late 2016 and mining activities to commence shortly thereafter in late 2016 or early 2017.

(viii) The plans how the Company intends to fund the working capital requirements for JEMS' mining activities and how JEMs would be able to obtain financing for its operations in view of its net liability (negative equity) position.

The Company does not intend to fund the working capital requirements for JEMS' mining activities. The intention is to first seek control of the resource and then work with the Vendor and JEMS to seek external partners for the funding development. This has been reflected in the payment of the balance USD10 million only upon achievement of the milestones referred to in (8) below.

(4) The Company disclosed that Dr. Brian R. Senior has in excess of 40 years of experience and knowledge in gemstone exploration and mining. Please disclose the track record of Dr. Brian R. Senior and B.R. Senior & Associates Pty Ltd. in respect of whether they have done any work for listed companies and in respect of the coal mining industry.

The selected track record of Dr. Brian R. Senior / B.R. Senior & Associates Pty Ltd. is as follows:-

- Director of Macro Corporation Ltd in June 2012 listed on the ASX. Under his direction, Macro is acquiring coal exploration and exploitation concessions in Indonesia and seeking coal related projects in Australia;

- Independent Consultant to Adavale Resources, RMG Ltd and Basinex & Deep Energy. These mineral exploration companies are actively exploring for sedimentary uranium, base metals, platinoid minerals and geothermal energy in South Australia and Queensland. These are an ongoing consulting project which in 2009 was expanded offshore with coal interests in Sumatra and Kalimantan. Recent work involved the preparation of a JORC compliant coal resource at Tapan, Sumatra;

- Independent Geological Consultant (March 2004) to Junior Mining (Operations) Pty Ltd., to prepare the JORC compliant Experts' Geological Report for public listing of Australis Mining Corporation on the ASX;

- Director, Chief Geologist and Technical Manager of Bawnduggie Coal P/L a private company two ELs covering potential IOCG deposits in the Mt Isa Inlier, western Queensland and two heavy rare earth element ELAs in the west margin of the Eromanga Basin;

- Geological Consultant and Technical Manager to Phoenix Vision Coal P/L to manage coal exploration in EL 7115, Jones Creek Coal Project, Dubbo area, NSW;

- Geological Consultant and Technical Manager to Geomex Natural Resources P/L, to manage coal exploration in the Goallah Coal Project, Thargomindah, southwest Queensland, Spicers Creek Coal Project, NSW; and

- Geological Consultant to JEMS Exploration P/L and Technical Manager to manage coal exploration at the Grey Range Coal exploration projects in southwest Queensland and southern Laura Basin, Queensland.

(5) Please provide details contained in the technical reports to substantiate the "presence of an additional, very large, inventory coal resource" as announced by the Company. To also disclose the date of the technical report referred to in the Company's announcement.

Please refer to 3(ii) above

(6) Please elaborate on the Company's role in JEMS going forward versus the Vendor's role and how the Company intends to exercise control over JEMS. Please also provide the curriculum vitae and track records of the key management/directors of JEMS including their dates of appointment.

The Company intends to work together with the Vendor as shareholders of JEMS for the development of JEMS' assets. The Company intends to exercise control over JEMS through its majority shareholdings but will not be involved in the daily operations of JEMS, which will be left to the key management/directors of JEMS i.e. Domenic Vincent Martino, Gary Williams and Tim Cameron. The curriculum vitae of Domenic Vincent Martino is set out below and the curricula vitae of Gary Williams and Tim Cameron are attached.

Domenic Vincent Martino

Domenic Martino is a Chartered Accountant and an experienced director of ASX listed companies. Previously CEO of Deloitte Touch Tohmatsu in Australia, he has significant experience in the development of "micro-cap" companies.

Mr Martino has been a key player in the re-birth of a broad grouping of ASX companies including Cokal Limited, Pan Asia Corporation Limited, Clean Global Energy Limited and NuEnergy Capital Limited and has a strong reputation in China.

Mr Martino has a lengthy track record of operating in Papua New Guinea and Indonesia, and has successfully closed key energy and resources deals with key local players. He has a proven track record in capital raisings across a range of markets.

Mr Martino was a recipient of the Centenary Medal 2003 for his service to Australian society through business and the arts.

Both Mr Martino and Mr Williams were appointed as directors of JEMS on 2 April 2013. Mr Cameron is not a director of JEMS

(7) Please provide the gearing level of the Company arising from this acquisition. We note that Company reported that its cash on hand amounted to only S$246K as at 31 March 2014. We note the Company's recent series of acquisitions of non-revenue generating mines which are paid through promissory notes. Please elaborate whether and how the Company plans to meet its payments obligations as and when they fall due.

Based on the financial statements of the Group for its financial year ended 31 December 2013, the gearing ratio of the Group arising upon Completion of the Proposed Acquisition is 2.53 times.

The Promissory Notes are convertible into new ordinary shares of the Company. Generally, depending on the cashflow position of the Company at the relevant due dates for payment, the Company may seek to issue new ordinary shares of the Company to settle the amount due under the relevant Promissory Note.

(8) It was announced that "the Company shall only be liable to make payment in respect of the principal sum of USD10,000,000 provided that, during the abovementioned period of twelve (12) months after the date of issuance of such Promissory Note(s), JEMS either:-

(a) secures funding (on terms acceptable to the Company) for the capital expenditure requirements of the Company to develop and operate the mining operations of the Grey Range Project; or

(b) procures offtake (on terms acceptable to the Company) for the thermal coal to be produced from the Grey Range Project."

(i) Please provide details on the parties expected to provide this "funding" and the amount of "funding" excluding funds from the Company; and

(ii) Please elaborate on the procurement of offtake referred to in the announcement and the expected date of this procurement.

No parties have been identified to provide the “funding” or to undertake the offtake. These are stated as milestones to be achieved before the Company is liable for the payment of the balance USD10 million.

(9) For the calculation of Rule 1006 (c), please disclose if the relative figure was based on market price of the Conversion Shares. If not, kindly disclose the relevant ratio accordingly.

Based the VWAP of S$0.2823 for trades done on the Company's shares on the SGX-ST for the full market day on 18 July 2014 (being the market day immediately preceding the date on which the SPA was signed), the relative figure for Rule 1006(c) would be as follows:-

Rule 1006	Bases	Relative Figure (%)
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares[(2)]	9.57

BY ORDER OF THE BOARD

Andy Chee / Kenneth Lim
Chairman / Executive Director
25 July 2014