

**MASAN**  
RESOURCES



**KEY ELEMENT FOR OUR FUTURE**

Annual Report 2016



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36% TUNGSTEN  
GLOBAL MARKET  
SHARE EX-CHINA



ASSURED  
LONG LIFE,  
RELIABLE, AND  
QUALITY SUPPLY



VND 110BN IN  
ATTRIBUTABLE  
NET PROFIT



UNIQUE SAFETY  
RECORD OVER  
18 MILLION MAN-  
HOURS WITHOUT LTI

## MESSAGE FROM MANAGEMENT TEAM

Dear shareholders,

The past year created significant challenges for the global tungsten industry, and despite this backdrop we continued to deliver record financial and operational performance. In 2016 our focus on cash generation was relentless. We increased revenue to VND 4,049 billion, exceeding our internal targets. We limited our capital expenditure to VND 636 billion. Our performance is important because we delivered on our targets, and did what we promised to do. We focused on value realization and met our commitments to improve your business. The proactive and passionate approach to business by our leadership team has resulted in a healthy balance sheet that gains strength year on year. We have reduced our costs since the start of 2014, reduced our working capital requirements, and improved the performance of our assets. As a result of these actions, our business expenditures remain in the lower end of the global tungsten industry cost curve. This would not have been possible without the dedication and hard work of our talented employees,

the superior quality of our Nui Phao assets and our operating and commercial excellence programs. While together we have achieved a great deal, we acknowledge that you, our owners, require even more from us.

### World-class asset performance

The steep fall in a range of commodity prices has been particularly challenging for our industry and has had a direct impact on our earnings. In this harsh environment, the Company did not lose sight of its primary goal - to generate superior margins and cash. The key focus of our business centred on extracting full value from the investments we have made in our assets and infrastructure. Production in 2016 was again at record levels for all products. This is due to our efficiency improvements, which resulted in a net revenue increase of 52% year on year. In line with our last year's forecast concerns on the pricing environment, we maintained our inexorable focus on cost control and as a result managed to increase our EBITDA year-on year by 66%.

### Sustainability

Safe and reliable operations will always be a key platform in our business and a pertinent quality measure all shareholders demand of our leadership team. In 2016 we achieved the lowest injury frequency rate in our history, and by year-end had accumulated over 18 million man-hours without a Lost Time Injury. We have engaged with reputable agencies such as the international firm, SGS, which has a laboratory on our mining site, Gusho Kohsan of Japan, and the Institute of Environmental Science and Public Health. For a project of this scale, this track record firmly places Nui Phao Mining as one of the safest and best managed mine site in the world.

### Leading transformation

It is a source of great pride to see Masan personnel in action, at work and in the community helping us build a more resilient and trusted business. The actions of all our people underpin the Masan approach, which, along with our value-driven

culture, is at the heart of our Company. In my experience, having seen several commodity cycles, it is companies like ours with the highest-quality assets, and the financial strength to invest throughout the cycle that can deliver long-term shareholder value. Even though we expect 2017 to be challenging we have continued to set demanding internal targets that will make best use of our strengths. In the year ahead we will do our utmost to continue our focus on cash, preserve the strength of our balance sheet, further improve our safety, environment, and business performance, whilst positioning ourselves to transform the industry.

I would like to close by thanking our stakeholders for their trust, and you, our shareholders, for investing in Masan Resources.

**DOMINIC JOHN HEATON**  
Chief Executive Officer



## VISION

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GROW MASAN RESOURCES INTO AN INDUSTRY LEADER THAT IS ABLE TO TRANSFORM THE GLOBAL TUNGSTEN MARKET.

## MISSION

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MASAN RESOURCES IS WORKING, WITHIN BEST-IN-CLASS PARAMETERS, TO DEVELOP AND EXPAND OUR BUSINESS WITH THE AIM OF INCREASING SHAREHOLDER VALUE. WE HAVE ASSEMBLED A TEAM OF WORLD-CLASS PROFESSIONALS WITH EXTENSIVE INTERNATIONAL AND REGIONAL EXPERIENCE WHO ARE PASSIONATE TO SHOW THE WORLD THAT A VIETNAMESE COMPANY CAN LEAD THE TRANSFORMATION OF THE GLOBAL TUNGSTEN MARKET.



## 2016 BUSINESS AT A GLANCE

52% YEAR-ON-YEAR  
INCREASE IN  
NET REVENUE

**FINANCIAL HIGHLIGHTS**

**Net revenue increased up to 52% year-on-year** - Despite lower average prices for all commodities, record production resulted in a net revenue of VND 4,049 billion in 2016, a 52% increase over the same period last year. All products were fully sold and the Company's order book continues to be over-subscribed. Sustained production and quality has resulted in additional demand for the Company's products which, in turn, has resulted in new and potentially long-term sales arrangement with strategic customers.

**EBITDA increased by 66%** - In a commodity pricing environment that is still recovering from the rebalancing of global demand and supply, cost control remains a core focus. Optimization of the Company's cost structure has enabled EBITDA to grow 66% year on year. The Nui Phao project, amongst all global tungsten players, continues to operate in the lowest cash cost quartile, which solidifies its position as a reliable supplier in any pricing environment.

**Unit cash cost driven down** - The unit cash cost in 2016 is 56% lower than the break-even APT price of the global average cost. This is a direct consequence of our cost management programs, which encompass inventory management and supply chain optimization.

VND Billion	2016	2015	Growth
<b>Masan Resources Consolidated Financial Results</b>			
Net Revenue	4,049	2,658 <sup>(1)</sup>	52%
EBITDA <sup>(2)</sup>	2,055	1,237	66%
Attributable Net Profit After Tax (VAS)	110	152	(28%)

<sup>(1)</sup> 2015 cash sales as reported in last year Annual Report was VND 3,163 Bn which included the capitalization of net revenue against operating costs during the commissioning phase for the Joint Venture.

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

**26% YEAR-ON-YEAR  
INCREASE IN  
TUNGSTEN  
EQUIVALENT UNITS**

#### PRODUCTION HIGHLIGHTS

Ten million tonnes of ore have been mined and processed in 2016. During this time, the mine and its operations operated at 95% of its full capacity. On a tungsten equivalent basis (TEU), total production increased by 26% year-on-year with tungsten, copper and acid grade fluor spar production increasing by 24%, 17% and 34%, respectively. The recovery rates in the tungsten and copper circuits increased by 63.6% and 85.2%, respectively.

The Bulk Sulphide Flotation (BSF) circuit has been upgraded and maximized to achieve enhanced production efficiency.

Our tungsten chemical Joint Venture also significantly advanced the production volume and revenue of the value added tungsten chemical processing business.

**GLOBALLY RECOGNIZED  
FOR HIGH-VALUE  
TUNGSTEN AND  
FLUORSPAR  
PRODUCTS**

#### PARTNERSHIPS WITH GLOBAL LEADERS

Engaged with global leading brands in mining technology & software, processing and maintenance, being the Gemcom Software, Cytec, FLSmidth Pty Ltd, HY-Performance Valves and Weir Minerals.

Engaged with reputable agencies such as the international firm, SGS, which has a laboratory on our mining site, Gusho Kohsan of Japan, and the Institute of Environmental Science and Public Health of Vietnam for social and environmental compliance.

Engaged with non - governmental organizations such as Climate Protection through Energy Plants (CPEP), East Meets West etc. for environmental rehabilitation and sustainable community development.

Summary production data	Unit	2016	2015	Growth
Ore mined	kt	<b>3,654</b>	3,543	3%
Ore processed	kt	<b>3,642</b>	3,229	13%
Tungsten concentrate (contained)	t	<b>6,357</b>	5,123	24%
Tungsten equivalent units (contained) <sup>(1)</sup>	t	<b>12,926</b>	10,250	26%

(1) Nui Phao Mining's finished products are converted to a tungsten equivalent units.



## AWARDS &amp; RECOGNITION

**Certificate for “Green Branch 2015”**

*Awarded by*  
Natural Resources & Environment Magazine, Ministry of Natural Resources & Environment

**Certificate for Trusted Brand Index (TBI) 2016**

*Awarded by*  
Vietnam Enterprise Institute joint with the InterComformity Assessment and Certification Company (Federal Republic of Germany)

**Certificate of Top 500 biggest Enterprises in Vietnam**

*Awarded by*  
Vietnam Report

**Merit Certificate for Outstanding Performance in contribution to development of Vietnam’s Industry and Trade on the 65th anniversary of establishment – 14 May 1954 – 14 May 2016**

*Awarded by*  
Thai Nguyen Provincial Industry and Trade Department

**Certificate for Top 10 Prestigious Enterprises in Mining Industry 2015**

*Awarded by*  
Enterprise Credit Rating Appraise Science Center (CRC) under Vietnam Union of Science & Technology Associations (VUSTA)

**Merit for Outstanding Achievement in State Budget Performance 2015 (\*)**

*Awarded by*  
Thai Nguyen Department of Taxation

**Merit for Outstanding Achievements in Occupational Safety and Health and Fire & Explosion Prevention in 2015**

*Awarded by*  
Bureau for Safe Work

**Merit for Outstanding Achievement in Cultural – Sport Activities 2015**

*Awarded by*  
Vietnam General Confederation of Labor

**Merit for Enterprise with Outstanding Achievements in implementation of mission 2015**

*Awarded by*  
Thai Nguyen Provincial People’s Committee

**Certificate and Order of Merit “Joining hands to implement emulation movement on building new-style rural areas”**

*Awarded by*  
General Council of Agriculture and Rural Development Vietnam

**Gold Cup Excellent Enterprise**

*Awarded by*  
Thai Nguyen Department of Labor Invalids and Social Affairs (DOLISA) in co-operation with Thai Nguyen Provincial People’s Committee

**Merit Certificate for Excellent Achievement in developing Trade Union organizations firmly and strongly**

*Awarded by*  
Thai Nguyen Provincial Labor Confederation

**Certificate of sponsor with great contribution to the success of Dai Tu Tea Festival 2016**

*Awarded by*  
Dai Tu district People’s Committee

**Certificate of “Enterprise of culture standards”**

*Awarded by*  
Dai Tu district People’s Committee

**Merit for Enterprise with Outstanding Achievement in the Mass Movement of Fire Prevention and Rescue 2016**

*Awarded by*  
Dai Tu district People’s Committee

(\*) four consecutive years 2012, 2013, 2014 and 2015

(\*\*) four consecutive years 2013, 2014, 2015 and 2016

## GENERAL INFORMATION



Business overview

Company profile

A journey of 6 years with innovation & passion

Serving Global Customers

Product portfolio

Production process

Shareholders information

## BUSINESS OVERVIEW

Masan Resources is a leading producer of midstream and up-stream tungsten products outside of China. Its flagship asset, Nui Phao polymetallic mine, located in Thai Nguyen province in Northern Vietnam, is the first tungsten mine successfully developed into production in the last 15 years. Nui Phao has been identified by leading industry analysts, including Roskill and Argus Media Ltd, as one of the world's largest tungsten mines, with a JORC compliant proven and with probable ore reserves of 66 million tonnes (Mining license allows for 83.22 million tonnes of tungsten - polymetallic ore of grades B and C1, divided in the following way: (i) open pit mining: 55,192,000 tonnes and (ii) underground mining: 28,028,000 tonnes).

Masan Resources, with its experienced management team, local access, strong execution capabilities, international partners and capital raising abilities, has developed the right platform to grow into a leading global resources company.



## COMPANY PROFILE

### MASAN RESOURCES CORPORATION

#### Name of the Company

Công ty Cổ Phần Tài Nguyên Masan

#### English name

Masan Resources Corporation

#### Abbreviated name

Masan Resources

#### Head office

Suite 802, 8<sup>th</sup> Floor, Central Plaza, 17 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

#### Telephone

+84 8 6256 3862

#### Fax

+84 8 3827 4115

#### Website

[www.masangroup.com/masanresources](http://www.masangroup.com/masanresources)

#### Enterprise Registration Certificate

No. 0309966889 issued by the Department of Planning and Investment of Ho Chi Minh City on April 27, 2010, as amended for the 13<sup>th</sup> time on May 6, 2016

#### Charter Capital

VND7,194,473,280,000

#### Stock code HNX: MSR

## A JOURNEY OF 6 YEARS WITH INNOVATION & PASSION

The Company was established on April 27, 2010 with the view to undertake mining and resources activities of the Masan Group. Significant events in the Company's business are set out below:

### 2011

Acceleration of project development for the Nui Phao Project.

In March, MRC Ltd., an investment vehicle of Mount Kellett Capital Management L.P., became a shareholder holding 20% of the Company's charter capital.

In December, the National Mineral Reserves Assessment Council acknowledged the results of the Nui Phao Project's resources and reserve grade conversion.



### 2012

In February, Nui Phao Mining obtained MOIT's official approval of the Nui Phao Project's basic mine design.



### 2013

In January, Private Equity New Markets II K/S, an investment vehicle of Bank-Invest, became a shareholder holding 2.86% of the Company's charter capital.

In June, MRC Ltd. increased its stake in the Company to 21% of the Company's charter capital.

In August, the Company received Investment Certificate No. 41122000131 from the People's Committee of Ho Chi Minh City.



### 2014

The Nui Phao Project started commercial production for Tungsten Concentrate and Copper Concentrate on March 1, Fluorspar Acid Grade on June 1, and Bismuth Concentrate on September 1.



### 2015

Record production achieved for all four commodities. The Joint Venture obtained the Certificate of High Tech issued by Ministry of Science and Technology on April 24, 2015.

Achieved design capacity and successfully commissioned JV's APT plant. Initiatives undertaken to further ramp up production and increase operational efficiencies.

In September, Masan Resources successfully completed its listing on Hanoi's UPCOM exchange.

In September, MSR hosted the 28<sup>th</sup> International Tungsten Industry Association (ITIA) annual meeting, attended by over 120 global delegations.



### 2016

Successfully held the first AGM after listing on April 22, 2016; ranked as premium on the UPCOM Board of the Hanoi Stock Exchange.

Continued innovating and investing in upgrading with new processes and technology, cost saving, change in business process, developed new way of engagement.

The Joint Venture has significantly advanced the production volume and revenue of the value added tungsten chemical processing business.

In December 2016, Masan Group through its wholly owned subsidiaries, successfully completed the tender offer for shares of Masan Resources, thereby providing an exit to Mount Kellett and increasing its ownership in MSR to 93.78%, paving the way for the next round of strategic capital and growth.



## SERVING GLOBAL CUSTOMERS

### NUI PHAO PROJECT

The Nui Phao mine is a polymetallic mine situated within three communes (Hung Son, Ha Thuong, and Tan Linh) of Dai Tu district in Thai Nguyen province. The mine is approximately 80 km from Hanoi and is accessible via highway. Road and rail links connect the mine to the nearest ports of Hai Phong and Quang Ninh, from which the products can be shipped to international customers.

The Nui Phao mine's proven and probable ore reserves are estimated at 66 million tonnes, with an estimated mine life of 20 years.

**The major project components are:**

- Open pit mine;
- Waste rock disposal facilities;
- Modern mine plant and facilities, including a crushing plant, grinding, thickening, flotation, and gravity recovery;
- An Ammonium Paratungstate (APT) plant that processes tungsten concentrate into higher value-added Ammonium Paratungstate;
- A tailings storage facility (TSF) with water and tailings management ponds;
- Buffer zones, relocation sites, haul roads, and mine services.

Products from Nui Phao are shipped to worldwide markets from Quang Ninh Port (in Ha Long city, 197 km to the south-east of the Project). The port is also used to receive equipment and materials required to run the mine.



### DISTRIBUTION NETWORK



Our Sales and Marketing department is based in Hanoi and maintains a strong network of relationships with blue-chip customers globally. Our successful efforts to nurture and expand our network of customers and partners have enabled Masan Resources to generate in excess of 82% of its revenue from sales to an international customer base across Asia, North America, Europe and the Middle East, with the balance of 18% generated from domestic sales.

Our products are sold to customers spread across different end-user segments and generally to repeat counterparties under established long-term contracts. In all cases, international prices

are used as the underlying valuation within contract formulas to capture the product quality premiums and delivery & payments terms.

Our customer relationship management strategy follows a partnership approach in which we seek to work with key personnel at all levels within each customer organization thereby allowing us to define the best solutions for all parties. As part of our strategy, we encourage non-proprietary exchanges with customers in an effort to share information on, but not limited to, analytical techniques, customer needs and product development.



H.C. Starck GmbH



Japan New Metals Co., Ltd.



Global Tungsten & Powders Corp.



Advanced Material Japan Corporation



CMC Cometals



5N Plus Inc

## PRODUCT PORTFOLIO

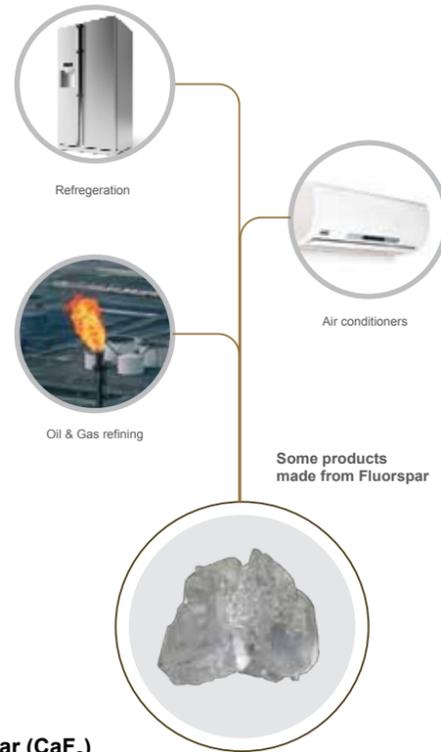
Tungsten, Fluorspar, Copper and Bismuth produced at the Nui Phao mine are strategic metals that are important for many industries in the world today.



**Tungsten (WO<sub>3</sub>)**

Tungsten is an extremely hard metal with the highest melting point of all metals and almost as heavy as gold. It is over three times harder than chromium, cobalt and titanium and over five times harder than nickel, iron and platinum. Tungsten alloys weld well with other metals and it has the highest melting temperature of all metals and displays high resistance to corrosion.

Tungsten is mainly used in the production of cemented carbides or hard-metals, which, due to their wear-resistant properties, are used in the metal works, mining, petroleum and the construction industries. It is virtually non-substitutable in a variety of industrial applications such as the production of high-performance machine tools and steel alloys used in the automotive, energy, construction and aerospace industries. The steel industry sector is a primary consumer of tungsten for use in stainless and full alloy steels, and super-alloys. Tungsten is also used in various military, aviation and power generation applications.

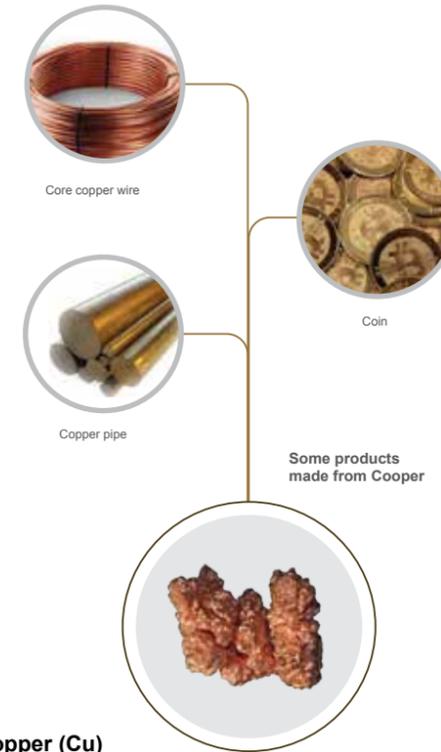


**Fluorspar (CaF<sub>2</sub>)**

Fluorspar is mainly used for the production of hydrofluoric acid (HF) which is subsequently consumed in the aluminum and steel industry. Fluorspar is produced in 2 classes:

- Acidspar containing at least 97% calcium fluoride (CaF<sub>2</sub>), is used to produce hydrofluoric acid (HF), which is needed in the production of aluminum and semiconductor devices. HF is also used for production of specialized gases for air-conditioners and refrigerators.
- Metspar, which contains at least 60% CaF<sub>2</sub> is mainly used for quality enhancement in steel production.

Total global fluorspar production in 2015 was estimated at 6.25 million tonnes, of which China produced more than 60%.



**Copper (Cu)**

Copper is an essential metal for all industries globally. Cables and wires account for approximately 75% of the global demand for copper. Copper is also important in non-electrical applications like welding, roofing, and, when combined with zinc, to produce brass for industrial and consumer applications.

Globally, construction activity accounts for 40% of the demand for copper. Demand for copper is estimated to continue to rise, driven by global economic growth, especially in developing countries.

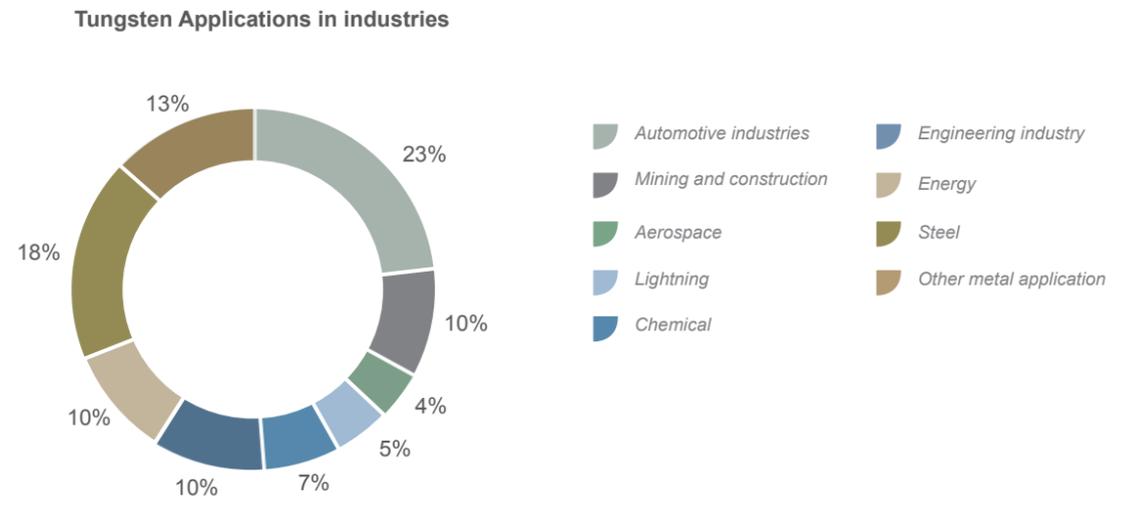


**Bismuth (Bi)**

Bismuth is the heaviest natural non-radioactive element. It is a base metal, with earth reserves similar to the reserves of silver. It almost never appears in pure form. Bismuth has found use in many industrial applications and consumer products. Recently, bismuth is being used to gradually replace lead in many applications.

China is the largest producer of bismuth and over 50% of its production is in the form of a by-product of tungsten production. Looking into the future, the demand for bismuth is forecasted to increase. According to the Market Report on tungsten, fluorspar, bismuth and copper prepared by Somerley Limited, global demand for bismuth is estimated to grow at 4-5% p.a.

**Tungsten: Key element across all industries**



Owing to its unique properties, tungsten is used in a series of industrial applications and its substitution by another metal or alloy is likely to result in a loss of performance:

**Hard metal**

Due to its hardness and high wear resistance, over 50% of the world's tungsten is used in the production of hard metals. These are tungsten carbide-based materials that have a variety of applications, including their use in cutting tools for metals and stone; large-scale tools such as drill bits for mining drills; delicate tools such as the drills used in dentistry; molding tools in the steel industry; armaments (cannon shells, grenades and missiles); and even ball-point pen tips.

**Electrical and electronic applications**

Tungsten has found use in many other electrical and electronic applications, such as in printed circuit boards and in the production of electrical contacts and electrodes.

**Chemical and other applications**

Tungsten also has a range of chemical and niche applications in the glass, ceramics, paint, and petroleum industries.

**Steels and super-alloys**

Due to its hardness and high melting point, tungsten also leads itself to applications in the steel industry. It is used in cutting tools and super-alloys employed in applications such as jet turbine engines.

As an inert metal, tungsten is resilient to environmental changes. This increases the use of its compounds as a substitute for lead in ammunition production. Tungsten chemicals and compounds are also used in catalysts, semiconductor materials and cooling lubricants.



Sources: <http://metalpedia.asianmetal.com>

## PRODUCTION PROCESS

The following is a brief description of the current processing plant design of Masan Resources.

The plant is designed to process 3.5 million Tonnes Per Annum (TPA) of ore and to produce copper concentrate, tungsten concentrate, acid-grade fluorspar concentrate, and bismuth cement. The plant includes the following operation units:

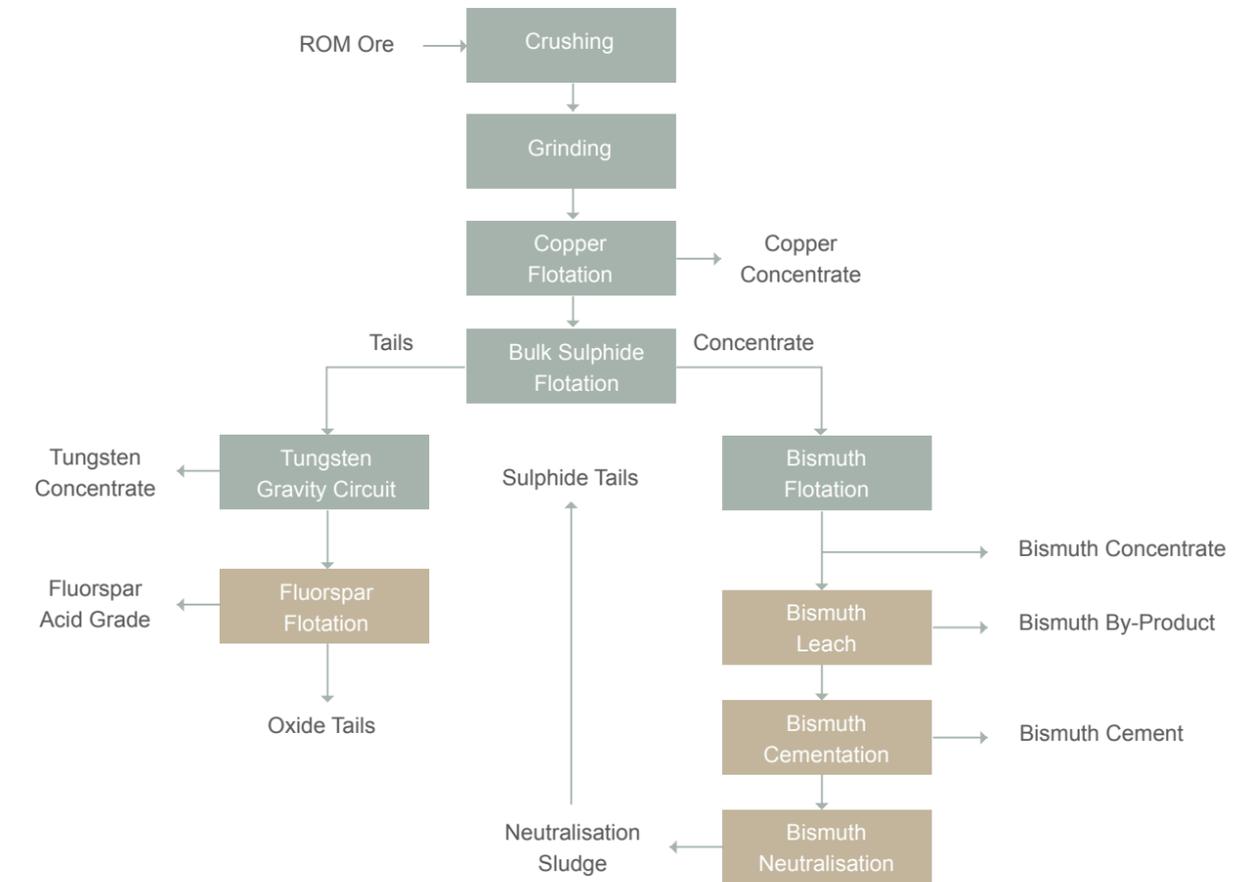
- Two-stage crushing plant: The crushing plant reduces coarse mine ore to fine ore through a multi-stage crushing process;
- Fine ore stockpile and reclaim: Fine ore from the crushing plant is discharged to an open conical stockpile. It is then recovered from the stockpile via three reclaim feeders, which discharge to the mill feed conveyor which transfers the ore to the grinding circuit;
- Two-stage rod mill grinding circuit – The grinding plant is designed to treat 444 tonnes per hour (t/h) of dry feed into milled product;
- Copper flotation, concentrate de-watering and bagging – The copper flotation circuit is designed to separate copper sulphides from the milled product. The resulting final copper concentrate is pumped into a flocculated high-rate thickener in the concentrate load out-area. The thickened concentrate is then de-watered using a vacuum belt filter. The filter cake is then packed into bulk bags via a screw conveyor and bagging station;
- Bulk sulphide flotation: The bulk sulphide flotation (BSF) circuit is designed to separate sulphide minerals, containing bismuth and iron, from the Oxide Tungsten and Fluorite Minerals;
- Tungsten Gravity recovery, upgrading, drying and bagging: The gravity circuit is designed to recover tungsten minerals, predominantly scheelite, from the BSF tails. After upgrading processes, the de-watered Tungsten Concentrate is fed to a diesel fired dryer to remove any residual moisture. After cooling, the final Tungsten Concentrate product is packed into bulk bags at a bagging station;
- Tungsten chemicals – The tungsten concentrate from the mine is converted to value added tungsten chemicals in the Joint Venture facility located next to the mine site. More particular-

ly, tungsten concentrate is converted to high grade Ammonium Paratungstate (APT) via chemical digestion followed by physical and chemical purification and, finally, crystallization. APT is then bagged for sale or undergoes calcination to produce tungsten oxides.

- Bismuth flotation, bismuth leach and cementation, and bismuth packaging – The bismuth flotation circuit is designed to remove bismuth rich minerals from the BSF concentrate and the copper cleaner scavenger tail streams. The resulting final bismuth concentrate is pumped into a flocculated high-rate thickener in the concentrate handling area. The thickened concentrate is de-watered using a vacuum belt filter. The filter cake is then forwarded by a multi directional screw conveyor to bismuth leaching or alternatively packed into bulk bags for sale as bismuth concentrate or stockpiling for later repulping and feeding to bismuth leaching. Bismuth flotation concentrate is leached using solutions of salt (NaCl) and sulphuric acid (H<sub>2</sub>SO<sub>4</sub>) in a two-stage leach circuit. Bismuth cementation effluent, which contains residual H<sub>2</sub>SO<sub>4</sub> and NaCl, is recycled to bismuth leach. Bismuth cementation is conducted on a batch basis in a single agitated reactor vessel. The bismuth cement product is filtered and washed in a small pressure filter prior to weighing and packaging for shipment;
- Bismuth leach effluent treatment: The bismuth effluent treatment is required to neutralize acid and precipitate the contained heavy metals prior to disposal;
- Fluorite flotation, concentrate de-watering and storage – The fluorite flotation circuit is designed to recover a high-grade calcium fluorite (CaF<sub>2</sub>) concentrate from the tungsten gravity circuit's tailings. After processing, the final concentrate is pumped into a thickener in the concentrate load-out area. The final fluorite concentrate is de-watered in a conventional thickening and filtration circuit. The concentrate is reclaimed from the stockpile using a front-end loader and transported to the port via road and barges;
- Reagents mixing and storage – A total of eighteen major process reagents are received and stored on the site. Dedicated mixing, storage and dosing facilities are provided for each reagent.

The process for production of Masan Resources' products is set out below:

Process flow diagram



## SHAREHOLDERS INFORMATION

### SHAREHOLDERS STRUCTURE

The shareholder structure of the Company as of December 31, 2016 is as follows:

No.	Shareholder Structure	Number of Shareholders	31/12/2016	Value (by par value) (VND)	Shareholding percentage
			Number of shares held		
1	<b>Domestic Shareholder</b>	<b>1,202</b>	<b>687,646,541</b>	<b>6,876,465,410,000</b>	95.58%
	Institutions	10	674,991,657	6,749,916,570,000	93.82%
	Individuals	1,192	12,654,884	126,548,840,000	1.76%
2	<b>Foreign Shareholders</b>	<b>21</b>	<b>31,800,787</b>	<b>318,007,870,000</b>	4.42%
	Institutions	1	19,082,916	190,829,160,000	2.65%
	Individuals	20	12,717,871	127,178,710,000	1.77%
<b>Total</b>		<b>1,223</b>	<b>719,447,328</b>	<b>7,194,473,280,000</b>	100.00%

Source: List of shareholders of the Company provided by VSD.

### List of shareholders holding at least 5% of the charter capital of the Company

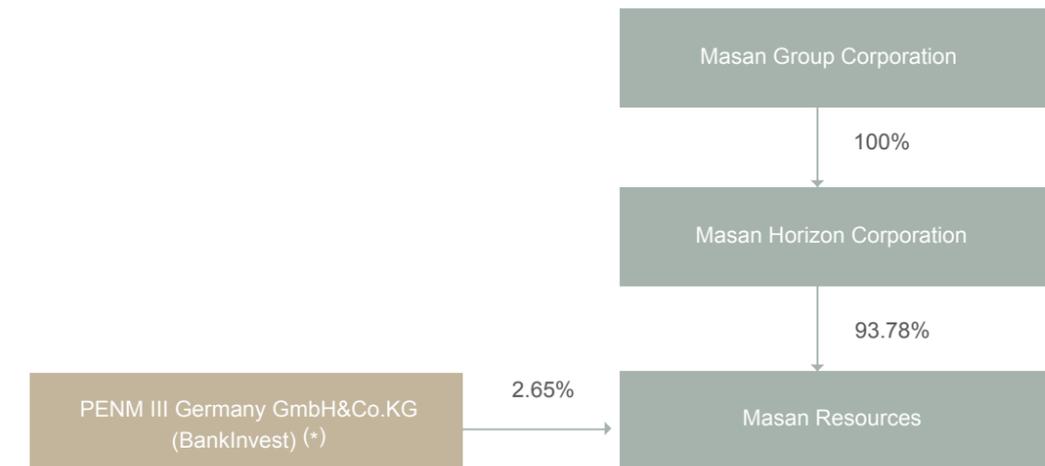
The list of shareholders holding at least 5% of the Charter Capital of the Company as of December 31, 2016 is as follows:

No.	Domestic Shareholder	Number of shares held	Value (by par value) (VND)	Shareholding percentage
1	Masan Horizon	674,713,683	6,747,136,830,000	93.78%

Source: List of shareholders of the Company provided by VSD.

### MAJOR SHAREHOLDERS - INVESTORS

Ownership Structure of Masan Resources as of December 31, 2016:



(\*) PENM III Germany GmbH & Co.KG is holding dividend-preferred shares and common shares

## INSTITUTIONAL SHAREHOLDERS

### Domestic Shareholder

#### *Masan Group Corporation*

Masan Group Corporation (the controlling shareholder through its wholly-owned subsidiary, via Masan Horizon).

Masan Group Corporation's businesses include Masan Consumer Holdings, the producer of some of Vietnam's most trusted and loved brands across many food and beverage categories (such as Chin-su, Nam Ngu, Tam Thai Tu, Omachi, Kokomi, Vinacafe, Wake-up, Vinh Hao and Su Tu Trang), and Masan Nutri-Science, Vietnam's largest local animal feed nutrition company (with brands such as Proconco and ANCO). Masan Group Corporation's other businesses include Masan Resources, one of the world's largest producers of tungsten and strategic industrial minerals, and an associate, Techcombank, a leading joint stock commercial bank in Vietnam.

### Foreign Shareholders

#### *Mount Kellett*

Mount Kellett Capital Management L.P. is a multi-strategy investment firm focused on special situation and opportunistic investing, globally. In 2011, Mount Kellett through its investment vehicle, MRC Ltd., invested VND2,059 billion in Masan Resources and acquired 20.0% of ownership through the issuance of primary shares in Masan Resources.

In December 2016, Masan Group through its wholly owned subsidiaries, successfully completed the tender offer for shares of Masan Resources, thereby providing an exit to Mount Kellett and increasing its ownership in MSR to 93.78%, paving the way for the next round of strategic capital and growth.

#### *PENM Partners*

In 2013, Private Equity New Markets II K/S (currently PENM III), an investment entity managed by BankInvest, invested VND 578 billion by subscribing to mandatory convertible preference shares and ordinary shares in Masan Resources.



## DEVELOPMENT STRATEGIES

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- Company development objectives
- Community and social development objectives
- Execution strategy
- Evaluation of execution strategy

## COMPANY DEVELOPMENT OBJECTIVES

In order to become an industry leader that is able to transform the global tungsten market, our development objectives are to:

- Achieve industrial superior returns for our shareholders.
- Acquire, explore and develop value accretive assets to become the largest non-China producer of tungsten products.
- Constantly work to improve operational efficiencies and maintain cost discipline.
- Operate as one of the most environmentally sustainable global mining and processing companies with world-class safety standards.

## COMMUNITY AND SOCIAL DEVELOPMENT OBJECTIVES

Through our values of Respect, Action and Results in all of our interactions, Masan Resources commits to continuously honor its responsibilities.

We deeply care about the impact of our project on the surrounding communities and the environment. Accordingly, our environmental and social plans are built in accordance with IMF Performance Standards and with Equator Principles (the 'golden standard' for social and environmental sustainability for mining projects) to add value to our communities and to minimize any adverse impacts from our project works.

## EXECUTION STRATEGY

Our execution strategy for building our business is focused on three key areas:

### ■ Leverage local relationships to access and execute on opportunities

Masan Resources believes that a strong local understanding of community concerns and local sensitivities is critical for successful project development. We have been able to create a favorable business environment to develop and operate the Nui Phao mine by working proactively with our local communities.

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### ■ Use capital to acquire and develop quality assets

On identification of value accretive scalable assets, Masan Resources has the ability to access internal and external capital to acquire, develop and stabilize these assets to insure the realization of sustainable long-term shareholder value.

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### ■ Derisking projects through the Masan platform

Masan Resources is hedged against commodity price fluctuations through the diversification of its portfolio of metals and minerals. Masan Resources' low operational and financial risk is a result of its management's ability to leverage their and Masan Group's vast investor and partner network.

## EVALUATION OF EXECUTION STRATEGY IN THE CONTEXT OF INDUSTRY STRATEGY, STATE POLICIES AND THE GLOBAL TRENDS

Masan Resources commits to deliver shareholder value by leveraging off its four development pillars:

### Organic and inorganic growth

As part of Masan Resources' approach to operations, we are constantly seeking to grow organically by optimizing our existing facilities to maximize productivity and efficiency. Through margin-led improvement plans we aim to further reduce our unit cost of production. From the onset of mining operations, Masan Resources has successfully demonstrated its ability to grow the resources and reserves base at a rate greater than its depletion.

Masan Resources is seeking to acquire Tier 1 (high value, strategically positioned, long-life, and low cost production) reserves from distressed industry players or by carving-out specific non-core assets from larger integrated players.

### Consistent focus on cost discipline and improving productivity

Mining as an industry is a long-term play. Masan Resources' consistent focus on cost discipline combined with relentless efforts to improve productivity enhances its ability to take long-term investment decisions and enables it to withstand pricing and market volatility.

### Long-term capital

Masan Resources tailors its capitalization structure to that of the operational profile of its assets. The VND 8,100 billion refinancing of our existing debt and the transformation of Masan Resources into a public company are the steps we took in 2015 to secure the right form of capital to support our long-term strategy. Our listing on HNX's UPCOM platform allows us to reduce our cost of funds going forward as it provides lenders and strategic long-term investors a 'liquid currency' through which to better manage their risk appetite.

### Leadership

Masan Resources, as a strategically important enterprise within Vietnam and the tungsten market globally, will continue to leverage its leading market position to set new industry standards, both locally and internationally, for operational efficiency, social and corporate governance, and safety. Our industry leadership position allows us the 'first-look' at accretive opportunities on which we intend to selectively capitalize and grow shareholder value. Masan Resources will also seek to positively influence the development of supportive government policy and industry practices by taking leadership roles in local and international industry advocacy groups.



## GROUP STRUCTURE AND MANAGEMENT



Group Structure

Management Structure

*Board of Directors*

*Management Team*

*Supervisory Board*

## GROUP STRUCTURE

### HOLDING COMPANY

#### Masan Resources Corporation (MSR)

##### General information

Company name	: Masan Resources Corporation
Address	: Suite 802, 8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Telephone	: +84 8 6256 3862
Fax	: +84 8 3827 4115
Enterprise Registration Certificate	: No. 0309966889 issued by the Department of Planning and Investment of Ho Chi Minh City on April 27, 2010, as amended for the 13 <sup>th</sup> time on May 6, 2016
Registered charter capital	: VND7,194,473,280,000
Contributed capital in Company	: VND7,194,473,280,000
Website	: <a href="http://www.masangroup.com/masanresources">www.masangroup.com/masanresources</a>
Major business sectors	: <ul style="list-style-type: none"> <li>• Market research and public survey (details: market research); and</li> <li>• Management consultancy (details: investment and management consulting services, excluding financial).</li> </ul>

### ORGANIZATIONAL STRUCTURE OF MASAN RESOURCES

The corporate structure of Masan Resources is set out in the diagram below:



**CONSOLIDATED SUBSIDIARIES****Masan Thai Nguyen Resources Company Limited (MRTN)***General information*

Company name	: Masan Thai Nguyen Resources
Address	: Suite 802, 8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Telephone	: +84 8 6256 3862
Fax	: +84 8 3827 4115
Enterprise Registration Certificate	: No. 0309960069 issued by the Department of Planning and Investment of Ho Chi Minh City on May 7, 2010, and amended for the 5 <sup>th</sup> time on June 17, 2016
Registered charter capital	: VND 5,140,335,573,000
Contributed capital in Company	: VND 5,140,335,573,000
Capital contribution ratio of the Company	: 100% of charter capital
Major business sectors	: <ul style="list-style-type: none"> <li>• Market research and public survey (details: market research); and</li> <li>• Management consultancy (details: investment and management consulting services, excluding financial).</li> </ul>

**Thai Nguyen Trading and Investment Company Limited (TNTI)***General information*

Company name	: Thai Nguyen Trading and Investment Company Limited
Address	: Suite 802, 8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Telephone	: +84 8 6256 3862
Fax	: +84 8 3827 4115
Enterprise Registration Certificate	: No. 0310352925 issued by the Department of Planning and Investment of Ho Chi Minh City on October 15, 2010, as amended for the 6 <sup>th</sup> time on April 17, 2014
Registered charter capital	: VND1,624,861,500,000
Contributed capital in Company	: VND1,624,861,500,000
Capital contribution ratio of the Company	: 100% of charter capital
Major business sectors	: <ul style="list-style-type: none"> <li>• Management consultancy (details: investment and management consulting services, excluding financial and accounting consulting services);</li> <li>• Advertising;</li> <li>• Market research and public survey (details: market research);</li> <li>• Extraction of precious and rare minerals (not operating at the head office);</li> <li>• Extraction of non-ferrous metals (not operating at the head office);</li> <li>• Trade promotion; and</li> <li>• Financial support services, not classified (details: investment consulting services, excluding legal, financial and accounting consulting services).</li> </ul>

TNTI was incorporated on October 15, 2010 as a one-member limited liability company to carry out the business of consultancy (excluding financial and accounting consultancy), advertising, market research and trading promotion. Among the group of companies established to develop the Nui Phao Project were MRTN, Nui Phao Mining and TNTI.

**Nui Phao Mining Company Ltd.****General information**

Company name	:	Nui Phao Mining Company Limited
Address	:	Hamlet 2, Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam
Telephone	:	+84 4 37182490
Fax	:	+84 4 37182491
Enterprise Registration Certificate	:	No. 4600864513 issued by the Department of Planning and Investment of Thai Nguyen Province on July 5, 2010, as amended for the 9 <sup>th</sup> time on October 24, 2014
Registered charter capital	:	VND4,789,010,000,000
Contributed capital in Company	:	VND4,789,010,000,000
Capital contribution ratio of the Company	:	100% of charter capital
Major business sectors	:	<ul style="list-style-type: none"> <li>• Extraction of precious metal ores (exploitation, processing of tungsten, fluor spar, copper, bismuth and gold);</li> <li>• Extraction of other non-ferrous containing ores;</li> <li>• Architecture and related technical consulting (geological and water resource exploration (mineral exploration));</li> <li>• Assistance service activities for mining of other, not mentioned above, ores;</li> <li>• Production of precious metal ores;</li> <li>• Sale of the metals and metal ores (excluding sale and purchase of gold bars);</li> <li>• Management consultancy;</li> <li>• Other special office assistance; and</li> <li>• Import and export of the products traded by the Company.</li> </ul>

**Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC (Nui Phao – H.C. Starck)****General information**

Company name	:	Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC
Address	:	Hamlet 2, Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam
Telephone	:	+84 4 37182490
Fax	:	+84 4 37182491
Enterprise Registration Certificate	:	No. 4601163743 issued by the People's Committee of Thai Nguyen province on January 15, 2014, amended for the 4 <sup>th</sup> time on October 7, 2016
Registered charter capital	:	VND789,060,360,000
Contributed capital in Company	:	VND789,060,360,000
Capital contribution ratio of the Company	:	51% of charter capital
Major business sector	:	Manufacturing non-ferrous metals and rare metals (processing tungsten to exporting or domestic trade).



## MANAGEMENT STRUCTURE

### BOARD OF DIRECTORS

The Board of Directors is responsible for the overall management and direction of the Company. The Board of Directors typically meets when required, but at least every quarter, to review and monitor the Company's financial position and operations.

The current Board of Directors comprises six (6) members. The term of the Board of Directors is five years. The term of each member of the Board of Directors shall not exceed five years, with a possibility of re-election at the end of the term. The Board of Directors may elect, dismiss or remove the Chairman of the Board of Directors.

#### List of members of the Board of Directors

Name	Position	Independent member/ executive/ non-executive	Date of appointment
Mr. Chetan Prakash Baxi	Chairman	Independent member	20/12/2013
Dr. Nguyen Dang Quang	Member	Non-Executive member	18/02/2013
Mr. Nguyen Thieu Nam	Member	Non-Executive member	18/02/2013
Mr. Nguyen Van Thang	Member	Independent member	22/4/2016
Mr. Dominic John Heaton	Member	Executive member	22/4/2016
Mr. Jonathan David Fiorello	Member	Non-Executive member	06/11/2014

**Mr. Chetan Prakash Baxi**  
Chairman



**Dr. Nguyen Dang Quang**  
Member



**Mr. Nguyen Thieu Nam**  
Member



**Mr. Nguyen Van Thang**  
Member



**Mr. Dominic John Heaton**  
Member



**Mr. Jonathan David Fiorello**  
Member



### MANAGEMENT TEAM

#### List of members of the Management Team

Name	Position
Mr. Dominic John Heaton	Chief Executive Officer
Mr. Nikhil Kamran	Chief Financial Officer



**Mr. Dominic John Heaton** (Chief Executive Officer)

Mr. Dominic John Heaton is responsible for developing the Nui Phao Project, leading Masan Resources' exploration activities and building Masan Resources into a scalable multi-asset resource company. Over the course of more his career in the mining industry, Mr. Heaton has managed projects in remote areas of Australia, Papua New Guinea, Indonesia, and Lao PDR. Prior to joining Masan Resources, he served a variety of senior management roles at Aurora Gold/Oxiana/OZ Minerals/MM Group.

Mr. Heaton is also a member of Australian Institute of Mining & Metallurgy, the Australian Institute of Company Directors and on the executive of the International Tungsten Industry Association (ITIA).

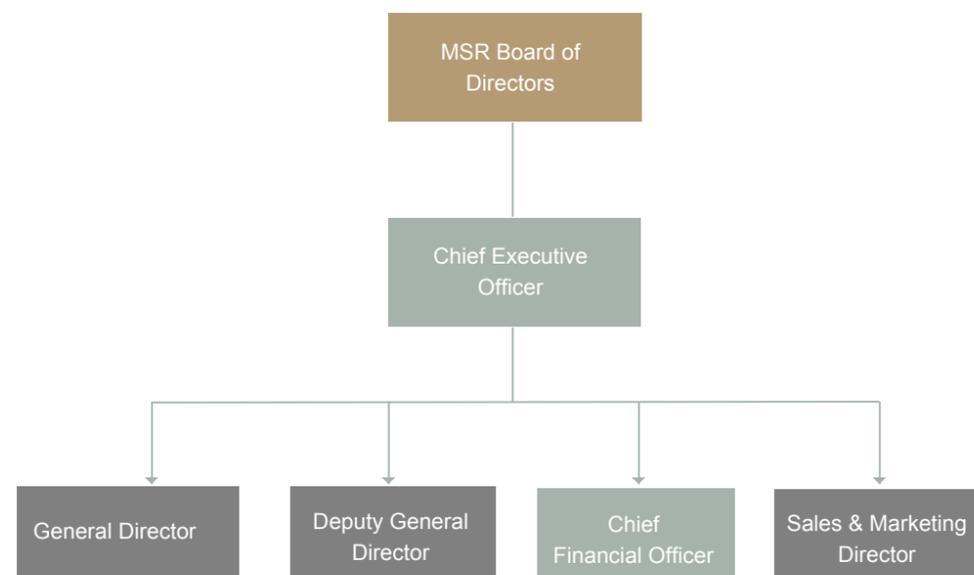


**Mr. Nikhil Kamran** (Chief Financial Officer)

Mr. Nikhil Kamran has more than 11 years of financial experience across a range of sector including real estate, gaming, lodging, agriculture and media.

Prior to joining Masan Resources, Mr. Kamran was the Director of Finance at a private equity company where he originated and managed mandates that ranged from corporate finance, corporate restructuring, M&A and IPOs. During this time, Mr. Kamran was concurrently an Executive Director of an Asia focused Investment holding company that had interests in the natural resources industry and working relationships with various government and private enterprises. Mr. Kamran graduated from the University of Pennsylvania, USA.

**The Organisation chart of MSR**



Note: ■ Members of MSR Management Team

**Members of the Members' Council of Nui Phao Mining**

The rights and obligations of the Members' Council, the Chairman and the General Director are regulated by the charter of Nui Phao Mining. According to the charter of Nui Phao Mining, the Members' Council is the highest decision-making body of Nui Phao Mining and consists of a maximum of four (4) members, of which up to three (3) members are appointed by MRTN and one (1) member is appointed by TNTI.

The Members' Council is responsible for the management of the businesses and for the appointment of principal senior management of Nui Phao Mining. Chairman of the Members' Council is nominated by MRTN and elected by the Members' Council. The term of office of the Chairman is five years, and can be re-elected without any limit.

**List of the members of the Members' Council of Nui Phao Mining Company**

Name	Position
Dr. Nguyen Dang Quang	Chairman
Mr. Nguyen Van Thang	Deputy Chairman
Mr. Nguyen Thieu Nam	Member
Mr. Chetan Prakash Baxi	Member

**Dr. Nguyen Dang Quang**  
Chairman



**Mr. Nguyen Van Thang**  
Deputy Chairman



**Mr. Nguyen Thieu Nam**  
Member



**Mr. Chetan Prakash Baxi**  
Member



**Management Team of Nui Phao Mining Company Ltd.,**

**Mr. Craig Bradshaw**  
General Director



Mr. Craig Bradshaw has over 23 years' experience in the mining business, spanning mining and processing operations, logistics, and sales and marketing in Australia, Thailand and Lao PDR. Mr. Bradshaw was previously Senior Commercial Manager for Lang Xang Minerals Ltds Sepon Mine. He has also previously served as the Country General Manager for Thailand for Toll, Australasia's largest fully integrated logistics service provider.

**Mr. Vu Hong**  
Deputy General Director



Mr. Vu Hong has more than 30 years of experience in project development including six years at the World Bank, which took him from Vietnam to Lao PDR, East Timor, China and the Philippines. Mr. Vu Hong graduated from Hanoi Water Resources University, Hanoi, Vietnam and has a Master's degree in Hydrology from the University of Roorkee, India.

Mr. Vu Hong is a member of the executive committee of the Business Association of Geology and Minerals of Vietnam (VAGME).

**Mr. Nikhil Kamran**  
Chief Financial Officer



Mr. Nikhil Kamran has more than 11 years of financial experience across a range of sector including real estate, gaming, lodging, agriculture and media. Prior to joining Masan Resources, Mr. Kamran was the Director of Finance at a private equity company where he originated and managed mandates that ranged from corporate finance, corporate restructuring, M&A and IPOs. During this time, Mr. Kamran was concurrently an Executive Director of an Asia focused Investment holding company that had interests in the natural resources industry and working relationships with various government and private enterprises. Mr. Kamran graduated from the University of Pennsylvania, USA.

**Mr. Tony Fitzgerald**  
Sales & Marketing Director



Mr. Tony Fitzgerald has more than 25 years of experience in the metals industry across a range of commodities and products including refined copper, zinc, lead and mineral concentrates. Mr. Fitzgerald has worked with Pasminco, MIM, Xstrata, Transamine and Louis Dreyfus in marketing, international sales, metals trading, business development and mine to market logistics. He holds a BA in multi-disciplinary from Victoria College, Australia.

**SUPERVISORY BOARD***List of members of the Supervisory Board*

Name	Position	Date of appointment
Ms. Doan Thi My Duyen	Head of the Supervisory Board	05/5/2015
Mr. Nguyen Quynh Lam	Member	22/4/2016
Mr. Tung Hoang Nguyen	Member	22/4/2016

**Ms. Doan Thi My Duyen**



Ms. Doan Thi My Duyen is the Head of the Supervisory Board of MSR, and the Chief Accountant of MSN. At MSN, she is in charge of reporting on financial conditions and announcement and management of the financial matters. Prior to joining Masan Group, she was with KPMG Limited, Vietnam. She holds an MBA in Accounting from the University of Economics of Ho Chi Minh City, Vietnam and is a member of the Association of Chartered Certified Accountants (ACCA).

**Mr. Nguyen Quynh Lam**



Mr. Nguyen Quynh Lam is a member of the Supervisory Board of MSR, and the Head of the Supervisory Board of both MSN and MSC. He joined Masan Group since 2001 and has held various senior financial positions in Masan Group companies. He holds a BSc in Mining Economic.

**Mr. Tung Hoang Nguyen**



Mr. Tung Hoang Nguyen is a member of the Supervisory Board of MSR, and the Chief Financial Officer of Masan Consumer Holdings. He also used to be the Chief Financial Officer of Masan Nutri-Science. Prior to joining Masan Group, he held senior financial positions at various corporations in Canada. He holds an MBA in Strategic Planning and a Master in International Accounting. He is also a Chartered Professional Accountant (CPA) of Canada.

## BUSINESS OPERATION REPORTS



- Business Overview Report
- Management Team Assessment Report
- Board of Directors Assessment Report
- Report of the Supervisory Board
- Corporate Governance Report
- Human Resources Management Report
- Risk Management Report

## BUSINESS OVERVIEW REPORT

BEING A LOW COST  
PRODUCER NUI PHAO  
ATTRACTS STRATEGIC  
COUNTERPARTIES WHO  
WANT TO SECURE  
CONSISTENT SUPPLY

**2016 ECONOMIC LANDSCAPE**

Sluggish global investment, dwindling trade flows, muted productivity growth and high levels of national debt resulted in the global economy expanding just 2.2%, the slowest growth rate since the financial crises of 2009. The slowdown in 2015 of economic activity in developing and emerging markets continued in 2016. On a whole, developed nations, that had previously seen an increase in output in 2015, registered a slowdown in economic output during 2016.

Many of the major developed and developing economies noted a marked slowdown in investment growth. Prolonged frail demand globally has reduced incentives for investment, while economic

and political uncertainties have also weighed in on the level of investment. Deficiency of financing has also acted as a constraint in some cases, especially in countries where banks remain undercapitalized or where financial markets are under-developed. Despite record-low, often negative bond yields, governments in developed countries have made cuts in public investments, reflecting and adjustment in fiscal policies in response to high levels of government debt.

World trade is at a standstill. Deteriorating world trade growth is both a contributing factor and a symptom of the global economic slowdown. World trade volumes expanded just 1.2% in 2016, the third-lowest rate in the past 30 years.

Given the close relationships between demand, productivity, investment and trade, the extended period of dwindling global growth may prove self-perpetuating in the absence of concentrated policy efforts to revive investment and foster a recovery in productivity.

**2016 COMMODITY MARKETS**

2016 was underscored by volatility primarily on the account of political uncertainty. From where prices finished at the end of 2015, the first half of 2016 marked a partial normalization of market prices as the market rebalanced at a faster than expected pace as a result of China's efforts to stabilize prices by way of production cuts and stricter environmental policies. Tungsten and fluorspar prices increased 18% and 12% respectively in the first half of 2016.

With global headlines in the second half of 2016 swarmed with political surprises on both sides of the Atlantic, uncertainty that underscored 2015 returned. Accordingly, spot prices for com-

modities gave back much of the gains made in the first half of the year.

The news of Brexit towards the end of the first half of the year sent shockwaves throughout global markets. Investors made a flight to quality at the time of extreme uncertainty and most GDP linked commodities recorded significant fall in spot prices. In response to the Brexit surprise, markets cooled as the world adopted a 'wait and see' stance. From highs for the year recorded in May, tungsten prices retreated 15% over the course of the following months.

Following the Brexit shock was the disbelief to many of the result of the US Federal election in November. Since then, flight to quality commodities such as gold retreated with GDP linked commodities such as tungsten, fluorspar and copper recording gains. The likely explanation for such a price movement lies with the pro-growth policies quoted by Donald Trump. Tungsten spot prices, which had fallen as low as \$175/mtu in the aftermath of Brexit, recovered to \$187/mtu at the end of 2016.

**2017 ECONOMIC OUTLOOK**

Anecdotally, price volatility in 2016 across most commodities was a result of changing consumer and investor sentiment on the account of market events and policy shifts. 2017 is expected to be no different as signs of tepid growth emerge but with significant risks of downside shocks.

Following the agreement among some Organizations of the Petroleum Exporting Countries (OPEC) producers and non-OPEC producers to limit output from the first half of 2017, there is an uncertainty surrounding the implementation of the agreement. If implemented successfully, the expected resulting rise in crude prices is likely to translate into renewed drilling activities in North America that in turn could breathe life in to the demand for commodities such as tungsten. An increase in the demand for tungsten like commodities can also be expected if the promoted infrastructure push from President Trump materializes.

China's economy is currently reaping the benefits of previous rate cuts, but with no new stimulus expected and steps being

taken to rein in credit growth to control speculative buying in its property market, the start of 2017 seems uncertain for the biggest commodity consumer and just how much stimulus China will allow, if any in order to meet its growth targets, will be watched closely. As China's policies on stimulus and credit growth become more apparent over the course of 2017, given the heavy usage of tungsten and copper in the construction industry, prices can be expected to move positively.

Investors and consumers are expected to closely follow the actions of President Trump, the US Federal Reserve, the Chinese government and OPEC over the course of 2017. Any deviation from current expectations on the performance of the aforementioned events and policies in 2017 could once again lead to price volatility.

**2016 MANAGEMENT ANALYSIS OF BUSINESS PERFORMANCE**

Underpinned by record production, an oversubscribed order book and strict cost control, 2016 was another profitable year achieved despite tungsten prices having languished below 2015 average prices.

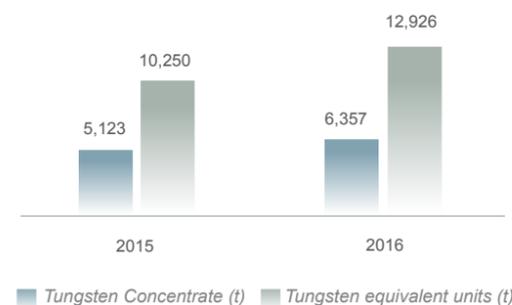
As other producers, on the account of a low and unpredictable pricing environment, either struggled to meet their supply commitments or ceased operations or both, supply from the Nui Phao mine increased in quantity, reliability, and quality. Given the strategic nature of tungsten and fluorspar, Nui Phao's achievements in 2016 were duly noticed by market participants which resulted in overwhelming enquiries for supply. As a result, all of 2016 production has either been sold or ear-marked for shipment in early 2017. Further, Nui Phao's reputation as a low cost producer of tungsten able to survive in the harshest of pricing conditions, has led to discussions with strategic counterparties interested in entering into long-term supply arrangements with non-China suppliers to meet their needs for secure and consistent supply.

Although the market outlook remains uncertain, profitability is supported by operational stability and committed sales for over 85% of planned production to established global counterparties.

Average commodity prices	Unit	Average 2016	Average 2015	% change	At 31.12.16	At 31.12.15
APT European Low*	\$/mtu	182	217	-16%	187	170
Bismuth Low*	\$/lb	4.3	6.1	-30%	4.6	4.1
Copper*	\$/t	4,863	5,494	-11%	5,501	4,702
Fluorspar Acid Grade**	\$/t	260	283	-8%	260	250

\* Metals bulletin

\*\* Industrial minerals



**Annual production**

Record production was achieved in 2016 for all of the Company's commodities. On a tungsten equivalent basis (TEU) total production increased by 26% year-on-year with tungsten, copper and acid grade fluorspar production increasing by 24%, 17% and 34%, respectively. Key plant parameters have all improved on the back of operational initiatives. Completion of investment projects undertaken during 2016 and 2017 are expected to result in further increases in tungsten recovery and production.



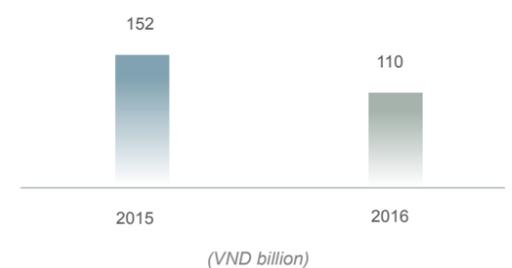
**Cash sales**

Cash net sales grew to VND 4,149 billion, a 31% increase compared to 2015. Record production allowed for record sales. All production remained fully sold and the order book continued to be over-subscribed. Sustained production and quality has resulted in additional demands which will result in additional sales in 2017 as production increases on the account of undertaken investment projects.



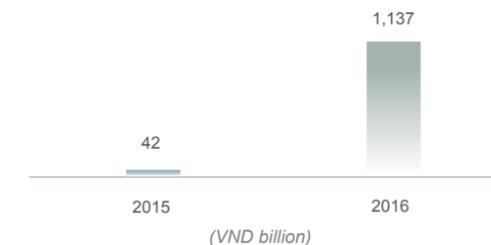
**EBITDA**

In a commodity pricing environment that is still recovering from global demand and supply rebalancing, cost control remains a core focus. Optimization of the cost structure has enabled EBITDA to grow 66% year on year. The Nui Phao project, amongst all global tungsten players, continues to operate in the lowest quartile for cash costs, solidifying its position as a reliable supplier in, virtually, any pricing environment.



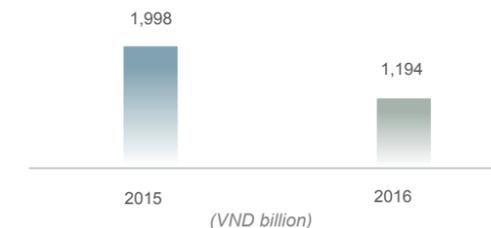
**Attributable net profit**

Masan Resources reported a 2016 profit of VND110 billion to its shareholders. The ability to reduce cash costs while increasing overall productivity has allowed for a positive attributable net profit for the year. A depressed commodity price environment continues to be the primary drag on profitability. Any increases in pricing will directly increase the attributable net profit.



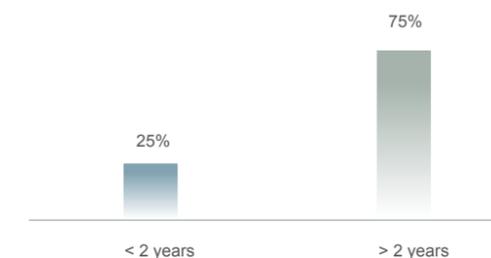
**Net cash flow from operating activities**

2016 marked a year in which cash flow from operating activities showed tremendous improvement, increasing to VND 1,137 billion at end of 2016. The increase in positive cash flow was on the account of planned changes in the management of working capital. In 2017, the intention is to continue negotiations with counterparties in an effort to further improve working capital movements.



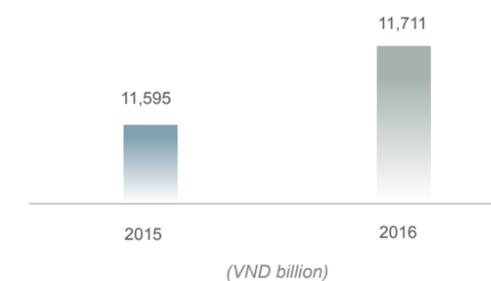
**Cash flow from investing activities**

Cash flow from investment activities declined to VND 804 billion in 2016. Capital expenditures incurred in 2016 included the on-going development of the tailings dam, community infrastructure projects, and processing plant improvements. The majority of the capital expenditure projects undertaken were completed during the year. The capital expenditure in 2017 is expected to be in line with 2016 as we undertake the next round of operationally-led capital initiatives that will enable the recovery of gold and further increase tungsten recoveries.



**Cash flow from financing activities and debt maturity**

The refinance of mid-term debt through a two-year bond issuance totaling VND 1,000 billion not only reduced the cost of funds but was also in line with our goal of better managing our debt maturity to match our businesses operations and long-term aspirations. In 2017, efforts will be focused to further reduce our cost of funds through a partial refinance of our VND 8,100 billion bond maturing in 2020.



**Net assets and owner's equity**

The net assets/owner's equity increased to 1% to VND 11,711 billion in 2016 from VND 11,595 billion in 2015. The increase was predominantly on the account of growth in fixed assets, long-term prepaid expenses, cash balances and a decrease in current liabilities. These positive movements were largely offset by decreases in receivable accounts and long-term work in progress.

## MANAGEMENT TEAM ASSESSMENT REPORT

A SUCCESSFUL  
OPERATIONAL YEAR  
DURING A PERIOD OF  
CONTINUED PRICING  
PRESSURE

Dear Shareholders,

In 2016, MSR had a very successful operational year during a period of continued pricing pressure. The possession of the world's largest tungsten mine with a reserve of 66 million tonnes and the on-going focus on cost efficiency in 2016 give a MSR competitive advantage over the market.

We are proud to highlight the following significant outcomes in 2016:

### Production

Record high production was once again achieved for all Company's commodities. On a tungsten equivalent basis, production increased more than 26% year on year. In comparison to 2015, tungsten and bismuth production increased 24% and 51%, respectively. The increase in ore processed, recovery rates and other key plant parameters were a direct result of targeted capital investment projects undertaken during the year, and further increases are expected to materialize in 2017.

Nui Phao's Joint Venture (JV) that produces high quality value added tungsten products, including APT, BTO and YTO, has demonstrated the ability to operate above design capacity. The production and sales record achievements are a testament to the efforts of the team.

### Workforce

At the end of 2016 the total number of direct employees was 1,027 with expatriates accounting for 9% of our workforce. Our Contractors, similarly, employ 600 personnel. During 2016 we continued the development of the MSR Academy as the prime training and development tool for our personnel. MSR in partnership with a number of local universities and training institutions has developed a growing library of technical and soft skill courses for our employees. 528 employees including senior supervisors, staff and junior staff attended a variety of specific subject-based training courses in 2016 representing a 210% increase in the employees being up-skilled. Our focus and commitment remains to employ and train people from the local communities we work with. 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 man-hours worked was 0.00 (2015: 0.54) and 0.00 (2015: 0.00) respectively for 2016, firmly establishing MSR among the safest mines in the world, which our team and our shareholders should all be proud of. Our constant focus on safety has resulted in our Nui Phao operations running for over 18 million man-hours without Lost Time Injury as of December 2016.

### CSR & environment

In 2016 we continued to comply and deliver on our social and environmental commitments made to our communities while continuing to operate in a sustainable and environmental-friendly way. We believe that sustainable development is an important matter and from the very start Masan Resources has implemented high Vietnamese and international standards.

### Collaboration with community

For MSR, developing successful mining arrangements with local people is not only about technical solutions; it is about relationships, reconciliation and the balance of interest.

In keeping with our involvement pledge with the community, in 2016 the Company contributed VND 3.7 billion towards community development initiatives, including infrastructure construction, agricultural service extension, generation of economic restoration funds and various other corporate social responsibilities.

In particular, in 2016 Masan Resources invested VND 1,221 million into the construction and upgrade of many community assets, such as a culture house, a concrete road, an asphalt road, an irrigation system and a full reconstruction of an overflow bridge in the affected communes.

In 2016, our open dialogues with local communities have continued being mutually beneficial. There were more than 4,000 of company information items disclosed and more than 600 visits to our information center located at the project site. Further, in 2016 we held 45 community meetings with a total of 705 participants. In regards to the grievance mechanism, some issues were not able to be resolved promptly, which required the involvement of either a third-party or government agencies.

The outcomes of our community collaboration present our commitment to ongoing and honest dialogues - transparent, timely and two-way communications; and the consideration of community interests in our decision-making. These outcomes are critical to building trust relationships based on mutual respect as well as to managing the risks present in our business.

### Finance

The Company was promoted to the premium board on HNX's UPCOM exchange, in recognition of its importance and high profile with global customers and partners. As a sign of our growing maturity we also successfully released our first Annual Report and conducted our first AGM after listing in April in Hanoi with over 210 shareholders attending.

### Public recognition

In 2016 we once again received a number of awards. Of particular significance is the Top 500 Biggest Enterprises in Vietnam certified by the Vietnam Report. This recognition represents a third party recognition of the Company's competitiveness and reputation both nationally and internationally.

### Development of Masan Resources brand globally

Given the strategic nature of MSR's business we continued to focus on developing Masan Resources as a global brand. The Company attended and successfully presented at a number of local and international industry forums including the 7<sup>th</sup> Ganzhou Tungsten Industry Summit in March, the Argus Metals Week in London in March, the International Tungsten Industry Association (ITIA) annual conference in Stockholm in September, and the Industrial Minerals Fluorspar Conference in Toronto in October 2016.

In the coming year, our Management Team plans to continue honoring the Company's commitments, by investing time and focusing on working directly with customers, developing increasingly higher quality products and executing on the business plan as outlined at our 2016 AGM. We plan to further increase our participation in industry forums on best practices and cooperate with research institutes to develop next generation performance through improved output and recovery. In line with our commitments, we will continue to develop our resettlement and economic restoration program that will ensure that project benefits are shared with shareholders, people directly affected by the project, and the surrounding communities.

Finally, we also commit to continue to improve our compliance activities and transparent reporting initiatives.

## BOARD OF DIRECTORS ASSESSMENT REPORT

### RE-STRUCTURING FINANCIAL OWNERSHIP FOR THE NEXT ROUND OF STRATEGIC CAPITAL AND GROWTH

Dear Shareholders,

The Board of Directors (the "BOD") of Masan Resources is honored to submit the BOD's performance assessment report of the Company in 2016.

#### **BOD assessment of the Company performance**

In last year's Company report we focused on value creation that can be achieved by unlocking Vietnam's "National Treasure", which is a function of both natural and human resources. The BOD is pleased that under the leadership of the Management Team you are the Company delivered what was promised, given the tough pricing environment faced across all commodities.

The Management has demonstrated that they focused beyond merely extracting commodities for export, but going deeper into the value chain as demonstrated by bringing in more technology and know-how to Vietnam whilst containing costs. In maintaining

the operational safety record and developing the MSR Academy, the Company has continued to demonstrate how its employees are truly valued as human capital. To reiterate what was said last year: "we do not see Vietnamese people as a source of affordable labor, but as the next generation of talent, innovation and passion that will drive Vietnam's growth".

This belief underpins our commitment to developing and operating a best-in-class tungsten platform and training local talent. This is what we mean by "Unlocking" Vietnam's National Treasure. By making the Company successful, we do not only create value for the shareholders, but also for the people of Vietnam.

The Company continues to employ best-in-class standards on all issues related to the environment, safety, and the local community. For safety, the Company has maintained its world-class safety performance with zero fatalities and no lost-time injury for 34 months - a truly exceptional result. Community resettlement also continued in compliance with the Equator Principles, the industry gold standard.

Our Joint Venture continues to produce high quality APT, YTO and BTO that are in demand internationally, with customer demand often exceeding supply in a facility that is now operating consistently at or above its design capacity.

The BOD has fulfilled its duties in reviewing and approving the resolutions on the operation of the Company and its subsidiaries. In 2016, no members of the BOD received any remuneration for their duties as BOD's members, nor they incurred any expenses.

In December 2016, Masan Group through its wholly owned subsidiary, successfully completed the tender offer for shares of Masan Resources, thereby providing an exit to Mount Kellett and increasing its ownership in MSR to 93.78%, paving the way for the next round of strategic capital and growth.

#### **BOD assessment of the Company Management Team performance**

The Management Team continues to manage the Company in a manner deserving the BOD's and shareholders on-going trust and support. The Chief Executive Officer and other managers fulfilled their duties and functions in 2016, and properly implemented all resolutions from the General Meetings of Shareholders.

The BOD's responsibility to review and oversee the Management Team's performance will be formalized via the appropriate sub-committees that have been established in 2016 and will be part of future reporting. This evolution of internal governance is a sign of increased safety of your investment as shareholders.

#### **BOD Plans and directions**

The Company's objective remains to demonstrate to the world that a Vietnamese company can transform the global tungsten market. Throughout 2016, the Company has continued to fortify its core values and has laid down the milestones for growth as it continues to work towards building a branded world-class mine.

The BOD fully supports the Management Team's efforts to grow the Company. The BOD feels that the plans outlined during the 2016 AGM are validated by the physical and financial performance of the operation which demonstrates both the underlying driver for growth, as well as reflecting the growing global customer appetite for the Company's quality products. Further, continuing third party recognition via local awards and invitations to participate and present at international forums demonstrates that the Company's is being recognized for its strategic importance across a growing number of industries and communities within Vietnam and beyond.

## REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

Pursuant to the rights and responsibilities of the Supervisory Board provided in the Company's Charter, the Supervisory Board would like to report our activities in 2016 as follows:

### OPERATIONS OF THE SUPERVISORY BOARD IN 2016

- Supervising and checking the management and execution of 2016 business activities by the Board of Directors and the Management Team. Checking the legality and reasonableness of our businesses in 2016 in accordance with resolutions of the General Meetings of Shareholders in 2016.
- Checking and supervising the issuing resolutions and decisions of the Board of Directors and the Management Team.
- Checking the reasonableness, legality, honesty and diligence in implementing accounting operations and forming financial statements.

Members of the Supervisory Board were not compensated in their capacity as members of the Supervisory Board, and the Supervisory Board did not incur any operational expenses.

### THE RESULTS OF THE SUPERVISORY BOARD'S CHECKING AND MONITORING OF THE COMPANY'S OPERATIONS

#### On the accounting and financial operations of the Company

The Supervisory Board confirms that the financial figures presented in the report of the Board of Directors submitted to the 2017 Annual General Meetings of Shareholders is a fair reflection of the Company's and its subsidiaries' current financial situation.



Key figures of the financial situation as of December 31, 2016:

Part 1: Balance Sheet	Group		Company	
	31/12/2016 VND'000	1/1/2016 VND'000	1/12/2016 VND'000	1/1/2016 VND'000
<b>ASSETS</b>				
<b>Current assets</b>	<b>2,496,130,991</b>	<b>2,490,177,582</b>	<b>951,931</b>	<b>552,795</b>
Cash and cash equivalents	603,345,037	372,014,377	896,931	497,795
Short-term financial investment	-	2,100,000	-	-
Accounts receivable – short-term	583,833,584	747,080,504	55,000	55,000
Inventories	1,112,385,216	1,084,398,392	-	-
Other current assets	196,567,154	284,584,309	-	-
<b>Long-term assets</b>	<b>24,039,367,458</b>	<b>24,117,529,315</b>	<b>10,024,094,084</b>	<b>10,079,094,084</b>
Accounts receivable – long-term	1,379,457,775	1,401,308,413	4,883,758,511	4,938,758,511
Fixed assets	18,629,319,036	16,902,122,433	-	-
Long-term work in progress	1,681,618,571	3,994,917,610	-	-
Long-term financial investments	-	-	5,140,335,573	5,140,335,573
Other long-term assets	2,348,972,076	1,819,180,859	-	-
<b>TOTAL ASSETS</b>	<b>26,535,498,449</b>	<b>26,607,706,897</b>	<b>10,025,046,015</b>	<b>10,079,646,879</b>
<b>RESOURCES</b>				
<b>LIABILITIES</b>	<b>14,825,018,166</b>	<b>15,012,572,488</b>	<b>581,264,773</b>	<b>718,158,182</b>
Current liabilities	3,518,587,636	3,971,178,995	40,190,598	65,834,559
Long-term liabilities	11,306,430,530	11,041,393,493	541,074,175	652,323,623
<b>EQUITY</b>	<b>11,710,480,283</b>	<b>11,595,134,409</b>	<b>9,443,781,242</b>	<b>9,361,488,697</b>
<b>TOTAL RESOURCES</b>	<b>26,535,498,449</b>	<b>26,607,706,897</b>	<b>10,025,046,015</b>	<b>10,079,646,879</b>

**On the Company's business performance**

In 2016, the Supervisory Board did not find any abnormal signs in the Company's business operations. All of business activities were conducted in compliance with the Company's Charter, the Law on Enterprises and other legal regulations.

Business performance results and accounting figures have been carefully checked to ensure the accuracy and legality of accounting books.

The Company fully observed all current legal regulations required for information disclosure to the stock market.

Figures of business results as of December 31, 2016:

**Part 2: Income statement**

	Group		Company	
	2016 VND'000	2015 VND'000	2016 VND'000	2015 VND'000
<b>Net operating profit/(loss)</b>	131,491,833	76,729,078	82,295,487	(39,883,120)
<b>Results of other activities</b>	(30,927,079)	(18,169,622)	(2,942)	-
<b>Profit/(loss) before tax</b>	100,564,754	58,559,456	82,292,545	(39,883,120)
<b>Income tax expense – current</b>	14,320,441	113,525	-	-
<b>Income tax benefits – deferred</b>	(29,101,561)	(25,876,098)	-	-
<b>Net profit/(loss) after tax</b>	115,345,874	84,322,029	82,292,545	(39,883,120)
<b>Net profit attributable to:</b>				
Equity holders of the Company	109,841,024	152,135,747	82,292,545	(39,883,120)
Non-controlling interest	5,504,850	(67,813,718)	-	-

**On the governance and management****a. The Board of Directors**

The Supervisory Board opines that the Board of Directors has fulfilled their management responsibilities in compliance with the Company's Charter, Resolutions of the General Meetings of Shareholders, the Law on Enterprises and other legal regulations.

The Board of Directors has duly executed all resolutions of the General Meetings of Shareholders in 2016.

The Board of Directors' resolutions were issued in compliance with the legal authorities of the Board of Directors and that the contents of the resolutions were in compliance with the Company's Charter, the resolutions of the General Meetings of Shareholders, the Law on Enterprises and other legal regulations.

**b. The Management Team**

The Supervisory Board opines that the Management Team has executed the Company's business operations efficiently and in compliance with the Board of Directors' resolutions.

**Conclusions**

The Company's operations during the 2016 were in compliance with the Company's Charter, the Law on Enterprises and other legal regulations, and based on Resolutions of the General Meetings of Shareholders and of the Board of Directors.

## CORPORATE GOVERNANCE REPORT

### ACTIVITIES OF THE GENERAL MEETING OF SHAREHOLDERS

Information on meetings and resolutions of the General Meeting of Shareholders (including the resolutions of the General Meeting of Shareholders adopted in the form of written comments):

**Resolution No.** 452/2016/NQ-ĐHĐCĐ

**Date** 22/4/2016

#### Content

- (i) Approve the Board of Directors assessment report 2015;
- (ii) Approve the Supervisory Board assessment report 2015;
- (iii) Approve the 2015 Financial Statements of the Company audited by KPMG Limited;
- (iv) Approve the 2015 dividend distribution plan of the Company;
- (v) Approve the appointment of KPMG Limited as the auditing firm of the Company for 2016;
- (vi) Approve the Company's 2016 earning forecast;
- (vii) Approve the change of Company's name and the amendment of the Company's Charter to record the new Company's name;
- (viii) Approve the amendment of the Company's Charter;
- (ix) Approve the Board of Directors of the Company for the term 2016 – 2021 consisting of 6 members;
- (x) Approve the election of members of the Board of Directors of the Company for the term 2016 – 2021;
- (xi) Approve the Supervisory Board of the Company for the term 2016 – 2021 consisting of 3 members;
- (xii) Approve the election of members of the Supervisory Board of the Company for the term 2016 – 2021;
- (xiii) Approve the remuneration package for members of the Board of Directors and Supervisory Board being VND0.

### BOARD OF DIRECTORS

#### Information about the members of the Board of Directors:

No.	BOD's member	Position	Day becoming/no longer member of the Board of Directors	Number of attendance	Percentage	Reasons for absence
1	Mr. Chetan Prakash Baxi	Chairman	December 20, 2013	5/5	100%	
2	Dr. Nguyen Dang Quang	Member	February 18, 2013	5/5	100%	
3	Mr. Nguyen Thieu Nam	Member	February 18, 2013	5/5	100%	
4	Mr. Nguyen Van Thang	Member	April 22, 2016	4/4	100%	Did not attend the first meeting of BOD in 2016 (dated April 8, 2016) because of not being a BOD member at that time
5	Mr. Dominic John Heaton	Member	April 22, 2016	4/4	100%	Did not attend the first meeting of BOD in 2016 (dated April 8, 2016) because of not being a BOD member at that time
6	Mr. Jonathan David Fiorello	Member	November 6, 2014	5/5	100%	

**Supervision by the BOD over the Management Team**

At the meetings of the BOD, the CEO reported the operations of the Company and the key operations of the Company's subsidiaries;

Supervising and directing the implementation of the investment plans of the Company and its subsidiaries;

Implementing the tasks as delegated under the resolutions of the BOD.

**Activities of the Board of Directors' committees****a. Activities of the Sustainable Development Committee**

Assist the BOD and the Management to develop the Company's sustainability strategic plan and to ensure on effective stakeholder engagement;

Review and monitor the performance of the Company as it affects matters relating to sustainability, the environment, communities and other key stakeholders;

Propose, review and monitor the impact of the Company sustainable initiatives towards community, environment and society;

Review and make recommendations to the Management Team on reporting to shareholders and other communities regarding corporate responsibility activities;

**b. Activities of the Risk and Audit Committee**

Review and discuss with management and the Company's independent auditor on the Company's quarterly financial statements;

Discuss with the Management Team on the Company's earnings releases.

Discuss with the Management Team on the Company's policies with respect to risk assessment and risk management, and the steps the Management Team has undertaken to monitor and control them.

**Resolutions of the Board of Directors**

No.	Resolution No.	Date	Content
1	389/2016/NQ-HĐQT	April 8, 2016	Approval of (i) convention of the 2016 Annual General Meeting of shareholders, and (ii) matters to be submitted for approval at the 2016 Annual General Meeting of shareholders.
2	458/NQ-HĐQT-16	April 22, 2016	Election of Chairman of the BOD and Company Secretary.
3	503/NQ-HĐQT-16	May 12, 2016	Approval of new company stamp.
4	615/2016/NQ-HĐQT	May 31, 2016	Change the name of Ma San Thai Nguyen Resources Company Limited.
5	632/NQ-HĐQT-16	June 9, 2016	(i) Re-appointment of CEO; (ii) removal of CFO; and (iii) appointment of Acting CFO.
6	742/NQ-HĐQT-16	June 28, 2016	Approval of receipt of financial support from MSN.

**SUPERVISORY BOARD****Information about members of Supervisory Board**

No.	Members of Supervisory Board	Position	Day becoming/no longer member of the Supervisory Board	Number of attendance	Percentage	Reasons for absence
1	Ms. Doan Thi My Duyen	Head of Supervisory Board	September 30, 2013	2/2	100%	
2	Mr. Nguyen Quynh Lam	Member of Supervisory Board	April 22, 2016	2/2	100%	
3	Mr. Tung Hoang Nguyen	Member of Supervisory Board	April 22, 2016	2/2	100%	
4	Mr. Dang Ngoc Ca	Member of Supervisory Board	April 22, 2016	0	0%	End of term in office
5	Mr. Le Thanh Tung	Member of Supervisory Board	April 22, 2016	0	0%	End of term in office

**Surveillance activities of the Supervisory Board toward the Board of Directors, Management Team and shareholders:**

(See Report of Supervisory Board from pages 78 to 81)

**TRAINING ON CORPORATE GOVERNANCE**

All members of Board of Directors, members of the Supervisory Board, the CEO, and the Company Secretary attended the training course on corporate governance applying to public companies organized by the Securities Research and Training Center under the State Securities Commission of Vietnam, and obtained their certificates on completion of the same on September 2016.

No.	Name	Title	Date of training course
1	Chetan Prakash Baxi	Chairman of BOD	23/8/2016
2	Nguyen Dang Quang	Member of BOD	23/8/2016
3	Nguyen Thieu Nam	Member of BOD	23/8/2016
4	Nguyen Van Thang	Member of BOD	23/8/2016
5	Dominic John Heaton	Member of BOD cum CEO	23/8/2016
6	Jonathan David Fiorello	Member of BOD	23/8/2016
7	Tran Phuong Bac	Company Secretary	23/8/2016
8	Doan Thi My Duyen	Head of Supervisory Board	23/8/2016
9	Nguyen Quynh Lam	Member of Supervisory Board	23/8/2016
10	Tung Hoang Nguyen	Member of Supervisory Board	23/8/2016

**TRANSACTIONS OF AFFILIATED PERSONS OF THE COMPANY WITH THE COMPANY****Transactions between the company and the affiliated persons or between the company and major shareholders, internal persons and related person of internal person.**

Name of organization/ individual	Masan Group Corporation
Relationship	Dr. Nguyen Dang Quang (a BOD member of the Company) is the Chairman of BOD of MSN
NSH No. *, date of issue, place of issue	0302100924 dated September 13, 2000 issued by Ho Chi Minh Department of Planning and Investment
Address	Suite 802, 8 <sup>th</sup> floor, Central Plaza, 17 Le Duan Street, District 1, Ho Chi Minh City
Time of transactions	30/6/2016
Number of resolutions / decisions of the AGM / BOD adopted (if any, specify date of issue)	No. 742/NQ-HDQT-16 dated June 28, 2016
Number, ownership proportion of shares held after the transaction	0
Note	Financial support

**Transaction between internal person of listed company and company's subsidiaries, or the company in which listed company takes controlling power: None.****Transactions between the company and other objects**

*Transactions between the Company and companies that members of Board of Directors, members of the Supervisory Board, or the CEO of the Company is or was a founding member, members of Board of Directors, or the CEO of those companies (the "Related persons") in the last three (03) years (as at the time of reporting).*

Year	Related person (having transactions with the Company)	Relationship with the Company	Description of transaction
2014	MSN	BOD member of the Company is also a BOD member of the related person	Inter-company loan
2015	MSN	BOD member of the Company is also a BOD member of the related person	Inter-company loan
2016	MSN	BOD member of the Company is also a BOD member of the related person	Financial support

*Transactions between the company and the company that related person of members of Board of Directors, members of the Supervisory Board, Director (CEO) as a member of Board of Directors, Director (CEO): None.*

*Other transactions of the company (if any) may be beneficial material or immaterial for members of Board of Directors, members of the Supervisory Board, Director (CEO): None.*

**TRANSACTIONS OF INTERNAL PERSONS AND RELATED PERSON OF INTERNAL PERSON**

No.	Transaction executor	Relationship with internal person	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Reasons for increase, decrease (purchase, sale, switch, reward...)
			Number of shares	Percentage	Number of shares	Percentage	
1	Dominic John Heaton	CEO	8,420,857	1.17%	8,400,257	1.17%	Sale of shares
2	Nguyen Thi Hai Yen	Chief Accountant	20,000	0.003%	0	0%	Sale of shares
3	Nguyen Quynh Lam	Member of Supervisory Board	0	0%	63,000	0.009%	Purchase of shares

## HUMAN RESOURCES MANAGEMENT REPORT

### NUMBER OF EMPLOYEES AND AVERAGE INCOME

	2012	2013	2014	2015	2016
<b>Total number of permanent employees</b>	<b>537</b>	<b>1,281</b>	<b>1,095</b>	<b>1,095</b>	<b>1,027*</b>
Of which:					
• Vietnamese	455	1130	976	973	928
• Expats	82	151	119	122	99
Average income (VND million per month) for Vietnamese employees	11.0	8.7	9.7	10.2	10.7

\* Exclusive of the Joint Venture

### WORKFORCE STRUCTURE

The workforce of Masan Resources is diverse; majority of the employees are recruited from the local population, whereas a smaller part is either recruited from across Vietnam or overseas to occupy senior, professional positions for which the local population does not possess the relevant skills.

In order to provide a more holistic picture of our workforce, below we provide an analysis of the composition of our workforce by age, gender, education and diversity.



### By age

The average age of the whole workforce is 34. The average age by employee group:

- Directors: 51
- Managers: 42
- Superintendents: 42
- Supervisors: 38
- Technical/clerical staff: 32
- Worker: 33

The percentage of the individual age group is shown in the pie-chart below:



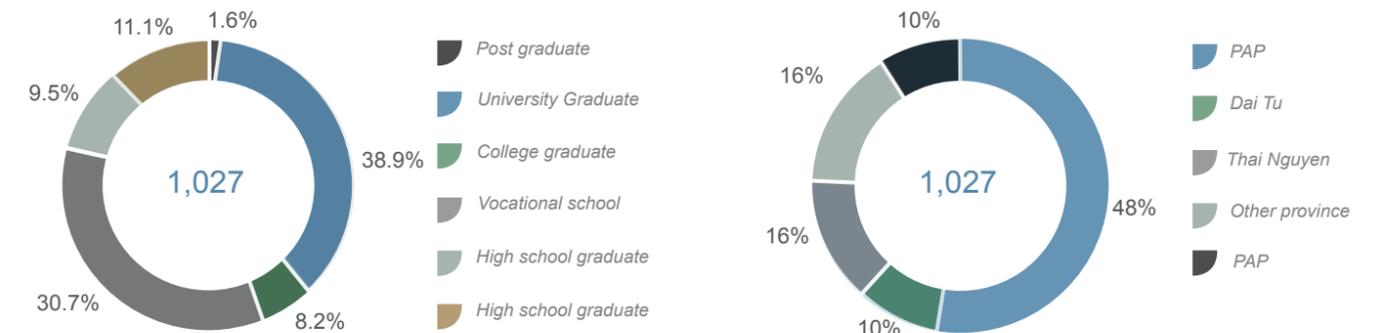
### By gender

In line with our equal opportunities policy on recruitment and gender equality, women have been employed in all activities. The percentage of female employees occupied around 24% of the entire workforce, which ranks Masan Resources very highly in comparison with the average percentage for the mining industry (research shows that female employees occupied 14.7% in the mining industry worldwide).

### By education

Employee analysis by educational background:

- University and higher: 40%
- College and vocational: 39%
- High school and lower: 21%



### By diversity

Over 74% of all employees are from within Thai Nguyen, 16% from other provinces and 10% from overseas.

75,903 HOURS OF GROUP-WIDE TRAINING AND PROFESSIONAL DEVELOPMENT PROGRAMS

**MSR ACADEMY**

Masan Resources is aware that human capital is a key differentiating factor between successful and unsuccessful companies. This need for staff training and development gave rise to the creation of the concept of MSR Academy. With a plan to inaugurate the academy by 2018, a great deal of work needs be done, including:

- Establishment of measurement tool
- Establishment of competency framework for all job positions
- Identification, evaluation and proper arrangement of training content for each competency
- Development of training material for each training course (1,200 items of total training documents)
- Enhancement of training skills of internal trainers
- Implementation / deployment of traditional training activities
- Development of E-learning methods
- Annual gap analysis for defining training needs
- Management of training quality

**STAFF RECRUITMENT**

The Company's headcount has remained stable since 2014, with the majority of HR activities being focused mainly on training and the evaluation of employment efficiency. The recruitment activities are primarily focused on replacement, establishment of candidate pools and maintenance of contact with potential candidates through different channels. In 2016, three recruitment pages on social network media platforms were created in order to retain contact with the potential candidate community.

The Company has already completed a great deal of work towards this goal and continues to work on the remaining items. By the end of 2016, the following work has been completed:

- Competency framework for all positions
- Identification, evaluation and proper arrangement of training courses for all functional competencies
- Go live with E-learning module
- Training material development: 408/1,200
- Training implementation: 208/1,200

<b>Total training cost funded by the Company in 2016</b>	<b>VND 3,462,693,248</b>
Total professional training man-hours	75,903
<i>In which:</i>	
• Total number of employee rounds trained in professional centers	528
• Total number of employee rounds trained by internal trainers	1,570

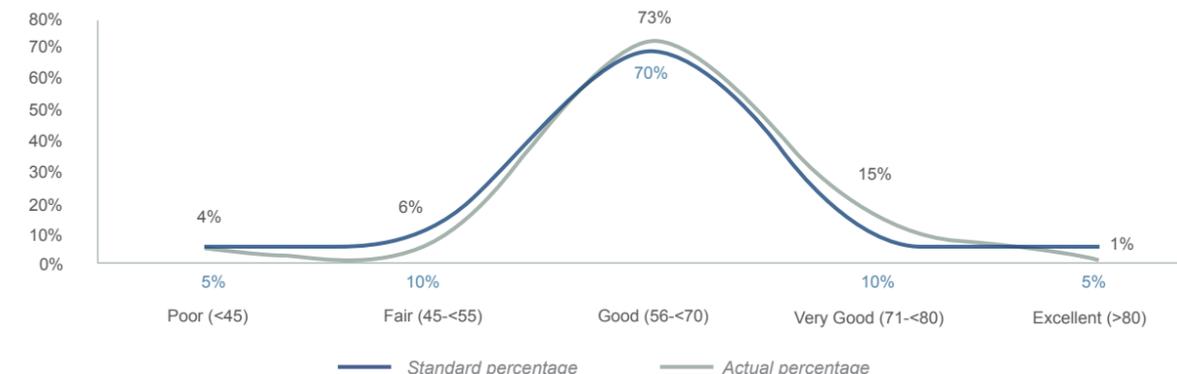
**STAFF PERFORMANCE MANAGEMENT**

In parallel with the implementation of the 2016 employee training and development program, the Company also reviewed its employee performance management process, with a view of making it systematical, comprehensive and result-based. With the

issuance of revised guidelines in this regard, all employees who are found to be under-performing as a result of a regular employee performance assessment, will be asked to attend a performance improvement plan (PIP) program with a focus on

specific areas in need of improvement. By the end of 2016, this program has helped 76 out of 87 under-performing employees improve their performance.

**2016 Employee Performance Belt Curve**



**EMPLOYEE RELATION**

Consistent with the Company core values: RESPECT – ACTION – RESULT, employee meetings are held regularly. At these meetings, employees have the opportunity to raise their concerns, issues or recommendations directly to the General Director or relevant managers for solving or reviewing, and also, at these meetings, the General Director updates the employees on the Company's current business situation. These activities continuously promote

a positive work environment, increase employee satisfaction, and reduce conflicts and disputes. No legal cases related to employment incurred in 2016.

Our monthly star award policy is implemented with the aim to reward and motivate individuals or group of individuals with an outstanding performance. In 2016, there were a total of 26 individuals and groups of individuals who were awarded with a monthly star.

Besides, the Company, in cooperation with its grass-root trade unions, organized many sport and entertainment activities for its employees during the year, such as badminton, futsal and company trips, to name but a few. The aim of these activities was to strengthen the relationship among employees both at work and outside work.

## RISK MANAGEMENT REPORT

Risk	Basis of Risk	Risk Mitigations
<b>Commodity Price Risk</b>	The prices we obtain for our tungsten, copper, fluor spar and bismuth are determined by, or linked to, prices in world's markets, which have historically been subject to substantial volatility. Fluctuations in commodity prices can occur due to price shifts reflecting underlying global economic and geopolitical factors, industry demand (i.e. Energy, Defense, Infrastructure), increased supply due to the development of new productive resources, technological change, product substitution and national tariffs. The volatility in global economic growth has the potential to adversely impact future demand and prices for commodities. This has the potential to negatively impact future cash flows and asset values.	The Company operates at the lower end of the global cost curve for its products, which places it in a preferred position to competitors in low price environments. The Company has a diversified portfolio of products, which are sold to a diversified customer base across multiple geographic markets & different end-use applications. This insulates the Company from large swings or exposures to any commodity in isolation and also protects the Company from a poor performance in a single customer geography or end-use application. For commodities that are exchange traded, such as copper, the Company uses financial instruments, such as forward contracts and hedges, to reduce its exposure to pricing risk.
<b>Currency Exchange Risk</b>	Majority of the Company's sales are exported and are denominated in US dollars. Fluctuations in the VND/USD exchange rate can therefore have a significant impact on the company's financial result.	Various costs for materials and spares which are not available in Vietnam are denominated in USD which results in a natural offset for a portion of the Company's costs. The remaining Company costs are denominated in VND and Company debt is denominated in VND. This exposes the Company to exchange rate variations between VND and USD. Currency risk is regularly monitored by the Chief Financial Officer and appropriate recommendations are made to the BOD, so that the adequate risk mitigating actions are undertaken in a timely manner.

Risk	Basis of Risk	Risk Mitigations
<b>Unexpected or sudden unfavorable changes in the regulatory and political environment in Vietnam or in customer countries, possibly effecting our operations, sales, or business decision making.</b>	Regulatory changes in Vietnam or customer countries have the potential to increase costs, lower margins or preclude the company from being able to sell its products in customer countries.	The Company regularly monitors the regulatory environment within Vietnam as well as in customer countries to assess their likely impact on product sales. This is done in order to ensure the Company and its customers can be proactive in appropriate proactive engagement in customer countries or within Vietnam so as to guarantee the long-term viability of the business.
<b>Failure to maintain reserves or develop new operations could negatively affect our future results and financial conditions.</b>	The demand for our products results in the existing reserves being depleted over time. As our revenues and profits are derived from our mineral operations, our future results and financial conditions are directly related to our future exploration and acquisition efforts and our ability to generate reserves to meet our future production requirements at a competitive cost.	The Company has already identified reserves which underpin a long-term mine life. The reserves have been prepared and determined in accordance with international standards and reviewed by independent third parties. This gives the Company the strategic ability for future exploration undertakings and examinations of acquisition opportunities. Existing reserves will be further drilled as required in order to extend mine life in places where geological modeling and market conditions support such works. Our actual drilling activities and the future drilling budget will depend on the size and quality of our mineral inventory, drilling results, commodity prices, drilling and production costs, availability of drilling equipment and services, lease expirations and regulatory approvals.

Risk	Basis of Risk	Risk Mitigations
<b>Commercial Counterparty Risk</b>	The Company has contracts with a large number of commercial and financial counterparties, including end-customers, suppliers and financial institutions. Global economic volatility continues to strain global financial markets, resulting in generally uncertain business conditions. In addition, customers, suppliers and contractors and joint venture partners may fail to perform in accordance with existing contracts and obligations.	<p>The Company has counterparty credit controls which limit the exposure any single customer, geographic region, end-use application or Commercial and Trading counterparties.</p> <p>The Company periodically reviews the financial and market performance of its respective counterparties to proactively manage risks and/or potential issues.</p>
<b>Key Person Risk</b>	Loss of key management positions may result in a disruption of on-going operations and/or loss of shareholder confidence, leading to a fall of share prices.	Human Resources Management is an important platform for the success of the Company. To control this risk, the Company has implemented succession planning and comprehensive training and development programs to ensure that capable people are available internally. The Company periodically offers attractive employee share ownership programs to ensure employee alignment with shareholders and employee retention.
<b>Competition Risk</b>	Ability to defend, maintain and/or increase Masan Resources strategic objectives and market share.	The Company operates the world's largest tungsten mine. It is a key strategic source of non-China sourced tungsten chemicals and other products. The Company has entered long-term sales agreements with a number of top global companies thus insulating itself from a potential loss of market share through the introduction of future suppliers.

Risk	Basis of Risk	Risk Mitigations
<b>Unexpected natural and operational catastrophes may adversely impact our operations</b>	Unexpected natural and operational catastrophes may adversely impact our mining operations, route to market or customers' facilities. At the Company's main operational facility the key natural catastrophes include flooding and earthquakes. They can impact the open cut mine, tailings dam facilities or the processing plant. Potential operational catastrophes include operational accidents, processing plant fires and explosions, open-cut pit wall failures, loss of power supply or critical mechanical equipment failures.	<p>Business continuity and contingency plans are in place to mitigate the consequences of operational catastrophes. Potential unexpected natural catastrophes have been identified and contingency plans are in place to mitigate consequences. The Company's facilities, including its tailings dam facilities, have been constructed to international best standards. They were constructed to World Bank Standards with regular inspections by an independent international review panel.</p> <p>As part of the risk management process, the Company has comprehensive insurances in place to mitigate any losses incurred due business interruption as a result of unexpected natural and operational catastrophes.</p>
<b>Breaches of information - technology security processes which may adversely impact our business activities</b>	The Company maintains information technology (IT) systems, consisting of infrastructure, business applications and communications to support our business activities. These systems may be subject to security breaches (e.g. cyber crimes) that can result in disruption to our operations, loss of intellectual property or disclosure of commercially sensitive information and reputational damage.	The Company regularly reviews its IT security systems, processes and protocols. The Company maintains appropriate firewalls and offsite backups of key data, systems and processes. In 2016 the Company ran a series of system tests and updated protocols.
<b>Sustainability Risk</b>	Health, Safety, Environment or Community incidents or accidents may adversely affect our people or neighboring communities, operations and reputation or license to operate.	The Company's approach to the sustainability risk is reflected in its Health and Safety Policy, the Environment Policy and Community Policy. All incidents or accidents are recorded and reported to the Board of Directors. On the occurrence of an incident, the Company works directly with relevant governing bodies and impacted parties to resolve and ensure that there is no risk of recurrence.

# SUSTAINABILITY REPORT

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Sustainability at Masan Resources  
Putting people first  
Environmental compliance and beyond  
Sustainability for all of us

## SUSTAINABILITY AT MASAN RESOURCES

### GUIDED BY VALUE

At Masan Resources, our values are fundamental to our business. As all extractive industries faced challenging market prices in recent years, it may have been tempting to focus on short-term performance at the expense of the long-term good of the enterprise and its stakeholders. However, this is not the case of Masan Resources. We continue to fund our decisions, even during the toughest of times, on our core Values of **Respect, Actions and Results**.



### GUIDED BY INTERNATIONAL FRAMEWORK

Our Nui Phao project develops in a manner that complies with Vietnamese regulatory requirements and the World Bank guidelines/policies on social and environmental safeguards, the IFC Sustainability Framework and the Sustainable Development

Framework issued by the ICMM for the mining sector. We do so by integrating these practices into all business areas with the highest standards of transparency and consistency.



#### Governed by multi-layer management

We embed sustainability objectives into all our operations. The sustainability framework was defined by the top management, committed to by the execution team and implemented at the employee level by aid of a document which outlines in a clear and transparent way the values employees need to demonstrate in their day-to-day activities.

In turn, the Company reinforces these values by encouraging its employees to feedback to key managers and adjusting them to the needs of employees.

#### Multi-stakeholder partnership

MSR works in the spirit of partnership to achieve our sustainable objectives in a transparent way, and for a broader scale of our beneficiaries.

Our sustainability network comprises various stakeholders including governments, non-governmental organizations, development partners, the private sector and communities.

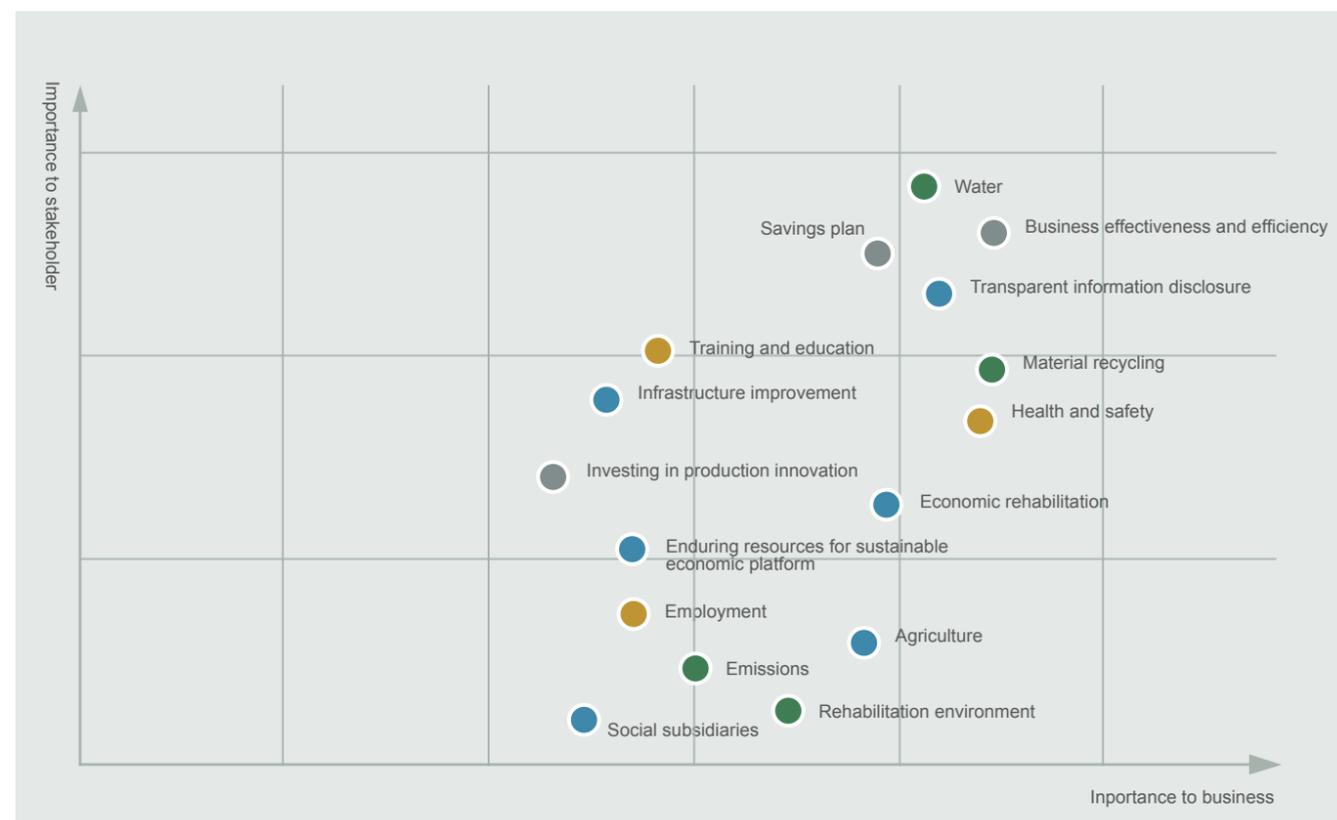
The mass organizations (Red Cross, Women's Union, Farmer's Union to mention but a few) were responsible in identifying gaps and social needs as well as leveraging the resources needed to make a difference in our joint-projects. In particular, in 2016 our media partners pro-actively executed their super-

vising role by promoting transparency and accountability of our mining operations and environment and social impact mitigation. Other governmental and non-governmental institutions such as the Bank of Social Policies and East Meets West as well as our Think Cuong and Khanh Hien contractors have engaged in an active collaboration for successful development models of infrastructure, micro finance and other CSR related activities.



**GUIDED BY MATERIALITY ASSESSMENT**

We regularly identify sustainability topics based on their importance for MSR and our stakeholders, and prioritize them by materiality. The prioritization indicates the action areas identified as the key levers for sustainable business success, on which we continue to focus in the future.



**PUTTING PEOPLE FIRST**

**CONTINUOUS SAFETY TRAINING AND COMMUNICATION**

Total of **26**

fundamental safety alerts are readily available to all employees and contractors.

Total **3,764**

employees and contractors have attended a total of 6,150.5 hrs of various internal safety training courses.

**PARTNERING FOR SAFETY CULTURE**

Partnering with DOST: The first large scale National Radiation drill ever to be held in Vietnam.

Partnering with Provincial Fire Department of Thai Nguyen: safety awards for achieving excellence in safety.

**OUR HEALTH-CARE EXCELLENCY**

Our health check includes several tests, such as blood analysis, urine tests, chest X-rays, abdominal ultrasound, lung functionality tests, audiometry, cancer markers tests as well as a vaccination program that includes Measles-Mumps-Rubella (MMR) and seasonal Flu vaccinations.

**Medical training**

A total of **105**

employees and contractors were provided advanced first aid training.

A total of **63**

persons were given advanced training on fatigue management.

A total of **483**

persons participated in hearing protection awareness

A total of **657**

persons were inducted with lung protection awareness.

## ENVIRONMENTAL COMPLIANCE AND BEYOND

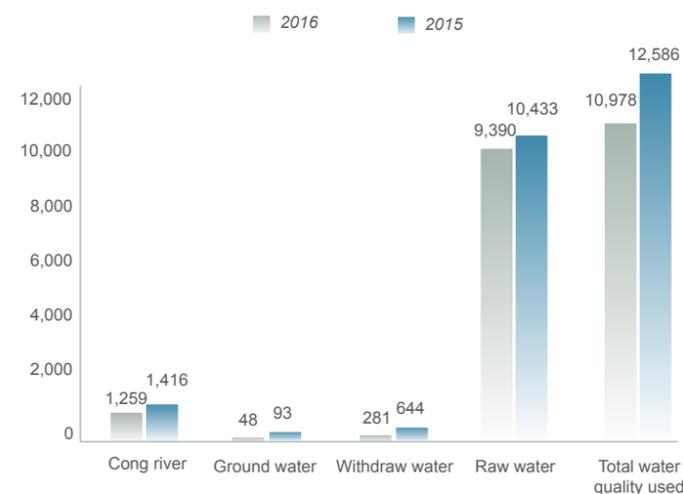
At Masan Resources, we have doubled our attention and efforts to meet, and often exceed, environmental standards. We want to ensure that the Nui Phao project will become the role model for Vietnam's mining industry. From the very beginning, we have based our standards on those of the World Bank, known as the Equator Principles, which is generally accepted as the "gold standard" for social and environmental sustainability for mining projects."

### DECREASED VOLUME OF EXTRACTED WATER

Currently, there are 4 main water sources used to serve the day-to-day operations of the Processing Plant: surface water (Cong River), ground waters, withdrawn water and recycled water.

The total volume of extracted water of 10,978 M liters in 2016 compares favorably to the total volume of extracted water of 12,586 M liters in 2015, while the capacity of the Processing Plant has remained unchanged.

Total achieve water (M liters) for 2015-2016



### Toward transparency

- Monthly announcements of waste-water quality monitoring results disclosed;
- Community meetings take place weekly and intend to resolve raising issues in a timely manner;
- Field trips to the Nui Phao's project site organized for representatives of State authorities, functional units, media agencies and neighboring community people;
- Readiness for external supervision and audit;

In 2016, we received seven official delegations from MONRE, Environment Police Bureau (EPB) and Thai Nguyen (DOIT, DONRE, Dai Tu DPC) in relation to our mining, land management, explosive materials, environment and water resource management activities.



### INCREASED VOLUME OF TREATED WATER

In 2016, our WWTP completed the commissioning period and is now fully operational. The discharge quality of the WWTP meets the standards stipulated in the waste-water discharge license.

All water processed by the WWTP is discharged into the environment through our 3 licensed discharge points: DP1, DP2 and DP3.

We have installed hydrological monitoring stations at each discharge point. The total volume of discharged water was 5,128,544 m<sup>3</sup> in 2016, against 4,196,347 m<sup>3</sup> in 2015, which is a reflection of the improved waste-water treatment capacity of the WWTP and our efforts to minimize water storage in OTC, STC as well as our commitment to reduce water pressure on dam walls and, therefore, improve the safety of the dam.

### DECREASED VOLUME OF DIRECT GREEN HOUSE GAS (GHG) EMISSIONS

M&G continues to strive for the replacement of diesel generators needed for mine operations with mains power equivalents, which has resulted in the of Direct GHG emissions. In addition, diesel generators have been replaced with mains power throughout the culvert 4 and 6 areas of the Tailings Storage Facility (TSF).

	2014	2015	2016
Total wastewater discharge (m <sup>3</sup> )	4,635,416	4,196,347	5,128,544
DP1	1,859,284	2,781,106	1,642,420
DP2	348,400	32,487	3,165,849
DP3	2,427,732	1,382,754	320,275

(\*) From May 2016, DP1 was not used to discharge

GHG emissions (tonnes of CO <sub>2</sub> )	2014	2015	2016
Total GHG emissions	68,619	109,618	128,500
Direct GHG emissions (SCOPE 1)	31,436	23,873	22,627
Gasoline	371	199	137
Diesel	31,064	23,674	22,490
Indirect GHG emissions (SCOPE 2)	37,183	85,744	105,873

### Partnership for environment monitoring

We have engaged with reputable and certified agencies, such as:

- Institute of Environmental Science and Public Health (surface water, ground water and waste-water sampling and analyzing);
- Institute of Environmental Technology - Hanoi University of Technology (Industrial Emission Monitoring);
- Goshu Kohsan Lab (surface water and waste-water sampling and analysis);
- Quatest 1 and Institute of Environmental Technology (IET) for analysis of surface- and waste-water;
- EATC for implementation of waste-water and solid sampling and analyzing;
- NAWAPI (MONRE) for the research and set-up of the hydrological monitoring network.



## SUSTAINABILITY FOR ALL OF US



*"We are not only committed to sustainable practices and active community engagement due to the long-term nature of our business license, but also because we truly believe that it is our duty to raise the standards of Vietnam's mining industry for the benefit of future generations of Vietnamese people. Therefore, developing successful mining arrangements with local people is not only about technical solutions, it is about relationships, reconciliation and the balance of interests".*

Vu Hong - Deputy General Director, responsible for community and sustainability affairs.

In keeping with MSR's involvement pledge with the community, in 2016 the Company has contributed VND 3,7 billion towards community development initiatives, which had already been identified at the early stage of mine development. 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).

### ACCOUNTING THE VOICE OF OUR NEIGHBORING STAKEHOLDERS

MSR is committed to ongoing and honest dialogues transparent, timely and two-way communications; and the consideration of stakeholder views in our decision-making. These elements are critical for building trusting relationships based on mutual respect as well as for the management of the risks present in our business.

#### Increasing our understanding of the communities through community participation approach

The participatory approach, comprising community meetings, interviews, questionnaires and individual interactions, has allowed the Company to develop a consistent and integrated approach to ensure we meet our obligations and commitments to respect to the rights and interests of our local communities. In 2016, we organized 45 community meetings attended by 705 participants.

#### Complaint mechanism: from issue to solution

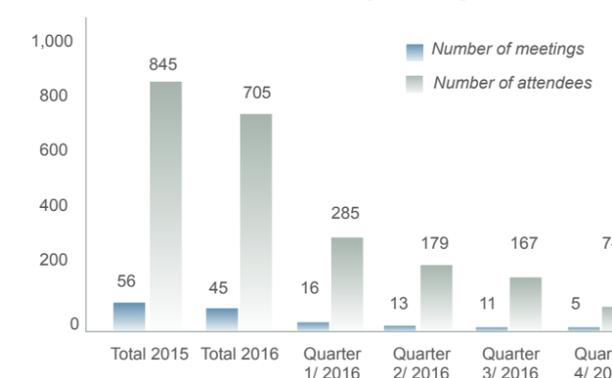
In 2016, the number of complaints and grievances continued to decrease in comparison with 2015. However, some complaints, known as 'wicked complaints', which required the involvements of either a third party or the government have remained. These complaints are time consuming and require a thorough investigation.

Usually, in the situations like this, we often offer short-term solutions to promptly resolve the concerns of the local people.

Community development expenditure 2011-2016 (million VND)



Records of community meetings in 2016



Complaints and grievances from 2011 to 2016



**STEADY PLATFORM FOR WELL BEING**

Infrastructure is an essential part of a vibrant community, and it is also of crucial importance for the unlocking of economic development opportunities.

**8.5** km of roads    **1** bridge  
**4** cultural houses    **2** irrigation systems

A section of the Old National Highway No. 37 along the An Long and Lien Gioi residential clusters (from km 150+200 to km 151+100), which was constructed in 2002, has now deteriorated to the point of inhibiting transportation and trade among the local communities.



The repairs and upgrade of this section of the National Highway are expected to enable at least 300 households with over 1,000 people living in its vicinity to access a safe and convenient transportation and reinstate trading opportunities.

**74% Tan Linh residents have access to standard sanitation facilities**

By the end of 2016, under a project jointly funded by MSR, the East Meets West's program on Water, Sanitation and Hygiene Output Based Aid (Washoba) and the National Target Program on Clean Water and Environmental Sanitation, 169 disadvantaged, poor and near-poor households from Tan Linh commune were able to complete the construction of hygienic latrines.



**Better life in the Nam Song Cong relocation site**

The Nam Song Cong resettlement site, located in the Hung Son commune of the Dai Tu district, was acquired in 2010 and divided into 474 plots, with each plot allocated to households whose land was acquired for the Nui Phao mine project.

The Nam Song Cong site has adequate infrastructure and social services facilities, such as a market, a health care center, a cultural house with over 120 seats and a church, considered to be the biggest in Dai Tu. Recently, out of these 800 residents, nearly 200 are working either at Nui Phao mine or for its contractors or suppliers.

After nearly 6 years, the Nam Song Cong resettlement site has become one of the most modern and busy residential areas of Dai Tu district. Recently, the town of Hung Son has inaugurated the project for the development of the model urban district Hung Son number 1 and Dai Tu central market, both of which are bordering the Nam Song Cong resettlement site. Upon completion, the project is expected to become the epitome of the industrialization and modernization and development progress of Dai Tu district and the town of Hung Son is expected to be categorized as an urban city of level 4 before 2020.

*"The Son Ha group (Nam Song Cong resettlement site) is the first hamlet in the town of Hung Son where 100% of all households have gained access to standard water and sanitation. Here, 25% are seen as rich people, 65% as better-off, while there are no poor households. Our life after resettlement is much better than before".*

Ms. Dao Thi Vu, head of the Son Ha group (Nam Song Cong resettlement site)



**MAKING LOCAL EXPERIENCE VIABLE**

We have continued to provide our support to agricultural extension services with a constant focus on local competitive advantages including tea and vegetable cultivation. However, we have now expanded our support to cover exploratory flower cultivation as a new agricultural advantage of the community.

**Highest VietGAP – tea entitled in the province**

Under the VietGAP tea program, an additional four groups with a total of 113 households have obtained the VietGAP certificate. Compared with the same period of 2015, the program has almost doubled in size in every aspect, such as the number of production groups, number of participating households and size of the cultivated areas. To date, a total of 349 households in 4 affected communes

with 56.6 ha of tea farm have been fully certified with VietGAP standards. Subsequently, their VietGAP tea products are expected to retail at a price that is 20% to 40% higher than non-VietGAP certified products.



**Making safe vegetable story**

2016 was a milestone year for the VietGAP vegetable program. It saw the establishment of the Hung Son safe vegetable cooperative. The town of Hung Son set up a VietGAP vegetable model with 11 ha of arable land in 2011 and ever since its foundation was struggling to maintain VietGAP standards and provide a stable output, let alone to scale up its production activities. Massan Resources became fully of the dire situation in 2013 and

immediately stepped in to provide financial and expert support. As a consequence, after 3 years of the Company's continued backing through financial help and intensive practical training, over 150 farmers and agricultural workers have now strengthened and secured cultivation of vegetables, in particular;

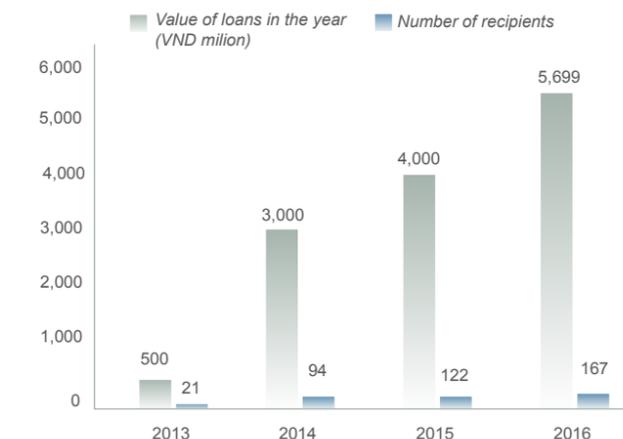


**Economic restoration fund – having impact in policy making**

The micro-finance fund continues to uphold itself as an effective and innovative economic restoration model. This year, over VND 1 billion was invested and VND 699 million was reinvested into the fund, generating access opportunities to affordable capital to 47 additional households. Currently 167 households are utilizing the fund for a great variety of income generation activities. So far, 45 households have been able to repay their loans and no bad loans have been recorded.

Owing to the creation of the microfinance fund, the Company was acknowledged as a unique enterprise in Thai Nguyen province not only for its leading role in community development, but also for its influential policy advocacy work. On the basis of guidelines from the Party Central Committee Secretariat (Directive No 40, dated 22/11/2014) and the evidence of success of the Nui Phao microfinance model, Thai Nguyen became one of the few provinces to implement the general policy on mobilizing enterprises to share their resources with the Social Bank to support the poor and economically challenged households (policy archive numbers No 998CV-TU dated 20/3/2015 of Thai Nguyen Party Committee, archive No 352 dated 05/2/2015 of Thai Nguyen People's Committee).

**Economic Restoration Fund by year (2013-2016)**



# FINANCIAL STATEMENTS

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION)



Corporate Information  
Statement of the Board of Management  
Independent Auditor Report  
Balance Sheets  
Statement of Income  
Statement of Cash Flow  
Notes to the Financial Statements

## CORPORATE INFORMATION

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION)

<b>Enterprise Registration Certificate No.</b>	0309966889	6 May 2016
	The Company's Enterprise Registration Certificate has been amended several times, the most recent of which was dated 6 May 2016. The Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City. The first Business Registration Certificate No. 0309966889 was issued on 27 April 2010.	
<b>Investment Certificate No.</b>	41122000131	2 August 2013
	The Investment Certificate was issued by the People's Committee of Ho Chi Minh City to the Company to implement the investment of "Ma San Resources Corporation". The project has a term of 10 years from the date of the Investment Certificate.	
<b>Board of Directors</b>	Mr. Chetan Prakash Baxi	Chairman (from 22 April 2016)
	Dr. Nguyen Dang Quang	Chairman (until 21 April 2016)
	Dr. Nguyen Dang Quang	Member (from 22 April 2016)
	Mr. Chetan Prakash Baxi	Member (until 21 April 2016)
	Mr. Nguyen Thieu Nam	Member
	Mr. Jonathan David Fiorello	Member
	Mr. Dominic John Heaton	Member (from 22 April 2016)
	Mr. Nguyen Van Thang	Member (from 22 April 2016)
<b>Board of Management</b>	Mr Dominic John Heaton	General Director
<b>Registered Office</b>	Suite 802, 8th Floor, Central Plaza Building No. 17 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City Vietnam	
<b>Auditor</b>	KPMG Limited Vietnam	

## STATEMENT OF THE BOARD OF MANAGEMENT

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION)

The Board of Management of Masan Resources Corporation (formerly known as Ma San Resources Corporation) ("the Company") presents this statement and the accompanying consolidated and separate financial statements of the Company and its subsidiaries (collectively referred to as "the Group") as of and for the year ended 31 December 2016.

The Board of Management is responsible for the preparation and presentation of the consolidated and separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Management:

- (a) the consolidated and separate financial statements set out on pages 111 to 156 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of the results of operations and the cash flows of the Group and of the Company for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised these consolidated and separate financial statements for issue.

On behalf of the Board of Management



**Dominic John Heaton**  
General Director

Ho Chi Minh City, 15 March 2017

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders****Masan Resources Corporation (formerly known as Ma San Resources Corporation)**

We have audited the accompanying consolidated and separate financial statements of Masan Resources Corporation (formerly known as Ma San Resources Corporation) ("the Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated and separate balance sheets as at 31 December 2016, the related consolidated and separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's management on 15 March 2017, as set out on pages 111 to 156.

**Management's Responsibility**

The Company's management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting and for such internal control as the management determines necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

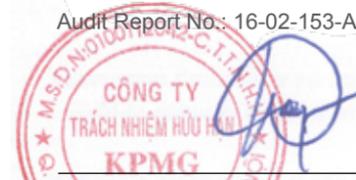
**Auditor's Opinion**

In our opinion, the consolidated and separate financial statements give a true and fair view, in all material respects, of the financial positions of the Group and the Company as at 31 December 2016 and of their consolidated and separate results of operations and their consolidated and separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

**KPMG Limited**

Vietnam

Audit Report No.: 16-02-153-A



Wang Toon Kim

Practicing Auditor Registration

Certificate No.: 0557-2013-007-1

Deputy General Director

Hanoi, 15 March 2017

Le Viet Hung

Practicing Auditor Registration

Certificate No.: 0296-2013-007-1

## BALANCE SHEETS

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES

Balance sheets as at 31 December 2016

Form B 01 – DN/HN  
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Group		Company	
			31/12/2016	1/1/2016	31/12/2016	1/1/2016
			VND'000	VND'000	VND'000	VND'000
<b>ASSETS</b>						
<b>Current assets</b>						
<b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>2,496,130,991</b>	<b>2,490,177,582</b>	<b>951,931</b>	<b>552,795</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>603,345,037</b>	<b>372,014,377</b>	<b>896,931</b>	<b>497,795</b>
Cash	111		536,715,037	370,384,377	896,931	497,795
Cash equivalents	112		66,630,000	1,630,000	-	-
<b>Short-term financial investments</b>	<b>120</b>		<b>-</b>	<b>2,100,000</b>	<b>-</b>	<b>-</b>
Held-to-maturity investments	123		-	2,100,000	-	-
<b>Accounts receivable - short-term</b>	<b>130</b>		<b>583,833,584</b>	<b>747,080,504</b>	<b>55,000</b>	<b>55,000</b>
Accounts receivable from customers	131		271,197,824	241,247,245	-	-
Prepayments to suppliers	132		42,094,159	75,767,652	-	-
Other receivables	136	6	277,397,165	432,350,795	55,000	55,000
Allowance for doubtful debts	137		(6,855,564)	(2,285,188)	-	-
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>1,112,385,216</b>	<b>1,084,398,392</b>	<b>-</b>	<b>-</b>
Inventories	141		1,112,385,216	1,084,398,392	-	-
<b>Other current assets</b>	<b>150</b>		<b>196,567,154</b>	<b>284,584,309</b>	<b>-</b>	<b>-</b>
Short-term prepaid expenses	151		61,782,483	42,783,827	-	-
Deductible value added tax	152		134,784,671	241,800,482	-	-

The accompanying notes are an integral part of these financial statements

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES

Balance sheets as at 31 December 2016 (continued)

Form B 01 – DN/HN  
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Group		Company	
			31/12/2016 VND'000	1/1/2016 VND'000	31/12/2016 VND'000	1/1/2016 VND'000
<b>Long term assets</b>						
<b>(200 = 210 + 220 + 240 + 250 + 260)</b>	<b>200</b>		<b>24,039,367,458</b>	<b>24,117,529,315</b>	<b>10,024,094,084</b>	<b>10,079,094,084</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>1,379,457,775</b>	<b>1,401,308,413</b>	<b>4,883,758,511</b>	<b>4,938,758,511</b>
Receivables on long-term lending loans	215	8	-	-	3,945,518,100	3,945,518,100
Other long-term receivables	216	6	1,379,457,775	1,401,308,413	938,240,411	993,240,411
<b>Fixed assets</b>	<b>220</b>		<b>18,629,319,036</b>	<b>16,902,122,433</b>	-	-
Tangible fixed assets	221	9	18,037,642,308	16,256,577,694	-	-
Cost	222		20,374,332,304	17,617,933,108	-	-
Accumulated depreciation	223		(2,336,689,996)	(1,361,355,414)	-	-
Finance lease tangible fixed assets	224	10	17,946,667	31,406,667	-	-
Cost	225		67,300,000	67,300,000	-	-
Accumulated depreciation	226		(49,353,333)	(35,893,333)	-	-
Intangible fixed assets	227	11	573,730,061	614,138,072	-	-
Cost	228		677,940,788	677,181,458	137,950	137,950
Accumulated amortisation	229		(104,210,727)	(63,043,386)	(137,950)	(137,950)
<b>Long-term work in progress</b>	<b>240</b>		<b>1,681,618,571</b>	<b>3,994,917,610</b>	-	-
Construction in progress	242	12	1,681,618,571	3,994,917,610	-	-
<b>Long-term financial investments</b>	<b>250</b>		-	-	<b>5,140,335,573</b>	<b>5,140,335,573</b>
Investment in a subsidiary	251	13	-	-	5,140,335,573	5,140,335,573
<b>Other long-term assets</b>	<b>260</b>		<b>2,348,972,076</b>	<b>1,819,180,859</b>	-	-
Long-term prepaid expenses	261	14	2,348,972,076	1,819,180,859	-	-
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>26,535,498,449</b>	<b>26,607,706,897</b>	<b>10,025,046,015</b>	<b>10,079,646,879</b>

The accompanying notes are an integral part of these financial statements

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES

Balance sheets as at 31 December 2016 (continued)

Form B 01 – DN/HN  
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Group		Company	
			31/12/2016 VND'000	1/1/2016 VND'000	31/12/2016 VND'000	1/1/2016 VND'000
<b>RESOURCES</b>						
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>14,825,018,166</b>	<b>15,012,572,488</b>	<b>581,264,773</b>	<b>718,158,182</b>
<b>Current liabilities</b>	<b>310</b>		<b>3,518,587,636</b>	<b>3,971,178,995</b>	<b>40,190,598</b>	<b>65,834,559</b>
Accounts payable to suppliers	311		385,674,737	527,850,896	33	36,416
Advances from customers	312		37,027,125	5,011,136	-	-
Taxes payable to State Treasury	313	15	43,470,903	29,966,819	-	-
Payables to employees	314		14,359	11,626	-	-
Accrued expenses	315	16	794,222,535	798,272,246	934,647	778,096
Other short-term payables	319	17	31,175,245	79,848,379	39,255,918	65,020,047
Short-term borrowings and financial lease liabilities	320	18(a)	2,227,002,732	2,530,217,893	-	-
<b>Long-term liabilities</b>	<b>330</b>		<b>11,306,430,530</b>	<b>11,041,393,493</b>	<b>541,074,175</b>	<b>652,323,623</b>
Other long-term payables	337	17	1,124,123,839	1,581,573,288	541,074,175	652,323,623
Long-term borrowings, bonds and financial lease liabilities	338	18(b)	8,922,889,456	8,173,417,989	-	-
Deferred tax liabilities	341	20	675,071,953	704,173,514	-	-
Provisions – long-term	342	19	584,345,282	582,228,702	-	-

The accompanying notes are an integral part of these financial statements

## STATEMENTS OF INCOME

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES  
 Statements of income for the year ended 31 December 2016

Form B 02 – DN/HN  
 (Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
 dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Group		Company	
			2016	2015	2016	2015
			VND'000	VND'000	VND'000	VND'000
Revenue from sales of goods	01	24	4,048,817,336	2,665,267,495	-	-
Revenue deductions	02		-	7,392,789	-	-
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>		<b>4,048,817,336</b>	<b>2,657,874,706</b>	<b>-</b>	<b>-</b>
Cost of sales	11		2,945,556,012	1,894,376,161	-	-
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>1,103,261,324</b>	<b>763,498,545</b>	<b>-</b>	<b>-</b>
Financial income	21	25	221,046,558	556,078,851	85,002,516	18,095,979
Financial expenses	22	26	966,860,622	834,759,478	-	52,914,399
Selling expenses	25		132,925,055	160,179,519	-	-
General and administration expenses	26		93,030,372	247,909,321	2,707,029	5,064,700
<b>Net operating profit/(loss) {30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>131,491,833</b>	<b>76,729,078</b>	<b>82,295,487</b>	<b>(39,883,120)</b>
Other income	31		2,378,754	11,769,734	-	-
Other expenses	32		33,305,833	29,939,356	2,942	-
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(30,927,079)</b>	<b>(18,169,622)</b>	<b>(2,942)</b>	<b>-</b>

The accompanying notes are an integral part of these financial statements

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES  
 Balance sheets as at 31 December 2016 (continued)

Form B 01 – DN/HN  
 (Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
 dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Group		Company	
			31/12/2016	1/1/2016	31/12/2016	1/1/2016
			VND'000	VND'000	VND'000	VND'000
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>11,710,480,283</b>	<b>11,595,134,409</b>	<b>9,443,781,242</b>	<b>9,361,488,697</b>
<b>Equity</b>	<b>410</b>	<b>21</b>	<b>11,710,480,283</b>	<b>11,595,134,409</b>	<b>9,443,781,242</b>	<b>9,361,488,697</b>
Share capital	411	22	7,194,473,280	7,194,473,280	7,194,473,280	7,194,473,280
- Ordinary shares with voting rights	411a		7,035,448,980	7,035,448,980	7,035,448,980	7,035,448,980
- Preference shares	411b		159,024,300	159,024,300	159,024,300	159,024,300
Share premium	412	22	1,944,327,324	1,944,327,324	1,944,327,324	1,944,327,324
Other capital	414		(295,683,347)	(295,683,347)	-	-
Undistributed profit after tax	421		2,551,804,716	2,441,963,692	304,980,638	222,688,093
- Undistributed profit brought forward	421a		2,441,963,692	2,289,827,945	222,688,093	262,571,213
- Undistributed profit/(losses) for the current year	421b		109,841,024	152,135,747	82,292,545	(39,883,120)
Non-controlling interest	429		315,558,310	310,053,460	-	-
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>26,535,498,449</b>	<b>26,607,706,897</b>	<b>10,025,046,015</b>	<b>10,079,646,879</b>

15 March 2017

Prepared by:



Nguyen Thi Hai Yen  
Chief Accountant

Reviewed by:



Nikhil Kamran  
Acting Chief Financial Officer

Approved by:



Dominic John Heaton  
General Director

The accompanying notes are an integral part of these financial statements

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES

Statements of income for the year ended 31 December 2016  
(Continued)Form B 02 – DN/HN  
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Group		Company	
			2016 VND'000	2015 VND'000	2016 VND'000	2015 VND'000
<b>Accounting profit/(loss) before tax (50 = 30 + 40)</b>	<b>50</b>		<b>100,564,754</b>	<b>58,559,456</b>	<b>82,292,545</b>	<b>(39,883,120)</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>27</b>	<b>14,320,441</b>	<b>113,525</b>	<b>-</b>	<b>-</b>
<b>Income tax benefits – deferred</b>	<b>52</b>	<b>27</b>	<b>(29,101,561)</b>	<b>(25,876,098)</b>	<b>-</b>	<b>-</b>
<b>Net profit/(loss) after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>115,345,874</b>	<b>84,322,029</b>	<b>82,292,545</b>	<b>(39,883,120)</b>
			<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
<b>Net profit/(loss) attributable to:</b>						
Equity holders of the Company	61		109,841,024	152,135,747	82,292,545	(39,883,120)
Non-controlling interest	62		5,504,850	(67,813,718)	-	-
			<b>VND</b>	<b>VND</b>		
<b>Earnings per share</b>						
Basic earnings per share	70	28	153	211		

15 March 2017

Prepared by:


Nguyen Thi Hai Yen  
Chief Accountant

Reviewed by:


Nikhil Kamran  
Acting Chief Financial Officer

Approved by:

Dominic John Heaton  
General Director

## STATEMENTS OF CASH FLOWS

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES

Statements of cash flows for the year ended 31 December 2016 (Indirect method)

Form B 03 – DN/HN  
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

	Code	Group		Company	
		2016 VND'000	2015 VND'000	2016 VND'000	2015 VND'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Profit/(loss) before tax</b>	<b>01</b>	<b>100,564,754</b>	<b>58,559,456</b>	<b>82,292,545</b>	<b>(39,883,120)</b>
<b>Adjustments for</b>					
Depreciation and amortisation	02	1,027,293,480	808,013,379	-	-
Allowances and provisions	03	50,080,962	49,802,020	-	-
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	20,027,858	23,164,104	-	-
Profits from investing activities	05	(158,760,543)	(508,467,181)	(85,002,516)	(18,095,979)
Interest expense and borrowing fees	06	844,510,670	706,154,441	-	52,914,399
<b>Operating profit/(loss) before changes in working capital</b>	<b>08</b>	<b>1,883,717,181</b>	<b>1,137,226,219</b>	<b>(2,709,971)</b>	<b>(5,064,700)</b>
Change in receivables and other current assets	09	(103,021,421)	207,127,762	-	-
Change in inventories	10	(27,986,824)	(428,357,269)	-	-
Change in payables and other liabilities	11	10,022,219	227,307,687	320,168	(27,056,124)
Change in prepaid expenses	12	31,329,469	(90,851,565)	-	-
		<b>1,794,060,624</b>	<b>1,052,452,834</b>	<b>(2,389,803)</b>	<b>(32,120,824)</b>
Interest paid	14	(656,209,478)	(1,010,638,167)	-	(384,946,188)
Income tax paid	15	(363,147)	(108,583)	-	-
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>1,137,487,999</b>	<b>41,706,084</b>	<b>(2,389,803)</b>	<b>(417,067,012)</b>

The accompanying notes are an integral part of these financial statements

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES

Statements of cash flows for the year ended 31 December 2016  
(Indirect method - continued)Form B 03 – DN/HN  
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

	Code	Group		Company	
		2016 VND'000	2015 VND'000	2016 VND'000	2015 VND'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for additions to fixed assets and other long-term assets	21	(1,201,145,618)	(2,000,266,615)	-	-
Proceeds from disposals of fixed assets and other long-term assets	22	2,922,727	227,273	-	-
Placement of term deposits to banks	23	-	(2,100,000)	-	-
Receipts of term deposits from banks	24	2,100,000	-	-	-
Receipts from collecting loans of other entities	24	-	-	-	996,000,000
Receipt of interest	27	2,314,464	4,661,873	55,002,516	30,210,729
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(1,193,808,427)</b>	<b>(1,997,477,469)</b>	<b>55,002,516</b>	<b>1,026,210,729</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings	33	4,200,895,851	11,247,836,312	-	-
Payments of transaction costs related to borrowings	34	-	(122,500,000)	-	-
Payments to settle loan principals	34	(3,848,163,366)	(8,874,377,630)	-	(611,053,812)
Payments to settle financial lease	35	(14,154,850)	(11,351,889)	-	-
Payments of dividends	36	(52,213,577)	(52,070,918)	(52,213,577)	(52,070,918)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>286,364,058</b>	<b>2,187,535,875</b>	<b>(52,213,577)</b>	<b>(663,124,730)</b>

The accompanying notes are an integral part of these financial statements

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES

Statements of cash flows for the year ended 31 December 2016  
(Indirect method - continued)Form B 03 – DN/HN  
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

	Code	Group		Company	
		2016 VND'000	2015 VND'000	2016 VND'000	2015 VND'000
<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>230,043,630</b>	<b>231,764,490</b>	<b>399,136</b>	<b>(53,981,013)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>372,014,377</b>	<b>136,442,647</b>	<b>497,795</b>	<b>54,478,808</b>
<b>Effect of exchange rate fluctuation on cash and cash equivalents</b>	<b>61</b>	<b>1,287,030</b>	<b>3,807,240</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 5)</b>	<b>70</b>	<b>603,345,037</b>	<b>372,014,377</b>	<b>896,931</b>	<b>497,795</b>

15 March 2017

Prepared by:


Nguyen Thi Hai Yen  
Chief Accountant

Reviewed by:


Nikhil Kamran  
Acting Chief Financial Officer

Approved by:

Dominic John Heaton  
General Director

The accompanying notes are an integral part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2016

Form B 09 – DN/HN  
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. Reporting entity

#### Ownership and group structure

Masan Resources Corporation (formerly known as Ma San Resources Corporation) (“the Company” or “MSR”) is incorporated as a joint stock company in Vietnam. The principal activity of the Company is investment holding.

The consolidated financial statements comprise the Company and its subsidiaries (collectively referred to as “the Group”).

The principal activities of the subsidiaries are described as follows:

Name	Principal activity	Percentage of economic interests at	
		31/12/2016	1/1/2016
Masan Thai Nguyen Resources Co., Ltd (formerly known as Ma San Thai Nguyen Resources Company Limited) (“MRTN”)	Investment holding	100%	100%
Thai Nguyen Trading and Investment Company Ltd (“TNTI”)	Investment holding	100%	100%
Nui Phao Mining Co., Ltd (“NPM”)	Exploring and processing mineral	100%	100%
Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC (“NPHCS”)	Deep processing of nonferrous metals and precious metals (Tungsten)	51%	51%

The percentage of economic interests represents the effective percentage of economic interests of the Company both directly and indirectly in the subsidiaries.

All the subsidiaries are incorporated in Vietnam.

As at 31 December 2016, the Company had 2 employees (1/1/2016: 2 employees) and the Group had 1,343 employees (1/1/2016: 1,475 employees).

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2016  
(continued)

Form B 09 – DN/HN  
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

### 2. Basis of preparation

#### (a) Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

#### (b) Basis of measurement

The consolidated and separate financial statements, except for the consolidated and separate statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated and separate statement of cash flows is prepared using the indirect method.

#### (c) Annual accounting period

The annual accounting period of the Company and its subsidiaries are from 1 January to 31 December.

#### (d) Accounting and presentation currency

The Company’s accounting currency is Vietnam Dong (“VND”). The consolidated and separate financial statements are prepared and presented in VND rounded to the nearest thousand (“VND’000”).

### 3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group and the Company in the preparation of these separate and consolidated financial statements.

#### (a) Basis of consolidation

##### (i) Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration the potential voting rights that currently are exercisable.

Under the purchase method, the assets and liabilities of the acquired entity are consolidated using their fair values. Cost of acquisition consists of the aggregate fair value at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. Goodwill represents the excess of the cost of acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. When the excess is negative, it is recognised immediately in the statement of income.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations included any costs directly attributable to the combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants to effect the combination. Transaction costs are capitalised into the cost of business combination. General administrative costs and other costs that cannot be directly attributed to the particular combination being accounted for are not included in the cost of the combination; they are recognised as an expense when incurred.

##### (ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### (iii) Non-controlling interests

Non-controlling interests (“NCI”) are measured by their proportionate economic interest in the acquiree’s identifiable net assets at date of acquisition.

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2016  
(continued)Form B 09 – DN/HN  
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**(iv) Transactions eliminated on consolidation**

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**(b) Foreign currency**

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate at the end of the accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conducts transactions.

All foreign exchange differences are recorded in the statement of income.

**(c) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(d) Investments****(i) Held to maturity investments**

Held-to-maturity investments are those that the Group's management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank and receivables on lending loans held to maturity. These investments are stated at costs less allowance for doubtful debts.

**(ii) Investments in subsidiaries**

For the purpose of separate financial statements, investments in subsidiaries are initially recognised at cost which includes

purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss, except where such a loss was anticipated by the Group's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

**(e) Accounts receivable**

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable mining and manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventories.

**(g) Tangible fixed assets****(i) Cost**

Upon completion of the mine construction phase, the assets are transferred into "building and structures", "machinery and equipment" or "other mining assets" in tangible fixed assets. Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price or construction cost, including import duties,

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non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

Other mining assets comprise mine rehabilitation assets; and fair value of mineral reserves and mineral resources from business combination.

**(ii) Depreciation**

*Machinery and equipment and fair value of mineral reserves from business combination directly related to mining activities*  
Machinery and equipment and fair value of mineral reserves from business combination which are directly related to the mining exploitation activities is depreciated over its mineral reserve on a unit-of-production basis. Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Group's mining properties.

*Machinery and equipment of a subsidiary directly related to production activities*

Tangible fixed assets of a subsidiary which are directly related to the deep processing of tungsten products are depreciated over its estimated useful lives on a units of production basis. The estimated total production quantity output which tangible fixed assets are depreciated on a unit-of-production basis over are as follows:

• ST plant	91,000 tonnes of tungsten
• APT plant	86,215 tonnes of tungsten

**Others**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

• buildings and structures	5 – 20 years
• machinery and equipment	5 – 15 years
• office equipment	3 – 10 years
• motor vehicles	3 – 6 years
• other mining assets	15 – 20 years

**(h) Finance lease tangible fixed assets**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Tangible fixed assets acquired by way of finance leases are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Depreciation on finance leased assets is computed on a straight-line basis over the estimated useful lives of items of the leased assets which is five (5) years.

**(i) Intangible fixed assets****(i) Software**

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis over three (3) to eight (8) years.

**(ii) Mining rights**

The mining rights is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with Decree 203/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Cost of mining rights are stated at an amount equal to the present value of mining rights fee and is capitalised and treated as an intangible asset. Amortisation of mining rights is computed on a straight-line basis over the period of the economic life of the mineral reserves.

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Construction in progress represents mineral assets under development and cost of construction and machinery which have not been fully completed, installed and commissioned. It also comprises mineral reserves, mineral resources and related development costs acquired in a business combination and subsequent development expenditure. These assets qualify for capitalisation when the mineral reserves to which they relate is proven to be commercially and technically viable. They are initially recognised at their fair values as part of business combination accounting and subsequent development expenditure are capitalised net of proceeds from the sale of commissioning products during the development phase. On completion of construction defined as the time when the assets are brought into the condition of its intended use, all assets are reclassified to tangible fixed assets as either “buildings and structures”, “machinery and equipment” or “other mining assets”; or long-term prepaid expenses as “other mining costs”.

No depreciation is provided for construction in progress during the period of development, construction, installation and commissioning stages.

**(k) Long-term prepaid expenses****(i) Pre-operating expenses**

Pre-operating expenses are recorded in the statement of income, except for establishment costs and expenditures on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date. These expenses are recognised as long-term prepaid expenses, initially stated at cost, and are amortised on a straight line basis over three (3) years starting from the date of commercial operation.

**(ii) Land compensation costs**

Land compensation costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land for its mining activities. These costs are recognised in the statement of income on a straight-line basis over the term of the lease of twenty (20) years.

**(iii) Other mining costs**

In accordance with the letter No. 12727/BTC-TCDN dated 14 September 2015 from the Ministry of Finance which provides guidance that mining related costs could be recognised as long-term prepaid expenses under non-current assets.

Other mining costs comprise:

- Exploration, evaluation and development expenditure (including development stripping); and
- Production stripping (as described below in ‘Deferred stripping costs’).

**Deferred stripping costs**

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore body. Stripping costs incurred in the development phase of a mine (development stripping costs) are recorded as part of the cost of construction of the mine. All development stripping expenditure incurred during construction phase are transferred to other mining costs.

The costs of removal of the waste material during a mine’s production phase (production stripping costs) are deferred where they give rise to future benefits:

- a) It is probable that the future economic benefits will flow to the Group;
- b) The component of the ore body for which access has been improved can be identified; and
- c) The costs incurred can be measured reliably.

Production stripping costs are allocated between inventory and long-term prepaid expenses in accordance with the life of mine strip ratio.

The life of mine strip ratio represents the estimated total volume of waste, to the estimated total quantity of economically recoverable ore, over the life of the mine. These costs are recognised as long-term prepaid expenses where the current

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period actual stripping ratio is higher than the average life of mine strip ratio.

The development and production stripping costs are amortised over the life of the proven and probable reserves of the relevant components on a systematic basis.

**(iv) Other prepaid expenses**

Other prepaid expenses include service fees which are initially stated at cost and amortised on a straight-line basis over the term of the contracts.

**(l) Accounts payable**

Accounts payable to suppliers and other payables are stated at their cost.

**(m) Provisions**

A provision is recognised if, as a result of a past event, the Group or the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(i) Mining rights**

In accordance with the Law on Minerals 2010, a subsidiary of the Company has an obligation to pay the government fees for mining rights grant. The mining rights fees is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with Decree 203/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Mining rights fees are recognised as intangible fixed assets.

**(ii) Mine rehabilitation**

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure or rehabilitation. Closure and rehabilitation works can include facility

decommissioning and dismantling; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of the Ministry of Natural Resources and Environment (“MONRE”) and the Group’s environmental policies based on the Environment Impact Report.

Provisions for the cost of each closure and rehabilitation program are recognised at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation proportional to the degree of influence on the environment existing at the reporting date.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting dates and the cost is charged to the statement of income. Routine operating costs that may impact the ultimate closure and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

The timing of the actual closure and rehabilitation expenditure is dependent on the life of the mine. Closure and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flow. Those expectations are formed based on existing environmental and regulatory requirements which give rise to a constructive obligation.

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When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of closure and rehabilitation activities is recognised in other mining assets and depreciated accordingly. The value of the provision is progressively increased over time as the effect of the discounting unwinds, creating an expense recognised in financial expenses.

Closure and rehabilitation provisions will also be adjusted for changes in estimates. These adjustments will be accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the under-depreciated capitalised cost of the related assets, in which the capitalised cost is reduced to nil and the remaining adjustment is recognised in the consolidated income statement. Changes to the capitalized cost result in an adjustment to future depreciation. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved.

**(n) Bonds issued**

At initial recognition, bonds are measured at cost which comprises proceeds from issuance net of issuance costs. Any discount, premium or issuance costs are amortised on a straight-line basis over the term of the bond.

**(o) Equity****(i) Ordinary shares**

Ordinary share capital is classified as equity. The excess of proceeds contributed over the par value of shares issued is recorded as share premium. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from share premium.

**(ii) Preference shares**

Mandatorily convertible preference shares are classified as equity, because they are entitled to fixed dividends and any

discretionary dividends declared to ordinary shareholders and it participate equally in the residual assets on dissolution. The excess of proceeds contributed over the par value of shares issued is recorded as share premium. Incremental costs directly attributable to the preference shares are recognised as a deduction from share premium.

**(iii) Other capital**

Equity movements resulting from acquisition or disposal to non-controlling interests and transactions involving equity instruments were recorded in "Other capital".

**(p) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantively enacted at end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(q) Revenue from the sale of goods**

Revenue from the sale of goods is recognised in the statement of income when significant risks and rewards of ownership

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have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

For sales of minerals, the sales price is usually determined on a provisional basis at the date of revenue recognition and adjustments to the sales price subsequently occurs based on movements in quoted market or contractual prices up to the date of final pricing. The period between provisional invoicing and final pricing is typically between 30 and 60 days, but in some cases can be as long as 90 days. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable.

In cases where the terms of the executed contractual sales agreement allow for an adjustment to the sales price based on a survey of the goods by the customer, assay results issued by a third party are preferable, unless customer's survey is within executed contractual tolerance, then sales recognition is based on the most recently determined product specifications agreed by parties.

**(r) Financial income and financial expenses****(i) Financial income**

Financial income comprises interest income from deposits and loans and foreign exchange gains. Interest income is recognised as it accrues in the statement of income.

**(ii) Financial expenses**

Financial expenses comprise interest expenses on borrowings, facility fees, financing costs, transaction costs and foreign exchange losses.

**(s) Operating lease payments**

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

**(t) Borrowing costs**

Borrowings costs comprise interest expenses on borrowings, facility fees, financing costs and transaction costs. Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

**(u) Earnings per share**

The Group presents basic and diluted, if any, earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. To determine the profit or loss attributable to ordinary equity holders, profit or loss for the year is allocated to the ordinary shares and participating equity instruments. This allocation is made in accordance with the rights of the other class of shares to participate in distributions if the entire profit or loss were distributed.

Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares. Dilutive potential ordinary shares does not include convertible instruments that are mandatorily convertible.

**(v) Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

**(w) Related parties**

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making

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financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party. Related parties that are individuals refer to key management personnel who have authority and responsibility for planning, directing and controlling the activities of the Company, including directors and officers of the Company. Related companies refer to the investors and their ultimate holding companies and their subsidiaries and associates.

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The Group comprises the following main business segments:

For the year ended 31 December 2016	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	619,613,601	833,247,290	2,391,679,574	204,276,871	4,048,817,336
Segment gross profit	371,604,434	476,834,387	229,262,354	25,560,149	1,103,261,324
Unallocated expenses					225,955,427
Financial income					221,046,558
Financial expenses					966,860,622
Results from operating activities					131,491,833
Other income					2,378,754
Other expenses					33,305,833
Income tax benefit					(14,781,120)
Net profit after tax					115,345,874

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For the year ended 31 December 2015	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	672,611,077	776,156,464	1,140,434,864	76,065,090	2,665,267,495
Segment revenue deductions	-	-	(7,392,789)	-	(7,392,789)
<b>Total segment revenue</b>	<b>672,611,077</b>	<b>776,156,464</b>	<b>1,133,042,075</b>	<b>76,065,090</b>	<b>2,657,874,706</b>
Segment gross profit	122,582,447	404,095,452	225,592,823	11,227,823	763,498,545
Unallocated expenses					408,088,840
Financial income					556,078,851
Financial expenses					834,759,478
<b>Results from operating activities</b>					<b>76,729,078</b>
Other income					11,769,734
Other expenses					29,939,356
Income tax benefit					(25,762,573)
<b>Net profit after tax</b>					<b>84,322,029</b>

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	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
<b>As at 31 December 2016</b>					
Segment assets	215,094,844	1,119,798,540	2,216,085,945	1,476,715,921	5,027,695,250
Unallocated assets					21,507,803,199
<b>Total assets</b>					<b>26,535,498,449</b>
Total liabilities					14,825,018,166
<b>As at 31 December 2015</b>					
Segment assets	228,602,892	1,190,123,806	1,926,105,078	374,493,881	3,719,325,657
Unallocated assets					22,888,381,240
<b>Total assets</b>					<b>26,607,706,897</b>
Total liabilities					15,012,572,488
<b>For the year ended 31 December 2016</b>					
Capital expenditure	-	-	346,191,642	75,264,692	421,456,334
Unallocated capital expenditure					779,689,284
Depreciation	13,508,048	70,325,266	138,706,396	59,220,901	281,760,611
Unallocated depreciation					709,096,803
Unallocated amortisation					191,920,302
<b>For the year ended 31 December 2015</b>					
Capital expenditure	-	-	565,635,939	-	565,635,939
Unallocated capital expenditure					1,434,630,676
Depreciation	12,011,214	62,165,939	62,974,002	19,273,104	156,424,259
Unallocated depreciation					613,725,509
Unallocated amortisation					115,779,983

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	Group		Company	
	31/12/2016	1/1/2016	31/12/2016	1/1/2016
	VND'000	VND'000	VND'000	VND'000
Cash on hand	180,691	120,699	-	-
Cash in banks	536,534,346	370,263,678	896,931	497,795
Cash equivalents	66,630,000	1,630,000	-	-
	603,345,037	372,014,377	896,931	497,795

**6. Other short-term and long-term receivables**

	Group		Company	
	31/12/2016	1/1/2016	31/12/2016	1/1/2016
	VND'000	VND'000	VND'000	VND'000
<b>Short-term receivables</b>				
Sale of claims receivable (a)	10,000,000	256,200,000	-	-
Others (b)	267,397,165	176,150,795	55,000	55,000
	277,397,165	432,350,795	55,000	55,000
<b>Long-term receivables</b>				
Borrowing cost – MRTN (c)	-	-	938,240,411	993,240,411
Land compensation receivable from Thai Nguyen People's Committee (d)	1,356,982,821	1,383,085,565	-	-
Others	22,474,954	18,222,848	-	-
	1,379,457,775	1,401,308,413	938,240,411	993,240,411

(a) During the year, all the rights and obligations of a third party purchase of a subsidiary's sale of claims receivable has been novated to an intermediate holding company, of which VND224 billion has been settled by debts offsetting (Note 17(a)). The remaining receivables from the intermediate holding company are unsecured, receivable based on agreed terms and interest free.

(b) A portion of other receivables as at 31 December 2016 pertains to amounts paid on behalf of an intermediate holding company which are unsecured, receivable based on agreed terms and interest free. In the prior year, all other receivables balance were due from third parties.

(c) Long-term receivables from a subsidiary are unsecured, receivable on maturity and interest free.

(d) Long-term receivables represented receivables from State Treasury for the land compensation cost of the Nui Phao Mining Project which was paid to the affected residents at Ha Thuong Commune, Dai Tu District, Thai Nguyen Province. The amount can be netted off against annual land rental fee.

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	Group		Company	
	31/12/2016	1/1/2016	31/12/2016	1/1/2016
	VND'000	VND'000	VND'000	VND'000
Goods in transit	16,836,476	65,652,476	-	-
Raw materials	211,759,203	152,374,069	-	-
Tools and supplies	508,128,264	548,806,632	-	-
Work in progress	85,477,090	104,308,694	-	-
Finished goods	244,848,741	213,256,521	-	-
Goods on consignment	45,335,442	-	-	-
	1,112,385,216	1,084,398,392	-	-

**8. Receivables on long-term lending loans**

	Group		Company	
	31/12/2016	1/1/2016	31/12/2016	1/1/2016
	VND'000	VND'000	VND'000	VND'000
Long-term lending loans receivables from a related party	-	-	3,945,518,100	3,945,518,100

The loan receivables from a related party were unsecured, due on 31 December 2020 and bore interest based on agreement between the parties.

As defined in the convertible contract, the Company has the rights to convert the loans into contributed capital prior to or on maturity date of the borrowings.

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	Buildings and struc- tures	Machinery and equipment	Office equipment	Motor vehicles	Other mining assets	Total
	VND'000	VND'000	VND'000	VND'000	VND'000	VND'000
<b>Cost</b>						
Opening balance	2,289,020,664	10,243,499,553	35,852,590	23,269,017	5,026,291,284	17,617,933,108
Additions	-	12,900,910	1,564,343	-	-	14,465,253
Transfer from construction in progress (Note 12)	1,143,877,938	1,595,805,074	1,549,482	4,098,777	-	2,745,331,271
Reclassification	(5,162,585)	5,205,163	2,785,995	2,743,595	-	5,572,168
Disposals	-	-	-	(6,672,968)	-	(6,672,968)
Written off	-	-	(1,141,528)	(1,155,000)	-	(2,296,528)
Closing balance	3,427,736,017	11,857,410,700	40,610,882	22,283,421	5,026,291,284	20,374,332,304
<b>Accumulated depreciation</b>						
Opening balance	193,155,654	815,232,772	24,769,221	14,834,669	313,363,098	1,361,355,414
Charge for the year	157,931,126	616,950,806	3,658,332	3,798,129	195,059,021	977,397,414
Reclassification	(516,259)	558,837	2,785,995	2,743,595	-	5,572,168
Disposals	-	-	-	(5,794,106)	-	(5,794,106)
Written off	-	-	(1,102,978)	(737,916)	-	(1,840,894)
Closing balance	350,570,521	1,432,742,415	30,110,570	14,844,371	508,422,119	2,336,689,996
<b>Net book value</b>						
Opening balance	2,095,865,010	9,428,266,781	11,083,369	8,434,348	4,712,928,186	16,256,577,694
Closing balance	3,077,165,496	10,424,668,285	10,500,312	7,439,050	4,517,869,165	18,037,642,308

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Included in the cost of tangible fixed assets of the Group were assets costing VND28,494 million which were fully depreciated as at 31 December 2016 (1/1/2016: VND30,283 million), but which are still in active-use.

At 31 December 2016, tangible fixed assets with a carrying value of VND12,088 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2016: VND10,440 billion) (Note 18(b)(ii)).

**10. Finance lease tangible fixed assets****Group:**

	Machinery and equipment VND'000
<b>Cost</b>	
Opening and closing balances	67,300,000
<b>Accumulated depreciation</b>	
Opening balance	35,893,333
Charge for the year	13,460,000
Closing balance	49,353,333
<b>Net book value</b>	
Opening balance	31,406,667
Closing balance	17,946,667

The Company's subsidiary - NPM leases laboratory equipment for assay testing. This laboratory equipment is considered to be a financial lease as lease obligations are secured (Note 18(b)(iii)).

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Group:

	Software VND'000	Mining rights VND'000	Total VND'000
<b>Cost</b>			
Opening balance	88,810,640	588,370,818	677,181,458
Additions	759,330	-	759,330
Closing balance	89,569,970	588,370,818	677,940,788
<b>Accumulated amortisation</b>			
Opening balance	27,124,341	35,919,045	63,043,386
Charge for the year	10,617,012	30,550,329	41,167,341
Closing balance	37,741,353	66,469,374	104,210,727
<b>Net book value</b>			
Opening balance	61,686,299	552,451,773	614,138,072
Closing balance	51,828,617	521,901,444	573,730,061

Included in the cost of intangible fixed assets were assets costing VND10,127 million which were fully amortised as at 31 December 2016 (1/1/2016: VND9,765 million), but which are still in use.

At 31 December 2016, intangible fixed assets with a carrying value of VND571 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2016: VND611 billion) (Note 18(b)(ii)).

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Group:

	2016 VND'000	2015 VND'000
Opening balance	3,994,917,610	3,185,593,593
Additions during the year	986,327,607	1,904,441,432
Transfer to tangible fixed assets (Note 9)	(2,745,331,271)	(1,106,684,101)
Transfer to intangible fixed assets (Note 11)	-	(1,788,130)
Transfer (to)/from long-term prepaid expenses (Note 14)	(554,295,375)	13,354,816
Closing balance	1,681,618,571	3,994,917,610

During the year, borrowing costs capitalised into construction in progress amounted to VND169 billion (2015: VND299 billion). As at the reporting dates, construction in progress of NPM, which mainly represents the mine development cost, construction of the plant and other capitalised costs pertaining to tailing dams, have been pledged with banks as security for long-term bonds issued by NPM. During the year, Bismuth leach and cementation plant, which has been pledged with banks as security for long-term bonds issued by NPM, has been transferred to tangible fixed assets.

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	Group		Company	
	31/12/2016	1/1/2016	31/12/2016	1/1/2016
	VND'000	VND'000	VND'000	VND'000
<b>Investment in a subsidiary</b>				
Investment in MRTN	-	-	5,140,335,573	5,140,335,573

The following are the details of the consolidated subsidiaries (see Note 1) as at 31 December 2016:

Name	Address
Masan Thai Nguyen Resources Co., Ltd (formerly known as Ma San Thai Nguyen Resources Company Limited) ("MRTN")	Ho Chi Minh City, Vietnam
Thai Nguyen Trading and Investment Co., Ltd ("TNTI")	Ho Chi Minh City, Vietnam
Nui Phao Mining Co., Ltd ("NPM")	Thai Nguyen Province, Vietnam
Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC ("NPHCS")	Thai Nguyen Province, Vietnam

NPHCS is a subsidiary of NPM. TNTI and NPM are subsidiaries of MRTN. MRTN is a subsidiary of the Company.

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Group:	Pre-operating expenses	Land compen- sation costs	Contribution to the People's Committee of Thai Nguyen Province	Other mining costs	Others	Total
Opening balance	7,677,810	606,226,331	39,864,000	1,159,914,274	5,498,444	1,819,180,859
Additions	-	-	-	104,324,266	-	104,324,266
Transfer from construction in progress (Note 12)	-	554,295,375	-	-	-	554,295,375
Transfer from long- term receivables	-	26,102,744	-	-	-	26,102,744
Reclassifications	-	5,107,922	-	-	(5,107,922)	-
Refund of land cost	-	(4,178,207)	-	-	-	(4,178,207)
Amortisation for the year	(2,791,931)	(66,937,362)	(18,932,000)	(61,918,103)	(173,565)	(150,752,961)
Closing balance	4,885,879	1,120,616,803	20,932,000	1,202,320,437	216,957	2,348,972,076

**Contribution to the People's Committee of Thai Nguyen Province**

On 20 July 2010, NPM had entered into an agreement with the People's Committee of Thai Nguyen Province, starting from 2015, whereby it committed to contribute USD1 million annually to the Provincial Treasury of Thai Nguyen throughout the life of the Nui Phao Mining Project. The amount of contribution would be reviewed and revised every 5 years but not subject to an increase of more than 15%.

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Group:	1/1/2016	Incurred	Paid/Offset	31/12/2016
	VND'000	VND'000	VND'000	VND'000
Value added tax	-	401,504,714	(401,504,714)	-
Import-export tax	-	115,104,084	(115,104,084)	-
Corporate income tax	4,005	14,320,441	(363,147)	13,961,299
Environment protection tax	-	13,227,925	(13,227,925)	-
Personal income tax	25,513,474	41,175,268	(41,122,757)	25,565,985
Natural resource taxes	-	349,342,320	(349,342,320)	-
Other taxes	4,449,340	42,196,730	(42,702,451)	3,943,619
	29,966,819	976,871,482	(963,367,398)	43,470,903

**16. Accrued expenses**

	Group		Company	
	31/12/2016	1/1/2016	31/12/2016	1/1/2016
	VND'000	VND'000	VND'000	VND'000
Bonus	17,555,938	5,792,711	-	-
Accrued interest payable	312,366,388	251,034,100	-	-
Foreign contractor tax	1,736,128	1,907,433	-	-
Natural resource taxes and fees	230,260,525	286,165,753	-	-
Accrual for construction work	102,639,226	139,122,810	-	-
Consultant fee	9,032,311	14,990,638	-	-
Operating costs	119,251,190	96,350,608	-	-
Others	1,380,829	2,908,193	934,647	778,096
	794,222,535	798,272,246	934,647	778,096

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Other payables included the following amounts:

	Group		Company	
	31/12/2016	1/1/2016	31/12/2016	1/1/2016
	VND'000	VND'000	VND'000	VND'000
<b>Long-term:</b>				
<b>Amounts due to Masan Group Corporation (MSN)</b>				
Financial expenses – long-term (a)	1,124,123,839	1,555,323,840	541,074,175	626,074,175
<b>Other payable to third parties</b>				
Other payables – long-term	-	26,249,448	-	26,249,448
	1,124,123,839	1,581,573,288	541,074,175	652,323,623
<b>Short-term:</b>				
<b>Amounts due to Masan Horizon Corporation (MH)</b>				
Non-trade – short-term (b)	2,511,785	2,511,785	2,511,785	2,511,785
<b>Amount due to NPM</b>				
Non-trade – short-term (b)	-	-	10,294,685	10,294,685
<b>Other payable to third parties</b>				
Other payables – short-term	28,663,460	77,336,594	26,449,448	52,213,577
	31,175,245	79,848,379	39,255,918	65,020,047

(a) Amounts due to ultimate holding company were unsecured, interest-free and repayable based on agreement between the parties.  
During the year, there was an offsetting of debts due from NPM of VND224 billion (Note 6(a)).

(b) Amounts due to related parties were unsecured, interest-free and repayable based on agreement between the parties.

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Group:	1/1/2016		Movement during the year				31/12/2016	
	Carrying amount VND'000	Amount within repayment capacity VND'000	Additions VND'000	Payment VND'000	Unrealised foreign exchange loss VND'000	Reclassifications from long-term borrowings VND'000	Carrying amount VND'000	Amount within repayment capacity VND'000
Short-term borrowings	2,418,506,153	2,418,506,153	2,833,863,106	(3,068,163,366)	23,586,478	-	2,207,792,371	2,207,792,371
Current portion of long-term borrowings (Note(b))	111,711,740	111,711,740	-	(480,954,849)	-	388,453,470	19,210,361	19,210,361
	2,530,217,893	2,530,217,893	2,833,863,106	(3,549,118,215)	23,586,478	388,453,470	2,227,002,732	2,227,002,732

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Terms and conditions of short-term borrowings at respective reporting dates were as follows:

	Currency	Group		Company	
		31/12/2016 VND'000	1/1/2016 VND'000	31/12/2016 VND'000	1/1/2016 VND'000
Secured bank loan (i)	USD	702,018,134	1,732,671,150	-	-
Secured bank loan (ii)	USD	129,399,631	-	-	-
Secured bank loan (ii)	VND	805,693,327	120,000,000	-	-
Loan from other third party	USD	-	1,447,303	-	-
Loan from an investor in one of the subsidiary (iii)	USD	570,681,279	564,387,700	-	-
		2,207,792,371	2,418,506,153	-	-

(i) The USD denominated syndicated loan from a local bank bore interest within range from 3.5% to 5.05% per annum. The loan is securitised by part of short-term receivables of NPM. Part of the loan was swapped to a VND denominated loan with swap interest rate of 4.5% per annum of which the swap agreement has expired prior to the reporting date. As at reporting date, these loans are secured by 120 million shares of the Company held by Masan Horizon Corporation.

(ii) The loan from a local bank is secured by inventories and part of short-term receivables of NPM. Specific loans drawdown in USD and VND bore interest of 4.5% and 8% per annum respectively.

(iii) The USD denominated loan is from an investor in one of the subsidiary. The loan is unsecured and bore interest of 6% per annum.

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	Group		Company	
	31/12/2016 VND'000	1/1/2016 VND'000	31/12/2016 VND'000	1/1/2016 VND'000
Long-term borrowings (i)	-	380,000,000	-	-
Long-term bonds issued (ii)	8,916,802,303	7,865,677,365	-	-
Finance lease liabilities (iii)	25,297,514	39,452,364	-	-
	8,942,099,817	8,285,129,729	-	-
Repayable within twelve months (Note (a))	(19,210,361)	(111,711,740)	-	-
Repayable after twelve months	8,922,889,456	8,173,417,989	-	-

**(i) Long-term borrowings**

Terms and conditions of outstanding long-term borrowings were as follows:

	Currency	Group		Company	
		31/12/2016 VND'000	1/1/2016 VND'000	31/12/2016 VND'000	1/1/2016 VND'000
Secured bank loan (*)	VND	-	380,000,000	-	-

(\*) The medium term loan from a local bank was secured and bore interest between 9.3% to 9.9% per annum. The loan was fully prepaid during the year. Prior to prepayment, in conjunction with the USD denominated short-term secured bank loan, this loan was also secured by 158 million shares of the Company held by Masan Horizon Corporation.

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Terms and conditions of outstanding long-term bonds were as follows:

	Currency	Interest rate per annum	Year of maturity	Group	
				31/12/2016 VND'000	1/1/2016 VND'000
Secured bond issuance	VND	(*)	2018	1,000,000,000	-
Secured bond issuance	VND	(**)	2020	7,916,802,303	7,865,677,365
				8,916,802,303	7,865,677,365

(\*) The VND denominated non-convertible bonds were issued by TNTI with a two-year term and bore interest at 8% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 2.0%. The bond proceeds were used by NPM under a business cooperation agreement with TNTI and secured by 21.64% of the issued shares of the Company held by Masan Horizon Corporation.

Subsequent to the reporting date and prior to the issuance of these financial statements, TNTI has submitted its application for corporate bond issuance with Vietnam Securities Depository and Ho Chi Minh Stock Exchange on 11 January 2017 and 16 February 2017 respectively.

(\*\*) The VND denominated non-convertible bonds were issued by NPM with a five-year term bore interest of 8% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every three months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3%. The bond proceeds were used by NPM and secured by certain long-term assets of NPM. This secured bond issuance was reported net of bond arrangement fees.

**(iii) Finance lease liabilities**

The future minimum lease payments under non-cancellable finance leases were:

	31/12/2016			1/1/2016		
	Payments VND'000	Interest VND'000	Principal VND'000	Payments VND'000	Interest VND'000	Principal VND'000
Within one year	21,930,692	2,720,331	19,210,361	21,930,692	5,218,952	16,711,740
Within 2 to 5 years	6,265,918	178,765	6,087,153	25,063,649	2,323,025	22,740,624
	28,196,610	2,899,096	25,297,514	46,994,341	7,541,977	39,452,364

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Movements of long-term provisions during the year were as follows:

Group:	Mine rehabilitation VND'000	Mining rights VND'000	Total VND'000
Opening balance	20,987,178	561,241,524	582,228,702
Provision made during the year	1,616,013	43,894,573	45,510,586
Provision used during the year	-	(30,000,000)	(30,000,000)
Offset with VAT refund	-	(13,394,006)	(13,394,006)
Closing balance	22,603,191	561,742,091	584,345,282

**20. Deferred tax liabilities and unrecognised deferred tax assets****(i) Recognised deferred tax liabilities**

	Group		Company	
	31/12/2016 VND'000	1/1/2016 VND'000	31/12/2016 VND'000	1/1/2016 VND'000
Deferred tax liabilities				
Mineral reserves and mineral resources	675,071,953	704,173,514	-	-

**(ii) Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the past years' tax losses of certain entities within the Group, which could be carried forward for up to 5 years:

	Tax losses available	
	Group VND'000	Company VND'000
Accumulated five year tax losses	150,273,418	3,615,386
of which:		
Finalised with tax authorities	4,194,763	-
Outstanding – subject to tax authorities' review (*)	146,078,655	3,615,386
	150,273,418	3,615,386

(\*) This amount may change subsequent to the tax authorities' review.

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Group:

	Share capital VND'000	Share premium VND'000	Other capital VND'000	Undistributed profit after tax VND'000	Equity attribut- able to equity holders of the Company VND'000	Non-con- trolling interest VND'000	Total equity VND'000
Balance at 1 January 2015	7,194,473,280	1,944,327,324	(295,683,347)	2,289,827,945	11,132,945,202	377,867,178	11,510,812,380
Net profit/(loss) for the year	-	-	-	152,135,747	152,135,747	(67,813,718)	84,322,029
Balance at 1 January 2016	7,194,473,280	1,944,327,324	(295,683,347)	2,441,963,692	11,285,080,949	310,053,460	11,595,134,409
Net profit for the year	-	-	-	109,841,024	109,841,024	5,504,850	115,345,874
Balance at 31 December 2016	7,194,473,280	1,944,327,324	(295,683,347)	2,551,804,716	11,394,921,973	315,558,310	11,710,480,283

Company:

	Share capital VND'000	Share premium VND'000	Undistributed profit after tax VND'000	Total VND'000
Balance at 1 January 2015	7,194,473,280	1,944,327,324	262,571,213	9,401,371,817
Net loss for the year	-	-	(39,883,120)	(39,883,120)
Balance at 1 January 2016	7,194,473,280	1,944,327,324	222,688,093	9,361,488,697
Net profit for the year	-	-	82,292,545	82,292,545
Balance at 31 December 2016	7,194,473,280	1,944,327,324	304,980,638	9,443,781,242

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The Company's authorised and issued share capital comprised:

	31/12/2016		1/1/2016	
	Number of shares	VND'000	Number of shares	VND'000
<b>Authorised share capital</b>	719,447,328	7,194,473,280	719,447,328	7,194,473,280
<b>Issued share capital</b>				
Ordinary shares	703,544,898	7,035,448,980	703,544,898	7,035,448,980
Preference shares	15,902,430	159,024,300	15,902,430	159,024,300
	719,447,328	7,194,473,280	719,447,328	7,194,473,280
<b>Shares in circulation</b>				
Ordinary shares	703,544,898	7,035,448,980	703,544,898	7,035,448,980
Preference shares	15,902,430	159,024,300	15,902,430	159,024,300
	719,447,328	7,194,473,280	719,447,328	7,194,473,280
<b>Share premium</b>	-	1,944,327,324	-	1,944,327,324

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

The preference shares have a par value of VND10,000, being mandatorily converted into a fixed number of ordinary shares either at the end of the preference shares agreement or on the occurrence of triggering events as stipulated in the agreement. The preference shares also confer onto the holder the right to receive dividends declared to ordinary shareholders in proportion to their shareholding in addition to its fixed cash dividends which is 3% per annum on the subscription price for the first year and 10% per annum on the subscription price for the remaining period until the conversion date.

Share premium represents the excess of the proceeds on issuance of shares over the par value.

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Group:	31/12/2016		1/1/2016	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	22,288,147	506,386,696	5,630,416	126,121,285

**(b) Bad debts written off**

Group:	31/12/2016 VND'000	1/1/2016 VND'000
Bad debts written off	9,577,438	9,577,438

**(c) Capital expenditure commitments**

As at 31 December 2016 the Group had the following outstanding capital commitments approved but not provided for in the balance sheet:

Group:	31/12/2016 VND'000	1/1/2016 VND'000
Approved but not contracted	135,029,650	3,838,841
Approved and contracted	52,252,650	-
	187,282,300	3,838,841

**(d) Final sales pricing adjustment**

As disclosed in note 3(q), the Group had the following commitments under sales contract to adjust the sales price of its product sold based on future quoted market price at the London Metal Bulletin ("LMB") at the agreed final pricing date. The revenue on provisionally priced sales is initially recognized based on the estimated fair value of the total consideration receivable at the date of transaction. Revenue will be adjusted at the final pricing date subsequent to this period end. Such adjustments are treated as changes in estimates due to the absence of a mechanism to reliably estimate future LMB quoted prices at the date of transaction.

Total revenue as at 31 December 2016 that have been recognised on a provisional basis is VND112 billion (2015: Nil).

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Total revenue represents the gross value of goods sold exclusive of value added tax.

Net revenue comprised:

Group:	2016		2015	
	VND'000		VND'000	
Total revenue	4,048,817,336		2,665,267,495	
Less revenue deductions	-		(7,392,789)	
Net revenue	4,048,817,336		2,657,874,706	

**25. Financial income**

	Group		Company	
	2016	2015	2016	2015
	VND'000	VND'000	VND'000	VND'000
Interest income	2,314,252	18,239,910	2,516	18,095,979
Foreign exchange gains	33,633,062	47,838,941	-	-
Offsetting of amounts due to a related party	185,000,000	490,000,000	85,000,000	-
Other	99,244	-	-	-
	221,046,558	556,078,851	85,002,516	18,095,979

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES

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dated 22 December 2014 of the Ministry of Finance)**26. Financial expenses**

	Group		Company	
	2016	2015	2016	2015
	VND'000	VND'000	VND'000	VND'000
Interest expense and borrowing fee	844,510,670	706,154,441	-	52,914,399
Foreign exchange losses	45,920,881	81,088,205	-	-
Others	76,429,071	47,516,832	-	-
	966,860,622	834,759,478	-	52,914,399

**27. Income tax****(a) Recognised in the statement of income**

	Group		Company	
	2016	2015	2016	2015
	VND'000	VND'000	VND'000	VND'000
<b>Current tax expense</b>				
Current year	14,320,441	113,525	-	-
<b>Deferred tax benefit</b>				
Reversal of temporary differences	(29,101,561)	(25,876,098)	-	-
<b>Income tax benefit</b>	(14,781,120)	(25,762,573)	-	-

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	Group		Company	
	2016 VND'000	2015 VND'000	2016 VND'000	2015 VND'000
Profit/(loss) before tax	100,564,754	58,559,456	82,292,545	(39,883,120)
Tax at the Company tax rate	20,112,951	12,883,080	16,458,509	(8,774,286)
Non-deductible expenses	6,123,679	6,397,990	588	616
Tax incentives	(18,800,157)	-	-	-
Effect of different tax rate in subsidiaries	(6,776,723)	24,747,423	-	-
Tax losses utilised	(26,788,428)	(86,202,797)	(16,459,097)	-
Deferred tax asset not recognised	54,755	21,641,657	-	8,773,670
Changes in temporary differences	11,292,803	(5,229,926)	-	-
	(14,781,120)	(25,762,573)	-	-

**(c) Applicable tax rates**

The Company has an obligation to pay the government corporate income tax at the rate of 20% of taxable profits (2015: 22%). The Company's subsidiaries have obligation to pay the government income tax in accordance with the prevailing regulations.

The standard income tax rate applicable to enterprises before any incentives is 20% (2015: 22%).

**(d) Tax contingencies**

The taxation laws and their application in Vietnam were subject to interpretation and may change over time. The final tax position may be subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Vietnam that are more significant than in other countries. Management believes that it had adequately provided for tax liabilities based on its interpretation of tax and legislation, including on transfer pricing requirements and computation of corporate income tax and deferred tax liabilities. However, the relevant authorities may have differing interpretations.

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dated 22 December 2014 of the Ministry of Finance)**28. Earnings per share****Basic earnings per share**

The calculation of basic earnings per share for the year ended 31 December 2016 was based on the profit attributable to ordinary shareholders of VND107,413 million (2015: VND148,773 million) and a weighted average number of ordinary shares outstanding of 703,544,898 shares (2015: 703,544,898 shares), calculated as follows:

**(a) Net profit attributable to shareholders**

	2016	2015
	VND'000	VND'000
Net profit attributable to:		
Mandatorily convertible preference shareholders	2,427,890	3,362,759
Ordinary shareholders	107,413,134	148,772,988
	109,841,024	152,135,747

**(b) Weighted average number of shares**

	2016	2015
	Issued shares at the beginning and closing of the year	719,447,328
Of which:		
Mandatorily convertible preference shares	15,902,430	15,902,430
Ordinary shares	703,544,898	703,544,898

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dated 22 December 2014 of the Ministry of Finance)**29. Significant transactions with related parties**

In addition to related party balances and transactions disclosed in other notes to these financial statements, the Group and the Company had the following significant transactions with related parties during the year:

**Group:**

Related Party	Nature of transaction	2016	2015
		VND'000	VND'000
<b>Ultimate holding company</b>			
Masan Group Corporation	Conversion of interest payable into loan principal	-	78,156,014
	Offsetting of debts due from NPM	324,000,000	490,000,000
	Offsetting of debts due from MSR	85,000,000	-
	Interest expense and borrowing fees	-	64,236,148
	Interest expense and borrowing fees paid	22,200,000	384,946,188
	Loan paid	-	611,053,812
<b>Intermediary holding Company</b>			
Masan Horizon Corporation	Sales of claim settled via offsetting of debts with NPM	224,000,000	-
	Sales of claim settled by cash to NPM	22,200,000	-
<b>Ultimate holding company's associate</b>			
Local bank	Interest expense and borrowing fees	127,732,924	129,582,179
	Bond proceeds received (*)	1,000,000,000	-
	Loan received	1,602,550,679	2,442,424,470
	Loan paid	3,027,719,261	1,375,111,828
<b>Key management personnel</b>			
	Salary, bonus and other benefits (**)	18,727,458	15,883,505

(\*) The bond will be listed and sold to a broader set of investors pursuant to an arrangement agreement. The application for corporate bond issuance has been submitted to Vietnam Securities Depository and Ho Chi Minh Stock Exchange on 11 January 2017 and 16 February 2017 respectively.

(\*\*) No board fees were paid to Board of Directors members for the year ended 31 December 2016 and 31 December 2015.

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Related Party	Nature of transactions	2016	2015
		VND'000	VND'000
<b>Ultimate holding company</b>			
Masan Group Corporation	Conversion of interest payable into loan principle	-	52,221,014
	Interest expense and borrowing fees	-	52,914,399
	Interest expense and borrowing fees paid	-	384,946,188
	Loan paid	-	611,053,812
	Offsetting of debts	85,000,000	-
<b>Other related parties</b>			
Masan Thai Nguyen Resources Co., Ltd	Financial income from loan provided to a subsidiary	-	17,914,950
	Collection of long-term loans receivable	-	996,000,000
	Financial income received	36,711,320	30,000,000
Nui Phao Mining Co., Ltd	Financial income received	18,288,680	-
	Other advances paid	-	27,000,000

MASAN RESOURCES CORPORATION (FORMERLY KNOWN AS MA SAN RESOURCES CORPORATION) AND ITS SUBSIDIARIES

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dated 22 December 2014 of the Ministry of Finance)**30. Non-cash investing and financing activities**

	Group		Company	
	2016	2015	2016	2015
	VND'000	VND'000	VND'000	VND'000
Conversion of interest payable into loan principal	32,967,256	95,997,456	-	52,221,014
Depreciation and amortisation capitalised into construction in progress	4,731,276	3,876,382	-	-

15 March 2017

Prepared by:


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Approved by:


Dominic John Heaton  
General Director**CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

This communication contains information that may constitute “forward-looking statements”. Generally, the words “believe”, “expect”, “intend”, “aim”, “estimate”, “anticipate”, “project”, “will” and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future – including statements relating to volume growth, share of sales and earnings per share growth, and statements expressing general views about future operating results – are forward-looking statements.

Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Masan Resources Corporation undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause audited results to differ materially from our company’s historical experience and our present expectations or projections. These risks include commodity pricing risks and the prices we obtain for our Tungsten, Copper, Fluorspar and Bismuth are determined by, or linked to, prices in world markets, which have historically been subject to substantial volatility. Fluctuations in commodity prices can occur due to price shifts reflecting underlying global economic and geopolitical factors, industry demand, increased supply due to the development of new productive resources, technological change, product substitution and national tariffs. Volatility in global economic growth has the potential to adversely impact future demand and prices for commodities. This has the potential to negatively impact future earnings and cash flows. These risks and uncertainties include, but are not limited to, those described elsewhere in this report and those described from time to time in our future reports filed with the Hanoi Stock Exchange.

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## ABBREVIATIONS / DEFINITIONS

APT	Ammonium Paratungstate	HNX	The Hanoi Stock Exchange
AGME	The Association of Geology and Minerals of Vietnam	HR	Human Resources Department
Board of Directors or BOD	The board of directors of the Company	hrs	Hours
Bn	Billion	HSS	Health, Security and Safety Department
BSF	The bulk sulphide flotation	ICMM	The International Council on Mining and Metals
BTO	Blue Tungsten oxide	IFC	International Finance Corporation
CEO	Chief Executive Officer	IMF	International Monetary Fund
CFO	Chief Financial Officer	IT	Information technology
Charter	The charter of the Company dated May 26, 2015 and its amendments	ITIA	The International Tungsten Industry Association
Charter Capital	The Charter capital of the Company	JORC Code	Joint Ore Reserves Committee is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves
CPEP	Climate Protection through Energy Plants	JV	Joint Venture between Nui Phao Mining and H.C. Starck
Company	Masan Resources Corporation and its subsidiaries	Law on Enterprises	Law on Enterprises No. 68/2014/QH13 dated November 26, 2014 of the National Assembly of the Socialist Republic of Vietnam
CSR	Corporate social responsibility	Masan Group	MSN and its subsidiaries
DOIT	Department of Industry and Trade (Thai Nguyen)	Masan Horizon or MH	Masan Horizon Corporation
DOLISA	Department of Labor, Invalids and Social Affairs (Thai Nguyen)	MDGs	Millennium Development Goals
DONRE	Department of Natural Resources and Environment (Thai Nguyen)	MOIT	Ministry of Industry and Trade of Vietnam (Vietnam)
DOST	Department of Science and Technology (Thai Nguyen)	MONRE	Ministry of Natural Resources and Environment (Vietnam)
DPI	Department of Planning and Investment (Thai Nguyen)	MPI	Ministry of Planning and Investment (Vietnam)
EATC	Environment analysing and technique Joint Stock Company	MRTN	Masan Thai Nguyen Resources Company Limited
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization	mtu	Metric tonne unit
EIA	Environmental Impact Assessment	MSN	Masan Group Corporation
EPS	Earning per share	MSC	Masan Consumer Corporation
GDP	Gross Domestic Product	MSR or Masan Resources	Masan Resources Corporation
GHG	Greenhouse gasses	NAWAPI	Water Resources Planning and Investigation for the North of Vietnam
LTI	Lost-Time-Injuries	Nui Phao Mining or NPM	Nui Phao Mining Company Ltd
H.C. Starck	H.C. Starck GmbH		
H1	First half		

Nui Phao Project	The project named “Nui Phao project for exploitation and processing of mineral” under Investment Certificate No. 17121000026 dated July 21, 2010 (and its amendments, supplements) granted by the People’s Committee of Thai Nguyen Province
OTC	Oxide Tailing Cell
OPEC	Organization of the Petroleum Exporting Countries
PAP	The project-affected people
PCDP	Public consultation and information disclosure program
PTP	Pit Transfer Pond
SCM	Supply chain management
SDSs	Sustainable Development Goals
Shares	Issued and outstanding shares of the Company from time to time
STC	Sulfur Tailing Cell
TEU	Tungsten equivalent basis
TNTI	Thai Nguyen Trading and Investment Company Limited
TPA	Tonnes per annum
TRIF	Total Recordable Injury Frequency
TSF	Taillings Storage Facility
UN	The United Nations
UPCOM	Unlisted Public Company Market
US or USA	The United States of America
USD or US\$ or \$	The lawful currency of the United States of America
VAS	Vietnam Accounting Standards
VCCI	Vietnam Chamber of Commerce and Industry
VietGAP	Vietnamese Good Agricultural Practices
VND or “Vietnamese Dong”	The lawful currency of the Socialist Republic of Vietnam
VSD	Vietnam Securities Depository
WWTP	Waste-water treatment plant
YTO	Yellow Tungsten oxide



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**M A S A N**  
R E S O U R C E S



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