ABTERRA LTD.
(Registration No. 199903007C)

QUALIFIED OPINION BY AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Pursuant to Rule 704(5) of the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Board of Directors (the "**Board**") of Abterra Ltd. (the "**Company**") wishes to announce that the independent auditors of the Company, Messrs Mazars LLP, has issued a qualified opinion in the independent auditors' report in respect of the Company's audited financial statements for the financial year ended 31 December 2015 ("**Independent Auditor's Report**").

The nature and contents of the qualification and emphasis of matter are contained in the Independent Auditor's Report annexed to this announcement.

By order of the Board

Lau Yu
Director and Chief Executive Officer
21 April 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABTERRA LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Abterra Ltd (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

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"), for the proposed acquisition of the 54.42% of equity interest of Zuoquan Xinrui Metallurgy Mine Co., Limited which was subsequently terminated during the financial year ended 31 December 2013.

An agreement was subsequently entered into by and between the Company and Manfu for Manfu to refund the deposit over five instalments commencing January 2014 with the last instalment scheduled to take place in September 2015. This deposit is also secured over Manfu's interest of 65% in equity shares of General Nice (S.A.) Resources Company Limited ("GNSA") (held through Manfu's 100% interest in Full Winner Industrial Co., Ltd ("Full Winner")), which in turn owns 70% in equity interest of General Nice (S.A.) Manganese Pty Ltd ("GNSAM") which indirectly owns a manganese mine located on Farm Buchansvale No. 61 in the Carletonville area of Gauteng, South Africa (the "Pledged Shares").

After the repayment of two instalments during the financial year ended 31 December 2014, the Company and Manfu entered into another conditional sales and purchase agreement for a proposed acquisition by the Company of Manfu's 60% equity interest in Smart Harmony Investment Ltd which in turn owned a commercial property located in Beijing, Peoples Republic of China ("proposed acquisition"), in which the purchase consideration of $76,747,000 would be offset against the gross balance of deposit receivable of $80,534,000 and the remaining gross balance of the deposit receivable of $3,787,000 would be settled in cash by Manfu on completion of the proposed acquisition. As at the date of this report, the conditional sales and purchase agreement is still subject to the finalisation and acceptance from both parties on various precedent conditions and the approvals of the relevant authorities and shareholders.

The Company has on 8 April 2016, received written notice of Full Winner's shareholding in GNSA had decreased from 65% to 19.5%. Accordingly, as of 31 December 2015, the Pledged Shares could no longer serve as security for the deposit. Consequently, the only security left, if the aforementioned proposed acquisition were to take place, is the commercial property. In the absence of further information, we are unable to ascertain the appropriateness of the carrying amount of the deposit of $43,517,000 (net of impairment) owing by Manfu to the Company. Should the deposit receivable be impaired, the carrying amount of the deposit receivable would be reduced by the impairment loss, with a corresponding charge to the profit or loss during the financial year ended 31 December 2015.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraphs, the financial statements of the Group and the statements of financial position and changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Emphasis of Matter

Without further qualifying our report, we draw attention to Note 2.1 to the financial statements which describe the material uncertainty that may cast significant doubt about the Group's and Company's abilities to continue as going concerns.

Included in the Group's and the Company's net current assets of $29,667,000 and $27,682,000, respectively, as at 31 December 2015 was a deposit receivable from Manfu amounting to $43,517,000. As described earlier in the Basis for Qualified Opinion paragraphs, we are unable to obtain sufficient and appropriate evidence to ascertain the appropriateness of the carrying amount of deposit receivable. Should impairment of the deposit be found necessary, the Group's and Company's net current assets as of 31 December 2015 would be reduced by the impairment loss with a corresponding charge to the profit or loss during the financial year then ended. The Group and the Company also incurred net losses of $70,931,000 and $59,839,000 respectively, and the Group incurred operating cash outflows of $2,240,000 for the financial year ended 31 December 2015. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's abilities to continue as going concerns. The Group's and the Company's financial statements have been prepared on a going concern basis as the management is of the view that the Group and Company would be able to generate sufficient cash flows from the proceeds of their disposal of the investment property, as and when deemed necessary, to meet their liabilities as and when they fall due.

If the Group and the Company were unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as currents assets and liabilities. No such adjustments have been made to these financial statements.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

21 April 2016