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IRC Limited 鐵江現貨有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 1029)

POSITIVE PROFIT ALERT

Thursday, 4 February 2021: This announcement is made by IRC Limited (“**IRC**” or the “**Company**”, together with its subsidiaries, the “**Group**”; Stock Code 1029) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the Group’s most recent unaudited consolidated management accounts and the information currently available to the Board and before taking into account any possible adjustments (including but not limited to provision for assets impairment losses or reversal of assets impairment losses) in connection with the finalisation of the annual results of the Group for the year ended 31 December 2020, the Group is expected to record a profit attributable to Shareholders for the twelve months ended 31 December 2020 of between approximately US\$20 million to US\$26 million (corresponding period in 2019: net loss of US\$38.7 million).

The Board considers that the expected turnaround in the Group’s financial performance is mainly due to the following factors:

- i) The successful ramping up and operation of K&S. The mine operated at a production capacity of 87% in 2020 (2019: 82%);
- ii) The selling price of K&S’s product was determined with reference to the international Platts spot price of iron ore concentrate. The average Platts spot price of 65% iron ore concentrate in 2020 was c.16% higher than that of 2019;
- iii) The operating costs of the Group are mainly denominated in Russian Roubles. The Russian Rouble depreciated during 2020 and the weakness of the Rouble has a positive impact on the profitability of the Company; and

- iv) The Group had an unamortised borrowing cost of US\$11.5 million relating to the ICBC loan which was fully written off in 2019. The Group does not expect to make a similar write off of unamortised borrowing costs for the financial year ended 31 December 2020.

The information contained in this announcement is based on the preliminary review and assessment by the Board with reference to the latest available financial and other information, and such information has not been reviewed by or discussed with the auditor of the Company. The actual financial results of the Group for the twelve months ended 31 December 2020 may be different from what is disclosed in this announcement.

Shareholders and potential investors of the Company are advised to read carefully the annual results announcement of the Company for the year ended 31 December 2020 which is expected to be published in March 2021, and the subsequent publication of the 2020 annual report of the Company.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board
IRC Limited
Yury Makarov
Chief Executive Officer

Hong Kong, People's Republic of China
Thursday, 4 February 2021

As at the date of this announcement, the Executive Director of the Company is Mr Yury Makarov. The Non-Executive Directors are Mr Peter Hambro, Mr Danila Kotlyarov, Mr Denis Alexandrov and Mr Aleksei Kharitontsev. The Independent Non-Executive Directors are Mr Daniel Bradshaw, Mr Chuang-Fei Li, Mr Jonathan Martin Smith, Mr Raymond Kar Tung Woo and Mr Martin Davison.

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