



ABTERRA LTD.

(Company Registration No. 199903007C)

TERMINATION OF SALE AND PURCHASE AGREEMENT RELATING TO 54.42% EQUITY INTEREST IN ZUOQUAN XINRUI METALLURGY MINE CO., LTD – UPDATE ON REPAYMENT TERMS

INTRODUCTION

The Board of Directors (the “**Board**”) of Abterra Ltd. (the “**Company**”) refers to the announcements made by the Company on 7 April 2011, 5 April 2012, 5 October 2012, 6 July 2013, 31 December 2013 and 2 March 2014 (“**Announcements**”) in relation to the above matter. Unless otherwise stated, capitalised terms used in this announcement shall have the same meaning as ascribed to them in the Announcements.

Further to the Announcements, the Board wishes to announce that in view of the restrictions and difficulties under the laws of the Republic of South Africa in respect of obtaining a direct first ranking mortgage and/or security interest in the exploration rights of the Mine (“**Initial Security**”), as advised by the Company’s South African legal counsel, Manfu, Kaitemei, the Company, Full Winner and Full Winner Industrial Co., Limited (the “**Guarantor**”) have on 9 May 2014, entered into a settlement and supplemental deed to amend the terms of the Deed (“**Supplemental Deed**”).

TERMS OF THE SUPPLEMENTAL DEED

Due to the restrictions and difficulties under the laws of the Republic of South Africa in respect of obtaining the Initial Security, the Guarantor has, pursuant to the terms of the Supplemental Deed, agreed to, *inter alia*, provide a first-ranking mortgage and/or security interest (the “**Replacement Security**”) over its 65% shareholding interest in General Nice (S.A.) Resources Company Limited (“**GNSA**”), as replacement security for the purposes of guaranteeing Full Winner’s payment and discharge obligations in respect of the outstanding Refund Payment.

The Guarantor and the Company have, contemporaneously with the execution of the Supplemental Deed, entered into a Deed of Share Charge as the Replacement Security (the “**Share Charge**”).

There are no changes to the payment terms of the Refund Payment payable by Full Winner to the Company pursuant to the Supplemental Deed.

The Company has received the first two instalment payments of the Refund Payment in the aggregate amount of RMB122,840,000 from Full Winner in accordance with the repayment terms of the Deed.

INFORMATION ON THE GUARANTOR AND GNSA

The Guarantor is a company established under the laws of Hong Kong and is a wholly-owned subsidiary of Manfu. The Guarantor is the legal and beneficial owner of 65% of the shareholding interests in GNSA, a company incorporated in the British Virgin Islands.

GNSA in turn holds 100% of the issued share capital of General Nice Development South Africa Proprietary Limited ("**GNDSA**"), which is the owner of the piece of land on which the Mine is located (the "**Property**").

GNSA also holds 70% of the issued share capital of General Nice (SA) Manganese Proprietary Limited ("**GNSAM**"), with the remaining 30% of the issued share capital of GNSAM being held by an unrelated third party. GNSAM in turn holds 100% of the issued share capital of Distant Star, which is the holder of prospecting rights for manganese ore over the Property, issued under the laws of the Republic of South Africa (the "**Prospecting Right**").

The Company has appointed South African legal counsel to undertake legal due diligence in respect of the Prospecting Right and understands that Distant Star owns the Prospecting Right which is subject to renewal and that Distant Star has submitted the application for the renewal of the Prospecting Right to the relevant South African government body, which is pending approval. The Company has also been advised by South African legal counsel that the Prospecting Right is deemed to continue to endure while the application is pending approval.

Each of GNDSA, GNSAM and Distant Star are companies established under the laws of the Republic of South Africa.

INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors of the Company has any interest, direct or indirect, in the Supplemental Deed or the Share Charge. As far as the Directors are aware, no substantial shareholder of the Company, has any interest, direct or indirect, in the Supplemental Deed or the Share Charge and the Directors of the Company have not received any notification of any interest in the Supplemental Deed or the Share Charge from any substantial shareholder of the Company or any of their associates. As far as the Directors are aware, none of the Guarantor, GNSA, GNDSA, GNSAM and Distant Star is related to any substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lau Yu
Chief Executive Officer
9 May 2014