新礦資源有限公司
NEWTON RESOURCES LTD

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1231)

BUSINESS UPDATE ON THE YANJIAZHUANG MINE AND THE PRODUCTION PROGRESS OF GABBRO-DIABASE PRODUCTS

This announcement is made by Newton Resources Ltd (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(1) of the Rules Governing the Listing of the Securities on the Stock Exchange (the "Listing Rules").

Reference is made to (i) the announcement (the "**First Update Announcement**") of the Company dated 21 October 2011 in respect of, among others, the suspension of iron concentrate production at the Yanjiazhuang Mine, (ii) the subsequent business update as contained in the "Management Discussion and Analysis" section of the 2011 annual results announcement (the "**Annual Results Announcement**") and the "Chairman's Statement" and "Management Discussion and Analysis" sections of the 2011 annual report (the "**Annual Report**") of the Company, both dated 28 March 2012, and (iii) the announcement (the "**Profit Warning Announcement**") of the Company dated 11 June 2012 in respect of the profit warning for the six months ended 30 June 2012. Terms in this announcement shall have the same meanings as defined in the First Update Announcement, the Annual Results Announcement, the Annual Report and the Profit Warning Announcement, unless otherwise stated herein.

Construction of the New Tailings Storage Facility and Progress of Iron Concentrate Production

With the persistent efforts of the Group in pursuing the construction of the New Tailings Storage Facility, the Board wishes to announce that the construction of the New Tailings Storage Facility has been substantially completed. The Group submitted an application for trial tailings discharge with the relevant local government authority (the "**Safety Authority**") and has received a written reply in July 2012 from the Safety Authority stating, among others, that the infrastructure and the safety facility of the New Tailings Storage Facility have basically been completed. Provided that the remaining construction works are completed as scheduled, the Directors anticipate that the Group would be able to conduct trial tailings discharge and the resumption of iron concentrate production by the fourth quarter of 2012, subject to the resolution of the staff issue described below. Towards the end of the trial tailings discharge period, the Company will proceed to apply for a production safety permit for the New Tailings Storage Facility according to the relevant rules and regulations.

While preparing for the upcoming resumption of the iron concentrate production, since mid-July 2012, a number of key management staff and their subordinates at the Yanjiazhuang Mine have not turned up for work. This incident is expected to significantly disrupt the progress of restoring the mine production and adversely affect the production volume of iron concentrate of the Group for the financial year ending 31 December 2012 (the "**Financial Year 2012**"). The Group is in the process of ascertaining the reasons for such absence and is using its best endeavours to resolve the issue with the support of the local government officials as soon as practicable in order to resume the production of iron concentrate at the Yanjiazhuang Mine.

In view of the continual suspension of iron concentrate production and the impact of the above staff issue on the mine operations, the Board anticipates that the production volume of iron concentrate of the Group for the Financial Year 2012 will not reach the originally envisaged target.

Production Progress of Gabbro-Diabase Products

The Board also announces that with the continual efforts of the Group to follow up with the relevant government authority, the mining permit regarding the gabbro-diabase resources at the Yanjiazhuang Mine has been received by the Group. Such mining permit shall be valid until 26 July 2017. In addition, the site preparatory works for the related infrastructure and facilities are now in their final phases and the Board anticipates that the production of the gabbro-diabase products will be able to commence by the fourth quarter of 2012. It is not expected that the staff issue mentioned above will have any material adverse impact on the gabbro-diabase business.

The Company will further update the Shareholders and potential investors on any development of the above matters in accordance with the Listing Rules as and when appropriate.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
Newton Resources Ltd
Cheng Kar Shun
Chairman and Non-Executive Director

Hong Kong, 27 July 2012

As at the date of this announcement, the executive directors of the Company are Mr. Yao Zanxun, Ms. Yu Shuxian, Mr. Li Yuelin, Mr. Lin Zeshun and Mr. Liu Yongxin; the non-executive directors of the Company are Dr. Cheng Kar Shun, Mr. Lam Wai Hon, Patrick and Mr. Cheng Chi Ming, Brian; and the independent non-executive directors of the Company are Mr. Tsui King Fai, Mr. Lee Kwan Hung and Mr. Wu Wai Leung, Danny.