

## **MASAN RESOURCES CORPORATION**

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



### **ENGLISH TRANSLATION**

#### **2020 EARNINGS FORECAST**

Dear Shareholders,

2019 is a challenging year, significantly affecting our business operations, however, Masan Resources is still well positioned to keep going in the ongoing transformation from a mining and processing company to a significant influencer in the global high-tech materials industry.

In September 2019, MSR, through its wholly owned subsidiary – Masan Tungsten LLC (“MTC”), entered into an agreement to purchase the tungsten business of H.C.Starck Group GmbH – a leading manufacturer of high-tech tungsten metal powder and carbides (midstream tungsten products) in the world. HCS has production hubs in Europe, North America, and China serving customers across the globe; a highly qualified and professional team of experts in R&D, application engineering, coupled with modern automated manufacturing processes ensure its customers benefit from the highest and consistent quality products. This transaction is a strategic step in executing MSR’s vision to become a leading vertically integrated high-tech industrial material platform in the world. This will enable MSR to generate strong and consistent cash flows across price cycles and expand MSR’s addressable market by 3.5 times from US\$1.3 billion to US\$4.6 billion. But more importantly, enhance Vietnam’s competitive edge in global tungsten market by owning a cutting-edge R&D and technology platform and provide Vietnamese workforce an opportunity to develop engineering skills in the high-tech manufacturing space, as part of the globalization of MSR’s business. The transaction has been concluded on 09<sup>th</sup> June 2020, just ahead of the Annual General Meeting of Shareholders.

In 2019, net revenue from operations of VND 4,706 billion were down 31% compared to our net revenue in 2018, reflecting the challenging business environment in 2019. Weakening global demand and a slowdown in global manufacturing, strongly compounded by the trade war between China and the United States resulted in a year of lower prices for all our commodities. Average price for the year were down by 22%, 3%, 8% and 32% for Tungsten, Fluorspar, Copper and Bismuth respectively. Revenue was also impacted by the reduced volume of copper concentrate sales in 2019, with limited domestic demand for copper concentrates due to environmental closures of downstream smelters.

Additionally, export sales were delayed due to the lengthy approval process to secure an export copper permit, which has just been acquired from the Ministry of Industry and Trade in May 2020. Sales of our acid grade Fluorspar remained strong with similar sales volumes year on year as customers continued to recognize the superior quality of the product with its low impurities and lower contained organics than competitor products. Bismuth sales were down due to lower annual production with long term rectification works being undertaken on the circuit while

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market price weakness prevailed. Tungsten volume sales remained sound given the overall market weakness with sales only down by 5.8%.

Despite the decrease in net revenue, the Company still maintained its throughput in the Nui Phao Mineral Processing facility at 3.78 million tonnes, down by 2.8% on 2018's record throughput of 3.89 million tonnes. We were able to offset some of the impact of the lower prices and volumes through focus on cost control, achieving a 12% reduction in cash costs year on year, equivalent to approximately US\$ 14million. During the year, we finally settled the long running arbitration with Jacobs E&C Australia Pty Ltd. We are very pleased to have this finally resolved and behind us as an organization.

Based on current business operations, our current financial position and a V shaped recovery in global markets in the second half of 2020, we believe the following reflects a fair estimation of our income statement for this coming year:

<i>(VND billion)</i>	<b>Plan 2020</b>	
	Low End	High End
Net Sales	8,000	9,000
Net Attributable Profit	200	500

Yours faithfully,

*Ho Chi Minh City, June 19, 2020*

*/signed and sealed/*

**CRAIG RICHARD BRADSHAW**  
**Chief Executive Officer**