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Abterra successfully completed RMB 188 million acquisition of a 49% stake in PRC Coal Mine

- **Announced upgraded coal resources and reserves with significant additions of identified coal to about 50 million tons, up 389% from the previous 10.23 million tons**
- **Potential to increase annual production capacity by six-folds to 900,000 tons**
- **Acquisition further enhances the Group's capabilities along the resource supply chain**
- **Target to increase coking coal production capacity to 5 million tones in next 2 to 3 years**

Singapore and Hong Kong, 29 May 2009 – Abterra Ltd., (“Abterra”, or the “Group”), an emerging supply chain manager of resources and minerals in Asia Pacific, has today announced the successful completion of a 49% stake in the registered capital of Shanxi Tai Xing Jiao Zhong Coal Industry Company Limited (“山西泰星椒仲煤业股份有限公司” or “Tai Xing”) for RMB 188 million.

“We are delighted to complete this acquisition of a 49% stake in Tai Xing. Tai Xing complements our trading businesses in Abterra very well. We are not only able to secure a steady supply of high-quality semi-hard coking coal which sells at a premium compared to thermal coal, this acquisition also provides us with a platform to participate in the booming PRC resources industry.”

“In addition, the additional coal reserves and resources announced today also underscores the long term viability of the Jiao Zhong Coal Mine. By having a well-established, low-cost production base, we will secure our future as a significant producer of coking coal in PRC. ”

“As China seeks to balance her appetite for raw materials to feed her ambitious industrialisation plans with her need to reduce the number of coal mines to improve safety standards, the value of natural resources like coal mines will only skyrocket further.”

- Mr Lau Yu, CEO of Abterra

Tai Xing owns the Jiao Zhong Coal Mine in Shanxi Province, PRC, which produces high-quality semi-hard coking coal. Construction of the Jiao Zhong Coal Mine began in 1983, with production commencing in 1986. In 2007, the total reserve of the Jiao Zhong Coal Mine was estimated at 10.23 million tons and its annual capacity was 150,000 tons. However, following a coal exploration program from the PRC Government’s restructuring of the mining sector, significant coal reserves have been added. The current coal reserves of Tai Xing are about 50 million tons, up 389% compared to 2007. The Group plans to increase the annual production capacity from 150,000 tons to 900,000 tons.

Theoretical upside of additional reserves

		Current Price (Apr 09)				52 Week high (Aug 08)
Coking Coal	RMB/ton	1,100	1,250	1,500	1,750	2,095
	RMB'million					
Current Reserves	50 million tonnes	55,000	62,500	75,000	87,500	104,750
Previous Reserves	10.3 million tonnes	11,330	12,875	15,450	18,025	21,579
Theoretical Upside		43,670	49,625	59,550	69,475	83,171

Source: MySteel

“The successful acquisition of Tai Xing is a demonstration of the Group’s resolve in securing strategic upstream assets to enhance our capabilities along the supply chain. An approach shared by other supply chain managers such as Singapore-listed Noble Group Limited who made an AUD 447.7 million takeover offer for Gloucester Coal Ltd, giving it access to Gloucester’s 38 million tons of coal reserves.”

“Tai Xing will start to make contributions to Abterra in 2009 but we expect to reap the maximum benefits in 2011 after we finish upgrading the facilities, which will increase our processing capacity from 150,000 tons to 900,000 tons per annum.”

“Building on our successes to date, we have set ambitious targets and have the resources to deliver on those targets. Target of the Group is to continue to make strategic acquisitions of coking coal mines to grow our production capacity to 5 million tonnes per annum in the next 2-3 years.”

- Mr Lau Yu, CEO of Abterra

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About Abterra Ltd.

Abterra Ltd. is primarily engaged in the businesses of the development of mineral business in countries including Australia, India, and Indonesia, and the international trading of iron ore; the sale of Chinese steel and iron products to India and South East Asian countries; domestic PRC logistics business and the operation and development of industrial real estate; and the business of coal mining, washing and processing of coal into coke among others.

For more information, please refer to the corporate website: www.abterra.com.sg

Issued for and on behalf of Abterra Ltd.

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