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新礦資源有限公司
NEWTON RESOURCES LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1231)

POSITIVE PROFIT ALERT

This announcement is made by Newton Resources Ltd (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Based on the preliminary review of the unaudited consolidated management accounts of the Group for the six-month period ended 30 June 2023 (the “**Current Period**”) and other information available to the Group, the board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record a net profit in the range of approximately US\$2.7 million to approximately US\$3.0 million for the Current Period, as compared to the net profit of approximately US\$0.2 million recorded for the six-month period ended 30 June 2022 (the “**Corresponding Prior Period**”).

The expected increase in the net profit of the Group for the Current Period as compared to the Corresponding Prior Period is mainly due to the significant increase in the Group’s revenue and gross profit attributable to the increase in the sales of high-grade iron ores in terms of quantity and the net gain recognised from the iron ore futures and/or swap contracts through the execution of designated hedging strategy by the Group during the Current Period.

With the stable supply of quality iron ores from the Group’s long term suppliers, the quantity of iron ores sold is expected to increase by approximately 125% for the Current Period as compared to the Corresponding Prior Period. Throughout the Current Period, the seaborne iron ore market prices continued to rally and were highly volatile, affecting the Group’s profit margin earned from the sales of iron ores that were sold under the provisional pricing arrangement during the Current Period and in the last quarter of 2022. The gradual smoothing out of the iron ore market upsurge in the second quarter of 2023 together with the execution of designated hedging strategy by the Group allowed the Group to capture the market profit potential and recognised the net gain from the iron ore futures and/or swap contracts resulting in the improvement in the Group’s gross profit and overall financial results for the Current Period.

The information contained in this announcement is only based on the preliminary assessment and estimates made by the Board with reference to the unaudited financial information of the Group for the Current Period and other information currently available to the Group and is not based on any information or figures which have been audited or reviewed by the Company's auditors and the audit committee of the Company and may be subject to possible adjustments. The Group's interim results for the Current Period may differ from the information contained in this announcement. Further details of the Group's financial results and performance for the Current Period will be disclosed in the Company's interim results announcement for the Current Period to be published in August 2023 in compliance with the Listing Rules.

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

By Order of the Board
Newton Resources Ltd
Chong Tin Lung, Benny
Chairman and Executive Director

Hong Kong, 14 August 2023

As at the date of this announcement, the executive Directors are Mr. Chong Tin Lung, Benny, and Mr. Luk Yue Kan; and the independent non-executive Directors are Mr. Tsui King Fai, Mr. Lee Kwan Hung, Eddie and Mr. Shin Yick, Fabian.