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IRC Limited 鐵江現貨有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1029)

First Quarter of 2011 — Trading Update

Group highlights:

- 52% increase in production since the fourth quarter of 2010;
- Annual results for 2010 published on 28 February:
 - o Threefold increase in JORC-accredited reserves since September 2010;
 - o Revenue enlarged to US\$25.8m, an increase of 212% from 2009; and
 - o All projects fully-funded for near-term growth.

Kuranakh

- Iron ore concentrate production for 2011 on target for achieving 2011 production estimates; sales ongoing;
- 177,000 tonnes of iron ore concentrate produced, 7,400 tonnes of ilmenite concentrate produced;
- Trial shipments of ilmenite concentrate were undertaken to a number of regional and international customers, including the world's largest producer of titanium, VSMPO-AVISMA Corporation;
- The mining of overburden and ore continued on the 690m, 680m and 670m elevations; 586,000 tonnes of ore were mined; and
- 1,124 people are now directly employed by Kuranakh.

K&S

- K&S is on track for commissioning in 2013;
- All design and surveying work for the principal contractor for K&S, the China National Electric Engineering Company Limited (CNEEC)ⁱ, has been completed;
- New employee facilities commissioned, including a new canteen with capacity for 300 workers;
- K&S was awarded a major Russian national environmental award; and
- K&S now directly employs 468 workers, in addition to contract workers.

Garinskoye

- Exploration, construction and development works continued at Garinskoye;
- In February 2011, two additional bore holes were drilled. The total length drilled was 700 linear metres and both of the bore holes intersected the magnetite ore bodies with a thickness of 1m-10.8 m; and
- Work is ongoing to confirm aeromagnetic survey findings.

Development projects

- Excellent progress at development projects:
 - o Geotechnical and hydro geological studies at the exploration programme adjoining K&S were undertaken; and
 - o Geological works, sampling, analysis and reporting continues at all sites.

Chairman's statement

“I am very pleased to present a series of positive results that show the progress that we are making in building a Sino-Russian industrial commodities champion. In particular, I would like to note the exceptional increase in production at Kuranakh, and the progress that has been made at K&S, where we have brought the quality imprimatur of a major Chinese state-owned enterprise in partnership with IRC's management and engineering teams.”

Kuranakh update

IRC is pleased to announce that following a 52% increase in production at Kuranakh compared to the fourth quarter of 2010, IRC is on schedule to reach its 2011 production targets for its Kuranakh facility¹.

Production is ramping-up and the circuit has been tested at full capacity: the mine, crushing, screening and process plants have a design capacity of 2.6 million tonnes of ore volume per annum.

Sales of iron ore concentrate from Kuranakh to a steel producer in China's Heilongjiang province are ongoing, on a Delivered At Frontier (DAF) basis, under a long-term off-take agreement. Prices are regularly adjusted according to a formula linked to the Northeastern China Iron Ore spot price. The average price achieved during the first quarter of 2011 was higher than previously achieved. The titanomagnetite circuit, producing iron ore concentrate, is reaching full capacity as expected.

Kuranakh is Russia's first vertically-integrated titanomagnetite processing and production plant. It produces iron ore concentrate, which is principally used for the production of steel, and ilmenite concentrate. Ilmenite is a titanium pre-concentrate that is ultimately used in a variety of products, including paper, paint, metals and plastics. Kuranakh was commissioned in May 2010, and formally opened by the President of Russia, Dmitry Medvedev, in July 2010. It undertook its first regular commercial sales in September 2010.

Kuranakh actual production: first quarter, 2011²

Iron ore concentrate 177,000 tonnes

Ilmenite concentrate 7,400 tonnes

Kuranakh targets 2011

IRC reaffirms its intention to produce at Kuranakh, in 2011:

800,000–830,000 tonnes of iron ore concentrate

65,000–70,000 tonnes of ilmenite concentrate

¹ Unaudited figures.

² Unaudited figures.

K&S Mine Update

A focus for the IRC management team has been to mitigate risk in the construction of this project. The project is now fully-funded to come into commercial production in 2013. In the first quarter of 2011, a new regional headquarters for the China National Electric Engineering Company Limited was opened at a site near K&S. As the quarter progressed, personnel and equipment from CNEEC began to arrive at site, and construction works continued under the supervision of IRC's engineering team, pursuant to a US\$400 million EPC contract, which was signed ahead of schedule, in early December 2010. In February 2011, the canteen at K&S was opened.

IRC has signed a preliminary agreement with a local steel producer, under which IRC might undertake future work for the production of Direct Reduced Iron. Such a project is not anticipated prior to 2017, and would be for the production of up to one million tonnes of Direct Reduced Iron. This agreement was entered into with no capital expenditure requirement for IRC, but allows IRC to pursue the possibility of downstream venture in this field.

The K&S Mine will initially comprise an operation designed to manage 10 million tonnes of ore volume per annum at two open pits. The total mine output will be processed onsite, yielding an expected c.3.2 million tonnes per annum of iron ore concentrate. This concentrate is expected to be at c.65%. The start of the ramping-up process will be from 2013. In early December 2010, a financing agreement was concluded with the Industrial and Commercial Bank of China (ICBC), for 85% of the financing of the US\$400 million K&S project. The remaining 15% of the project will be funded from cash raised in IRC's Initial Public Offering in Hong Kong in October 2010.

Giproruda

IRC is the 70% shareholder in Giproruda, a mining design, research and engineering institute that specialises in mining projects in adverse climatic conditions. Giproruda operates from international, regional offices, and is due to celebrate its 80th anniversary in May 2011. A new management organisational structure for Giproruda was implemented on 1 January 2011. Software upgrades for mining design have continued, particularly with the integration of AutoCAD 2011, and ongoing training for and integration of modern integrated geological software packages such as Micromine, Datamine, NPV Scheduler and Whittle. In addition to regular ongoing provision of services to customers, internal review and re-certification of quality control procedures as well as monitoring of client satisfaction took place. During the first quarter, all obligations to clients were fulfilled on time and in full. Works began on behalf of a number of different customers, with particular focus in the diamond and apatite-nepheline ore industries. The institute, which employs 177 specialists, has implemented a new recruitment procedure to attract and retain international talent in mining design, research and engineering.

Annual General Meeting

Pursuant to the announcement of 28 February 2011, the Annual General Meeting of IRC Limited will be held today, 12 April 2011, at 10 o'clock, at the Pacific Place Conference Centre, Hong Kong.

By Order of the Board
IRC Limited
Jay Hambro
Chairman

Hong Kong, People's Republic of China, 12 April 2011

As at the date of this announcement, the executive Directors of the Company are Mr Jay Hambro, Mr Yury Makarov, and Mr Raymond Kar Tung Woo. The non-executive Directors are Dr Pavel Maslovskiy and Mr Simon Murray, CBE, Chevalier de la Légion d'honneur. The independent non-executive Directors are Mr Daniel Bradshaw, Mr Jonathan Martin Smith and Mr Chuang-Fei Li.

This announcement is available for reference at the Company's website, www.ircgroupp.com.hk and at the website of the Stock Exchange of Hong Kong at www.hkexnews.hk.

IRC produces and develops industrial commodities products that are used in industry across the world. IRC's work is focussed in north-eastern China and the Russian Far East, where in 2010 it has brought Russia's first vertically-integrated titanomagnetite plant into production. IRC's projects also include the development of two further major iron ore concentrate production sites in Russia and a vanadium processing plant in Heilongjiang province. In 2010, IRC raised over US\$580 million and is fully-funded for near-term growth.

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i Note: On 1st January 2011, the China National Electric Equipment Corporation was re-named the China National Electric Engineering Corporation. The entity is also known as 'CNEEC'.