# Mason Resources Corp. Highlights Preliminary Economic Assessment of Its Flagship Ann Mason Deposit, Nevada

11.05.2017 | GlobeNewswire

VANCOUVER, May 10, 2017 - Mason Resources Corp. (TSX:MNR – "Mason Resources" or the "Company") is pleased to announce that it will today file its National Instrument 43-101 technical report titled "2017 Updated Preliminary Economic Assessment on the Ann Mason Project, Nevada, U.S.A." (the "2017 PEA") for its flagship Ann Mason Project in Nevada. This follows the May 9, 2017 closing of the previously announced spin-out of the Ann Mason and Lordsburg assets from Entrée Resources Ltd. (formerly Entrée Gold Inc. – "Entrée") to Mason Resources. Today the Toronto Stock Exchange ("TSX") issued a bulletin in respect of the commencement of trading of the Mason Resources shares, under the symbol "MNR". The Mason Resources shares are expected to commence trading on May 12, 2017. The Company has approximately 77.8 million shares issued and outstanding, along with a solid cash balance of US$8.75 million.

The Ann Mason Project ("Ann Mason" or the "Project") is the 4th largest undeveloped copper porphyry resource in Canada and the United States. The Project is located in the Yerington district of Nevada, which is rated among the top global mining jurisdictions. Previous work by Entrée included a 40-hole infill drilling program during 2014/2015 resulting in 95% of the mineralization constrained within the Preliminary Economic Assessment ("PEA") life-of-mine pit ("Phase 5 Pit") being categorized as Measured plus Indicated, while only 5% remains as Inferred mineralization. The 2017 PEA also includes results of a detailed metallurgical program completed in 2016, which supports a 92% average copper recovery and a 30% concentrate grade with no significant penalty elements. The metallurgical program has been done to sufficient detail to support a future Pre-Feasibility Study.

Significantly, the Project does not require a permit under Section 404 of the Clean Water Act. In April 2016, the Project received an approved Waters of the U.S./Wetlands ("WOUS/Wetlands") jurisdictional determination from the Regulatory Division of the U.S. Army Corps of Engineers ("USACE"). According to USACE, the water drainages on the Ann Mason Project are considered "isolated waters with no apparent interstate or foreign commerce connection" and as a result, no permit under Section 404 of the Clean Water Act is required for Ann Mason.

Stephen Scott, President & CEO of Mason Resources noted, "We are very excited about launching Mason Resources as a stand-alone company with two quality projects in great mining districts at a time when economically attractive advanced copper projects not already controlled by major companies have become extremely scarce. Having a significant treasury at launch affords Mason Resources the optionality of advancing its projects itself or bringing in a strategic partner."

*2017 PEA*

*Highlights: (all currency quoted is USD unless otherwise indicated)*

- Base Case* pre-tax net present value ("NPV") (7.5% discount rate) of $1,158 million, internal rate of return ("IRR") of 15.8%.
- Base Case* post-tax NPV (7.5% discount rate) of $770 million, IRR of 13.7%.

- Development capital costs of approximately $1.35 billion, including $103 million contingency.
- Pre-production development of three years.
- Mine production for 21 years, followed by four years of reclamation (Life-of-Mine or "LOM").
- Average LOM cash costs (net of by-product sales) pre-tax of $1.49/lb copper (cash cost including tax is $1.74/lb copper) (see Non-GAAP Financial Measures below Table 1).
- Average LOM all-in sustaining costs ("AISC") (net of by-product sales) pre-tax of $1.57/lb copper (AISC including tax is $1.81/lb copper) (see Non-GAAP Financial Measures below Table 1).
- Net average pre-tax undiscounted cash flow over Years 1 to 21 of approximately $298 million per year (and post-tax of $238 million per year).

- LOM payable production of approximately:
  - 5.1 billion pounds of copper,
  - 46 million pounds of molybdenum,
  - 0.4 million ounces of gold, and
  - 8.8 million ounces of silver.
- Average annual payable production of approximately:
  - 241 million pounds of copper,
  - 2.2 million pounds of molybdenum,
  - 20,000 ounces of gold, and
  - 421,000 ounces of silver.
- Strip ratio of approximately 2:1 waste to mineralized material (including pre-strip).
- LOM average copper recovery of 92%.
- Copper concentrate grading 30% with no significant penalty elements identified.
- Leasing applied to a portion of the mining fleet allows some of the upfront capital to be spread throughout the mine life as an operating cost, thereby reducing the initial equipment capital requirements and improving Project cash flow.

*Base Case uses $3.00/lb copper, $11/lb molybdenum, $1,200/oz. gold, $20/oz. silver.

The 2017 PEA is preliminary in nature and includes Inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the 2017 PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Base Case discounted cash flows in the 2017 PEA are provided both pre-tax and post-tax, and are prepared in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") of the Canadian Securities Administrators. The 2017 PEA was completed by AGP Mining Consultants Inc. ("AGP"), an independent Canadian-based engineering firm and the mineral resource estimate was prepared by Amec Foster Wheeler Americas Limited ("Amec Foster Wheeler"). Unless otherwise noted, a reference to "$" in this news release is to United States currency. Due to rounding, some of the totals in the tables in this news release may not sum exactly.

Table 1 summarizes the key outputs of the 2017 PEA.

*Table 1. Key Outputs of the 2017 PEA.*

| | |
|---|---|
| LOM Production* (120,000 tpd mill throughput) | 877 Mt |
| LOM Strip Ratio | 2:1 |
| Development Capital Costs (Pre-production + Year 1) | $1.35 B |
| Average Cash Costs (net of by-product sales)** | $1.49/lb Cu |
| All-in Sustaining Costs (net of by-product sales)** | $1.57/lb Cu |
| Average Net Annual Undiscounted Cash Flow** | $298 M |
| LOM Average Copper Recovery | 92 % |
| LOM Average Copper Concentrate Grade | 30 % |
| Average Annual Payable Copper | 241 M lbs |
| LOM Payable Copper | 5.1 B lbs |

* 835 Mt at 0.30% copper, 0.005% molybdenum, 0.03 grams per tonne ("g/t") gold and 0.59 g/t silver are Measured and Indicated material, and 42 Mt at 0.27% copper, 0.005% molybdenum, 0.03 g/t gold and 0.58 g/t silver are Inferred material.

** "Cash Costs" and all-in sustaining cost (or "AISC") per unit of production are Non-GAAP Financial Measures. These financial measures are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. The calculations of these measures may differ from those used by other issuers. The Company discloses these measures in order to provide assistance in understanding the results of the operations within the 2017 PEA and to provide additional information to investors.

Table 2 summarizes 2017 PEA base case financial model outputs (post-tax) and the metal price sensitivity.

*Table 2. Sensitivity of Ann Mason 2017 PEA Financial Outputs (Post-Tax).*

| | | *Low Case* | *Base Case* | *High Case* |
|---|---|---|---|---|
| Copper | $/lb | 2.75 | *3.00* | 3.25 |
| Molybdenum | $/lb | 9.00 | *11.00* | 13.00 |
| Silver | $/oz | 15 | *20* | 25 |
| Gold | $/oz | 1,100 | *1,200* | 1,300 |
| Post Tax NPV (5%) | $ Million | 815 | *1,379* | 1,928 |
| Post Tax NPV (7.5%) | $ Million | 339 | *770* | 1,189 |
| Post Tax NPV (10%) | $ Million | 30 | *366* | 694 |
| IRR | % | 10.3 | *13.7* | 16.8 |
| Payback Period | Years | 8.7 | *6.9* | 5.7 |
| Net Average Annual Free Cash Flow (Post Tax) | $ Million | 189 | *238* | 287 |

Note: The Base Case metal prices are based on a review of current analyst consensus reports and recent SEDAR filings for similar reports.

*MINERAL RESOURCE ESTIMATE*

The Ann Mason mineral resource estimate is based on all scientific and technical information as of March 3, 2017 and therefore has an effective date of March 3, 2017. The mineral resource model and the mineral resource estimate have not changed since September 9, 2015, the effective date of the previous mineral resource estimate completed by Entrée. There has been no additional drilling or other scientific or technical information collected since September 9, 2015 to present. The assumptions used in 2015 to assess reasonable prospects of eventual economic extraction including metal prices, mining, processing and general and administration cost metallurgical recoveries and pit slopes remain the same and are still considered reasonable.

The resource estimate was prepared by Peter Oshust, P.Geo, Principal Geologist of Amec Foster Wheeler. Mr. Oshust is a Qualified Person for the purposes of NI 43-101 and is independent of the Company.

The resource estimate is classified as approximately 20% Measured, 49% Indicated (69% Measured plus Indicated) and 31% Inferred resources. The "near-surface" portion of this mineral resource forms the basis of the 2017 PEA and is constrained by the Phase 5 Pit. Mineral resources within the Phase 5 pit are now classified 44% as Measured and 51% as Indicated (95% as Measured plus Indicated) with only 5% remaining as Inferred.

*Highlights:*

- *Mineral Resource Estimate (0.2% Copper Cut-off):*

  ° *Measured Resources* - 412 million tonnes averaging 0.33% copper, containing approximately 3.04 billion pounds of copper

  ° *Indicated Resources* - 988 million tonnes averaging 0.31% copper, containing approximately 6.85 billion pounds of copper

  ° *Measured plus Indicated Resources* - 1,400 million tonnes averaging 0.32% copper, containing approximately 9.89 billion pounds of copper

  ° *Inferred Resources* - 623 million tonnes averaging 0.29% copper, containing approximately 3.99 billion pounds of copper

- The 2014/2015 in-fill drilling program was primarily restricted to the Phase 5 pit and was focussed on converting Inferred resources to Measured and Indicated categories. As a result, mineralization still remains open in several directions.

- By-product molybdenum, gold and silver were also estimated and are reported in Table 3 below.

Table 3 shows the Ann Mason mineral resources at a range of copper cut-offs. The 0.2% copper cut-off base case is highlighted.

*Table 3. Ann Mason Deposit Mineral Resources – March 3, 2017.*

Measured Mineral Resources

| | | Grade | | | | Contained Metal | | | |
|---|---|---|---|---|---|---|---|---|---|
| Cut-off (Cu %) | Tonnage (Mt) | Cu (%) | Mo (%) | Au (g/t) | Ag (g/t) | Cu (Mlb) | Mo (Mlb) | Au (Moz) | Ag (Moz) |
| 0.10 | 508 | 0.30 | 0.006 | 0.03 | 0.57 | 3,367.5 | 67.2 | 0.41 | 9.37 |
| 0.15 | 470 | 0.32 | 0.006 | 0.03 | 0.60 | 3,263.7 | 64.2 | 0.40 | 9.08 |
| *0.20* | *412* | *0.33* | *0.006* | *0.03* | *0.64* | *3,037.6* | *58.1* | *0.37* | *8.46* |
| 0.25 | 329 | 0.36 | 0.007 | 0.03 | 0.69 | 2,621.8 | 47.8 | 0.32 | 7.32 |
| 0.30 | 237 | 0.40 | 0.007 | 0.03 | 0.76 | 2,065.6 | 35.5 | 0.25 | 5.76 |
| 0.35 | 153 | 0.44 | 0.007 | 0.04 | 0.82 | 1,465.9 | 23.6 | 0.18 | 4.05 |

Indicated Mineral Resources

| | | Grade | | | | Contained Metal | | | |
|---|---|---|---|---|---|---|---|---|---|
| Cut-off (Cu %) | Tonnage (Mt) | Cu (%) | Mo (%) | Au (g/t) | Ag (g/t) | Cu (Mlb) | Mo (Mlb) | Au (Moz) | Ag (Moz) |
| 0.10 | 1,347 | 0.27 | 0.006 | 0.03 | 0.58 | 8,051.0 | 172.2 | 1.15 | 25.01 |
| 0.15 | 1,182 | 0.29 | 0.006 | 0.03 | 0.62 | 7,608.2 | 156.3 | 1.08 | 23.40 |
| *0.20* | *988* | *0.31* | *0.006* | *0.03* | *0.66* | *6,853.3* | *128.5* | *0.97* | *21.00* |
| 0.25 | 730 | 0.35 | 0.006 | 0.03 | 0.72 | 5,572.2 | 95.0 | 0.77 | 16.83 |
| 0.30 | 485 | 0.38 | 0.006 | 0.04 | 0.78 | 4,089.8 | 64.1 | 0.55 | 12.13 |
| 0.35 | 290 | 0.42 | 0.006 | 0.04 | 0.84 | 2,696.1 | 39.6 | 0.36 | 7.84 |

Measured and Indicated Mineral Resources

| | | Grade | | | | Contained Metal | | | |
|---|---|---|---|---|---|---|---|---|---|
| Cut-off (Cu%) | Tonnage (Mt) | Cu (%) | Mo (%) | Au (g/t) | Ag (g/t) | Cu (Mlb) | Mo (Mlb) | Au (Moz) | Ag (Moz) |
| 0.10 | 1,855 | 0.28 | 0.006 | 0.03 | 0.58 | 11,418.5 | 239.4 | 1.56 | 34.38 |
| 0.15 | 1,652 | 0.30 | 0.006 | 0.03 | 0.61 | 10,871.9 | 220.6 | 1.48 | 32.47 |
| *0.20* | *1,400* | *0.32* | *0.006* | *0.03* | *0.65* | *9,890.9* | *186.6* | *1.33* | *29.46* |
| 0.25 | 1,059 | 0.35 | 0.006 | 0.03 | 0.71 | 8,194.0 | 142.8 | 1.09 | 24.15 |
| 0.30 | 722 | 0.39 | 0.006 | 0.03 | 0.77 | 6,155.4 | 99.6 | 0.80 | 17.90 |
| 0.35 | 442 | 0.43 | 0.006 | 0.04 | 0.84 | 4,162.0 | 63.2 | 0.53 | 11.89 |

Inferred Mineral Resources

| | | Grade | | | | Contained Metal | | | |
|---|---|---|---|---|---|---|---|---|---|
| Cut-off (Cu%) | Tonnage (Mt) | Cu (%) | Mo (%) | Au (g/t) | Ag (g/t) | Cu (Mlb) | Mo (Mlb) | Au (Moz) | Ag (Moz) |
| 0.10 | 966 | 0.24 | 0.007 | 0.02 | 0.54 | 5,071.7 | 138.5 | 0.75 | 16.85 |
| 0.15 | 781 | 0.27 | 0.007 | 0.03 | 0.59 | 4,601.8 | 118.9 | 0.66 | 14.93 |
| *0.20* | *623* | *0.29* | *0.007* | *0.03* | *0.66* | *3,987.2* | *96.2* | *0.58* | *13.16* |
| 0.25 | 400 | 0.33 | 0.007 | 0.03 | 0.71 | 2,874.1 | 60.8 | 0.40 | 9.14 |
| 0.30 | 217 | 0.37 | 0.007 | 0.03 | 0.75 | 1,775.4 | 33.0 | 0.23 | 5.25 |
| 0.35 | 117 | 0.41 | 0.007 | 0.03 | 0.78 | 1,065.4 | 18.1 | 0.13 | 2.95 |

Notes:

- Mineral resources are reported within a constraining pit shell developed using Whittle™ software. Assumptions include commodity prices of $3.74/lb for copper, $13.23/lb for molybdenum, $1,495/oz for gold, and $23.58/oz for silver; process recoveries of 92% for copper, 50% for molybdenum, 50% for gold, and 55% for silver; mining cost of $1.09/tonne + $0.02/bench below 1605 metres, $5.82/tonne for processing, and $0.30/tonne for G&A.
- Assumptions include 100% mining recovery.
- An external dilution factor was not considered during this resource estimation.
- Internal dilution within a 20 metre x 20 metre x 15 metre SMU (selective mining unit) was considered.
- The 0.4% net smelter returns royalty held by Sandstorm Gold Ltd. was not considered during the preparation of the conceptual pit.
- Mineral resources that are not mineral reserves do not have demonstrated economic viability.

*Mineral Resource Estimation - Technical Discussion*

The Ann Mason drill hole database was reviewed by Greg Kulla, P.Geo., Principal Geologist of Amec Foster Wheeler. Mr. Kulla is a Qualified Person for the purposes of NI 43-101 and is independent of the Company. The Ann Mason drill hole database is comprised of 198 diamond drill holes totalling 106,167 metres of drilling. Of these totals:

- Entrée drilled 78 holes representing 53% of the metres drilled, including 40 holes as part of the 2014/2015 in-fill drilling program.
- Historical operator, Anaconda Copper Mining Company, drilled 104 holes representing 40% of the metres drilled.
- Historical operators, PacMag Metals Ltd. and Mount Isa Mines Limited, drilled a total of 16 holes representing 7% of the metres drilled.
- The resource database also includes re-assaying of 6,142 samples from 44 historical Anaconda core holes, to allow molybdenum, gold, and silver values to be estimated.

Entrée applied a leading-practice QA/QC program consisting of blanks, standards and duplicates and check samples for all samples from their drill programs. Entrée also implemented a re-assay program of the legacy drill samples following the same QA/QC procedure. No significant grade biases or transcription errors were identified. Entrée collected 5,016 wax-coat water immersion specific gravity ("SG") measurements from Anaconda and Entrée holes. Checks made at an independent laboratory showed no significant biases in the SG measurements.

Deposit geology, structure, alteration and sulphide zoning have been reinterpreted and modelled based on the integration of all of the historic data with current drilling results.

The resource estimate was prepared in accordance with the May 2014 CIM Definition Standards for Mineral Resources and Mineral Reserves. Geological interpretation completed by Company geologists was used as the basis for a three dimensional model created by Amec Foster Wheeler using Leapfrog™ geological modeling software. Three lithological units were modelled as well as three significant faults. Analysis of assay data within the lithological models demonstrated no significant lithological control over the grade distribution. A 0.15% grade shell was used as the primary control for the interpolation of copper.

A block model was constructed in Vulcan™ software with block dimensions of 20 metres × 20 metres x 15 metres high. Copper, gold, silver, and molybdenum grades were interpolated into the blocks by ordinary kriging in three passes. Blocks were classified based on a combination of factors including the number of holes used for each block and the distance to the nearest composites. Validation of the estimated block model revealed no significant global or local grade biases.

Outlier analysis was completed on the copper, molybdenum, gold, and silver composites. Capping thresholds with the 0.15% grade shell are as follows: copper, 0.6%; molybdenum, 0.09%; gold, 0.27 g/t; silver, 4.6 g/t. Outlier restrictions were also applied to copper values outside of the 0.15% grade shell.

To assess reasonable prospects for eventual economic extraction, Amec Foster Wheeler assumed that the

Ann Mason deposit would be mined utilizing open pit mining methods and conventional flotation recovery methods.

The Whittle™ pit optimiser software was utilized to prepare a conceptual pit design, constrained within property boundaries, with inputs on mining, processing, G&A, transportation and smelting and refining. Preparation of the pit was based on economic and technical assumptions listed below. Amec Foster Wheeler is of the opinion they remain reasonable for supporting the 2017 Ann Mason mineral resource estimate:

- Metal prices of: $3.74/lb copper, $13.23/lb molybdenum, $1,495/oz gold and $23.58/oz silver.
- Metallurgical recovery assumptions of 92% for copper, 50% for molybdenum, 50% for gold and 55% for silver.
- Operating costs of $1.09/tonne for mining (plus $0.02/bench below 1605 metres)*; $5.82/tonne for processing; and $0.30/tonne for G&A.
- Smelting, refining and transportation costs per tonne concentrate of $80.00, $0.08 and $88.00, respectively.
- Pit slopes of 52 degrees in the overlying volcanics and 44 degrees in the porphyry units.
- Mineral resources were tabulated within the pit at a cut-off grade of 0.20% copper. This is above an operating breakeven cut-off grade (approximately 0.11% copper) that covers mining, process and G&A costs.

*The $1.09/tonne mining cost with $0.02/bench increment is approximately equivalent to $1.20/tonne over the assumed life of mine.

*MINING OPERATION*

A large open pit mine is envisioned for Ann Mason, involving the development of five pit phases over a three year period of pre-production, plus a 21 year production life, feeding the mill at a rate of 120,000 tpd. Mining will use conventional rotary drilling, blasting, and loading with large cable shovels and 363-tonne trucks. The total mill throughput in the 2017 PEA is estimated to be 877 million tonnes ("Mt"), of which 835 Mt at 0.30% copper, 0.005% molybdenum, 0.03 g/t gold and 0.59 g/t silver are Measured and Indicated material, and 42 Mt at 0.27% copper, 0.005% molybdenum, 0.03 g/t gold and 0.58 g/t silver are Inferred material. A net value per tonne cut-off was applied to the Lerchs-Grossman ("LG") shells, which form the basis of the mine plan. The net value per tonne cut-off incorporates grade and recovery data for the four payable metals (copper, molybdenum, gold and silver) and approximates a 0.145% copper-only cut-off. The high ratio of Measured plus Indicated to Inferred material in the mine plan emphasizes the high confidence of the resource base used for the 2017 PEA and limits the amount of additional drilling required prior to proceeding to a Pre-Feasibility level.

The LOM waste to mineralization strip ratio is approximately 2:1 (including pre-strip). Pit slopes are variable depending on the geotechnical parameters of the rock types and range from 50 degrees in the overlying volcanic rocks (pre-strip), to 37 degrees in rocks that host the porphyry mineralization.

*PROCESSING AND METALLURGY*

In 2015 Entrée retained SGS Minerals Services in Lakefield, Ontario to advance the metallurgy of the Ann Mason deposit to a level suitable for a future Pre-Feasibility Study. AGP oversaw and interpreted the results of the work on behalf of Entrée. More than 1,700 kilograms of core and reject samples (502 sample locations) were shipped to SGS to produce composites representing geometallurgical domains and mine production periods, as well as to evaluate variability within the deposit. The program scope includes a comprehensive grindability study, including JK drop-weight and SMC testing, which provide input parameters for process modeling of the SAG/ball mill circuit. Large diameter (PQ) core was provided specifically for grindability testing. Downstream flowsheet optimization consists of locked cycle flotation testing, a liquid/solid separation study for tailings and concentrate, and final product characterisation.

A summary of results from the locked cycle tests on the domain composites is presented in Table 4. The first

two tests, LCT-1 and LCT-2, were run at a primary grind target of 170 micrometres. This target was lowered in LCT-3 and LCT-4 to optimize the copper recovery. In addition, a rougher scavenger flotation stage was added to further reduce losses to the rougher tailings stream. The results show that a relatively coarse grind size (P80 155 micrometres) can be used in the flowsheet with only a minor impact on average copper recovery and helping to keep process operating costs low.

*Table 4. Locked Cycle Test Results from the 2015 SGS Metallurgical Program.*

| Test # | LCT-1 | LCT-2 | LCT-3 | LCT-4 | LCT-5 |
|---|---|---|---|---|---|
| *Conditions* | | | | | |
| Feed Composite | Cpy | Py | Cpy | Bn | Py |
| Target 1° Grind $P_{80}$, µm | 170 | 170 | 155 | 155 | 155 |
| Target 2° Grind $P_{80}$, µm | 25 | 25 | 25 | 25 | 25 |
| Rougher Scavenger | n | n | y | y | y |
| *Final Concentrate* | | | | | |
| Cu Grade, % | 28.0 | 26.9 | 27.4 | 31.5 | 25.0 |
| Cu Recovery, % | 90.9 | 84.2 | 92.2 | 91.3 | 85.0 |
| Mo Grade, % | 0.28 | 0.20 | 0.27 | 0.58 | 0.21 |
| Mo Recovery, % | 58.1 | 39.2 | 63.0 | 75.0 | 46.2 |
| Au Grade, g/t | 1.47 | 0.95 | 1.28 | 3.03 | 0.61 |
| Au Recovery, % | 41.3 | 44.0 | 49.7 | 66.4 | 36.6 |
| Ag Grade, g/t | 36.5 | 22.9 | 31.6 | 65.0 | 18.4 |
| Ag Recovery, % | 69.6 | 32.5 | 50.6 | 64.2 | 27.8 |

(Feed Composites: Cpy=Chalcopyrite; Py=Pyrite-Chalcopyrite, Bn=Bornite-Chalcopyrite)

In addition, grindability work has confirmed that the feed material is of moderate hardness, with average Bond Rod Work Index and Bond Ball Work Index values of 15.6 kWh/t and 15.5 kWh/t, respectively.

A bulk flotation test was carried out on a 1.5 tonne composite sample to generate sufficient copper concentrate for copper-molybdenum separation testwork. The objective of the work was to build upon the initial development testwork in 2012, which was limited by feed sample size. The program consisted of pilot-scale continuous primary grinding and rougher flotation, followed by batch regrinding and cleaning in a 10 kg flotation cell, and then separation tests in a 2 kg flotation cell.

Several Cu-Mo separation tests were run and the best results were achieved in test Mo-6, where a 28% Mo grade was realized at a 78% stage recovery after three open-circuit cleaning stages.

Overall, the operation of the pilot roughers and batch copper cleaner stages was not sufficiently optimized and resulted in a lower molybdenum grade and recovery to the final concentrate, as well as a limited mass of sample to work with for the separation testwork. Despite adjustments to reagent additions, grind size, and cleaning stages, the batch tests on the bulk concentrate were unsuccessful at improving upon the results of the 2012 program.

Future testwork should focus on large-scale batch tests, upwards of 100 kg test charges, to ensure both sufficient metal units to complete the test and manageable sample size for accurate sampling and testing purposes.

*Metallurgical Projection*

Locked cycle flotation testing has demonstrated that a simple flotation flow sheet with moderate grinds, three stages of cleaning, and low reagent additions is able to generate a saleable copper concentrate, with no significant penalty elements identified.

The proposed flowsheet for the processing plant consists of a conventional SAG/Ball milling circuit to

generate a flotation feed product P80 of approximately 155 micrometres. The flotation circuit would produce separate copper and molybdenum concentrate products for dewatering and shipment to third party smelters. LOM average mill feed would consist primarily of material from the chalcopyrite (46%) and bornite (41%) domains, with a lesser amount from the pyrite zone (13%). Table 5 presents a summary of the metallurgical projection for the Ann Mason deposit. Grades and recoveries are based on the results of the locked-cycle flotation tests from the 2011 Metcon and 2015 SGS testwork programs.

*Table 5. Projected Grades and Recoveries for the Copper and Molybdenum Concentrates.*

| | *Grade* | | | | *Recovery (%)* | | | |
|---|---|---|---|---|---|---|---|---|
| *Product* | *Cu %* | *Mo %* | *Au g/t* | *Ag g/t* | *Cu* | *Mo* | *Au* | *Ag* |
| Copper Concentrate | 30.0 | 0.1 | 1.65 | 36.0 | 92.0 | 17.1 | 57.0 | 55.0 |
| Molybdenum Concentrate | 2.5 | 50.0 | 0.6 | 15.0 | 0.1 | 50.0 | 0.2 | 0.2 |

It should be noted that the grade and recovery to the molybdenum concentrate are, at this point, only estimates. The Cu-Mo separation testwork in the 2012 program successfully demonstrated that a separate molybdenum concentrate was achievable, but the target grade of 50% molybdenum was not reached during three stages of cleaning. Additional stages were not possible due to the small mass of the 3rd cleaner concentrate. The follow up work in 2015 again demonstrated potential, but encountered technical limitations with the lab procedure that prevented higher concentrate grades being achieved. As a result, the projection includes only an estimate of molybdenum recovery to concentrate of 50%. The next phase of testwork is expected to provide additional characterisation of the relationship between grade and recovery for the molybdenum product.

*CAPITAL COSTS*

The pre-production capital cost estimate includes the open pit mine capital expenditures, capitalized pre-production stripping, a 120,000 tonnes per day processing plant, infrastructure (including a tailings facility, power improvements, water and roads), environmental costs, owner's and indirect costs and contingency. The open pit mine equipment is assumed leased; therefore, only the down-payment portion is considered in the mine capital costs. The lease cost occurring within the pre-production period is also capitalized.

Sustaining capital cost includes the down payment portion of LOM mine equipment replacement, tailings expansions, infrastructure upgrades and reclamation costs.

Initial capital and sustaining capital costs for the 2017 PEA, summarized below in Table 6, were estimated using current (Q2 2015) data and pricing. The pricing was verified for this update and is considered current for Q1 2017. No material change was noted based on that review.

*Table 6. Summary of Ann Mason 2017 PEA capital cost estimates.*

| | *Capital Cost ($ Millions)* | | |
|---|---|---|---|
| *Category* | *Pre-Production and Year 1 Capital* | *Sustaining Capital (Years 2-21)* | *Total Capital* |
| Open Pit | 450.6 | 88.7 | 539.3 |
| Processing | 452.2 | 4.5 | 456.7 |
| Infrastructure | 180.7 | 24.5 | 205.1 |
| Environmental | 2.1 | 68.5 | 70.6 |
| Owner's and Indirect Costs | 162.7 | 1.6 | 164.3 |
| Contingency | 102.8 | 3.2 | 106.0 |
| *Total* | *1,351.0* | *191.0* | *1,542.0* |

Note: Total reported values in table are rounded.

*OPERATING COSTS*

Total Years 1-21 operating costs for the Project are estimated to be $9.92/tonne of mill feed on a pre-tax basis (post-tax $11.34/tonne). Mining costs were estimated as $1.50/tonne mined, inclusive of equipment lease payments. LOM copper pre-tax cash costs are $1.72/lb on a copper only basis (post-tax $1.96/lb), or $1.49/lb net of by-product (molybdenum, gold and silver) credits (post-tax $1.74/lb). LOM AISC are $1.79/lb on a copper only basis (post-tax $2.04/lb), or $1.57/lb net of by-product (molybdenum, gold and silver) credits (post-tax $1.81/lb). Table 7 below shows a breakdown of the operating cost categories for Years 1-21 on an average cost per tonne of mill feed basis.

All prices in the 2017 PEA are quoted in 2Q 2015 United States dollars unless otherwise noted. For this update, the input costs were verified and found to be very similar. Therefore, no changes to cost inputs were required.

*Table 7. Summary of Ann Mason 2017 PEA operating cost estimates.*

| | *Operating Costs (Year 1 - 21)* | | |
|---|---|---|---|
| *Category* | *$/tonne Mined* | *$/tonne Mill Feed* | *$/tonne Cu Concentrate* |
| Mining (mill feed and waste) | 1.50 | 4.13 | 455 |
| Processing | --- | 4.59 | 506 |
| G&A | --- | 0.26 | 29 |
| *Subtotal On-Site Costs* | --- | *8.98* | *990* |
| Transportation, Port Costs, Shipping | --- | 0.87 | 96 |
| Royalties | --- | 0.07 | 7 |
| Total Pre-Tax Operating Cost | --- | 9.92 | 1,093 |
| Taxes | --- | 1.42 | 157 |
| *Total Post-Tax Operating Cost* | --- | *11.34* | *1,250* |

*ENVIRONMENTAL AND PERMITTING*

Over the past several years, Entrée continually focussed on advancing environmental studies and permitting for Ann Mason. Baseline environmental studies, including Biology (vegetation and wildlife), Cultural Resources, and WOUS/Wetlands Delineation, have been completed on approximately 4,063 hectares (10,040 acres) of the Project area.

On April 1, 2016, the Company received an approved WOUS/Wetlands jurisdictional determination from the USACE. According to USACE, the water drainages on the Ann Mason Project are considered "isolated waters with no apparent interstate or foreign commerce connection" and as a result, no permit under Section 404 of the Clean Water Act is required for Ann Mason. This is a very significant positive step for Mason Resources in the path towards eventually permitting the Ann Mason Project for development.

No significant obstacles to the development of Ann Mason were identified in any of the baseline environmental studies completed to date.

Other permits required for the development of Ann Mason include an approved Mining Plan of Operations from the Bureau of Land Management ("BLM"), Water Pollution Control and Reclamation Permits from the Nevada Bureau of Mining Regulation and Reclamation, an Air Quality Permit from the Nevada Bureau of Air Pollution Control and Conditional Use/Special Use Permits from Lyon and Douglas Counties.

Results of the baseline environmental studies will form part of an Environmental Impact Study ("EIS") of the Project, as required by the National Environmental Policy Act ("NEPA"). Once Mason Resources completes a Pre-Feasibility Study of the Ann Mason Project and submits its Mining Plan of Operations to the BLM for approval, an EIS will be required as part of the approval process. The BLM will be the lead agency under NEPA rules, and will only issue a final EIS after considering comments from the public and other agencies including the U.S. Environmental Protection Agency.

*BLUE HILL DEPOSIT MINERAL RESOURCES*

The Blue Hill oxide target is approximately 1.5 kilometres northwest of the Ann Mason deposit and hosts copper oxide mineralization that extends from near-surface to a maximum depth of 185 metres (average approximately 125 metres), over an area of 800 by 500 metres and remains open to the northwest and southeast.

The Blue Hill mineral resource estimate remains the same as the estimate published in the 2012 and 2015 PEAs. Mineral resources at Blue Hill were estimated under the supervision of Pierre Desautels, P.Geo. of AGP. The estimate is based on copper, molybdenum, gold, and silver drill hole sample grades collected from 6 core and 24 RC drill holes completed by Entrée, and also from 20 historical core and RC drill holes completed by Anaconda and PacMag. A total of 10 holes drilled in 2013 and 2015 were subsequently added to the database. Four of those holes were located in close proximity to the Blue Hill mineral resource but were considered not material to the overall Ann Mason Project; therefore, the Blue Hill mineral resource estimate was not updated and remains the same as in the 2012 PEA. No new drilling or sampling has been completed at Blue Hill since the 2015 PEA.

The Blue Hill mineral resource estimate is based on all scientific and technical information as of March 3, 2017 and therefore has an effective date of March 3, 2017. The mineral resource model and the mineral resource estimate have not changed since July 31, 2012, the effective date of the previous mineral resource estimate. The assumptions used in 2012 to assess reasonable prospects of eventual economic extraction including metal prices, mining, processing and G&A cost metallurgical recoveries and pit slopes remain the same and are still considered reasonable.

The key parameters of the estimate are as follows:

- Domains were modelled in 3D to separate oxide, mixed, and primary mineralization from surrounding waste rock. The domains were modelled to a nominal 0.075% copper cut-off.
- High-grade outliers in the drill hole assay database were capped to 0.75% for copper, 0.03 g/t for gold, and 2 g/t for silver prior to compositing. No capping was applied to molybdenum.
- Drill hole assays were composited to 5 metre lengths interrupted by the overall mineralization boundary.
- Block grades for copper, molybdenum, gold, and silver were estimated from the drill hole composites using inverse distance weighted to the second power (ID2) into 40 metre x 40 metre x 15 metre blocks coded by domain. Molybdenum, gold, and silver were estimated for sulphide blocks only.
- Dry bulk density was estimated globally for each domain from drill core samples collected throughout the deposit. The oxide and mixed zones were assigned a density of 2.57 t/m3 and the sulphide zone was assigned 2.62 t/m3.
- All blocks were classified as Inferred mineral resources in accordance with CIM definitions.

Mineral resources were reported within a LG pit shell, generated by AGP, above a copper cut-off of 0.10% for the oxide and mixed zones and 0.15% for the sulphide zone. AGP believes these cut-offs are still valid for resource reporting.

The general parameters of the LG pit are as follows:

- average gross metal values of:

  - $3.32/lb copper for oxide and mixed material
  - $3.16/lb copper, $12.12/lb molybdenum, $1,057/oz gold, and $13.58/oz silver for sulphide material

- metallurgical recoveries of:

  - 81.7% leachable oxide copper
  - 75% for mixed material
  - 92% copper, 50% molybdenum, 50% gold and 55% silver for sulphide material

- mining costs:

  - oxide and mixed feed material - $1.30/t
  - sulphide feed material - $1.13/t
  - all waste costs - $1.13/t

- process and general management and administration (G&A) costs of:

  - $5.06/t for oxide and mixed material
  - $6.22/t for sulphide material

- pit slopes of 40 degrees in both the overlying volcanic and in the mineralized granodiorite.

*Table 8. Blue Hill Inferred Mineral Resources (effective date March 3, 2017)*

| Zone | Cu Cut-off (%) | Tonnes (Mt) | Grade Cu (%) | Contained Cu (Mlb) | Mo (%) | Au (g/t) | Ag (g/t) |
|---|---|---|---|---|---|---|---|
| Oxide Zone | 0.10 | 47.44 | 0.17 | 179.37 | - | - | - |
| Mixed Zone | 0.10 | 24.69 | 0.18 | 98.12 | - | - | - |
| Oxide + Mixed Zones | 0.10 | 72.13 | 0.17 | 277.49 | - | - | - |
| Sulphide Zone | 0.15 | 49.86 | 0.23 | 253.46 | 0.005 | 0.01 | 0.3 |

Notes:

- Mineral resources are classified in accordance with the 2014 CIM Definition Standards for Mineral Resources and Mineral Reserves.
- Mineral Resources do not include external dilution, nor was the tabulation of contained metal adjusted to reflect metallurgical recoveries.
- Tonnages are rounded to the nearest 10,000 tonnes, and grades are rounded to two decimal places.
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade, and contained metal content.
- Material quantities and grades are expressed in metric units, and contained metal in imperial units.

Drilling of the underlying sulphide target remains sparse, but has identified a target more than one kilometre in width which remains open in most directions with potential for expansion. Blue Hill has not been incorporated into the 2017 PEA, however, through additional drilling there is potential for the Blue Hill oxide copper project to be incorporated into the overall mine plan. In addition, several high priority targets for additional oxide copper mineralization occur peripheral to Blue Hill.

*TECHNICAL REPORT RECOMMENDATIONS AND BUDGET*

The Ann Mason Project development options are sufficiently understood and the Project shows positive economics to support a decision to proceed to a Pre-Feasibility Study. As an initial part of the preparation for a Pre-Feasibility Study, a two-stage drill program is recommended in the 2017 PEA to bring the mineral resources within the current Phase 5 Pit to a minimum Indicated mineral resource category and to complete a program of wide-spaced, drilling within the pit, but outside of the current 0.15% copper grade shell.

A second program of exploration drilling is also recommended to test several key target areas within the Project boundaries, initially focused on near-surface oxide copper mineralized targets in the vicinity of Blue Hill and Ann Mason, as well as several high priority, deeper sulphide mineralized targets at the Blackjack IP target and to the west of Ann Mason. The overall budget to complete the recommended work is summarized as follows:

- Stage 1 and 2 in-pit drilling $2.32 million

- Regional exploration drilling $2.07 million

Blue Hill and the peripheral oxide targets are very strong priorities for Mason Resources that would see a

portion of the regional exploration drilling. On the near-surface Blue Hill oxide target, copper oxide mineralization extends from surface to a maximum depth of 185 metres (average approximately 125 metres), over an area of 800 by 500 metres and remains open to the northwest and southeast. Drilling of the underlying sulphide target remains sparse, but has identified a target more than one kilometre in width which remains open in most directions with potential for expansion. Blue Hill has not been incorporated into the 2017 PEA, however, through additional drilling there is potential for the Blue Hill oxide copper deposit to be incorporated into the overall mine plan.

AGP also recommends in the 2017 PEA that Mason Resources develop a thorough Pre-Feasibility scope and detailed budget. AGP estimates that in addition to the budget for the two stages of in-pit drilling and regional exploration noted above, a Pre-Feasibility Study for Ann Mason would be approximately $9 to $11 million to complete. The Pre-Feasibility Study would cover areas such as:

- resource estimate update
- geotechnical studies
- condemnation drilling
- tailings management facility design and site geotechnical
- environmental management studies and data collection
- concentrate marketing and sales studies
- capital and operating cost estimation
- financial evaluation
- project management and administration

*2017 PEA PREPARATION AND QUALIFIED PERSONS*

The 2017 PEA was completed independently by AGP Mining Consultants Inc., Toronto and Amec Foster Wheeler Americas Limited, Vancouver. The information in this news release that relates to the mining and metallurgy portions of the 2017 PEA was approved by: Jay Melnyk, P.Eng. and Lyn Jones, P.Eng., both from AGP. The information in this news release that relates to the geology and mineral resource estimation portions of the PEA was approved by: Greg Kulla, P.Geo and Peter Oshust P.Geo, both from Amec Foster Wheeler.

Robert Cinits, P.Geo., Chief Operating Officer with Mason Resources, a Qualified Person as defined by NI 43-101, approved all other technical information in this news release.

The 2017 PEA, titled “2017 Updated Preliminary Economic Assessment on the Ann Mason Project, Nevada, U.S.A.” with an effective date of March 3, 2017 is available on SEDAR at www.sedar.com and on the Company’s website at www.masonresources.com.

*Non-GAAP Financial Measures*

This document refers to "Cash Costs" and all-in sustaining cost (or "AISC") per unit of production, which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. The calculations of these measures may differ from those used by other issuers. The Company discloses these measures in order to provide assistance in understanding the results of the operations within the 2017 PEA and to provide additional information to investors.

**ABOUT MASON RESOURCES CORP.**

Mason Resources Corp. is a well-funded Canadian copper exploration and development company focused in the U.S.A. The Company’s key asset is its 100% owned Ann Mason Project – an extensive, prospective land package located in the Yerington District of Nevada. The Ann Mason Project hosts two copper-molybdenum porphyry deposits, Ann Mason and Blue Hill, as well as numerous earlier-stage or

untested priority targets. The Ann Mason deposit is currently at a PEA level and is among the largest undeveloped copper porphyry resources in Canada/U.S.A. The excellent infrastructure, year-round access, strong community support and clear permitting process are all factors that contribute to making Yerington, Nevada one of the best mining jurisdictions in the world. Mason also holds a 100% interest in the Lordsburg property, an exciting earlier-stage copper-gold porphyry project, located within an historic mining district in New Mexico.

Mason’s strong financial position and high-quality asset portfolio provide it with a solid foundation and flexibility for growth, by advancing development of Ann Mason towards Pre-Feasibility, introducing one or more strategic development partners, exploring high priority targets or considering strategic acquisitions.

*This news release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of applicable Canadian securities laws.*

*Forward-looking statements include, but are not limited to, statements with respect to requirements for additional capital; uses of funds; the value and potential value of assets; the future prices of copper, gold, molybdenum and silver; the estimation of mineral resources; the realization of mineral resource estimates; anticipated future production, capital and operating costs, cash flows and mine life; potential size of a mineralized zone; potential expansion of mineralization; the potential discovery of new mineralized zones; potential metallurgical recoveries and grades; the potential impact of future exploration results on Ann Mason mine design and economics; completion of a Pre-Feasibility Study on the Project; potential development of the Ann Mason Project; potential to incorporate the Blue Hill deposit into the mine plan; potential types of mining operations; permitting timelines; government regulation of exploration and mining operations; plans for future exploration and/or development programs and budgets; anticipated business activities; corporate strategies; and future financial performance.*

*While the Company has based these forward-looking statements on its expectations about future events as at the date that such statements were prepared, the statements are not a guarantee of the Company’s future performance and are based on numerous assumptions regarding present and future business strategies, local and global economic conditions and the environment in which Mason Resources will operate in the future, including the price of copper, gold, silver and molybdenum. Uncertainties and factors which could cause actual results to differ materially from future results expressed or implied by forward-looking statements and information include, amongst others, the market valuing Entrée and Mason Resources in a manner not anticipated by the companies; unanticipated costs, expenses or liabilities; discrepancies between actual and estimated production, mineral reserves and resources and metallurgical recoveries; the size, grade and continuity of deposits not being interpreted correctly from exploration results; the results of preliminary test work not being indicative of the results of future test work; fluctuations in commodity prices and demand; changing foreign exchange rates; actions by government authorities; the availability of funding on reasonable terms; the impact of changes in interpretation to or changes in enforcement of, laws, regulations and government practices, including laws, regulations and government practices with respect to mining, foreign investment, royalties and taxation; the terms and timing of obtaining necessary environmental and other government approvals, consents and permits; the availability and cost of necessary items such as power, water, skilled labour, transportation and appropriate smelting and refining arrangements; and misjudgements in the course of preparing forward-looking statements. In addition, there are also known and unknown risk factors which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements and information. Such factors include, among others, risks related to international operations, including legal and political risk; risks associated with changes in the attitudes of governments to foreign investment; discrepancies between actual and anticipated production, mineral reserves and resources and metallurgical recoveries; global financial conditions; changes in project parameters as plans continue to be refined; inability to upgrade Inferred mineral resources to Indicated or Measured mineral resources; inability to convert mineral resources to mineral reserves; conclusions of economic evaluations; future prices of copper, gold, silver and molybdenum; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining government approvals, permits or licences or financing or in the completion of development or construction activities; environmental risks; title disputes; limitations on insurance coverage; as well as those factors discussed in the Company’s continuous disclosure documents available at www.sedar.com. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company is under no obligation to update or alter any forward-looking statements except as required under applicable securities laws.*

**FURTHER INFORMATION**

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