



ABTERRA LTD.

(Company Registration No. 199903007C)

RESTRUCTURING OF SHANXI TAI XING JIAO ZHONG COAL INDUSTRY CO., LTD

The Company refers to the announcements made on 29 May 2009 (Proposed Acquisition of 61.25% of the issued and paid up capital of Sunny Energy Limited).

The Board of Directors of Abterra Ltd. ("**Company**") wishes to update on developments relating to Shanxi Tai Xing Jiao Zhong Coal Industry Company Limited (山西泰星椒仲煤业股份有限公司) ("**Jiaozhong**").

Pursuant to a restructuring agreement ("**Restructuring Agreement**") dated 28 October 2009 signed between Yang Guangling (杨广陵) ("**Yang**") (a People's Republic of China ("**PRC**") national), Shanxi Fenxi Ruitai Coal Investment Co. Ltd. (山西汾西瑞泰煤业投资有限责任公司) ("**Shanxi Fenxi**"), and the Company's subsidiary, Shenzhen Chuangrongxin Trading Co., Ltd. (深圳市创融新贸易有限公司) ("**CRX**"), Shanxi Fenxi will acquire 51% of the registered capital of Jiaozhong (the "**Restructuring Exercise**"). Upon completion of the Restructuring Exercise, Jiaozhong will be held by Shanxi Fenxi (51%), CRX (39.2%) and Yang (9.8%). CRX is a wholly owned subsidiary of Shenzhen Manxin Trading Co., Ltd. (深圳市满鑫贸易有限公司) ("**Manxin**"), a wholly foreign owned enterprise established in the PRC. Manxin is a wholly owned subsidiary of Sunny Energy Limited in which the Company holds a 61.25% direct interest. The Restructuring Exercise is pending completion and the Company will make the necessary announcements when there are further developments relating to the Restructuring Exercise in line with the announcement made on 13 November 2009 (Response to SGX query on the unaudited financial statements and dividend announcement for the third quarter ended 30 September 2009).

Pursuant to the Restructuring Exercise, CRX's beneficial equity interest in Jiaozhong will be reduced to 39.2% from 80.0%, and the Company's effective equity interest in Jiaozhong will be reduced from 49.0% to 24.01%. The Company's shareholding interest in Sunny Energy Limited will remain unchanged at 61.25%. Sunny Energy Limited's 100% shareholding interest in Manxin will also remain unchanged. As a result of the Restructuring Exercise, Jiaozhong will cease to be a subsidiary and become an associated company of the Company in the financial year ended 31 December 2009.

In addition, Shenzhen Manfu Industrial Company Limited (深圳市满孚实业有限公司) ("**Manfu**") and the Company have signed a supplemental agreement on 26 February 2010, by which Manfu agreed to reimburse RMB40,450,000 to the Company, representing the amount of accrued liabilities outstanding to Manfu from Manxin and CRX as at completion of the Company's acquisition of Sunny Energy Limited pursuant to the sale and purchase agreement executed on 29 May 2009 between Manfu and the Company ("**Accrued Liabilities**"). Manfu and the Company agreed that the Company was not intended to assume the Accrued Liabilities pursuant to the Acquisition.

Jiaozhong holds the mining rights to a coal mine (“**Jiaozhong Coal Mine**”). The Company has been informed that as a consequence of the Restructuring Exercise, Jiaozhong will be able to increase its annual production capacity because the Shanxi provincial government has approved an increase in the annual production capacity of the Jiaozhong Coal Mine from 150,000 metric tonnes (“**MT**”) to 900,000 MT. Following completion of the Restructuring, Jiaozhong will be renamed as Shanxi Fenxi Ruitai Zhengzhong Coal Limited (山西汾西瑞泰正中煤业有限责任公司) and expects to increase its annual output from 150,000 MT to 900,000 MT by FY2011.

Issued by Abterra Ltd.

Lau Yu
Chief Executive Officer
26 February 2010

About Abterra

Abterra is an emerging player in the natural resources business with a strong foothold in China. With vertical integration as its core strategy, Abterra pursues sustainable long term growth in the Chinese and international markets.

Abterra trades coking coal, coke and iron ore in Australia, India, Indonesia and China. By acquiring upstream assets such as coking coal mines, iron ore mines, coke plants, logistic units, Abterra aims to differentiate itself by having control over the inputs in its core trading business.