



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

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, 2 March 2014 and 9 May 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. The Company wishes to provide an update in relation to the Supplemental Deed.

The Replacement Security consists of a first ranking mortgage and/or security interest over 65% of the Guarantor’s shareholding interest in GNSA (“Mortgaged Shares”). According to the unaudited financial statements of GNSA and its subsidiaries (the “GNSA Group”) as at 31 December 2013, provided by the Vendors to the Company, the net asset value of the Mortgaged Shares under the Replacement Security, is higher than the amount of the Refund Payment that is currently outstanding from the Vendor to the Company, being an amount of approximately S\$75 million.”

The major assets held by the GNSA Group are (i) the Prospecting Right; (ii) lands on which the Prospecting Right is located; and (iii) lands and buildings located in Johannesburg, Gauteng Province, South Africa.

The Board had requested the Company to undertake legal due diligence in respect of the Prospecting Rights, and the Company had obtained a legal opinion from South African legal counsel in relation to, *inter alia*, the Prospecting Rights. The Board has also reviewed the consolidated unaudited financial statements of the GNSA Group for the financial year ended 31 December 2013 to ensure the adequacy of the value of the Replacement Security. The Board is satisfied with the results of the due diligence on the Prospecting Rights and the review of the consolidated unaudited financial statements of the GNSA Group for the financial year ended 31 December 2013.

BY ORDER OF THE BOARD

Lau Yu
Chief Executive Officer
22 May 2014