

**FOR IMMEDIATE RELEASE**

**RECOVERY IN COMMODITY PRICES AND INCREASED EFFICIENCY RESULT IN STRONG PERFORMANCE**

**Hanoi, 28 July 2017** – Masan Resources Corporation (**HNX-UpCOM: “MSR”, “Masan Resources”** or the “Company”), one of Vietnam’s largest integrated resource producer and chemical processor, is pleased to report its management accounts for the first six months of 2017 (‘1H2017’).

Recovery in commodity prices coupled with increased efficiency has resulted in strong returns over the first six months of 2016 (‘1H2016’). MSR recorded profit attributable to shareholders of VND63bn in 1H2017 which in comparison to the same period last year represents a significant increase excluding one off adjustments.

**FINANCIAL HIGHLIGHTS: VALIDATION OF BUSINESS MODEL**

- **Net revenue up 47%** – Higher sales volumes together with continued recovery in prices across key commodities resulted in net revenue of VND2,559 billion in 1H2017. With the ex-China shortage for up-and-midstream tungsten and fluorspar products continuing to grow, market participants are increasingly focusing on securing units by bidding above market quoted prices for supply security. Consequently, management is revising its sales strategy to leverage prevailing demand and supply imbalance to extract maximum value from its short-term and spot sales arrangements while continuing to honor contractual commitments to long-term and strategic partners.
- **EBITDA increased by 45%** - Ongoing efficiency initiative have continued to yield results. Plant availability and mill throughput have significantly increased in 1H2017 over the same period last year. In addition, management’s ability to identify and de-bottleneck issues has resulted in a significant increase in recoveries over the same period. The Company recorded an EBITDA of 1,275 billion in 1H2017, representing a 45% increase over 1H2016. EBITDA margins, excluding one off adjustments, increased to 50% during the period in comparison to 45% in 1H2016. In 2H2017, management expects EBITDA to grow in excess of 10% over 1H2017 as a result of higher commodity prices and the completion of additional capital upgrades to the tungsten circuit that will increase recoveries.
- **Attributable net profit to shareholders of VND63 billion** – Decline due to no longer capitalizing costs associated with bismuth production (circuit in commercial production from 1 July 2016) and the discontinuance of one-off shareholder financial support received in 1H2016. Management views the Company’s 1H2017 results as validation of the Company’s business model and a platform from which to grow the business both organically and inorganically in an effort to deliver superior shareholder returns.

| VND Billion   | 1H2017 | 1H2016 | Growth |
|---|--------|--------|--------|
| <b>Masan Resources Consolidated Financial Results<sup>(1)</sup></b> |        |        |        |
| Net Revenue   | 2,559  | 1,745  | 47%    |
| EBITDA <sup>(2)</sup>   | 1,275  | 877    | 45%    |
| Attributable Net Profit to shareholders (VAS)                       | 63     | 70     | -10%   |

<sup>(1)</sup> Financial numbers are based on management figures.

<sup>(2)</sup> Earnings before interest, taxation, depreciation and amortization (EBITDA) excludes other income and other expenses.

## MARKET HIGHLIGHTS: RECOVERY IN PRICE FOR EACH COMMODITY

- Tungsten prices started the year at US\$187/mtu and at the time of this announcement has risen to US\$226/mtu, an increase of 21%. Environmental inspections in China are starting to curtail domestic tungsten production and this has resulted in lower than anticipated exports of APT product. With the Ex-China market dependent on China for up and mid-stream tungsten products, the reduction in exports has resulted in significant upward pressure on tungsten prices, a trend that is expected to continue.
- Environment inspections in China have also resulted in increased fluorspar prices. Management has leveraged this opportunity to target customers willing to pay higher prices. With the inspection on fluorspar mines in China coming to a conclusion, expectations are for price to soften in the second half of 2017.
- Copper prices increased 10% since the start of the year and finished trading at \$5,907/ton at the end of 1H2017. The increase in prices was on account of higher than estimated GDP growth in China and mine strikes at South American copper mines.

| COMMODITY PRICES       | Unit   | Average<br>1H2017 | Average<br>1H2016 | %<br>change | At<br>30.06.17 | At<br>30.06.16 |
|------------------------|--------|-------------------|-------------------|-------------|----------------|----------------|
| APT European Low*      | \$/mtu | 206               | 179               | 15%         | 212            | 200            |
| Bismuth Low*           | \$/lb  | 4.6               | 4.3               | 7%          | 4.7            | 4.2            |
| Copper*                | \$/t   | 5,748             | 4,701             | 22%         | 5,907          | 4,827          |
| Fluorspar Acid Grade** | \$/t   | 324               | 255               | 27%         | 390            | 280            |

\* Metals Bulletin, \*\* Industrial Minerals

## OPERATIONAL HIGHLIGHTS: EFFICIENCY AND COMMITMENT TO SUSTAINABILITY

- Efficiency initiatives implemented in 1H2017 have resulted in 6,840 tons of tungsten equivalent units, a Company record for any six month period. Tungsten production is expected to increase in the second half of the year as commissioning of technology and efficiency upgrades are completed.
- With the completion of the pilot program, the Company's financing partnership initiative is now being marketed to key supplier accounts. When fully operational, management expects that the program will reduce financial expenses in excess of VND40bn per annum.
- The Ministry of Natural Resources and Environment (MONRE) has completed its comprehensive inspection of Nui Phao mine. The inspection involved multiple ministries and specialists/experts covering all aspects of the project with particular focus on environment and CSR. The result concluded with no material environmental violations, but saw two administrative fines of VND510m in total on account of administrative oversight. Management has corrected internal processes to ensure that such administrative violations do not reoccur and continue to work closely with regulators to always be improving what we believe is Vietnam's flagship mine. As an endorsement of the positive outcome of the inspection, the Company was chosen to host a global delegation of 21 APEC members. The Company's environment, CSR, rehabilitation works and hiring practices were well received by the delegation.

| SUMMARY PRODUCTION DATA                              | Unit | 1H2017 | 1H2016 | Growth |
|--|------|--------|--------|--------|
| Material processed                                   | kt   | 1,872  | 1,727  | 8%     |
| Tungsten concentrate (contained)                     | t    | 3,324  | 2,756  | 21%    |
| Tungsten equivalent units (contained) <sup>(1)</sup> | t    | 6,840  | 5,466  | 25%    |

<sup>(1)</sup> Nui Phao finished products are converted to a tungsten equivalent units

## **ABOUT MASAN RESOURCES CORPORATION**

Masan Resources is one of the largest private sector mineral resources and chemical processing companies in Vietnam, currently operating the world-class Nui Phao polymetallic project in Northern Vietnam. Nui Phao is the largest operating tungsten mine in the world by reserves and the industry's first new tungsten project to be commissioned in over a decade. Masan Resources is also a globally significant producer of fluorspar and bismuth. Masan Resource's vision is to show the world that a Vietnamese company can lead the transformation of the global tungsten market.

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