



ABTERRA LTD.

(Registration No. 199903007C)

RESPONSE TO SGX QUERY

The Board wishes to make the following clarification with regard to the SGX query on the Company's SGXNet announcement made on 21 April 2009:

- (a) **With reference to your response in part (b) of your announcement dated 21 April 2009, it was disclosed that "the Directors are of the opinion that the full debt is collectible". Please provide the basis for the directors' opinion that the full debt is collectible.**

The Company has entered into a deed of agreement with the ultimate owner of the Major Customer, who has agreed to assume responsibility for the payment of the total amount due to the Company in the event of default by the Major Customer. Based on the Company's trading experience, the Company is of the opinion that the ultimate owner of the Major Customer is a well regarded company in the minerals industry in China.

- (b) **With reference to your response in part (e) of your announcement dated 21 April 2009, it was disclosed that the Major Customer's ultimate owner has RMB currency reserves that could be used to pay the RMB consideration for the acquisition of Taixing Jiaozhong and Zuoquan Xinrui. However, please clarify why the Vendor would agree to this arrangement and to assume the risk of the Major Customer's ultimate owner defaulting on the payment (given that the Major Customer already has difficulties paying its trade debts)? In addition, please clarify whether the Company has enough RMB currency reserves to pay the purchase consideration for the acquisitions on its own.**

The identity of the Major Customer's ultimate owner was made known to the Vendor who knew it is one of the leading minerals enterprises in China. Therefore, the Vendor is confident of the Major Customer's ultimate owner's ability to undertake the consideration amounts in the event of default by the Major Customer.

Upon the completion of acquiring equity interests of Taixing Jiaozhong and Zuoquan Xinrui from the Vendor, the Company will have to pay a substantial amount of cash in Chinese renminbi ("RMB") as the balance of the purchase consideration. The Company currently do not have enough RMB currency reserves to pay the purchase consideration for the acquisitions on its own. The Major Customer's ultimate owner has RMB currency reserves that could be used to pay this RMB consideration.

- (c) **With reference to your response in part (f)(iii) of your announcement dated 21 April 2009, we note that the value of the assets acquired and the source of funds for the acquisition has not been disclosed (Rule 1010(5) and (6) respectively). In addition, please provide more details on the 2 companies, Taixing Jiaozhong and Zuoquan Xinrui, including the extent of their operations, size of their iron ore and coking coal reserves, production capacity etc.**

Taixing Jiaozhong

Taixing Jiaozhong has a coal mine that is located in Shanxi Province, The People's Republic of China ("PRC") and produces high-quality coking coal. Based on an independent report that was disclosed to the Company, the total reserve of the mine is approximately 10.29 million metric tons. Its annual production capacity is currently 150,000 metric tons.

Rule 1010(5)

In reference to the audited financial statements for the year ended 31 December 2008, the net tangible asset of Taixing Jiaozhong was at RMB 81.3 million.

Rule 1010(6)

The remaining consideration due after the completion of the acquisition will be funded by the Major Customer or its ultimate owner on behalf of the Company.

Zuoquan Xinrui

Zuoquan Xinrui has two iron ore mines that is located in Shanxi Province, The People's Republic of China ("PRC"). Based on an independent report that was disclosed to the Company, the total reserve of the mine is approximately 27.86 million metric tons. Its annual production capacity is currently 400,000 metric tons.

Rule 1010(5)

In reference to the audited financial statements for the year ended 31 December 2008, the net tangible asset of Zuoquan Xinrui was at RMB 111.13 million.

Rule 1010(6)

The remaining consideration due after the completion of the acquisition will be funded by the Major Customer or its ultimate owner on behalf of the Company.

- (d) **We note from part (h) of your announcement dated 21 April 2009 that GNHK has stopped trade dealings with the Major Customer. Please clarify the reasons for the cessation.**

In order to prevent a possible conflict of interest between GNHK and the Company, GNHK stopped trade dealings with the Major Customer.

BY ORDER OF THE BOARD

Lau Yu
Director and Chief Executive Officer
27 April 2009