



## **ABTERRA LTD.**

(Company Registration No. 199903007C)

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### **RESPONSE TO SGX QUERIES ON THE UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

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The Board wishes to make the following clarification with regard to the SGX queries:

a) Please provide details and clarify the reasons for the fair value gain/loss on the following:-

i) Fair value gain on financial assets at fair value through profit and loss of S\$1,596,000; and

The Company has invested in a structured deposit which is denominated in United States dollars ("USD") with an amount equivalent to S\$36 million as at 30 September 2011. As USD appreciated against Singapore dollars ("SGD") by 5.1% during the third quarter of 2011, the fair value of the financial assets has increased accordingly.

ii) Fair value loss on forward foreign exchange contract of S\$1,699,000.

The Company has invested in a forward exchange contract which sells USD, with a notional amount of S\$35 million. As mentioned above, as USD has appreciated against SGD by 5.1%, the fair value of the forward foreign exchange contract declined accordingly.

b) We note that the Company recorded a net exchange gain of S\$4,195,000 for the quarter ended 30 September 2011 as compared to a net exchange loss of S\$1,851,000 for the previous corresponding period. Please explain the reasons for the net exchange gain of S\$4,195,000 and the change from a net exchange loss position to a net exchange gain position.

The exchange gains/losses of the Company were mainly arising from its Renminbi deposit. The Company has paid deposit of RMB445 million (equivalent to S\$89.8 million as at 30 September 2011) for the proposed acquisition of 54.42% equity interest in Zuoquan Xinrui Metallurgy Mine Co. Ltd. in March and April 2011. During the second quarter of 2011, SGD appreciated against Renminbi by 1.0% and this result in exchange loss of S\$0.9 million to the Company in relation to this deposit in the second quarter of 2011.

However, in the third quarter of 2011, SGD depreciated against Renminbi by 6.3% and an exchange gain of S\$5.3 million was resulted from this deposit in the third quarter of 2011. As a result, the Company's net exchange loss position was changed to a net exchange gain position.

Issued by Abterra Ltd.

Lau Yu  
Chief Executive Officer  
18 November 2011