IRC Limited 鐵江現貨有限公司

(Incorporated in the Hong Kong with limited liability)

(Stock code: 1029)

IRC GROUP OBTAINS ICBC WAIVERS FOR DEBT SERVICE RELIEF UPDATE ON K&S COMMISSIONING

Thursday, 23 June 2016: This announcement is made by IRC Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Listing Rules.

Key Highlights

– ICBC confirmed that all conditions precedent to the grant of the ICBC waivers have been fulfilled and the waivers are now effective.

– Construction of K&S continues albeit with normal teething issues related to the process of commissioning which CNEEC and IRC are working closely to resolve. The operating plant is expected to complete for commercial production in Q3 2016, see previous guidance.

ICBC Waivers

As set out in the Company's announcements of 19 April 2016, ICBC has agreed to grant waivers to the Group in respect of the Group's project finance facility with ICBC, including obligations to maintain certain cash deposits with ICBC and obligations of the Group and its guarantor Petropavlovsk plc to comply with certain financial covenants, subject to the fulfillment of certain conditions precedent.

The Company is pleased to announce that on 22 June 2016, after trading hours, ICBC informed the Company that all conditions precedent have been fulfilled, and the waivers are now effective. The waivers obtained include a waiver from the obligation of the Group to maintain cash deposits of c. US$26 million with ICBC from 21 June 2016 to 30 June 2018 (both days inclusive), and a waiver from the obligations of the Group and Petropavlovsk plc to comply with certain financial covenants from 21 June 2016 to 31 December 2017 (both days inclusive).

K&S Commissioning

As noted in the announcement of the Company of 31 May 2016, K&S has successfully produced its first iron ore and IRC's site team, together with the contractors, are in the process of finalising the automation systems and fine tuning some of the technological processes. While continuing with the commissioning process, a number of technical issues have been identified and the resolution of these issues is needed before proceeding to the automation tests and the final commissioning of the operational plant. CNEEC and the Company are working closely to resolve these issues and, subject to these technical issues being resolved timely, the operating plant is expected to complete for commercial production in Q3 2016, allowing the commercial production of 65.8% Fe high grade premium product to commence.

As noted in the Company's announcement of 14 March 2016, IRC is entitled to claim certain liquidated damages if the operational plant is not handed over to IRC by 30 June 2016. Further updates will be announced in due course.

Commenting on the news above, Yury Makarov, Chief Executive Officer of IRC said *"We are pleased to have obtained the ICBC waivers which are important, especially when the commodities market is at its low. The waivers not only help alleviate our cash flow, improve our financial position and lower potential financial risk; but more importantly, it demonstrates the level of support and trust that ICBC has in IRC.*

At the end of last month, we announced our first successful trial production at K&S and it indicates how close we are to full completion of the operational plant. We are disappointed about the slight push-out in timeline for the completion and handover of K&S. However, we have been quick to identify the issues and are dealing with them swiftly. I am on site with my operational team and our contractors for the final testing of all units. It is important that we identify the issues now than later, and we are focusing every effort in resolving them. Subject to resolving these issues timely, it is anticipated that the full completion of the operational plant will be in Q3 2016. We also reserve our rights to claim for liquidated damages for the delays CNEEC has caused, but right now our focus is on working closely with CNEEC to remedy the situation as soon as possible so that we can proceed to full completion of the operational plant."

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

Hong Kong, People's Republic of China
Thursday, 23 June 2016

As at the date of this announcement, the Executive Directors of the Company are Mr Yury Makarov and Mr Danila Kotlyarov. The Non-Executive Directors are Mr George Jay Hambro, Mr Cai Sui Xin, Mr Liu Qingchun and Mr Raymond Kar Tung Woo. The Independent Non-Executive Directors are Mr Daniel Bradshaw, Mr Simon Murray, CBE, Chevalier de la Légion d'Honneur, Mr Chuang-Fei Li and Mr Jonathan Martin Smith.

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