

**FOR IMMEDIATE RELEASE**

**MSR EVOLVES AS THE LARGEST EX-CHINA TUNGSTEN CHEMICALS PRODUCER**

**Hanoi, 29 October 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 first nine months of the 2018 fiscal year (‘9M2018’).

In line with the Company’s strategy to develop an integrated business model to generate strong cash flows and profits through pricing cycles and offer flexibility to pay down debt and declare cash dividends to shareholders, the Company, acquired H.C. Starck GmbH’s 49% stake in Nui Phao – H.C.Starck Tungsten Manufacturing LLC (“NHTCM”) for total cash consideration of USD29.1 million. Subsequent to acquisition, the name of NHTCM has been changed to Masan Tungsten Limited Liability Company (“MTC”).

The Company delivered outstanding financial results for another quarter; however, tungsten prices (APT European Low) softened during the quarter. While this was anticipated, due to summer shutdown in Europe and the uncertainties caused through ongoing USA-China trade negotiations, tungsten concentrate market continues to remain tight with limited supply available globally, which is expected to be positive for prices through the fourth quarter. Importantly, the underlying demand drivers for tungsten end use products also remain strong. The expectations of stronger and sustainable growth in tungsten demand were also reflected by many of the participants in the recently concluded Annual General Meeting of International Tungsten Industry Association (“ITIA”) in China.

NPMC processing plant achieved the highest tungsten recoveries since the start of the operations though production levels were low due to the treatment of lower mined tungsten head grades in 9M2018.

**9M2018 FINANCIAL HIGHLIGHTS: IT IS A GOOD TIME TO BE IN THE TUNGSTEN BUSINESS**

- **Net revenue up 19.4%** – MSR posted revenue of VND4,688 billion in 9M2018, a 19.4% increase over the VND3,928 billion recorded in 9M2017. Copper inventory remained high due to muted local demand, but the prices for the Company’s main products in 9M2018 were significantly higher in comparison to the same period last year. Management’s initiative to increase price realization continued to be successful with price realization on a tungsten equivalent unit basis being 5.8% higher in 9M2018 over the same period last year.
- **EBITDA of VND2,361 billion** – The Company’s EBITDA in 9M2018 grew 20.1% over the same period last year. Despite lower tungsten head grades resulting in 14.1% reduction in Tungsten equivalent units production, the Company recorded an EBITDA margin of 50.4%, representing a 32 bps increase in margin over 9M2017. Management is strictly monitoring cost and accelerating the commissioning of its capital upgrade projects, specifically to the tungsten and fluorspar circuits, to maintain the Company’s position as one of the lowest cost global producers. MSR has already delivered USD30 million in free cash flow (“FCF”) during 9M2018 and is expected to deliver 30% growth in FCF for FY 2018 vs FY2017.
- **Attributable net profit increased by 247.3%** - The Company delivered an attributable net profit of VND340 billion for 9M2018, representing a 247.3% increase over the same period last year, delivering a profit margin of 7.3% for the first time ever. In line with the refinancing initiatives discussed in the 1H2018 management accounts, the Company has successfully issued a bond of face value VND1,000 billion on attractive terms to partially refinance the Company’s existing debt with the aim of extending the maturity of the Company’s debt profile to optimally utilize cashflows generated in the shorter term.

VND Billion	9M2018	9M2017	Growth
<b>Masan Resources Consolidated Financial Results<sup>(1)</sup></b>			
Net Revenue	4,688	3,928	19.4%
EBITDA <sup>(2)</sup>	2,362	1,966	20.1%
Attributable Net Profit/(Loss) After Tax (VAS)	340	98	247.3%

<sup>(1)</sup> Financial numbers are based on management figures.

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

## MARKET DEVELOPMENT: TRADE UNCERTAINTIES LEADING TO SHORT TERM VOLATILITY IN A FUNDAMENTALLY STRONG TUNGSTEN MARKET

- As anticipated at the start of the 3Q2018, global political and trade agendas had a bearing on product prices and the upward momentum in the prices stalled as a result. Tungsten prices were also impacted by the seasonal demand issues such as the European summer.
- Management participated in the 31<sup>st</sup> Annual General Meeting of ITIA at Chengdu, China and the common theme amongst end use customers was of continued robust demand with strong ongoing order books.
- Global economic growth drivers have remained robust during 9M2018. A supply side structural shift is continuing to take place in China with ongoing enforcement of stringent environmental regulations, rising production costs and continuing regulator inspection are leading to supply side consolidation and increasing cost pressures providing strong support to global tungsten prices.
- Tungsten prices have been stable for the last seven weeks and with the return of European buyers in the market, MTC management is consistently receiving more enquiries for spot sale. It expects the benchmark price for tungsten to recover to 9M2018 average by the end of this fiscal year. Fluorspar prices continue to remain strong and management is expecting a significant price upside for the unpriced sales scheduled in 4Q2018 through into 2019.

AVERAGE COMMODITY PRICES	Unit	Average 9M2018	Average 9M2017	% change	At 30.09.18	At 30.09.17
APT European Low*	USD/mtu	319	225	42.0%	275	290
Bismuth Low*	USD/lb	4.6	4.7	-0.6%	4.0	5.1
Copper*	USD/t	6,642	5,952	11.6%	6,180	6,485
Fluorspar Acid Grade**	USD/t	482	337	43.1%	455	350

\* Metals Bulletin, \*\* Industrial Minerals

## OPERATIONAL HIGHLIGHTS: RECOVERING MORE WITH LESS

- The upgrades to the tungsten circuit have increased tungsten recovery from ore processed by 6.3% over the same period last year. With the capital upgrades performing as expected and a planned shut-down successfully completed in September 2018, management is expecting the recovery rates to hit 70% in 4Q2018.
- Performance of the fluorspar circuit continues to improve quarter on quarter. The recoveries for fluorspar in 3Q2018 increased by 1.2% from the previous quarter and by 6.4% from the same quarter last year.

SUMMARY PRODUCTION DATE	Unit	9M2018	9M2017	Growth
Ore processed	kt	2,813	2,887	-2.6%
Tungsten concentrate (contained)	t	4,082	4,737	-13.8%
Tungsten equivalent units (contained) <sup>(1)</sup>	t	8,515	9,914	-14.1%

<sup>(1)</sup> Nui Phao finished products are converted to a tungsten equivalent unit

## 2018 FINANCIAL AND STRATEGIC OUTLOOK

- On the back of the Company's 9M2018 results, acquisition of H.C. Starck GmbH's stake in NHTCM and current outlook on pricing fundamentals, management is confident in being able to deliver net revenue and attributable profit to shareholders that are in line with previously released guidance ranges of VND7,300 – 8,000 billion and VND600 – 1,000 billion, respectively.
- In line with Company's 5 year strategy plan, post-acquisition of H.C.Starck GmbH's stake in MTC, and the strategic partnership between Masan Group, the parent company of MSR, and SK Group, one of the largest corporate group in South Korea, management is currently in the process of further increasing the capacity of the highly profitable tungsten chemicals business in Vietnam and is in discussions with selected partners to have strategic partnerships in and outside Vietnam for further downstream integration and getting closer to end-user customers.
- To maximize utilization at the recently acquired Masan Tungsten Company's tungsten chemical factory, management is continuing to increase the third party procurement of tungsten concentrate and related tungsten raw materials and is in discussion with many of the upstream suppliers for the opportunity to acquire tungsten concentrate processing plant or for long-term offtake agreements.

## **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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