

FOR IMMEDIATE RELEASE

Difficult Market Conditions, But Recovery Signs Emerging

Hanoi, 30 October 2019 – Masan Resources Corporation (**HNX-UpCOM**: “MSR”, “Masan Resources” or the “Company”), one of Vietnam’s largest integrated industrial mineral and chemical producers, reports its results for the third quarter of the 2019 fiscal year (“3Q2019”).

During September 2019, two important announcements were released to the market. On 10th September, Nui Phao Mining Company (“NPMC”) announced it had settled its long running dispute with Jacobs E&C Australia Pty Ltd (“Jacobs”) with Jacobs fulfilling its US\$130 million payment obligation in full. On 17th September MSR also announced it had reached agreement to acquire H.C. Starck’s Tungsten (“HCS”) business which is in line with the Company’s strategy to move further downstream in line with its vision to become a high-tech global industrial metals platform. Both these announcements will create value for shareholders and the acquisition of HCS with settlement subject to relevant government approvals, will provide MSR with a global competitive edge, enabling MSR to generate stronger, more consistent cash flows across commodity price cycles and expand MSR’s addressable market 3.5x from US\$1.3 billion to US\$4.6 billion.

From an operational perspective, ongoing economic headwinds persisted and in fact worsened during 3Q2019. The ongoing US-China trade tensions and its impacts on world economic growth forecasts continue to impact the tungsten, copper and bismuth markets. The IMF revised down global growth forecasts again in October 2019 to 3%, the lowest level since the global financial crisis. As reported in 1H2019, market uncertainty in Tungsten was impacted by ongoing concerns over the release of Fanya stocks in the China market and the uncertainty surrounding the prices at which Fanya stocks would be sold. These 28,336 ton of Tungsten stocks were finally sold in September 2019. The sale of these stocks appears to have reduced uncertainty and is evidenced by the recovery in price from US\$195/mtu (pre-sale of Fanya stocks) to US\$225/mtu during the early part of October. Whilst management is hopeful of further recovery in price from this level, the next few months will provide a more balanced view of where the market is headed. US-China trade tensions will likely continue to weigh heavily on the commodity markets moving forward.

Attributable net profit for 3Q2019 was VND 473 billion, a 39% increase over the same period last year due to the one-off impact of Jacobs on the profit and loss. Management continues to take a cautious approach and remains focused on cost control and maximizing cash flows in the current environment. MSR EBITDA margins were 42% on a year to date basis despite the significant reduction in pricing for its Tungsten products as compared to 50% for 3Q2018. Should market fundamentals improve MSR remains well placed to respond quickly to any changing circumstance and completion of the HCS acquisition will provide management additional flexibility to maximize returns to shareholders throughout the commodity price cycle as compared to its peers.

3Q2019 FINANCIAL HIGHLIGHTS: PRICING AND INVENTORIES CONTINUE TO IMPACT UPON REVENUE AND PROFIT

- **Net revenue down 21%** – MSR posted net revenue of VND3,685 billion in 3Q2019, a 21% decrease compared to VND4,688 billion recorded in 3Q2018. In line with 1H2019, production volumes were up for Tungsten on higher third-party purchases, down for Copper due to lower head grades with Fluorspar broadly in line with 3Q2018. Bismuth production remains impacted by an extended maintenance shut as reported in 1H2019. Revenues were also impacted by lower realized prices for Tungsten and a build-up in Tungsten stocks due to soft market conditions as well as a build-up in Copper stocks as the company continues to seek solutions for local processing and investigates the financial viability of constructing its own Copper/Gold smelter. Partially offsetting this was an increase in Fluorspar revenues on the back of higher realized pricing.
- **EBITDA of VND1,566 billion** – EBITDA decreased by 34% for 3Q2019. This was primarily due to the impacts of Tungsten pricing and limited sales of copper on a year to date basis. MSR’s ongoing focus on cost control delivered approximately US\$12 million in cash savings year on year, partially offsetting the Tungsten price impacts. On a cost per unit basis, Tungsten improved despite slightly lower feed grades

and recoveries, Copper costs improved despite lower feed grades partially offset by higher recoveries, Fluorspar costs increased on the back of lower feed grades as did Bismuth. EBITDA margins remained at a healthy 42% despite the significant drop in pricing for Tungsten products as compared to 50% for 3Q2018.

- **VND473 billion attributable net profit** – The Company delivered an attributable net profit of VND473 billion for 1H2019, a 39% increase over the same period last year. As compared to 3Q2018, EBITDA reduced by VND796 billion, while attributable net profit increased by VND133 billion. The favorable difference between EBITDA movement and attributable net profit movement is due to the impacts of accounting for the Jacobs settlement.

VND Billion	3Q2019	3Q2018	Growth
Masan Resources Consolidated Financial Results⁽¹⁾			
Net Revenue	3,685	4,688	-21%
EBITDA ⁽²⁾	1,566	2,362	-34%
Attributable Net Profit/(Loss) After Tax (VAS)	473	340	39%

⁽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: US-CHINA TRADE TENSIONS CONTINUE TO IMPACT MARKET

- As reported for the previous three quarters, US-China trade tensions continue to influence demand and there has been further downward pricing pressure since 1H2019 on all MSR products, except Fluorspar. In Tungsten the impact of the reduced demand in downstream products, mainly in the automotive space, was exacerbated by uncertainty over the impact of the sale of the Fanya Stockpile in China. Prices dropped significantly in the lead up to the auction but have recovered quickly with the stockpile being purchased by China Molybdenum Corporation. While market uncertainty remains in regard China Molybdenum's intention for the stockpile, common market expectation is that it will remain a strategic stockpile.

At current prices it is understood that >70% of Chinese producers are losing money and will therefore seek to continue to push prices higher. In the ex-China markets, buyers remain cautious and are generally only seeking to match purchases to confirmed orders.

- Given the current market sentiment, management has further revised its pricing downwards for APT for the last quarter of the year as compared to previous guidance. Management expects the benchmark price to improve slightly on the back of further supply consolidation and rationalization by producers to balance the market while global trade uncertainties prevail. The EBITDA margins and low-cost nature of the MSR operation give it flexibility over other Tungsten producers and MSR is well placed to weather the ongoing weakness and take advantage of improvements to market fundamentals moving forward.
- Fluorspar prices remain robust. With continuing reduction in Chinese exports and ongoing robust downstream demand, prices are expected to remain strong in the short to medium term.
- The LME copper price was sitting at US\$5,719/ton as at 30 September 2019. Copper prices as with Tungsten are being impacted by the ongoing trade tensions between US and China and management has revised down prices for the remainder of the year. MSR is continuing to examine alternative options to sell copper and remains confident of a resolution to realize value before the end of 2019.

AVERAGE COMMODITY PRICES	Unit	Average 3Q2019	Average 3Q2018	% change	At 30.9.19	At 30.9.18
APT European Low*	USD/mtu	244	319	-23%	205	275
Bismuth Low*	USD/lb	3.2	4.6	-31%	2.6	4.0
Copper*	USD/t	6,065	6,642	-9%	5,719	6,180
Fluorspar Acid Grade**	USD/t	498	482	3%	465	455

* Metals Bulletin, ** Industrial Minerals

OPERATIONAL HIGHLIGHTS

- Despite a 2% reduction in Tungsten head grades and 1% reduction in recoveries, APT production increased by 4% over 3Q2019 due to an increase in third party purchased material of 883 tons. As reported in 1H2019 third party purchased material has been reduced for the remainder of the year.
- Performance of the Fluorspar circuit for the quarter was strong with a 5% improvement in recoveries over the same period last year, despite a reduction in head grade, resulting in an overall improvement to production of 1%.
- Copper production was 11% lower than 3Q2019 on lower feed grades but partially offset by recovery improvements whilst Bismuth was 51% lower on the back of reduced head grades and the extended maintenance shutdown.

SUMMARY PRODUCTION DATE	Unit	3Q2019	3Q2018	Growth
Ore processed	kt	2,834	2,813	0.7%
APT / BTO / YTO / ST (contained)	t	4,702	4,511	4.2%
Copper in Copper Concentrate (Contained)	t	6,039	6,759	-10.6%
Acid Grade Fluorspar	t	172,545	171,046	0.9%
Bismuth in Bismuth Cement (Contained)	t	917	1,864	-50.8%

2019 FINANCIAL AND STRATEGIC OUTLOOK

- As highlighted in 1H2019, management expected the second half result to be broadly in line with the first half break even result from an attributable profit perspective in the absence of a general improvement in market conditions. Since June market conditions have further deteriorated and this has negatively impacted the operational results of the business during the third quarter. Despite the subdued operating environment and thanks to the Jacobs settlement MSR was able to deliver a net attributable profit for the first nine months of the year. MSR FY2019 expects net revenue in the range of VND5,000-5,500 billion, based on partial to full sales of Copper inventory in 4Q2019. MSR is also expected to have US\$150 million of cash due to international arbitration settlement with Jacobs E&C Australia in 3Q2019 and copper sales in 4Q2019.
- In line with Company's five-year strategic plan, the Company has announced the acquisition of the HCS business with closure subject to various government approvals. Management continues to see justification in downstream expansion where pricing and sales have shown far less volatility than in the intermediate and oxide markets where the company currently operates. The HCS acquisition is the next step in delivering on the strategy MSR has consistently communicated to the market over the past few years.

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.

CONTACTS:

(Investors/Analysts)

Tanveer Gill

T: +848 6256 3862

E: tanveer@msn.masangroup.com

(Media)

Thuy Vu

T: +84 28 6256 3862

E: thuy@msn.masangroup.com

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