ABTERRA LTD.
(Registration No. 199903007C)

CLARIFICATION ON ANNOUNCEMENT MADE ON 21 APRIL 2016 IN RESPECT OF QUALIFIED OPINION BY AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Board of Directors (the "**Board**") of Abterra Ltd. (the "**Company**") wishes to make the following clarification in response to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 26 April 2016:-

Query no. 1

(a) The Board of Directors' opinion as to whether (i) the Group and the Company can continue as going concerns; and (ii) the basis of the Board of Directors' views;
(b) The Board of Directors' opinion as to whether a trading suspension is required; and
(c) The Board of Directors' confirmation on whether (i) all material disclosures have been provided for trading of the Company's securities to continue in an orderly manner; and (ii) the basis for its views.

Our Response:

(a) The Board of Directors opinion is that the Group and the Company can continue as a going concern. On a balance sheet basis, the Company's assets exceed its liabilities. On a cash flow basis, the Company will be able to pay its debts as they become due. Further, the parent company has given an undertaking to bear the debts of the Company. This is in addition to the extension of a shareholder's loan of S$190,000 by the parent company to Abterra on 21 January 2016. In addition, the Board has approved a plan for the partial divestment of the Company's investment property, which would provide the Company with cash proceeds.

(b) The Board of Directors is of the opinion that a trading suspension is not required now. The Company would like to alert the investors that the trading in the Company's securities may be suspended in the event of the Company being unable to continue as a going concern or the state of affairs is unclear.

(c) The Board of Directors has confirmed that all material disclosures have been provided for trading of the Company's securities to continue in an orderly manner. The Board has also received updates from the Management in relation to all the financial matters of the Company.

Query no. 2

It is stated in the 21 April 2016 Announcement that, "Included in other receivables of the Company and the Group as of 31 December 2015 is an amount of $43,517,000, net of accumulated impairment loss of $37,017,000 in relation to a deposit paid to a third party Shenzhen Manfu Industrial Co., Ltd ("Manfu")…"

(a) Please clarify whether the Board of Directors sought appropriate independent professional advice in determining the impairment loss; and
(b) Please clarify the methodology used in assessing the impairment loss and the carrying amount of the other receivables.

Our Response:

(a) The Board of Directors has sought appropriate independent professional advice from an independent third party valuation firm, Asset Appraisal Limited, in determining the impairment loss.

(b) As disclosed in Note 19 of our FY2014 annual report, the deposit is secured by Manfu's effective interest of 45.5% in equity shares in a company which indirectly owns a manganese mine located on Farm Buchansvale No. 61 in the Carletonville area of Gauteng, South Africa. The fair value of the security which is determined based on the valuation report performed by Asset Appraisal Limited as at 31 December 2014 was $94,410,989 (RMB436,400,000). The 45.5% effective share of the security is only $42,957,000 which is below the outstanding balance of $79,498,000 due from Manfu. Thus, the shortfall of $36,541,000 was provided as doubtful debts in FY2014. As the balances are denominated in Chinese Renminbi, there are certain foreign currency translation differences between the announced/disclosed Singapore Dollar figures for 31 December 2015 of S$37,017,000 and 31 December 2014 of S$36,541,000.

By order of the Board

Lau Yu
Director and Chief Executive Officer
27 April 2016