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IRC Limited 鐵江現貨有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 1029)

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

The Board announces that on, 26 March 2019, the Group and the Petropavlovsk Group entered into the Subsequent Renewed Petropavlovsk Agreements to again renew the Petropavlovsk Agreements, which were initially entered into prior to the Company's listing on the Stock Exchange. This is the third time the Petropavlovsk Agreements have been renewed.

As Petropavlovsk is an indirect substantial shareholder of the Company, Petropavlovsk and its subsidiaries are connected persons of the Group. As such, the transactions contemplated under the Subsequent Renewed Petropavlovsk Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Under the Listing Rules the aforesaid continuing connected transactions are subject to annual caps and a term of three years. The agreements for these existing continuing connected transactions expired in December 2018. The Group has renewed these existing continuing connected transactions for a further three years with effect from 1 January 2019, and set new proposed annual caps in respect of these existing continuing connected transactions for the same period. **The new proposed annual caps for the respective agreements under the Subsequent Renewed Petropavlovsk Agreements for the years ending 31 December 2019, 31 December 2020 and 31 December 2021 are the same as those for the year ended 31 December 2016, 31 December 2017 and 31 December 2018.**

Since the applicable percentage ratios (as defined in Listing Rule 14.07) for each of the continuing connected transactions under the Subsequent Renewed Petropavlovsk Agreements are more than 0.1% but less than 5%, the Subsequent Renewed Petropavlovsk Agreements are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Under the Listing Rules the aforesaid continuing connected transactions are subject to annual caps and a term of three years. The existing annual caps expired on 31 December 2018. The agreements for these existing continuing connected transactions expired in December 2018. The Group has set new proposed annual caps for each of these existing continuing connected transactions for the three years ending 31 December 2019, 31 December 2020 and 31 December 2021. The relevant Group Companies entered into the Subsequent Renewed Petropavlovsk Agreements which renew these existing continuing connected transactions for a further three years with effect from 1 January 2019.

Since the applicable percentage ratios (as defined in Listing Rule 14.07) for each of the continuing connected transactions under the Subsequent Renewed Petropavlovsk Agreements are more than 0.1% but less than 5%, the Subsequent Renewed Petropavlovsk Agreements are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Subsequent Renewed Petropavlovsk Agreements

The Subsequent Renewed Petropavlovsk Agreements comprise (a) the Subsequent Renewed Shared Services Agreement; (b) the Subsequent Renewed Technical Services Agreement; (c) the Subsequent Renewed Helicopter Lease Deed; and (d) the Subsequent Renewed Helicopter Services Agreement.

Petropavlovsk is the counterparty to the Subsequent Renewed Shared Services Agreement and the Subsequent Renewed Technical Services Agreement. Petropavlovsk is a connected person for the purposes of Listing Rule 14A.07(1), as it (through its wholly-owned subsidiary Cayiron Limited) is a substantial shareholder of the Company.

MC Petropavlovsk is the counterparty to the Subsequent Renewed Helicopter Lease Deed and the Subsequent Renewed Helicopter Service Agreement. MC Petropavlovsk is a connected person for the purposes of Listing Rule 14A.07(4) and Listing Rule 14A.13(1), as it is a subsidiary of Petropavlovsk.

(a) Subsequent Renewed Shared Services Agreement

Prior to the initial public offering of the Company in October 2010, the Company and Petropavlovsk entered into an agreement in respect of the Shared Services. The Shared Services include shared office space, legal services, management and IT services, administrative services and equipment lease.

For details on the previous renewals of the Shared Services Agreement, please refer to the Company's announcement regarding the Petropavlovsk Agreements dated 5 February 2016.

On 26 March 2019, the Company entered into the Subsequent Renewed Shared Services Agreement. The Subsequent Renewed Shared Services Agreement is on normal commercial terms and is for the period from 1 January 2019 to 31 December 2021. Under the Subsequent Renewed Shared Services Agreement, the Shared Services are recharged at cost plus 10 per cent., representing a reasonable arm's length basis on which the services are provided or procured over the next three years.

Historical/estimate transaction value

For the years ended 31 December 2015, 31 December 2016 and 31 December 2017, the aggregate amounts payable under previous renewals of the Shared Services Agreement were approximately US\$85,000, US\$53,000 and US\$93,000 respectively. Based on the Group's unaudited management accounts, the aggregate amount payable under the Further Renewed Shared Services Agreement for the 12 months ended 31 December 2018 was approximately US\$81,000.

Annual caps and basis

Under the Further Renewed Shared Services Agreement, the annual cap for the annual amount payable by the Company under the Further Renewed Shared Services Agreement for each of the years ended 31 December 2016, 31 December 2017 and 31 December 2018 was US\$2,035,000.

Under the Subsequent Renewed Shared Services Agreement, the Company has set a proposed annual cap for the annual amount payable by the Company under the Subsequent Renewed Shared Services Agreement of US\$2,035,000 for each of the three years ending 31 December 2019, 31 December 2020 and 31 December 2021 respectively, which is the same annual cap as for the three years ended 31 December 2016, 31 December 2017 and 31 December 2018 under the Further Renewed Shared Services Agreement.

The proposed annual cap amounts have been determined based on historical transaction figures and the Group's planned operations over the next three years, with a buffer to provide flexibility for any increase in shared services required by the Group or any increase in the base cost of providing such services. The annual caps for the continuing connected transactions in respect of the Subsequent Renewed Shared Services Agreement exceed 0.1% but are less than 5% for the applicable percentage ratios (as defined in Listing Rule 14.07).

Reasons for the Subsequent Renewed Shared Services Agreement

By entering into the Subsequent Renewed Shared Services Agreement, the Group can share office space with Petropavlovsk Group Companies without incurring extra costs by renting another property through other parties, and can continue to lease to Petropavlovsk Group Companies space it does not use in those locations. The Group can also continue to procure legal, management, IT and administrative services, including human resources and back-office support and other services from Petropavlovsk Group Companies who have a good understanding of the Group's business and with whom there are certain shared communication systems in place which could not be provided as efficiently by a third party.

(b) *Subsequent Renewed Technical Services Agreement*

Prior to the initial public offering of the Company in October 2010, the Company and Petropavlovsk entered into the Technical Services Agreement, pursuant to which Petropavlovsk agreed to provide certain technical services to the Company. The technical services comprise construction services, engineering and design services and exploration and geological services.

For details on the previous renewals of the Technical Services Agreement, please refer to the Company's announcement regarding the Petropavlovsk Agreements dated 5 February 2016.

On 26 March 2019, the Company entered into the Subsequent Renewed Technical Services Agreement. The Subsequent Renewed Technical Services Agreement is on normal commercial terms and is for the period from 1 January 2019 to 31 December 2021. The services provided under the Subsequent Renewed Technical Services Agreement are recharged at cost plus 10 per cent., representing a reasonable arm's length basis on which the services are provided or procured over the next three years.

Historical transaction value

For the years ended 31 December 2015, 31 December 2016 and 31 December 2017, the aggregate amounts payable under previous renewals of the Technical Services Agreement for each year was US\$nil. Based on the Group's unaudited management accounts, the aggregate amount payable under the Further Renewed Technical Services Agreement for the 12 months ended 31 December 2018 was US\$80,000.

Annual caps and basis

Under the Further Renewed Technical Services Agreement, the annual cap for the annual amount payable by the Company under the Further Renewed Technical Services Agreement for each of the years ended 31 December 2016, 31 December 2017 and 31 December 2018 was US\$4,500,000.

Under the Subsequent Renewed Technical Services Agreement, the Company has set a proposed annual cap for the annual amount payable by the Company under the Subsequent Renewed Technical Services Agreement of US\$4,500,000 for each of the three years ending 31 December 2019, 31 December 2020 and 31 December 2021 respectively, which is the same annual cap as for the three years ended 31 December 2016, 31 December 2017 and 31 December 2018 under the Further Renewed Technical Services Agreement.

The proposed annual cap amounts have been determined based on historical transaction figures and the Group's planned operations over the next three years, with a buffer to provide flexibility for any increase in technical services required by the Group or any increase in the base cost of providing such services. The annual caps for the continuing connected transactions in respect of the Subsequent Renewed Technical Services Agreement exceed 0.1% but are less than 5% for the applicable percentage ratios (as defined in Listing Rule 14.07).

Reasons for the Subsequent Renewed Technical Services Agreement

By entering into the Subsequent Renewed Technical Services Agreement, the Group can continue to procure technical services for its K&S Project and/or other projects of the Group, where there are limited alternatives to procure construction or maintenance services within the EAO Region where the Group's projects are located or from a provider familiar with the Group's projects. The Group will also be able to continue to procure engineering and design services from entities with whom the Group has had a long working history, and whose quality of engineering and laboratory services provided and their knowledge of the Group's operations are preferred in comparison to third parties. The Group will also be able to continue procuring exploration and geological services within the area where the Group's assets are located, where there are very limited alternatives and viable third party suppliers operating that provide the same quality of work and who are familiar with the Group's operations.

(c) *Subsequent Renewed Helicopter Lease Deed*

Prior to the initial public offering of the Company in October 2010, LLC GMMC (a subsidiary of the Company), MC Petropavlovsk and the Company entered into a deed whereby LLC GMMC leases its helicopter to MC Petropavlovsk for use in Petropavlovsk's operations.

For details on the previous renewals of the Helicopter Lease Deed, please refer to the Company's announcement regarding the Petropavlovsk Agreements dated 5 February 2016.

On 26 March 2019, the Company entered into the Subsequent Renewed Helicopter Lease Deed. The Subsequent Renewed Helicopter Lease Deed is on no more favourable terms than those that would be offered to independent third parties and is for the period from 1 January 2019 to 31 December 2021. The amount charged to MC Petropavlovsk for the helicopter leases is calculated on the total cost, including amortisation and overheads plus a margin of 10 per cent., attributable to actual flight time.

Historical/estimate transaction value

For the years ended 31 December 2015, 31 December 2016 and 31 December 2017, the aggregate amounts receivable under previous renewals of the Helicopter Lease Deed were approximately US\$411,000, US\$273,000 and US\$361,000 respectively. Based on the Group's unaudited management accounts, the aggregate amount receivable under the Further Renewed Helicopter Lease Deed for the 12 months ended 31 December 2018 was approximately US\$335,000.

Annual caps and basis

Under the Further Renewed Helicopter Lease Deed, the annual cap for the annual amount receivable by the Company under the Further Renewed Helicopter Lease Deed for each of the years ended 31 December 2016, 31 December 2017 and 31 December 2018 was US\$1,000,000.

Under the Subsequent Renewed Helicopter Lease Deed, the Company has set a proposed annual cap for the annual amount receivable by the Company under the Subsequent Renewed Helicopter Lease Deed of US\$1,000,000 for each of the three years ending 31 December 2019, 31 December 2020 and 31 December 2021 respectively, which is the same annual cap as for the three years ended 31 December 2016, 31 December 2017 and 31 December 2018 under the Further Renewed Helicopter Lease Deed.

The proposed annual cap amounts have been determined based on historical transaction figures and MC Petropavlovsk's expected demand for helicopter services for the next three years, as advised to the Company by MC Petropavlovsk. The annual caps for the continuing connected transactions in respect of the Subsequent Renewed Helicopter Lease Deed exceed 0.1% but are less than 5% for the applicable percentage ratios (as defined in Listing Rule 14.07).

Reasons for the Subsequent Renewed Helicopter Lease Deed

Although the Petropavlovsk Group has its own helicopters, it is still necessary for it to procure helicopter services from the Group as the Petropavlovsk Group's helicopters may be under repair and maintenance at various times. This arrangement provides the Petropavlovsk Group with continuous access to a helicopter service.

(d) Subsequent Renewed Helicopter Services Agreement

Prior to the initial public offering of the Company in October 2010, the Company and MC Petropavlovsk entered into an agreement relating to the provision by MC Petropavlovsk of helicopter services to the Group.

For details on the previous renewals of the Helicopter Services Agreement, please refer to the Company's announcement regarding the Petropavlovsk Agreements dated 5 February 2016.

On 26 March 2019, the Company entered into the Subsequent Renewed Helicopter Services Agreement. The Subsequent Renewed Helicopter Services Agreement is on normal commercial terms and is for the period from 1 January 2019 to 31 December 2021. MC Petropavlovsk will recharge the Company for total cost, including amortisation and overheads plus a margin of 10 per cent., attributable to actual flight time.

Historical/estimate transaction value

For the years ended 31 December 2015, 31 December 2016 and 31 December 2017, the aggregate amounts payable under previous renewals of the Helicopter Services Agreement for each year was US\$nil. Based on the Group's unaudited management accounts, the aggregate amount payable under the Further Renewed Helicopter Services Agreement for the 12 months ended 31 December 2018 was US\$nil.

Annual caps and basis

Under the Further Renewed Helicopter Services Agreement, the annual cap for the annual amount payable under the Further Renewed Helicopter Services Agreement for each of the years ended 31 December 2016, 31 December 2017 and 31 December 2018 was US\$2,000,000.

Under the Subsequent Renewed Helicopter Services Agreement, the Company has set a proposed annual cap for the annual amount payable under the Subsequent Renewed Helicopter Services Agreement of US\$2,000,000 for each of the three years ending 31 December 2019, 31 December 2020 and 31 December 2021 respectively, which is the same annual cap as for the three years ended 31 December 2016, 31 December 2017 and 31 December 2018 under the Further Renewed Helicopter Services Agreement.

The proposed annual cap amounts have been determined based on historical transaction figures and the Group's expected requirements for helicopter services over the next three years, having regard to the Group's planned activities in areas that are only accessible by helicopter. The annual caps for the continuing connected transactions in respect of the Subsequent Renewed Helicopter Services Agreement exceed 0.1% but are less than 5% for the applicable percentage ratios (as defined in the Listing Rule 14.07).

Reasons for the Subsequent Renewed Helicopter Services Agreement

The use of a helicopter is critical for the Group's business due to the distances between the Group's assets and offices. The Group owns a helicopter but also procures a helicopter service from the Petropavlovsk Group under the present arrangement so as to ensure that it has continuous access to a helicopter service. This will be relevant where the Group's own helicopter is under repair and maintenance, or where the Group's personnel require an extended service.

LISTING RULES IMPLICATIONS

As Petropavlovsk is an indirect substantial shareholder of the Company, Petropavlovsk and its subsidiaries are connected persons of the Group. As such, the transactions contemplated under the Subsequent Renewed Petropavlovsk Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined in Listing Rule 14.07 and calculated with reference to the proposed annual caps each year shown above for the transactions under each of the Subsequent Renewed Shared Services Agreement, the Subsequent Renewed Technical Services Agreement, the Subsequent Renewed Helicopter Lease Deed and the Subsequent Renewed Helicopter Services Agreement exceed 0.1% but are less than 5%, such transactions are therefore subject to the reporting, annual review and announcement requirements set out in the Listing Rules but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, the Directors (including the independent non-executive Directors) confirm that it is in the interests of the Company to continue with these transactions and that such transactions are conducted on normal commercial terms in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and Shareholders as a whole. The Directors (including the independent non-executive Directors) are also of the view that the annual caps of each of the Subsequent Renewed Petropavlovsk Agreements are fair and reasonable and in the interests of the Shareholders as a whole.

None of the Directors has any material interest in any of the Subsequent Renewed Petropavlovsk Agreements.

INFORMATION ON THE CONNECTED PERSONS

Petropavlovsk is a London-listed mining and exploration company with its principal assets located in Russia.

INFORMATION ON THE GROUP

IRC is headquartered in Hong Kong and listed on the Stock Exchange. It is an established explorer, developer and producer of iron ore and other industrial commodities products in the Russian Far East, taking advantage of superior road infrastructure to deliver its projects and products quickly and at lower cost to its customer base, predominantly in China. In 2010, IRC commissioned the Kuranakh Mine, Russia's first vertically-integrated titanomagnetite operation but the mine is currently under care and maintenance. IRC is currently ramping up the production capacity of the K&S Project which has an annual production capacity of 3.2 million tonnes of 65% grade iron ore concentrate.

DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following expressions have the same meanings set out below:

“Board”	Board of Directors
“Company”	IRC Limited, a company incorporated in Hong Kong with limited liability
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Further Renewed Helicopter Lease Deed”	the deed dated 5 February 2016 between LLC GMMC, MC Petropavlovsk and the Company pursuant to which LLC GMMC leased its helicopter to MC Petropavlovsk
“Further Renewed Helicopter Services Agreement”	the agreement dated 5 February 2016 between the Company and MC Petropavlovsk pursuant to which MC Petropavlovsk provided helicopter services to the Group
“Further Renewed Shared Services Agreement”	the agreement dated 5 February 2016 between Petropavlovsk and the Company for the procurement by the Company of certain administrative and operational services from Petropavlovsk
“Further Renewed Technical Services Agreement”	the agreement dated 5 February 2016 between the Company and Petropavlovsk pursuant to which Petropavlovsk agreed to provide, either directly or through any of its subsidiaries, certain technical services to the Company
“Group” and “Group Companies”	the Company and its subsidiaries
“Helicopter Lease Deed”	the agreement dated 29 September 2010 between LLC GMMC, MC Petropavlovsk and the Company pursuant to which LLC GMMC leases its helicopter to MC Petropavlovsk
“Helicopter Services Agreement”	the agreement dated 29 September 2010 between the Company and MC Petropavlovsk pursuant to which MC Petropavlovsk provides helicopter services to the Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“K&S Project”	a magnetite development project in the Company’s portfolio consisting of the Kimkan deposit and the Sutara deposit
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“LLC GMMC”	a company registered in Russia whose registered office is at Ignatyevskoye Shosse, 19, Blagoveshchensk, 675028, Russian Federation, and a subsidiary of the Company
“MC Petropavlovsk”	a limited liability company, and a subsidiary of Petropavlovsk, incorporated in Russia whose registered office is at 140/1 Lenina Street, Blagoveshchensk, Amur Region, 675005, Russian Federation
“Petropavlovsk”	Petropavlovsk PLC, a public company incorporated in England and Wales with registered number 04343841 and listed on the Main Market of the London Stock Exchange and the Company’s ultimate parent company
“Petropavlovsk Agreements”	the Shared Services Agreement, Technical Services Agreement, Helicopter Lease Deed and Helicopter Services Agreement
“Petropavlovsk Group” or “Petropavlovsk Group Companies”	Petropavlovsk and its subsidiaries
“PRC”	The People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 30 September 2010, containing, inter alia, the continuing connected transactions of the Company
“Russia”	the Russian Federation, its territories, its possessions and all areas subject to its jurisdiction
“Russian Far East”	the Far Eastern Federal district of the Russian Federation, which covers the area of Russia between Lake Baikal in Siberia and the Pacific Ocean. The Far Eastern Federal district includes the Amur Region, Evreyskaya Avtonomnaya Oblast, Kamchatka Krai, Magadan Region, Primorsky Krai, Sakha Republic (Yakutia), Sakhalin Region, Khabarovsk Krai, and Chukotka Autonomous District
“Shared Services”	provision of legal, management, IT and administrative services

“Shared Services Agreement”	the agreement dated 29 September 2010 between Petropavlovsk and the Company for the procurement by the Company of certain administrative and operational services from Petropavlovsk
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsequent Renewed Helicopter Lease Deed”	the deed dated 26 March 2019 between LLC GMMC, MC Petropavlovsk and the Company pursuant to which LLC GMMC leases its helicopter to MC Petropavlovsk
“Subsequent Renewed Helicopter Services Agreement”	the agreement dated 26 March 2019 between the Company and MC Petropavlovsk pursuant to which MC Petropavlovsk provides helicopter services to the Group
“Subsequent Renewed Petropavlovsk Agreements”	the Subsequent Renewed Shared Services Agreement, the Subsequent Renewed Technical Services Agreement, the Subsequent Renewed Helicopter Lease Deed and the Subsequent Renewed Helicopter Services Agreement
“Subsequent Renewed Shared Services Agreement”	the agreement dated 26 March 2019 between Petropavlovsk and the Company for the procurement by the Company of certain administrative and operational services from Petropavlovsk
“Subsequent Renewed Technical Services Agreement”	the agreement dated 26 March 2019 between the Company and Petropavlovsk pursuant to which Petropavlovsk agrees to provide, either directly or through any of its subsidiaries, certain technical services to the Company
“Technical Services Agreement”	agreement dated 29 September 2010 between the Company and Petropavlovsk pursuant to which Petropavlovsk agrees to provide, either directly or through any of its subsidiaries, certain technical services to the Company
“%”	per cent

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

Hong Kong, People’s Republic of China
Tuesday, 26 March 2019

As at the date of this announcement, the Executive Directors of the Company are Mr Yury Makarov and Mr Danila Kotlyarov. The Non-Executive Directors are Mr Peter Hambro and Mr Chi Kin Cheng. The Independent Non-Executive Directors are Mr Daniel Bradshaw, Mr Chuang-Fei Li, Mr Simon Murray, CBE, Chevalier de la Legion d'Honneur, Mr Jonathan Martin Smith and Mr Raymond Kar Tung Woo.

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