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IRC Limited 鐵江現貨有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1029)

POSITIVE PROFIT ALERT

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

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group for the five months ended 31 May 2020 and the information currently available to the Board, the Group is expected to record an unaudited profit attributable to Shareholders for the six months ended 30 June 2020 of not less than US$5 million, as compared to the unaudited loss attributable to Shareholders for the corresponding period in 2019 of US$25.2 million.

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

i) The successful ramping up and operation of K&S. The mine operated at a production capacity of 85.5% in the first quarter of 2020. The Board expects that the production capacity from the second quarter of 2020 was even higher;

ii) The operating costs of the Group are mainly denominated in Russian Roubles. The Russian Rouble depreciated during the first half of 2020 and the weakness of the Rouble has a positive impact on the profitability of the Company; and

iii) The Group had an unamortised borrowing cost of US$11.5 million relating to the ICBC loan which was fully written off in the first half of 2019. The Group does not expect to make a similar write off of unamortised borrowing costs for the first half of 2020.

The information contained in this announcement is based on the preliminary assessment made by the Board with reference to the latest available financial and other information, and such information has not been reviewed by or discussed with the auditor of the Company. The actual financial results of the Group for the six months ended 30 June 2020 may be different from what is disclosed in this announcement. Furthers details on the financial results are expected to be disclosed in August 2020 when the Group publishes its interim results for the six months ended 30 June 2020.

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

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

Hong Kong, People's Republic of China
Tuesday, 7 July 2020

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

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