IRC Limited 鐵江現貨有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1029)

2024 INTERIM RESULTS
PRODUCTION AND SALES DECLINED DUE TO ORE AND MINING ISSUES
NET LOSS OF US$13 MILLION

CONFERENCE CALL

A conference call will be held today at 14h00 Hong Kong time to discuss the interim results. The number is +852 2112 1888 and the passcode is 1503129#. Presentation slides to accompany the call are available at www.ircgroup.com.hk. A playback of the teleconference will be available from 30 August 2024 at www.ircgroup.com.hk/en/ir_presentations.php

Thursday, 29 August 2024: The Board of Directors of IRC Limited ("**IRC**" or the "**Company**", together with its subsidiaries, the "**Group**") hereby announces the interim results of the Group for the six months ended 30 June 2024 (the "**Reporting Period**").

Financial Highlights

- Revenue reduced to US$112.3 million (30 June 2023: US$139.2 million), mainly due to 18.6% reduction in sales volume;
- Cash cost per tonne increased to US$97.4 (30 June 2023: US$77.7), mainly due to high mining cost, Temporary Export Duties, and high Russia inflation;
- EBITDA (excluding non-recurring items and foreign exchange) was negative US$1.7 million (30 June 2023: positive US$28.5 million);
- Underlying loss of US$10.8 million (30 June 2023: Underlying gain of US$9.3 million);
- No assets impairment is recorded (30 June 2023: Assets impairment losses of US$73.6 million);
- Loss attributable to shareholders of US$13.2 million (30 June 2023: US$65.7 million); and
- Cash and deposits decreased to US$39.4 million (31 December 2023: US$56.6 million) and net debt increased to US$23.9 million (31 December 2023: US$11.2 million), mainly due to lower profitability and difficulties with bank fund transfers resulting in delays in receiving sales proceeds from customers.

Operation Highlights

- Production volume decreased by 13.5% to 1,132k tonnes, (30 June 2023: 1,309k tonnes) mainly due to issues with ore quality and mining;
- Sales volume decreased by 18.6% to 1,119k tonnes (30 June 2023: 1,375k tonnes); in line with production volume decrease; and
- Sutara development on track: stripping operations started in Q2 2024; mining operations started in July 2024.

Commenting on the results, Nikolai Levitskii, Chairman of IRC said: *"This year has presented us with significant challenges and we recorded a loss of US$13.2 million for the first half of 2024. A key factor contributing to this loss has been the decline in our production volume due to the low quality of our feedstock ore from the depleting Kimkan deposit. The underperformance of our third-party mining contractors also contributed to the production shortfall we experienced this year.*

The current difficult situation is unlikely to see drastic improvement until our new mining pit, Sutara, becomes fully operational. Sutara is designed to provide better ore quality, which will not only enhance our production volume but also extend the overall mine life of K&S. We have commenced the stripping and mining operations at Sutara. Ramping up the operation at Sutara to full capacity will take time, but it is encouraging to see light at the end of the tunnel.

Looking forward, the future outlook remains very challenging. Low iron ore prices, coupled with persistently high inflation, are exerting downward pressure on our margins and profitability. Furthermore, ongoing geopolitical issues continue to create a climate of uncertainty that complicates our strategic planning and operational decision-making. We must remain vigilant and adaptable as we navigate these challenges, with a focus on safeguarding our financial health. Thank you for your understanding and ongoing support during this challenging period. Together, we will strive to emerge stronger and more competitive."

FINANCIAL REVIEW

The table below summarises the consolidated results of the Group for the six months ended 30 June 2024 and 2023:

	For the six months ended 30 June		
	2024	2023	Variance
Key Operating Data			
Iron Ore Concentrate			
– Production volume (tonnes)	***1,132,201***	*1,308,821*	*(13.5%)*
– Sales volume (tonnes)	***1,118,750***	*1,374,549*	*(18.6%)*
Achieved Selling Price (US$/tonne)			
– based on wet metric tonne	***100.0***	*101.2*	*(1.2%)*
– based on dry metric tonne	***107.5***	*108.9*	*(1.3%)*
Platts 65% iron ore average price	***130.7***	*132.0*	*(1.0%)*
Cash Cost (US$/wet metric tonne sold)			
– excl. transportation to customers	***81.9***	*59.8*	*37.0%*
– incl. transportation to customers	***97.4***	*77.7*	*25.4%*
Consolidated Income Statement (US$'000)			
Revenue	**112,329**	139,179	(19.3%)
Site operating expenses and service costs before depreciation	**(109,308)**	(107,336)	1.8%
General administration expenses before depreciation	**(5,067)**	(5,564)	(8.9%)
Other income, gains and losses, and other allowances, net	**311**	2,174	(85.7%)
EBITDA – excluding non-recurring items and foreign exchange	**(1,735)**	28,453	(106.1%)
Depreciation	**(5,645)**	(9,808)	(42.4%)
Finance cost, net	**(3,273)**	(4,009)	(18.4%)
Income tax charge & non-controlling interests	**(185)**	(5,307)	(96.5%)
Underlying (loss)/gain – excluding non-recurring items and foreign exchange	**(10,838)**	9,329	(216.2%)
Impairment losses	**–**	(73,575)	(100.0%)
Net foreign exchange (loss)/gain	**(336)**	602	(155.8%)
Other provisions	**(2,065)**	(2,054)	0.5%
Loss attributable to the owners of the Company	**(13,239)**	(65,698)	(79.8%)

THE UNDERLYING RESULTS OF THE GROUP

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

EBITDA – EXCLUDING NON-RECURRING ITEMS AND FOREIGN EXCHANGE

For the Reporting Period, the Group reports a negative EBITDA, excluding non-recurring items and foreign exchange, of US$1.7 million (30 June 2023: gain of US$28.5 million). Although the iron ore price level remains comparable to that of the corresponding period last year, the deterioration of EBITDA is mainly due to:

– the significant decrease in production and sales volumes recorded by K&S, due to issues with ore quality and mining. Sales volume of iron ores in the first half of 2024 was 18.6% lower than that in the same period last year; and

– the high mining cost, the introduction of the Temporary Export Duty in Russia, and the high inflation rate leading to a significant increase in cost.

For the analysis of the decreasing sales volume of iron ores and the detailed breakdown of cash cost, please refer to latter parts of this section.

	For the six months ended 30 June		
US$'000	**2024**	2023	Variance
EBITDA – excluding non-recurring items and foreign exchange	**(1,735)**	28,453	(106.1%)

Underlying (loss)/gain – excluding non-recurring items and foreign exchange

The Group's income statement sometimes includes certain material non-recurring and non-operating items which should be considered separately. In the first half of 2024, these items are:

– a non-cash net foreign exchange loss of US$0.3 million (30 June 2023: foreign exchange gain of US$0.6 million), primarily due to Russian Rouble exchange rate movements;

– a non-cash provision of US$2.1 million (30 June 2023: US$2.1 million) being made for expenses related to deferred contract payments. The Group has initiated legal proceedings against the said contract counter-party, and IRC believes that these expenses will not be payable. However, to be prudent and to comply with the accounting requirements, this provision has been made; and

– No impairment was made for the first half of 2024. In the first half of 2023, impairment losses related to the K&S mine and other assets of US$73.6 million was made, primarily due to the weaker Platts price of 65% iron ore concentrate as at 30 June 2023 (as compared to that as at 31 December 2022).

While the Group reports a loss of US$13.2 million for the first half of 2024, this figure is distorted due to the aforesaid non-recurring items and foreign exchange. By excluding these items, the Group reports an underlying loss of US$10.8 million which is a more accurate reflection of IRC's underlying performance:

	For the six months ended 30 June		
US$'000	**2024**	2023	Variance
Underlying (loss)/gain – excluding non-recurring items and foreign exchange	**(10,838)**	9,329	(216.2%)

REVENUE

Iron ore concentrate

Production and sales volumes

IRC's main revenue source comes from the sales of 65% iron ore concentrate produced at the K&S mine. Production in the first half of 2024 was hampered by the lower yield of iron ore concentrate from ore due to the lower content of iron magnetic properties in the ore processed. K&S comprises of two main pits, Kimkan and Sutara. The Kimkan operation comprises two key ore zones – Central and West. Open pit mining at the Kimkan deposit is currently carried out at both zones. Mining works were originally performed only at the Kimkan Central pit. As the development of the Kimkan Central pit advances, K&S has started to mine at the Kimkan West pit, which has lower grades of iron ore magnetic properties than Kimkan Central. Proactive measures had been taken to address the ore quality issue. By taking advantage of IRC's extensive operational experience and after making certain upgrades and modifications to K&S's plant and its production process, the plant is able to process lower quality ore without compromising the quality of the final product. This has allowed K&S to process the current ore from Kimkan more effectively and mitigate the impact to the minimum.

Despite the upgrades and modifications to K&S's plant and production process, poorer beneficiation properties of the ore blend fed to the processing plant have resulted in a lower yield of commercial concentrate from the ore than designed. This is currently affecting K&S's ability to increase production capacity. The production capacity issues are expected to improve when the Sutara pit becomes operational. The Company expects the Sutara pit will be the long-term solution as the geological information confirms that the ore at Sutara has higher grades of iron magnetic properties. IRC has commenced the stripping operations and mining operations at Sutara in the second quarter of 2024 and in July 2024 respectively and is focusing on ramping up the operation at Sutara.

Also contributing to the production shortfall was the underperformance of the mining contractors resulting from the low readiness of the equipment due to technical issues. Some of the mining equipment was not operational due to shortage of spare parts. The shortage of mining fronts at the pit site also affected the mining efficiency. K&S is now actively working with the contractors to resolve the issues.

In light of the ore quality and mining issues, K&S plant is utilising the stockpiles of the low-quality ore, which was accumulated in the previous years. This has allowed K&S to compensate for the decreasing ROM (Run-of-Mine) ore feed with the stockpiled ore feed. As a result, despite a 37.0% decrease of mining volume in the first half of 2024, processing plant feed only reduced by 5.7%. While this provides a positive impact on working capital movement, stockpile ore has lower iron content and higher impurities.

For the first half of 2024, K&S operated at an average capacity of approximately 72% to produce 1,132,201 tonnes of iron ore concentrate, 13.5% lower than the 1,308,821 tonnes produced during the corresponding period last year. In line with the decreasing production volume, sales volume of 1,118,750 tonnes during the Reporting Period was 18.6% behind that of 1,374,549 tonnes during the corresponding period last year.

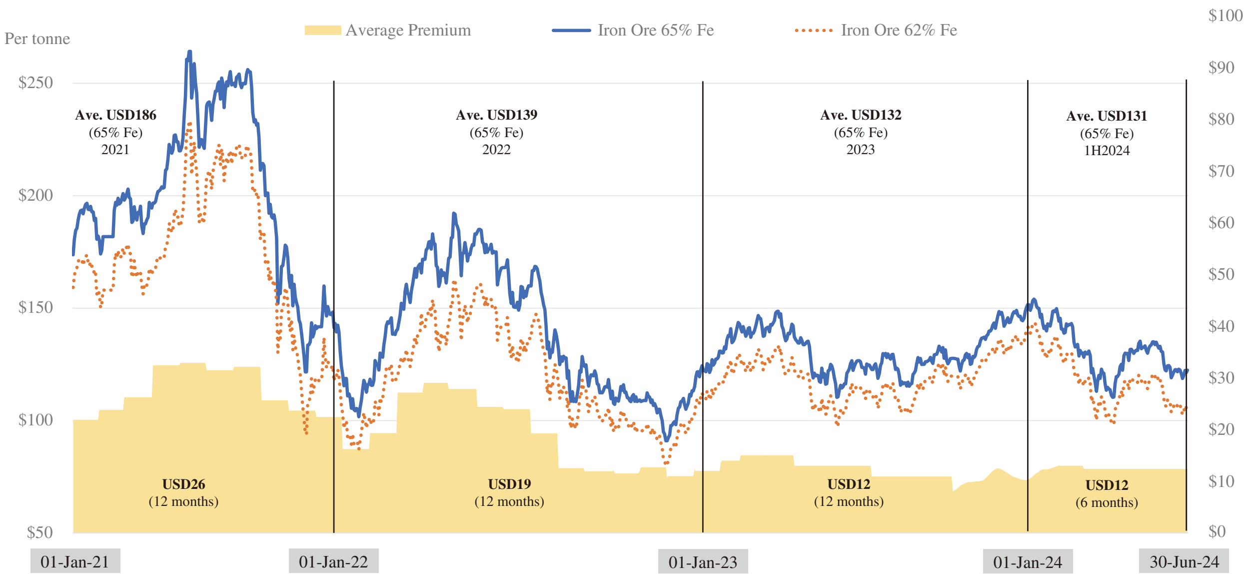
Iron ore prices

K&S's iron ore concentrate is priced with reference to the international spot price of Platts iron ore benchmark index. In the first quarter of 2024, iron ore price remained bearish with an average price of Platt's 65% iron ore of US$136 per tonne. The weak price environment was attributed to factors such as the long New Year holidays in China, delayed recovery in demand, and cautious purchasing behaviour by the steel companies. The iron ore price continued its decreasing trend in the second quarter of 2024 with the average Platts 65% iron ore price dropping to US$126 per tonne. Lower iron ore price was due to high supply and weak demand expectations. In the first half of 2024, average Platt's 65% iron ore price was US$130.7 per tonne, 1.0% lower than the price of US$132.0 per tonne in the corresponding period last year.

As at 30 June 2024, IRC did not have any open iron ore hedging position, given that it is difficult to achieve meaningful hedges with the forward iron ore curve in backwardation. IRC will continue to monitor the price movements and may enter into hedging transactions if the hedging terms are considered favourable.

The chart below illustrates the Platts 65% Fe index from 1 January 2021 to 30 June 2024:

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



* Source: Platts (as of 30 June 2024)

Revenue of K&S

In light of a 18.6% and a 1.0% decrease in sales volume and average Platt's 65% iron ore price respectively, IRC's revenue in the first half of 2024 decreased by 19.3% from US$139.2 million in the first half of 2023 to US$112.3 million in the first half of 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 delivery 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 market remains depressed. 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.

K&S continued using the Amur River Bridge (the "Bridge") for railway shipments to the Chinese customers with about three-quarter of iron ore concentrate sales being delivered via the Bridge during the first half of 2024. 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, was immaterial. Revenue from the segment was US$23,000 in the first half of the year (30 June 2023: US$36,000).

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, are primarily reflected in the site operating expenses and service costs.

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

	For the six months ended 30 June	
	2024	2023
	Cash cost per tonne	Cash cost per tonne
	US$/t	US$/t
Mining	**45.8**	28.9
Processing and drying	**13.9**	14.2
Production overheads, site administration and related costs	**11.9**	13.1
Mineral Extraction Tax	**3.8**	3.7
Temporary Export Duties	**6.5**	–
Currency hedge results	**–**	(0.1)
Net cash cost before transportation to customers	**81.9**	59.8
Transportation to customers	**15.5**	17.9
Net cash cost	**97.4**	77.7

Net cash cost before transportation to customers increased by US$22.1 per tonne and one of the key drivers in relation to the increase was the high mining cost. This is mainly due to higher average mining volumes over poorer quality ore, with the lower grades requiring higher volumes of ore mining and processing. This led to an increase in average cost on a per tonne basis. The higher stripping ratio also contributed to the cost increase.

Moreover, the high Inflation plays a significant part in the cost increase. Annual inflation in Russia stood at 9.2% in June 2024, significantly higher than the 4% which Russia's financial authorities had been targeting. The central bank of Russia is forecasting inflation of as much as 7% for the full year of 2024.

Furthermore, the introduction of the Temporary Export Duty in Russia resulted in an increase in cash cost by US$6.5 per tonne. The Duty is calculated based on the Russian Rouble exchange rate for exports outside the Eurasian Economic Union. The export duty applies to most exports and the applicable export duty rates would depend on the Rouble against USD exchange rates.

The above factors led to the increase of the net cash cost before transportation.

Transportation cost to customers reduced by US$2.4 per tonne, mainly because the seaborne sales had been suspended following the softening of iron ore price, as the high freight charges made the sea route sales uneconomical. The lower proportion of seaborne sales over the total sales volume of K&S translated to a lower average transportation cost per tonne.

IRC's operating cost is also dependent on the strength of the Russian Rouble, as the Group's costs are mainly denominated in Roubles. In first half of 2024, the Rouble exchange rate was RUB91 to 1 US Dollar, 15% weaker to the RUB77 to 1 US Dollar in the first half of 2023. The weakness of the Rouble partially alleviated the negative inflationary pressure on the costs. As at 30 June 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.

The chart below illustrates the movements of the Rouble exchange rate since January 2021 to 30 June 2024:

The Movement of Russian Rouble

* Source: Bank of Russia (as of 30 June 2024)

In overall, the impact of increasing mining cost, the payment of new export duty, as well as the strong inflation outweighed the effects of the Rouble depreciation and reduced transportation cost, resulting in the net cash cost having increased by 25.4% to US$97.4 per tonne during the Reporting Period.

GENERAL ADMINISTRATION EXPENSES BEFORE DEPRECIATION

General administration expenses before depreciation decreased to US$5.1 million, representing a decrease by 8.9% when compared to US$5.6 million of the same period last year, due to tight cost control and the timing of the expenses.

OTHER INCOME, GAINS AND LOSSES, AND OTHER ALLOWANCES, NET

Other income, gains and losses, and other allowances mainly consist of the gains or losses in disposal of fixed assets and other expenses. The reduction in net other income, gains and losses and other allowances to US$0.3 million for the Reporting Period as compare to US$2.2 million for the corresponding prior period is mainly attributable to a smaller gain on disposal of fixed assets.

DEPRECIATION

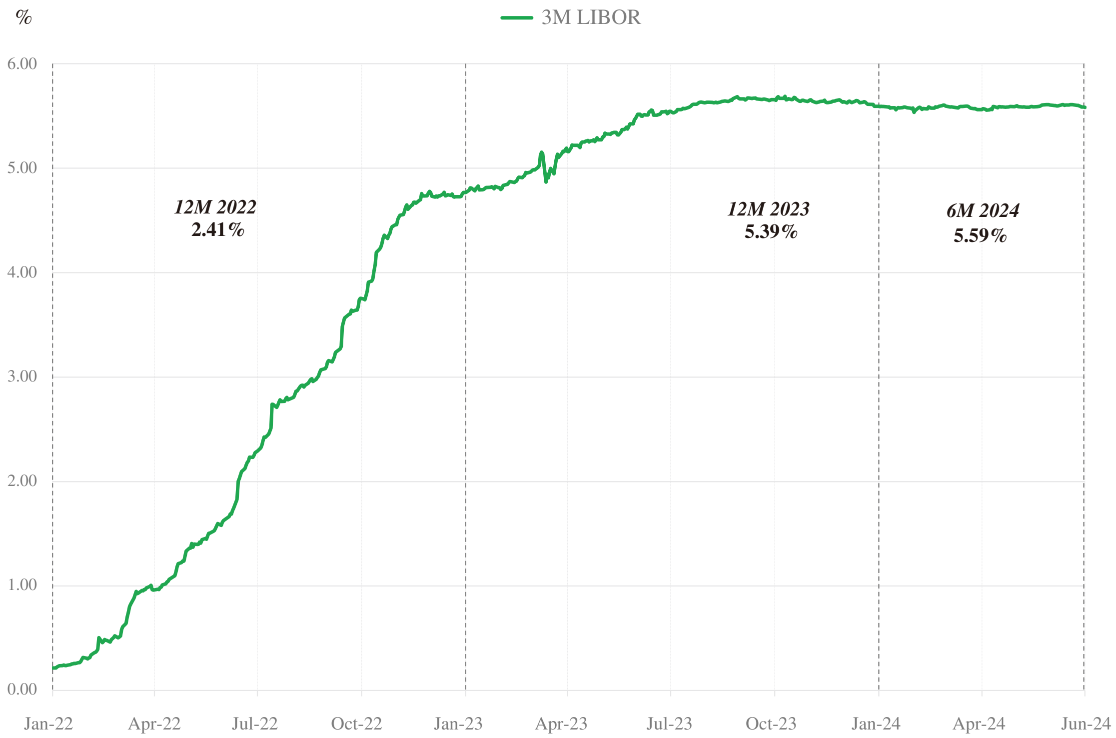
Depreciation charges of US$5.6 million in the first half of 2024 was 42.4% lower than that of US$9.8 million of the same period in the previous year, mainly due to the assets impairment provision made at the end of 2023, and that some of the assets have been fully depreciated.

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"). Finance costs reduced by 18.4% to US$3.3 million in the first half of 2024, primarily as a result of a greater interest income derived from a higher cash balance and the effect of reduction in loan principal following the scheduled periodic repayments.

The interest rate of the loan facility is determined based on London Interbank Offered Rate ("LIBOR"). The global inflation is pushing interest rate into an aggressive position. The average three-month LIBOR interest rate remained at a high level of 5.59% in the first half of 2024 (first half of 2023: 5.15%). The chart below illustrates the movement in market interest rate:

The Movement of 3 Months LIBOR



Source: Bloomberg (as at 30 June 2024)

INCOME TAX CHARGE AND NON-CONTROLLING INTERESTS

The income tax charge and non-controlling interests of US$0.2 million for the Reporting Period (first half of 2023: US$5.3 million) is mainly related to the payment of Russian income tax as well as the provision for deferred tax movements.

IMPAIRMENT LOSSES

No impairment provision or reversal of impairment provision is considered necessary in the first half of 2024.

In the first half of 2023, asset impairment provisions against the carrying value of the K&S mine and other assets of US$73.6 million, following the weaker Platts price of 65% iron ore concentrate as at 30 June 2023 (as compared to that as at 31 December 2022). Impairment provision is non-cash and non-recurring in nature.

NET FOREIGN EXCHANGE (LOSS)/GAIN

The net foreign exchange loss of US$0.3 million in the first half of 2024 (first half of 2023: gain of US$0.6 million) was mainly attributable to the movements in exchange rate of Russian Rouble.

LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The Group reported a loss of US$13.2 million for the first half of 2024 (first half of 2023: loss of US$65.7 million). The significant reduction in loss is mainly due to the recognition of the impairment losses of US$73.6 million against the carrying value of K&S in 2023. No impairment is considered necessary for the first half of 2024.

SEGMENT INFORMATION

The mines in production segment represents the K&S mine's production and sales. This segment made a loss of US$2.1 million in the first six months of 2024, due to the lower sales volume and higher cash costs, as discussed above. Mines in development, engineering and other segments were not material to the total revenue, and the Reporting Period saw a total loss of US$0.4 million of these segments.

STATEMENT OF CASH FLOWS

The following table summarises key cash flow items of the Group for the six months ended 30 June 2024 and 30 June 2023:

	For the six months ended 30 June	
US$'000	**2024**	2023
Operating (loss)/profit before working capital movements	**(1,149)**	26,707
Working capital movements		
Net movement in inventories	**13,752**	7,005
Net movement in receivables	**(3,606)**	(841)
Net movement in payables	**(10,165)**	2,404
Net cash (used in)/generated from operations	**(1,168)**	35,275
Repayments of borrowings	**(4,457)**	(5,392)
Capital expenditure	**(9,459)**	(8,584)
Acquisition of the Vessel	**–**	(22,140)
Deposit received from sales proceeds of the Vessel	**–**	17,000
Interest expenses paid	**(1,959)**	(4,164)
Income tax paid	**(227)**	(2,752)
Other payments and adjustments, net	**75**	(993)
Net movement during the period	**(17,195)**	8,250
Cash and bank balances (including time deposits)		
– At 1 January	**56,557**	36,901
– At 30 June	**39,362**	45,151

Net cash used in operations for the six months ended 30 June 2024 amounted to US$1.2 million following the reduction in sales volume and higher operating costs in 2024. The K&S mine's diminishing revenue resulted in lower cash flow generated from operating activities. The Group also encountered difficulties with bank fund transfers in the second quarter of 2024, resulting in delays in receiving sales proceeds from customers. Capital expenditure amounting to US$9.5 million was incurred, mainly for the development of the Sutara project and the maintenance of the K&S mine.

The loan from MIC is to be repaid on a quarterly basis, and the June 2024 repayment instalment of principal and interest totalling US$6.3 million was due on 20 June 2024. In light of the bank fund transfer issues, MIC had agreed to extend the repayment deadline and the June 2024 repayment instalment has been settled as of the date of this announcement, before the extended deadline.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Share capital

There was no change in the share capital of the Company in the first half of 2024.

Cash Position and Capital Expenditure

As at 30 June 2024, the carrying amount of the Group's cash, deposits and bank balances decreased to US$39.4 million (31 December 2023: US$56.6 million) following the low profitability of K&S leading to an net outflow of operating cash. The lower cash balance at the end of the Reporting Period is also due to the Group encountering difficulties with bank fund transfers in the second quarter of 2024, resulting in delays in receiving sales proceeds from customers. IRC is addressing these issues to minimise their impacts.

Total capital expenditure required to bring the Sutara pit into operation by 30 June 2024 amounted to approximately US$39.6 million. It is estimated that the remaining capital expenditure is approximately US$17.8 million, which is expected to be spent over the second half of 2024 and 2025, after the mining works have been started. The capital expenditure is self-funded by the cashflow generated by K&S.

As at 30 June 2024, cash and cash equivalents (including deposits) of US$26.4 million was denominated in US Dollars, an amount equivalent to US$2.4 million was denominated in Russian Roubles, an amount equivalent to US$0.1 million was denominated in Hong Kong Dollars, and an amount equivalent to US$10.5 million was denominated in Renminbi (31 December 2023: US$33.9 million in US Dollars; US$10.4 million in Russian Roubles, US$0.1 million in Hong Kong Dollars, and US$12.2 million in Renminbi).

Exploration, Development and Mining Production Activities

For the six months ended 30 June 2024, US$118.7 million (30 June 2023: US$115.9 million) was incurred on development and mining production activities. No material exploration activity was carried out in the first half of 2024 and 2023. The following table details the operating and capital expenditures in the first half of 2024 and 2023:

	For the six months ended 30 June					
	2024			2023		
US$'m	**Operating expenses**	**Capital expenditure**	**Total**	Operating expenses	Capital expenditure	Total
K&S development	**108.9**	**9.4**	**118.3**	106.8	8.5	115.3
Exploration projects and others	**0.4**	**–**	**0.4**	0.5	0.1	0.6
	109.3	**9.4**	**118.7**	107.3	8.6	115.9

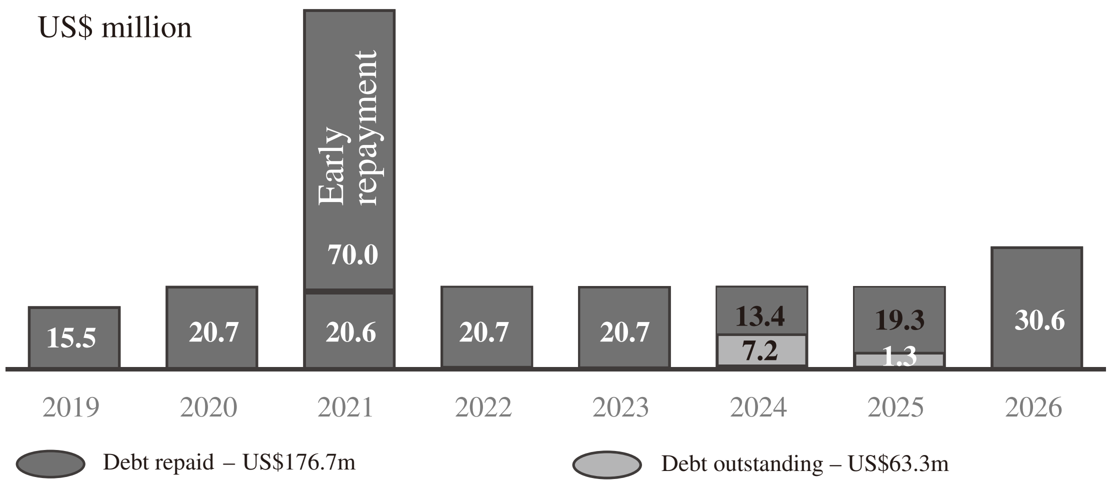
The table below sets out the details of material new contracts and commitments entered into during the first half of 2024 and 2023 on a by-project basis.

		For the six months ended 30 June	
US$'m	**Nature**	**2024**	2023
K&S	Purchase of property, plant and equipment	**0.3**	0.3
	Sub-contracting for mining works	**–**	0.1
Others	Other contracts and commitments	**0.7**	0.4
		1.0	0.8

Borrowings and Charges

As at 30 June 2024, the Group had gross borrowings from MIC Invest Limited Liability Company of US$63.3 million (31 December 2023: US$67.7 million), including the June 2024 instalment whose repayment deadline has been extended and settled at the time of this announcement. The loan is secured by a charge over the property, plant and equipment with net book value of US$51.4 million, and 100% equity share of Kapucius Services Limited in LLC KS GOK, a wholly owned subsidiary of the Group. All of the Group's borrowings were denominated in US Dollars. The repayment profile of the loan as of 30 June 2024 is as follows:

Loan Repayment Profile

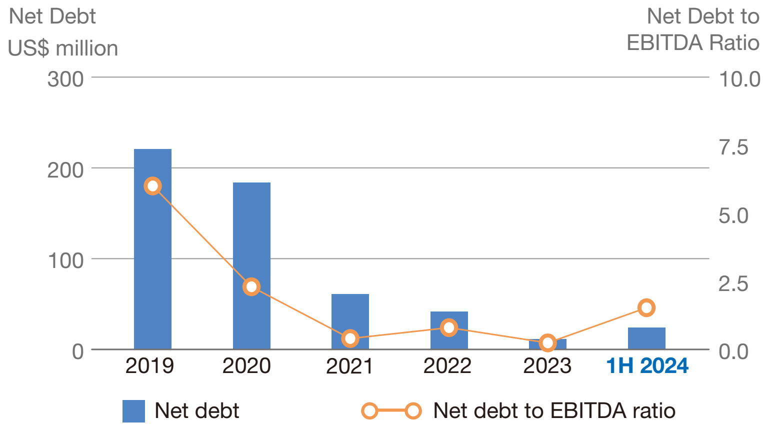


Source: IRC Limited (as at 30 June 2024)

The Group's weighted average interest rate was 8.78% in the first half of 2024 (30 June 2023: 8.65%). The loan is not subject to guarantee, saving the Group from making guarantee fee payments.

As of the 2024 interim end, the net debt of the Group increased to US$23.9 million, mainly because IRC encountered difficulties with bank fund transfers resulting in delays in receiving sales proceeds from customers.

Net debt/Net debt to EBITDA ratio



	2019	2020	2021	2022	2023	1H 2024
Net debt (US$'m)	220.3	183.5	61.1	41.6	11.2	23.9
Net debt to EBITDA ratio	6.62	2.30	0.36	0.74	0.24	1.53*

* EBITDA is annualised based on the total of the EBITDA for the second half of 2023 and the first half of 2024.

Source: IRC Limited (as of 30 June 2024)

The Group's gearing ratio, calculated based on total borrowing divided by total equity, decreased to 22.7% (31 December 2023: 23.3%), mainly due to the decrease in borrowing following the loan repayments in 2024.

Risk of Exchange Rate Fluctuation

As of 30 June 2024, the Group had no currency hedging position. The Group may consider entering into new foreign exchange hedging contracts if deemed appropriate. It should be noted that the hedging is not speculative in nature and is for risk management purposes. The hedging that IRC has entered into serve as a counter-measure against the strengthening of Rouble.

Employees and Emolument Policies

As of 30 June 2024, the Group employed 1,579 people (30 June 2023: 1,629 people). Total staff costs (including directors' emolument) amounted to US$17.4 million during the Reporting Period (30 June 2023: US$17.0 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.

CHAIRMAN STATEMENT

Dear Shareholders,

As we reflect on the first six months of 2024, I want to take this opportunity to thank you for your continued support and commitment to IRC Limited (the "Company"). Last year, we celebrated a solid performance, driven by favourable operating conditions and our team's dedication to operational excellence. However, I must report that this year has presented us with significant challenges. Against this backdrop, we recorded an underlying loss of approximately US$10.8 million for the first half of 2024, a turnaround from an underlying profit of approximately US$9.3 million that we reported in the corresponding period last year.

PRODUCTION CHALLENGES

A key factor contributing to this loss has been the decline in our production volume due to the low quality of our feedstock ore from the depleting Kimkan deposit. The lower-grade ore has adversely affected our production efficiency, leading to a decrease in production volume. The challenges associated with processing this poorer-quality ore have not only increased operational costs but also required us to modify our production process. We have implemented modifications to our equipment and adjusted our production cycles, allowing our processing plant to better accommodate the lower quality ore.

The underperformance of our third-party mining contractors also contributed to the production shortfall we experienced this year. Technical issues have led to low readiness of mining equipment, with some critical machines remaining non-operational due to shortage of spare parts. Moreover, the limited availability of mining fronts at the Kimkan pit further hindered our mining efficiency. To mitigate the impact of low mining output from our contractors, we have strategically utilised ore from our stockpile. This approach has allowed us to maintain a more consistent feed to our processing facilities and helped stabilise production levels during this challenging period.

To address the ongoing challenges posed by our reliance on third-party mining contractors, we are actively exploring the possibility of establishing of our own mining fleet. By investing in our own equipment and personnel, we aim to enhance operational control, improve equipment readiness, and ensure a more efficient mining process. This strategic initiative is expected to significantly reduce our dependence on external contractors, allowing us to better manage our production schedules and respond swiftly to any technical issues that may arise. We believe that this approach will not only drive greater efficiency in our mining operations but also strengthen our overall resilience, unlocking the potential of K&S.

Establishing our own mining fleet is a significant undertaking that will involve considerable capital expenditure. We recognise that this investment is critical for enhancing our operational autonomy and improving efficiency. However, we are also mindful of the financial implications involved. As such, we are meticulously evaluating this option to ensure it aligns with our long-term strategic goals and provides a favourable return on investment.

FINANCIAL RESULTS

In the first half of 2024, due to the aforesaid difficulties, K&S only managed to operate at an average capacity of approximately 72% to produce 1,132,201 tonnes of iron ore concentrate, 13.5% lower than the 1,308,821 tonnes recorded in the corresponding period last year. In line with the lower production volume, sales volume of 1,118,750 tonnes was 18.6% behind the 1,374,549 tonnes recorded in the corresponding period in 2023.

While the market price levels for iron ore remained comparable to last year, the significant reduction in sales volume has had a direct impact on our top-line revenue during the first half of 2024, which reduced by approximately 19.3% from approximately US$139.2 million to US$112.3 million. Furthermore, we have been grappling with rising cost levels driven by high inflation and escalating mining costs. The inflationary environment has led to increased prices for essential inputs, including fuel, equipment, and labour, significantly impacting our operational expenses. We are also affected by the introduction of the new Temporary Export Duty in Russia. As a result, our cash cost per tonne has increased by approximately 25.4% from US$77.7 to US$97.4 in the first half of 2024. These rising costs have compounded the challenges we face, making it imperative for us to adopt more efficient practices and cost-control measures to safeguard our financial health.

The decline in revenue, coupled with the increased costs of production, has translated to a weaker financial performance for the year. We reported a negative EBITDA of US$1.7 million (2023: positive EBITDA of US$28.5 million) and an underlying loss of US$10.8 million (2023: underlying gain of US$9.3 million).

Taking into account other adjustments, we reported a net loss of US$13.2 million for the first half of 2024 (2023: US$65.7 million, including an assets impairment of US$73.6 million).

TREASURY MANAGEMENT

In addition to the various operational challenges, IRC is facing a difficult macro environment for its operations in Russia. The country is currently dealing with significant sanctions imposed by Western nations, which have created a complex business landscape and hampered our ability to operate effectively. The general geopolitical environment has raised uncertainties and risks that impact our supply chains, access to markets, and overall operational stability. Compounding these challenges, we are experiencing certain difficulties in making inter-bank fund transfers, which has made treasury management increasingly complex. These issues not only create barriers to efficient financial operations but also add an additional layer of uncertainty as we navigate our liquidity requirements during this turbulent time. We are actively evaluating measures to mitigate these challenges.

In light of the fund transfer issues with banks, we experienced delays in receiving sales proceeds from customers and difficulties in intra-Group fund transfers. As a result, cash balance including deposits as of 30 June 2024 decreased to US$39.4 million (31 December 2023: US$56.6 million) and net debt as of 30 June 2024 increased to US$23.9 million (31 December 2023: US$11.2 million).

The MIC Invest Limited Liability Company ("MIC") loan principal repayment instalment was originally due on 20 June 2024. In light of the bank fund transfer issues, MIC has agreed to extend the repayment deadline. IRC has settled the repayment instalment before the extended deadline. While we are grateful that MIC understands the complexity of the situation and agreed to extend the loan repayment deadline, what is more important is the fact that the extension reflected MIC's confidence in IRC, a belief that we share in common.

OPPORTUNITY AND RECOVERY

Looking ahead, it is important to note that the current difficult situation is unlikely to see drastic improvement until our new mining pit, Sutara, becomes fully operational. Sutara is designed to provide better ore quality, which will not only enhance our production volume but also extend the overall mine life of the project. By facilitating the extraction of higher-grade ore, we expect Sutara to significantly boost our operational efficiency and help us recover from the setbacks we have been facing.

Commissioning Sutara is at the top of our agenda, and we are firing all cylinders to develop this pit. We are pleased to inform we have commenced the stripping operations and mining operations at Sutara in the second quarter of 2024 and in July 2024 respectively. Ramping up the operation at Sutara to full capacity will take time, but it is encouraging to see light at the end of the tunnel.

Until we can fully commission Sutara, we will continue to navigate the challenges posed by our existing infrastructure and resource quality.

OUTLOOK

The commodity market has experienced considerable volatility, influenced by a combination of global economic factors, fluctuating demand, and shifts in trade policies. Despite our best efforts to mitigate these challenges, we have been facing an increase in production costs resulting in lower profits for our products, which have ultimately impacted our bottom profitability.

Looking forward, the future outlook remains very challenging. Low iron ore prices, coupled with persistently high inflation, are exerting downward pressure on our margins and profitability. Furthermore, ongoing geopolitical issues continue to create a climate of uncertainty that complicates our strategic planning and operational decision-making. We must remain vigilant and adaptable as we navigate these challenges, with a focus on safeguarding our financial health. Given the current environment, monitoring and managing our cash resources is of utmost importance. We recognise that maintaining a robust liquidity position is essential for weathering the ongoing volatility in the iron ore market and navigating the pressures from high inflation. Our team is committed to exploring potential avenues for enhancing our liquidity which will enable us to remain resilient and focused on our long-term objectives while effectively managing the uncertainties of the present landscape.

We remain committed to our strategic initiatives aimed at enhancing efficiency and reducing costs. While this year has been difficult, I am confident in our resilience and ability to navigate through these turbulent times. We will continue to monitor market trends closely and adapt our strategies accordingly to ensure long-term value for our shareholders. Thank you for your understanding and ongoing support during this challenging period. Together, we will strive to emerge stronger and more competitive.

Nikolai Levitskii
Chairman

The board of directors of IRC Limited (the "Board") is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2024, which have been reviewed by the Company's Audit Committee, comprising of independent non-executive directors, without disagreement and by the external auditors. The Board has authorised the Executive Committee, which comprises of the Executive Director and senior management of the Company, to approve the 2024 interim results on its behalf.

INTERIM FINANCIAL REPORT

Condensed Consolidated Statement of Profit or Loss

For the Six Months Ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	Notes	**US$'000**	US$'000
		(unaudited)	(unaudited)
Revenue	3	**112,329**	139,179
Operating expenses, excluding depreciation	5	**(114,375)**	(112,900)
Depreciation	5	**(5,645)**	(9,808)
Net impairment losses	6	**–**	(73,575)
Other income, gains and losses	7	**(1,248)**	1,119
Finance costs	8	**(4,115)**	(4,406)
Loss before tax		**(13,054)**	(60,391)
Income tax expense	9	**(172)**	(5,358)
Loss for the period		**(13,226)**	(65,749)
Attributable to:			
Owners of the Company		**(13,239)**	(65,698)
Non-controlling interests		**13**	(51)
		(13,226)	(65,749)
Loss per share (US cents)	11		
Basic		**(0.16)**	(0.77)
Diluted		**(0.16)**	(0.77)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months Ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	US$'000	US$'000
	(unaudited)	(unaudited)
Loss for the period	**(13,226)**	(65,749)
Other comprehensive income/(expense):		
Items that have been or may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**294**	(960)
Fair value gain on hedging instruments designated in cash flow hedges	**1,694**	–
Release of fair value gain on hedging instruments in cash flow hedges	**(599)**	(127)
Other comprehensive income/(expense) for the period, net of tax	**1,389**	(1,087)
Total comprehensive expense for the period	**(11,837)**	(66,836)
Attributable to:		
Owners of the Company	**(11,886)**	(66,585)
Non-controlling interests	**49**	(251)
	(11,837)	(66,836)

Condensed Consolidated Statement of Financial Position
At 30 June 2024

	Notes	As at 30 June 2024 US$'000 (unaudited)	As at 31 December 2023 US$'000 (audited)
ASSETS			
Non-current assets			
Exploration and evaluation assets		**20,549**	20,496
Property, plant and equipment	12	**274,364**	269,783
Right-of-use assets	12	**241**	56
Interest in a joint venture		**–**	–
Total non-current assets		**295,154**	290,335
Current assets			
Inventories		**33,598**	47,349
Trade and other receivables	13	**61,194**	56,792
Income tax recoverables		**5**	4
Time deposits		**472**	468
Bank and cash balances		**38,890**	56,089
Total current assets		**134,159**	160,702
TOTAL ASSETS		**429,313**	451,037
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	**1,304,467**	1,304,467
Other reserves		**35,813**	34,460
Accumulated losses		**(1,062,545)**	(1,049,306)
Equity attributable to owners of the Company		**277,735**	289,621
Non-controlling interests		**(593)**	(642)
Total equity		**277,142**	288,979

Condensed Consolidated Statement of Financial Position (continued)

At 30 June 2024

	Notes	**As at 30 June 2024 US$'000 (unaudited)**	As at 31 December 2023 US$'000 (audited)
LIABILITIES			
Non-current liabilities			
Borrowings – due more than one year	15	**40,025**	49,454
Lease liabilities		**117**	–
Provision for close down and restoration costs		**1,944**	3,588
Deferred tax liabilities		**4,007**	4,045
Total non-current liabilities		**46,093**	57,087
Current liabilities			
Borrowings – due within one year	15	**22,989**	17,867
Lease liabilities		**121**	58
Trade and other payables	14	**82,967**	85,951
Other financial liabilities	16	**–**	1,095
Current tax liabilities		**1**	–
Total current liabilities		**106,078**	104,971
TOTAL EQUITY AND LIABILITIES		**429,313**	451,037

Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2024

	Attributable to owners of the Company									
	Share capital US$'000	Capital reserve (Note (a)) US$'000	Share-based payment reserve US$'000	Translation reserve US$'000	Hedging reserve US$'000	Other reserve (Note (b)) US$'000	Accumulated losses US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2023 (audited)	1,304,467	17,984	17,582	(22,821)	127	23,766	(892,497)	448,608	(337)	448,271
Loss for the period	–	–	–	–	–	–	(65,698)	(65,698)	(51)	(65,749)
Other comprehensive expense	–	–	–	(760)	(127)	–	–	(887)	(200)	(1,087)
Total comprehensive expense for the period	–	–	–	(760)	(127)	–	(65,698)	(66,585)	(251)	(66,836)
Balance at 30 June 2023 (unaudited)	1,304,467	17,984	17,582	(23,581)	–	23,766	(958,195)	382,023	(588)	381,435
Balance at 1 January 2024 (audited)	1,304,467	17,984	17,582	(23,777)	(1,095)	23,766	(1,049,306)	289,621	(642)	288,979
Loss for the period	–	–	–	–	–	–	(13,239)	(13,239)	13	(13,226)
Other comprehensive income	–	–	–	258	1,095	–	–	1,353	36	1,389
Total comprehensive income/ (expense) for the period	–	–	–	258	1,095	–	(13,239)	(11,886)	49	(11,837)
Balance at 30 June 2024 (unaudited)	1,304,467	17,984	17,582	(23,519)	–	23,766	(1,062,545)	277,735	(593)	277,142

Notes:

(a) The amounts represent deemed contribution from the then ultimate holding company of the Company for 1) certain administrative expenses and tax expenses of the Group paid by the then ultimate holding company of the Company in prior years and 2) share-based payment expenses in relation to certain employees of the Group participated in the long term incentive plan of the then ultimate holding company of the Company.

(b) The amounts arose from 1) acquisition of non-controlling interests and deemed contribution arising from the group restructuring for the Company's listing on The Stock Exchange of Hong Kong Limited, 2) transfer of share-based payment reserve upon vesting of share-based awards resulted from difference between the cost of the treasury shares and fair value at grant date of the awarded shares, 3) deemed contribution from General Nice Development Limited, who was a former shareholder of the Company, for accrued interests on outstanding capital contribution, and 4) direct expenses in relation to the right to subscribe for shares of the Company granted to Tiger Capital Fund SPC – Tiger Global SP.

Condensed Consolidated Statement of Cash Flows
For the Six Months Ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	US$'000	US$'000
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash (used in)/generated from operations	**(1,168)**	35,275
Income tax paid	**(227)**	(2,752)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**(1,395)**	32,523
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and exploration and evaluation assets	**(9,459)**	(8,584)
Proceeds on disposal of property, plant and equipment	**13**	20
Purchase of asset classified as held for sale	**–**	(22,140)
Deposit received in advance from disposal of asset classified as held for sale	**–**	17,000
Net time deposits (placed)/withdrawn	**(4)**	405
Interest received	**842**	397
NET CASH USED IN INVESTING ACTIVITIES	**(8,608)**	(12,902)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	**(69)**	(70)
Interest expenses paid	**(1,959)**	(4,164)
Repayment of borrowings	**(4,457)**	(5,392)
NET CASH USED IN FINANCING ACTIVITIES	**(6,485)**	(9,626)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	**(16,488)**	9,995
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**56,089**	36,275
Effect of foreign exchange rate changes	**(711)**	(1,340)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**38,890**	44,930

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK").

The financial information relating to the year ended 31 December 2023 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2024 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year 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 (Cap. 622) is as follows:

The Company has delivered the consolidated 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 (Cap. 622).

The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

These condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023.

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

2. NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

A. New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to HKAS 1;

- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – HK Int 5 (Revised);

- Lease Liability in Sale and Leaseback – Amendments to HKFRS 16;

- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7.

As a result of the adoption of the amendments to HKAS 1, 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.*"

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

B. Impact of new and amended standards issued but not yet adopted by the Group

In September 2023, HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The management does not expect the amendment to have a material impact on the consolidated financial statements.

In July 2024, HKICPA issued HKFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. 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 management is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

3. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by primary geographical market and timing of revenue recognition.

For the six months ended 30 June	Mines in production		Engineering		Total	
	2024	2023	**2024**	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Primary geographical markets						
– People's Republic of China ("PRC")	**107,914**	137,078	**–**	–	**107,914**	137,078
– Russia	**4,392**	2,065	**23**	36	**4,415**	2,101
Revenue from external customers	**112,306**	139,143	**23**	36	**112,329**	139,179
Timing of revenue recognition						
Products transferred at a point in time	**112,306**	139,143	**–**	–	**112,306**	139,143
Products and services transferred over time	**–**	–	**23**	36	**23**	36
Total	**112,306**	139,143	**23**	36	**112,329**	139,179

4. SEGMENT INFORMATION

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

	Mines in production US$'000	**Mines in development US$'000**	**Engineering US$'000**	**Other US$'000**	**Total US$'000**
Six months ended 30 June 2024 (unaudited)					
Revenue from external customers	**112,306**	**–**	**23**	**–**	**112,329**
Segment loss	**(2,089)**	**(63)**	**(351)**	**(9)**	**(2,512)**
General administrative expenses					**(5,067)**
General depreciation					**(112)**
Other income, gains and losses					**(1,248)**
Finance costs					**(4,115)**
Loss before tax					**(13,054)**

	Mines in production US$'000	Mines in development US$'000	Engineering US$'000	Other US$'000	Total US$'000
Six months ended 30 June 2023 (unaudited)					
Revenue from external customers	139,143	–	36	–	139,179
Segment loss	(50,908)	(125)	(378)	(8)	(51,419)
General administrative expenses					(5,564)
General depreciation					(121)
Other income, gains and losses					1,119
Finance costs					(4,406)
Loss before tax					(60,391)

5. OPERATING EXPENSES, INCLUDING DEPRECIATION

	Six months ended 30 June	
	2024	2023
	US$'000	US$'000
	(unaudited)	(unaudited)
Site operating expenses and service costs		
Subcontracted mining costs and engineering services	**37,076**	40,397
Freight and shipment costs	**17,163**	24,387
Movement in finished goods and work in progress	**15,656**	6,178
Staff costs	**14,044**	12,698
Temporary export duties	**7,267**	–
Materials usage	**6,545**	6,386
Depreciation	**5,533**	9,687
Mineral extraction tax	**4,266**	5,044
Electricity	**4,215**	5,046
Other expenses	**3,614**	6,507
Fuel	**1,430**	1,399
Professional fees (Note)	**934**	495
Adjustment of restoration provision for change in estimates	**(2,048)**	–
Mine development costs capitalised in property, plant and equipment	**(854)**	(1,201)
	114,841	117,023
General administration expenses		
Staff costs	**3,380**	4,302
Professional fees (Note)	**1,029**	653
Other expenses	**658**	609
Depreciation	**112**	121
	5,179	5,685
	120,020	122,708

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

6. 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 changes in production volumes, changes in the cash costs of production, available ore reserves, purity of the iron ore concentrate, forecasted iron prices and exchange rates.

During the six months ended 30 June 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.

As at 30 June 2023, the recoverable amount of the property, plant and equipment and right-of-use assets of the K&S Project is approximately 360.3 million, resulting in an impairment loss of approximately US$74.3 million being recognised for the six months ended 30 June 2023.

The recoverable amount of the K&S Project has been determined based on value-in-use calculations as at 31 December 2023 and 30 June 2024. These calculations require the use of estimates of future cash flows based on projected income and expenses of the business and working capital needs that have taking into consideration the future economic conditions, expected production capacity, ore reserve estimates, iron ore prices and cost of production over the expected life of the mine. Management is also required to choose appropriate discount rates in order to calculate the present values of the cash flows. Changes in the key assumptions on which the recoverable amounts of the assets are based could significantly affect management's assessment.

As at 30 June 2024, no provision of impairment was considered necessary.

7. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	US$'000	US$'000
	(unaudited)	(unaudited)
Gain on disposal of property, plant and equipment	**11**	1,874
Net foreign exchange (loss)/gain	**(935)**	475
Fair value change of the derivative at FVTPL	**599**	127
Interest income on cash and cash equivalents	**842**	397
Rental income	**300**	300
Other provision	**(2,065)**	(2,054)
	(1,248)	1,119

8. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	US$'000	US$'000
	(unaudited)	(unaudited)
Interest expense on borrowings	**3,918**	4,172
Interest expense on lease liabilities	**2**	4
Unwinding of discount on environmental obligation	**195**	230
	4,115	4,406

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	US$'000	US$'000
	(unaudited)	(unaudited)
Current income tax		
Russian Corporate tax	**(227)**	(2,749)
Deferred tax	**55**	(2,609)
	(172)	(5,358)

Russian Corporate tax is calculated at a rate of 20% for each of the six months ended 30 June 2024 and 2023.

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 exempted from Russia Corporate tax for the period from 2017 to 2021 and then, will be taxed at a reduced rate of 10% in the following 5 years increasing to 25% thereafter.

No tax from other jurisdictions has been recognised as the Group had no assessable profit arising in or derived from any other jurisdictions for the six months ended 30 June 2024 and 2023.

10. DIVIDENDS

No dividends were paid, declared or proposed to owners of the Company during both the six months ended 30 June 2024 and 2023.

11. LOSS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	US$'000	US$'000
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of calculating basic and diluted loss per share for the period attributable to owners of the Company	**(13,239)**	(65,698)

	Six months ended 30 June	
	2024	2023
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**8,519,657**	8,519,657

On 22 February 2024, all outstanding Options Shares were either lapsed or cancelled upon completion of a mandatory conditional cash offers made by AXIOMA CAPITAL FZE LLC ("AXIOMA"). As at 30 June 2024, no dilutive effect is considered to the loss per share.

The computation of weighted average number of shares for the purposes of diluted loss per share for the period ended 30 June 2023 and for the period from 1 January 2024 to the date of cancellation of share options does not assume the exercise of share options granted by the Group because the exercise price of those options was higher than the average market price for the Company's shares.

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

During the six months ended 30 June 2024, the Group incurred approximately US$9,976,000 (for the six months ended 30 June 2023: US$8,463,000) on mine development and acquisition of property, plant and equipment.

During the six months ended 30 June 2024, the Group entered into a new lease agreement for use of an office for 2 years. The Group makes fixed payments during the contract period. On lease commencement, the Group recognised US$248,000 of right-of-use assets and lease liabilities.

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 US$'000 (unaudited)	As at 31 December 2023 US$'000 (audited)
Trade receivables	**43,848**	27,384
Value-added tax recoverable	**11,247**	11,075
Prepayments to suppliers	**4,184**	16,683
Amounts due from customers under engineering contracts	**23**	5
Other receivables	**1,892**	1,645
	61,194	56,792

As at 30 June 2024, the financial assets that measured at fair value on a recurring basis in the condensed consolidated statement of financial position were the trade receivables measured at fair value through profit or loss ("FVTPL") amounting to US$43,848,000. The fair value of trade receivables was measured using quoted market index of iron ore concentrate, which is within the level 2 fair value hierarchy. There was no transfer between level 1 and level 2 of the fair value hierarchy during the six months period ended 30 June 2024.

Amounts due from customers under long-term engineering contracts in progress are expected to be billed and settled within one year.

The Group allows credit period of 57 to 76 days (31 December 2023: 34 to 49 days) to individual third party customers. Except for trade receivables measured at fair value through profit or loss, the Group applies the general approach in accordance to HKFRS 9 to measure expected credit loss ("ECL") which used a lifetime ECL, the directors of the Company considered that the lifetime ECL allowance is insignificant as at 30 June 2024 and 31 December 2023.

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

	As at 30 June 2024 US$'000 (unaudited)	As at 31 December 2023 US$'000 (audited)
Less than one month	**16,510**	17,913
One month to three months	**25,204**	6,771
Over three months to six months	**2,134**	2,700
	43,848	27,384

14. TRADE AND OTHER PAYABLES

	As at 30 June 2024 US$'000 (unaudited)	As at 31 December 2023 US$'000 (audited)
Trade payables	**18,232**	11,421
Advances from customers	**5,763**	20,185
Interest payables	**2,047**	237
Construction cost payables	**22,694**	22,694
Accruals and other payables	**34,231**	31,414
	82,967	85,951

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

	As at 30 June 2024 US$'000 (unaudited)	As at 31 December 2023 US$'000 (audited)
Less than one month	**10,156**	9,924
One month to three months	**6,930**	1,358
Over three months to six months	**241**	1
Over six months	**905**	138
	18,232	11,421

15. BORROWINGS

	As at 30 June 2024 US$'000 (unaudited)	As at 31 December 2023 US$'000 (audited)
Other loans	**63,014**	67,321

The borrowings are repayable as follows:

	As at 30 June 2024 US$'000 (unaudited)	As at 31 December 2023 US$'000 (audited)
Within one year	**22,989**	17,867
More than one year, but not exceeding two years	**19,823**	19,072
More than two years, but not exceeding five years	**20,202**	30,382
	63,014	67,321
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(22,989)**	(17,867)
Amount due for settlement after 12 months (shown under non-current liabilities)	**40,025**	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 equal 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 30 June 2024, the total borrowings of US$63,014,000 (31 December 2023: US$67,321,000) was borne by LLC KS GOK, a wholly owned subsidiary of the Group.

15. BORROWINGS (CONTINUED)

The loans are secured by (i) a charge over the property, plant and equipment with net book value of US$51,407,000; (ii) 100% equity share of Kapucius Services Limited in LLC KS GOK, a wholly owned subsidiary of the Group; and (iii) 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.

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 30 June 2022, of less than 3.0 times

      where:

      – Net Debt is defined as the combined amount of short-term borrowed funds plus long-term borrowed funds and leasing obligations less cash or cash equivalents; and

      – EBITDA is defined as loss/profit before tax for the last twelve months plus interest expenses for the last twelve months less interest income for the last twelve months plus depreciation for the last twelve months and adjustments to exclude impairment, exchange rate revaluation and other non-monetary items for the last twelve months and add lease payments for the last twelve months.

15. BORROWINGS (CONTINUED)

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

ii) Debt Service Coverage Ratio (DSCR):

- Starting from the twelve months period ended 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.

On 26 June 2024, MIC invest LLC has granted LLC KS GOK a waiver to comply with the Net Debt/EBITDA ratio and DSCR covenants for the twelve months period ended 30 June 2024.

On 17 June 2024, MIC invest LLC has agreed to extend the repayment deadline of an installment originally due on 26 June 2024. Afterwards, MIC invest LLC further extended the repayment deadline before every due date, on 25 June 2024, 15 July 2024, 31 July 2024 and 15 August 2024, to 16 July 2024, 31 July 2024, 15 August 2024 and 31 August 2024, respectively.

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

16. OTHER FINANCIAL LIABILITIES

Cash flow hedges

At 31 December 2023, the Group entered commodity swap contracts which were designated as highly effective hedging instruments in order to manage the Group's exposure in relation to iron ore procurement services.

The terms of the commodity swap contracts have been negotiated to match the terms of the respective designated hedged items.

16. OTHER FINANCIAL LIABILITIES (CONTINUED)

Cash flow hedges (Continued)

Major terms of these contracts are as follows:

Notional amount	Maturity	Deal price
31 December 2023		
59,000 tonnes SGX Iron Ore TSI 62% Futures NLT	January 2024	US$123.10
25,000 tonnes SGX Iron Ore TSI 62% Futures NLT	March 2024	US$135.00
10,000 tonnes SGX Iron Ore TSI 62% Futures NLT	March 2024	US$135.10
10,000 tonnes SGX Iron Ore TSI 62% Futures NLT	March 2024	US$135.20
6,000 tonnes SGX Iron Ore TSI 62% Futures NLT	March 2024	US$136.20

At 30 June 2024, the Group had no outstanding commodity swap contracts.

During the six months period ended 30 June 2024, US$1,694,000 (six months ended 30 June 2023: nil) gain on change in fair value of the commodity swap contracts under cash flow hedges has been recognised in other comprehensive income. The fair value gains of the commodity swap contracts amounting to US$599,000 (six months ended 30 June 2023: US$127,000 the fair value gains of the currency zero-cost collars) were reclassified from hedging reserve to profit or loss in the same period when the hedged item affects profit or loss upon the settlement.

17. SHARE CAPITAL

	Number of shares	Amount US$'000
At 1 January 2023, 30 June 2023, 31 December 2023, 1 January 2024 and 30 June 2024	8,519,657,257	1,304,467

On 22 February 2024, all outstanding Option Shares were cancelled or lapsed upon completion of a mandatory conditional cash offers made by Axioma. For details, please refer to the paragraph "Mandatory Conditional Cash Offers" in the Directors' Report of IRC's annual report for the year ended 31 December 2023.

18. RELATED PARTY DISCLOSURES

Related parties

As disclosed in note 15, on 22 February 2024, MIC invest LLC has been disposed its entire interest of shares of the Company and MIC invest LLC no longer the substantial shareholder and the related party of the Group. Since 22 February 2024, AXIOMA become the ultimate parent of the Company.

Related parties transactions

The Group had the following transactions with its related parties during the period:

	Six months ended 30 June	
	2024	2023
	US$'000	US$'000
	(unaudited)	(unaudited)
Interest expenses incurred to MIC invest LLC	**1,171**	4,172

Key Management Compensation

The remuneration of directors and other members of key management for the following periods was as follows:

	Six months ended 30 June	
	2024	2023
	US$'000	US$'000
	(unaudited)	(unaudited)
Short-term benefits	**1,983**	2,183
Post-employment benefits	**313**	582
	2,296	2,765

The remuneration of key management personnel is determined by the remuneration committee with regards to the performance of individuals and market trends.

PROJECT REVIEW

K&S

100% owned

Key facts:

65%
Fe grade (concentrate)

3.2Mtpa
Production capacity

10Mtpa
Ore process capacity

240km
To Chinese border

570Mt
Total resources

319Mt
Total reserves

30 years +
Mine life

OVERVIEW

K&S, 100% owned by IRC, is located in the Jewish Autonomous Region (EAO) of the Russian Far East. It is the second full-scale mining and processing operation that the Group has developed. The project consists of two principal deposits, Kimkan and Sutara. The K&S Phase I is designed to produce 3.2 million tonnes of iron ore concentrate per annum with a grade of 65% Fe. The Phase I Processing Plant was built by CNEEC. According to the development timeline for K&S Phase I project, Sutara deposit will begin to be mined in parallel with Kimkan deposit in 2024, and Sutara's mine life will be more than 30 years. There is an option for a Phase II expansion to produce a total of 6.3 million tonnes of 65% iron ore concentrate per annum. As an interim development between the two phases, IRC is assessing an option to upgrade the Phase I production facility to increase the production capacity to approximately 4.6 million tonnes per annum.

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

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

OPERATIONAL PERFORMANCE IN THE FIRST HALF OF 2024

During the first half of 2024, K&S operated at an average production capacity of approximately 72%. Iron ore concentrate production volume during the first half of 2024 was 13.5% lower than that of the corresponding period of 2023, mainly due to the decreasing ore grades in the Kimkan pits. Despite the upgrades and modifications to K&S's plant and production process, poorer beneficiation properties of the ore blend fed to the processing plant have resulted in a lower yield of commercial concentrate from the ore than designed. This is currently affecting K&S's ability to increase production capacity. The production capacity issues are expected to improve now that the Sutara pit has become operational.

In July 2024, K&S has started mining the Sutara pit. The Company expects that Sutara will be the long-term solution as the geological information confirms that the ore at Sutara has higher grades of iron magnetic properties.

SALES AND MARKETING

Sales volume in the first half of 2024 were 18.6% lower than that of the first half of 2023 due to the lower production volume.

During the Reporting Period, K&S continued using the Amur River Bridge for railway shipments to the Chinese customers, with approximately 806 Kt shipped via the bridge, representing 72% of the total shipments (first half of 2023 ("1H 2023"): 393 Kt, 29% of the total shipments).

SUTARA PIT

Sutara deposit, which is situated approximately 15 km south-south-west of Kimkan, will be providing iron ore material to the processing plant and extend the mine life as Kimkan deposit approaches depletion. As the development of the Kimkan Central pit advances, K&S has started to mine at the Kimkan West pit, which has lower grades of iron ore magnetic properties than Kimkan Central.

In the first half of 2024, K&S continued the development of the Sutara project. Pre-stripping works were completed, and ore mining started in July 2024. Raw ore is being shipped from the Sutara pit, blended with the ore from Kimkan and existing stockpiles, and fed to the processing plant. The construction of the crushing and screening plant at Sutara is at the final stage. It is expected that the Sutara crushing and screening plant will be commissioned in the third quarter of 2024. Once this is completed, Sutara ore will be crushed and screened on site, and pre-concentrate will be shipped to Kimkan.

Initial capital expenditure to bring the Sutara pit into operation as of 30 June 2024 totalled approximately US$39.6m. It is estimated that the remaining capital expenditure is approximately US$17.8m and will be self-funded by cashflow generated by K&S. It is expected that the total Sutara capital expenditure will amount to approximately US$57.4m.

MINING

Currently, K&S does not have own mining fleet, and the mining works on site are carried out by third-party mining contractors. During the reporting period, the mining contractors moved 8,367,100 cubic metres of rock mass, which represents approximately a 15.4% decrease from the corresponding period last year. This includes 2,919,800 tonnes of ore, a 37.0% decrease in tonnage compared to the first half of 2023. Stripping ratio (ratio of the volume of overburden that must be removed to the tonnage of ore mined) increased by 40.2% in the first half of 2024 compared to the corresponding period in 2023.

PRODUCTION

During the reporting period, 4,322,100 tonnes of ore were fed to primary processing, 5.7% less than that of the corresponding period of 2023. 2,895,111 tonnes of pre-concentrate were produced, a 8.7% decrease compared to the first half of 2023. Due to the lower grades and hence the yields, commercial iron ore concentrate production volume of 1,132,201 tonnes in the first half of 2024 was 13.5% lower than during the corresponding period of 2023 (1H 2023: 1,308,821 tonnes).

UNIT CASH COST

In the first half of 2024, the unit cash cost per tonne of K&S totalled US$97.4 (excluding transportation: US$81.9).

K&S's rouble-denominated cash cost is likely to rise in the short and medium term, due to the longer transport distance of ore from Sutara deposit to Kimkan processing plant, as well as general inflation in Russia. Annual inflation in Russia stood at 9.2% in June 2024, significantly higher than the 4% which Russia's financial authorities had been targeting. The central bank of Russia is forecasting inflation of as much as 7% for the full year of 2024.

Also, in July 2024, Russian Government increased the base rate of the mineral extraction tax (MET) on iron from 4.8% to 6.7% starting from 1 January 2025.

However, once Sutara ramps up to full production capacity, with the ore quality being anticipated to improve, there is room for K&S to keep costs under control.

SAFETY

Lost Time Injury Frequency Rate (LTIFR) is a calculation of the number of lost-time injuries per one million hours man-worked. During the first half of 2024, K&S maintained a high level of safety with 3 injuries (1H 2023 injuries: 3), 0 fatalities (1H 2023 fatalities: 0), and a LTIFR of 2.13 (1H 2023 LTIFR: 2.26). K&S will be working on further improvement of LTIFR.

Garinskoye

99.6% owned

Key facts:

68%
Fe grade

>3,500km^2
Total iron ore licence area

4.6Mtpa
Fe production capacity

260Mt
Total resources

26Mt
Total reserves

20 years +
Mine life

OVERVIEW

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

The project is located in the Amur Region of the Russian Far East, midway between the BAM and Trans-Siberian Railways. With exploration licences for ground covering an area of over 3,500 km^2, the project is the largest in the IRC portfolio in terms of area.

FUTURE DEVELOPMENT

There are two possibilities to develop Garinskoye. The first option is to develop a large-scale 4.6 million tonnes per annum open-pit operation with a life-of-mine of 20 plus years, which requires the construction of a rail connection. The second option is an intermediate DSO-style operation that does not require a rail connection and can be started in advance of a larger conventional operation. The DSO-style plan comprises a pit with a reserve of 26.2 million tonnes, a grade of 47% Fe, and a stripping ratio of 1.7:1 m^3 per tonne. The DSO-style plan would then be able to produce 1.9 million tonnes per annum, with 55% grade iron ore fines and a life of operation of 8 years. There is an option to further increase the project value at very little additional capital expenditure by adding a further wet magnetic separation stage to produce a high-grade “super-concentrate” with a 68% iron ore content.

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

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

OTHER PROJECTS

EXPLORATION PROJECTS & OTHERS

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

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

IMPACT OF SANCTIONS AGAINST RUSSIA

IRC is listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") with operational mines in Russian Far East. Most of the Group's suppliers and customers are based in China and Russia. The Company continues to review and consider the impact, if any, of the UK, EU and US sanctions. As of now, and so far as the Board is aware, based on its current assessment and the information currently available, the sanctions have no material direct impact on the Group or its operations. Although the Group's operations and activities in Russia and elsewhere are currently continuing as usual, as the geopolitical situation continues to develop, there is a risk of supply chain disruptions affecting K&S's operation, the purchase of mining fleet, inter-bank funding movements, and the development of the Sutara pit. The Company will continue to closely monitor sanctions developments and will, if necessary, make further announcement(s).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Contingent Liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities.

Significant Investments

The Group did not hold any material investments during the six months ended 30 June 2024. As at the date of this announcement, apart from the development of the Sutara pit, the Group does not have any plan for material investment or capital assets for the year ending 31 December 2024.

Material Acquisitions and Disposals

The Group did not make any material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2024.

Event after Reporting Period
From 30 June 2024 to the date of this interim results announcement, there was no important event affecting the Group.

Corporate Governance
The management and Board of IRC are committed to promoting good corporate governance to safeguard the interests of the shareholders and to enhance the Group's performance. The Group believes that conducting its businesses in an open and responsible manner and following good corporate governance practices serve its long-term interests and those of its shareholders. Detailed disclosure of the Company's corporate governance policies and practices is available in the annual report of the Company for the financial year ended 2023.

During the six months ended 30 June 2024, 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 Rules Governing the Listing of the Securities on the Stock Exchange ("Listing Rules").

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules ("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 inside information in relation to the Company or its securities. The Company has internal controls for handling and dissemination of inside information whereby the Chairman of the Board, the executive Director and the Company Secretary work closely, seeking advice from legal advisors from time to time, if needed, with proper reporting of and approval from the Board, for proper handling and dissemination of inside information in accordance with relevant laws and regulations.

Review by Audit Committee
The Audit Committee has reviewed and discussed with the management of the Company the unaudited interim results of the Company for the six months ended 30 June 2024. The Audit Committee comprises three independent non-executive directors, namely Mr. Alexey Romanenko (the Chairman of the Audit Committee), Mr. Vitaly Sheremet and Mr. Dmitry Dobryak.

The 2024 interim results have also been reviewed by the external auditors.

Publication of Interim Results and Interim 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 interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be published on the above websites in due course.

Note *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 tonnes. 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
Executive Director and Chief Executive Officer

Hong Kong, People's Republic of China
Thursday, 29 August 2024

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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