



ABTERRA LTD.

(Company Registration No. 199903007C)

PROPOSED JOINT VENTURE

The Board of Directors of Abterra Ltd (“the **“Company”**”) wishes to announce that the Company has entered into a Joint Venture Agreement dated 30 March 2010 (the **“JV Agreement”**) with Shanxi Taihang Old District Investment Co., Ltd. (山西太行老区投资有限公司) (**“Taihang”**), Shanxi Dubao New Energy Group Co., Ltd. (山西都宝新能源集团有限公司) (**“Dubao”**) and Beijing Jindian Yinqiao International Investment Co. Ltd. (北京金典银桥国际投资有限公司) (**“Yinqiao”**) (collectively, the **“JV Partners”**).

Pursuant to the JV Agreement, the JV Partners will establish a joint venture company, Zhongjin Taihang Mining Industry Co., Ltd. (中晋太行矿业有限公司) (the **“JV Company”**), in the Shanxi region of the People’s Republic of China (**“PRC”**). The JV Company will have a total registered capital of RMB200 million and is proposed to be engaged in the businesses of coal mining and the washing and processing of coal into coke.

Pursuant to the JV Agreement, the Company will subscribe RMB71.6 million for an equity interest of 35.8%. The remaining 64.2% equity interest will be subscribed for by Taihang (as to 53.2%), Dubao (as to 10%) and Yinqiao (as to 1%).

The JV Company will be an associated company of the Company. The proposed subscription for the Company’s equity interest (**“Subscription”**) will be funded through internal sources of funds.

The estimated proforma financial effects of the proposed Subscription are set out below :-

(i) Net Tangible Assets

The effect of the proposed Subscription on the net tangible assets per share of the Company as at 31 December 2008 (based on the last audited financial statements of the Company) assuming that the transaction had been effected at the end of the financial period ended 31 December 2008, is as follows:

Net tangible assets per share	Per Audited Accounts for financial period ended 31 December 2008
Before proposed Subscription	3.97
After proposed Subscription	3.97

(ii) Earnings Per Share

The effect of the proposed Subscription on the earnings per share of the Company (based on the last audited financial statements of the Company) for the financial period ended 31 December 2008, assuming that the transaction had been effected at the beginning of the financial period ended 31 December 2008, is as follows:

Earnings (Loss) per share	For the financial period ended 31 December 2008
Before proposed Subscription	(0.31)
After proposed Subscription	(0.31)

The board of directors of the JV Company shall comprise 7 directors, of which 2 shall be appointed by the Company, 2 by Taihang, 1 each by Dubao and Yinqiao, and 1 independent director. Mr Ju Shifeng, the legal representative of Taihang, will be the Managing Director of the JV Company.

The Board of Directors of the Company is of the view that the proposed joint venture will be beneficial to the shareholders of the Company for the following reasons:

- (a) the industry outlook on the mining industry in the Shanxi region of the PRC is attractive and there is strong potential for growth and development for new entrants in the mining industry; and
- (b) the proposed joint venture presents an opportunity for the Company to add to its existing business activities through its interest in the JV Company, and is in line with its strategy to undertake new mining investment projects that will broaden its asset and earning bases.

Based on the abovementioned reasons, the Board of Directors of the Company is of the view that the proposed joint venture provides an excellent and timely opportunity for the Company to further its ongoing objective of expanding its current scope of business activities.

None of the Directors of the Company, nor any of their associates, has any interest, direct or indirect, in the proposed joint venture, or in Taihang, Dubao and Yinqiao. As far as the Directors are aware, no substantial shareholder of the Company, or any of their associates, has an interest, direct or indirect, in the proposed joint venture and the directors of the Company have not received any notification of any interest in the proposed joint venture from any substantial shareholder of the Company or any of their associates.

BY ORDER OF THE BOARD

Lau Yu
Director and Chief Executive Officer
30 March 2010