ABTERRA LTD.
(Registration No. 199903007C)

QUALIFIED OPINION BY AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 2016 ("**Independent Auditor's Report**").

An extract of the nature and contents of the qualification is contained in the Independent Auditor's Report annexed to this announcement. The Independent Auditor's Report will be part of the annual report of the Company for the financial year ended 31 December 2016 ("**Annual Report FY2016**"), which will be despatched to shareholders in due course.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor's Report and the Annual Report FY2016 (to be despatched) in their entirety.

By order of the Board

Lau Yu
Director and Chief Executive Officer
28 April 2017

Extract on the Report on the Audit of the Financial Statements

"Qualified Opinion

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 2016, 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 from page 36 to 93.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements 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 financial position of the Group and of the Company as at 31 December 2016 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.

Basis for Qualified Opinion

As disclosed in Note 17, included in the deposits of the Company and the Group as of 31 December 2016 is carrying amount of $41,320,000, net of accumulated impairment loss of $35,369,000, 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 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 $73,329,000 would be offset against the gross balance of deposit receivable of $76,689,000 and the remaining gross balance of the deposit receivable of $3,360,000 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 about the decrease in Full Winner's shareholding in GNSA from 65% to 19.5%, which significantly reduced the value of the Pledged Shares as collateral of the deposit owing from Manfu.

In consideration of the above factors and in the absence of further information, we are unable to ascertain the appropriateness of the carrying amount of the deposit of $41,320,000 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 2016.

Basis for Qualified Opinion (Continued)

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion. "