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铁货 IRC

IRC Limited 鐵江現貨有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1029)

2024 ANNUAL RESULTS
PRODUCTION AND SALES DECLINED DUE TO ORE QUALITY ISSUES
NET LOSS OF US$21 MILLION

CONFERENCE CALL

A conference call will be held today at 13h30 Hong Kong time to discuss the annual results. The number is +852 2112 1888 and the passcode is 3310526#. Presentation slides to accompany the call are available at www.ircgroup.com.hk. A playback of the teleconference will be available from 27 March 2025 at www.ircgroup.com.hk/en/ir_presentations.php.

Wednesday, 26 March 2025: The Board of Directors ("Board") of IRC Limited ("IRC" or the "Company", together with its subsidiaries, the "Group") is pleased to announce the annual results of the Company for the year ended 31 December 2024.

Financial Highlights

– Revenue decreased by 12.6% to US$221.2 million (2023: US$253.0 million), mainly due to ore quality issues in the first half of 2024;
– Cash cost of US$86.0 per tonne was 9.0% higher than last year (2023: US$78.9 per tonne), mainly due to the introduction of Temporary Export Duties and inflation;
– Loss attributable to shareholders improved and amounted to US$20.5 million (2023: US$156.8 million) with no impairment provision in 2024 (2023: impairment of US$163.9 million);
– Cash and deposit balance increased to US$60.7 million (31 December 2023: US$56.6 million) following the completion of Rights Issue;
– Net cash of US$15.9 million (31 December 2023: net debt of US$11.2 million), following completion of Rights Issue, scheduled loan repayment of US$17.8 million (2023: US$10.8 million) and voluntary loan repayment of US$5.0 million (2023: nil);
– Non-HKFRS adjusted EBITDA excluding non-recurring items and foreign exchange reduced to US$9.3 million (2023: US$45.8 million); and
– Non-HKFRS adjusted underlying loss amounted to US$15.4 million (2023: profit of US$8.7 million).

Operating Highlights

– Production volume decreased by 3.6% to 2,378kt (2023: 2,467kt), mainly due to ore quality issues in the first half of 2024;
– Sales volume decreased by 7.4% to 2,343kt (2023: 2,529kt), in line with the production volume;
– More shipments have been made via the Amur River Bridge, improving transportation logistics; and
– K&S started mining and processing ore from the Sutara deposit in July 2024 and gradually increasing mining volume.

Commenting on the results, Nikolai Levitskii, Chairman of IRC said: *"This year has been one with significant challenges, as issues with our ore quality at K&S and the weakening of the global iron ore market impacted our financial performance. Regrettably, the Company reported an non-HKFRS adjusted underlying loss of US$15 million for the year ended 31 December 2024. Despite these difficulties, I am proud of the resilience and determination demonstrated by our team, and I remain confident in the long-term prospects of our business.*

In 2024, we achieved several milestones that underscored the strength of our business model and the dedication of our workforce. Notably, we achieved a respectable production level during this transitional period of IRC, when we gradually shift our mining operation from the depleting Kimkan mine to the Sutara mine; we advanced key projects, including the commissioning of Sutara, which are expected to enhance efficiency and production volume in the coming years; and we completed an equity fund-raising exercise to significantly bolster our liquidity position. These achievements reflect our commitment to operational excellence and our ability to navigate challenging market conditions.

The challenging operating environment in 2024 necessitated proactive measures to ensure the Company's financial resilience. To bolster our balance sheet and provide the necessary liquidity to navigate these headwinds, we undertook an equity fund-raising exercise by way of a rights issue. I am pleased to report that this initiative was met with strong support from our shareholders, reflecting their confidence in the long-term prospects of IRC.

Looking ahead, our focus will be on the ramping up of the operation at Sutara, in which its higher quality ore would allow K&S to increase production volume and operating efficiency. On the corporate side, we shall make good use of the fund we raised from the rights issue to reduce our gearing level and enhance our production capability, including the notion to set up our own mining fleet to reduce our reliance on the third-party mining contractors.

While the past year has been difficult, I am confident that the steps we are taking today will lay a solid foundation for a stronger and more resilient IRC. We remain steadfast in our commitment to creating long-term value for all stakeholders. Thank you for your continued support."

FINANCIAL REVIEW

The table below shows the results of the Group for the years ended 31 December 2024 and 2023:

	For the year ended 31 December		
	2024	2023	Variance
Key Operating Data			
Iron Ore Concentrate			
— Production volume (tonnes)	**2,377,519**	2,466,829	(3.6%)
— Sales volume (tonnes)	**2,342,633**	2,528,596	(7.4%)
Achieved Selling Price (US$/tonne)			
— based on wet metric tonne	**94.3**	100.0	(5.7%)
— based on dry metric tonne	**101.3**	108.3	(6.5%)
Platts 65% iron ore average price	**123.3**	132.0	(6.6%)
Cash Cost (US$/tonne)			
— excl. transportation to customers (wet metric tonne)	**70.6**	62.9	12.2%
— incl. transportation to customers (wet metric tonne)	**86.0**	78.9	9.0%
— excl. transportation to customers (dry metric tonne)	**75.8**	68.1	11.3%
— incl. transportation to customers (dry metric tonne)	**92.4**	85.4	8.2%
Consolidated Income Statement (US$'000)			
Revenue	**221,156**	252,987	(12.6%)
Site operating expenses and service costs before depreciation	**(201,310)**	(201,172)	0.1%
General administration expenses before depreciation	**(10,209)**	(9,887)	3.3%
Other (expenses)/income, gains and losses, and other allowances, net	**(310)**	3,875	(108.0%)
Adjusted EBITDA excluding non-recurring items and foreign exchange (note)	**9,327**	45,803	(79.6%)
Depreciation	**(17,600)**	(19,489)	(9.7%)
Finance costs, net	**(6,526)**	(7,378)	(11.5%)
Income tax expenses & non-controlling interests	**(623)**	(10,238)	(93.9%)
Adjusted Underlying (loss)/gain – excluding non-recurring items and foreign exchange (note)	**(15,422)**	8,698	(277.3%)
Net foreign exchange and fair value change of derivatives	**(916)**	2,525	(136.3%)
Provision for asset impairment losses	**–**	(163,890)	(100.0%)
Other provision	**(4,153)**	(4,142)	0.3%
Loss attributable to the owners of the Company	**(20,491)**	(156,809)	(86.9%)

Note: These represents non-HKFRS adjusted results of the Group. For further details of the basis of adjustment and adoption of non-HKFRS measures, please refer to the section headed "Use of Non-HKFRS measures" on page 4 to 6 of this announcement.

USE OF NON-HKFRS MEASURES

To supplement IRC's consolidated financial statements prepared and presented in accordance with HKFRS Accounting Standards, we utilise non-HKFRS adjusted results as additional financial measures.

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 "adjusted EBITDA" and "adjusted Underlying results", as presented below, are results which exclude non-recurring items and foreign exchange. We believe that these non-HKFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of items that our management considers non-indicative of our operating performance. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations and financial position, in the same manner as they help our management. However, our presentation of the non-HKFRS adjusted EBITDA and non-HKFRS adjusted Underlying results may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as analytical tools, and should not be considered in isolation from, or as substitutes for analysis of, our results of operations or financial position as reported under HKFRS Accounting Standards.

1. Adjusted EBITDA – excluding non-recurring items and foreign exchange

	For the year ended 31 December	
US$'000	**2024**	2023
Loss before taxation		
— As reported	**(19,868)**	(146,571)
Non-HKFRS adjustments		
— Net impairment losses	**–**	163,890
— Net foreign exchange and fair value change of derivatives	**916**	(2,525)
— Other provision	**4,153**	4,142
— Depreciation	**17,600**	19,489
— Finance costs, net	**6,526**	7,378
Non-HKFRS		
— EBITDA excluding non-recurring items and foreign exchange	**9,327**	45,803

The Group's adjusted EBITDA, excluding non-recurring items and foreign exchange, reduced by 79.6% to US$9.3 million (31 December 2023: US$45.8 million) for the year ended 31 December 2024. The decrease was mainly driven by lower production and sales volume, weaker iron ore price and selling price, and higher production cost recorded for the 2024 as further elaborated below:

Sales volume: 2024 is a transitional year for IRC as the mining operation at K&S gradually moved from Kimkan to Sutara. As reported in the CEO and CFO Report, K&S faced issues regarding ore quality from the depleting Kimkan mine which affected production in the first half of 2024. The production hindrance was alleviated when Sutara mine commenced operation in July 2024. In overall, due to the ore quality issues which reduced production volume of the Group by 3.6%, the Company only managed to sell 2,342,633 tonnes of iron ore concentrate in 2024, representing a 7.4% decrease from the previous year (31 December 2023: 2,528,596 tonnes).

Selling price: The decrease in iron ore price in 2024 was also a main factor negatively impacted IRC. The selling price achieved in 2024 was US$101.3 per dry metric tonne, 6.5% lower than that in 2023. This reduction was in line with the average 65% Platts iron ore price decrease of 6.6% in 2024.

Production cost: While K&S endeavours to keep operating and administrative costs under strict control, the Group's cash cost increased by 9.0% to US$86.0 per tonne in 2024, mainly due to the lower production yields. This is the result of lower ore grade leading to higher unit costs as well as the introduction of the Temporary Export Duties in the fourth quarter of 2023. The high Russian inflation also led to a general increase in cost, outweighing the positive impact of Rouble depreciation.

The lower production and sales volumes, compounded with the weaker iron ore price and high production cost led to a decrease in EBITDA of 79.6% to US$9.3 million.

2. Adjusted Underlying results – excluding non-recurring items and foreign exchange

	For the year ended 31 December	
US$'000	**2024**	2023
Loss attributable to the owners of the Company		
— As reported	**(20,491)**	(156,809)
Non-HKFRS adjustments		
— Net impairment losses	**–**	163,890
— Net foreign exchange and fair value change of derivatives	**916**	(2,525)
— Other provision	**4,153**	4,142
Non-HKFRS		
— Underlying (loss)/gain excluding non-recurring items and foreign exchange	**(15,422)**	8,698

The Group's income statement sometimes includes certain material non-recurring and non-operating items which, under the non-HKFRS adjusted results, should be considered separately. In 2024 and 2023, these items are:

– ***Impairment losses:*** while no impairment was needed in 2024, in 2023, impairment losses related to the K&S mine and other assets of US$163.9 million was made following weaker iron ore price environment and substantial inflationary increase of various operating costs.

– ***Net foreign exchange and fair value change of derivatives:*** a non-cash net foreign exchange loss of US$0.9 million (31 December 2023: gain of US$2.5 million), primarily due to Russian Rouble exchange rate movements.

– ***Other provision:*** a non-cash provision of US$4.2 million (31 December 2023: US$4.1 million) being made for expenses related to deferred contract payments. The Group has initiated legal proceedings against the said contract counterparty, 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. Following a settlement with the counterparty in 2025, this liability will not be payable.

While the Group reports a loss of US$20.5 million in 2024, this figure is distorted due to the aforesaid non-recurring items and foreign exchange. Under the non-HKFRS measures adopted, the Group reports an adjusted EBITDA of approximately US$9.3 million and an adjusted underlying loss of approximately US$15.4 million. The current year's underlying result is worse than that in 2023 mainly due to weaker adjusted EBITDA, as discussed above.

REVENUE

Iron ore concentrate

IRC's main revenue source comes from the sales of 65% iron ore concentrate produced at the K&S mine.

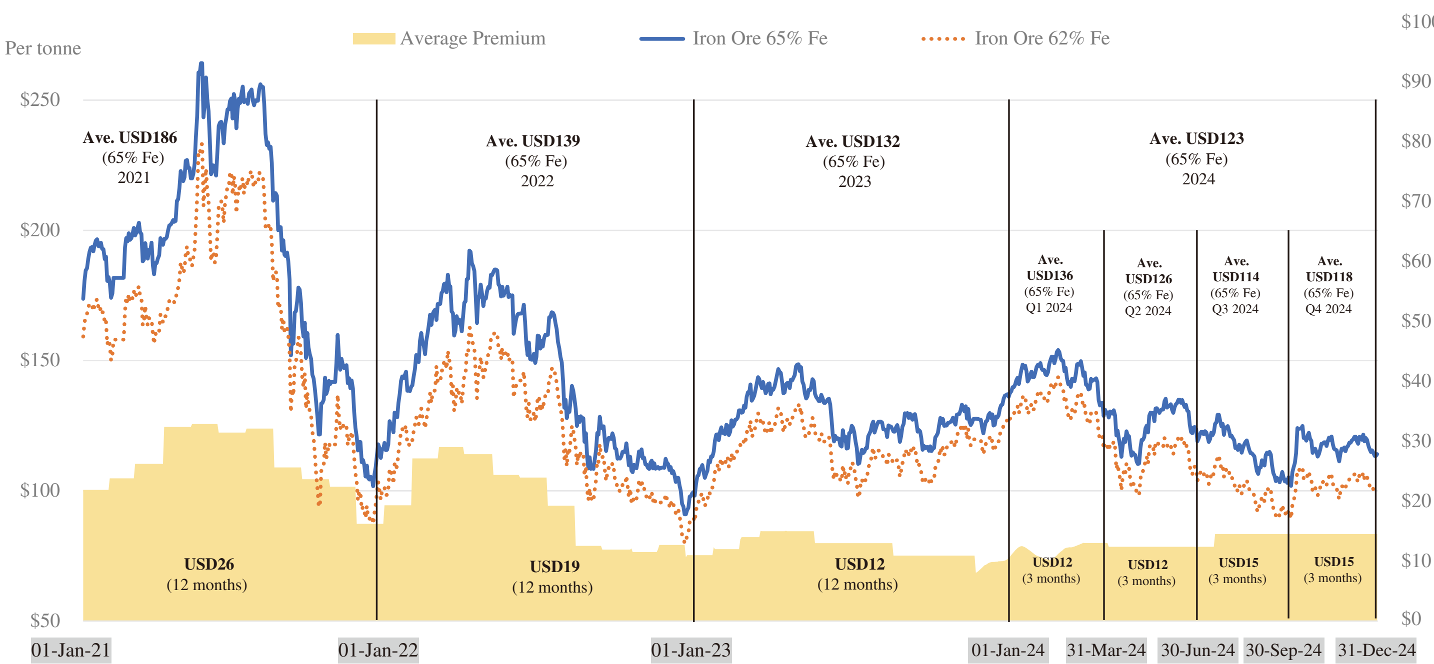
K&S faced challenging operating issues in 2024 due to the poorer ore quality and the lack of mining fronts at the Kimkan site. Although Sutara commenced operation in July 2024, providing ore with better quality, the ramping up of this mine takes time and could not fully make up for the shortcoming of Kimkan in 2024. K&S was heavily relying on ore stockpiles utilisation which provided a positive impact on the working capital. Nevertheless, due to the poor ore quality of the stockpile, production yield was lower than that in previous year. In light of these challenges, K&S only managed to operate at an average production rate of c.75% to produce 2,377,519 tonnes of iron ore, 3.6% lower than that of 2,466,829 tonnes last year. In line with the production decrease, sales volume also declined by 7.4% from 2,528,596 tonnes for 2023 to 2,342,633 tonnes for 2024.

The selling price of K&S's iron ore concentrate is determined with reference to the international spot price of Platts iron ore benchmark index. Platts 65% iron ore price was volatile in 2024 as it fluctuated in the range of US$107 per tonne to US$147 per tonne. The year began with a sharp decline in prices, driven by economic downturns, oversupply concerns, and historically low steel mill profits. From second quarter of 2024, prices stabilised and were supported by recovering steel mill profits, improved demand, and macroeconomic policies, including China's stimulus measures. However, from third quarter of 2024, prices fell again due to market concerns over new regulations, strong iron ore supply, and weak fundamentals. In the final quarter of 2024, prices slightly recovered, bolstered by macroeconomic stimulus, including interest rate cuts and policy measures, as well as expectations of inventory replenishment and resilient demand. Overall, the iron ore market in 2024 trended downward, with prices fluctuating under the dual influence of weak fundamentals and periodic macroeconomic support.

On average, the 2024 price level of US$123.3 per tonne was 6.6% lower than that of 2023 of US$132.0 per tonne.

The chart below illustrates the movement of the Platts 65% Fe index from 2021 to 2024:

Platts 65% Iron Ore Price vs 62% Iron Ore Price



* *Source: Platts (as of 31 December 2024)*

The falling iron ore price coupled with the decrease in sales volume translated to a reduction in IRC's revenue by 12.6% from US$253.0 million for 2023 to US$221.2 million for 2024.

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 logistics cost of its product but its bargaining power in price negotiations is negatively affected. This trend continued in 2024, especially with the steel mills opting to operate at a lower profitability and capacity mode as the economy in China continues to be relatively sluggish. As a result, the steel mills preferred lower grade and cheaper iron ore. 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 in the past, but this market is not without its challenges considering the market competition from other local producers. As the purchase prices offered by the Russian customers of K&S were not attractive, minimal sales were made to Russia in 2024. Seaborne sales continued to be suspended due to the volatile operating environment which makes such sales uneconomical. K&S will continue monitoring the situation and adjusting its sales and marketing strategy accordingly.

In 2024, K&S predominantly used the Amur River Bridge (the "Bridge") for railway shipments to the Chinese customers. In 2024, 1,611,075 tonnes of iron ore concentrate were shipped via the Bridge (2023: 686,730 tonnes), which represents approximately 68% (2023: 27%) of total shipments during the year. Although shipments made via the Bridge do not save much costs due to the high bridge tariff, this transportation route helps alleviate the railway congestion issues and allows K&S to ship its products more efficiently to its customers.

Engineering Services

Revenue from Giproruda, the Group's small-scale engineering services division, while not material, diversified the Group's revenue. Revenue from the segment was US$202,000 in 2024 (31 December 2023: US$52,000).

SITE OPERATING EXPENSES AND SERVICE COSTS BEFORE DEPRECIATION

The mining and operating expenses incurred by the Group's sole operating mine, the K&S project, in relation to sales of iron ore concentrate are primarily reflected in 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 year ended 31 December	
	2024 Cash cost per tonne	2023 Cash cost per tonne
	US$/t	*US$/t*
Mining	**33.2**	32.1
Processing and drying	**12.5**	13.7
Production overheads, site administration and related costs	**13.8**	11.9
Mineral Extraction Tax	**5.6**	4.2
Temporary Export Duties	**5.5**	1.1
Currency hedge results	**–**	(0.1)
Net cash cost before transportation to customers	**70.6**	62.9
Transportation to customers	**15.4**	16.0
Net cash cost	**86.0**	78.9

Net cash cost increased by 9.0% from US$78.9 per tonne for 2023 to US$86.0 per tonne for 2024. The Group's operation is mainly conducted in Russia and the annual inflation rate in Russia rose sharply to 9.5% in December of 2024. Apart from a general increase in cost due to the high Russian inflation, the lower production volume in 2024 also led to a higher cost on a per tonne basis, due to overheads and fixed costs being allocated over a smaller base. In addition, there was a significant increase in the Temporary Export Duties. Russia introduced the Temporary Export Duties which are calculated based on the Rouble exchange rate for exports outside the Eurasian Economic Union. The Temporary Export Duties apply to most export and would depend on the Rouble against the US Dollar exchange rates and were effective from 1 October 2023 to 31 December 2024. As the Temporary Export Duties only became applicable in the fourth quarter of 2023, contrasting the full year Temporary Export Duties which had been levied in 2024, the Temporary Export Duties paid by the Group increased significantly in 2024.

Although the Temporary Export Duties have been terminated in 2024, Russia has increased the rate of the mineral extraction tax in 2025. Cost control continues to be a challenging task for K&S.

In addition to the Russian inflation, Russian Roubles also plays a part in the cost structure of IRC. Rouble was relatively volatile in 2024 but, in general, has been on a depreciating trend from an average of RUB85 to the US dollar to RUB93 to the US dollar. The chart below illustrates the movement in Russian Rouble exchange rate from 2021 to 2024:

The Movement of Russian Rouble

* *Source: Bank of Russia (as of 31 December 2024)*

The weakening of the Russian Rouble has a positive impact on the Group's operating margin, as the operating costs of the Group are mainly denominated in Russian Rouble and revenue is mainly denominated in US Dollars.

In overall, the impact of increasing cost and the payment of Temporary Export Duties outweighed the effect of the Rouble depreciation, resulting in a general increase in cash costs of the Company.

GENERAL ADMINISTRATION EXPENSES BEFORE DEPRECIATION

General administration expenses before depreciation of US$10.2 million is generally in line with last year's expense level of US$9.9 million.

OTHER (EXPENSES)/INCOME, GAINS AND LOSSES, AND OTHER ALLOWANCES, NET

Net other (expenses)/income, gains and losses, and other allowances in 2024 mainly represents the rental income offset by the loss on disposal of fixed assets, resulting in a net expense position. In 2023, there were gain in disposal of fixed assets as well as gain on disposal of a vessel.

DEPRECIATION AND AMORTISATION

Depreciation charges of US$17.6 million in 2024 was 9.7% lower than that of US$19.5 million of 2023, mainly because some of the assets having been fully depreciated.

FINANCE COSTS, NET

Net finance costs principally reflect the interest expenses incurred by K&S on the loan facilities from MIC Invest Limited Liability Company ("MIC"). Net finance costs decreased by 11.5% from US$7.4 million in 2023 to US$6.5 million in 2024, primarily as a result of the effect of reduction in loan principal following the scheduled periodic repayments. In December 2024, IRC also made a voluntary early principal repayment to MIC of US$5 million against the US$10 million bullet repayment tranche which bears higher interest rate.

INCOME TAX EXPENSE AND NON-CONTROLLING INTERESTS

The income tax expense of US$0.6 million (2023: US$10.3 million) is mainly related to the tax credit of Russian Corporate tax and the provision made for deferred tax movements.

LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

In view of the aforementioned factors, the Group reported a loss of US$20.5 million in 2024 (31 December 2023: US$156.8 million, including impairment provision of US$163.9 million).

SEGMENT INFORMATION

The mines in production segment represents the K&S mine's production and sales. This segment made a profit of US$3.2 million in 2024, against a segment loss of US$130.4 million last year which included the impairment provision made in 2023. Mines in development, engineering and other segments were not material to the total revenue, and during 2024, a total loss of US$0.8 million (2023: a total loss of US$0.9 million) of these segments was recognised.

CASH FLOW STATEMENT

The following table summarises key cash flow items of the Group for the years ended 31 December 2024 and 31 December 2023:

US$'000	For the year ended 31 December **2024**	2023
Operating profit before working capital movements	**7,391**	43,322
Working capital movements		
— Net movement in inventories	**(69)**	13,912
— Net movement in receivables	**7,926**	(20,520)
— Net movement in payables	**(8,983)**	26,544
Net cash generated from operations	**6,265**	63,258
Repayments of borrowings	**(22,828)**	(10,784)
Capital expenditure	**(17,350)**	(17,267)
Interest expenses paid	**(7,169)**	(8,324)
Interest received, other payments and other adjustments, net	**(1,802)**	191
Income tax refund/(paid)	**794**	(8,003)
Proceeds from disposal of vessel, net	**–**	585
Proceeds from issuance of shares	**46,267**	–
Net movement during the year	**4,177**	19,656
Cash and bank balances (including time deposits)		
— At 1 January	**56,557**	36,901
— At 31 December	**60,734**	56,557

In 2024, operating profit before working capital movements was US$7.4 million, down from US$43.3 million in the prior year, mainly due to the lower sales volume, weaker selling price, and higher production cost recorded for 2024 as discussed above.

During 2024, US$22.8 million of loan principal, including a voluntary early repayment of US$5 million, was repaid to MIC and capital expenditure of US$17.4 million was incurred mainly by the K&S mine for the development of the Sutara project and maintenance of the K&S mine. The decrease in interest payment was primarily due to the repayment of loan principal. In 2024, IRC completed a rights issue raising net proceeds of US$46.3 million.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Share capital

On 22 October 2024, the Company announced a rights issue ("Rights Issue") to raise approximately US$46.3 million after expenses by way of the issue of a maximum of 4,259,828,628 rights shares ("Rights Shares") at a subscription price of HK$0.085 per Rights Share on the basis of one Rights Share for every two existing shares on a non-underwritten basis.

The Rights Issue was completed on 13 December 2024 in which the total number of 4,259,828,628 Rights Shares available for subscription under the Rights Issue have been fully subscribed for. As a result, the Company raised a net proceed of approximately US$46.3 million and 4,259,828,628 Rights Shares were issued on 13 December 2024.

Upon completion of the Rights Issue and as at 31 December 2024, the Company has a total of 12,779,485,885 shares in issue.

Cash Position

Despite lower profitability, the proceeds from the Rights Issue allowed IRC to increase its closing cash balance (including time deposits) from US$56.6 million as at 31 December 2023 to US$60.7 million as at 31 December 2024.

Exploration, Development and Mining Production Activities

For the year ended 31 December 2024, US$218.5 million (31 December 2023: US$217.6 million) was incurred on development and mining production activities. No material exploration activity was carried out in 2024 and 2023. The following table details the operating and capital expenditures in 2024 and 2023:

	For the year ended 31 December					
	2024			2023		
US$'m	**Operating expenses**	**Capital expenditure**	**Total**	Operating expenses	Capital expenditure	Total
K&S development	**200.4**	**17.2**	**217.6**	200.3	17.0	217.3
Exploration projects and others	**0.8**	**0.1**	**0.9**	0.2	0.1	0.3
	201.2	**17.3**	**218.5**	200.5	17.1	217.6

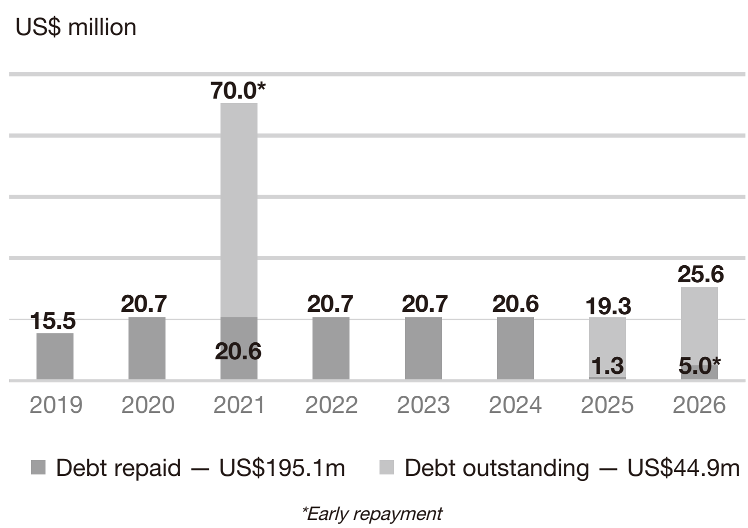
The table below sets out the details of material new contracts and commitments entered into throughout 2024 on a by-project basis.

US$'m	Nature	For the year ended 31 December 2024	2023
K&S	Purchase of property, plant and equipment	**0.9**	1.2
	Sub-contracting for excavation-related works	**–**	0.6
	Sub-contracting for mining works	**–**	0.1
Others	Other contracts and commitments	**2.3**	1.2
		3.2	3.1

Borrowings and Charges

IRC drew down the US$240 million loan facility in 2019 and since then IRC has repaid US$195.1 million. The total debt due to MIC amounted to US$44.9 million as of 31 December 2024. The repayment profile of the loan is as follows:

Loan Repayment Profile



Source: IRC Limited (as of 31 December 2024)

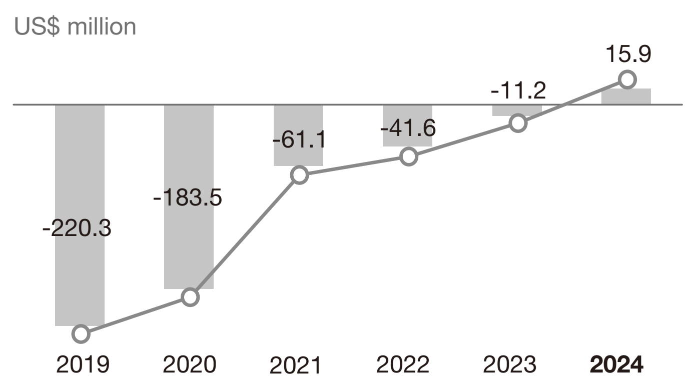
The loan is secured by a charge over the property, plant and equipment with net book value of US$50.6 million.

The interest rate of the MIC loan facility was determined based on London Interbank Offered Rate ("LIBOR"). As LIBOR was discontinued from 1 October 2024, it has been agreed with MIC that the Secured Overnight Financing Rate ("SOFR 90") would be used instead. Interests for the first loan tranche of US$160 million (of which US$39.9 million is outstanding as of 31 December 2024) and second loan tranche of US$80 million (of which US$5.0 million is outstanding as of 31 December 2024) would be determined based on SOFR 90 + 6.2% per annum and SOFR 90 + 8.2% per annum, respectively. The change in the basis of interest calculation is not expected to have material impact on the Group.

IRC achieved a net cash position of US$15.9 million (31 December 2023: net debt of US$11.2 million) following the receipt of the proceeds from the Rights Issue.

The following graph shows the net cash/net debt position of the Group from 2019 to 2024.

Net Cash



Source: IRC Limited (as of 31 December 2024)

Year	2019	2020	2021	2022	2023	2024
Net cash/(debt) (US$'m)	(220.3)	(183.5)	(61.1)	(41.6)	(11.2)	15.9
Net debt to adjusted EBITDA ratio	6.62	2.30	0.36	0.74	0.24	N/A

As at 31 December 2024, 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, decreased to 14.2% (31 December 2023: 23.3%), mainly due to the repayment of loan that is due to MIC.

Risk of Exchange Rate Fluctuation

The Group undertakes certain transactions denominated in foreign currencies, principally Russian Rouble, and is therefore exposed to exchange rate risk associated with fluctuations in relative values of US Dollars. Exchange rate risks are mitigated to the extent considered necessary by the Board of Directors, primarily by holding the relevant currencies.

As of 31 December 2024, the Group did not have any hedging position for the Russian currency, but may consider entering into 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.

Significant Investments, Acquisitions and Disposals

Apart from the development of the Sutara Pit, during the year ended 31 December 2024, the Group had no significant investments, or major acquisitions and disposal of subsidiaries, associates and joint ventures during 2024. The Group does not have any specific future plans for material investment or capital assets as at the date of this announcement apart from the development of the Sutara Pit as disclosed.

Employees and Emolument Policies

In 2024, the Group employed 1,670 employees (2023: 1,636 employees). Total staff costs (including Directors' emoluments) amounted to US$32.9 million during 2024 (31 December 2023: US$28.8 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.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities.

CHAIRMAN STATEMENT

Dear valued Shareholders,

It is with a sense of responsibility and transparency that I present to you the annual results of the Company for the year ended 31 December 2024. This year has been one with significant challenges, as issues with our ore quality at K&S and the weakening of the global iron ore market impacted our financial performance. Despite these difficulties, I am proud of the resilience and determination demonstrated by our team, and I remain confident in the long-term prospects of our business.

In 2024, we achieved several milestones that underscored the strength of our business model and the dedication of our workforce. Notably:

- we achieved a respectable production level during this transitional period of IRC, when we gradually shift our mining operation from the depleting Kimkan mine to the Sutara mine;

- we advanced key projects, including the commissioning of Sutara, which are expected to enhance efficiency and production volume in the coming years; and

- we completed an equity fund-raising exercise to significantly bolster our liquidity position.

These achievements reflect our commitment to operational excellence and our ability to navigate challenging market conditions.

Financial Performance

Regrettably, the Company reported a non-HKFRS adjusted underlying loss of US$15 million for the year ended 31 December 2024, compared to previous year's underlying profit of US$9 million. This outcome was primarily driven by the declining iron ore prices, reducing production volume, Temporary Export Duties and rising production costs following high inflation rate in Russia. The average 65% iron ore price during the year fell by 6.6% from the previous year, which significantly affected our revenue streams. Additionally, due to the ore quality issues hampering production, our sales volume was 7.4% lower. Rubbing salt in our wound is the increasing costs and inflationary pressures which led to higher operating expenses.

While the financial results in 2024 appear to be less than impressive, I want to assure shareholders that we have taken decisive steps to mitigate the challenges and position the Company for recovery.

Production and Operational Transition

This year, our production volume experienced a temporary decline by 3.6%, primarily due to the natural depletion of ore reserves at our Kimkan site, which has been in operation for many years. I am delighted to share that we achieved a significant milestone with the successful commencement of operations at our new mine site, Sutara, in the second half of the year. This new site represents a transformative step forward for IRC by delivering higher-quality ore that will allow us to increase our production volume.

The progress we have made at Sutara is a testament to the hard work, expertise, and dedication of our team. As we continue developing the site and ramping up its operation, we anticipate a gradual increase in production volumes, which will strengthen our competitive position and enhance our ability to deliver value to shareholders. This achievement underscores our commitment to sustainable growth and operational excellence, and we are incredibly proud of the strides we have made in advancing this critical project.

Strengthening Our Financial Position

The challenging operating environment in 2024, marked by volatile iron ore prices, weak demand and persistent oversupply of the iron ore market, necessitated proactive measures to ensure the Company's financial resilience. To bolster our balance sheet and provide the necessary liquidity to navigate these headwinds, we undertook an equity fund-raising exercise by way of a rights issue. I am pleased to report that this initiative was met with strong support from our shareholders, reflecting their confidence in the long-term prospects of IRC. The successful completion of this fund-raising exercise has significantly strengthened our financial position, enabling us to meet near-term obligations, invest in key growth initiatives, and maintain operational flexibility. This strategic move underscores our commitment to safeguarding the Company's future and positioning it for sustainable growth as market conditions improve.

Commitment to ESG Principles

At IRC, we recognise that sustainable and responsible operations are integral to our long-term success. Our commitment to Environmental, Social, and Governance ("ESG") principles remains unwavering, even in challenging times. On the environmental front, we continue to invest in technologies and practices that reduce our carbon footprint, minimise waste, and promote energy efficiency across our operations. This is evidenced by, for example, our reductions in emissions of greenhouse gas and air pollutants. Socially, we are dedicated to fostering a safe, inclusive, and equitable workplace for our employees. From the governance perspective, we uphold high standards of transparency, accountability, and ethical conduct, ensuring that our business practices align with the expectations of our stakeholders. As we move forward, we will further integrate ESG considerations into our strategic decision-making, reinforcing our role as a responsible corporate citizen and contributing to a sustainable future for all.

You are encouraged to read the ESG section of the 2024 annual report of the Company to be published in due course, which sets out our achievements and commitments in this area.

Outlook

The global iron ore market remains volatile, influenced by fluctuating demand from key markets such as China, evolving trade policies, and broader macroeconomic uncertainties. This is not helped by the dynamic geopolitical conflicts which pose significant uncertainties to the economy. However, we believe that the long-term fundamentals of the iron ore industry remain stable, driven by China's economic stimulus measures and infrastructure development which are expected to drive demand for steel and, consequently, iron ore.

Looking ahead, our focus will be on the ramping up of the operation at Sutara, in which its higher quality ore would allow K&S to increase production volume and operating efficiency. On the corporate side, we shall make good use of the fund we raised from the Rights Issue to reduce our gearing level and enhance our production capability, including the notion to set up our own mining fleet to reduce our reliance on the third-party mining contractors. From the sustainability viewpoint, we shall remain committed to reducing our environmental footprint and contributing to the global transition to a low-carbon economy.

Acknowledgements

I would like to extend my gratitude to our employees, whose hard work and dedication have been instrumental in navigating this challenging year. I also thank our shareholders for their continued support and trust in the Company.

While the past year has been difficult, I am confident that the steps we are taking today will lay a solid foundation for a stronger and more resilient IRC. We remain steadfast in our commitment to creating long-term value for all stakeholders.

Thank you for your continued support.

Nikolai Levitskii
Chairman

CEO AND CFO REPORT

Dear valued Shareholders,

As we reflect on the financial year ended 31 December 2024, we are faced with a complex and challenging landscape that has significantly impacted our operations and financial performance.

As expected, 2024 has been a transitional year for IRC as the mining operation at K&S gradually moved to Sutara. This, coupled with unforeseen challenges, resulted in a loss-making position. Despite these difficulties, our commitment to resilience and long-term value creation remains unwavering as we navigate this turbulent environment.

Operating Summary

This year, we continued to encounter a significant operational challenge due to the deterioration in the quality of our iron ore reserves from the depleting Kimkan deposit. K&S comprises two main deposits, 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, mining at Kimkan was mostly conducted at the Kimkan West pit, which has lower grades of iron ore magnetic properties than Kimkan Central, in 2024.

As Kimkan pit's JORC reserves deplete, the lower content of the magnetic iron of the ore, coupled with rising stripping ratio, resulted in falling yield and efficiency in the beneficiation process. The lower-grade ore necessitated additional processing efforts which hindered operational efficiency and increasing costs. Consequently, the processing plant at K&S only managed to produce at 75% of its capacity in 2024. To put this into perspective, K&S operated at a capacity of 87% in 2020, when our operation was not affected by ore quality. This illustrates how much ground we have conceded during this transition period.

Lower production volume led to lower sales volume. Our total iron ore sales for 2024 were 2,342,633 tonnes, reflecting a 7.4% decrease compared to last year's sales of 2,528,596 tonnes.

However, to start with, we have to praise the K&S team for its relentless effort to improve K&S plant's operating efficiencies. During the first half of 2024, with a lack of run-of-mine ore from the depleting Kimkan deposit, K&S was required to heavily rely on the stockpiles of the low-grade ore accumulated in previous years. Almost 1.4 million tonnes of this low-quality ore were processed in the first six month of 2024, alleviating the impact of the low mining levels and releasing about US$14 million of working capital. This stockpile ore was of much lower iron magnetic grade, was harder to process, and with higher content of impurities which could not be used previously without significant drops in production capacity and final product quality. Thanks to the multiple technical upgrades made in 2023 and early 2024, including new magnetic separators, K&S was able to process this low-grade ore without compromising the quality of the final product and this has allowed K&S to minimise the decrease in production and to fulfil its commitment of delivering the required product quality to its customers.

In addition, we are pleased to report a significant milestone: the successful commissioning of our new mine site, Sutara, in July 2024. Good development progress continued to be made in the second half of 2024. For instance, in November, the bridge over the federal road was commissioned, allowing the transportation of Sutara ore to the K&S processing plant more smoothly and efficiently. Sutara deposit is planned to be a long-term ore supply for K&S operations with a life of mine exceeding 30 years, and its positive impact is already evident. In the last quarter of 2024, thanks to improved ore quality, the plant achieved an average operating capacity of 81%, a substantial improvement compared to the 67% average capacity in the first quarter of the year. This upward trend in capacity utilisation reflects our commitment to enhancing production efficiency and underscores Sutara's potential to contribute significantly to our overall output in the coming years.

In the second half of 2024, in total 3,676,000 tonnes of iron ore were mined at Sutara. Until crushing and screening plant at Sutara is commissioned, which is expected to be in the middle of 2025, Sutara ore is being transported 18 kilometres to the processing plant as is. After commissioning of the crushing and screening plant at Sutara, ore will first be pre-processed on-site, and then the resulting preconcentrate will be trucked to Kimkan. The expected yield of pre-concentrate from raw ore is 82%, hence this is expected to decrease transport volume and hauling costs by 18%. In 2024, Sutara ore accounted for approximately 38% of the total amount of ore mined during the period. In the future, the share of Sutara ore will be further increasing.

We remain optimistic that Sutara will play a crucial role in offsetting the challenges posed by Kimkan's declining reserves and help restore our competitive edge in the market. Our dedicated teams are focused on maximising the potential of this new site, and we are confident that its successful integration into our operations will pave the way for improved performance in the future.

Financial Summary

IRC recorded a non-HKFRS adjusted underlying loss of US$15 million for 2024, as compared to an underlying profit of US$9 million in 2023. Apart from the reduced sales volume as mentioned above, significant volatility in the iron ore price coupled with the rising operating cost levels also took a toll on our financial performance.

In 2024, despite macroeconomic stimulus such as interest rate cuts and policy measures, the iron ore market experienced notable fluctuations. The average Platts 65% iron ore price in 2024 of US$123 per tonne was 6.6% lower than that of last year. Domestic demand remained subdued while supply continued to be relatively abundant. Against this backdrop, both iron ore futures and spot prices faced downward pressure. Although domestic and international macroeconomic policies offered periodic upward momentum, the iron ore market in 2024 in overall exhibited a pattern of higher prices earlier in the year followed by a decline and the price gradually softened downward.

Compounding these issues, despite a nearly 10% depreciation of Russian Rouble from RUB85 per US Dollar in 2023 to RUB93 per US Dollar in 2024, our cash cost per tonne increased by 9.0% during the year, driven primarily by a new Temporary Export Duties and high inflation rates in Russia. According to the media, inflation in Russia accelerated to 9.5% in 2024, making the 2024 inflation rate the fourth highest in the last 15 years. In addition, the increased mining fees charged by the third-party mining contractors and accelerating labour costs resulted from the labour shortage also played a significant part in our rising cost levels. These cost pressures have further strained our financial resources, contributing to the loss-making position we experienced this year.

Fund-raising and liquidity

In response to the aforesaid challenges, and to fortify our balance sheet, we successfully conducted a Rights Issue during the year, raising approximately US$46.3 million. The Rights Issue had been well received by the shareholders and was over-subscribed by 21.9% over the number of rights shares available for subscription.

This strategic move has significantly improved the financial health of the Company, marking a pivotal milestone in our financial journey. We closed the year with an ample cash balance of US$60.7 million, against an outstanding loan balance of US$44.9 million. For the first time since K&S commenced commercial operation in 2017, IRC has achieved a net cash position of US$15.9 million at the year end, a remarkable achievement given that we have been operated in a net debt position. This underscores the strength of our financial strategy and the confidence our shareholders have placed in us.

The proceeds from the Rights Issue have been strategically deployed. In 2024, we have early repaid US$5 million of our outstanding loans due to MIC against the tranche bearing higher interest rate, reducing our debt burden and interest expenses. This has not only reduced our gearing but also provided us with greater financial flexibility to navigate the current challenging environment. The improved liquidity position enhances our ability to invest in critical initiatives and stride for operational improvements.

Armed with the cash resources from the Rights Issue, in addition to making further early loan repayment to MIC in 2025, we are also contemplating to purchase our own mining equipment. This initiative aims to reduce our reliance on third-party mining contractors, lower long-term operating costs, and enhance operational control. By investing in our own fleet, we believe we can further improve efficiency and profitability, positioning the Company for sustainable growth in the years to come.

We are deeply grateful for the support of our shareholders and remain committed to utilising these funds judiciously to stabilise our business and prepare for recovery. This newfound financial strength positions the Company to weather market uncertainties and capitalise on future opportunities.

Outlook

Looking ahead, we recognise that the path forward is fraught with challenges, but we remain cautiously optimistic about our future. The global landscape continues to be shaped by significant uncertainties, and we are closely monitoring developments that could impact our operations and the broader iron ore market.

Operation efficiency and costs inflation: As 2024 has showed, K&S's financial performance is highly dependent on operating efficiency and ore feed quality. In 2025, IRC and K&S team will focus on completing the development of the Sutara complex, including the commissioning of the crushing and screening plant at Sutara, which can decrease the volume of material that needs to be transported over a 18-kilometre journey from Sutara to the K&S processing plant. Another initiative that is planned to be implemented in 2025 is the partial replacement of the mining contractors with K&S's own mining fleet and, at a later stage, the start of our own drilling and blasting operations. By using larger, more productive equipment, we anticipate achieving additional costs saving and also ensuring the smooth operation of K&S by decreasing our reliance on third-parties. Also, K&S and IRC team are continuing their research and development programs with a pipeline of low-cost upgrades that could result in additional capacity increase, hence reducing the unit cost. In parallel, we are working on different options of K&S plant strategic modernisation to achieve a notable production volume increase and we are aiming to roll out this plan towards the end of 2025.

Geopolitical Uncertainties: The ongoing geopolitical tensions between Russia and the Western nations, continue to create volatility in global markets. These conflicts have far-reaching implications, including sanction risks, disruptions to supply chains resulting in additional transaction and procurement costs. While these uncertainties pose risks, we are actively working to mitigate their impact on our operations by diversifying our supply chains.

Policy and Trade Risks: The introduction of new political policies and the potential for escalating trade tensions between the United States, Western countries, and other key trading partners add another layer of complexity to the global economic environment. Tariffs, export restrictions, and other trade barriers could disrupt market dynamics and affect demand for iron ore. We are closely monitoring these developments and preparing contingency plans to adapt to potential changes in trade policies. Our focus remains on maintaining strong relationships with our Chinese customers and exploring new business avenues to diversify risks.

China's Economic Development: As the world's largest consumer of iron ore, the pace of China's economic development will be crucial to the recovery and growth of the global iron ore market. While China's stimulus measures and infrastructure investments have provided some support to demand, the country's economic growth trajectory remains uncertain amid structural reforms, property market challenges, and shifting domestic priorities. We are cautiously optimistic that China's continued urbanisation and infrastructure development will sustain demand for iron ore, but we are also prepared for potential fluctuations in demand as the economy evolves.

Despite these external uncertainties, we are actively working to strengthen our operational resilience and position the Company for long-term success. The successful commissioning of Sutara and the potential acquisition of our own mining fleet are key initiatives that will enhance our efficiency, reduce costs, and improve our competitive position. Additionally, our strengthened balance sheet and net cash position provide us with the financial flexibility to navigate challenges and seize opportunities as they arise.

While the road ahead is uncertain, we are confident in our ability to adapt and thrive in a changing environment. Our commitment to innovation, operational excellence, and strategic investments will guide us through these challenging times. We believe that, with the right strategies in place, we can emerge from this period stronger and more resilient, delivering long-term value to our stakeholders.

Conclusion

Thank you for your continued support and trust in our company. Together, we will navigate these challenges and work toward a brighter future. We remain determined in our mission to deliver long-term value to our stakeholders and to contribute meaningfully to the industries and communities we serve.

Denis Cherednichenko
Chief Executive Officer

Danila Kotlyarov
Chief Financial Officer

The Board is pleased to announce the annual audited results of the Group for the year ended 31 December 2024, which have been reviewed by the Company's Audit Committee, comprising independent non-executive directors, without disagreement and by the external auditor. The Audit Committee currently comprises three members, including Mr. Alexey Romanenko (Chairman), who possess the appropriate professional qualification, accounting and related financial management expertise in accordance with the requirements under the Listing Rules, Mr. Dmitry Dobryak and Mr. Vitaly Sheremet. The Board has authorised the Executive Committee, which comprises the Executive Director and senior management of the Company, to approve the annual results on its behalf.

2024 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	**2024** ***US$'000***	2023 *US$'000*
Revenue	*4*	**221,156**	252,987
Operating expenses, excluding depreciation		**(211,519)**	(211,059)
Depreciation		**(17,600)**	(19,489)
Net impairment losses	*7*	**–**	(163,890)
Other income, gains and losses		**(4,120)**	3,685
Allowance for financial assets measured at amortised costs		**(119)**	(24)
Finance costs	*8*	**(7,666)**	(8,781)
Loss before tax		**(19,868)**	(146,571)
Income tax expense	*9*	**(643)**	(10,318)
Loss for the year		**(20,511)**	(156,889)
Attributable to:			
Owners of the Company		**(20,491)**	(156,809)
Non-controlling interests		**(20)**	(80)
		(20,511)	(156,889)
Loss per share (US cents)	*11*		(Restated)
Basic		**(0.23)**	(1.82)
Diluted		**(0.23)**	(1.82)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	**2024** **US$'000**	2023 US$'000
ASSETS			
Non-current assets			
Exploration and evaluation assets		**20,608**	20,496
Property, plant and equipment		**269,871**	269,783
Right-of-use assets		**178**	56
Interest in a joint venture		**–**	–
Total non-current assets		**290,657**	290,335
Current assets			
Inventories		**47,571**	47,349
Trade and other receivables	*12*	**46,869**	56,792
Income tax recoverables		**4**	4
Time deposits		**152**	468
Bank and cash balances		**60,582**	56,089
Total current assets		**155,178**	160,702
TOTAL ASSETS		**445,835**	451,037

	Notes	**2024**	2023
		US$'000	*US$'000*
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	*13*	**1,350,734**	1,304,467
Other reserves		**35,207**	34,460
Accumulated losses		**(1,069,797)**	(1,049,306)
Equity attributable to owners of the Company		**316,144**	289,621
Non-controlling interests		**(755)**	(642)
Total equity		**315,389**	288,979
LIABILITIES			
Non-current liabilities			
Borrowings – due more than one year	*14*	**25,518**	49,454
Lease liabilities		**54**	–
Provision for close down and restoration costs		**1,563**	3,588
Deferred tax liabilities		**5,308**	4,045
Total non-current liabilities		**32,443**	57,087
Current liabilities			
Borrowings – due within one year	*14*	**19,236**	17,867
Lease liabilities		**124**	58
Trade and other payables	*15*	**78,510**	85,951
Other financial liabilities		**–**	1,095
Current tax liabilities		**133**	–
Total current liabilities		**98,003**	104,971
TOTAL EQUITY AND LIABILITIES		**445,835**	451,037

Notes

1. GENERAL INFORMATION

IRC Limited ("the Company") is a public limited company incorporated in Hong Kong and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 21 October 2010. The Company together with its subsidiaries are hereinafter referred to as the "Group".

The address of the registered office of the Company is 6H, 9 Queen's Road Central, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in the production and development of industrial commodities products including iron ore concentrate that are used in industry across the world. The main activities of the Group are carried out in Russia and the Group predominantly serves the Russian and Chinese markets.

As of 31 December 2024, Axioma Capital FZE LLC ("Axioma Capital"), a company incorporated in United Arab Emirates with limited liability and is wholly owned by Mr. Nikolai Valentinovich Levitskii, holds 64.96% equity interest of the Company. The remaining 35.04% equity interest is held by public shareholders.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the requirements of the Companies Ordinance (Cap. 622).

The financial information relating to the years ended 31 December 2024 and 2023 included in this preliminary announcement of annual results 2024 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

– The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2024 in due course.

– The Company's auditor has reported on the consolidated financial statements of the Group for both years. The auditor's report for the year ended 31 December 2024 was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The Group continues to adopt the going concern basis in preparing its consolidated financial statements. The Group meets its day-to-day working capital requirements through its facilities and borrowings. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank and other finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Further information on the Group's borrowings is given in note 14.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (“HK Int 5”) (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Adoption of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (collectively the “HKAS 1 Amendments”)

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification.”

This new policy did not result in a change in the classification of the Company’s borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments. The Group has provided additional disclosures about its non-current liabilities subject to covenants.

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 will replace HKAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

4. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

Revenue from contracts with customers within the scope of HKFRS 15	**2024** ***US$'000***	2023 *US$'000*
Disaggregated by major products or service lines		
– Sale of iron ore concentrate	**220,954**	252,935
– Engineering services	**202**	52
	221,156	252,987

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Mines in production		**Engineering**		**Total**	
For the year ended 31 December	**2024** ***US$'000***	2023 *US$'000*	**2024** ***US$'000***	2023 *US$'000*	**2024** ***US$'000***	2023 *US$'000*
Primary geographical markets						
– People's Republic of China ("PRC")	**205,162**	248,016	**–**	–	**205,162**	248,016
– Russia	**15,792**	4,919	**202**	52	**15,994**	4,971
Revenue from external customers	**220,954**	252,935	**202**	52	**221,156**	252,987
Timing of revenue recognition						
Products transferred at a point in time	**220,954**	252,935	**–**	–	**220,954**	252,935
Products and services transferred over time	**–**	–	**202**	52	**202**	52
Total	**220,954**	252,935	**202**	52	**221,156**	252,987

5. SEGMENT INFORMATION

The chief operating decision maker has been identified as the Executive Committee of the Company. The Executive Committee review the Group's internal reporting for the purposes of resource allocation and assessment of segment performance which focused on the category of services/products provided to external customers. The Group has identified four reportable segments as follows:

Mines in production	–	comprises an iron ore project in production phase. This segment includes the K&S Project which is located in the Russia Far East Region started commercial production in January 2017;
Mines in development	–	comprises iron ore projects in the exploration and development phase. This segment includes the Garinskoye project and the Bolshoi Seym project which are all located in the Russia Far East region;
Engineering	–	comprises in-house engineering and scientific expertise related to JSC Giproruda, which is located in Russia; and
Other	–	primarily includes the Group's interests in a joint venture for the production of vanadium pentoxides and related products in the PRC as well as various other projects, which have similar economic characteristic and activities.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment results represent the results generated by each segment without the allocation of general administration expenses, general depreciation, other income, gains and losses, allowance for financial assets measured at amortised cost and finance costs.

Segment results represent the results incurred by each segment for the purpose of monitoring segment performance and performance assessment.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than central cash and cash equivalents; and

- all liabilities are allocated to reportable segments other than deferred tax liabilities and borrowings.

Information about operating segment profit or loss, assets and liabilities:

	Mines in production *US$'000*	Mines in development *US$'000*	Engineering *US$'000*	Other *US$'000*	Total *US$'000*
Year ended 31 December 2024					
Revenue from external customers	**220,954**	**–**	**202**	**–**	**221,156**
Segment profit/(loss)	**3,241**	**(135)**	**(663)**	**(17)**	**2,426**
General administrative expenses					**(10,209)**
General depreciation					**(180)**
Other income, gains and losses					**(4,120)**
Allowance for financial assets measured at amortised costs					**(119)**
Finance costs					**(7,666)**
Loss before tax					**(19,868)**
Other material items of income and expense					
Subcontracted mining costs and engineering services	**75,392**	**–**	**112**	**–**	**75,504**
Staff costs	**26,181**	**129**	**430**	**15**	**26,755**
Other material non-cash items					
Depreciation	**17,342**	**–**	**78**	**–**	**17,420**
Additions to segment non-current assets					
– Capital expenditure on property, plant and equipment and right-of-use assets	**18,507**	**–**	**4**	**252**	**18,763**
– Exploration and evaluation expenditure capitalised	**–**	**112**	**–**	**–**	**112**
As at 31 December 2024					
Segment assets	**360,996**	**20,697**	**2,357**	**4,218**	**388,268**
Central cash and cash equivalents					**57,567**
Consolidated total assets					**445,835**
Segment liabilities	**68,899**	**95**	**200**	**11,190**	**80,384**
Borrowings					**44,754**
Deferred tax liabilities					**5,308**
Consolidated total liabilities					**130,446**

	Mines in production US$'000	Mines in development US$'000	Engineering US$'000	Other US$'000	Total US$'000
Year ended 31 December 2023					
Revenue from external customers	252,935	–	52	–	252,987
Segment loss	(130,413)	(189)	(706)	(13)	(131,321)
General administrative expenses					(9,887)
General depreciation					(243)
Other income, gains and losses					3,685
Allowance for financial assets measured at amortised costs					(24)
Finance costs					(8,781)
Loss before tax					(146,571)
Other material items of income and expense					
Subcontracted mining costs and engineering services	77,694	–	22	–	77,716
Staff costs	21,222	132	418	13	21,785
Other material non-cash items					
Depreciation	19,161	–	85	–	19,246
Net impairment losses	163,890	–	–	–	163,890
Additions to segment non-current assets					
– Capital expenditure on property, plant and equipment and right-of-use assets	17,086	–	1	–	17,087
– Exploration and evaluation expenditure capitalised	–	104	–	–	104
As at 31 December 2023					
Segment assets	364,870	20,729	2,780	16,165	404,544
Central cash and cash equivalents					46,493
Consolidated total assets					451,037
Segment liabilities	69,608	192	185	20,707	90,692
Borrowings					67,321
Deferred tax liabilities					4,045
Consolidated total liabilities					162,058

Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2024	2023	**2024**	2023
	US$'000	*US$'000*	***US$'000***	*US$'000*
PRC	**205,162**	248,016	**–**	–
Hong Kong	**–**	–	**178**	100
Russia	**15,994**	4,971	**290,479**	290,235
Consolidated total	**221,156**	252,987	**290,657**	290,335

Revenue from major customer:

Revenue from major customer who has individually contributed to 10% or more of the total revenue of the Group are disclosed as follow:

	2024	2023
	US$'000	*US$'000*
Mines in production		
Customer A	**198,827**	235,287

6 OPERATING EXPENSES, INCLUDING DEPRECIATION

	2024	2023
	US$'000	*US$'000*
Site operating expenses and service costs	**218,730**	220,418
General administration expenses	**10,389**	10,130
	229,119	230,548

7. NET 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 decreased. If any such indication exists, the management is required to estimate the recoverable amount of the asset which requires significant judgement. In making this judgement, management considers factors including improvements in production volumes, changes in the cash costs of production, available ore reserves, purity of the iron ore concentrate, forecasted iron and ilmenite prices and exchange rates.

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 taken 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.

In determining the recoverable amount of the value of the K&S Project as at 31 December 2024 and 2023 respectively, the Group used certain key assumptions and parameters, details of which are stated below:

	For the year ended 31 December		
	2024	2023	**Basis and reason(s) for changes**
Methodology	**Income Approach**	Income Approach	Consistent valuation approach has been applied.
Key Assumptions			
1. Average production volume per annum over the life of mine (per wet metric tonnes)	**2,977 kt**	3,067 kt	Determined based on the latest production plan and mining schedules. As at 31 December 2024, the long-term mining and production plans were optimised to decrease the amount of mining works to save costs while keeping the decrease of concentrate production to a minimum. As a result, average amount of rock mass moved and the average amount of concentrate produced decreased compared to the plans as at 31 December 2023.
2. Platts 65% iron ore price (US$ per dry metric tonne)	**2025 (Year 1): 112.6 2026 (Year 2): 107.4 2027-2029 (Year 3-5): average 107.2 2030 and thereafter (Year 6 and onwards): 113.6 growing in line with the implicit GDP deflator in the United States with the nominal discount rate being applied.**	2024 (Year 1): 144.1 2025 (Year 2): 116.2 2026-2028 (Year 3-5): average 107.3 2029 and thereafter (Year 6 and onwards): 108.1 growing in line with the implicit GDP deflator in the United States with the nominal discount rate being applied.	For Year 1-5: Price is determined based on either iron ore forward curve or adjusted consensus iron ore price forecast, as appropriate. For Year 6 and onwards: Price determined based on the latest forward-looking analysts' consensus on iron ore for future years available as at the end of the respective reporting periods, growing in line with implicit GDP deflator in the United States.
3. Russian Rouble exchange rate (to 1 US$)	**2025 (Year 1): 103 2026 (Year 2): 105 2027-2029 (Year 3-5) average: 109 2030 and thereafter (Year 6 and onwards): 111 growing according to the Purchase Power Parity principle based on the projected inflation rate in the United States and Russia**	2024 (Year 1): 93 2025 (Year 2): 96 2026-2028 (Year 3-5) average: 97 2029 and thereafter (Year 6 and onwards): 100	As at 31 December 2024: Based on Purchasing Power Parity principle according to the projected inflation rates in the United States and Russia. As at 31 December 2023: Determined based on consensus economics' forecast.
4. Rouble costs	**Based on the latest actual costs and forecasts available such as forecast inflation rate, salary growth rate in Russia**	Flat, based on the latest actual costs and forecasts available	Rouble-denominated actual costs, including but not limited to mining contractors' rates, wages, electricity and fuel, which increased substantially year-on-year in 2024, resulted in the increase of the cost base in the long-term forecast.

	For the year ended 31 December		
	2024	2023	**Basis and reason(s) for changes**
5. Forecast inflation rate	**Average over 2026-2029: United States: 1.84% Russia: 3.78% 2030 and thereafter: United States: 1.83% Russia: 3.83%**	Average over 2025-2028: United States: 1.98% 2029 and thereafter: United States: 1.85%	As at 31 December 2024: Determined based on forecast of the implicit GDP deflator in the United States and Russia applicable as at the end of the respective reporting periods. As at 31 December 2023: Determined based on forecast of the implicit GDP deflator in the United States applicable as at the end of the respective reporting periods.
6. Discount rate			
– nominal, pre-tax	**13.31%**	14.02%	Determined based on the weighted average cost of capital as calculated using the then prevailing market data, namely risk-free rate, equity risk premium, country risk premiums of Russia and China and cost of debt. The decrease in discount rate was mainly due to the decrease in developed market equity risk premium as well as unlevered betas of the peer iron ore mining companies used for IRC beta calculation using bottom-up method.
– nominal, post-tax	**11.35%**	12.38%	

As at 31 December 2024, the recoverable amount of the property, plant and equipment and right-of-use assets of the K&S Project is approximately US$268 million (2023: US$269 million) resulting in no impairment loss (2023: US$156.3 million) being recognised in the year. The nominal pre-tax discount rate used was 13.31% (2023:14.02%).

During the year ended 31 December 2023, certain impairment previously recognised for construction-in-progress mining assets amounting to US$0.7 million were reversed as a result of the further review and assessment of the latest plan. On the other hand, certain construction-in-progress mining assets amounting to US$8.3 million has been fully impaired during the year ended 31 December 2023 due to unplanned construction in the future.

8. FINANCE COSTS

	2024	2023
	US$'000	*US$'000*
Interest expense on borrowings	**7,331**	8,355
Interest expense on lease liabilities	**8**	6
Unwinding of discount on environmental obligation	**327**	420
	7,666	8,781

9. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as following:

	2024	2023
	US$'000	*US$'000*
Current tax:		
Russian Corporate tax	**662**	(5,147)
Russian Windfall tax	**–**	(2,853)
	662	(8,000)
Deferred tax charge	**(1,305)**	(2,318)
	(643)	(10,318)

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Russian Corporate tax is calculated at a rate of 20% of the estimated assessable profit for both years. On 12 July 2024, President of Russia signed into new law bill, stipulating an increase of the Russian Corporate tax from 20% to 25% starting from 1 January 2025.

Based on the approved federal and regional laws in Russia, the K&S Project is considered to be an investment project and is eligible for income tax relief over 10 years starting from 2017. The K&S Project is exempted from Russian Corporate tax for the period from 2017 to 2021 and, will be taxed at a reduced rate of 10% for the following 5 years increasing to 25% thereafter.

During the year ended 31 December 2023, the Russian authorities implemented a windfall tax, being a one-off tax payment on the profits of Russian companies for the years ended 31 December 2021 and 2022. The windfall tax rate is 10% of the difference between a company's average profit for 2021-2022 years and average profit for 2018-2019 years. The Group had got a 50% discount as the windfall tax payment was made before 30 November 2023.

No provision for Hong Kong Profits Tax has been made in the financial statements since the Group has no assessable profit for both years.

10. DIVIDENDS

No dividends were paid, declared or proposed to the owners of the Company during both years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

11. LOSS PER SHARE

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

Loss	**2024** ***US$'000***	2023 *US$'000*
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	**(20,491)**	(156,809)

Number of shares	**2024** ***'000***	2023 *'000* (Restated)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**8,842,464**	8,626,893

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted to reflect for a rights issue as detailed in note 13.

The computation of weighted average number of shares for the purpose of diluted loss per share for the years ended 31 December 2024 and 31 December 2023 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. TRADE AND OTHER RECEIVABLES

	2024 ***US$'000***	2023 *US$'000*
Trade receivables	**30,681**	27,384
Value-added tax recoverable	**10,195**	11,075
Prepayments to suppliers	**5,354**	16,683
Amounts due from customers under engineering contracts	**3**	5
Other receivables	**636**	1,645
	46,869	56,792

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2024	2023
	US$'000	*US$'000*
Less than one month	**12,299**	17,913
One month to three months	**18,382**	6,771
Over three months to six months	**–**	2,700
	30,681	27,384

13. SHARE CAPITAL

	2024		2023	
	Number of shares	**Amount**	Number of shares	Amount
		US$'000		*US$'000*
At 1 January	**8,519,657,257**	**1,304,467**	8,519,657,257	1,304,467
New shares issued *(Note)*	**4,259,828,628**	**46,267**	–	–
At 31 December	**12,779,485,885**	**1,350,734**	8,519,657,257	1,304,467

Note:

On 22 October 2024, the Company announced a rights issue ("Rights Issue") to raise up to approximately US$46.3 million after expenses by way of the issue of a maximum of 4,259,828,628 rights shares ("Rights Shares") at a subscription price of HK$0.085 per Rights Share on the basis of one Rights Share for every two existing shares on a non-underwritten basis.

The Board has received from Mr Levitskii, a non-executive Director, chairman of the Board and a controlling Shareholder, and his wholly owned and controlled corporation, Axioma Capital, an irrevocable undertaking. Mr Levitskii, through Axioma Capital, is interested in 4,836,157,937 Shares (representing approximately 56.76% of all issued Shares) before the Rights Issue. Pursuant to the irrevocable undertaking, Mr Levitskii and Axioma Capital have provided irrevocable and unconditional undertakings to the Company to, among other things, (i) accept, or procure Axioma Capital to accept its entitlements to the provisional allotment of an aggregate of 2,418,078,968 Rights Shares; and (ii) not to sell or transfer the shares held by Axioma Capital in any manner before the completion or lapse of the Rights Issue.

The Rights Issue was completed on 13 December 2024 in which the total number of 4,259,828,628 Rights Shares available for subscription under the Rights Issue have been fully subscribed for. As a result, the Company raised a net proceed of approximately US$46.3 million and 4,259,828,628 Rights Shares were issued on 13 December 2024.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

Based on information available to the Company, the Company is in compliance with the 25% public float requirement throughout the year. As at 31 December 2024, 35.04% (2023: 52.7%) of the shares were in public hands.

14. BORROWINGS

	2024	2023
	US$'000	*US$'000*
Other loans	**44,754**	67,321

The borrowings are repayable as follows:

	2024	2023
	US$'000	*US$'000*
Within one year	**19,236**	17,867
More than one year, but not exceeding two years	**25,518**	19,072
More than two years, but not exceeding five years	**–**	30,382
	44,754	67,321
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(19,236)**	(17,867)
Amount due for settlement after 12 months (shown under non-current liabilities)	**25,518**	49,454

On 18 December 2018, the Group entered into two facility agreements with a bank, Gazprombank JSC, for a loan in aggregate of US$240,000,000 (the "Facility"). The Facility will 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 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 quarterly payments during the term of the Facility.

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

The full facility amount of US$240,000,000 has been fully drawn down, and as of 31 December 2024, the total borrowings of US$44,754,000 (2023: US$67,321,000) was borne by LLC KS GOK, a wholly owned subsidiary of the Group.

During the fourth quarter of 2024, US$5,000,000 was repaid to MIC invest LLC as early principal loan repayment of the second tranche amounts to US$80,000,000.

Since 21 December 2024, following LIBOR was discontinued from 1 October 2024, the Group agreed with MIC invest LLC to charge the interest of the Facility at the Secured Overnight Financing Rate ("SOFR 90") + 6.2% per annum under the first tranche amounts to US$160,000,000 and SOFR 90 + 8.2% per annum under the second tranche amounts to US$80,000,000.

The Facility is secured by (i) a charge over the property, plant and equipment with net book value of US$50,561,000; (ii) 100% equity share of Kapucius Services Limited in LLC KS GOK; (iii) pledge of the rights of certain bank accounts of LLC KS GOK, and (iv) from 28 January 2022 till 28 February 2023, pledged of 2,120,000,000 ordinary shares of the Company held by Axiomi Consolidated Ltd ("Axiomi Share Charge"), the then substantial shareholder of the Company.

On 28 February 2023, the Company received notifications through the Disclosure of Interests Online System of the Hong Kong Exchanges and Clearing Limited, notifying the Company that Disclosure of Interest Forms under Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) had been filed by Axiomi Consolidated Ltd, MIC invest LLC and their respective ultimate beneficial owner/controller, disclosing that Axiomi Consolidated Ltd and MIC invest LLC had entered into a deed of release respectively as chargor and chargee on 27 February 2023 pursuant to which the Axiomi Share Charge was released.

On 22 February 2024, MIC invest LLC has disposed its entire interest in the shares of the Company to Axioma Capital, the new ultimate parent of the Company, under the mandatory conditional cash offer made by Axioma Capital. MIC invest LLC was no longer the substantial shareholder of the Company since 22 February 2024.

The drawn down of the Facility 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

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

    i) Net Debt/EBITDA ratio:

    - Starting from the twelve months period ended on 30 June 2022, of less than 3.0 times

    Where:

    – Net Debt is defined as short-term borrowed funds add long-term borrowed funds add leasing obligations less cash or cash equivalents; and

    – EBITDA is defined as profit before tax for the last twelve months add interest expenses for the last twelve months less interest income for the last twelve months add depreciation for the last twelve months add adjustments to exclude 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 ended on 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.

Since the first quarter of 2022, breaches in meeting the financial covenants would permit MIC invest LLC, the lender of the loans to immediately call borrowings.

During the fourth quarter of 2022 and the second and fourth quarter of 2024 thereafter, MIC invest LLC has ceased Net Debt/EBITDA ratio and the DSCR covenants requirements for the twelve months period ended on 31 December 2022, 30 June 2023, 31 December 2023, 30 June 2024, and 31 December 2024.

15. TRADE AND OTHER PAYABLES

	2024	2023
	US$'000	*US$'000*
Trade payables	**12,108**	11,421
Advances from customers	**7,040**	20,185
Interest payables	**140**	237
Construction cost payables	**22,694**	22,694
Accruals and other payables	**36,528**	31,414
	78,510	85,951

The ageing analysis of trade payables based on invoice date is as follows:

	2024	2023
	US$'000	*US$'000*
Less than one month	**8,738**	9,924
One month to three months	**2,979**	1,358
Over three months to six months	**232**	1
Over six months	**159**	138
	12,108	11,421

OTHER INFORMATION

RESOURCES AND RESERVES INFORMATION

In conjunction with Rule 18.14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), IRC has updated its Resources and Reserves information and further details will be set out in the annual report of the Company to be published in due course.

CORPORATE GOVERNANCE

Throughout the year, the Company has applied the principles and complied with the code provisions set out in Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code"). The Company has made specific enquiry of all the Directors regarding any non-compliance with the Model Code during the year 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 holding companies, who are considered to be likely in possession of unpublished price sensitive information in relation to the Company or its securities.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

IMPORTANT EVENT AFTER THE YEAR UNDER REVIEW

Claim to an EPC Contractor

As disclosed in the previous annual reports of the Company for each of the years ended 31 December 2016 to 2023, there has been an on-going dispute between LLC KS GOK (an indirectly wholly owned subsidiary of the Company) and its EPC contractor ("EPC Contractor") on their respective obligations under the engineering, procurement and construction contract (the "Dispute"). The Dispute is the subject of an arbitration commenced in July 2019 and a Disputes Adjudication Board commenced in January 2021. As at 31 December 2024, LLS KS GOK has been claiming against its EPC Contractor for a total of approximately US$50.1 million plus interest and legal costs. Whereas the EPC Contractor has been counter-claiming against LLC KS GOK an entitlement to certain deferred payments of US$22.7 million plus interest as well as legal costs. As announced by the Company by way of an announcement dated 23 January 2025, LLC KS GOK and its EPC Contractor have agreed a full and final settlement of the Dispute by way of a mutual release of all liability from all claims involved including interest and legal costs on even date, and all proceedings in respect of the Dispute are to be withdrawn. As a result of the settlement, the Group is expected to discharge the liabilities obligation of approximately US$46.4 million in 2025, including the construction cost payables to the EPC Contractor of approximately US$22.7 million and interest accrual of approximately US$23.7 million, as recorded as of 31 December 2024.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and of the Company (www.ircgroup.com.hk). The annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above website in due course.

* *Figures in this announcement may not add up due to rounding. All volume of tonnage used in this announcement, unless specify, refer to wet metric tonne. All dollars refer to United States Dollar unless otherwise stated.*

Production volumes disclosed in this announcement 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 tonnes.

By order of the Board
IRC Limited
Denis Cherednichenko
Chief Executive Officer

Hong Kong, People's Republic of China Wednesday, 26 March 2025

As at the date of this announcement, the executive Director is Mr. Denis Cherednichenko. The Chairman and non-executive Director is Mr. Nikolai Levitskii. The independent non-executive Directors are Mr. Dmitry Dobryak, Ms. Natalia Ozhegina, Mr. Alexey Romanenko and Mr. Vitaly Sheremet.

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