

MASAN RESOURCES CORPORATION

*Suite 802, Central Plaza, 17 Le Duan, Ben Nghe Ward, District 1,
Ho Chi Minh City, Vietnam*



ENGLISH TRANSLATION

MANAGEMENT TEAM ASSESSMENT REPORT AT THE 2019 ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

Masan Resources set a further record financial performance in 2018, continuing with its year-on-year financial improvement. Production records in copper, fluorspar and bismuth were achieved, and while the production of tungsten concentrate from the Nui Phao mine was lower compared to previous years, due to lower mined head grades, this was largely offset with increased sourcing of raw tungsten materials from third party suppliers. Production efficiencies of tungsten, copper and fluorspar continued to improve, while reliability issues in the bismuth circuit negatively impacted its production efficiency. This has now been rectified and bismuth performance is expected to return to normal levels in 2019.

We are proud to highlight the following significant outcomes of 2018:

Production

Total throughput in 2018 was 3,804,390 tonnes, slightly lower compared to 2017 with a total throughput of 3,888,483 tonnes. The reduced throughput was due to a combination of lower throughput per hour, 460 tonnes per operating hour compared to 463 tonnes per operating hour in 2017 and a lower a factory availability of 94.6% in 2018 contrasted with the record availability of 95.8% achieved in 2017. The reduced availability was a result of additional maintenance time required during the regular maintenance shut downs for planned maintenance activities. From a production efficiency perspective, tungsten concentrates recovery improved by 3.7%; acid grade fluorspar improved by 4.0%; bismuth decreased by 7.7% and copper production recovery improved by 1.2%. This was a record yield for copper, tungsten and fluorspar. It is expected that recovery rates of these products will be maintained or slightly improved further in 2019, while bismuth is predicted to return to the level of previous years as the grinding issues resulting in lower recovery rates were resolved in late 2018.

Workforce

At the end of 2018 the total number of direct employees was 1,403 with foreign experts accounting for 7% of our workforce. Our contractors employ 928 personnel. During 2018 we continued the investment in our Human Capital through our MSR Academy as the prime training and development tool. In 2018 we delivered 93,880 hours of training, a 3% increase on training hours completed year-on-year. Our focus and commitment remains to employ and train people from the local communities. This ensures we have the right people with the right skills, while enabling the local communities to benefit from our project.

Safety

The Total Recordable Injuries Frequency Rate and Lost Time Injury Frequency Rate, per million manhours worked was 2.36 (2017: 1.92) and 0.34, (2017: 0.58) respectively for 2018.

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While the Lost Time Injuries were an improvement in comparison with 2017 with only two injuries rather than three, the fact that we continued to have our workforce injured was disappointing. The injured persons were employees of contractors working at the site with contractor equipment. Frustratingly, in both cases the injuries were avoidable had the employees followed the correct isolation procedures prior to commencing the activities. The incident investigation highlighted training gaps between Masan Resources employee training and onsite contractor training. This was addressed through a direct intervention and action by the Masan Resources Health and Safety department personnel working directly with contractor employees to upskill them, but also to trench improved processes. The total number of recorded incidents was 14 in 2018, which is up from 10 in 2017. While the number of direct Nui Phao incidents remained constant at 7 (year-on-year), the number of recorded incidents among the onsite contractors increased from 3 to 7. We see this as a positive outcome of our improved safety measures focused on our contractors, with more incidents identified and reported.

CSR & Environment

During 2018 we implemented a variety of environmental measures in order to improve transparency and further reduce the potential for environmental harm. During 2018 all four online real time water discharge analysis stations were commissioned. These stations transmit water analysis data to the regulator in real time, thus providing ongoing and real time transparency of the quality of the discharged water. Additionally, a real time online air quality monitoring station was installed at the point closest to the local housing. The station has recorded no air quality incidents to date. Masan Resources also continued with its compliance regime of external technical audits on the Nui Phao waste facilities, in accordance with local statutory as well as international guidelines and standards. All facilities were determined to be operating in accordance with the approved and accredited world standards and best global practices.

Collaboration with community

In keeping with MSR's involvement pledge to the community, in 2018 MSR contributed 5,454 million VND towards community development initiatives and the CSR activities in Thai Nguyen Province. Our efforts target to address environmental, economic, and social issues in an integrated manner and have already yielded positive results. Especially in the context where a variety of initiatives such as Advancing Circular Economy in Vietnam and the activities of the P4G Vietnam Forum for green and sustainable growth have been actively promoted throughout the year.

On the one hand, in 2018, Masan Resources rehabilitated an area of 11.1 ha at the slopes of waste dumps, buffer zones and other disturbed areas in the progress of mining and operations. The Company used a variation of plants and materials to increase the efficiency of environmental rehabilitation and restoration works. Since the commencement of the project to the end of 2018, Masan Resources rehabilitated a total of 49.8 ha, making an important contribution to environmental protection works in the mining activities.

On the other hand, we continued to pursue and expand our support of the agricultural extension services with a constant focus on local competitive advantages including tea, vegetable

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cultivation, and, at the same time husbandry- farm models as a new agricultural advantage for the community. In particular, under the VietGAP tea program, in 2018 two more groups with 54 households were able to obtain a VietGAP certificate. We also organized study tours for 100 tea plantation households to well-known safe tea producers in Tan Cuong and an organic tea producer in La Bang. The micro-finance fund continues to be an effective and innovative economic restoration model. In 2018, the fund provided favorable loans for 26 additional households. Currently, 256 households are utilizing the fund for a great variety of income generation activities. To date, the total accumulated funds amounts to 9.358 million VND.

During 2018, Masan Resources conducted 16 training workshops and campaigns for 600 participants from our neighboring communities about domestic waste classification, use of biological products to treat decomposable garbage and minimization of plastic bags in daily activities; supported the establishment and operation of 7 clubs of “women with environment protection”; assisted the collection and treatment of harmful chemical waste; provided communication materials (sign boards, brochures, posters, etc) and promoted monthly action programs to clean up public places in every village.

We believe that such community development initiatives can ultimately integrate the role of mining into the broader context of sustainable development and national plans to achieve the Sustainable Development Goals (SDGs).

Finance

2018 was a strong year for Masan Resources with a record revenue and profits, achieved as a result of solid production and improved prices. The strategy of moving into value added products, particularly in tungsten, has enhanced the value that Masan Resources can extract from its products. The attributable net profit to the MSR shareholders of VND 664 billion was another annual record on the back of higher market prices, improved efficiencies and cost control, improvements in borrowing terms and conditions, and the buy-out of Nui Phao – H.C.Starck Tungsten Manufacturing LLC. During the course of 2019, the management is expecting a further increase in the attributable net profit on the back of the anticipated increases in pricing, increased production and further realization of benefits from the integration of MTC into the overall business.

The record financial results were additionally enhanced by improvements in the debt financial ratios. The Company’s third-party debt to EBITDA ratio reduced from 4.1 in 2017 to 3.5 as of 31st December 2018, whilst the current ratio improved to 1.09 from 0.60 over the same period.

Public recognition

Masan Resources and its subsidiaries have continued to receive public recognition for various aspects of their performance. A number of great awards and recognitions that the Company and its subsidiaries were awarded in 2018 include the Emulation Flag of the Government for outstanding units in the emulation movement in 2018; Vietnam Gold Star Award 2018 and Top 100 Vietnamese brands in international integration awarded by Vietnam Young Business Association; Top 100 Sustainable Businesses in Vietnam in 2018 awarded by Vietnam Chamber of Commerce and Industry (VCCI); The excellent enterprise of Thai Nguyen province in 2018 awarded by Thai Nguyen Provincial People’s Committee; Top 500 Fastest

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Growing Enterprises in Vietnam voted and awarded by Vietnam Assessment Report Joint Stock Company; and other prestigious awards, recognitions awarded to the Company in 2018.

In addition to the above awards, various members of the management team were invited to present at accredited venues and events during 2018, including:

- Mr Vu Hong – Deputy General Director of NPMC – addressed the APEC Summit in Papua New Guinea on Sustainable Development
- Mr Quang Nguyen – Tailings Storage Facilities Superintendent – addressed the WESSEX Institute Conference in Spain on Waste Management on Tailings Storage Management at the Nui Phao Mine
- Mr Dominic Heaton – Head of Strategic Initiatives of NPMC – addressed the Argus Tungsten and Tin Conference in England on Responsible Sourcing of Raw Tungsten Materials

These activities demonstrate the level of recognition and reputation that Masan Resources have achieved both nationally and globally.

In the year ahead, we intend to continue to grow the business as we transition from Vietnam’s strategic resources to high-tech global materials.

Yours faithfully,

Ho Chi Minh City, April 09, 2019

/signed and sealed/

CRAIG RICHARD BRADSHAW
Chief Executive Officer