

PART A**A. Overview**

The Directors estimate that on the bases and assumptions set out in this Appendix, and in the absence of unforeseeable circumstances, the forecast loss attributable to the equity holder of the Company for the year ending 31 December 2010 will amount to no more than US\$95 million.

B. Bases and Assumptions

The Directors have prepared the forecast loss attributable to the equity holder of the Company for the year ending 31 December 2010 based on the audited consolidated results of the Group for the six months ended 30 June 2010, unaudited consolidated results for July 2010 and an estimate of the consolidated results of the Group for the remaining five months ending 31 December 2010. The estimate has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by the Group as set out in note 3 of “Appendix I — Accountant’s Report” to this Prospectus. The Directors have adopted the following assumptions in the preparation of the loss forecast:

- a. There will be no material changes in the Group’s operations;
- b. There will be no material changes in the existing political, legal, fiscal, market or economic conditions in Russia or China or in any other countries or territories in which the Group currently operates or which are otherwise material to the business;
- c. There will be no changes in legislation, regulations or rules in Russia or China or in any other countries or territories in which the Group currently operates or with which the Group has arrangements or agreements which may materially adversely affect the Group’s business or operations;
- d. There will be no material changes in inflation rates, interest rates or foreign exchange rates from those currently prevailing in the context of the Group’s operations;
- e. There will be no material changes in the bases or applicable rates of taxation, surcharges or other government levies in the countries or territories in which the Group operates;
- f. The Group’s operations and business will not be materially affected or interrupted by any force majeure events of unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including but not limited to the occurrence of natural disasters, epidemics or serious accidents;
- g. No further impairment charges will be required at the year ending 31 December 2010, including in respect of the further investment in the Titanium Sponge JV details of which are set out on Page 216.

C. Sensitivity analysis

Sensitivity analysis on average selling price

The following table illustrates the sensitivity of the loss attributable to equity holders of the Company for the year ending 31 December 2010 to the average selling price for titanomagnetite and ilmenite produced from the Kuranakh mine from 1 August 2010 to 31 December 2010.

% change in average selling price per tonne	-30%	-20%	-10%	+10%	+20%	+30%
Impact on loss attributable to equity holders of the Company for the year ending 31 December 2010 (US\$ million)						
Titanomagnetite	(5.0)	(3.3)	(1.7)	1.7	3.3	5.0
Ilmenite	(1.2)	(0.8)	(0.4)	0.4	0.8	1.2
Combined impact	(6.2)	(4.1)	(2.1)	2.1	4.1	6.2

The sensitivity range has been selected with reference to historical movements in commodity prices. Given that ilmenite prices are set through buyer-seller negotiations without reference to a benchmark price, the sensitivity range has been set with reference to historical movements in iron ore prices. The period from 2005 to 2009 saw substantial volatility in iron ore prices with prices for benchmark Hamersley Fines increasing by ~19.0% from 2005 to 2006, increasing ~9.5% from 2006 to 2007, increasing ~80.0% from 2007 to 2008, before decreasing ~33.0% from 2008 to 2009. It is important to note that the increase from 2007 to 2008 was unusually large due to extremely strong market demand for iron ore and tight supply. The current range used for the price sensitivity analysis is +/-30% for the period 1 August 2010 to 31 December 2010. On an annualised basis, this equates to a range of +/-87.7% which is greater than the largest annual move since 2005. Taking into account the historical volatility of iron ore prices, this sensitivity appears to be sufficiently broad so as to properly capture historical price volatility.

Sensitivity analysis on exchange rate

The following table illustrates the sensitivity of the loss attributable to equity holders of the Company for the year ending 31 December 2010 to fluctuations in the RUR:US\$ exchange rate for the period from 1 August 2010 to 31 December 2010. The income statement is impacted in two ways by fluctuations in the exchange rate; through the retranslation of RUR denominated costs into the US\$ functional currency at the rate ruling at the transaction date, and at the month end through gains and losses arising on retranslation into US\$ of RUR denominated working capital balances held in US\$ functional currency entities. The below sensitivity considers the impact on the RUR denominated operating expenses balances only, as the management believes that the effect on working capital balances is immaterial to the loss forecast.

% change in RUR:US\$ exchange rate	-10%	-5%	+5%	+10%
Impact on loss attributable to equity holders of the Company for the year ending 31 December 2010 (US\$ million)	(4.0)	(1.9)	1.7	3.3

The sensitivity range for the RUR:US\$ exchange rate analysis has been set with reference to the historical movement in the exchange rate since 2005. The spot exchange rate is currently RUR30.6:US\$1.00. Since January 2005, the exchange rate has varied from RUR23.1:US\$1.00 (appreciation of 24.6% from current exchange rate) to RUR36.4:US\$1.00

(depreciation of 18.9% from current exchange rate). The current sensitivity analysis considers a range of +/-10% for the period from 1 August 2010 to 31 December 2010. On an annualised basis this equates to a sensitivity range of +/-25.7%, which is in excess of the range seen since 2005.

The above illustrations are intended to be for reference only and any variation could exceed the ranges given. The above sensitivity analyses are not meant to be exhaustive. While the Directors have considered for the purposes of the loss forecast what they believe is the best estimate of an average selling price and exchange rate for the year ending 31 December 2010, the average selling price and exchange rate as at the relevant time may differ materially from their estimate and are dependent on market conditions and other factors which are beyond their control.

D. Letters

Set out below are the texts of letters received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, and from the Sponsor in connection with the forecast of loss attributable to equity holders of the Company for the year ending 31 December 2010.

PART B



德勤·關黃陳方會計師行
香港金鐘道 88 號
太古廣場一座 35 樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

30 September 2010

The Directors
IRC Limited 鐵江現貨有限公司
Merrill Lynch Far East Limited

Dear Sirs,

We have reviewed the accounting policies adopted and calculations made in arriving at the forecast of the consolidated net loss of IRC Limited 鐵江現貨有限公司 (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ending 31 December 2010 attributable to equity holder of the Company (the “Loss Forecast”), for which the directors of the Company are solely responsible, as set out in the prospectus dated 30 September 2010 issued by the Company (the “Prospectus”). The Loss Forecast is prepared based on the audited consolidated results of the Group for the six months ended 30 June 2010, the consolidated results shown in the unaudited management accounts of the Group for the month ended 31 July 2010, and a forecast of the consolidated results of the Group for the remaining five months of the financial year ending 31 December 2010.

In our opinion the Loss Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors of the Company as set out in part A of Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants’ report of the financial information of the Group for the three years ended 31 December 2009 and the six months ended 30 June 2010 as set out in Appendix I to the Prospectus.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

PART C

LETTER FROM THE SOLE SPONSOR

The following is the text of a letter, prepared for inclusion in this prospectus, which we have received from Merrill Lynch Far East Limited, the Sole Sponsor, in connection with the loss forecast of our consolidated net loss of IRC Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") attributable to equity holders of the Company for the year ending 31 December 2010.

Merrill Lynch Far East Limited
15/F Citibank Tower
3 Garden Road
Hong Kong

Mr John C. Lee
Managing Director

30 September 2010

The Directors
IRC Limited 鐵江現貨有限公司

Dear Sirs,

We refer to the forecast consolidated net loss attributable to equity holders of IRC Limited 鐵江現貨有限公司 (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ending 31 December 2010 (the "Loss Forecast") as set out in the prospectus issued by the Company dated 30 September 2010 (the "Prospectus").

We understand that the Loss Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the audited results of the Group for the six months ended 30 June 2010, the consolidated results shown in the unaudited financial information of the Group for the one month ended 31 July 2010 and an estimate of the consolidated results of the Group for the remaining five months ending 31 December 2010.

We have discussed with you the bases and assumptions made by the directors of the Company as set out in part A of Appendix III to the Prospectus, to the extent applicable, upon which the Loss Forecast has been made. We have also considered, and relied upon, the letter dated 30 September 2010 addressed to yourselves and ourselves from Deloitte Touche Tohmatsu (the "**Reporting Accountant**") regarding the accounting policies and calculations upon which the Loss Forecast has been made.

On the basis of the information comprising the Loss Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by the reporting accountants, we are of the opinion that the Loss Forecast, for which you as the directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of
Merrill Lynch Far East Limited

John C. Lee
Managing Director