

FOR IMMEDIATE RELEASE

Tight Supply Environment Driving Higher Tungsten Prices and Strong Order Book

Hanoi, 30 January 2018 – Masan Resources Corporation (**HNX-UpCOM**: “MSR”, “Masan Resources” or the “Company”), one of Vietnam’s largest integrated industrial mineral and chemical producers, is pleased to report its management accounts for the 2017 financial year (‘FYM2017’).

Significant price increase across all commodities coupled with increased operational efficiency allowed MSR to achieve record results. MSR achieved attributable net profit to shareholders of VND206 billion in FYM2017 despite mining lower tungsten ore grades during the year.

FYM2017 FINANCIAL HIGHLIGHTS

- **Net revenue up 33.5%** – The Company recorded revenue of VND5,405 billion in FYM2017 compared to VND 4,049 billion over the same period last year. Price for MSR’s primary products all increased significantly over the same period last year, with tungsten and fluorspar benchmark prices both increasing more than 30% year-on-year. MSR’s global brand recognition, underpinned by high quality and reliable product, began to show results as realized pricing on tungsten and fluorspar sales increased over the year and are expected to increase further in the coming year. The Company’s order book continues to be over-subscribed with new customers turning to the Company in their search for industrial chemicals that are critical to their production output and have no substitutes.
- **EBITDA of VND 2,784 billion** – The Company’s EBITDA grew 35.5% year-on-year and EBITDA margins, excluding one-off adjustments, increased by 4.9% on account of the Company’s cost and efficiency initiatives. Focus on efficiency resulted in plant availability and mill throughput at above design levels, whereas capital upgrades allowed for increased recovery of tungsten and fluorspar with room for further improvement as the upgrades are optimized.
- **Attributable net profit increased by 88.0%** - MSR delivered a record attributable net profit of VND 206 billion in FYM2017 as a result of higher prices and management’s ability to control costs. Excluding shareholder loan waivers received during 2016, the Company’s attributable net profit increased by VND281 billion. Management continues to have discussions with financial lenders to reduce borrowing costs and increase cash available for debt service. Such discussions are progressing well and are expected to conclude during the first six months of 2018.

VND Billion	2017	2016	Growth
Masan Resources Consolidated Financial Results⁽¹⁾			
Net Revenue	5,405	4,049	33.5%
EBITDA ⁽²⁾	2,784	2,055	35.5%
Attributable Net Profit/(Loss) After Tax (VAS)	206	110	88.0%

⁽¹⁾ Financial numbers are based on management figures.

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

MARKET DEVELOPMENT: GLOBAL TIGHT PRODUCTION CONDITIONS AND THE RETURN OF BROAD BASED DEMAND DRIVING PRICES STRUCTURALLY UPWARDS

AVERAGE COMMODITY PRICES	Unit	Average 2017	Average 2016	% change	At 31.12.17	At 31.12.16
APT European Low*	\$/mtu	239	182	31.3%	294	187
Bismuth Low*	\$/lb	4.8	4.3	11.6%	5.1	4.6
Copper*	\$/t	6,166	4,863	26.8%	7,157	5,501
Fluorspar Acid Grade**	\$/t	345	260	32.7%	410	260

* Metals Bulletin, ** Industrial Minerals

- The need to rebalance the tungsten market in 2014 and 2015 led to SOE Chinese producers cutting production and several high cost mines in Europe and US either shutting down or being put on care and maintenance indefinitely. Through these actions the tungsten market was close to balancing in the second half of 2016.
- During 2017, China's announcement of tightening environmental standards resulted in increased pressure on China based miners and processors, as well as broader waste management businesses. The prospects of increasing costs resulted in further tightening in China's up and mid-stream tungsten supply segment as higher cost producers are squeezed out resulting in a reduction in overall production.
- Further environment policy enforcement in China is expected to affect selective Chinese operators. Most recently, Xiamen Tungsten, a leading China based producer and exporter of tungsten products has had its export license suspended because of administrative and environmental violations. The loss of these exports and potential for more from other operators are expected to lead to additional supply side uncertainty.
- On the demand-side, growth is believed to be slowly returning across many end-use sectors, this is based on increasing order-book and the number of inbound enquiries being received from existing and new clients. This is consistent with the rebounding capex investments being witnessed in the oil and gas and manufacturing sectors, as well as broad-based indicators showing growth in a variety of commodity and industrial sectors.
- With the above trends expected to continue, and with little to no signs of new forms of supply entering the market in 2018, the global tungsten market is expected to remain structurally tight.
- Prices have reflected above demand/supply dynamics with APT LMB low prices today at USD313/mtu, a 67.4% and 95.6% increase from the price at the end of 2016 and the low seen at the start of 2016, respectively.

OPERATIONAL HIGHLIGHTS

- In FYM2017, the company successfully completed rigorous government inspections covering environmental and tax compliance. The inspections involved multiple ministries and specialists and concluded with minimal administrative fines and no material violations. Management conducted a review of its internal processes to ensure that such administrative violations are not repeated. In addition, management has continued to work with all relevant regulators to constantly improve.

SUMMARY PRODUCTION DATA	Unit	2017	2016	Growth
Ore processed	kt	3,888	3,642	6.8%
Tungsten concentrate (contained)	t	6,483	6,357	2.0%
Tungsten equivalent units (contained) ⁽¹⁾	t	13,669	12,926	15.0%

⁽¹⁾ Nui Phao finished products are converted to a tungsten equivalent units

- Plant efficiency has increased significantly year-on-year. Compared with 2016, mill throughput and plant availability have increased 7% and 1%, respectively which has allowed the company to process 6.8% more ore during FYM2017.
- Upgrades undertaken on the tungsten circuit have resulted in tungsten recovery increasing from 63% to 67% with room for further improvement through optimization measures. In addition, upgrades made to the fluor spar circuit have resulted in an increase in recovery from 49% to 57%.

2018 FINANCIAL AND STRATEGIC OUTLOOK

- Management expects to achieve 2018 net revenues to be above VND7,200 billion and earnings to reach between the USD25 million to USD30 million range subject to commodity prices. 2018 EBITDA is expected to be between USD140 million to USD160 million. The Company's bottom-line results can be further optimized by reducing its cost of debt funding and maximizing its excess tungsten chemical processing capacity with additional tungsten concentrate from 3rd parties, which would further be increasing its global market share position.
- Strategically, MSR continues exploring opportunities and discussions to become a further integrated downstream tungsten business of global scale. This will enable MSR to deliver a consistent and strong financial profile across commodity cycles.

ABOUT MASAN RESOURCES CORPORATION

Masan Resources a leading supplier of critical minerals including tungsten, fluorspar and bismuth. Masan Resources is currently operating the world class polymetallic mineral resource and chemical processing plant in Northern Vietnam. Masan Resource's vision is to show the world that a Vietnamese company can lead the transformation of the global tungsten market.

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