



Abterra Ltd.
Co. Reg. No.199903007C
7 Temasek Boulevard
#11-05 Suntec Tower 1
Singapore 038987

MEDIA RELEASE – FOR IMMEDIATE RELEASE

Abterra strengthens iron ore supply chain with latest Indonesian acquisition

- Ready channel into resource supply chain in Indonesia and allows greater control over quality of iron ore
- To expand iron ore capacity to 250,000 MT per annum; giving a payback on investment of about 5 years
- Financing facility in place to fund operations and expansion
- Opportunity to leverage on know-how of operations team to support coal operations in Indonesia

Singapore, 31 August 2009 – Abterra Ltd., (“Abterra”, or the “Group”), an emerging supply chain manager of resources and minerals in Asia Pacific, today announced that its wholly owned subsidiary, PT Abterra Resources Indonesia (“PT Abterra”) has entered into a sales and purchase agreement (“Agreement”) to acquire an iron ore operation in Southern and South-Eastern Kalimantan for a consideration of US\$7.3 million.

Established in late 2006, the seller has two stockpiles with the necessary equipment to receive, process, test and store iron ore. There is a laboratory to test the grades of iron ore fines samples, allowing it to maintain the standard of deliverables. By maintaining a consistent and high quality standard, the seller has established long term contracts with various mine owners for the supply of iron ore. The Group is looking to build upon this foundation to expand its network of clientele in the region. The seller has shipped approximately 200,000 metric tonnes (MT) of iron ore to China.

Valuation of the iron ore operations was conducted by an independent third party, amounting to a Net Asset Value of approximately HK\$10.26 million (approximately US\$1.32 million) as at 30 June 2009.

“The deal aligns with our core strategy of building our business upon strategic acquisitions that will add value to our business and ensure a greater control over resources throughout our supply chain. This acquisition serves to accomplish our strategy on both fronts.

Firstly, it grants us a ready channel into the resources supply chain in Indonesia. We are not just acquiring an operation, but also their trading partners, logistical arrangements and operational teams, which are major stumbling blocks for many foreign-owned companies. Secondly, having our own mining operations there allows us to improve the quality of operations, in turn maximising profitability and minimising quality issues. Better quality control will reduce the chances that iron ore shipments will be rejected at the destinations, saving demurrage costs. ”

- Mr Lau Yu, CEO of Abterra



With a limited supply of raw materials available, there is always a pressing need to secure a steady supply of quality resources to fuel the growing needs of countries, like China. Acquiring an already operational iron ore business in Indonesia meets such a need and will aid in the Group’s bid to move up the iron ore supply chain. Doing away with third party suppliers allows the Group to ensure that iron ore fines maintain a consistent quality which in turn optimises prices of the raw material. The Group has the necessary funding facilities in place to support its operations and subsequent expansion plans.

“Building on the seller’s current operations set up and the funds from the finance facility, we are confident to have iron ore fines output of 250,000 MT per annum, giving us a payback period on our investment of about 5 years. In time, we also hope to leverage on the know-how of the operational team to support our coal operations in Indonesia. This should further shorten the payback period of the investment.

The investment presents us with an excellent opportunity to add iron ore operations to our portfolio of resource assets, complementing our current operations in China. Indonesia’s relative proximity to China also allows us to support the growing Chinese steel industry and to further expand our business.”

- Mr Lau Yu, CEO of Abterra

The proposed acquisition is in line with the Group’s strategic expansion plans to move upstream and to vertically integrate its resources, allowing the Group greater control over the quality of its products.

---- The End ----

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.

Contact Information

<p>Financial PR Pte Ltd. Mr Kamal Samuel/Mr Adrian Seah Investor Relations Consultants Tel: 65-6438 2990 / Fax: 65-6438 0064 Email: staff@financialpr.com.sg</p>	<p>Abterra Ltd. Mr Mahesh Mehta Executive Director Tel: (65) 6885 9800\Fax: (65) 6885 9829 Email: info@abterra.com.sg Website: www.abterra.com.sg</p>
---	---