



IRC Limited

HONG KONG STOCK CODE: 1029

股份代號：1029

2022

INTERIM REPORT

中 期 報 告



* The Amur River Bridge, which will shorten the transportation distance, is expected to be operational in 2022.

ABOUT US

IRC is the largest iron ore mining operator in the Russian Far East. Our long-term relationships with customers in China and Russia, as well as our world-class operations, enable us to focus on producing high-quality iron ore concentrates.

WHY IRC

IRC stands out in the iron ore market due to its competitive advantages, namely superior geology and direct access to China, the world's largest iron ore market, through established world-class infrastructure.

2022 AND BEYOND

K&S mine, our flagship 3.2 million tonnes per annum project, produces high quality 65% iron ore concentrate and is operating at a high capacity. In the long term, we have the options to boost the Group's production capacity by adding processing equipment to K&S ("Phase II"), and also by developing other exploration projects of IRC.

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CHAIRMAN STATEMENT

Dear Shareholders and Stakeholders,

Having joined IRC Limited (“IRC” or the “Company”, together with its subsidiaries, the “Group”) in 2022, it is my great honour to present you with the interim results of the Company for the first time. I am thrilled to chair the Board of this unique iron ore mining operator which has a dedicated and talented workforce, world-class assets, well-run operations, and most importantly, a strong potential for growth and development.

During the first half of 2022, operation wise, we performed well in the face of various operating difficulties. However, over these recent months the macro-operating environment had seen a great volatility. The geopolitical tension, the weakening of the commodity market, the rising inflation, as well as the slowdown of the Chinese economy following the country’s stringent COVID-19 quarantine measures were some of the many challenges that we are facing now.

With the backdrop of a slower economy and weak commodity price environment, we are guided by the accounting rules to book an impairment losses in relation to our mining assets. The Group’s total impairment amounted to approximately US\$113 million, resulting in IRC reporting a net loss of approximately US\$78 million in the first half of 2022. However, we believe that this bottom-line figure is distorted as commodity price volatility can result in significant assets impairments and reversals from year-to-year. Should the non-cash impairment provision and other non-operating items be not taken into account, IRC would have reported an underlying profit of approximately US\$39 million for the first half of 2022. We believe this adjusted profit figure is a better reflection of the Group’s actual performance.

As we enter into the third quarter of the year, the external operating environment, which is largely out of our control, continues to worsen. The Board will take a cautious approach in managing various risks and dealing with adversities.

STABLE PRODUCTION RATE AMID OPERATING CHALLENGES

During the reporting period, K&S faced a list of operating difficulties and the railway congestion issue came at the top of the list. Iron ore railway shipments of K&S to its Chinese customers were hampered by temporary closure of the railway border crossings at Grodekovo-Suifenhe and Zabaikalsk-Manzhouli due to the implementation of additional pandemic-control measures by China. The situation was not eased by the growing east-bound transportation demand of other Russian exporters following the global geopolitical tension. In light of the shipment constraints, production at K&S had to slow down after its warehouse became full. K&S’s performance was also affected by ore quality issues.

Dealing with the above-mentioned challenges is not an easy task but I am pleased that our management team has reduced their impact to the minimum. K&S implemented a multi-channel sales strategy by expanding domestic sales, developing the Chinese seaborne markets, as well as exploring alternative shipment routes. In light of these mitigating measures, K&S managed to operate at slightly more than 80% of its production capacity and produced approximately 1.3 million tonnes of high-grade iron ore concentrate in the first half of the year. Sales volume was comparable to the production volume, as essentially all production had been sold. The production and sales numbers were in line with those of the corresponding period last year.

It is important to note that we are not aware of K&S having any fundamental operating issues or critical design faults, and are therefore confident that production and sales could be further improved if the aforesaid short-term issues are resolved.

CHAIRMAN STATEMENT (CONTINUED...)

RESPECTABLE FINANCIAL PERFORMANCE

In the first half of 2022, although K&S operated efficiently under the circumstances and successfully maintained a stable production rate, the external operating parameters, in particular the iron ore prices and the Russian inflation, were not working in our favour.

2022 has been a tumultuous year with global health, political, and economic uncertainties affecting a wide range of industries, including the iron ore market. The raging epidemic has damaged the global economy, and China, the world's largest iron ore consumer, has not been spared. Iron ore prices dropped sharply amid falling profit of Chinese steel mills and markets are concerned that the demand growth expectations associated with China's pledge to increase infrastructure investment may not materialise. As a result, the average Platts 65% iron ore index in the first half of 2022 of US\$165 per tonne was 22% lower than that of the corresponding period last year of US\$211 per tonne. Being a pure play in the iron ore business, IRC's financial performance is highly dependent on the iron ore price.

Inflation also plays an important part to IRC's profitability. Russian inflation rate increased dramatically in the first half of 2022, largely as a consequence of geopolitical issues and rising energy prices. The high Russian inflation rate of 14.2% made cost control a daunting task and negatively impacted K&S's operational cost level. Despite closer to mid-year the Consumer Price Index trend in Russia has changed to deflationary, the strong Rouble Foreign Exchange rate, driven by the positive balance of current accounts amid sharp decline in imports to Russia, is playing against us as most of the costs are Rouble denominated.

Despite the falling iron ore price and the rising inflation, IRC recorded an EBITDA of approximately US\$52 million and an underlying profit of approximately US\$39 million for the first half of 2022. We are also pleased that, as a results of stringent cash management, working capital movements and increase in payables, the Group's cash and deposits balances increased to approximately US\$77 million while net debt sharply decreased to approximately US\$26 million as at 30 June 2022. Together, these excellent figures provide us a solid balance sheet.

CHALLENGES AHEAD

The third quarter of 2022 has not started well for IRC as the market continues to turn south and throws IRC a curve ball.

Weakening of iron ore prices: The impact of COVID-19 on the China's domestic demand is the leading cause of the declining iron ore prices, resulting in the Platts 65% iron ore prices fluctuating significantly. At the time of writing this Chairman Statement, the price level is hovering at the US\$112 per tonne level, some 40% lower than that of the 2021 average price of US\$186 per tonne. Commodity prices, including iron ore, may remain weak amid a depressing global economic outlook, particularly if China remains its zero-virus policy in place. In view of the weak economy in China, our customers are also demanding for greater sales discount.

Appreciation of Russian Rouble: The Russian Rouble has had the best year-to-date performance of any currency in the world. A startling reversal in the currency occurred in the second quarter of 2022, hitting a point of Rouble 51 per US Dollar as a result of Russia's active measures to prevent the money flowing out of the country, sharp decrease in import and hence demand for the foreign currency and a sharp increase in fossil fuel prices. From IRC's perspective, however, the strengthening of the Russian Rouble has a negative impact on the Group's operating margin, given that our operating expenses are primarily denominated in Russian Roubles and our revenue is in US Dollars.

When comparing the Russian Rouble exchange rate as at 31 December 2021 of Rouble 74 per US Dollar to that of 30 June 2022 of Rouble 51 per US Dollar, the currency had appreciated by approximately 45%. The pace of the appreciation was unusual and the market generally believes that the current level is not sustainable. In August 2022, the currency lost some ground and is currently at around Rouble 60 per US Dollar. But this exchange rate is still some 23% stronger than the average rate of 2021 of around Rouble 74 per US Dollar.

CHAIRMAN STATEMENT (CONTINUED...)

Heightened inflation rate: While some analysts forecast that global inflation rate would rise to 7.5% by the end of 2022, driven by food, fuel, energy, and supply chain disruption, inflation in Russia is even more dramatic. Since the beginning of the year, Russia's inflation rate has increased significantly from a single to a double digit, from about 8% growth to 16%. As the Group's operating costs are mostly denominated in Roubles, we are inevitably affected by the strong inflation.

The swings in iron ore prices, the appreciation of the Russian Rouble, and the heightened inflation are factors in the lap of the gods. The Board of IRC will adopt a cautious approach in managing the Group's liquidity to cope with future uncertainties.

OUR OPPORTUNITIES

Wherever there is danger, there lurks opportunity; whenever there is opportunity, there lurks danger. The two are inseparable and go together. K&S's world class assets and well established infrastructure have given it a firm foundation with a variety of opportunities and development potential.

Sutara Development: K&S comprises of two main pits, Kimkan and Sutara. The Kimkan operation comprises two key ore zones – Central and West. Mining works were originally performed only at the Kimkan Central pit. As the development of the Kimkan Central pit advances, K&S has started to mine at the Kimkan West pit which has lower grades of iron ore magnetic properties than Kimkan Central. As a result, beneficiation properties of the ore blend fed to the processing plant have resulted in a lower yield of commercial concentrate from the ore than designed and is currently affecting K&S's ability to increase production capacity. The production capacity issues are expected to improve when the Sutara pit becomes operational. The Sutara pit will be the long-term solution as the geological information confirms that the ore at Sutara has higher grades of iron magnetic properties. It is expected that Sutara can provide the necessary amount of feedstock for the remaining mine life of K&S, de-risking the future of the project. We are actively preparing the Sutara deposit for operation with the aim of processing ore from Sutara by the second half of 2023.

Amur River Bridge: As mentioned earlier, K&S has been experiencing railway congestion issues for shipments to China and this is affecting both sales and production of K&S. The Amur River Bridge, being the first Russian-Chinese railway bridge over the Amur River, will be the long-term solution to this transportation problem. The bridge site is approximately 240 kilometres from the K&S mine and 180 kilometres from K&S's nearest Chinese customer. IRC as well as its customers will benefit from the project with the reduced transportation distance and shipment time. By employing this railway bridge, the transit time to customers in China will be reduced from 5-7 days to 1-3 days. Construction of the Bridge has been completed and it is expected to be commissioned later this year.

OUTLOOK AND CONCLUSION

We are cautiously optimistic about the long-term prospect of the iron ore industry, though we believe that IRC may need to endure some difficult times in the near future. To meet the challenges, we have significantly refreshed the composition of the Board to ensure we have an appropriate mix of skills, experience, and diversity to suit the evolving nature of the business and societal expectations. I have no hesitation that this new board structure will provide IRC with a fresh and exciting perspective.

Finally, on behalf of the Board, I would like to thank our shareholders for their perseverance and continuous support. Of course, I am conscious that our shareholders are keen to see their investment increase in value, and our goals are aligned. Our responsibility is to ensure that we deliver the best opportunity to accomplish this, one that gives the most potential upside from the Company's resources and balance sheet. Under the leadership of our Executive Director and Chief Executive Officer, Denis Cherednichenko, we have a competent management team in place to move the Company forward and increase the value of our shareholders. While we go through that process, we will continue to manage costs and liquidity prudently in this volatile macroeconomic environment. I look forward to updating you on the Company's progress in due course.

Nikolai Levitskii

Chairman

RESULTS OF OPERATIONS

The table below summarises the consolidated results of the Group for the six months ended 30 June 2022 and 2021:

	For the six months ended 30 June		
	2022	2021	Variance
Key Operating Data			
<i>Iron Ore Concentrate</i>			
– Production volume (tonnes)	1,258,847	1,310,718	(4.0%)
– Sales volume (tonnes)	1,277,048	1,300,045	(1.8%)
<i>Achieved Selling Price (US\$/tonne)</i>			
– based on wet metric tonne	129.7	167.0	(22.3%)
– based on dry metric tonne	138.6	180.3	(23.1%)
– based on dry metric tonne before hedging	138.6	186.3	(25.6%)
Platts 65% iron ore average price	165.0	211.1	(21.8%)
<i>Cash Cost (US\$/tonne)*</i>			
– excl. transportation to customers	48.0	42.5	12.9%
– incl. transportation to customers	78.6	65.6	19.8%
Consolidated Income Statement (US\$'000)			
Revenue before hedging losses	165,658	224,364	(26.2%)
Hedging losses	–	(7,194)	(100%)
Revenue	165,658	217,170	(23.7%)
Site operating expenses and service costs before depreciation and amortisation	(105,546)	(88,515)	19.2%
General administration expenses before depreciation and amortisation	(10,015)	(5,410)	85.1%
Other income, gains and losses, and other allowance	2,334	54	4,222.2%
EBITDA – excluding non-recurring items and foreign exchange	52,431	123,299	(57.5%)
Depreciation and amortisation	(11,312)	(11,904)	(5.0%)
Financial costs	(4,174)	(10,847)	(61.5%)
Income tax credit & non-controlling interests	2,288	307	645.3%
Underlying gains – excluding non-recurring items and foreign exchange	39,233	100,855	(61.1%)
Impairment losses	(112,987)	–	N/A
Net foreign exchange loss	(2,077)	(530)	291.9%
Other provisions	(2,054)	(2,054)	0.0%
(Loss)/profit attributable to the owners of the Company	(77,885)	98,271	(179.3%)

* Per wet metric tonne sold

RESULTS OF OPERATIONS (CONTINUED...)

THE UNDERLYING RESULTS OF THE GROUP

IRC's operating results are mainly derived from the operation of K&S. The Group manages its operations with principal reference to the underlying operating cash flows and recurring earnings. The "EBITDA" and "Underlying results", both of which exclude non-recurring items and foreign exchange, are the key performance indicators for IRC.

EBITDA – EXCLUDING NON-RECURRING ITEMS AND FOREIGN EXCHANGE

For the six months ended 30 June 2022, the Group's EBITDA, excluding non-recurring items and foreign exchange, amounted to US\$52.4 million (30 June 2021: US\$123.3 million). While sales volume in 2022 was comparable to that of 2021, the decline in EBITDA was primarily due to a combination of lower iron ore price and higher operating cost.

Iron ore prices were volatile in the first half of 2022, owing to market's concerns of the slowing global economic growth and the weak domestic demand in China. In the first half of 2022, the average price of Platts 65% iron ore index was US\$165.0 per tonne, a 21.8% decrease over the corresponding period last year.

In terms of cost, site operating expenses and service costs before depreciation and amortisation increased by 19.2% and was mainly attributable to:

- higher transport costs, due to higher costs of freight on the seaborne market, railway tariffs, and wagons use fees;
- higher mining costs, due to higher stripping ratio and third-party mining contractors' fees; and
- higher mineral extraction tax, due to changes in Russian government tax policy.

Besides, the strong Russian inflation of 14.2% in the first half of 2022 also contributed to the cost increase.

The weak iron ore price environment, coupled with the higher operating cost, resulted in a decrease in EBITDA to US\$52.4 million.

For the six months ended 30 June			
US\$'000	2022	2021	Variance
EBITDA – excluding non-recurring items and foreign exchange	52,431	123,299	(57.5%)

RESULTS OF OPERATIONS (CONTINUED...)

Underlying gains – excluding non-recurring items and foreign exchange

The Group's income statement sometimes includes certain material non-recurring and non-operating items which should be considered separately. In the first half of 2022, these items are:

- impairment losses related to the K&S mine and other assets of US\$113.0 million following the weaker Platts price of 65% iron ore concentrate as at 30 June 2022 (as compared to that as at 31 December 2021), changes in discount rate, inflation rate and forecast foreign exchange rates, as well as adjustments to the K&S's long-term mining and production plans. No such impairment provision or reversal was made in 2021;
- a non-cash net foreign exchange loss of US\$2.1 million (30 June 2021: US\$0.5 million), primarily due to Russian Rouble exchange rate movements; and
- a non-cash provision of US\$2.1 million (30 June 2021: US\$2.1 million) being made for expenses related to deferred contract payments. The Group has initiated legal proceedings against the said contract counter-party, and IRC believes that these expenses will not be payable. However, to be prudent and to comply with the accounting requirements, this provision has been made.

While the Group reports a loss of US\$77.9 million for the first half of 2022, this figure is distorted due to the aforesaid non-recurring items and foreign exchange. By excluding these items, the Group reports an underlying gain of US\$39.2 million which is a better reflection of IRC's underlying performance:

US\$'000	For the six months ended 30 June		
	2022	2021	Variance
Underlying gains – excluding non-recurring items and foreign exchange	39,233	100,855	(61.1%)

REVENUE**Iron ore concentrate**

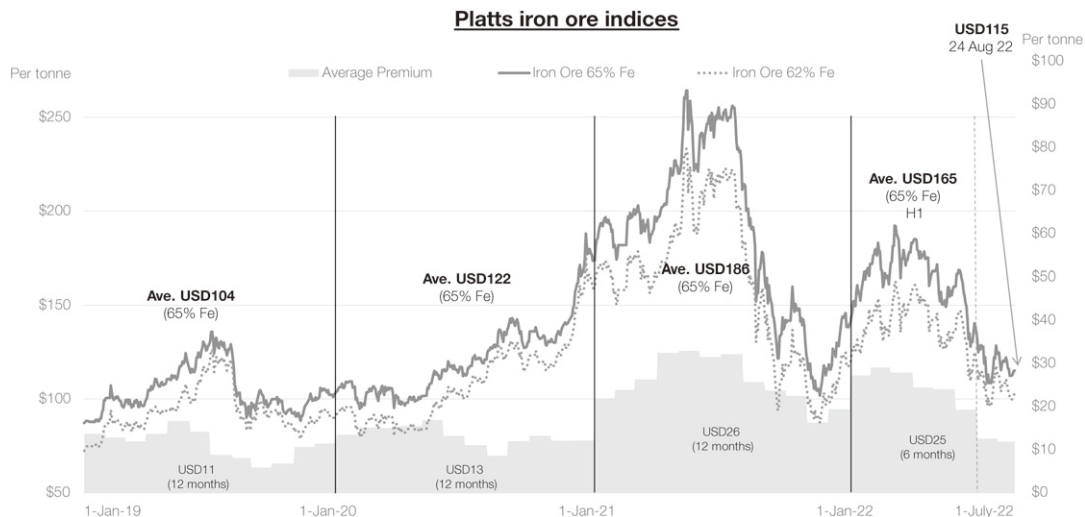
Although the sales volume in the first six months of 2022 was comparable to that of the corresponding period in 2021, the weaker iron ore price resulted in the revenue of IRC decreasing by 23.7% to US\$165.7 million.

The main revenue source of IRC comes from the sales of 65% iron ore concentrate produced at the K&S mine. Early in the reporting period, Russian cross-border railway congestion was a major bottleneck for K&S but by taking advantage of the alleviation of the congestion towards the end of the reporting period, expanding sales to the local Russian customers, as well as exploring the Chinese seaborne markets, K&S managed to sell 1,277,048 tonnes of iron ore concentrate, a volume which is comparable to that of the same period last year.

The railway congestion issues not only affected sales but also production. During the reporting period, production pace was curtailed by the congestion and needed to slow down due to insufficient warehouse space. Nevertheless, K&S managed to produce 1,258,847 tonnes of iron ore concentrate, representing 80.5% of the designed production capacity.

RESULTS OF OPERATIONS (CONTINUED...)

K&S’s iron ore concentrate is priced with reference to the international spot price of Platts iron ore benchmark index. As mentioned earlier, iron ore prices softened in the first half of 2022. The chart below shows the movements of the Platts 65% Fe index from 2019:



Source: Platts (as of 24 August 2022)

IRC uses iron ore hedging to manage the downside risks associated with iron ore price movements. For the first six months of 2022, IRC used put options to manage the risk of declining iron ore prices. As the market iron ore price had been higher than the exercise price of IRC’s put option, there were no hedging gains or losses in 2022. The Group had no outstanding iron ore hedging position as of 30 June 2022.

Although K&S is strategically located at the doorstep of its Chinese market, most of the major Chinese steel mills nearby are owned or controlled by the same corporate organisation. This means that in the north-eastern part of China, IRC is operating in a semi-captive market where low transportation costs play an important positive role on the delivery cost of its product, but IRC’s bargaining power in price negotiations is also compromised. As a result, IRC’s Chinese customers expect a discount to the benchmark Platts price, and IRC has relatively little power to resist these monopolistic requests. IRC understands that this has been the case for other Russian producers as well, with discounts being commonly offered to customers in the region. For this reason, sales have also been made by K&S to customers in Russia, but this market is not without challenge after the significant reduction in the domestic prices following steel products export decline due to sanctions. In light of the situation, K&S continued to deliver shipments to the Chinese seaborne customers and is also using the alternate transportation routes to China via another border crossing. K&S will continue monitoring the situation and adjusting its sales and marketing strategy accordingly.

Engineering Services

Revenue from Giproruda, the Group’s small-scale engineering services division, was not material but diversified the Group’s revenue. Revenue from this segment was US\$48,000 in the first half of the year (30 June 2021: US\$100,000).

RESULTS OF OPERATIONS (CONTINUED...)

SITE OPERATING EXPENSES AND SERVICE COSTS BEFORE DEPRECIATION AND AMORTISATION

The mining and operating expenses incurred by the Group's sole operating mine, the K&S project, are primarily reflected in the site operating expenses and service costs.

The table below illustrates the details of the key cash cost components per wet metric tonne of iron ore concentrate sold:

	For the six months ended 30 June	
	2022 Cash cost per tonne US\$/t	2021 Cash cost per tonne US\$/t
Mining	23.1	19.8
Processing and drying	12.8	11.5
Production overheads, site administration and related costs	10.0	10.0
Mineral extraction tax	3.4	1.7
Movements in inventories and finished goods	0.2	(0.5)
Currency hedge results	(1.5)	(0.0)
Net cash cost before transportation to customers	48.0	42.5
Transportation to customers	30.6	23.1
Net cash cost	78.6	65.6

The increase in net cash cost before transportation to customers is mainly due to the higher mining cost following increases in third-party mining rates and stripping ratios, as well as the higher mineral extraction tax as the government had introduced a new tax calculation methodology. Besides, the high Russian inflation rate of 14.2% in the first six months of 2022 also played a part in the cost increase.

As mentioned above, as K&S increased its seaborne sales, the transportation costs also increased accordingly. That said, it is worth noting that the achieved selling prices of seaborne sales are generally higher than those via the railway route, offsetting part of the higher transportation costs.

IRC's operating cost is highly dependent on the strength of the Russian Rouble, as the Group's costs are mainly denominated in Roubles but reported in US Dollar. The Rouble was extremely volatile in the first half of 2022. Initially, the currency depreciated to the level of RUB120 to the US Dollar but it then strengthened drastically towards the latter part of the reporting period. On average, the currency remained relatively weak in the first half of 2022 with an average exchange rate of around RUB76 per US Dollar. However, the currency strengthened to a level of RUB60 per US Dollar in August 2022, posing a significant challenge to IRC's cost management.

RESULTS OF OPERATIONS (CONTINUED...)

The chart below illustrates the movements of the Rouble exchange rate since January 2021:



Source: Bank of Russia (as of 24 August 2022)

GENERAL ADMINISTRATION EXPENSES BEFORE DEPRECIATION AND AMORTISATION

General administration expenses before depreciation and amortisation increased by 85.1% when compared to the same period last year. The significant increase is mostly due to the one-off discretionary bonuses for the executives and management staffs, additional payments to directors in light of additional time commitments and workload, and payment in lieu of notice for departing directors.

OTHER INCOME, GAINS AND LOSSES, AND OTHER ALLOWANCE

Other income, gains and losses, and other allowance mainly consist of rental income from sub-letting part of the floor space of buildings owned by the Group and sub-leasing machineries and wagons, net of the cost of acquiring put options for iron ore hedging purposes. As no new hedging transaction had been entered into in the first half of 2022 which saved the acquisition costs of put options, net other income was higher than that of the corresponding period in 2021.

DEPRECIATION AND AMORTISATION

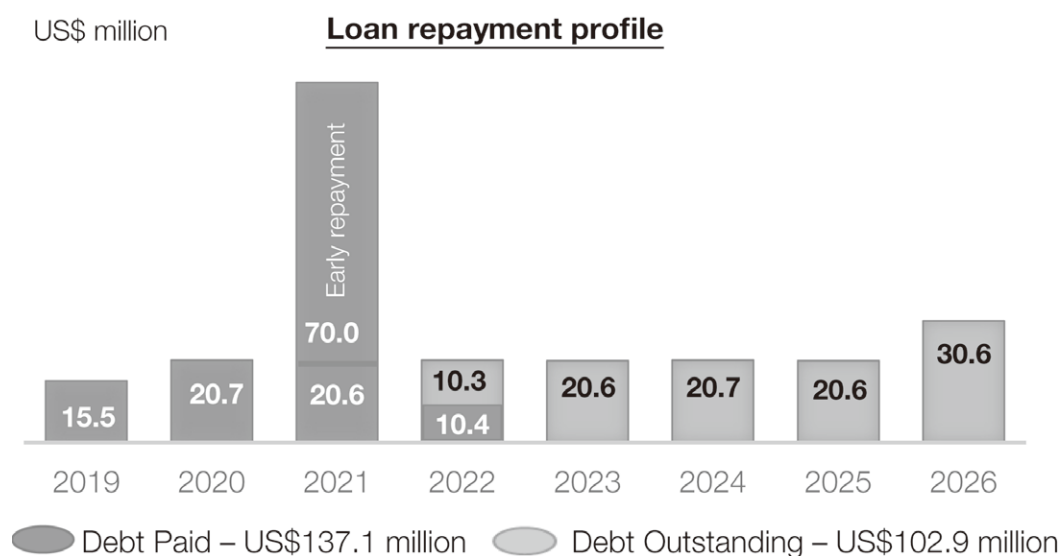
Depreciation and amortisation charges of US\$11.3 million in the first half of 2022 was in line with that of the same period in the previous year (30 June 2021: US\$11.9 million).

RESULTS OF OPERATIONS (CONTINUED...)

FINANCIAL COSTS

Financial costs principally reflect the interest expenses incurred by K&S on the loan facilities from Gazprombank, which was subsequently assigned to MIC invest Limited Liability Company in the first quarter of 2022. Financial costs decreased by 61.5% to US\$4.2 million in the first half of 2022, primarily as a result of the lower loan balances following voluntary early principal repayment of US\$70 million in 2021.

The chart below summarises the loan repayment profile of IRC:



Source: IRC Limited (as of 24 August 2022)

INCOME TAX CREDIT AND NON-CONTROLLING INTERESTS

The income tax credit of US\$2.2 million (30 June 2021: US\$0.3 million) mainly reflects the deferred tax movements which are non-cash in nature.

IMPAIRMENT LOSSES

Assets impairment provision of US\$113 million mainly represents an impairment made against the carrying value of the K&S mine, following the weaker Platts price of 65% iron ore concentrate as at 30 June 2022 (as compared to that as at 31 December 2021), changes in discount rate, inflation rate and the forecast foreign exchange rates, as well as adjustments to the K&S's long-term mining and production plans in the impairment assessment model. Impairment provision is non-cash and non-recurring in nature. No impairment or reversal of impairment was made during the first half of 2021.

NET FOREIGN EXCHANGE LOSS

The foreign exchange loss of US\$2.1 million in the first half of 2022 was mainly due to the movements in exchange rate of Russian Rouble.

(LOSS)/PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The Group reported a loss of US\$77.9 million for the first half of 2022 (30 June 2021: profit of US\$98.3 million), mainly due to the recognition of the impairment losses of US\$113.0 million against the carrying value of K&S.

RESULTS OF OPERATIONS (CONTINUED...)

SEGMENT INFORMATION

The mines in production segment represents the K&S mine's production and sales. This segment made a profit of US\$49.4 million for the first six months of the year, after considering the depreciation and amortisation costs. Mines in development, engineering and other segments were not material to the total revenue, and the reporting period saw a total loss of US\$0.5 million.

CASH FLOW STATEMENT

The following table summarises key cash flow items of the Group for the six months ended 30 June 2022 and 30 June 2021:

US\$'000	For the six months ended 30 June	
	2022	2021
Operating cash flows before movements in working capital	54,547	125,068
Increase in inventories	(387)	(4,876)
Increase in trade and other receivables	(13,874)	(36,749)
Increase in trade and other payables	7,620	2,907
Net cash generated from operations	47,906	86,350
Repayment of borrowings	(10,323)	(10,329)
Capital expenditure	(5,458)	(5,814)
Interest expenses paid	(3,556)	(6,733)
Loan guarantee fees paid	(2,883)	(13,810)
Repayment of lease liabilities	(1,961)	(1,813)
Income tax paid, interest received, and other adjustments, net	1,045	(1,203)
Net movement during the period	24,770	46,648
Cash and bank balances (including time deposits)		
– At 1 January	52,129	20,371
– At 30 June	76,899	67,019

Net cash generated from operations for the six months ended 30 June 2022 reduced to US\$47.9 million following a weaker iron ore price environment and a higher cost level in 2022. The K&S mine's diminishing revenue resulted in lower cash flow generated from operating activities, but the effect had been partially offset by stringent cash management measures and increases in payables as at 30 June 2022. Due to the lower loan balance following the early loan principal repayment in 2021, interest payments reduced significantly from US\$6.7 million to US\$3.6 million. The capital expenditure of US\$5.5 million was incurred mainly by the K&S mine for the development of the Sutara project and maintenance of the K&S mine. During the first half of 2022, the Group made principal repayment on the loan facilities totalling US\$10.3 million, and fully settled guarantee fees with Petropavlovsk PLC of US\$2.9 million.

It is estimated that the total initial capital expenditure to bring the Sutara pit into operation would amount to approximately US\$49.2 million. Up to 30 June 2022, approximately US\$14.6 million had been incurred. The remaining sum of US\$34.6 million is expected to be self-funded by cashflow generated by K&S.

RESULTS OF OPERATIONS (CONTINUED...)

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**Share capital**

There was no change in the share capital of the Company in the first half of 2022.

Cash Position and Capital Expenditure

As at 30 June 2022, the carrying amount of the Group's cash, deposits and bank balances increased to US\$76.9 million (31 December 2021: US\$52.1 million) following stringent cash management measures, working capital movements and increases in payables as at 30 June 2022. No early loan principal repayment was made in 2022 as the Group conserves its cash resources for the challenging operating environment in the second half of 2022.

As at 30 June 2022, cash and cash equivalents of US\$63.6 million was held in US Dollar, an amount equivalent to US\$13.1 million was held in Russian Rouble, and an amount equivalent to US\$0.2 million was held in Hong Kong Dollar.

Exploration, Development and Mining Production Activities

For the six months ended 30 June 2022, US\$110.4 million (30 June 2021: US\$93.7 million) was incurred on development and mining production activities. No material exploration activity was carried out in the first half of 2022 and 2021. The following table details the operating and capital expenditures in the first half of 2022 and 2021:

US\$m	For the six months ended 30 June					
	2022			2021		
	Operating expenses	Capital expenditure	Total	Operating expenses	Capital expenditure	Total
K&S development	105.0	5.4	110.4	88.0	5.7	93.7
Exploration projects and others	0.5	0.1	0.6	0.5	0.1	0.6
	105.5	5.5	111.0	88.5	5.8	94.3

The table below sets out the details of material new contracts and commitments entered into during the first half of 2022 on a by-project basis. The amount was relatively small, mainly attributable to the hiring of an additional mining contractor during the period.

US\$m	Nature	For the six months ended 30 June	
		2022	2021
K&S	Sub-contracting for mining works	0.6	1.3
Others	Other contracts and commitments	0.2	–
		0.8	1.3

RESULTS OF OPERATIONS (CONTINUED...)

Borrowings and Charges

As at 30 June 2022, the Group had gross borrowings of US\$102.9 million (31 December 2021: US\$113.2 million) which represents a long-term borrowing drawn from the loan facilities. During the period, Gazprombank assigned its rights under the facility agreements to MIC invest Limited Liability Company. The interest of the loan facilities is determined with reference to LIBOR. The three-month LIBOR had been steadily rising with an average interest rate of 1.02% in the first half of 2022. Despite the rising interest rate, IRC had made early repayments of US\$70 million in 2021. As of 30 June 2022, the net debt of the Group had reduced substantially to US\$26.0 million, putting IRC in a better position to withstand the volatile interest rates. In addition, the loan is no longer guaranteed by Petropavlovsk PLC, saving the Group from making guarantee fee payments. The Group's weighted average interest rate was 7.7% in the first half of 2022 (31 December 2021: 7.0%).

As at 30 June 2022, all of the Group's borrowings were denominated in US Dollar. The Group's gearing ratio, calculated based on total borrowing divided by total equity, increased to 23.0% (31 December 2021: 21.8%), mainly due to the decrease in total equity following the loss incurred in the first half of 2022.

Risk of Exchange Rate Fluctuation

For the first half of 2022, the Group has hedged about US\$4 million of Rouble expenditure each month using zero cost collars with puts' strike at about RUB74 and call strike at about RUB86. From July 2022 to January 2023, about US\$2 million of Rouble expenditure per month has been hedged using zero-cost collars with puts' strike at about RUB75 and call strike at about RUB94. The Group may consider entering into further foreign exchange hedging contracts if deemed appropriate. It should be noted that the hedging is not speculative in nature and is for risk management purposes. The hedging that IRC has entered into serve as a counter-measure against the strengthening of Rouble.

Employees and Emolument Policies

As of 30 June 2022, the Group employed 1,773 people (30 June 2021: 1,739 people). Total staff costs amounted to US\$19.5 million during the reporting period (30 June 2021: US\$13.7 million). The emolument policy of the Group is set up by the Remuneration Committee and the remuneration is determined on the basis of the merits, qualifications and competence of the employees with regard to market conditions and trends.

PROJECT REVIEW

K&S

100% owned



Key facts:

65%

Fe grade (concentrate)

3.2Mtpa

Production capacity

10Mtpa

Ore process capacity

240km

To Chinese border

595Mt

Total resources

338Mt

Total reserves

30 years +

Mine life

OVERVIEW

K&S, 100% owned by IRC, is located in the Jewish Autonomous Region (EAO) of the Russian Far East. It is the second full-scale mining and processing operation that the Group has developed. The project consists of two principal deposits, Kimkan and Sutara. The K&S Phase I is designed to produce 3.2 million tonnes of iron ore concentrate per annum with a grade of 65% Fe. The Phase I Processing Plant was built by CNEEC. According to the development timeline for K&S Phase I project, Sutara deposit will begin to be mined in parallel with Kimkan deposit in 2023, and Sutara's mine life will be more than 30 years. There is an option for a Phase II expansion to produce a total of 6.3 million tonnes of 65% iron ore concentrate per annum. As an interim development between the two phases, IRC is assessing an option to upgrade the Phase I production facility to increase the production capacity to approximately 4.6 million tonnes per annum.

K&S enjoys tremendous geographical advantage. The Trans-Siberian Railway is directly linked to the mine site, making it easy to deliver its product to customers. With the use of the Amur River Bridge, which is expected to open to traffic in 2022, the products shipping distance for IRC and its customers can be further reduced.

K&S's operation is situated 4 kilometres from the Izvestkovaya town and railway station, through which the Trans-Siberian Railway passes. It is also on a federal highway 130 kilometres away from the regional capital Birobidzhan and 300 kilometres from Khabarovsk, the principal city of the Russian Far East.

SATISFACTORY OPERATIONAL PERFORMANCE IN THE FIRST HALF OF 2022 DESPITE VOLATILE EXTERNAL ENVIRONMENT

During the first half of 2022, K&S confronted multiple challenges, including a decline in the iron ore price, an increase in the value of Russian Rouble, and an increase in Russian inflation rate. Besides that, the bottleneck for K&S continued to be the China-Russia cross-border railway congestion. Despite the fact that Russian businesses, including K&S, were being negatively impacted by the COVID-19, geopolitical unrest, and a weak global economy, K&S demonstrated a satisfactory level of operational performance.

PROJECT REVIEW (CONTINUED...)

SALES AND MARKETING

As K&S took advantage of the alleviation in the railway congestion at the end of the first half of 2022, its sales volume was comparable to the same period last year and delivered 1,277,048 tonnes of iron ore concentrate to its customers. Despite continuing strong sales of iron ore concentrate, logistical issues with the Chinese dry ports persisted. During the first six months of the year, K&S continued to sell products to both the Russian local market and the Chinese seaborne customers in an effort to mitigate the issue.

SUTARA PIT, MINING AND OTHER UPDATES

The Kimkan operation covers an area of approximately 50 km² and comprises two key ore zones – Central and West. Open pit mining is currently carried out at both zones. As the development of the Kimkan Central pit advances, K&S has started to mine at the Kimkan West pit, which has lower grades of iron ore magnetic properties than Kimkan Central. Beneficiation properties of the ore blend fed to the processing plant have resulted in a lower yield of commercial concentrate from the ore than designed. In the short and medium term, K&S's production capacity will be affected, and cash cost is expected to rise. In the second half of 2023, mining will be expected to begin at Sutara deposit, while the amount mined at Kimkan deposit will be gradually reduced. Sutara deposit is located approximately 15 km away from Kimkan operation with the deposit covering an area of 27 km². Sutara deposit has a total resource of about 491Mt and the mining life of over 30 years. The Group is actively preparing the Sutara deposit for operation, and the construction works are ongoing. Because Sutara ore has higher average grade of iron magnetic than Kimkan ore, same amount of ore processed would yield more iron ore concentrate. Therefore, production capacity of K&S is expected to improve when the Sutara pit becomes operational.

Due to production outpacing shipments in the latter part of the first half of the year, K&S's storage warehouses reached their capacity and there was enough stockpile to feed the processing plant, forcing our mining contractors to scale back their mining activities. Mining activities were expected to resume at a normal level once the logistical issues were mitigated.

Due to the aforementioned factors, the third-party mining contractors mined 3,846,700 tonnes during the reporting period, a 16% decrease from the same period last year. Drilling and blasting volumes were 239,711 metres and 6,762,250 cubic metres, 17.8% and 23.2% decreased respectively. Finally, rock mass totaling 8,165,500 cubic metres were moved to stockpiles ready for processing.

In order to ensure that K&S has a consistent and ample feedstock for the ore processing in the long run, K&S is constantly looking for new mining contractors and is considering about setting up its own mining fleet. Finding capable and cost-effective mining contractors, however, may take some time given the captive market for mining contractors in the area.

The drying unit, which extracts excessive moisture from the iron ore concentrate to prevent the product from freezing in winter, is a vital part of K&S's production process during cold weather. The drying unit had been performing satisfactorily during winter as a result of maintenance and improvement works performed by the site team. When the weather warms up in the second quarter of the year, the drying unit was no longer required.

PRODUCTION

In the first half of year 2022, 4,176,900 tonnes of ore were fed to primary processing and 2,919,285 tonnes of pre-concentrate were produced. These figures were 8.8% and 3.2% lower than those during the same period in 2021, respectively. Despite various operating issues, K&S maintained to operate at more than 80% of its production capacity and produced 1,258,847 tonnes of high-grade iron ore concentrate, which was consistent with the same period last year.

PROJECT REVIEW (CONTINUED...)

UNIT CASH COST

K&S's cash cost is likely to rise in the short and medium term, due to the higher stripping ratio (the ratio of the amount of waste removed to ore mined) and increases in mining contractors' rates, freight and shipment costs, mineral extraction tax, as well as general inflation in Russia. In the first half of 2022, the unit cash cost per tonne of K&S increased to US\$78.6 (exclude transportation: US\$48.0). Given that K&S has not yet reached full production capacity and that the ore quality is anticipated to improve, once Sutara goes online, there is room for K&S to keep costs under control.

SAFETY

LTIFR is a calculation of the number of lost-time injuries per one million hours man-worked. During the reporting period, K&S maintained a high level of safety with 1 injury (30 June 2021 injuries: 1), 0 fatalities (30 June 2021 fatalities: 0), and a LTIFR of 1.37 (30 June 2021 LTIFR: 0.7).

COVID-19

K&S has set up an emergency response office to prevent the spread of COVID-19 and has taken the necessary organisational and administrative measures to prevent the spread of COVID-19. A contingency plan for K&S, including quarantine arrangement, medical screening, travel restriction and reduction in face-to-face interaction, is in place. While the production at K&S continues uninterrupted, employees from the head office and administrative staff are encouraged to work from home. Employees of confirmed cases are quarantined or hospitalised, depending on their condition, and receive appropriate medical treatment.

To date, there has been no material impact on IRC's operations due to COVID-19. The Group has taken the necessary measures to support the prevention of COVID-19 at its operations and will continue to monitor closely the situation.

ADMINISTRATIVE OFFENCE PROCEEDING AGAINST K&S

Construction of K&S was carried out based on the original project design, which received the necessary approvals of the Russian authorities before the construction works began. However, for various reasons, including improvement of technology, production efficiency, cost saving considerations and correction of the construction deficiencies of the main contractor, some equipment and machinery were replaced and/or added. As a result, some of the actual production facilities deviated from the approved project design. The Company believes that this is not an uncommon occurrence when a relatively complex production facility is put into operation. Thus, the design documentation should have been updated and submitted to the Russian State authorities for approval.

While K&S was in the process of updating the design documents and preparing the application for approvals, Russian Federal Service for Environmental, Technological, and Nuclear Supervision ("RTN") made an inspection of K&S during which it determined the deviations from the approved design as non-compliant. An administrative offence proceeding (the "First Proceeding") was brought against K&S by RTN in the Obluchensky District Court of the Jewish Autonomous Region, the Republic of Russia (the "Court") for not registering the K&S facility as hazardous (the "Non-Registration"). The registration is not possible without completion of the above-mentioned design documents update and application for approvals. The Court deemed the case to be outside its jurisdiction and the matter was returned to RTN. RTN therefore made a ruling to impose an administrative penalty on K&S of RUB200,000 (approximately US\$3,000) in respect of the Non-Registration. K&S had paid the administrative penalty and continues to operate as usual.

PROJECT REVIEW (CONTINUED...)

RTN requested K&S to resolve the Non-Registration by 31 December 2021. While the Group has tried to resolve the matter as quickly as practicable, due to the COVID-19 pandemic and the fact that it is an extensive process, the required works were not completed by the due date. In early December 2021, K&S requested RTN to extend the deadline but the request was not accepted.

Given that the Non-Registration was not resolved by the deadline, in February 2022, RTN conducted an unscheduled inspection of K&S. Two administrative offence proceedings were issued to K&S in late March 2022, being:

- the K&S project is operating without the proper operating permit. Similar to the Non-Registration, the operating permit cannot be obtained without completion of the above-mentioned design documents update, which K&S is working on. RTN imposed an administrative penalty on K&S of RUB500,000 (approximately US\$6,000).
- K&S failed to comply with the legal orders issued by RTN on time. As with the First Proceeding, RTN has brought this offence at the local court (the “Second Proceeding”). The date of the court hearing was on 17 May 2022.

On 23 May 2022, the Court dismissed the Second Proceeding, on the basis that it was commenced after the prescribed limitation period for bringing the proceeding in court had expired. Besides that, K&S had paid the above-mentioned administrative penalty of RUB500,000 (approximately US\$6,000).

K&S has been working closely with the local and federal authorities to resolve the Non-Registration as soon as practicable and, in the intervening period, K&S will continue to operate to the highest possible standard as usual.

AMUR RIVER BRIDGE/TONGJIANG BRIDGE

The project to build a railway bridge across the Amur River border between Russia and China was first launched by IRC in 2006. The project was sold to Russian and Chinese development funds in November 2014. In early June 2016, the regional government of the Jewish Autonomous Region announced that the Russian part of the Amur River Bridge would commence construction.

According to the reports in the media, the construction of the Amur River bridge has been completed, and the Russian Siberian Railway is now connected with China’s Northeast railway network. The bridge is expected to be put into use in 2022. The railway bridge is expected to enhance the region’s economic development by providing a more efficient transportation alternative on top of the existing ferries and railway routes.

The K&S mine is situated approximately 240 kilometres from the bridge site and IRC’s nearest customer within China is approximately 180 kilometres away from the bridge. Thus, IRC as well as its customers will benefit from the project with the reduced transportation distance and shipment time. The railway bridge can also alleviate the railway congestion in the region. Shipping time to customers in China will be reduced from 5-7 days to 1-3 days.

PROJECT REVIEW (CONTINUED...)

Garinskoye

99.6% owned



Key facts:

68%

Fe grade

>3,500km²

Total iron ore licence area

4.6Mtpa

Fe production capacity

260Mt

Total resources

26Mt

Total reserves

20 years +

Mine life

OVERVIEW

Garinskoye, 99.6% owned by IRC, is an advanced exploration project. The project provides an opportunity for a low-cost DSO-style operation that can be transformed into a large-scale and long-life open pit mining operation.

The project is located in the Amur Region of the Russian Far East, midway between the BAM and Trans-Siberian Railways. With exploration licences for ground covering an area of over 3,500 km², the project is the largest in the IRC portfolio in terms of area.

FUTURE DEVELOPMENT

There are two possibilities to develop Garinskoye. The first option is to develop a large-scale 4.6 million tonnes per annum open-pit operation with a life-of-mine of 20 plus years, which requires the construction of a rail connection. The second option is an intermediate DSO-style operation that does not require a rail connection

and can be started in advance of a larger conventional operation. The DSO-style plan comprises a pit with a reserve of 26.2 million tonnes, a grade of 47% Fe, and a stripping ratio of 1.7:1 m³ per tonne. The DSO-style plan would then be able to produce 1.9 million tonnes per annum, with 55% grade iron ore fines and a life of operation of 8 years. There is an option to further increase the project value at very little additional capital expenditure by adding a further wet magnetic separation stage to produce a high-grade "super-concentrate" with a 68% iron ore content.

In 2013, IRC conducted an internal Bankable Feasibility Study. A third-party verification and a fatal flaws analysis for the DSO-style operation was carried out in 2014.

The Company is currently reviewing the options on how to move the project forward.

Other Projects

EXPLORATION PROJECTS & OTHERS

IRC's other exploration projects comprise an extensive portfolio that is diversified by geography, commodity and development stages. This seeks to add value through the discovery of new resources and the increase and confirmation of mineable reserves. Currently, IRC retains these valuable licenses for later development. Apart from exploration projects, IRC is also active in the complementary business of the Steel Slag Reprocessing Plant (SRP) and a mining consultancy services agency (Giproruda). SRP project, a joint venture with Jianlong Steel, originally sourced the feedstock from Kuranakh, and as Kuranakh was moved to care and maintenance in 2016, and then liquidated in 2021, the plant successfully switched to the local Chinese feedstock. Due to the relatively small scale of the project, SRP's contribution to the Group results is not material. Below is a summary of the current portfolio of exploration projects for the Group:

Project	Products/Service	Location
Bolshoi Seym (100% owned)	Ilmenite	Amur Region, Russian Far East
SRP (46% owned)	Vanadium Pentoxide	Heilongjiang, China
Giproruda (70% owned)	Technical mining research	St. Peterburg, Russia

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2022, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares of the Company

Name of director	Capacity	Number of shares in the Company	Percentage of issued shares in the Company at 30 June 2022
Nikolai Levitskii	Interest of a controlled corporation	2,120,000,000 (Note)	29.86%

Note: These shares are held by AXIOMI CONSOLIDATION LTD ("Axiomi"), which is 100% controlled by Nikolai Levitskii.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors of the Company or their respective associates was interested in, apart from the Group's businesses, any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

No Director or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 June 2022.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

So far as is known to any Director or chief executive of the Company, as at 30 June 2022, the Company's shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Number of shares in the Company	Percentage of issued shares in the Company as at 30 June 2022
Axiomi	Beneficial interest	2,120,000,000 (Note)	29.86%
MIC invest Limited Liability Company	Person having a security interest in shares	2,120,000,000 (Note)	29.86%
Kolesnikova Marina Alexeevna	Interest of a controlled corporation	2,120,000,000 (Note)	29.86%

Note: These shares refer to the same parcel of shares. Axiomi entered into a share charge, effective on 28 January 2022, on these 2,120,000,000 shares in favour of Gazprombank ("GPB") for the facilities provided by GPB to a subsidiary of the Company. On 15 February 2022, the share charge was assigned by GPB to MIC invest Limited Liability Company, which is 100% controlled by Kolesnikova Marina Alexeevna.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED...)

Save as disclosed above, the Company had not been notified of other interests representing 5% or more of the issued share capital of the Company as at 30 June 2022. As at 30 June 2022, the Company had not been notified of any short positions being held by any substantial shareholder in shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme pursuant to Chapter 17 of the Listing Rules on 20 November 2015 (the “Share Option Scheme”) which is valid and effective for a period of 10 years from the date of adoption. Details of the Share Option Scheme were disclosed in the Group’s consolidated financial statements as at 31 December 2021 and note 17 to the interim financial information.

The following share options (the “Options”) were outstanding during the period:

Name or category of participant	Number of Options					At 30 June 2022	Date of grant	Exercise period	Exercise price per share
	At 1 January 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period				
Former directors of the Company									
George Jay Hambro	24,401,086	-	-	-	-	24,401,086	20 November 2015	10 years from the date of grant	HK\$0.296
George Jay Hambro	10,850,000	-	-	-	-	10,850,000	29 September 2017	5 years from the date of grant	HK\$0.2728
Yury Makarov	24,401,086	-	-	-	-	24,401,086	20 November 2015	10 years from the date of grant	HK\$0.296
Yury Makarov	29,450,000	-	-	-	-	29,450,000	29 September 2017	5 years from the date of grant	HK\$0.2728
Danila Kotlyarov	24,401,086	-	-	-	-	24,401,086	20 November 2015	10 years from the date of grant	HK\$0.296
Danila Kotlyarov	26,450,000	-	-	-	-	26,450,000	29 September 2017	5 years from the date of grant	HK\$0.2728
Other employees of the Group	105,686,923	-	-	-	-	105,686,923	20 November 2015	10 years from the date of grant	HK\$0.296
Other employees of the Group	144,300,000	-	-	-	-	144,300,000	29 September 2017	5 years from the date of grant	HK\$0.2728

In respect of the Options granted on 20 November 2015, subject to certain vesting conditions, one-third of the Options granted to each grantee shall vest on 19 November 2016, one-third of the Options granted to each grantee shall vest on 19 November 2017 and one-third of the Options granted to each grantee shall vest on 19 November 2018.

In respect of the Options granted on 29 November 2017, subject to certain vesting conditions, one-third of the Options granted to each grantee shall vest on 28 September 2018, one-third of the Options granted to each grantee shall vest on 28 September 2019 and one-third of the Options granted to each grantee shall vest on 28 September 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION**Purchase, Sale or Redemption of the Company’s Listed Securities**

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

Contingent Liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities.

Significant Investments

The Group did not hold any material investments during the six months ended 30 June 2022. As at the date of this report, apart from the development of the Sutara pit, the Group does not have any plan for material investment or capital assets for the year ending 31 December 2022.

Material Acquisitions and Disposals

The Group did not make any material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED...)

Update on Directors' Information

The remuneration of the non-executive directors of IRC was first determined in 2010, when the Company was listed in Hong Kong. The level of remuneration remained largely unchanged until 2015, when an aggressive cost saving approach was taken by reducing salaries and directors' fees (as applicable) for all Board members by 15%, which also applied to most members of senior management of the Group. A further 10% reduction in salaries and directors' fees (as applicable) for Board members and most members of senior management was implemented in January 2016. In September 2017, in light of K&S commencing commercial production and the recovery in the commodities market, the reduced salaries and directors' fees were partially restored. In 2021, considering the improved financial performance of the Group, the remuneration level of the Board members was restored to the original level of 2010 with effect from March 2021, but the reduced remuneration during 2015 to 2020 was not recovered.

To cater for the general inflation during the time from 2010 to 2021, directors' remuneration of non-executive directors has been increased by about 37% to 46% with effect from early 2022. In addition, as there was material increase in the time commitments for the non-executive directors in 2021 in light of various corporate issues, to provide equitable compensation, one-off payments equivalent to 6 months of the directors' monthly fees of the non-executive directors were granted in 2022 to recognise the additional workload. The Remuneration Committee commissioned one of the leading firms of certified public accountants to conduct an independent review and it was considered that the aforesaid inflationary adjustments and one-off fee payments were reasonable.

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the Directors' information since the disclosure made in the Company's last published annual report is set out as follows:

1. The monthly director's fee of Peter Hambro was increased from US\$17,500 to US\$25,550 with effect from 1 January 2022. He also received a one-off payment of US\$153,300 in February 2022.
2. The monthly director's fee of Daniel Bradshaw was increased from US\$14,000 to US\$20,440 with effect from 1 January 2022. He also received a one-off payment of US\$122,640 in February 2022.
3. The monthly director's fee of Jonathan Martin Smith was increased from US\$12,000 to US\$16,440 with effect from 1 January 2022. He also received a one-off payment of US\$98,640 in February 2022.
4. The monthly director's fee of Raymond Woo was increased from US\$11,167 to US\$15,298 with effect from 1 January 2022. He also received a one-off payment of US\$91,790 in February 2022.
5. The monthly director's fee of Martin Davison was increased from US\$9,500 to US\$13,015 with effect from 1 January 2022. He also received a one-off payment of US\$78,090 in February 2022.
6. The monthly director's fee of Danila Kotlyarov was increased from US\$8,667 to US\$11,873 with effect from 1 January 2022. He also received a one-off payment of US\$71,240 in February 2022. Mr Kotlyarov was redesignated as an Executive Director of the Company on 4 March 2022.

The above directors tendered their resignations as directors of the Company on 25 May 2022.

Corporate Governance

The Management and Board of IRC are committed to promoting good corporate governance to safeguard the interests of the shareholders and to enhance the Group's performance. The Group believes that conducting its businesses in an open and responsible manner and following good corporate governance practices serve its long-term interests and those of its shareholders. Detailed disclosure of the Company's corporate governance policies and practices is available in the 2021 Annual Report of the Company.

During the six months ended 30 June 2022, the Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 to the Listing Rules. The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all the Directors regarding any non-compliance with the Model Code during the period and they have confirmed their full compliance with the required standard set out in the Model Code. The Company has also adopted the Model Code as the Code for Securities Transactions by Relevant Employees to regulate dealings in securities of the Company by certain employees of the Company, or any of its subsidiaries and the holding companies who are considered to be likely in possession of inside information in relation to the Company or its securities. The Company has internal controls for handling and dissemination of inside information whereby the Chairman of the Board, the Executive Director and the Company Secretary work closely, seeking advice from legal advisors from time to time, if needed, with proper reporting of and approval from the Board, for proper handling and dissemination of inside information in accordance with relevant laws and regulations.

Review by Audit Committee

The Audit Committee has reviewed and discussed with the management of the Company the unaudited interim results of the Company for the six months ended 30 June 2022. The Audit Committee comprises three independent non-executive directors, namely Mr Alexey Romanenko (the Chairman of the Audit Committee), Mr Vitaly Sheremet and Mr Dmitry Dobryak.

The 2022 interim results have also been reviewed by the external auditors.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF IRC LIMITED

鐵江現貨有限公司

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of IRC Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 26 to 48, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

30 August 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2022

Six months ended 30 June			
	NOTES	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Revenue	3	165,658	217,170
Operating expenses, excluding depreciation and amortisation	5	(115,561)	(93,925)
Depreciation and amortisation	5	(11,312)	(11,904)
Impairment losses	6	(112,987)	–
Other income, gains and losses	7	(1,794)	(2,530)
Allowance for financial assets measured at amortised costs		(3)	–
Financial costs	8	(4,174)	(10,847)
<hr/>			
(Loss) profit before taxation		(80,173)	97,964
Income tax credit	9	2,231	266
<hr/>			
(Loss) profit for the period		(77,942)	98,230
<hr/>			
(Loss) profit for the period attributable to:			
Owners of the Company		(77,885)	98,271
Non-controlling interests		(57)	(41)
<hr/>			
		(77,942)	98,230
<hr/>			
(Loss) earnings per share (US cents)	11		
Basic		(1.10)	1.39
<hr/>			
Diluted		(1.10)	1.39
<hr/>			

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED...)

For the Six Months Ended 30 June 2022

	Six months ended 30 June	
	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
(Loss) profit for the period	(77,942)	98,230
Other comprehensive (expense) income for the period		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	2,719	40
Fair value gain (loss) on hedging instruments designated in cash flow hedges	5,656	(13,530)
Release of fair value (gain) loss on hedging instruments in cash flow hedges	(1,885)	7,138
Total comprehensive (expense) income for the period	(71,452)	91,878
Total comprehensive (expense) income attributable to:		
Owners of the Company	(71,837)	91,899
Non-controlling interests	385	(21)
	(71,452)	91,878

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	NOTES	As at 30 June 2022 US\$'000 (unaudited)	As at 31 December 2021 US\$'000 (audited)
NON-CURRENT ASSETS			
Exploration and evaluation assets		20,325	20,426
Property, plant and equipment	12	436,261	551,907
Right-of-use assets	12	1,947	3,458
Interest in a joint venture		–	–
Inventories		11,389	11,389
		469,922	587,180
CURRENT ASSETS			
Inventories		44,262	43,876
Trade and other receivables	13	48,459	25,961
Other financial assets	16	3,771	–
Time deposits		1,124	586
Bank balances		75,775	51,543
		173,391	121,966
TOTAL ASSETS		643,313	709,146
CURRENT LIABILITIES			
Trade and other payables	14	(82,239)	(67,193)
Lease liabilities		(2,835)	(3,684)
Income tax payable		(251)	(250)
Borrowings – due within one year	15	(21,186)	(19,916)
		(106,511)	(91,043)
NET CURRENT ASSETS		66,880	30,923
TOTAL ASSETS LESS CURRENT LIABILITIES		536,802	618,103

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED...)

At 30 June 2022

	NOTES	As at 30 June 2022 US\$'000 (unaudited)	As at 31 December 2021 US\$'000 (audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		(241)	(2,291)
Provision for close down and restoration costs		(10,209)	(6,745)
Lease liabilities		(125)	–
Borrowings – due more than one year	15	(81,300)	(92,688)
		(91,875)	(101,724)
TOTAL LIABILITIES		(198,386)	(192,767)
NET ASSETS		444,927	516,379
CAPITAL AND RESERVES			
Share capital	17	1,285,482	1,285,482
Capital reserve		17,984	17,984
Reserves		24,008	17,960
Accumulated losses		(882,486)	(804,601)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		444,988	516,825
NON-CONTROLLING INTERESTS		(61)	(446)
TOTAL EQUITY		444,927	516,379

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2022

Total attributable to owners of the Company										
	Share capital US\$'000	Capital reserve ^(a) US\$'000	Share-based payment reserve US\$'000	Translation reserve US\$'000	Hedging reserve US\$'000	Other reserve ^(b) US\$'000	Accumulated losses US\$'000	Sub-total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance at 1 January 2021 (audited)	1,285,158	17,984	17,680	(23,220)	9	23,766	(938,670)	382,707	(421)	382,286
Profit (loss) for the period	-	-	-	-	-	-	98,271	98,271	(41)	98,230
Other comprehensive income (expenses) for the period										
Exchange differences on translation of foreign operations	-	-	-	20	-	-	-	20	20	40
Fair value loss on cash flow hedge instruments	-	-	-	-	(13,530)	-	-	(13,530)	-	(13,530)
Release of fair value loss on hedging instruments in cash flow hedges	-	-	-	-	7,138	-	-	7,138	-	7,138
Total comprehensive income (expenses) for the period	-	-	-	20	(6,392)	-	98,271	91,899	(21)	91,878
Share option granted in 2015 exercised in May 2021 (Note 17)	73	-	(22)	-	-	-	-	51	-	51
Balance at 30 June 2021 (unaudited)	1,285,231	17,984	17,658	(23,200)	(6,383)	23,766	(840,399)	474,657	(442)	474,215
Balance at 1 January 2022 (audited)	1,285,482	17,984	17,582	(23,388)	-	23,766	(804,601)	516,825	(446)	516,379
Loss for the period	-	-	-	-	-	-	(77,885)	(77,885)	(57)	(77,942)
Other comprehensive (expenses) income for the period										
Exchange differences on translation of foreign operations	-	-	-	2,277	-	-	-	2,277	442	2,719
Fair value gain on cash flow hedge instruments	-	-	-	-	5,656	-	-	5,656	-	5,656
Release of fair value gain on hedging instruments in cash flow hedges	-	-	-	-	(1,885)	-	-	(1,885)	-	(1,885)
Total comprehensive (expense) income for the period	-	-	-	2,277	3,771	-	(77,885)	(71,837)	385	(71,452)
Balance at 30 June 2022 (unaudited)	1,285,482	17,984	17,582	(21,111)	3,771	23,766	(882,486)	444,988	(61)	444,927

- (a) The amounts represent deemed contribution from the then ultimate holding company of the Company for (1) certain administrative expenses and tax expenses of the Group paid by the then ultimate holding company of the Company in prior years and (2) share-based payment expenses in relation to certain employees of the Group participated in the long term incentive plan of the then ultimate holding company of the Company.
- (b) The amounts arose from 1) acquisition of non-controlling interests and deemed contribution arising from the group restructuring for the Company's listing on The Stock Exchange of Hong Kong Limited, 2) transfer of share-based payment reserve upon vesting of share-based awards resulted from difference between the cost of the treasury shares and fair value at grant date of the awarded shares, 3) deemed contribution from General Nice Development Limited ("General Nice"), a shareholder of the Company, for accrued interests on outstanding capital contribution, and 4) direct expenses in relation to the right to subscribe for shares of the Company granted to Tiger Capital Fund SPC – Tiger Global SP ("Tiger Fund").

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2022

	Six months ended 30 June	
	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
OPERATING ACTIVITIES		
Net cash generated from operations	47,906	86,350
Income tax paid	(922)	(1,136)
NET CASH FROM OPERATING ACTIVITIES	46,984	85,214
INVESTING ACTIVITIES		
Purchases of property, plant and equipment and exploration and evaluation assets	(5,458)	(5,814)
Time deposits placed	(538)	(332)
Interest received	50	15
NET CASH USED IN INVESTING ACTIVITIES	(5,946)	(6,131)
FINANCING ACTIVITIES		
Repayment of lease liabilities	(1,961)	(1,813)
Interest expenses paid	(3,556)	(6,733)
Repayment of borrowings	(10,323)	(10,329)
Proceeds on issue of shares upon exercised of share option	–	51
Loan guarantee fees paid	(2,883)	(13,810)
NET CASH USED IN FINANCING ACTIVITIES	(18,723)	(32,634)
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	22,315	46,449
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	51,543	20,371
Effect of foreign exchange rate changes	1,917	(133)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD, represent by bank balances	75,775	66,687

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements of IRC Limited (the “Company”) and its subsidiaries (the “Group”) have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“SEHK”).

The financial information relating to the year ended 31 December 2021 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The Company is listed on SEHK with operational mines in Russian Far East. Most of the Group’s suppliers and customers are based in mainland China and Russia. The Company continues to review and consider the impact, if any, of the United Kingdom, European Union and United States sanctions (the “Sanctions”). As of now and so far as the Board of Directors is aware, based on its current assessment and the information currently available to it, the Sanctions have no material direct impact on the Group or its operations. Although currently, the Group’s operations and activities in Russia and elsewhere are continuing as usual, as the macro-economic factors and geopolitical situation continues to develop, there is a risk of supply chain disruptions affecting the Group’s operations, the purchase of mining fleet and the ongoing development of the Sutara pit. The Company will continue to closely monitor the Sanctions developments and related consequences and will, if necessary, take further actions.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for the trade receivables measured at fair value through profit or loss (“FVTPL”) and derivative financial instruments, which are measured at fair value.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**Application of amendments to HKFRSs**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE**Disaggregation of revenue from contracts with customers**

Six months ended 30 June 2022 (unaudited)

Segments	Mines in production US\$'000	Engineering US\$'000	Total US\$'000
Types of goods or services			
Sale of iron ore concentrate	161,613	–	161,613
Delivery services	3,997	–	3,997
Engineering services	–	48	48
	165,610	48	165,658
Geographical markets			
People's Republic of China ("PRC")	139,452	–	139,452
Russia	26,158	48	26,206
	165,610	48	165,658
Timing of revenue recognition			
A point of time	161,613	–	161,613
Over time	3,997	48	4,045
	165,610	48	165,658

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

3. REVENUE (CONTINUED)**Six months ended 30 June 2021 (unaudited)**

Segments	Mines in production US\$'000	Engineering US\$'000	Total US\$'000
Types of goods or services			
Sale of iron ore concentrate	215,772	–	215,772
Delivery services	1,298	–	1,298
Engineering services	–	100	100
	217,070	100	217,170
Geographical markets			
PRC	204,365	–	204,365
Russia	12,705	100	12,805
	217,070	100	217,170
Timing of revenue recognition			
A point of time	215,772	–	215,772
Over time	1,298	100	1,398
	217,070	100	217,170

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

Six months ended 30 June 2022 (unaudited)

	Mines in production US\$'000	Mines in development US\$'000	Engineering US\$'000	Other US\$'000	Total US\$'000
Revenue					
External sales	165,610	-	48	-	165,658
Segment revenue	165,610	-	48	-	165,658
Site operating expenses and service costs	(116,249)	(83)	(429)	(8)	(116,769)
<i>Site operating expenses and service costs include:</i>					
Depreciation and amortisation	(11,174)	-	(49)	-	(11,223)
Segment results	49,361	(83)	(381)	(8)	48,889
General administrative expenses					(10,015)
General depreciation					(89)
Impairment losses					(112,987)
Other income, gains and losses					(1,794)
Allowance for financial assets measured at amortised cost					(3)
Financial costs					(4,174)
Loss before taxation					(80,173)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

4. SEGMENT INFORMATION (CONTINUED)**Six months ended 30 June 2021 (unaudited)**

	Mines in production US\$'000	Mines in development US\$'000	Engineering US\$'000	Other US\$'000	Total US\$'000
Revenue					
External sales	217,070	–	100	–	217,170
Segment revenue	217,070	–	100	–	217,170
Site operating expenses and service costs	(99,732)	(29)	(561)	(6)	(100,328)
<i>Site operating expenses and service costs include:</i>					
Depreciation and amortisation	(11,764)	–	(49)	–	(11,813)
Segment results	117,338	(29)	(461)	(6)	116,842
General administrative expenses					(5,410)
General depreciation					(91)
Other income, gains and losses					(2,530)
Financial costs					(10,847)
Profit before taxation					97,964

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

5. OPERATING EXPENSES, INCLUDING DEPRECIATION AND AMORTISATION

	Six months ended 30 June	
	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Site operating expenses and service costs ^(a)	116,769	100,328
General and administrative expenses ^(b)	10,104	5,501
	126,873	105,829

(a) Site operating expenses and service costs

	Six months ended 30 June	
	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Freight and shipment costs	38,837	29,823
Subcontracted mining costs and engineering services	32,703	32,678
Depreciation and amortisation	11,223	11,813
Staff costs	11,215	10,054
Materials usage	8,167	7,518
Other expenses	5,816	6,069
Mineral extraction tax	4,278	2,255
Electricity	3,516	3,431
Fuel	1,098	1,111
Professional fees*	776	1,322
Mine development costs capitalised in property, plant and equipment	(836)	(1,697)
Movement in finished goods and work in progress	(24)	(4,049)
	116,769	100,328

For the Six Months Ended 30 June 2022

5. OPERATING EXPENSES, INCLUDING DEPRECIATION AND AMORTISATION (CONTINUED)

(b) General and administrative expenses

	Six months ended 30 June	
	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Staff costs	8,312	3,678
Professional fees*	1,128	1,109
Depreciation	89	91
Other expenses	575	623
	10,104	5,501

* Professional fees comprise audit fees, legal fees, consulting fees, management services fees and engineering consultancy fees.

6. IMPAIRMENT LOSSES

The Group follows the requirements of *HKAS 36 Impairment of Assets* to consider whether there are impairment indicators and if so, to determine whether the non-financial assets are impaired. At the end of each reporting period, the management assesses whether there is any indication that the impairment loss recognised in prior periods for an asset other than goodwill may no longer exist, or may have reversal or further impairment. If any such indication exists, the management is required to estimate the recoverable amount of the asset which requires significant judgment. In making this judgment, management considers factors including changes in production volumes, changes in the cash costs of production, available ore reserves, purity of the iron ore concentrate, forecasted iron prices and exchange rates.

No impairment or reversal of impairment was made during the year ended 31 December 2021.

The recoverable amount of the K&S Project has been determined based on value-in-use calculations. These calculations require the use of estimates of future cash flows based on projected income and expenses of the business and working capital needs that have taking into consideration the future economic conditions, expected production capacity, ore reserve estimates, iron ore prices and cost of production over the expected life of the mine. Management is also required to choose appropriate discount rates in order to calculate the present values of the cash flows. Changes in the key assumptions on which the recoverable amounts of the assets are based could significantly affect management's assessment.

As at 30 June 2022, the recoverable amount of the property, plant and equipment and right-of-use assets of the K&S Project is approximately US\$434.0 million (2021: recoverable amount of the property, plant and equipment and right-of-use assets of the K&S Project is approximately US\$552.5 million) resulting in an impairment loss of US\$112,791,000 being recognised in the period. The change in the recoverable amount is a result of lower projected iron ore prices and an increase in the discount rate. The real pre-tax discount rate used is 12.41% (2021: real pre-tax discount rate 11.15%). Further, one of the exploration and evaluation assets amounting to US\$196,000 (2021: nil) has been fully impaired due to the revocation of the exploration license.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

7. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Net foreign exchange loss	(2,077)	(530)
Rental income	2,565	1,770
Interest income on cash and cash equivalents	50	15
Net loss on disposal of property, plant and equipment	(278)	(1)
Other provision	(2,054)	(2,054)
Others	–	(1,730)
	(1,794)	(2,530)

8. FINANCIAL COSTS

	Six months ended 30 June	
	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Interest expense on borrowings	3,786	7,242
Guarantee fee	–	3,055
Interest expense on lease liabilities	100	213
Unwinding of discount on environmental obligation and long-term construction costs payable	288	337
	4,174	10,847

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

9. INCOME TAX CREDIT

	Six months ended 30 June	
	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Current tax:		
Russian Corporate tax	(10)	(8)
Underprovision in prior years:		
United Kingdom Corporate tax	(15)	–
Deferred tax credit	2,256	274
	2,231	266

Russian Corporate tax is calculated at a rate of 20% and United Kingdom Corporation tax is calculated at 19% of the estimated assessable profit for each of the six months ended 30 June 2022 and 2021.

Based on the approved federal and regional laws in Russia, the K&S Project is considered to be an investment project and is exempted from Russia Corporate tax for the period from 2017 to 2021 and then, will be taxed at a reduced rate of 10% in the following 5 years increasing to 20% thereafter.

No tax from other jurisdictions has been recognised as the Group had no assessable profit arising in or derived from any other jurisdictions for the six months ended 30 June 2022 and 2021.

10. DIVIDENDS

No dividends were paid, declared or proposed to owners of the Company during both the six months ended 30 June 2022 and 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

11. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

(Loss) earnings

	Six months ended 30 June	
	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
(Loss) earnings for the purposes of basic and diluted earnings per ordinary share being (loss) profit for the period attributable to owners of the Company	(77,885)	98,271

Number of shares

	Six months ended 30 June	
	2022 Number '000	2021 Number '000
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per ordinary share	7,099,714	7,093,753

The computation of weighted average number of shares for the purposes of diluted (loss) earnings per share for the period ended 30 June 2022 and 2021 does not assume the exercise of share options granted by the Group because the exercise price of those options was higher than the average market price for the Company's shares.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the period, the Group incurred approximately US\$5,747,000 (for the six months ended 30 June 2021: US\$5,676,000) on mine development and acquisition of property, plant and equipment.

The depreciation charge for the six months ended 30 June 2022 is approximately US\$11,312,000 (for the six months ended 30 June 2021: US\$11,904,000).

At 30 June 2022, the Group did not have any material contractual commitments for the acquisition of property, plant and equipment (31 December 2021: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 US\$'000 (unaudited)	As at 31 December 2021 US\$'000 (audited)
Trade receivables	15,915	2,415
Value-added tax recoverable	19,509	13,513
Prepayments to suppliers	9,385	8,237
Amounts due from customers under engineering contracts	56	15
Other receivables	3,594	1,781
	48,459	25,961

Unbilled receivables under engineering contracts are expected to be billed and settled within one year and relate to long-term contracts in progress.

The Group allows credit period of 9 to 39 days (31 December 2021: 3 to 35 days) to individual third party customers. Except for trade receivables measured at FVTPL, the Group applies the simplified approach in accordance to HKFRS 9 to measure expected credit loss ("ECL") which used a lifetime ECL, the directors of the Company considered that the lifetime ECL allowance is insignificant as at 30 June 2022 and 31 December 2021.

The following is an analysis of the trade receivables by age, presented based on the invoice date.

	As at 30 June 2022 US\$'000 (unaudited)	As at 31 December 2021 US\$'000 (audited)
Less than one month	14,556	2,415
Over three months to six months	1,359	-
Total	15,915	2,415

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

14. TRADE AND OTHER PAYABLES

	As at 30 June 2022 US\$'000 (unaudited)	As at 31 December 2021 US\$'000 (audited)
Trade payables	17,706	14,911
Accruals and other payables	41,362	27,815
Construction cost payables	22,694	22,694
Interest payables	233	208
Advances from customers	244	1,565
	82,239	67,193

For individual third party trade creditors, the average credit turnover period on purchase of goods and services for the period was 31 days (31 December 2021: 12 days).

The following is an aged analysis of the trade creditors based on invoice date.

	As at 30 June 2022 US\$'000 (unaudited)	As at 31 December 2021 US\$'000 (audited)
Less than one month	11,190	11,431
One month to three months	6,509	3,469
Over three months to six months	-	5
Over six months	7	6
Total	17,706	14,911

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

15. BORROWINGS

	As at 30 June 2022 US\$'000 (unaudited)	As at 31 December 2021 US\$'000 (audited)
Secured loans:		
Gazprombank JSC	–	112,604
MIC invest Limited Liability Company (“MIC invest LLC”)	102,486	–
Total	102,486	112,604
Carrying amounts repayable:		
Within one year	21,186	19,916
More than one year, but not exceeding two years	20,405	20,669
More than two years, but not exceeding five years	60,895	72,019
Total	102,486	112,604
Presented as:		
Current liabilities	21,186	19,916
Non-current liabilities	81,300	92,688
	102,486	112,604

The Group is required to comply with certain restrictive financial covenants and undertaking requirements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

15. BORROWINGS (CONTINUED)**Secured loans from Gazprombank JSC and MIC invest LLC**

On 18 December 2018, the Group entered into two facility agreements for a loan in aggregate of US\$240,000,000 (the "Gazprombank Facility"). The Gazprombank Facility would mature in 2026 and consists of two tranches. The principal under the first tranche amounts to US\$160,000,000 with interest being charged at the London Inter-bank Offer Rate ("LIBOR") + 5.7% per annum and is repayable in equal quarterly payments during the term of the Gazprombank Facility, the final payment in December 2026. The principal under the second tranche amounts to US\$80,000,000 with interest being charged at LIBOR + 7.7% per annum and is repayable in full at the end of the term, in December 2026. Interest charged on the drawn down amounts under the two tranches is payable in equal quarterly payments during the term of the Gazprombank Facility.

During the period ended 30 June 2022, Gazprombank JSC assigned its rights under the Gazprombank Facility to MIC invest LLC. The assignment has not resulted in any changes to the terms and conditions of the documentation for the Gazprombank Facility that the Group previously entered into.

The full facility amount of US\$240,000,000 has been fully drawn down and gradually repaid with outstanding balance of US\$102,486,000 at 30 June 2022 (31 December 2021: US\$112,604,000).

The loans are secured by i) a charge over the property, plant and equipment with net book value of US\$50,251,000, ii) 100% equity share of Kapucius Services Limited in LLC KS GOK, a wholly owned subsidiary of the Group, iii) until 3 December 2021, a guarantee from Petropavlovsk PLC, the former substantial shareholder of the Company, and (iv) the pledged of 2,120,000,000 ordinary shares of the Company held by Axiomi Consolidated Ltd, the current substantial shareholder of the Company.

The drawn down of the secured loans is subject to the following requirements:

- a) LLC KS GOK must maintain an authorised capital not less than RUB9.1 billion;
- b) LLC KS GOK must provide quarterly reporting; and

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

15. BORROWINGS (CONTINUED)**Secured loans from Gazprombank JSC and MIC invest LLC (Continued)**

The drawn down of the secured loans is subject to the following requirements: (Continued)

c) LLC KS GOK must meet the following financial covenants:

i) Net Debt/EBITDA ratio:

- For the twelve months periods ending 30 June 2021 and 31 December 2021 of less than 3.5 times and,
- Starting from the twelve months period ending 30 June 2022, of less than 3.0 times

where:

- Net Debt is defined as the combined amount of short-term borrowed funds plus long-term borrowed funds and leasing obligations less cash or cash equivalents; and
- EBITDA is defined as loss/profit before tax for the last twelve months plus interest expenses for the last twelve months less interest income for the last twelve months plus depreciation for the last twelve months and adjustments to exclude impairment, exchange rate revaluation and other non-monetary items for the last twelve months and add lease payments for the last twelve months.

ii) Debt Service Coverage Ratio (DSCR):

- Starting from the twelve months period ending 30 June 2020 – not less than 1.2 times

where DSCR is defined as:

- Incoming cash balance add free cash flow of LLC KS GOK to the share capital add cash payments for servicing the principal debt add cash payments for interest payments; divided by
- Cash payments for servicing the principal debt add cash payments for interest payments.

For the twelve months period ended 30 June 2022, LLC KS GOK has complied with the Net Debt/EBITDA ratio covenant. MIC invest LLC has granted LLC KS GOK a waiver to comply with the DSCR covenant for the twelve months period ended 30 June 2022.

For the twelve months period ended 31 December 2021, LLC KS GOK has complied with the Net Debt/EBITDA ratio and the DSCR covenants.

As of 30 June 2022, the total borrowings of US\$102,486,000 (31 December 2021: US\$112,604,000) was borne by LLC KS GOK, a wholly owned subsidiary of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

16. OTHER FINANCIAL ASSETS**Cash flow hedges – currency swap contracts**

At the end of the reporting period, the Group had currency zero-cost collars contracts designated as highly effective hedging instruments in order to minimise the exchange rate exposure in relation to operating costs.

The fair value of currency zero-cost collars contracts at the end of the reporting period are provided by counterparty financial institutions.

During the period ended 30 June 2022, the gain on change in fair value of the currency zero-cost collars contracts under cash flow hedges amounted to US\$5,656,000 (six months ended 30 June 2021: net loss on changes in fair value of the commodity and currency zero-cost collars contracts under cash flow hedges amounted to US\$13,530,000) has been recognised in other comprehensive income. The fair value gains of the currency zero-cost collars amounted to US\$1,885,000 (six months ended 30 June 2021: the net fair value losses of the hedging instruments amounted to US\$7,138,000) were reclassified from hedging reserve to profit or loss in the same period when the hedged item affects profit or loss upon the settlement.

17. SHARE CAPITAL

Details of the share capital of the Company at 30 June 2022, 30 June 2021 and 31 December 2021 are as follows:

	Number of shares	Share capital US\$'000
Issued and fully paid		
At 1 January 2021	7,093,386,381	1,285,158
Share option granted in 2015 exercised in May 2021	1,328,000	73
At 30 June 2021	7,094,714,381	1,285,231
Share options granted in 2017 exercised in September 2021	5,000,000	251
At 31 December 2021 and 30 June 2022	7,099,714,381	1,285,482

During the first six months of 2021, the Company issued 1,328,000 new shares following the exercising of share options pursuant to the Company's employees' share option scheme with an exercise price of HK\$0.296 per share. The Company received approximately US\$0.05 million following the issuance of the shares.

At 30 June 2022, the rights granted to Tiger Capital Fund to subscribe for the remaining 30,000,000 new ordinary shares ("Option Shares") in December 2016 remained outstanding and will expire in December 2022. No Option Shares granted were exercised during the period ended 30 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

For the Six Months Ended 30 June 2022

18. RELATED PARTY DISCLOSURES**Related parties**

Axiomi Consolidation Ltd, which is a substantial shareholder of the Company, and its subsidiaries are considered to be related parties.

As disclosed in note 15, Petropavlovsk PLC provided a guarantee to secure the Group's borrowing, the Group has entered into an agreement setting out the terms on which Petropavlovsk PLC provided the guarantee until 3 December 2021. The requirement for the guarantee has been waived by the bank.

Related parties transactions

Related party transactions the Group entered into that related to the day-to-day operation of the business are set out below.

	Services provided ^(a)		Services received ^(b)	
	Six months ended 30 June		Six months ended 30 June	
	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Petropavlovsk PLC and its subsidiaries				
Petropavlovsk PLC	–	–	–	3,055
LLC NIC Gydrometallurgia	–	56	–	–

(a) Amounts represent fee received/receivable from related parties for provision of administrative support.

(b) Amounts represent fee paid/payable to related parties for receipt of financial guarantee and administrative support.

The related party transactions as disclosed above were conducted in accordance with terms mutually agreed with counter parties.

Related parties balances

There is no outstanding balances with related parties as at 30 June 2022 and 31 December 2021.

Key Management Compensation

The remuneration of directors, which represent members of key management, during the period was as follows:

	Six months ended 30 June	
	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Short-term benefits	3,034	1,790
Post-employment benefits	950	376
	3,984	2,166

The remuneration of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

GLOSSARY

This glossary contains definitions of certain terms used in this report in connection with the Group and its business. Some of these may not correspond to standard industry definitions.

Axiomi	Axiomi Consolidation Ltd, a wholly-owned company of Mr Nikolai Levitskii
Board	The Board of Directors
CNEEC	China National Electric Engineering Company Limited, the principle EPC contractor at the K&S Project
Concentrate	The clean product recovered from a treatment plant
COVID-19	Infectious disease caused by a newly discovered coronavirus
Deposit	Mineral deposit or ore deposit is used to designate a natural occurrence of a useful mineral, or an ore, in sufficient extent and degree of concentration
Directors	The directors of the Company
DSO	Direct shipping ores. Ores that are economic due to their high grades and therefore limited requirement for upgrading and processing before sale to end users. Raw material for iron ore concentrate, isometric mineral, Fe
EAO	Jewish Autonomous Region, an oblast of the Russian Federation
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPC	Engineering, Procurement and Construction contract
Exploration	Method by which ore deposits are evaluated
Fe	The chemical symbol for iron
Feasibility study	An extensive technical and financial study to assess the commercial viability of a project
Gazprombank	Gazprombank, is a private-owned Russian bank, the third largest bank in Russia by assets
General Nice	General Nice Development Limited is a Hong Kong incorporated holding company which trades and produces steel raw material commodities in China and globally
Grade	Relative quantity or the percentage of ore mineral or metal content in an ore body
HK\$	Hong Kong Dollar, the lawful currency of Hong Kong
HKEX	Hong Kong Exchanges and Clearing Limited
Hong Kong	The Hong Kong Special Administrative Region of the PRC
ICBC	Industrial and Commercial Bank of China Limited, a company listed on the Stock Exchange (Stock code: 1398)
Ilmenite	Iron titanium oxide; a trigonal mineral, chemical formula FeTiO_3
K&S	A magnetite development project in the Company's portfolio consisting of the Kimkan deposit and the Sutara deposit
LTIFR	Lost time injury frequency rate, the number of lost time injuries per million man hours worked
Magnetite	Fe_3O_4 ; major mineral in banded iron formations, generally low grade (1.5%-40% iron)
MIC	MIC invest Limited Liability Company, a company wholly-controlled by Ms. Marina Kolesnikova
Mill	Equipment used to grind crushed rocks to the desired size for mineral extraction
Mineralisation	Process of formation and concentration of elements and their chemical compounds within a mass or body of rock
Open-pit	A large scale hard rock surface mine; mine working or excavation open to the surface

GLOSSARY (CONTINUED...)

Optimisation	Co-ordination of various mining and processing factors, controls and specifications to provide optimum conditions for technical/economic operation
Ore	Material from which a mineral or minerals of economic value can be extracted profitably or to satisfy social or political objectives
Ore body	Mining term to define a solid mass of mineralised rock which can be mined profitably under current or immediately foreseeable economic conditions
Ore reserves	The parts of a Mineral Resource that can at present be economically mined
Petropavlovsk	Petropavlovsk PLC, the London Stock Exchange quoted, Russian gold mining company
Primary	Characteristic of or existing in a rock at the time of its formation; pertains to minerals, textures and etc.; original
Processing	Methods employed to clean, process and prepare materials or ore into the final marketable product
Resources	The concentration of material of economic interest in or on the earth's crust
Russian Far East	Refers to the Far Eastern Federal district of the Russian Federation, which covers the area of Russia between Lake Baikal in Siberia and the Pacific Ocean
Rouble or RUB	Russian Rouble
SRP	Steel/Slag Reprocessing Project
Stock Exchange	The Stock Exchange of Hong Kong Limited
TiO ₂	Titanium dioxide. A fine white powder. Used in paints, plastics or paper, it provides for maximum whiteness and opacity
Tonne/t	1 wet metric tonne (1,000 kg)
Treatment plant	A plant where ore undergoes physical or chemical treatment to extract the valuable metals/minerals
US Dollar or US\$	United States Dollar

LIST OF ABBREVIATIONS

°C	degrees Celsius, a thermal unit equivalent to Kelvin+273.15
CaO	chemical symbol for calcium oxide or quicklime
dmt	dry metric tonne, a unit of mass equivalent to 1,000 kg
Fe	chemical symbol for iron
Fe _{magn}	total iron in the ore originating from magnetite
Fe _(total)	total amount of iron content
ha	hectares
kg	kilogramme, the SI unit of mass
km	kilometres, a unit of length equivalent to 1,000 m
km ²	square kilometres, a unit of area equivalent to 1,000,000 m ²
Kt	thousand tonnes
Ktpa	thousand tonnes per annum
kV	kilovolts, one thousand volts, a unit of electromotive force
Kwh	kilowatt hour, a unit of energy
m	metres, the SI unit of length
m ³	cubic meter, a unit of volume
mm	millimetres, unit of length equivalent to 0.001 m
Mt	million tonnes
Mtpa	million tonnes per annum
mWt	megawatt, one million watts, a unit of power

GLOSSARY (CONTINUED...)

nm	not measured
t	a wet metric tonne, a unit of mass equivalent to 1,000 kg
tpa	tonnes per annum
TiO ₂	chemical symbol for titanium dioxide
V ₂ O ₅	chemical symbol for vanadium pentoxide
wmt	wet metric tonne, a unit of mass equivalent to 1,000 kg

All dollars refer to United States Dollars unless otherwise stated.

All maps and diagrams in this report are for illustration purposes only and are not to scale.

Production volumes disclosed in this annual report are determined net of the excessive moisture content within the products, as shipped to the customers. Production rate of K&S is calculated based on an annual production capacity of approximately 3,155 thousand wet metric tonne.

CORPORATE INFORMATION

IRC LIMITED — 鐵江現貨有限公司

Stock Exchange of Hong Kong: 1029

As at 30 August 2022

CORPORATE INFORMATION

Headquarters, registered address and principal place of business in Hong Kong:

6H, 9 Queen's Road Central, Central District
Hong Kong Special Administrative Region
of the People's Republic of China

Telephone: +852 2772 0007

Facsimile: +852 2772 0329

Corporate Website: www.ircgroup.com.hk

Hong Kong Business Registration number: 52399423

Hong Kong Company Registration number: 1464973

PRINCIPAL PLACE OF BUSINESS IN RUSSIA

Bulvar Entuziastov, Building 2
7/F, Business Center "Golden Gate"
Moscow
109544
Russia

CHAIRMAN

N.V. Levitskii

NON-EXECUTIVE DIRECTOR

N.V. Levitskii

EXECUTIVE DIRECTOR

Chief Executive Officer: D.V. Cherednichenko

INDEPENDENT NON-EXECUTIVE DIRECTORS

D.V. Dobryak

N.K. Ozhegina

A.M. Romanenko

V.G. Sheremet

COMMITTEES OF THE BOARD

Audit Committee

A.M. Romanenko (*Chairman*)

V.G. Sheremet

D.V. Dobryak

Remuneration Committee

D.V. Dobryak (*Chairman*)

N.V. Levitskii

N.K. Ozhegina

Health, Safety and Environment Committee

N.K. Ozhegina (*Chairlady*)

A.M. Romanenko

V.G. Sheremet

Nomination Committee

N.V. Levitskii (*Chairman*)

D.V. Dobryak

N.K. Ozhegina

AUTHORISED REPRESENTATIVES FOR THE PURPOSES OF THE STOCK EXCHANGE OF HONG KONG LIMITED

D.V. Cherednichenko

J.S.C. Yuen

COMPANY SECRETARY

J.S.C. Yuen

AUDITOR

Deloitte Touche Tohmatsu, *Certified Public Accountants*

Registered public interest entity auditors

LEGAL ADVISERS AS TO HONG KONG LAW

Chiu & Partners

DISCLAIMER

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Investor Relations

IRC Ltd
6H, 9 Queen's Road Central
Hong Kong SAR

We can be contacted by mail, phone, email and company website:

- ✉ 6H, 9 Queen's Road Central, Hong Kong
- ☎ +(852) 2772 0007
- ✉ ir@ircgroup.com.hk
- 👉 www.ircgroup.com.hk

MILESTONES

Our Future	K&S	Full capacity to 3.2Mt per year Doubling production (Phase II)
	Garinskoye	Iron ore concentrate production
	Bolshoi Seym	Iron ore concentrate and ilmenite production
H1 2022	IRC	Further reduction in net debt
	K&S	Maintained over 80% production capacity despite operating challenges
2021	IRC	Underlying profit reached new high Significant reduction in net debt
	K&S	Development of Sutara on track
2020	IRC	Maiden underlying profit
	K&S	Successful diversion of sales to new Chinese customers via seaborne routes
2019	IRC	ICBC refinancing completed
	K&S	Operated at 100% of designed capacity in October
	SRP	Vanadium joint venture recommenced operation
2018	K&S	Entry into refinancing facility with Gazprombank Operated at 105% of designed capacity during a 24-hour run Produced over 2.2 million tonnes in 2018
2017	K&S	Commercial production (Phase I) 90%-capacity loading test Produced over 1.5 million tonnes in 2017
2016	IRC	Tiger Capital shares subscription
	K&S	Trial production commenced and ramp-up First iron ore concentrate production Final hot commissioning and testing
2015	IRC	Completed fully underwritten Open Offer
	K&S	Ongoing commissioning and testing
2014	K&S	Commissioning programme commenced
2013	IRC	General Nice strategic alliance
	K&S	Ongoing construction
2012	Kuranakh	Ilmenite production full capacity
	Garinskoye	DSO operation announced
	Exploration	Ilmenite & Molybdenum Exploration acquisitions
2011	IRC	Group reserves increase threefold
	Kuranakh	Full year production targets exceeded
	K&S	First drawdown ICBC facility Optimisation study to double K&S production
2010	IRC	HKEX listing
	Kuranakh	Commissioned
	K&S	US\$340m ICBC facility US\$400m CNEEC EPC contract
	SRP	First production



IRC Limited
鐵江現貨有限公司

6H, 9 Queen's Road Central
Hong Kong
香港中環皇后大道中9號6樓H室
office@ircgroup.com.hk
www.ircgroup.com.hk
Tel 電話 : (852) 2772 0007
Fax 傳真 : (852) 2772 0329