ABTERRA LTD.
(Company Registration No. 199903007C)

RESPONSE TO SGX-ST QUERIES ON THE UNAUDITED FINANCIAL STATEMETNS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

The board of directors (the "**Board**") of Abterra Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to make the following clarifications in response to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 14 August 2019 in relation to the unaudited financial statements for the first quarter ended 31 March 2019 issued on 17 July 2019 (the "**Financial Statements**"). The queries from the SGX-ST and the Company's responses are as follows:

Query 1:

It is stated on page 9 of the Company's results announcement:- "Selling expenses mainly represents the staff cost, entertainment and agency expenses in relation to the sales of coke and coal during the year. Selling expense increased 18% from S$0.3 million as at 1Q2018 to S$0.4 million as at 1Q2019." Please explain the reason(s) for the 18% increase in selling expense.

Company's Response:

The Group's revenue was mainly generated by the subsidiary Tianjin Belong Faith Energy Minerals Co., Ltd (天津博朗信国际贸易有限公司) ("**BLX**"), a trading company dealing with coke and coal. The increase in selling expenses was mainly due to an increase in the agency expenses of BLX as agency sales is an important contributor to the sales of BLX. In 1Q2019, BLX obtained more agency services to address decreasing direct sales.

Query 2:

It is stated on page 9 of the Company's results announcement:- "Other operating income for 1Q 2019 increased by S$0.7 million. This was mainly due to the net exchange gain of S$0.8 million." Please explain how the net exchange gain of S$0.8 million arose.

Company's Response:

The Group carries out businesses in a global context and holds assets and liabilities in SGD, USD, CNY (Rmb), HKD and AUD. As at the end of 1Q2019, the closing balance of unrealised exchange gain added up to S$0.8 million.

Query 3:

It is stated on page 11 of the Company's results announcement:- "No dividend has been declared or recommended by the Board of Directors." Paragraph 12 of Appendix 7.2 of the SGX-ST Listing Manual on Financial Statements and Dividend Announcement states:- "If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision." As such,

please provide the reason(s) why no dividend has been declared/recommended for the current period reported on.

Company's Response:

No dividend has been recommended or declared for 1Q2019 by the Board of Directors in view of the Group's cashflow position.

Query 4:

Please disclosure the breakdown and nature of the "Other receivables, deposits and repayments" financial statement line item at the Group and Company levels.

Company's Response:
Please see the table below for the information requested:

	Group Level	Company Level
	Unaudited as at 31 March 2019	Unaudited as at 31 March 2019
	S$'000	S$'000
Deposits - Refundable from Manfu	74,825	74,825
GST receivable		
Other receivable in BLX	3,722	
Deposits - Mining Operation	324	
Deposits - Others	51	58
Prepayments - Others	14	
Due from subsidiaries/fellow subsidiaries		84,958
Due from related parties	4,537	
Dividends receivable from an associate	4,494	4,494
Less: Impairment loss	(38,940)	(57,732)
Total other receivables, deposits and prepayments	49,027	106,603

BY ORDER OF THE BOARD

Cai Suirong
Director and Chief Executive Officer
16 August 2019