MA'ADEN معادن

Saudi Arabian Mining Company شركة التعدين العربية السعودية

PROSPECTUS

Saudi Arabian Mining Company (Ma'aden)

A Saudi Joint Stock Company formed pursuant to Royal Decree No. M/17 dated 14/11/1417H (corresponding to 23/03/1997G) and Council of Ministers Resolution No. 179 dated 8/11/1417H (corresponding to 17 March 1997G) with commercial registration number 1010164391 dated 10/11/1421H (corresponding to 04/02/2001G)

Offering of 243,478,261 ordinary shares at an offering price of SAR 23 per share by way of a rights issue, representing a 26.3 per cent increase in the Company's capital to SAR 11,684,782,610.

First Subscription Period: From 25/01/1436H (corresponding to 18/11/2014G) until 05/02/1436H (corresponding to 27/11/2014G)
Second Subscription Period: From 08/02/1436H (corresponding to 30/11/2014G) until 10/02/1436H (corresponding to 02/12/2014G)

The Saudi Arabian Mining Company (Ma'aden) (hereinafter referred to as the "Company" or "Ma'aden") was formed as a joint stock company pursuant to Royal Decree No. M/17 dated 14/11/1417H (corresponding to 23/03/1997G) and Council of Ministers Resolution No. 179 dated 08/11/1417H (corresponding to 17/03/1997G), and with commercial registration number 1010164391 dated 10/11/1421H (corresponding to 04/02/2001G). The current share capital of the Company is SAR nine billion, two hundred and fifty million (9,250,000,000), divided into SAR nine hundred and twenty-five million (925,000,000) ordinary shares, with a fully paid nominal value of SAR ten (10) per share (the "Shares"). As at the date of this Prospectus ("Prospectus"), the only shareholders ("Shareholders") in the Company who own more than five (5) per cent of the issued share capital of the Company are the Public Investment Fund ("PIF") (50 per cent), the General Organization for Social Insurance ("GOSI") (9.6 per cent) and the Public Pensions Agency (the "PPA") (7.4 per cent).

The Company's Board of Directors (the "Board") recommended in its meeting held on 16/07/1435H (corresponding to 15/05/2014G) that the Company's capital be increased from SAR nine billion, two hundred and fifty million (9,250,000,000) to SAR 11,684,782,610 after obtaining the necessary regulatory approvals.

On 20/01/1436H (corresponding to 13/11/2014G), the extraordinary general assembly of the Company (the "EGM") authorised the increase in the Company's capital through a rights issue (the "Rights Issue"). The Rights Issue will be of 243,478,261 new shares (the "New Shares") at an offer price of SAR 23 per share (the "Offer Price") and will increase the Company's share capital from SAR nine billion and two hundred fifty million (9,250,000,000) to SAR 11,684,782,610 divided into 1,168,478,261 ordinary shares at a nominal value of SAR ten (10) per share.

The Rights Issue will be conducted through the issue of tradable securities (referred to collectively as the "Rights" and each a "Right") to registered shareholders in the Company (referred to collectively as the "Registered Shareholders" and each a "Registered Shareholder") as at the close of trading on the date of the EGM on 20/01/1436H (corresponding to 13 November 2014G) (the "Eligibility Date") in the amount of 1 Right for every 3.8 Shares held on such date, with such Rights being deposited into the Registered Shareholders' portfolios within two days of the Eligibility Date. Each Right grants its holder the eligibility to subscribe to one New Share at the Offer Price.

Registered Shareholders and the public may trade the Rights on the Saudi Stock Exchange (the "Exchange" or "Tadawul") from Tuesday 25/01/1436H (corresponding to 18/11/2014G) until the close of trading on Thursday 05/02/1436H (corresponding to 27/11/2014G) (the "Trading Period").

The subscription for the New Shares will be in two phases:

(A) Phase I: Starts on Tuesday 25/01/1436H (corresponding to 18/11/2014G) and will continue until the end of the day of Thursday 05/02/1436H (corresponding to 27/11/2014G) ("the First Subscription Period"). During that period, only Registered Shareholders will be entitled to exercise their rights to subscription (in whole or in part) in the New Shares within the limits of the number of Rights that have been deposited in their portfolio after the General Assembly. Subscription will only be approved for a number of New Shares based on the number of the Rights existing in the portfolio at the end of the trading period. The First Subscription Period will coincide with the trading period during which Registered Shareholders and Public may trade their Rights.

(B) Phase II: Starts on Sunday 08/02/1436H (corresponding to 30/11/2014G) and will continue until the end of the day of Tuesday 10/02/1436H (corresponding to 02/12/2014G) (the "Second Subscription Period"). During that period, all holders of Rights, whether Registered Shareholders or persons who purchased Rights during the trading period (referred to collectively as the "Eligible Persons" and each an "Eligible Person") will be allowed to exercise their right to subscribe in the New Shares. Trading of Rights at this phase is not possible.

Subscription application forms will be available during Phases I and II at any of the branches of the receiving agents stated in page XVIII of this Prospectus (the "Receiving Agents").

If unsubscribed shares remain ("Rump Shares") in both phases I and II, they will be offered to institutional investors ("Institutional Investors") after consultation with the Company, provided that those Institutional Investors submit offers for purchasing the Rump Shares. Receipt of those shares shall commence at 10:00 AM on Sunday 15/02/1436H (corresponding to 07/12/2014G) and continuing until 10:00 AM of the second day, on 16/02/1436H (corresponding to 08/12/2014G). This shall be referred to as the "Rump Offering". The Rump Shares shall be allocated to Institutional Investors with the highest offer, then to the next one (provided that it is not below the Offer Price), and the allocation of those shares to Institutional Investors submitting the same offer will be pro rata. Fractional shares shall be added to the Rump Shares and treated in the same way. The total Offer Price of the Rump Shares shall be paid to the Company, and the remaining proceeds of the sale of Rump Shares and fractional shares shall be distributed to Eligible Persons on a pro rata basis by 26/02/1436H (corresponding to 18/12/2014G).

If there remain shares unpurchased by Institutional Investors, those assets shall be allocated to the underwriters, who shall purchase them at the Offer Price (see Section 18, "Underwriting", and Section 16, "Subscription Terms and Conditions", of this Prospectus). After completion of the subscription process, the Company's capital will be SAR 11,684,782,610 and the Company's shares will be 1,168,478,261 shares at a fully paid nominal value of SAR ten (10) per share. The net proceeds from the offering shall be used after deducting the offering expenses for funding of Company investments in the phosphate industry, particularly in the building of an integrated facility for phosphate production at Wa'ad Al-Shamal Mineral Industrial City and Ras Al-Khair City (the "MWAS Project"), in addition to continued funding for aluminium operations related to the mine and the refinery being constructed by MBAC, and funding of the Company's share in the capital of MBAC that was temporarily funded by drawdown from the Redrawable Murabaha Finance Facility (see Section 10, "Use of Proceeds", of this Prospectus). The final allocation of the New Shares shall be announced no later than 19/02/1436H (corresponding to 11/12/2014G) (the "Allocation Date") (see Section 16, "Subscription Terms and Conditions", of this Prospectus).

All Company shares are of one class only, and no share shall give its holder preferential rights. The New Shares shall be fully paid and shall rate pari passu with the existing shares. Each Share entitles the holder to one vote and each shareholder ("Shareholder") owning no less than twenty (20) shares has the right to attend and vote at the Shareholders' general assembly meeting (the "General Assembly"). The New Shares are entitled to any dividends announced by the Company since the start of Subscription and for subsequent fiscal years, if any (see Section 9, "Dividend Policy", and Section 2.3.7, "Risk Factors—Dividends", of this Prospectus).

The Company listed nine hundred and twenty five million (925,000,000) ordinary shares on 02/07/1429H (corresponding to 05/07/2008G) on the Saudi Stock Exchange (Tadawul), with founding shareholders subscribing to 50 per cent of the Company's capital and 50 per cent of the Company's capital offered for public subscription.

The Company's existing shares are traded on Tadawul. The Company has applied to the Capital Market Authority ("CMA") in the Kingdom of Saudi Arabia (the "Kingdom") for the admission of the New Shares to the Stock Exchange. Approval has been issued for this Prospectus and all supporting documents requested by CMA. Trading of New Shares is expected to commence on Tadawul soon after the New Shares have been allocated (see the Section entitled "Key Dates for Subscribers" of this Prospectus). Following listing and the commencement of trading, Saudi nationals and residents, nationals of GCC countries, Saudi companies, banks and funds, Gulf companies and institutions, and foreign investors outside of the Kingdom (through swap agreements) will be permitted to trade the New Shares. This Prospectus should be read in its entirety, and the sections entitled "Important Notice" and "Risk Factors" should be studied carefully by eligible investors before any investment decision is made in respect of the Shares offered pursuant to this Prospectus.

Lead Managers

HSBC | GIB Capital

Financial Adviser

HSBC

Additional Underwriters

Aljazira Capital | GIB Capital | HSBC

Lead Underwriter

sambacapital

Receiving Agents

NCB الأهلي | riyad bank | Banque Saudi Fransi | Bank AlJazira | anb | Al Rajhi Bank | SABB | Saudi Hollandi Bank | Bank AlBilad | alinma bank | The Saudi Investment Bank | samba

This Prospectus includes information given in compliance with the Listing Rules of the CMA in the KSA ("CMA"). The Directors, whose names appear on page VIII, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Saudi Arabian Stock Exchange (Tadawul) take no responsibility for the contents of this document, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document.

This Prospectus is dated 20/01/1436H (corresponding to 13/11/2014G)

This unofficial English translation of the official Arabic Prospectus is provided for information purposes only. The Arabic prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two texts.

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Saudi Arabian Mining Company
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Important Notice

This Prospectus provides full information relating to the Company and the New Shares. In subscribing to New Shares, subscribers shall be treated as applying on the basis of the information contained in this Prospectus, copies of which are available at the Company's head office and the Receiving Agents, or by visiting the websites of the Company (www.maaden.com.sa), Tadawul (www.tadawul.com.sa), the CMA (www.cma.org.sa) or HSBC Saudi Arabia Limited (www.hsbcsaudi.com).

HSBC Saudi Arabia Limited has been appointed by the Company to act as financial advisor (the "**Financial Advisor**"). The Company has also appointed GIB Capital Limited and HSBC Saudi Arabia Limited to act as Lead Managers. The Company has also appointed Samba Capital and Investment Management Company (Samba Capital) as Lead Underwriter, and each of Aljazira Capital, GIB Capital Limited and HSBC Saudi Arabia Limited to act as additional underwriters.

This Prospectus includes details given in compliance with the listing rules issued by the CMA pursuant to Resolution No. 3-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G) and amended by CMA Resolution No. 1-36-2012 dated 11/02/1433H (corresponding to 25/11/2012G) (the "**Listing Rules**"). The Directors, whose names appear in Section 5.1.1 ("**Company Management Structure and Governance—Directors and Secretary**"), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading. The Capital Market Authority and Tadawul do not take any responsibility for the content of this document, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of it.

While the Company has made all reasonable inquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, substantial portions of the market and industry information herein are derived from external sources, and while neither the Company, the Financial Adviser, the Lead Managers, the Underwriters, nor any of the Company's other advisers, whose names appear in the "Advisers" Section of this Prospectus together with the Financial Adviser, the Lead Managers and the Underwriters (the "**Advisers**"), have any reason to believe that any of the market and industry information is materially inaccurate, such information has not been independently verified and make no representation or warranty with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial status of the Company and the value of the Shares may be adversely affected by future developments, such as inflation, interest rates, taxes and other economic and political factors, over which the Company has no control (see Section 2, "**Risk Factors**", of this Prospectus). Neither the preparation of this Prospectus nor any oral, written or printed communication in relation to the New Shares is intended to be, nor should be construed as or relied upon in any way, as a promise or representation as to the Company's future earnings, results, revenues or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Financial Adviser, the Lead Managers, the Underwriters or any of the Company's Advisers to participate in the Rights Issue. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account the investment objectives, financial position or particular investment needs of any individual. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice around the Offering and for considering the appropriateness of this investment and the information contained herein to the recipient's individual objectives and financial situation and requirements.

Registered Shareholders and the public shall be able to subscribe during the period from Tuesday 25/01/1436H (corresponding to 18/11/2014G) until the end of the day on Tuesday 10/02/1436H (corresponding to 02/12/2014G). The subscription shall be done in two phases:

(A) Phase I: Starts on Tuesday 25/01/1436H (corresponding to 18/11/2014G) and shall continue until the end of the day on Thursday 05/02/1436H (corresponding to 27/11/2014G) (the "First Subscription Period"). During that period, only Registered Shareholders shall be entitled to exercise their rights to subscription (in whole or in part) in the New Shares within the limits of the number of Rights that have been deposited in their portfolio after the General Assembly. Subscription shall only be approved for a number of New Shares based on the number of the Rights existing in the portfolio at the end of the trading period. The First Subscription Period shall coincide with the trading period during which Registered Shareholders and Public may trade their Rights.

(B) Phase II: Starts on Sunday 08/02/1436H (corresponding to 30/11/2014G)) and continues until the end of the day on Tuesday 10/02/1436H (corresponding to 02/12/2014G) (the "Second Subscription Period"). During that period, all holders of Rights, whether Registered Shareholders or persons who purchased Rights during the trading period (referred to collectively as "Eligible Persons", and each an "Eligible Person") shall be allowed to exercise their right to subscribe to the New Shares. Trading of Rights during this phase is not possible.

If unsubscribed shares ("**Rump Shares**") remain in both phases I and II, they shall be offered to institutional investors ("**Institutional Investors**") after consultation with the Company, provided that those Institutional Investors submit offers for purchasing the Rump Shares. Receipt of those shares shall start at 10:00 AM Sunday 15/02/1436H (corresponding to 07/12/2014G) and shall continue until 10:00 AM on the second day, on 16/02/1436H (corresponding to 08/12/2014G). This shall be referred to as the "**Rump Offering**". The Rump Shares shall be allocated to Institutional Investors with the highest offer, then to the next one (provided that it not be below the Offer Price). The allocation of those shares to the Institutional Investors submitting the same offer shall be pro rata. Fractional shares shall be added to the Rump Shares and treated in the same way. The total Offer Price of the Rump Shares shall be paid to the Company, and the remaining proceeds of the sale of the Rump Shares and fractional shares (exceeding the Offer Price) shall be distributed to Eligible Persons on a pro rata basis by 26/02/1436H (corresponding to 18/12/2014G).

INDUSTRY AND MARKET DATA

In this Prospectus, information regarding the industries and data regarding market segments in which the Company and its subsidiaries and joint venture companies (collectively, the "**Group**") operate have been obtained from: (i) the Company's estimates, internal reports and studies; (ii) data and analysis obtained from various publicly available third party sources and materials; and (iii) an industry report prepared by CRU Strategies Limited ("**CRU**").

CRU, founded in the late 1960s, is an independent business analysis and consultancy group focused on the mining, metals, power, cables, fertiliser and chemical sectors, with over 200 experts in London, Beijing, Santiago, Sydney and key centres within the United States. Neither CRU nor any of its affiliates, employees nor their husbands, wives or any first degree relatives hold any shareholding or interest of any kind in the Company. CRU has given and not withdrawn its written consent for the use of its market data and research in the manner and format set out in the Prospectus.

Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. While the Company has taken all due care to ensure that information is accurate and properly contextualised, the Company has not independently verified any of the data from third party sources nor ascertained the underlying economic assumptions relied upon therein. Consequently, none of the Company, the Financial Adviser, the Lead Managers or the Underwriters make any representation as to the accuracy or completeness of such information.

MINERAL RESOURCES AND RESERVE DATA

There is a degree of uncertainty involved in estimating and classifying ore reserves and mineral resources and the corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, quantities and grades are estimates only. The quantity of ore reserves and mineral resources varies with metal prices, operating costs and other extenuating factors, and ore reserve estimates have been determined based on the Company's long-term price forecasts, cut-off grades and costs, which may prove to be inaccurate. Any material change in the quantity of ore reserves or stripping ratio may affect the economic viability of projects. Small-scale laboratory tests of gold recoveries or other metal recoveries may not be duplicated in larger scale tests under on-site conditions or during production. Commodity price fluctuations, drilling outcomes, metallurgical testing, and the production and evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. Volumes and grades of ore reserves mined and processed with recovery rates may not be the same as currently anticipated. Any material reductions in ore reserve estimations or the company's ability to extract these ore reserves could have adverse effects on the company's businesses, prospects, financial condition and operating results. Prospective subscribers should read this section together with the "Risk Factors" section of this Prospectus, particularly the risk that "ore reserves and mineral resources are estimates, and the actual volume and grade of Ma'aden's ore reserves and mineral resources and their rate of production may not conform to current expectations, as ore reserves and mineral resources are merely estimates".

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**") is an internationally recognised professional code of practice that sets minimum

standards for the public reporting of exploration results, mineral resources and ore reserves, and envisages the use of reasonable investment assumptions, including the use of projected long-term commodity prices in estimating ore reserves.

The JORC Code was first published in 1989G and was updated in 1992G, 1993G, 1996G, 1999G, 2004G, and most recently in 2012G. Ma'aden is currently in the process of upgrading from the 2004G edition of the JORC Code ("**JORC 2004G**") to the 2012G edition of the JORC Code ("**JORC 2012G**"). The table below shows whether the mineral resources and ore reserve data set out in this Prospectus in respect of the relevant mine or project have the underlying documentation required for compliance with JORC 2004G or JORC 2012G. Mineral resources or ore reserve data not set out below may not have the underlying documentation required for compliance with JORC 2004G or JORC 2012G.

Table 0.1: Underlying documentation required for compliance with JORC 2004G or JORC 2012G.

Location	Estimate Date	JORC 2004G	JORC 2012G	Relevant Person, Professional Affiliation and Employer
Phosphate				
Mineral resources				
Mines in Development				
Al-Khabra	June 2013G	•		Mark Campodonic, MAusIMM, SRK Consulting
Discovery and Exploration Projects				
Umm Wu'al Block B6	July 2014G		•	Daniel Mariton, Sofreco
Al-Jalamid, Block (Plot) A1 to 11A	June 2014G		•	Daniel Mariton, Sofreco
Ore Reserves				
Mines in Development				
Al-Khabra	March 2013	•		John Miles, IMMM, SRK Consulting
Bauxite				
Mineral resources				
Producing Mines				
Al-Ba'itha	February 2011	•		Stefan Mujdrica, MAusIMM, Xstract Mining
Ore Reserves				
Producing Mines				
Al-Ba'itha	Mar 2011G	•		Kevin Irving, MAusIMM, Xstract Mining
Gold				
Mineral resources				
Producing Mines				
Al-Amar	June 2013G		•	Kahan Cervoj, MAusIMM, Optiro

Location	Estimate Date	JORC 2004G	JORC 2012G	Relevant Person, Professional Affiliation and Employer
Bulghah	October 2013		•	Nick Szebor, FGS, Wardell Armstrong International
Bulghah North	November 2013		•	Nick Szebor, FGS, Wardell Armstrong International
Sukhaybarat	April 2013G		•	Nick Szebor, FGS, Wardell Armstrong International
Mansourah and Massarah	April 2013G	•		Edmund Sides, AMEC
Ar Rjum	April 2013G	•		Edmund Sides, AMEC
Ore Mineral Reserves				
Producing Mines				
Al-Amar	June 2013G		•	Russell McBeath, Optiro
Sukhaybarat	October 2013		•	David Chilcott, ACSM, FIMMM, CEng
Mansourah and Massarah	January 2014G	•		Ralph Penner, AMEC
Ar Rjum	January 2014G	•		Ralph Penner, AMEC

Ma'aden's Mineral Resources include ore reserves, i.e. the reserves are contained within the larger volume of resource. All tonnage and grade data have been rounded down and reported to appropriate significant figures, so totals might not be exact. Mineral resources and ore reserves are stated on a 100 per cent basis irrespective of Ma'aden's ownership interest in each project.

The definitions of mineral resources, ore reserves and their associated subcategories are as follows, which are defined in JORC 2012G:

A **Mineral Resource** is a concentration or occurrence of material of economic interest in or on the Earth's crust in such form, grade/quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral resources are subdivided, in order of increasing geological confidence, into the following categories: "inferred", "indicated" and "measured".

An **Inferred Mineral Resource** is that part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An inferred resource has a lower level of confidence than that of an indicated mineral resource and must not be converted to an ore reserve. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration.

An **Indicated Mineral Resource** is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade/quality continuity between points where data and samples are gathered. An indicated mineral resource has a lower level of confidence than that of a measured mineral resource and may only be converted to a probable ore reserve.

A **Measured Mineral Resource** is that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade/quality continuity between points where data and samples are gathered. A measured mineral resource has a higher level of confidence than that of either an indicated mineral resource or an inferred mineral resource. It may be converted to a proven ore reserve or under certain circumstances to a probable ore reserve.

Modifying Factors are considerations used to convert mineral resources to ore reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

An **Ore Reserve** is the economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at the pre-feasibility or feasibility level, as appropriate, including application of modifying factors. Such studies demonstrate that at the time of reporting extraction can reasonably be justified. The key underlying assumptions and outcomes of the pre-feasibility study or feasibility study must be disclosed at the time of reporting a new or materially changed ore reserve. Ore reserves are subdivided in order of increasing confidence into "probable" and "proven".

A **Probable Ore Reserve** is the economically mineable part of an indicated, and in some circumstances, a measured mineral resource. The confidence in the modifying factors applying to a probable ore reserve is lower than that applying to a proven ore reserve. A probable ore reserve has a lower level of confidence than a proven ore reserve but is of sufficient quality to serve as the basis for a decision on the development of the field.

A Proven Ore Reserve is the economically mineable part of a measured mineral resource. A proven ore reserve implies a high degree of confidence in the modifying factors. A proven ore reserve represents the highest confidence category of reserve estimate. The style of mineralisation or other factors could mean that proven ore reserves are not achievable in some fields.

A **Competent Person** is a minerals industry professional who is a Member or Fellow of the Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a recognised professional organisation included in a list available on the JORC and Australian Stock Exchange websites. These organisations have enforceable disciplinary processes including the power to suspend or expel a member. A Competent Person must have a minimum of five years relevant experience in the style of mineralisation or type of field under consideration and in the activity that that person is undertaking.

Ore Reserves and Mineral Resources are subject to changes based on various factors, including depletion at operating mines. There have been no material changes to aggregate Ore Reserve and Mineral Resource estimates provided in this Prospectus since the dates of the reports indicated above

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the balance sheet, statement of income and cash flow financial information included in this Prospectus relating to the Company has been derived:

- In the case of the six-month periods ended 30 June 2013G and 30 June 2014G, from the unaudited interim consolidated financial statements of the Group as at and for the six-month period ended 30 June 2014G (including the comparative information as at and for the six-month period ended 30 June 2013G) (the "**30 June 2014G Interim Unaudited Financial Statements**");
- In the case of the years ended 31 December 2013G and 31 December 2012G, from the audited interim consolidated financial statements of the Group as at and for the year ended 31 December 2013G, including the comparative information as at and for the year ended 31 December 2012G) (the "**2013G Consolidated Financial Statements**");
- In the case of the year ended 31 December 2011G, from the audited consolidated financial statements of the Group as at and for the year ended 31 December 2012G, including the comparative information as at and for the year ended 31 December 2011G) (the "**2012G Consolidated Financial Statements**");

The 30 June 2014G unaudited interim financial statements, the 2013G consolidated financial statements, and the 2012G consolidated financial statements (collectively, the "**Financial Statements**"). The Financial Statements have been prepared in conformity with accounting standards promulgated by

the Saudi Organization for Certified Public Accountants ("**SOCPA**"). The 2013G Consolidated Financial Statements have been audited by Ernst & Young and the 2012G Consolidated Financial Statements have been audited by PricewaterhouseCoopers. The Group publishes its financial statements in Saudi Riyals. In this Prospectus, unless otherwise specified, references to "SAR", "Saudi Riyals" and "Riyals" are to the currency of the Kingdom, and references to "halalah" are to the sub-unit of the Riyal.

The Company's fiscal year ends on 31 December, and references in this Prospectus to any specific year are to the 12-month period ended on 31 December of such year.

Certain figures and percentages in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Comparison of Company Financial Information

The financial information for the year ended 31 December 2012G, included in the 2012G Consolidated Financial Statements, is different than the financial information for the year ended 31 December 2012G, included in the 2013G Consolidated Financial Statements for the purposes of comparison. The financial information for the year ended 31 December 2012G, included in the 2013G Consolidated Financial Statements, contains a re-classification reflecting the nature of the budget and reconciling the presentation of the financial information for the year ended 2013G, as stated in Note 46 to the 2013G Consolidated Statements, as they include:

- A reclassification of prepayments and pre-operation costs, deferred expenses, and evaluation and discovery assets with values of SAR 715 million, SAR 657 million, and SAR 68 million respectively, to be included under Capital in Progress.
- A reclassification of pre-operation costs, deferred expenses for properties, factories, equipment, non-tangible assets, and temporary expenses of SAR 49 million, SAR 64 million, and SAR 42 million respectively.

The financial information for the fiscal year ended 31 December 2012G, included in this Prospectus, has been derived from the 2013G Consolidated Financial Statements (except for the content of these 2012G consolidated financial statements included in this Prospectus).

Also, the financial information for the year ended 31 December 2011G has been derived from the 2012G Consolidated Financial Statements. Therefore, the financial information for the fiscal year ended 31 December 2011G has not been amended to reflect the effect of those changes referred to above. Had the financial information for the fiscal year ended 31 December 2011G been amended to reflect those changes, they would have been as follows:

- A reclassification of prepayments, pre-operation costs, and the deferred costs of SAR 574 million and SAR 278 million respectively, to be included under Capital in Progress.
- A reclassification of pre-operation costs and the deferred costs of non-tangible assets and temporary expenses of SAR 26 and SAR 53 million respectively.

Forecasts and Forward Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain stated assumptions. Future operating conditions may differ from the assumptions used and consequently no affirmation, representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "intends", "estimates", "believes", "expects", "anticipates", "may", "could", "will", "should", "expected", "would be", "guess" or negation or other variation in such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events, and are not a guarantee of future performance, as there are various other factors that may cause the Company's actual performance, achievements, or results to be materially different from those expressed or implied by these forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (refer to Section 2, "**Risk Factors**", of this Prospectus). Should any one or more of the risks or uncertainties materialise or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the Listing Rules, the Company must submit a supplementary prospectus to the CMA if at any time after the Prospectus has been approved by the CMA and before Admission to

the Official List, the Company becomes aware that: (a) there has been a significant change in essential matters contained in the Prospectus or any document required by the Listing Rules, or (b) additional significant matters have become known whose inclusion in the Prospectus would have been required. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the foregoing and other risks, uncertainties and assumptions, the forward looking events and circumstances discussed in this Prospectus might not occur in the manner expected by the Company, or at all. Prospective subscribers should consider all forward looking statements in light of these explanations and should not place undue reliance on forward looking statements.

CORPORATE DIRECTORY

Directors

The Company is run by a Board of Directors that consists of nine members. The current Board of Directors includes the following persons:

Table 0.2: Directors serving on the Company's Board of Directors.

Name	Title	Membership Date	Nationality	Membership Status
1. Mr Abdallah Bin Saif Al-Saif	Chairman	25/10/2008G	Saudi	Independent Member
2. H.E. Mohammed Bin Abdullah Al-Kharashi	Member	25/10/2008G	Saudi	Non-executive member representing PIF
3. H.E. Suleiman Abdulrahman Al-Gwaiz	Member	01/01/2014G	Saudi	Non-executive member representing GOSI
4. Mr Mansour Bin Saleh Al-Maiman	Member	25/10/2008G	Saudi	Non-executive member representing PIF
5. Dr Ziyad Abdulrahman Al-Sudairy	Member	19/07/1997G	Saudi	Independent Member
6. Mr Sultan Bin Jamal Shawli	Member	25/10/2008G	Saudi	Non-executive member representing PIF
7. Mr Khalid Bin Hamad Al-Sanani	Member	25/10/2008G	Saudi	Non-executive member representing PIF
8. Mr Khalid Bin Saleh Al-Mudaifer	President and Chief Executive Officer	25/10/2011G	Saudi	Executive Director
9. Mr Abdulaziz Bin Abdullah Al-Suqair*	Former Director	25/10/2011G	Saudi	Independent Director

* Mr. Adbulaziz Al-Suqair's seat on the Board is currently vacant, as he did not receive the required number of votes for re-election at the extraordinary general assembly held on 01/12/1435H (corresponding to 25/09/2014G). The Company announced that a vote to appoint a new Independent Director to fill the vacant seat will be held at the EGM scheduled on 20/01/1436H (corresponding to 13/11/2014G) (Please review the Company's announcements on the Tadawul Website). The Company will announce on the Tadawul Website the appointment of the ninth independent Director after holding the EGM meeting.

The Company

Saudi Arabian Mining Company (Ma'aden)
Building Number 395
Abi Bakr Assaddiq Road, South
P.O. Box 68861
Riyadh 11537
Kingdom of Saudi Arabia
Tel.: +966118748000
Fax: +966118748300
E-mail: info@maaden.com.sa
Website: http://www.maaden.com.sa/

AUTHORISED REPRESENTATIVES OF THE COMPANY TO THE CMA

Mr Khalid Bin Saleh Al-Mudaifer
Saudi Arabian Mining Company (Ma'aden)
Building Number 395
Abi Bakr Assaddiq Road, South
P.O. Box 68861
Riyadh 11537
Kingdom of Saudi Arabia
Tel.: +966118748000
Fax: +966118748300
E-mail: mudaiferk@maaden.com.sa
Website: http://www.maaden.com.sa/

Mr Khalid Bin Hamad Al-Sanani
Saudi Arabian Mining Company (Ma'aden)
Building Number 395
Abi Bakr Assaddiq Road, South
P.O. Box 68861
Riyadh 11537
Kingdom of Saudi Arabia
Tel.: +966118748000
Fax: +966118748300
E-mail: sananik@maaden.com.sa
Website: http://www.maaden.com.sa/

Advisers

FINANCIAL ADVISER

HSBC Saudi Arabia Limited
HSBC Head Office
Olaya Road
P.O. Box 9084
Riyadh 11413
Kingdom of Saudi Arabia
Tel.: +966112992313
Fax: +966112992424
E-mail: saudiarabia@hsbc.com
Website: www.hsbcsaudi.com

Lead Managers

GIB Capital L.L.C.
Third Floor, Tawuniya South Tower,
King Fahad Road
P.O. Box 89589
Riyadh 11673
Kingdom of Saudi Arabia
Tel.: +966112180555
Fax: +966112180055
E-mail: contact@gibcapital.com
Website: www.gibcapital.com

HSBC Saudi Arabia Limited
HSBC Head Office
Olaya Road
P.O. Box 9084
Riyadh 11413
Kingdom of Saudi Arabia
Tel.: +966112992313
Fax: +966112992424
E-mail: saudiarabia@hsbc.com
Website: www.hsbcsaudi.com

UNDERWRITERS

Lead Underwriter

Samba Capital and Investment Management Company (SambaCapital)
Kingdom Tower, Level 14
P.O. Box 220007
Riyadh 11311
Kingdom of Saudi Arabia
Tel.: +4770 477 11 966
Fax: +7438 211 11 966
E-mail: info@sambacapital.com
Website: www.sambacapital.com

Additional Underwriters

Aljazira Capital Limited
P.O. Box 20438
Riyadh 11455
Kingdom of Saudi Arabia
Tel.: +966112256000
Fax: +966112256068
E-mail: Rningombam@aljaziracapital.com.sa
Website: www.aljaziracapital.com.sa

GIB Capital L.L.C.
Third Floor, Tawuniya South Tower
King Fahad Road
P.O. Box 89589
Riyadh 11673
Kingdom of Saudi Arabia
Tel.: +966112180555
Fax: +966112180055
E-mail:contact@gibcapital.com
Website: www.gibcapital.com

HSBC Saudi Arabia Limited
HSBC Head Office
Olaya Road
P.O. Box 9084
Riyadh 11413
Kingdom of Saudi Arabia
Tel.: +966112992313
Fax: +966112992424
E-mail: saudiarabia@hsbc.com
Website: www.hsbcsaudi.com

Stock Exchange

The Saudi Stock Exchange Company (Tadawul)
NCCI Building—North Tower
King Fahad Road
P.O. Box 60612
Riyadh 11555
Kingdom of Saudi Arabia
Tel.: +966112189999
Fax: +966112181220
E-mail: webinfo@tadawul.com.sa
Website: www.tadawul.com.sa

LEGAL ADVISER

Law Office of Salman M. Al-Sudairi in association with Latham & Watkins
King Fahad Road
Tatweer Towers, Tower 1, 7th Floor
P.O. Box 17411
Riyadh 11474
Kingdom of Saudi Arabia
Tel.: +966112072500
Fax: +966112072577
E-mail: inforiyadh@lw.com
Website: www.lw.com

Law Office of Salman M. Al-Sudairi in association with
LATHAM & WATKINS LLP

Financial Due Diligence Adviser

KPMG Al-Fozan & Al-Sadhan
KPMG Tower
Salahudeen Al-Ayoubi Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Tel.: +966118748500
Fax: +966118748600
E-mail: marketingsa@kpmg.com
Website: www.kpmg.com.sa

AUDITORS TO THE GROUP FOR THE FISCAL YEAR ENDED 31 DECEMBER 2013G

Ernst & Young
Level 6 & 14, Al-Faisaliah Office Tower
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia
Tel.: +966112734740
Fax: +966112734730
E-mail: riyadh@sa.ey.com
Website: www.ey.com

AUDITORS TO THE GROUP FOR THE FISCAL YEARS ENDED 31 DECEMBER 2011G AND 2012G

PricewaterhouseCoopers
Kingdom Tower, Level 21
King Fahad Road
P.O. Box 8282
Riyadh 11482
Kingdom of Saudi Arabia
Tel.: +966112110400
Fax: +966112110401
E-mail: omar.alsagga@sa.pwc.com
Website: www.pwc.com

Public Relation Advisor

ADVERT ONE
Al-Shawaf International Co.
Al-Safwa Commercial Center, Al-Sulaimanya
P.O.Box: 43307 Riyadh 11561
Tel: + 966 11 288632 Fax: +966 11 288631
www.advert1.com
info@ advert1.com

The Company's Advisers mentioned above have given and not withdrawn their written consent for the appearance of their names, addresses and logos and the inclusion of their details and statements in the form and context set out in this Prospectus.

None of the Company's Advisers, nor their affiliates, employees or relatives have any shares or interest of any kind in the Company or any of its subsidiaries as at the date of this Prospectus.

Commercial Banks with whom the Company conducts business

Banque Saudi Fransi
Ma'ather Road
P.O. Box 56006, Riyadh 11554
Kingdom of Saudi Arabia
Tel.: +966112899999
Fax: +966114042311
E-mail: communications@alfransi.com.sa
Website: www.alfransi.com.sa

SAMBA Financial Group
King AbdulAziz Road
P.O. Box 833, Riyadh 11421
Kingdom of Saudi Arabia
Tel.: +966114774770
Fax: +966114799402
E-mail: customercare@samba.com
Website: www.samba.com

The Saudi British Bank (SABB)
Prince Abdulaziz Bin Musaed Bin Jlawy Street
P.O. Box 9084, Riyadh 11413
Kingdom of Saudi Arabia
Tel.: +966114050677
Fax: +966112764356
E-mail: sabb@sabb.com
Website: www.sabb.com

Alinma Bank
Al-Anoud Tower
King Fahad Road,
P.O. Box 66674
Riyadh 11586
Kingdom of Saudi Arabia
Tel.: +966112185555
Fax: +966112185000
E-mail: : info@alinma.com
Website: www.alinma.com

Commercial Banks with whom the Company conducts business

Arab National Bank
King Faisal Street
P.O. Box 56921
Riyadh 11564
Kingdom of Saudi Arabia
Tel.: + 966114029000
Fax: + 966114027747
E-mail: abinayba@anb.com.sa
Website: www.anb.com.sa

Bank Al-Bilad
Steen Street
P.O. Box 140
Riyadh 11411
Kingdom of Saudi Arabia
Tel.: +966114798888
Fax: +966114798898
E-mail: info@bankalbilad.com.sa
Website: www.bankalbilad.com

Bank AlJazira
King AbdulAziz Road
P.O. Box 6277
Jeddah 21442
Kingdom of Saudi Arabia
Tel. +966126098888
Fax: +966126098881
E-mail: info@baj.com.sa
Website: www.baj.com.sa

Riyad Bank
King Abdul Aziz Road
P.O. Box 22622
Riyadh 11614
Kingdom of Saudi Arabia
Tel.: +966114013030
Fax: +966114042618
E-mail: customercare@riyadbank.com
Website: www.riyadbank.com

Saudi Hollandi Bank
Prince Abdulaziz Bin Musaed Bin Jlawy Street
P.O. Box 1467
Riyadh 11431
Kingdom of Saudi Arabia
Tel.: +966114010288
Fax: +966114031104
E-mail: csc@saudihollandibank.com
Website: www.shb.com.sa

Commercial Banks with whom the Company conducts business

The National Commercial Bank
King Abdul Aziz Road
P.O. Box 3555
Jeddah 21481
Kingdom of Saudi Arabia
Tel.: +966126493333
Fax: +966126437426
E-mail: contactus@alahli.com
Website: www.alahli.com

Saudi Investment Bank
Ma'ather Road
P.O. Box 3533
Riyadh 11481
Kingdom of Saudi Arabia
Tel.: +966114786000
Fax: +966114776781
E-mail: ir@saib.com.sa
Website: www.saib.com.sa

BNP Paribas Bahrain
Bahrain Financial Harbour, Western Tower, King Faisal Road
P.O. Box 5253—Manama, Bahrain
Tel.: +97317866626
Fax: +97317866601
E-mail: souad.hindawi@bnpparibas.com
Website: www.mea.bnpparibas.com

ABC Bank
ABC Tower, Diplomatic Area
P.O. Box 5698—Manama, Bahrain
Tel.: +97317543000
Fax: +97317533163
E-mail: webmaster@arabbanking.com
Website: www.arabbanking.com

Standard Chartered Bank, Hong Kong
P.O. Box 21, Hong Kong
Tel.: +85228868888
Fax: +85225354282
E-mail: investor.relations@sc.com
Website: www.sc.com/hk

Bank of Tokyo-MUFG Ltd.
Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AN, United Kingdom
Tel.: +442075771000
Fax: +442076288241
E-mail: info@mufg.jp
Website: www.bk.mufg.jp/global

Commercial Banks with whom the Company conducts business

MIZUHO BANK Ltd.
Bracken House, One Friday Street,
London, EC4M 9JA, UK
Tel.: +442070124000
Fax: +60320586988
E-mail: inquiries@mizuhocbus.com
Website: www.mizuhobank.com/uk

HSBC Bank Middle East Limited
Emaar Square
P.O. Box 502601
Dubai, UAE
Tel.: +97142288007
Fax: +97144267397
E-mail: contactus.me@hsbc.com
Website: www.hsbc.ae

Emirates NBD
King Fahd Road
P.O. Box 8166
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Kingdom of Saudi Arabia
Tel.: +966112825555
Fax: +966112825500
E-mail: info@emiratesnbd.com
Website: www.emiratesnbd.com.sa

BankMuscat
King Fahd Road
P.O. Box 54488, postal code 11514
Tel.: +966122799888
Fax: +96612799898
E-mail: info@bankmuscat.com
Website: www.bankmuscat.com

Deutsche Bank
Al-Faisaliah tower, Level 17, King Fahd Road, Olaya District
P.O. Box 301806
Riyadh 11372
Kingdom of Saudi Arabia
Tel.: +966112739700
Fax: +966112739777
E-mail: db.ir@db.com
Website: www.db.com

Gulf International Bank
Al-Dowali Building, 3 Palace Avenue,
P.O. Box 1017
Manama, Bahrain
Tel.: +97317522633
Fax: +97317522633
E-mail: info@gibbah.com
Website: www.gib.com

Commercial Banks with whom the Company conducts business

The National Bank of Abu Dhabi
The National Bank of Abu Dhabi
Sheikh Khalifa St.
4
Abu Dhabi, UAE
Tel.: +97126111111
Fax: +97126273170
E-mail: customersupport@nbad.com
Website: www.nbad.com

BNP Paribas Kingdom of Saudi Arabia
King Fahd Road - Al-Faisaliah Office Tower
P.O. Box 56300, Riyadh 11554
Kingdom of Saudi Arabia
Tel.: +966112739109
Fax: +966112739193
E-mail: lamyaa.alajaji@bnpparibas.com
Website: www.mea.bnpparibas.com

Bank of Tokyo-MUFG (Dubai)
Level 3, East Wing, The Gate, Dubai International Financial Centre
P.O. Box 506614, Dubai, UAE
Tel.: +97143875000
Fax: n.a.
E-mail: info@mufg.jp
Website: www.bk.mufg.jp/global

Crédit Agricole CIB
Broadwalk House, 5, Appold St,
EC2A 2DA, London
Tel.: +442072145000
Fax: +442072145999
E-mail: Frederic.detoldi@ca-cib.com
Website: www.ca-cib.com

Standard Chartered Bank (London)
1 Basinghall Avenue,
London, EC2V 5DD
Tel.: +442078858888
Fax: +442078859999
E-mail: investor.relations@sc.com
Website: www.sc.com/uk/

Arab Bank
Raffles Place #32-20, UOB plaza,
Singapore 048624
Tel.: +6565330055
Fax: +6565322150
E-mail: jhchung@arabbank.com.sg
Website: www.arabbank.com

Commercial Banks with whom the Company conducts business

Qatar National Bank
Qatar National Bank Building
Al-Corniche Street
1000
Qatar
Tel.: +97444407407
Fax: +97444413753
E-mail: pr@qnb.com.qa
ccsupport@qatarbank.com
Website: www.qnb.com.qa

Receiving Agents

Alinma Bank
Al-Anoud Tower
King Fahd Road,
P.O. Box 66674
Riyadh 11586
Kingdom of Saudi Arabia
Tel.: + 966112185555
Fax: +966112185000
E-mail: info@alinma.cominfo@alinma.com
Website: www.alinma.com

Al-Rajhi Banking and Investment Corporation
Olaya Street
P.O. Box 28
Riyadh 11411
Kingdom of Saudi Arabia
Tel.: +966112116000
Fax: +966114600705
E-mail: contactcenter1@alrajhibank.com.sa
Website: www.alrajhibank.com.sa

Arab National Bank
King Faisal Street
P.O. Box 56921
Riyadh 11564
Kingdom of Saudi Arabia
Tel.: +966114029000
Fax: +966114027747
E-mail: abinayba@anb.com.sa
Website: www.anb.com.sa

Bank Al-Bilad
Steen Street
P.O. Box 140
Riyadh 11411
Kingdom of Saudi Arabia
Tel.: +966114798888
Fax: +966114798898
E-mail: info@bankalbilad.com.sa
Website: www.bankalbilad.com

Receiving Agents

Bank AlJazira
King AbdulAziz Road
P.O. Box 6277, Jeddah 21442
the Kingdom
Tel. +966126098888
Fax: +966126098881
E-mail: info@baj.com.sa
Website: www.baj.com.sa

Banque Saudi Fransi
Ma'ather Road
P.O. Box 56006
Riyadh 11554
Kingdom of Saudi Arabia
Tel.: +96611289999
Fax: +966114042311
E-mail: communications@alfransi.com.sa
Website: www.alfransi.com.sa

Riyad Bank
King Abdul Aziz Road
P.O. Box 22622
Riyadh 11614
Kingdom of Saudi Arabia
Tel.: +966114013030
Fax: +966114042618
E-mail: customercare@riyadbank.com
Website: www.riyadbank.com

SAMBA Financial Group
King Abdul Aziz Road
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Kingdom of Saudi Arabia
Tel.: +966114774770
Fax: +966114799402
E-mail: customercare@samba.com
Website: www.samba.com

Saudi Hollandi Bank
Prince Abdulaziz Bin Musaed Bin Jlawy Street
P.O. Box 1467, Riyadh 11431
Kingdom of Saudi Arabia
Tel.: +966114010288
Fax: +966114031104
E-mail: csc@saudihollandibank.com
Website: www.shb.com.sa

Receiving Agents

The National Commercial Bank
King Abdul Aziz Road
P.O. Box 3555
Jeddah 21481
Kingdom of Saudi Arabia
Tel.: +966126493333
Fax: +966126437426
E-mail: contactus@alahli.com
Website: www.alahli.com

The Saudi British Bank (SABB)
Prince Abdulaziz Bin Musaed Bin Jlawy Street
P.O. Box 9084
Riyadh 11413
Kingdom of Saudi Arabia
Tel.: +966114050677
Fax: +966112764356
E-mail: sabb@sabb.com
Website: www.sabb.com

The Saudi Investment Bank
Ma'ather Road
P.O. Box 3533
Riyadh 11481
Kingdom of Saudi Arabia
Tel.: +966114786000
Fax: +966114776781
E-mail: ir@saib.com.sa
Website: www.saib.com.sa

Summary of Offer

Recipients of this Prospectus should read the entire Prospectus before making a decision as to whether or not to invest in the Company. This section "Summary of Offer" is a summary of some information detailed in this Prospectus and does not contain all the information that prospective subscribers should carefully review before taking a decision to subscribe to the Rights. Accordingly, any decision by a prospective subscriber to subscribe should be based on a consideration of this Prospectus as a whole. You should read this entire Prospectus carefully, including the Financial Statements and related notes and the information set forth under the headings "Risk Factors" and "Important Notice" before making any investment decision. Capitalised terms used but not defined in the Summary have the meanings given to them in Section 1, "**Terms and Conditions**", of this Prospectus.

<table>
<tr><td>The Company</td><td>The Saudi Arabian Mining Company (Ma'aden) was formed as a joint stock company pursuant to Royal Decree No. M/17 dated 14/11/1417H (corresponding to 23/3/1997G) and Council of Ministers Resolution No. 179 dated 08/11/1417H (corresponding to 17/03/1997G), with commercial registration number 1010164391 dated 10/11/1421H (corresponding to 04/02/2001G).</td></tr>
<tr><td>Activities of the Company</td><td>The Company is a leading mining and metals company in the Kingdom, with a diverse portfolio of mineral assets at various stages of development. The Company aims to conduct various aspects of mining related to all stages of the mining industry, including developing and improving the mineral industry, products, preparations, and relevant industries. This does not include oil and natural gas, except when related to improving mineral products and preparations.</td></tr>
<tr><td>Substantial Shareholders</td><td>
<table>
<tr><th>Shareholder</th><th>Pre-Offer No. of Shares</th><th>Ownership percentage</th></tr>
<tr><td>Public Investment Fund (PIF)</td><td>462,500,000 Shares</td><td>50 %</td></tr>
<tr><td>General Organisation for Social Insurance</td><td>88,800,000 Shares</td><td>9.6 %</td></tr>
<tr><td>General Organisation for Pensions</td><td>68,450,000 Shares</td><td>7.4 %</td></tr>
</table>
</td></tr>
<tr><td>Nature of the Offering</td><td>Capital increase through a Rights Issue.</td></tr>
<tr><td>Authorised Share Capital pre-capital increase</td><td>SAR 9,250,000,000</td></tr>
<tr><td>Total Number of Authorised Shares</td><td>925,000,000 Shares.</td></tr>
<tr><td>Nominal Value of Shares</td><td>SAR 10 per Share.</td></tr>
<tr><td>Company's Share Capital after capital increase</td><td>SAR 11,684,782,610</td></tr>
<tr><td>Total Number of Authorised Shares after capital increase</td><td>1,168,478,261 Shares.</td></tr>
<tr><td>Total Number of New Shares</td><td>243,478,261 Shares.</td></tr>
<tr><td>Percentage of New Shares to issued Shares</td><td>26.3 per cent</td></tr>
<tr><td>Offer Price</td><td>SAR 23</td></tr>
</table>

The Modified Share Price	The Company's share price on the Stock Exchange has been modified to SAR 33.27 per share at the close of trading on the day of the EGM, and after approval of the capital increase by the Shareholders. This represents a SAR 2.70 per share decrease in the share price.
Total Proceeds of the Rights Issue	SAR 5,600,000,000
Offering Expenses	SAR 21,000,000
Total Offering Proceeds after Deduction of Offering Expenses	SAR 5,579,000,000
Eligibility Date	Close of trading on the date of the EGM that will vote on the proposed capital increase as per the recommendation of the Board of Directors on 20/01/1436H (corresponding to 13 November 2014G).
Registered Shareholder	A Shareholder listed in the Company's Register as at the close of trading on the day of the EGM.
Total Number of Shares offered in the Offering	Each Registered Shareholder on the Eligibility Date will receive 1 Right for every 3.8 Shares held on such date. Each Right grants its holder the eligibility to subscribe to one New Share at the Offer Price. Such Rights will be deposited into the Portfolio of the Registered Shareholders within two days of the Eligibility Date. Registered Shareholders will be informed of the deposit of the Rights in their portfolios.
Eligible Persons	All holders of Rights, whether Registered Shareholders or purchasers of Rights during the Trading Period.
Number of Rights	243,478,261
Rights	The Rights are tradable securities giving their holders the eligibility to subscribe to the New Shares. Each Right grants its holder eligibility to subscribe to one New Share at the Offer Price. The Rights will appear in the portfolios of the Registered Shareholders under a new symbol specifying the Rights Issue.
Trading of Rights	The Tadawul is preparing mechanisms to regulate the trading of the Rights in its systems. A separate symbol will be assigned to the Company's Rights (separate from the trading symbol for the existing shares on Tadawul screen). Registered Shareholders shall have the following options during the offering and trading period for the Rights: 1. Keep their allocation of Rights and exercise these rights to subscribe for the New Shares, based on the number of the allocated rights at the Eligibility Date. 2. Sell their allocation of Rights or a part thereof through Tadawul. 3. Purchase additional rights on Tadawul, provided that subscription to the Additional Rights shall be during the Second Subscription Period only. 4. Refrain from taking any action relating to the Rights, whether selling the rights or exercising the right to subscribe to the New Shares. In this case, the shares will be sold during the Rump Offering. The public may, during the Trading Period, purchase and sell Rights through Tadawul and may exercise rights to subscribe to New Shares during the Second Subscription Period. The Tadawul system shall cancel Ma'aden's Rights Issue symbol on Tadawul screen at the end of the Trading Period. Thus, the Rights trading will end at the close of the Trading Period.
The Subscription Eligibility Factor	0.26 Rights to each existing share owned by Registered Shareholders. This ratio is arrived at by dividing the number of issued New Shares by the Company's existing Shares.

Indicative Value of the Right	The indicative value of a Right reflects the difference between the value of the Shares during the Trading Period and the Offer Price. The Tadawul will calculate and publish on its website, with at least a five minute delay, the indicative value of Rights during the First Subscription Period.
Right Trading Price	The price at which the right is traded. As this price is set through market supply and demand, it may differ from the Indicative Value of the Right.
First Subscription Period	During the period from Tuesday 25/01/1436H (corresponding to 18/11/2014G) until Thursday 05/02/1436H (corresponding to 27/11/2014G), Registered Shareholders may exercise their rights to subscribe for the New Shares. The subscription for the New Shares shall be approved provided that such Registered Shareholders continue to hold sufficient rights in their relevant account at the end of the Trading Period. The First Subscription Period coincides with the Trading Period.
Trading Period	The period from Tuesday 25/01/1436H (corresponding to 18/11/2014G) until the close of trading on Thursday 05/02/1436H (corresponding to 27/11/2014G) during which the Registered Shareholders may trade their rights.
Second Subscription Period	The period from Sunday 08/02/1436H (corresponding to 30/11/2014G) until Tuesday 10/02/1436H (corresponding to 02/12/2014G) during which all holders of Rights, whether Registered Shareholders or purchasers of Rights during the Trading Period, may exercise their rights to subscribe for New Shares. Trading of Rights at this phase is not possible.
Share Allocation	New Shares shall be allocated to each subscriber according to the number of rights exercised in a full and proper manner. (Fractional Shares shall be collected and offered to Institutional Investors during the Rump Offering.)
How to Subscribe to Right Shares	Subscription application forms will be available during the First Subscription Period and the Second Subscription Period at the Receiving Agent branches and websites. Subscription application forms must be completed in accordance with the instructions set out in Section 16, "**Subscription Terms and Conditions**", of this Prospectus. Eligible Persons may exercise their Rights as follows: 1. During the First Subscription Period, only Registered Shareholders shall be entitled to exercise their rights to subscription (in whole or in part) in the New Shares within the limits of the number of Rights that have been deposited in their portfolio after the General Assembly. The subscription for the New Shares shall be approved provided that such Registered Shareholders have sufficient Rights available in their relevant account at the end of the Trading Period. The First Subscription Period will coincide with the Trading Period, during which Registered Shareholders and Public may trade their Rights. 2. During the Second Subscription Period, all holders of Rights, whether they are Registered Shareholders who have not exercised their right to subscription, or have purchased additional rights, or purchasers of Rights during the Trading Period, may exercise their rights to subscribe after the close of trading in the First Subscription Period. Trading of Rights at this phase is not possible. In the event that Rights have not been exercised by Eligible Persons before the end of the Second Subscription Period, the Rump Shares resulting from the unexercised Rights will be offered in the Rump Offering. If, at the end of the Trading Period, an Eligible Person owns a lower number of Rights than the number of Rights required for the number of subscribed New Shares, the subscription application form will be rejected in whole or in part. The subscriber will be informed of this rejection and a refund of the subscription amount will be issued by the Receiving Agent.
Rump Shares	New Shares that remain unsubscribed after the First Subscription Period and the Second Subscription Period.
Rump Offering	Institutional Investors invited by the Lead Managers may submit offers to purchase the Rump Shares. Institutional Investors may make such offers from 10:00 AM on Sunday 15/02/1436H (corresponding to 07/12/2014G) until 10:00 AM on the second day, 16/02/1436H (corresponding to 08/12/2014G). The Rump Shares will be allocated to Institutional Investors according to the price for the New Shares offered by such Institutional Investors, with the Rump Shares allocated first to the Institutional Investor who offered the highest price, until all of the Rump Shares have been allocated. Fractional Shares will be added to the Rump Shares and treated in the same manner.

Sale of Rump Shares	All proceeds resulting from the sale of Rump Shares and fractional Shares up to the paid Offer Price shall be distributed to the Company, and any proceeds in excess of the paid Offer Price shall be distributed to Eligible Persons who did not subscribe wholly or partially to New Shares, as well as to the holders of fractional Shares, on a pro rata basis, on 26/02/1436H (corresponding to 18/12/2014G) (see Section 16, "Subscription Terms and Conditions", of this Prospectus). The Company has obtained letters emphasizing that the PIF intends to take part in the Offering and exercise its Rights according to its terms and the terms of the New Shares subscription.
Underwriting	In the event that Rump Shares are not purchased by Institutional Investors, such shares shall be allocated to Samba Capital and Investment Management Company (SambaCapital) (50 per cent), Aljazira Capital Company (24.1 per cent), GIB Capital L.L.C. (22.3 per cent) and HSBC Saudi Arabia Limited (3.6 per cent) in their capacity as the underwriters of the Rights Issue, who shall purchase such Rump Shares at the Offer price. As such, the maximum total number of Shares underwritten by the Underwriters shall be 243,478,261 New Shares, representing 100 per cent of the New Shares issued pursuant to the Rights Issue (see Section 18, "Underwriting", of this Prospectus).
Number of Shares Underwritten	243,478,261
Value of Shares Underwritten	SAR 5,600,000,000
Trading of Shares	The Company's existing Shares are traded on Tadawul. Trading in the New Shares on Tadawul shall commence upon completion of all procedures relating to the registration, allocation and listing of the New Shares.
Use of Proceeds	The gross proceeds of the offering are estimated to be SAR 5,600,000,000. The net proceeds of the offering are expected to be SAR 21,000,000, after all offering expenses, estimated at SAR 5,579,000,000, have been deducted. The Company intends to use the proceeds fund its investment in the MWAS Project and to continue funding its aluminium operations, specifically the mine and refinery under construction by MBAC (please see Section 10, "**Use of Proceeds**", of this Prospectus).
Voting Rights	The Company has one class of Shares and no Shareholder benefits from any preferential voting rights. Each Share entitles the holder to attend and vote at a General Assembly. See Section 13-25, "**Voting Rights**", of this Prospectus.
Payment of Compensation Amounts (if any)	Compensation shall be paid to Eligible Persons who have not exercised their right in whole or in part to subscribe for the Rights, or to holders of fractional Shares (if any) no later than 26/02/1436H (corresponding to 18/12/2014G) (see Section 16, "Subscription Terms and Conditions"). The compensation amounts represent the remaining proceeds of the Rump Shares and fractional Shares (exceeding the Offer Price) of the Rump Offering.
Eligibility for Dividends	New Shares are entitled to receive their portion of any dividends declared by the Company from the commencement of the offering and during subsequent fiscal years (please see section 9, "Dividend Policy", of this Prospectus).
Risk Factors	There are certain risks related to investing in the New Shares. These risks must be carefully considered prior to any decision to subscribe for the New Shares. Prospective subscribers should read this entire Prospectus carefully, including the Financial Statements and related notes and the information set forth under the headings "Risk Factors" and "Important Notice" before making any investment decision.
Share Limitations	The Company's shares were listed on Tadawul on 02/07/1429H (corresponding to 05/07/2008G). Therefore, the share lock-in period expired several years ago, and there are no limitations on the Company's Shares.

Note: The Section under the heading "**Important Notice**" and Section 2, "**Risk Factors**", of this Prospectus should be considered carefully prior to making a decision to invest in the New Shares according to this Prospectus.

Key Dates for Subscribers

Key Dates for Eligible Persons

General Assembly, determination of the Eligibility Date and Eligible Shareholders	20/01/1436H (corresponding to 13/11/2014G)
First Subscription Period and Trading Period	From Tuesday 25/01/1436H (corresponding to 18/11/2014G) until Thursday 05/02/1436H (corresponding to 27/11/2014G)
Second Subscription Period	From Sunday 08/02/1436H (corresponding to 30/11/2014G) until Tuesday 10/02/1436H (corresponding to 02/12/2014G)
Second Subscription Period end date and deadline for submission of subscription application forms	10/02/1436H (corresponding to 02/12/2014G)
Rump Offering	From 15/02/1436H (corresponding to 07/12/2014G) until 16/02/1436H (corresponding to 08/12/2014G)
Final allocation notification	19/02/1436H (corresponding to 11/12/2014G)
Payment of compensation (if any) to Eligible Persons who did not participate in the offering and to those entitled to fractional Shares	26/02/1436H (corresponding to 18/12/2014G)
Expected date for the commencement of trading in New Shares.	After completion of all necessary procedures, dates shall be announced in local newspapers and on Tadawul website.

Important Announcement Dates

Announcement	Announcement by	Announcement Date
Announcement of the EGM (Eligibility Date)	The Company	20/01/1436H (corresponding to 13/11/2014G)
Announcement of results of the EGM approving the capital increase	The Company	20/01/1436H (corresponding to 13/11/2014G)
Announcement of the Company's Share Price and deposit of rights in the portfolios of Registered Shareholders; the announcement of Indicative Value of the Rights	Tadawul	23/01/1436H (corresponding to 16/11/2014G)
Announcement of subscription periods for the New Shares and the Trading Period for rights	The Company	20/01/1436H (corresponding to 13/11/2014G)
Reminder on the First Subscription Period and the period for trading Rights	The Company	25/01/1436H (corresponding to 18/11/2014G)
Reminder regarding the last day for trading Rights and announcement of the importance of selling rights, for those who do not wish to subscribe	Tadawul	05/02/1436H (corresponding to 27/11/2014G)
Announcement regarding the commencement of the Second Subscription Period	The Company	08/02/1436H (corresponding to 30/11/2014G)
A reminder regarding the last day for submitting subscription application forms for the Second Subscription Period	The Company	10/02/1436H (corresponding to 02/12/2014G)

Announcement	Announcement by	Announcement Date
Announcement of: • The subscription results for the First and Second Subscription Periods • The details around sale of unsubscribed shares (if any) and the commencement of the Rump Offering	The Company	12/02/1436H (corresponding to 04/12/2014G)
Announcement regarding the results of the Rump Offering and the final allocation notice	The Company	19/02/1436H (corresponding to 11/12/2014G)
Announcement regarding the deposit of the New Shares in subscriber portfolios	Tadawul	22/02/1436H (corresponding to 14/12/2014G)
Announcement regarding distribution of the Compensation Amounts (if any) to Eligible Persons	The Company	26/02/1436H (corresponding to 18/12/2014G)

All dates in the above timetable are approximate. Actual dates and times shall be announced in local newspapers published in the Kingdom, as well as on Tadawul (www.tadawul.com.sa) website and the CMA (www.cma.gov.sa) website.

HOW TO APPLY

Subscribing to New Shares shall initially be limited to Eligible Persons. In the event that Eligible Persons do not exercise their Rights, any Rump Shares shall be offered to Institutional Investors during the Rump Offering period. Eligible Persons willing to subscribe to New Shares should fill in the Subscription Application Forms available at the branches of the Receiving Agents during the First and Second Subscription Periods (as applicable) and deliver them to any of the Receiving Agents before the end of the Second Subscription Period (even if they do not have an account at the Receiving Agents). Subscription can be submitted through the Internet, telephone banking or ATMs of Receiving Agents offering one or more of these delivery methods to Eligible Persons, subject to two main conditions: (1) Eligible Persons shall have an account with the Receiving Agent providing those services; and (2) there must be no changes in the personal information or data of the Eligible Person (by withdrawing or adding a family member) since his subscription in a recent offering, unless the Receiving Agent was notified of and approved these amendments.

The Subscription Application Forms must be completed in accordance with the instructions set out in Section 16, "**Subscription Terms and Conditions**", of this Prospectus. Each subscriber shall agree to all the relevant paragraphs in the subscription application form and shall complete them. The Company reserves the right to reject, in full or in part, any application for New Shares that does not comply with any of the subscription terms or requirements. The application form may not be amended or withdrawn after submission to any of the Receiving Agents. Once accepted by the Company, a subscription application form shall represent a legally binding contract between the Company and the Eligible Person (please see Section 16, "**Subscription Terms and Conditions**", of this Prospectus).

FAQ: RIGHTS ISSUE

What is the Rights Issue?

The Rights are tradable securities making their holders eligible to subscribe for the New Shares upon approval of the capital increase. They are acquired rights for all Registered Shareholders in the Company's registers as at the end of the day on which the EGM is held. Each Right grants its holder the eligibility to subscribe for one New Share at the Offer Price.

Who is granted Rights?

Rights are granted to all Registered Shareholders of the Company as at the close of trading on the date of the EGM.

When are the Rights deposited to the Registered Shareholders' portfolios?

The Rights will be deposited in the portfolios of Registered Shareholders within two days of the date of the Company's EGM. The Shares will appear in the portfolios of Registered Shareholders under a new symbol that designates these Rights, which cannot be traded until the beginning of the Trading Period and Subscription.

How are Registered Shareholders notified of the deposit of Rights in their portfolio?

Registered Shareholders will be notified that the Rights have been deposited into their portfolio through an announcement on Tadawul website.

How many Rights may be acquired by a Registered Shareholder?

The number of shares acquired by each Registered Shareholder will depend on the Eligibility Factor and the number of shares owned by the Registered Shareholder as at the close of trading on the day of the EGM.

What is the Eligibility Factor?

It is a factor that enables the Registered Shareholders of knowing the number of their Rights in return for the shares they own as at the date of the EGM. For example, if the Company has 1,000 issued shares and the Company raises its capital by offering 200 New Shares so that its total number of shares is increased to 1,200 shares, then the Eligibility Factor will be 1 to 5 (one share per five shares)

Are these Rights tradable? Will they be added to the Shareholders' portfolios under the same name/symbol as the Company's shares, or will they be assigned a new name?

The Rights will be deposited in the portfolios of the Registered Shareholders under a new symbol specially assigned to the Rights.

Is it possible for a subscriber to sell all or part of the Rights it holds?

A holder of the Rights may sell all or a part of these Rights on Tadawul during the Trading Period. If a holder of the Rights sells a part of its allocation of Rights, the holder may still subscribe for New Shares using the remaining portion during the First Subscription Period or the Second Subscription Period.

What is the value of the Rights upon commencement of trading?

The opening price of the Right is the difference between the Company's closing share price on the day preceding the Right listing and the Offer Price. For example, if the closing price of a Share on the preceding day is SAR 35 and the Offer Price is SAR 10, the opening price of the Rights will be 35 minus 10, i.e., SAR 25.

May Registered Shareholders subscribe for additional shares?

Registered Shareholders may subscribe for additional shares by purchasing New Shares during the Trading Period, and they may subscribe for additional New Shares by purchasing New Shares during the Second Subscription Period only.

How is subscription done?

Subscription, as per current practices, is accomplished by submission of Subscription Application Forms at any branch of a Receiving Agent (mentioned in this Prospectus) during the two Subscription Periods only.

Are share certificate holders allowed to subscribe and trade?

Yes, holders of share certificates are allowed to subscribe. However, they will only be able to trade after depositing their certificates in investment portfolios through the Receiving Agents or Tadawul's depository centre and submitting the requisite documents.

What happens if the New Shares were subscribed, but the Rights were subsequently sold?

If a Registered Shareholder subscribes then later sells the Rights without purchasing a number of Rights equal to the number of exercised rights prior to the end of the Trading Period, the subscription application will be rejected entirely if all Rights have been sold, or partly in an amount equal to the number of sold rights. In this case, the Registered Shareholder will be notified by its Receiving Agent and the rejected subscription monies will be refunded.

Are additional Rights purchasers entitled to trade them again?

Yes, purchasers of Rights may sell them and purchase other rights, but only during the Trading Period.

Is it possible to sell a part of these Rights?

Yes, the investor may sell a part of these Rights and subscribe for the remaining part.

Is it possible to subscribe during the weekend between the First and Second Subscription Periods?

No, this is not possible.

When can a shareholder subscribe for the Rights purchased during the Trading Period?

During the Second Subscription Period only, after the end of the Trading Period for the Rights.

Can an Eligible Person sell a Right after expiry of the Trading Period?

No, after the expiry of the Trading Period, the Eligible Person may only choose to exercise the right to subscribe for the capital increase, and in the event that this Right is not exercised, the investor may suffer a loss or a decrease in the value of its investment portfolio.

What happens to Rights that are unsold or unsubscribed at the end of the Trading Period and the First and Second Subscription Periods?

The Rump Shares resulting from a failure to exercise or sell these Rights will be offered during the Rump Offering organised by the Lead Managers pursuant to criteria set forth in this Prospectus.

Will there be any additional fees for trading in Rights?

The same commissions that would apply to the sale and purchase of Shares will apply to the trading of Rights, without imposition of a minimum commission.

SUMMARY OF KEY INFORMATION

Recipients of this Prospectus should read the whole Prospectus before making a decision as to whether or not to invest in the Rights. This section, "Summary of Key Information", is a summary of some information detailed in this Prospectus, and does not contain all the information that prospective subscribers should carefully review before taking a decision to subscribe to the Rights. Accordingly, any decision by a prospective subscriber to subscribe should be based on a consideration of this Prospectus as a whole. Prospective subscribers should read this entire Prospectus carefully, including the Financial Statements and related notes, and the information set forth under the headings "Risk Factors" and "Important Notice" before making any investment decision. Capitalised terms used but not defined in the Summary have the meanings given to them in Section 1, "**Terms and Definitions**", of this Prospectus.

OVERVIEW OF THE COMPANY

The Company was formed as a Saudi Joint Stock Company pursuant to Royal Decree No. M/17 dated 14/11/1417H (corresponding to 23/03/1997G) and Council of Ministers Resolution No. 179 dated 8/11/1417H (corresponding to 17/03/1997G) with commercial registration number 1010164391 dated 10/11/1421H (corresponding to 04/02/2001G).

The Company was formed for the purpose of facilitating the exploration and development of the Kingdom's mineral resources and is now the leading mining and metals company in the Kingdom, with a diverse portfolio of mineral assets at various stages of development.

The Company focuses mainly on basic materials, spanning phosphate, aluminium, gold and industrial minerals. It is continually assessing opportunities to enter into new commodities markets that demonstrate strong long-term fundamentals and opportunities for growth that are in line with the Company's strategy. The Company's businesses, as at the date of this Prospectus, can be broken down into the following business segments: Phosphate, aluminium, gold and base metals, industrial minerals and ethylene dichloride and caustic soda.

For 2013G, the Company's total sales were SAR 6.05 billion (compared to SAR 5.58 billion for 2012G and SAR 1.53 billion for 2011G) and its gross profit was SAR 1.58 billion for 2013G (compared to SAR 2.60 billion for 2012G and SAR one billion for 2011G). As at 31 December 2013G, the Company's total assets were SAR 63.95 billion (compared to SAR 55.14 billion as at 31 December 2012G and SAR 43.57 billion as at 31 December 2011G).

The Company employed 5,439 employees (excluding contractors and consultants) as at 31 December 2013G, of which 62.8 per cent were Saudi nationals, compared to 3,271 as at 31 December 2012G, of which 58.7 per cent were Saudi nationals, as further described in Section 5, "**Company Management Structure and Governance**", of this Prospectus.

VISION, MISSION AND STRATEGY

The Company aims to become a world-class international metals enterprise with a reputation for operational efficiency, sustainable development and regard for social and environmental issues. The Company has developed Ma'aden 2022, a strategy that focuses on growth, sustainability and profitability with the goal of making the Company one of the top producers in each of the key segments in which it operates. The key components of the Company's strategy are as follows:

- Complete the development and ramp-up of existing projects;
- Develop its mineral resources and ore reserves;
- Diversify into other minerals and invest in downstream products;
- Build a safe and substantial business through social responsibility and commitment to the environment, health and safety;
- Facilitate effective employee engagement and create career and development opportunities for its people; and
- Focus on risk management.

KEY STRENGTHS AND COMPETITIVE ADVANTAGES

The Company believes that its key strengths and competitive advantages are as follows:

- Strong growth opportunities;
- Attractive long-term fundamentals;
- Diversified business;

- Significant mineral resource base;
- Low cost minerals producer;
- Government support for industrial development in the Kingdom;
- Strong joint venture partners;
- Significant synergies between divisions; and
- Experienced management team.

OVERVIEW OF THE MARKET

The Company derives substantially all of its revenues and operating cash flow from the production and sale of fertilisers, ammonia and aluminium and the mining, processing and sale of gold. A brief overview of these markets is set out below.

DAP

Phosphorus is a relatively scarce mineral. Commercially viable phosphorus is found in ore bodies (typically with associated carbonates and silicates), referred to collectively as phosphate rock. Most phosphate fertilisers are manufactured from phosphate rock. Diammonium Phosphate ("DAP") and Monoammomium ("MAP") (a close alternative to DAP) are the primary phosphate fertilisers used in the world today. DAP and MAP only became commercially viable and available in the early 1970s and since that time, these two fertilisers have played a vital role in boosting agricultural production across the globe. While, in recent years, MAP has taken some market share from DAP due to the superior performance of MAP when used in certain soils and with certain crops, most DAP producers, including the Company, can adjust their respective production of DAP and MAP based on market conditions.

According to CRU, total worldwide demand for DAP and MAP during 2013 was estimated at 28.0 Mt. P2O5, with DAP consumption having grown from 5.67 Mt P2O5 in 1975 to 15.9 Mt P2O5 in 2013, an annual average growth rate of 2.61 per cent, although significant year-to-year variation existed during these years. Rapid growth between 1975 and 1990 was followed by a brief period of low or negative growth during the political and economic restructuring in the countries of Eastern Europe and the former Soviet Union, which had been significant suppliers of phosphates (the economic turmoil led to lower export availability and higher phosphate rock raw material costs to DAP producers dependent on Russian supplies). Growth accelerated again from the early 1990s, propelled principally by the rapid growth of the consumption of DAP in China and India.

Ammonia

Ammonia is a colourless gas at atmospheric pressure and is primarily used as a raw material for the manufacture of nitrogen fertilisers and ammoniated phosphates. Many phosphate producers partly or wholly rely on purchased ammonia and are therefore exposed to the price volatility of ammonia on the international market. Consequently, as a result of its reliance on purchased ammonia, the phosphate industry is a major end-user and driver of merchant ammonia demand.

Total consumption of ammonia grew from 153.4 Mt in 2007 to 165.9 Mt in 2012, an annual average growth rate of 1.9 per cent per annum. The urea industry is the largest consumer of ammonia, accounting for approximately 52 per cent of global ammonia consumption in 2012, whereas the phosphate industry (including both DAP and MAP) accounted for approximately 6 per cent of global ammonia consumption in 2012.

Long-term forecasts for ammonia demand, which is the primary source of nitrogen for both fertilisers and technical applications, are driven by assumptions about trend growth rates in population, food demand, and relevant forecast indices or macroeconomic indicators, which determine agricultural markets and industrial production.

Background on Aluminium Industry

The aluminium industry is the world's second largest metals industry. World consumption of aluminium in 2013 was estimated by CRU at 69.8 Mt, of which 49.9 Mt was primary aluminium. Until the late 1980s, the consumption of aluminium was dominated by demand from North America, Western Europe, Japan and the Soviet Union. Since 1990 there has been a rapid growth in demand from China and the rest of South East Asia.

The supply of primary aluminium has generally matched the growth in demand, growing from an estimated 4.55 Mt in 1960G to an estimated 50.21 Mt in 2013G, an annual average growth rate of 4.7 per cent. Until the 1973 oil crisis, aluminium production took place mostly in the main aluminium consuming countries of Western Europe, United States, Japan and the countries that now comprise

the former Eastern Bloc. Between 1974G and 1989G the importance of these areas declined as new smelters were built in countries with low-cost power, principally in Latin America, Australia, the Middle East and Canada. Since 1989 this trend continued, although the Middle East and Southern Africa have supplanted Australia and Latin America as the largest producers of primary aluminium.

Global aluminium consumption is typically driven by a wide range of end-use sectors such as construction, transportation, packaging and industrial engineering. However, in recent years the transportation and packaging industries have shown the strongest growth and, combined, they made up almost 34 per cent of the total demand in 2013G. The trend towards lighter vehicles with improved fuel efficiency, greater recyclability and environmentally friendly building structures have been the main drivers for demand growth in these industries.

Aluminium is expected gain positively from substitution against steel in the automotive sector and in beverage packaging (cans). In construction, aluminium is expected to make steady gains as end-of-life recycling regulations are tightened globally. The increased use of aluminium is likely to facilitate a greater proportion of recyclability of build structures at the end of their life.

Gold

The price of gold is typically driven by factors that are distinct from those that determine the market value of other metals. Whilst global supply and demand has some impact, gold prices are largely driven by economic, financial and political factors.

Based on the 2014G GFMS Gold Survey, global physical demand for gold in 2013G is estimated to have been approximately 4,957 tonnes. Jewellery was the largest component of demand, accounting for around 47 per cent of the total whilst dentistry, electronic and other industrial and decorative applications, collectively referred to as "industrial fabrication demand", accounted for a further 8 per cent The purchase of physical gold in the form of physical bars and coins for the purposes of investment by private individuals, referred to as retail investment, accounted for 36 per cent of demand, while net official sector purchases, primarily central banks, accounted for 8 per cent.

SUMMARY OF FINANCIAL INFORMATION

The following historical financial information as at and for the years ended 31 December 2011G, 2012G and 2013G and the six-month periods ended 30 June 2013G and 2014G inclusive, has been derived:

- in the case of the historical financial information as at and for the six-month periods ended 31 June 2013G and 31 June 2014G inclusive, from the 31 June 2014G Unaudited Interim Consolidated Financial Statements;
- in the case of the historical financial information as at and for the years ended 31 December 2012G and 2013G inclusive, from the 2013G Consolidated Financial Statements; and
- in the case of the historical financial information as at and for the year ended 31 December 2011G inclusive, from the 2012G Consolidated Financial Statements, each of which is included elsewhere in this Prospectus. The Financial Statements have been prepared in conformity with accounting standards promulgated by SOCPA.

Prospective subscribers should read the following summary financial information section in conjunction with the information contained in the "Important Notice—Presentation of Financial Information", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and "The Company's Business" sections of this Prospectus, and the Financial Statements.

CONSOLIDATED STATEMENT OF INCOME

The following table shows the Company's consolidated income statement data for the years ended 31 December 2011G, 2012G and 2013G and the three month periods ended 30 June 2013G and 2014G:

Table 0.3: The Group's consolidated income statement for the years ended 31 December 2011G, 2012G and 2013G and for the six-month periods ended 30 June 2013G and 2014G.

(SAR millions)	As at 31 December	As at 31 December	As at 31 December	As at 30 June	As at 30 June
	2011G	2012G	2013G	2013G	2014G
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Total sales	1.533	5.577	6.047	2.984	4162
Costs of sales	(532)	(2.983)	(4.472)	(2.165)	(3.007)
Gross profit	1.001	2.594	1.575	818	1.155
Operating expenses					
Selling, marketing and logistic expenses	(54)	(385)	(246)	(126)	(179)
General and administrative expenses	(235)	(325)	(514)	(150)	(196)
Exploration and technical services expenses	(130)	(123)	(142)	(79)	(86)
Operating income	582	1.761	673	464	694
Share in net loss of jointly controlled entity	(2)	(3)	(3)	(1)	(0.8)
Income from short-term investments	75	65	27	17	5
Financial charges	(11)	(286)	(183)	(87)	(100)
Other income/(expenses)	14	(5)	1.357	(2)	45
Income before zakat	658	1.532	1.871	391	644
Provision for zakat	(120)	(52)	(55)	(23)	(0.7)
Net income	538	1.480	1.816	368	643
Net income attributable to shareholders of the parent company	413	1.091	1.682	280	496
Non-controlling interest's share of year/period's net income in a subsidiary company	125	389	134	88	147
Basic and diluted earnings per share (SAR)	0.45	1.18	1.82	0.30	0.54

(SAR millions)	As at 31 December	As at 31 December	As at 31 December	As at 30 June	As at 30 June
	2011G	2012G	2013G	2013G	2014G
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares outstanding during the year/ period (in millions)	925	925	925	925	925
Gross profit %	65	47	26	27	28
Earnings before interest, tax, depreciation and amortization (EBITDA)	788	2.828	1.784	1.039	1.279

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table shows the Group's consolidated statement of financial position data as at 31 December 2011G, 2012G and 2013G and 30 June 2014G.

Table 0.4: The Group's consolidated statement of financial position data as at 31 December 2011G, 2012G and 2013G and 30 June 2014G.

(SAR millions)	As at 31 December	As at 31 December	As at 31 December	As at 30 June	As at 30 June
	2011G	2012G	2013G	2013G	2014G
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Current assets	12.311	10.987	7.180	10.325	9.335
Non-current assets	31.263	44.155	56.771	50.314	61.098
Total assets	43.574	55.142	63.951	60.639	70.433
Current liabilities	3.823	5.934	6.611	6.397	9.115
Non-current liabilities	22.869	26.123	32.333	30.495	34.234
Total liabilities	22.869	32.057	38.943	36.892	43.349
Total equity	20.705	23.085	25.008	23.747	27.084
Total liabilities and equity	43.574	55.142	63.951	60.639	70.433

CONSOLIDATED STATEMENT OF CASH FLOWS

The following table shows the Group's consolidated statement of cash flows for the years ended 31 December 2011G, 2012G and 2013G and the six-month period ended 30 June 2013G and 2014G:

Table 0.5: The Group's consolidated statement of cash flows for the years ended 31 December 2011G, 2012G and 2013G and the six-month periods ended 30 June 2013G and 2014G:

(SAR millions)	As at 31 December	As at 31 December	As at 31 December	As at 30 June	As at 30 June
	2011G	2012G	2013G	2013G	2014G
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Cash and cash equivalents at the beginning of the year	2.922	5.044	6.175	6.175	4.337
Net cash from operating activities	13	2.174	1.814	77	128
Net cash utilised in investing activities	(4.979)	(9.088)	(10.278)	(6.551)	(6.787)
Net cash generated from financing activities	7.088	8.045	6.626	5.058	7.012
Net change in cash and cash equivalents for the year	2.122	1.131	(1.838)	(1.416)	352
Cash and cash equivalents at the end of the year	5.044	6.175	4.337	4.759	4.689

KEY PERFORMANCE INDICATORS

The following table shows the Group's key performance indicators as at, and for the years ended, 31 December 2011G, 2012G and 2013G and as at, and for the six-month periods ended 31 June 2013G and 2014G:

Table 0.6: The Group's key performance indicators as at, and for the years ended 31 December 2011G, 2012G and 2013G and as at, and for the six-month periods ended 31 June 2013G and 2014G:

	Year ended 31 December (Audited)			Six months ended 30 June (Unaudited)	
	2011G	2012G	2013G	2013G	2014G
Capital invested (SAR millions)[1]	24.576	34.640	46.915	40.626	48.500
Sales growth[2]	114.3%	263.8%	8.4%	33.7%	39.5%
Gross profit margin[3]	65.3%	46.5%	26.1%	27.4%	27.8%
Debt-total capital[4]	52.6%	58.8%	61.5%	62.0%	62,4%
Return on assets[5]	1.2%	2.7%	2.8%	0.6%	0.9%
Return on equitiy[6]	2.6%	6.4%	7.3%	1.5%	2.4%

	Year ended 31 December (Audited)			Six months ended 30 June (Unaudited)	
	2011G	2012G	2013G	2013G	2014G
Earnings before interest, tax, depreciation and amortization (EBITDA)[7]	51.4%	50.7%	29.5%	34.8%	30.7%
Net profit margin[8]	35.1%	26.5%	30.0%	12.3%	15.4%

1 "Capital invested" refers to the capital employed (total of equity attributable to shareholders of the parent company and long-term borrowings) less cash and cash equivalents and short-term investments.

2 "Sales growth" refers to the per cent increase in sales in comparison to the preceding annual period. Sales growth for the first quarter of 2014G refers to the per cent increase in sales during the first half in 2014G in comparison to sales during the first half of 2013G. "Sales growth" for the first quarter of 2013G refers to the per cent increase in sales during the first half of 2013 in comparison with sales during the first half of 2012.

3 "Gross profit margin" refers to the gross profit as a percentage of sales.

4 "Debt-total capital" refers to long-term borrowings as a percentage of the sum of total long-term borrowing and equity attributable to shareholders of the Company.

5 "Return on assets" refers to net profit as a percentage of assets.

6 "Return on equity" refers to net profit as a percentage of equity.

7 "Earnings before interest, tax, depreciation and amortization (EBITDA)" refers to earnings before interest, tax, depreciation and amortization as a percentage of sales.

8 "Net profit margin" refers to net profit as a percentage of sales.

SUMMARY OF RISK FACTORS

Before deciding to subscribe for the New Shares, prospective subscribers are advised to carefully consider all of the information contained in this Prospectus, particularly the risks described below, which are addressed in detail in the "Risk Factors" section of this Prospectus.

Risks related to the Company's business

- The Company depends on the continued supply of ore, energy, water and the stability of its prices.
- Risks related to transportation and shipping, and the efficiency thereof.
- Risks related to operational difficulties that affect production.
- Risks related to exploration and development.
- Joint ventures may not produce the required outcomes.
- Lack of capital required to fund the Company's business and investments.
- Risks related to funding.
- Availability of government incentives supporting industrial development in the Kingdom.
- Contracting parties may violate their contractual obligations.
- Customer concentration.
- Risks related to project establishment and development.
- The Company may be unable to comply with the terms of mining and exploration licenses or other regulatory licenses, which are subject to withdrawal or suspension.
- The actual volume of ore reserves and mineral resources available to the Company.
- Compliance with the environmental systems and standards.
- The continued positive growth in the Company's business and future projects.
- Retaining the members of Senior Management and attracting qualified staff.
- Fluctuations in foreign currency exchange rates.
- Adequacy of insurance coverage.
- Protecting intellectual property rights from violations by third parties.
- The success of the internal controls in combating dishonesty, theft, and fraud.
- Interest rate fluctuations.
- Claims and litigation.
- Relationship with local communities.
- Zakat assessments.
- Effective control by the Company's major shareholders.
- Transactions with related parties.

- Risks related to the agreements that are subject to foreign laws and jurisdiction of foreign courts or international arbitration.
- Risks related to the new projects.

Risks related to the Market

- Changes in the metal market in general.
- Changes in the fertiliser market (DAP).
- Changes in the ammonia market.
- Changes in the aluminium market.
- Changes in the gold market.
- Risks related to the Saudi and international economies.
- Competition.
- The regulatory environment.

Risks Related to the Rights Issue and New Shares.

- Change in market trends in respect of the current Rights.
- An inappropriate market price for Rights compared to the share price during the Trading Period.
- Lack of demand for Rights and Company shares.
- Speculation around Rights.
- Failure to exercise rights in a timely manner.
- Distributing compensation to Eligible Persons.
- Dividends.

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1. TERMS AND DEFINITIONS

Company or Ma'aden	Saudi Arabian Mining Company (Ma'aden)
Board or Board of Directors	The Board of Directors of the Company.
Director or Directors	Member or members of the Company's Board of Directors.
By-laws	By-laws of the Company.
CEO	Chief Executive Officer of the Company.
CFO	Chief Financial Officer.
Senior Management	The Executive Committee, a subcommittee of the Company's Board of Directors.
Executive Committee	The Executive Committee reporting to the Company's Board of Directors.
Shareholders	The Company's Shareholders.
The Group	The Group is comprised of the Company and all of its subsidiaries and joint venture companies.
The EGM	The Extraordinary General Assembly meeting held to vote on the capital increase of the Company.
Eligibility Date	The date of the EGM held to vote on the increase in the Company's capital according to the Board's recommendation on 20/01/1436H (corresponding to 13/11/2014G).
Eligible Persons	Registered Shareholders and purchasers of Rights during the Trading Period.
Registered Shareholder	The Shareholders registered in the Company's Register at the close of trading on the date of the EGM.
Prospective Subscribers	Registered Shareholders, Saudi Nationals, and non-Saudi Nationals holding valid residency permits in the Kingdom; companies, banks, and mutual funds established in the GCC; GCC Nationals and Institutional Investors who would like to subscribe to New Shares.
Prospectus	This Prospectus.
New Shares	The Shares being offered to the public and Institutional Investors as part of the Company's Rights Issue.
Right/Rights	Tradeable securities issued pursuant to the Rights Issue.
The Offering	The increase of the Company's capital through the issue of 243,478,261 New Shares.
Offer Price	SAR 23 per Share.
First Subscription Period	The period from Tuesday 25/01/1436H (corresponding to 18/11/2014G) until Thursday 05/02/1436H (corresponding to 27/11/2014G) during which all holders of Rights, whether Registered Shareholders or purchasers of Rights during the Trading Period, may exercise their Rights to subscribe for the New Shares.
Trading Period	The period from Tuesday 25/01/1436H (corresponding to 18/11/2014G) until the close of trading on Thursday 05/02/1436H (corresponding to 27/11/2014G) during which Registered Shareholders and Saudi Nationals, non-Saudi Nationals holding valid residency permits in the Kingdom, and companies, banks, and mutual funds established in the GCC, as well as GCC Nationals, will be permitted to trade the Rights on Tadawul.

Second Subscription Period	The period from Sunday 08/02/1436H (corresponding to 30/11/2014G) until Tuesday 10/02/1436H (corresponding to 02/12/2014G) during which all Eligible Persons may exercise their Rights to subscribe for the New Shares.
Rump Offering	The offer of any Rump Shares unsubscribed by Eligible Persons to Institutional Investors during the Rump Offering. The Rump Offering will start on Sunday 15/02/1436H (corresponding to 07/12/2014G) until the day after on 16/02/1436H (corresponding to 08/12/2014G).
Rump Shares	Rump Shares unsubscribed for during the First Subscription Period and Second Subscription Period.
Allocation date	The date on which the final allocation will be announced, which will be on 19/02/1436H (corresponding to 11/12/2014G) at the latest.
Subscription Application Form	The Subscription Application Form available from the Receiving Agents, to be filled out and submitted by Eligible Persons to the Receiving Agents in order to exercise their Rights.
Exchange or Tadawul	The Saudi Stock Exchange.
Authorised Persons	A person authorised by the CMA to conduct securities business.
Advisers	The Financial Adviser, the Lead Managers, the Underwriters and the Company's other advisers, whose names appear in the "Advisers" section of this Prospectus.
Financial Advisor	HSBC Saudi Arabia Limited.
Lead Managers	GIB Capital Limited and HSBC Saudi Arabia Limited
Underwriters	Samba Capital and Investment Management Company (SambaCapital) (in its capacity as Lead Underwriter), Aljazira Capital Company, GIB Capital L.L.C. and HSBC Saudi Arabia Limited (in their capacity as additional underwriters).
CMA, or the Authority	The Capital Market Authority of the Kingdom of Saudi Arabia.
Institutional Investors	This includes a group of institutions, as follows: 1. Publicly offered investment funds established in the Kingdom that invest in securities listed on the Exchange, provided that the fund's terms and conditions permit such investment, and provided that the terms and conditions of the Investment Funds Regulations are observed; 2. Persons authorised to deal in securities as principal, provided that financial adequacy requirements are observed; 3. Companies listed on the Saudi Stock Exchange through their portfolios managed by authorised persons, banks and insurance companies listed in Tadawul, according to the regulations issued by the CMA, provided that the Company's involvement does not lead to a conflict of interests.
ACV Project	A project undertaken by SAMAPCO for the production, manufacture and sale of ethylene dichloride and caustic soda at Jubail Industrial City in the Kingdom.
Admission	Admission of the New Shares to the official list and approval for the trading of the New Shares on Tadawul.
Alcoa	Alcoa Inc.
Alumina Refinery Contract	Contract entered into by Hyundai Engineering and MBAC dated 27/05/2012G.
Aluminium Infrastructure	Infrastructure dedicated to the sole use of aluminium operations by the MAC Companies at Ras Al-Khair.

Bechtel	Saudi Arabian Bechtel Company.
Central Arabian Gold Region	An area located in the Kingdom that contains significant gold resources.
China	The People's Republic of China.
Shared Infrastructure	Certain infrastructure shared by MPC and the MAC Companies at their facilities in Ras Al-Khair Mineral Industrial City.
CRU	CRU Strategies Limited.
Daelim	Daelim Industrial Company Limited and its Saudi branch, Daelim Saudi Arabia Company Limited.
Energy Conversion Agreement	An agreement entered into by SWCC and the Company, dated 10/10/2009G.
Financial Statements	The 30/06/2014G Consolidated Interim Financial Statements, the 2013G Consolidated Financial Statements, and the 2012G Consolidated Financial Statements.
2012G Consolidated Financial Statements	The Company's audited financial statements as at and for the year ended 31 December 2012G, inclusive.
2013G Consolidated Financial Statements	The Company's audited consolidated financial statements as at and for the year ended 31 December 2013G, inclusive.
30 June 2014G Unaudited Interim Financial Statements	The Company's unaudited interim financial statements for the three-month period ended 30 June 2014G.
Fluor	Fluor Arabia Company.
Gulf Countries	The Cooperation Council for the Arab States of the Gulf, consisting of the United Arab Emirates, Qatar, Bahrain, Oman, Kuwait and the Kingdom.
GCC Nationals	Nationals of one of the member states of the Cooperation Council for the Arab States of the Gulf.
Gold Fields	Gold Fields Mineral Services Ltd.
Government	The government of the Kingdom
Hanwha	Hanwha Engineering and Construction Corporation.
Hyundai Construction Contract	Part of the Alumina Refinery Contract entered into by Hyundai Engineering and MBAC, dated 27/05/2012G.
Hyundai Engineering	Hyundai Engineering and Construction Company.
Hyundai EP Contract	Part of the Alumina Refinery Contract entered into by Hyundai Engineering and MBAC dated 27/05/2012G.
Negative Impact Projects	Industrial projects that may have a negative effect on the environment.
JORC 2004G	The 2004G edition of the JORC Code.
JORC 2012G	The 2012G edition of the JORC Code.
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.
Kingdom	The Kingdom of Saudi Arabia.

MAC Companies	The group of companies comprising MAC, MRC and MBAC.
Mining Law	The Mining Investment Law, enacted by Royal Decree M/47 dated 20/08/1425H (corresponding to 05/05/2004G).
Companies Regulations	The Companies Regulations issued under Royal Decree No. M/6, dated 22/03/1385H (corresponding to July 1965G), as amended, in the Kingdom.
MKS	MKS (Switzerland) SA.
Mosaic	Mosaic Company.
MPC Infrastructure	Infrastructure at the Ras Al-Khair processing facilities for the sole use of MPC.
Ministry	The Kingdom's Ministry of Petroleum and Mineral Resources.
Metal Services	The Metal Services for Trading and Contracting Company.
New York Convention	The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958G.
PME	The Presidency of Meteorology and Environmental Protection in the Kingdom.
Qualification Shares	The shares required to be held by a Director under Article 68 of the Companies Regulations and in accordance with the By-laws.
Railway Agreement	An agreement entered into by Saudi Railways and MPC dated 31/03/2013G.
Regulations	The Implementing Regulations to the Mining Law, enacted by Royal Decree G/173 dated 30/11/1425H (corresponding to 11/01/2005G).
Relative	A husband, wife or any first-degree relative.
SABIC	Saudi Basic Industries Corporation.
Samsung	Samsung Engineering Company.
SAR	Saudi Arabian riyals.
Saudisation	Employment regulations of the Kingdom, which direct companies operating in the Kingdom to employ a specific percentage of Saudi nationals.
Saudi National	An individual holding Saudi Arabian nationality.
SCM	Saudi Canadian Mining Services Company.
SEC	Saudi Electricity Company
SIDF	Saudi Industrial Development Fund.
SRK	SRK Consulting (UK) Limited.
USD	United States dollars.
MWAS Project	The building of an integrated phosphate production facility in Wa'ad Al-Shamal Mineral Industrial City and Ras Al-Khair within the context of King Abdullah's project for the development of Wa'ad Al-Shamal City, approved by the Council of Minsters in 2012G.
MWASPC	Ma'aden Wa'ad Al-Shamal Phosphate Company.

BGC	Barrick Gold Corp.
Barrick Partner	The BGC entity partnering with the Company in the Jabal Sayid Project, which will own 50 per cent of the Copper JV.
BML	Bariq Mining Limited.
Jabal Sayid Project	The copper mine at the Jabal Sayid site in the Kingdom that the Company, in conjunction with BGC, intends to develop.
Copper JV	The joint venture corporation held in equal parts by the Company and BGC.

Arabian Shield	An exposure of Precambrian crystalline rock on the coasts of the Red Sea.
Bauxite	An aluminium ore and the world's main source of aluminium.
Kiln	A type of mineral oven used in smelting for the production of industrial minerals, particularly iron, in addition to other metals, such as lead or copper.
Competent Person	JORC Code in the mining industry stipulates that public reports of exploration results, mineral resources or ore reserves must be signed by a competent person. That person must be a member or fellow of the Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a foreign recognised professional organisation.
Conflict of Interests	When an individual or an organisation has multiple interests, one or more could potentially conflict with the rest, thus corrupting motives.
DAP	Diammonium Phosphate (chemical formula (NH4)2HPO4). Soluble ammonium phosphate salt, which is used as a fertiliser.
Gold or Silver Ingot	A semi-pure ingot of gold or silver, which is usually produced at the mine site and then transferred to the refinery for further purification. The ratio of silver or gold may vary substantially.
Downstream Industries	Refers to operations that are closer to the sale point than to the point of production or manufacturing. For example, in aluminium operations, this term is used to refer to industrial sectors that use aluminium extracted, refined and smelted as an ore for manufacturing new products.
Ethylene Dichloride	Also known as 1,2 Dichloromethane (CL2C2H4), a chlorinated hydrocarbon used as a solvent in the production of plastics.
Hot Metal	A metal product that takes the form of hot liquid obtained when drying iron ore (usually in a kiln or Corex Kiln), it contains 93-94 per cent iron and other elements/impurities, such as Carbon (4 per cent), Silicon (1 per cent), Manganese (+1 per cent), sulphur, phosphorus, etc.
JORC Code	An Australian code for reporting the results of exploration, mineral resources, and ore reserves (the JORC Code), it is a symbol of professional practice that puts the minimum standards for preparing public reports with the results of exploring metals, mineral resources, and ore reserves.
Monoammonium Phosphate	Monoammonium Phosphate (chemical formula: NH4H2PO4). Ammonium phosphate, which is used as a fertiliser.
Open Pit Mining	Open pit mining for the extraction of rock metals from land, through removal from an open pit.

Aluminium Potline	The facility has a series of potlines, or a group of large Electrolytic analysis cells, where aluminium is produced. Alumina is solved inside the potline to take the form of smelted cryolite (sodium aluminium fluoride) and other materials. When the electrical current passes through the basin, it generals enough heat to keep the basin in the smelting condition which helps separate alumina into two elements: Aluminium and oxygen.
Refinery	A facility comprising chemical engineering unit operations, units for refining certain materials, or converting the ore into valuable products.
Rolling Mill	In metal production, rolling is the formation of metal sheets by passing it through rollers in order to reduce their thickness and make them take regular shape.
Smelting	A form of processing used mainly for the production of minerals from ores. It includes the production of silver, iron, zinc and other basic materials from their ore form.
Sustainability	A strategy that leads to institutional growth and profitability over the long run through a commitment to integrating social and environmental issues in the Company's model.
Synergies	The interaction between various elements within a definite system to produce different or greater impact than that obtained individually.

2. RISK FACTORS

Prior to subscribing for the New Shares, Prospective Subscribers should carefully consider the risk factors related to the Company's business set out below together with all other information contained in this Prospectus and reach their own conclusions prior to making any investment decision.

The Company's Board and Senior Management believe that the following risks are the material risks facing the Company and its business. However, these risks and uncertainties are not the only risks that the Company faces; additional risks and uncertainties not presently known to it or that it currently believes not to be material may also have a material adverse effect on the Company's financial condition or business success. If any of these risks, which the management currently deems material, actually occurs, or if any other risks that the management has failed to identify or currently deems immaterial occurs, the Company's business, financial condition, results of operations could be adversely affected. If this occurs, the market price of the New Shares may decline and subscribers could lose part of or all of their investment.

In addition, this Prospectus contains forward-looking statements that also involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Company as described below.

Investment in shares is only suitable for shareholders who are able to assess the risks and benefits of that investment. A shareholder who would like to subscribe for the Rights but has any doubt about the action that should be taken should consult an authorised professional who specialises in giving advice on the acquisition of shares and other securities.

The risks set forth below are not provided in the order of their importance or expected effect on the Company and its subsidiaries.

2 - 1 Risks related to the Company's operations

2 - 1 - 1 The Company depends on the continued availability of raw materials, energy, water and their price stability.

Industrial components, including ore (sulphur and alumina), energy (natural gas, fuel and electricity) and water, which the Company needs for its operations, are considered the Company's most important operational costs, as the cost of raw materials accounted for 57 per cent of the Company's total operational costs for the year 2012G and 70 per cent of the Company's total operational costs for the year 2013G. The cost of energy accounted for 1.1 per cent of the Company's total operational costs for the year 2012G and 9.3 per cent of the Company's total operational costs for the year 2013G. The prices of sulphur, energy and water are determined by the Government according to its public industry sector strategy (for more details about the supply of sulphur, please see Section 14-1-1-4, "**Legal Information—Material Contracts—MPC—Sulphur Supply Agreement**"), whereas the prices of other raw materials used by the Company in its production operations depend on global supply and demand and are subject to ongoing fluctuations.

Any increase in the prices of ore, energy, and water, which the Company needs for its manufacturing processes, will consequently lead to an increase in the Company's cost of production. If the Company is unable to raise the prices of its products pursuant to the supply contracts it has entered with its clients in order to cover the increase in the production cost, or if it is unable to make improvements to production mechanisms to address this increase (particularly when it is unable to amend its product prices as a result), this will result in the Company bearing that increase, which could have adverse effects on the Company's businesses, prospects, financial condition, operating results and/or share price.

For further clarification, the following risk factor subsections are dedicated to explaining the risks related to the availability of ore, energy, and water as outlined above.

(a) The availability and price stability of sulphur

Saudi Aramco supplies molten sulphur to the Company's sulphuric acid plant at Ras Al-Khair in the Kingdom (for more details about this agreement, see Section 14-1-1-4, "**Legal Information—Material Contracts—MPC—Sulphur Supply Agreement**"). Saudi Aramco supplies the sulphur needed by the above-mentioned plant pursuant to globally competitive prices (as those prices are calculated based on prevailing market prices, taking into consideration the volume that Saudi Aramco must supply

according to supply agreements concluded for a term of one year and automatically renewable for an additional year). While this material is available worldwide, and since the cost of purchasing this material from outside the Kingdom is higher than its domestic cost, the Company cannot ensure that it will obtain this material at the same prices offered by Saudi Aramco, if it is compelled to purchase quantities needed for the abovementioned plant to cover a shortage in quantities supplied by Saudi Aramco. Moreover, the Company cannot ensure that it will be able to purchase the actual quantities it needs on a continuous basis and cannot ensure that transportation will be available to deliver it to the plant. Consequently, if there is any shortage in this material, this could have adverse effects on the Company's businesses, prospects, financial condition, operating results and/or share price.

The sulphur allocation letter sent by Saudi Aramco to the Company on 04/02/2014G in respect of allocating sulphur ore to the Umm Wu'al project, affiliated to the MWAS Project covers the period up to 28/02/2015G. It is possible that Saudi Aramco may not extend the allocation period or conclude a long-term sulphur supply agreement for the project, which could have a materially adverse effect on the Company's business operations, prospects, operating results, cash flows, financial condition, and/or share price.

(b) The availability and price stability of alumina

The Company currently obtains alumina for the manufacturing processes of its aluminium smelting plant through a subsidiary of Alcoa pursuant to the joint venture agreement entered into by and between the Company and Alcoa establishing "MBAC", which is owned by Alcoa and the Company (for more details about this agreement, see Section 14.1.3.1, "**Legal Information—Material Contracts—Aluminium—Framework Shareholders' Agreement with Alcoa**", of this Prospectus). MBAC currently supplies the alumina needed by the plant. The operations of the plant would be adversely affected if the quantities of this material supplied by said company are not sufficient to meet the plant's needs. If such a shortage could not be made up via international markets at the same price applied by MBAC, this could have adverse effects on the company's businesses, prospects, operating results, financial condition, and/or share price.

(c) The availability and price stability of natural gas

The Company consumes large quantities of natural gas in various manufacturing processes, including alumina production. Natural gas is also used at the main electricity generation plant at Ras Al-Khair to operate the Company's aluminium smelter and rolling mill. All the natural gas required by the Company is supplied by Saudi Aramco. The natural gas supplied by Saudi Aramco to the Company and MPC (a subsidiary of the Company) amounted to 115 MMSCFD during 2012G and 2013G.

Any interruption in the supply of natural gas to the ammonia production plant would lead to a shutdown in ammonia production, which would in turn lead to a shutdown in production at the DAP plant due to its dependence on ammonia in the manufacturing and production of DAP. Such a shutdown would have a negative effect on the production lines, machines and equipment that constitute a part of the ammonia production facilities. An interruption of natural gas supply to the electricity generation plant would lead to the shutdown of electrical current—temporarily or permanently—at the Company's aluminium smelter. As a result, the molten aluminium in the aluminium moulds would harden, which would lead to permanent and irreparable damage and the need to replace them with new moulds. This would lead to the shutdown of smelter production and would subject the Company to unanticipated capital costs for the replacement of damaged moulds and other machines with new moulds and machines, which could have adverse effects on the company's businesses, prospects, operating results, financial condition, and/or share price.

According to the gas supply agreements dated 12/11/1430H (corresponding to 01/11/2009G) and 22/07/1434 (corresponding to 01/06/2013G) entered into by and between Saudi Aramco, MPC and MAC respectively, Saudi Aramco supplies natural gas to the Company at prices set by the Government for natural gas consumers in the Kingdom (USD 0.75 per million BTU). This price is competitive compared to the price of natural gas in other markets around the world. The term of the gas supply agreement is twenty years (the natural gas supply agreement with MPC ends on 31/10/2029G, and the MAC agreement ends on 31/05/2033G) and it is possible that the Government may in the future increase the price of natural gas, which would lead to an increase in the price of natural gas supplied by Saudi Aramco to the Company. The Company might be unable to increase its prices to reflect the increase in the price of the natural gas, which could have a materially adverse effect on the Company's business operations, prospects, operating results, cash flows, financial condition, and/or share price.

The gas allocation letter from Saudi Aramco to the Company on 25/02/2012G on allocating gas as a fuel and raw material for the Umm Wu'al project affiliated to the MWAS Project covers a period ending 31/05/2015G. It is possible that Saudi Aramco might not extend this period or conclude a long-term

gas supply agreement for the project, which could have a materially adverse effect on the Company's business operations, prospects, operating results, cash flows, financial condition, and/or share price.

Moreover, an inability on the part of Saudi Aramco, in its capacity as the sole supplier of the natural gas to the Company, to supply the quantities of natural gas needed by the Company for its manufacturing processes, in whole or in part, and an inability on the part of the Company to provide alternative sources at prices competitive with those of Saudi Aramco could have a materially adverse effect on the Company's business operations, operating results, cash flows, financial condition, and/or share price.

(d) The availability of electricity at competitive prices

Electric power is considered one of the main production elements for the Company's manufacturing processes and is needed continuously by the Company's aluminium manufacturing processes. Any interruption or stoppage of electrical power supplies needed by the Company in its manufacturing processes, either temporarily or permanently, would lead to the shutdown of manufacturing processes and damage to production lines, machines and equipment, particularly the aluminium smelter, and could have a materially adverse effect on the Company's business operations, operating results, cash flows, financial condition, and/or share price. It should be noted that aluminium sales constitute 16.8 per cent of the Company's total sales.

Moreover, any increase in electrical power costs for any reason would increase production costs, and the Company's financial results would be adversely affected if the Company were unable to increase the price of its products as a result of the increase in power costs sustained by the Company. In this respect, the Company notes that it entered into an Energy Conversion Agreement with SWCC in 2009G, pursuant to which SWCC agreed to build a dual water and electricity production plant at its own expense. The plant is semi-operational and has not reached the required capacity due to a delay in its construction. In order to meet the Company's need for electrical power, the Company is currently making up the shortfall through the SEC network at higher prices than those offered by the aforementioned plant. This has adversely affected the cost of the Company's electrical power.

The Company's phosphate, gold and industrial mineral operations are reliant on power, or back-up power, supplied by SEC, with regard to the availability of the required quantities and the price of supply. SEC increased the tariff charged for electricity in July 2010G. Any further increases in electricity prices would contribute to higher operating costs for the Company, thereby leading to lower profits and cash flows. Any reductions in power or water from SEC could lead to disruptions in production and could have a material adverse effect on such operations. Moreover, in light of the existing agreement, it may be difficult for the Company to seek recourse against SEC for the full value of any damage sustained by it due to SEC's failure to supply the power required. In particular, the Company requires additional electricity supplies to cool parts of its mining operations during the summer. To the extent that SEC is not able to supply electricity to these new projects or increase the allocation pursuant to extensions or development of existing sites, such new projects might need to be delayed or cancelled, which would have a materially adverse effect on the Company's business operations, operating results, cash flows, financial condition, and/or share price.

(e) Lack of adequate water supplies

Ma'aden's mining, concentrating and smelting operations require significant amounts of water. The Company procures water from a number of sources, including the Royal Commission for Jubail & Yanbu ("RCJY"), the National Water Company ("NWC"), the Kingdom's Water Regulation Authority, and, to the extent that the required water supplies are not available from these sources, from its own wells, including the water supply required for future operations in Wa'ad Al-Shamal Mineral Industrial City. The Company is dependent on the availability of water in its areas of operations and, particularly, on the ability of the RCJY to provide it with sufficient allocations of water to enable it to conduct its business at Ras Al-Khair and the ability of the NWC to provide it with sufficient allocations of treated waste water to enable it to conduct its business at Ad-Duwayhi, once in operation. Moreover, the Company depends on its ability to access water from underground aquifers for its operations at Al-Jalamid (phosphate), Al-Ba'itha (bauxite), Al-Khabra (phosphate) and the Wa'ad Al-Shamal Mineral Industrial City. If the RCJY, the NWC or its own water wells are unable to supply those projects with sufficient water for its operations, or if the RCJY or NWC significantly increase the prices that either charge for water, the Company could suffer from a reduction in its operating capacity and/or significantly higher production costs.

Moreover, some of the Company's current projects are located in areas far away from water sources or that do not have adequate underground water. Among those projects is Ad-Duwayhi mine, located near Mecca, which suffers from water shortages. In order to meet the water needs of this mine, the

Company is currently in the process of constructing a 500 km pipeline to provide treated waste water to the mine. In the event that the pipeline cannot be completed and operated successfully, this would have a materially adverse effect on the operations of the mine and it would be unable to operate.

The Company is also subject to operating risks associated with pipelines, including the possibility of interruption of supply, or ruptures and water leaks, which would adversely affect the Company's operations.

Therefore, any interruption of water supply required for the Company's operations would have an adverse effect on the Company's operations, prospects, operating results, financial condition, and/or share price.

(f) Unpredictable operational risks and events that fall outside the Company's control (force majeure)

The Company operates large-scale, complex mining operations and processing and refining facilities that are subject to significant operational risks generally associated with mineral companies. These risks include unusual or unexpected geological conditions, industrial accidents and natural disasters which all fall outside of the Company's control (collectively, "force majeure"). Potential health, safety and environmental events that may materially impact the Company's mining operations include rock bursts, tramming and mud-rush incidents, mine collapses, seismic events, flooding, fires, falls from height, light vehicle accidents, electrocutions, incidents involving equipment, explosions and emissions of harmful gases or chemicals. Longer-term chronic diseases to employees or site contractors or environmental damage may arise due to these or other factors. Such events could cause significant damage to the Company's facilities, harm to its workforce, major disruption to production processes and the Company's ability to deliver its products and/or result in significant losses or liabilities, any of which, if incurred, may have a material adverse effect on the Company's business, prospects, results of operations, financial condition and/or share price.

Any unexpected disruption of the production lines or equipment or the necessity to undertake unscheduled maintenance or repair or any suspension of the Company's operations related to safety could cause disruption or shutdown of the Company's mining operations or production.

Moreover, the Company relies on specialised technology for the operation of its business, including at the processing facilities for the phosphate and aluminium operations at Ras Al-Khair. The Company cannot guarantee that this technology will produce sustainably at its operational objectives or at the desired product quality.

The occurrence of accidents at any of the Company's manufacturing facilities, and the consequent suspension or shutdown of its production, would have an adverse effect on the other associated production facilities. For example, in April 2013G, MPC was required to shut down its ammonia plant at Ras Al-Khair for unscheduled maintenance as a result of technical difficulties for a period of three weeks. Since this ammonia is used in the manufacture of DAP, MPC was also required to temporarily discontinue production of DAP at the DAP plant for a period of three to four weeks. In addition, a fire at the phosphate rock unloading belt in September 2013G resulted in damage which took approximately three months to repair. The Company estimates the effect of this accident at approximately SAR 69,400,000, which includes the cost of repairing the belt and the shutdown of production. In October 2013G, one of the potlines in the aluminium smelter operated by MAC was temporarily shut down after a period of instability caused by equipment failure. This potline will start operating at full capacity in Q3 2014G, though the shutdown resulted in financial losses from property damage and business interruption estimated at SAR 670,125,000.

2 - 1 - 2 Risks related to transportation, shipping, and the efficiency thereof

The Company requires reliable roads, rail networks and ports to access raw material sources, conduct its operations and transport its finished product. The availability of those means of transportation and their costs would have a direct impact on the Company's capital and operation costs, in addition to the Company's ability to maintain the expected levels of production and sales. The Company transports the majority of its products through maritime shipping, which may be subject to delays due to limited storage facilities and platforms dedicated to ship moorage, and other associated factors.

Any interruption in transportation services, railways, and maritime shipping would have an adverse effect on the Company's ability to deliver its products by the deadlines, which would have adverse effects on the company's businesses, prospects, financial condition, operating results and/or share price.

The molten sulphur supplied by Saudi Aramco currently travels to the Company's sulphuric acid plant in Ras Al-Khair by truck from Saudi Aramco's facilities in the Eastern Province. In the event of an interruption or delay in the supply of the molten sulphur to this plant, the Company might not find alternative sources to supply this material at the same prices and quantities agreed upon with Saudi Aramco. Any disruption to the natural gas and/or molten sulphur supplies the Company needs due to an interruption in transportation would cause a shutdown in the Company's operations, which would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or on its share price.

2 - 1 - 3 Risks related to operational difficulties affecting production

The Company's operations depend on principal activities, including exploration, expanding its raw material reserves and mine extraction and processing, along with marketing plans for its products. The Company's operations have been previously affected and may be affected by several factors:

- A delay in operating production facilities and bringing them into stream in respect of: The MWAS Project, MBAC, the joint venture company to be owned in equal parts by the Company and Barrick (the Copper Project), the automotive sheet production facilities project, can stock sheet. Any delay in commissioning production facilities may result in lower revenues and/or higher unit costs of production.
- A failure to increase or continue providing the required quantities of ore reserves at current or future mines would render the Company unable to increase production levels or maintain current production levels.
- A decline in the Company's mining operations due to factors such as levels of authorised or unauthorised absenteeism, which would result in a decrease in the quantity of ore mined, higher unit costs and lower production and revenues.
- Fluctuations in the grade of the ore mined, which could lead to increased processing costs at the expense of production efficiency.
- Delays in commissioning and bringing into production new mines, including Al-Ba'itha, Al-Khabra and Ad-Duwayhi, resulting in more limited growth opportunities and mining of the ore body in areas with a lower grade of ore. Any delay in commissioning new mines may result in lower revenues and/or higher unit costs of production, as the mining of mines at either the beginning or end of their operational lives is inherently less cost-effective and the profit margins and cash flows attributable to those assets are correspondingly lower.
- Difficulties in releasing and processing volumes of inventory in an efficient manner, resulting in higher working capital costs reducing cash flow from operating activities.

An inability on the Company's part to find solutions to operational difficulties and problems that occur during the production process, including the factors referred to above, would render it unable to achieve its production objectives and the required sales levels, and this would affect the Company's cash flows and increase the costs of the relevant production unit. This would consequently have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or on its share price

2 - 1 - 4 Risks related to exploration and development

The Company's planned and potential exploration and development activities include the potential future expansion of its phosphate operations with the development of the MWAS Project, as well as its gold operations in the Central Arabian Gold Region ("**Central Arabian Gold Region**"). These development activities are subject to a number of risks that may, in the longer term, affect the Company's ability to develop ore reserves and increase its production of end products:

- Estimates related to operation and capital costs are approximate, and it is possible that the actual costs will be higher than estimated;
- Potential difficulties in procuring key supplies, including natural gas, electrical power and water;
- The possibility that the grade and volume of ore recovered, and the mix of minerals contained in that ore, may differ from that indicated by drilling results and that the processing of that ore may prove less economically viable than had been expected;
- Funding the substantial expenditure required to develop extraction and processing facilities and infrastructure;
- Changing market conditions, including declines in demand for and the market prices of Company products;
- Operational difficulties, such as unexpected geological variations that could result in significant failure, could affect the costs and viability of the Company's operations for indeterminate periods.

In the event that these projects have no economic viability, based on exploration and feasibility studies, this would lead to a change in the project development plans, if possible, or abandoning them altogether. Any decisions regarding the future development of any of these sites could result in material impairment charges on the Company's balance sheet and its income statement. Any of these factors could have a material adverse effect on the Company's business, prospects, results of operations, financial condition and/or share price.

2 - 1 - 5 Joint ventures may not produce required outcomes

The Company has existing joint venture arrangements with four partners: Saudi Basic Industries Corporation ("**SABIC**"), Alcoa, Sahara Petrochemicals Company ("**Sahara**") and Mosaic Company ("**Mosaic**"). It is in the process of forming another joint venture company with Barrick Gold Corporation ("**BGC**") (see Section 4.7.1, "**The Company's Business—Business Units—Phosphates**", and Section 4.7.2, "**The Company—Business Units—Aluminium**", of this Prospectus). These joint ventures have been established as limited liability companies in the Kingdom.

The Company cannot ensure that it will have complete control over these joint ventures, in which it has a capital interest of more than 50 per cent. This percentage does not give the Company complete control over these joint ventures as all of them are limited liability companies, which entails the other shareholders must approve many decisions for which their respective by-laws stipulate unanimous approval, such as amending articles of association, increasing financial burdens to be borne by shareholders and any other decisions the shareholders agree to be issued unanimously, such as decisions relating to management or investment in joint ventures. Consequently, the other shareholders in these joint ventures may hinder or interrupt any decision proposed by the Company if they do not agree for any reason. Joint ventures involve a number of risks that one or more of the Company's joint venture partners may be exposed to, summarised as follows:

- One or more of the shareholders may have economic or business interests or goals that are inconsistent or in conflict with the interests and goals of a joint venture, which would result in delays for the project operations, additional costs or disagreement among shareholders, each of which would adversely affect the project operated by the relevant joint venture;
- One of the shareholders, including the Company, may become bankrupt, which could affect its ability to meet its financial obligations in favour of the joint venture, or may breach its commitments or undertakings towards the Company or the other shareholders according to the joint venture agreement.
- The Company may withhold or hinder the procedures it deems in the interest of the relevant joint venture.
- One of the shareholders may terminate the joint venture agreement. This termination may be authorised according to the terms of the agreement, or the partner that wishes to terminate the agreement may claim that the Company did not meet its obligations pursuant to the agreement.

In addition, the Company and the shareholders in the joint ventures have concluded facilities agreements for the purpose of funding those projects, and those agreements stipulate that if a project partner fails to repay its debts to any other funding party, this is considered a breach of the terms of funding facilities for the project. In addition to the foregoing, if any funding party declares its debt due and payable by the Company due to default, it is likely that other funding parties would be able to claim their debts immediately, and this would have an adverse effect on the Company's business, prospects, results of operations, financial condition and/or share price.

If any of the above risks come to pass, this would have an adverse effect on exploration, development or joint venture operations, or could result in delays in project completion. In addition, terminating joint ventures and the inability of the Company to replace them with new joint ventures on comparable contractual terms would have an adverse effect on the Company's business, prospects, results of operations, financial condition and/or share price.

2 - 1 - 6 Lack of capital required to fund the Company's business and investments

Mining projects are depleting projects given the continuous extraction of minerals. Consequently, the Company requires continuous investment to sink or deepen wells, extend pits and develop new ore reserves to replace those that are mined out over time. In addition, the Company is required to allocate significant resources to expand the Company's phosphate and gold operations and to continue funding the aluminium project. It is possible that the Company may bear significant capital expenses to undertake maintenance work and continuously improve its assets, equipment and infrastructure,

either in order to comply with any new legal or regulatory requirements that would require such work, or in order to comply with any new standards approved by the management in the production process or required by relevant parties, or in order to address any unexpected liabilities.

The Company's mechanism for funding its projects depends on funding sources such as capital contributed by its shareholders and its operation revenues, along with external funding from project funders.

The actual cost of the Company's projects may exceed the value of the costs estimated by the Company according to its studies in this regard. For example, the actual additional cost (i.e., the difference between the estimated and the actual cost) of the MBAC bauxite mine project at Ras Al-Khair amounted to SAR 80,125,000, which could delay the funding of the project. If the value of this cost materially exceeds expected costs, the Company may then be compelled to seek new funding to cover this increase, which could make the Company liable for new financing costs, in addition to a possible effect on profitability. In the event that the Company fails to acquire the necessary funding to cover this increase, this would have an adverse effect on project completion and achievement of projected economic benefits during the entire period of the delay to project completion and operation. This risk factor also applies to the Company's joint ventures.

2 - 1 - 7 Risks related to funding

The project financing that the Company obtains from financiers has accounted for over 60 per cent of the funding required for major projects undertaken by MPC, the MAC Companies and SAMAPCO. Project financing has recently been obtained for the development of the MWAS Project (at the ratio of 70 per cent of project cost) and finance is being sought for the Ad-Duwayhi project (at the ratio of 50 per cent of project cost). These project financing arrangements contain restrictive covenants, including restrictions on incurring additional indebtedness and compliance with certain financial and other covenants, as well as restrictions on the payment of dividends from the joint ventures to the Company and the other joint venture partners, which would prevent Company from accessing any surplus cash in its subsidiaries. In addition, as part of the terms for securing these Project financings, the Company and its joint venture partners undertake to provide certain support to the joint venture during the construction phase such that the Company and its joint venture partners are liable to fund cost overruns and debt service in certain circumstances and for a defined period of time. In addition, in respect of loans obtained from the SIDF, the Company and its joint venture partners are required to provide enough financial guarantees to SIDF for the amounts borrowed by the relevant joint venture.

The Company's Redrawable Murabaha Finance Facility contains various terms the Company must comply with, including compliance with certain financial covenants and indicators (financial ratios) and non-payment of dividends (see Section 14.6, "**Legal Information**", of this Prospectus). The Company may be unable to meet its obligations according to those agreements, and if the Company endures losses in revenues for any reason, this would have an adverse effect on its ability to obtain the required funding in the future, which may adversely affect its capital expenditure program. It would also have an adverse effect on the Company's businesses, prospects, operating results, financial condition, and/or share price.

There can be no assurance that cash flow generated from the Company's operations will be sufficient to fund its operations in the longer term, nor that the Company will be able to obtain bank loans and other external financing for the purposes of funding capital investment in the longer term on acceptable terms, on a timely basis.

The Company's ability to obtain adequate external financing will depend on a number of factors, including its financial performance and results of operations, as well as other factors beyond its control, including global macro-economic conditions, financial market conditions, interest rates and economic and political conditions in the Kingdom. If the Company is unable to obtain any required financing in a timely manner, at a reasonable cost or on reasonable terms, it may be required to scale back, defer, curtail or abandon its investments or operations.

If the Company or its joint ventures were to breach any debt covenants contained in its existing or future financing agreements, its lenders could require the Company or the joint ventures to repay the debt immediately, and, if the debt is secured, lenders may take possession of the property or assets securing the loan. In addition, if any lender declared its loan due and payable as a result of a default, the Company's other lenders may have the ability to require that those debts owed to them be paid immediately. In these circumstances there could be no assurance that the Company would be able to access sufficient alternative funding to meet such repayments.

Any of these risks would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

The Company's debt-to-equity ratio is considered high (1:1.43 as at 31/12/2013G). This high ratio could have an adverse effect on the Company's ability to meet its financial obligations towards financiers or other creditors.

2 - 1 - 8 The availability of Government incentives supporting industrial development in the Kingdom

The Company has historically benefitted from incentives and benefits provided by the Government to investors in order to support industrialisation in the Kingdom, including the provision of finance, supporting infrastructure and the provision of relatively competitively-priced supplies of fuel and sulphur through Saudi Aramco. These incentives have been critical to the success of many of the projects undertaken by the Company to date. Any halt or suspension of these incentives would have an adverse effect on the Company's business, prospects, results of operation and financial condition and/or share price.

2 - 1 - 9 Contracting parties might violate their contractual obligations

The Company enters into contracts with a range of counterparties based on the needs of its businesses, including joint venture partners, contractors, subcontractors, architects, engineers, operators, project managers, other service providers, suppliers and customers. Accordingly, the Company is subject to the risk that a counterparty might be unable or unwilling to honour its contractual obligations. The Company's counterparties may default on their obligations for any number of reasons, including as a result of their bankruptcy, a lack of liquidity or operational failure. Such counterparty risk is more acute in difficult market conditions where there is an enhanced risk of default by counterparties.

The Company is heavily dependent on third-party contractors and consultants for services such as project management, engineering, construction, process design and planning. For example, pursuant to the joint venture agreements entered into with respect to the Company's current phosphate and aluminium operations, SABIC and Alcoa provide technical support services, know-how, management and technical expertise and marketing services in respect of the Company's phosphate and aluminium operations respectively, while Mosaic and SABIC have also been engaged to provide technical expertise and support in respect of the MWAS Project. Saudi Arabian Bechtel Company ("**Bechtel**") and Fluor Arabia ("**Fluor**") have been engaged to provide project management services to the Company in connection with the construction of the MWAS Project. In addition, various EPC contractors have been engaged to construct the various facilities required by the MWAS Project.

Some of the services required for the Company's operations and project developments may only be available on commercially reasonable terms from one or a limited number of appropriately skilled providers. These operations and project developments may be interrupted or otherwise adversely affected by a failure to supply, or delays in the supply of these services by third-party providers, by any material change to the terms on which these services are made available by third-party providers, and/or by the failure of third-party providers to provide services that meet the Company's quality requirements.

If the Company is forced to terminate its contractual relationship with any of the service providers referred to above, it would be compelled to enter into an agreement with a new service provider, consequently experiencing additional costs, interruptions to current operations or to the development of projects, or some other adverse effect that depends on said service provider (such as contractors), or some other adverse impact on its business. There is also no guarantee that the Company would be able to find a new replacement service provider on a timely basis or at all. The Company may not be able to obtain indemnification from its contractors with respect to any damages it might sustain due to any breaches, failures or delays on the part of the new provider; thus the Company would be compelled to bear additional costs to complete the relevant project. Any of these risks would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 1 - 10 Customer concentration

A significant amount of the Company's revenues is derived from the sale of DAP to three key customers who are importers of fertilisers from India and who accounted for 60 per cent of revenues for the year 2013G. The Company also derives a significant amount of its revenues from the sale of ammonia to a few key customers and markets, where for the year 2013G there were 44 ammonia shipments provided

to ten different countries, with 40 per cent of the revenue generated by the sales of ammonia in 2013G coming from customers located in India and 40 per cent coming from customers located in the Far East. The loss of one of or all of these customers would have an adverse effect on the Company's business, prospects, results of operation and financial condition and/or share price.

The majority of MGBM sales (accounting for 75 per cent of all MGBM sales during the year 2013G) are made to one customer (for more details about this contract, see Section 14.1.4.3, "**Legal Information—Material Contracts—Gold and Base Metals—Offtake Agreement with MKS**") as the remaining percentage is being sold to another customer. If the Company's relationship with this customer is strained due to any events, affecting its continuity, or if said customer becomes insolvent such that it is no longer able to repay amounts due to the Company, this would have an adverse effect on the Company's business operations, prospects, operating results, financial condition, and/or share price.

Periods of prolonged or significant economic contraction may cause one or more of the Company's largest customers to be unable to perform their obligations under their contracts with the Company, potentially resulting in renegotiation of these contracts, or a breach thereof by its customers. The default of those customers in repaying the debts to the Company would result in higher bad debt provisions that the Company shall take into consideration and observe in its financial statements, and would significantly lower the Company's revenues and cash flows. No assurance can be given that the Company would be able to find an alternative customer on equivalent contractual terms, or that there would be sufficient demand from other sources for its products, which would have an adverse effect on its business, prospects, results of operation and financial condition and/or share price.

2 - 1 - 11 Risks related to project establishment and development

The establishment and operation of commercial mining and downstream industrial production is complex and involves significant execution risk.

The Company has embarked on a significant expansion of its phosphate, aluminium, rolling and gold operations. The successful development of major prospects will require effective operational management, significant capital expenditure, the construction of processing plants, the purchase of equipment, the creation of necessary infrastructure and the attraction and retention of staff with the required levels of experience and technical skill. Consequently, these projects are subject to a number of risks, including the following:

- The Company may experience shortages of equipment, experienced engineering, procurement and construction contracting firms, skilled operating personnel, plants and equipment, and building materials such as steel, due to the level of current and planned projects in the Kingdom and the Middle East region generally. Such shortages may affect the performance, timing and pricing of project contracts and will adversely impact the development of future projects, including the development and exploration of various prospects;
- Adverse mining conditions, including unanticipated variations in grade, the occurrence of potholes, faults and other geological problems, difficult surface or underground conditions and unusual or unexpected ground conditions may delay and hamper production and may negatively impact metallurgical recoveries;
- Labour shortages may impact the ability of the Company and/or its contractors to meet agreed-upon construction schedules, which may, in turn, impact the ability to complete the affected projects on budget, as well as for the project to generate the anticipated cash flows;
- Lack of electrical power required for the operation of project facilities, which could result in project delay or cancellation.

The occurrence of these risks could result in operational delays, loss of production and decreased revenues and cash flows, and consequently could have a material adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 1 - 12 The Company may be unable to comply with the terms of mining and exploration licenses, along with other regulatory licenses which are subject to withdrawal or suspension

The Company's mining licenses are issued pursuant to the Mining Investment Law enacted by Royal Decree M/47 dated 20/08/1425H (corresponding to 05/10/2004G) (the "**Mining Law**") and its Implementing Regulations enacted by Royal Decree G/173 dated 30/11/1425H (corresponding to 11/01/2005G) (the "**Regulations**") and are subject to conditions set by the Ministry of Petroleum and Mineral Resources (the "**MPMR**") which include requirements with respect to the payment of royalties and minimum expenditure. There is no guarantee that the Company will meet the agreed exploration expenditure targets imposed by the MPMR or any other obligations imposed by the Mining Law, the Regulations or the relevant mining license, and the MPMR may terminate a mining license or order the suspension of activity if such conditions are not satisfied. The MPMR may also terminate mining licenses in the event that, within 60 days of written notice of the MPMR, the Company fails to rectify any practice that exposes the health and safety of employees or the public to hazard or causes damage to mineral formations, or fails to take action to protect the environment, archaeological sites or tourist areas. In the event that a license is terminated, the MPMR has broad discretionary power to prevent the Company from removing assets existing at a project whose license has been cancelled, including, but not limited to, permanent constructions, power supply plants, water and sewage stations and raw material processing, separation and processing units.

It should be noted that the exploration license at Uruk region (including Mansourah prospect) issued by Ministerial Resolution G/53, covering an area of 6,758 km2 dated 19/07/1424H (corresponding to 16/09/2003G) which was renewed for a period of four additional years up to 18/07/1433H (corresponding to 08/06/2012G), has expired. It should be noted that the exploration license at Ash-Shakhtaliyah (including Massarah prospect) issued by Ministerial Resolution G/53, covering an area of 9,953 km2 dated 18/01/1423H (corresponding to 01/04/2002G) which was renewed for a period of four additional years up to 17/01/1432H (corresponding to 23/12/2010G), has expired. The Company has submitted a request to MPMR to obtain a mining license for Mansourah and Massarah prospects. The failure of the Company to get those licenses would have adverse effects on the company's businesses, prospects, financial condition, operating results and/or share price.

All of the Company's exploration or mining licenses are for a limited duration and their renewal is subject to applicable requirements. The MPMR has the discretion to renew mining licenses for a period or periods not to exceed 30 years. Failure to have a license renewed or issued may have a negative impact on the Company through loss of opportunity to discover or develop any mineral resources within the license area. The ability of the Company to renew its licenses depends on the rules and procedures provided in the Mining Law and the Regulations as well as the rules provided in the license to be renewed. Moreover, there can be no assurance that the license area will be free from third-party claims, which could give rise to litigation regarding title; therefore, title to such properties may still be subject to potential litigation by third parties claiming an interest in them.

Failure to meet any condition imposed in respect of a mining license or any other obligations under the Mining Law or the Regulations could lead to the suspension or cancellation of such rights and the suspension or disposal of some or all of the Company's mining operations in the Kingdom. The suspension, cancellation or non-renewal of the Company's mining licenses could have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

The Company must obtain approvals and permits in connection with a number of its activities, and further approvals and permits may be required in the future. The duration and success of the Company's efforts to obtain and retain permits are contingent upon many variables that are outside of the Company's control. Obtaining and retaining Government permits may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the licensing authority. There can be no assurance that all necessary permits will be obtained and, if obtained, that the costs involved will not exceed the Company's estimates or that the Company will be able to maintain such permits. To the extent that such approvals are not obtained or maintained, the Company may be prohibited from proceeding with planned drilling, exploration, development or operation of properties which would have a material adverse effect on the Company's business, prospects, results of operations and financial performance and/or share price.

2 - 1 - 13 The actual volume of ore reserves and mineral resources available to the Company

There are numerous uncertainties inherent in estimating quantities of ore reserves and mineral resources and in projecting potential future rates of mineral production, including many factors beyond the Company's control. The accuracy of any ore reserve or mineral resource estimate is a function of a number of factors, including the quality of the methodologies employed, the quality and quantity of available data and geological interpretation and judgment. It is also dependent on economic conditions and market prices being generally in line with estimates.

Substantial capital expenditure is required to identify and delineate ore reserves and mineral resources through geological surveying and drilling, to identify geological features that may prevent or restrict the extraction of ore, to determine the metallurgical processes to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. There can be no assurance that the Company will be able to identify additional ore reserves and mineral resources or continue to extend the mine life of its existing operations. Without such additional resources, any increase in the level of annual production would therefore shorten the life of the Company's existing operations.

If the Company's actual ore reserves and mineral resources are less than current estimates or are rendered uneconomical or if the Company fails to develop its resource base through the realisation of new mineral potential, this would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 1 - 14 Compliance with environmental systems and standards

The Company's business in the exploration of phosphate, bauxite and gold ores, and in the production, processing and refining of DAP, ammonia, aluminium and gold are subject to compliance with strict legislation and regulation governing, amongst other things, exploration, development, production, environment, taxes, labour standards and occupational health, mine safety, toxic substances and other matters (please see Section 7, "**Mining and Environmental Regulatory Framework**", of this Prospectus).

There are certain risks inherent in the activities carried out by the Company that could subject it to extensive liability under these laws, particularly those on protection of environment. For example, the Company's operations have the potential, if not controlled and managed correctly, to generate a number of waste materials and by-products, which, if left untreated or unmanaged, could give rise to the risk of pollution of water sources and air quality or land degradation, which could harm the environment or human health. Moreover, MGBM has recently faced allegations of air pollution at its Mahd Ad-Dahab mine by the neighbouring population and a legal claim was filed against the MPMR This claim was dismissed by the Board of Grievances and this decision was confirmed by the Administrative Court of Appeal.

A failure to comply fully with environmental legislation and regulation could result in the closure of the Company's operating facilities and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. If material, these compliance costs, claims or fines would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

Environmental laws and regulations are continually changing and are likely to become more restrictive over time, particularly in upstream and heavy industries such as the exploration for phosphate, bauxite and gold ores, and in the production, procession and refining of DAP, ammonia and aluminium and gold. If the Company's environmental compliance obligations were to change as a result of changes in the laws and regulations or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions were to arise in its operations, the Company's expenses and provisions would increase to reflect these changes. If these costs and provisions are significant, they would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

Moreover, any failure to comply with its current or future environmental compliance obligations may have an impact on its ability to access finance for the development of its projects as the provision of funding by financial institutions is likely to be subject to compliance with the Equator Principles, a financial industry benchmark for determining, assessing and managing social and environmental risk in project financing. An inability of the Company to access such finance as a result of a failure to comply with the Equator Principles could have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 1 - 15 Continued positive growth in the Company's business and future projects

The Company's experience in managing projects of the current size is relatively limited. The Company's ability to manage its future business growth is dependent upon a number of factors, including its ability to effectively increase the scope of its operational and financial systems to handle the increased complexity and expanded geographic area of its operations; to recruit, train and retain qualified staff to manage and operate its growing business; to obtain necessary permits or approvals from governmental authorities and agencies; to secure adequate financing on commercially reasonable terms; to explore new markets; and to run new businesses.

In addition, a principal component of the Company's strategy is to continue to grow by expanding its business both in the markets in which it is currently focused and into new markets. The Company's ability to achieve and manage future growth will depend upon a number of factors, including its ability to maintain, expand or develop relationships with its customers, suppliers, contractors, lenders and other third parties, reach agreements with potential joint venture partners on commercial and technical terms satisfactory to all parties and expand its operating capacity on a timely and reasonable basis. It will also depend on the Company's ability to adjust and optimise the organisation of its management and operating structure. There can be no assurance that the Company will be able to achieve this goal.

In addition, any future business operated by the Company may involve a number of risks it may not be able to overcome and which present financial, managerial and operational challenges and costs, including the significant managerial, operational and financial expenditures and other expenditures to integrate the operations and personnel of any new businesses, the inability of management to realise anticipated synergies, the impairment of relationships with employees, customers and contractors and the potential for unknown and unanticipated liabilities associated with the businesses, including tax, environmental or other liabilities. If the Company pursues acquisitions, partnerships or investments in the future and fails to successfully execute such transactions or integrate such businesses, its business, prospects, results of operations and financial condition and/or share price could be adversely affected.

2 - 1 - 16 Retaining members of Senior Management and attracting qualified staff

The Company's future success will depend on its continued ability to attract, retain and motivate highly qualified and suitably skilled personnel at each of the Company's mining facilities, its processing and production facilities and its administrative offices to ensure current levels of production and to attract, retain and motivate such additional numbers as may be needed to fulfill any future growth plans and to do so at a commercially viable cost. Competition in the Kingdom for personnel with relevant expertise is intense due to the current high demand for qualified individuals and may further intensify in the future. Furthermore, the remote locations and harsh climatic conditions associated with the Company's mining and production facilities make it difficult for the Company to attract suitably qualified personnel.

The Company cannot assure that it will be able to retain its highly qualified personnel and provide them with financial incentives without affecting its profitability. Moreover, the Company cannot ensure that it will be successful in its objective to retain those personnel for any reason whatsoever. A lack of appropriate skills could, amongst other things, have a negative impact upon safety, production and the Company's ability to maintain its current level of production or deliver against any increased production targets. If the Company is unable to attract and retain sufficiently trained, skilled or experienced personnel, it will experience significantly higher staff costs and its business will suffer as a result, which would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

The Company's success depends on the ability and experience of its Senior Management. Therefore, the Company needs to retain the services of these members of Senior Management in order to conduct its operations and execute its strategy successfully. If members of Senior Management were to depart, the Company might not be able to find suitable replacements in a timely or cost-effective manner, or at all. Therefore, the loss of any of these members of Senior Management, or any delay in replacing a departed member, may deprive the Company in particular and the industry in general, along with governmental and specialised companies, of the experiences of that member, which would have an adverse effect on its competitive position within the industry. Any of these risks would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 1 - 17 Fluctuations in foreign currency exchange rates

Since June 1986G, the riyal has been pegged to the U.S. dollar ("USD") at an exchange rate of SAR 3.75 to USD 1.00, in accordance with the Government's current monetary policy. There can be no assurance that the exchange rate will remain fixed. Currently, almost all of the Company's revenues are derived from sales denominated in USD and, while a number of its operating costs and capital expenditures are also incurred in USD, some of its operating costs and capital expenditures are incurred in SAR. The Company is therefore exposed to the potential impact of any alteration to, or abolition of, this foreign exchange peg. In addition, the Company does not currently hedge its exposure to any foreign exchange rate fluctuations and any fluctuations between the USD and other currencies in which it will incur and pay certain project costs could increase project costs and adversely affect the Company's operating margins, which could have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 1 - 18 Adequacy of Insurance

The Company's operations may be affected by a number of risks, including natural disasters, accidents, terrorist acts and war-related events, for which full insurance coverage is either not available or not available on commercially reasonable terms. In addition, the severity and frequency of various other events, such as accidents and other mishaps, business interruptions or potential damage to its facilities, property and equipment caused by inclement weather, human error, pollution, labour disputes and natural catastrophes, could result in losses or expose the Company to liabilities in excess of its insurance coverage. The Company cannot give assurance to investors that its insurance coverage will be sufficient to cover losses arising from any, or all, of such events, or that it will be able to renew existing insurance coverage on commercially reasonable terms, if at all.

In addition, the Company's insurance policies are subject to deductibles, exclusions and limitations related to insurance coverage that are negotiated with insurance companies. Therefore, the possibility that the Company may obtain due compensation depends on the solvency of the insurance company and its ability to pay the value of that compensation. Therefore, insurance may not cover all losses incurred by the Company and no assurance is given that the Company will not suffer losses beyond the limits of, or outside the coverage provided by, its insurance policies. Should an incident occur in relation to which the Company has inadequate insurance coverage, the Company could lose the capital invested in, and anticipated future revenues relating to, any property that is damaged or destroyed and, in certain cases, the Company may remain liable for financial obligations related to the impacted property. Similarly, in the event that any assessments are made against the Company in excess of any related insurance coverage that it may maintain, its assets could be subject to attachment, confiscation or restraint under various judicial procedures.

Any of these factors will have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 1 - 19 Protecting intellectual property rights from violations by third parties

The Company's operations use various processes and equipment which rely on technical concepts which could be protected through intellectual property ("IP") rights, particularly in relation to its concentrating, smelting and refining processes. Any IP claims could be time-consuming, expensive to litigate or settle and would require efforts from management for follow-up. If the Company were found to be in violation of a third party's IP rights, it may be required to pay compensation, including damages, or be subject to injunctions that prevent it from using certain technologies which may be significant to its operations. The Company might also have to seek a license for use of the technology, which may not be available on reasonable terms, and may significantly increase its operating expenses. As a result, the Company may be required to develop or acquire alternative non-infringing technology, which could require significant effort and expense and may not deliver the same level of operational performance as previously achieved.

The Company often relies on IP rights, technology and know-how licensed to it by third parties. The right to use such licenses is conditional on the Company's ability to meet the requirements under which the licenses are granted and the services are provided. Failure to meet those requirements places the Company's rights to those licenses and services at risk, which would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 1 - 20 The success of the internal controls in combating breach of trust, theft, and fraud

The Company faces a number of risks related to breach of trust, theft, fraud and abuse of station. The Company cannot ensure that the internal controls it applies in combating these illegal and criminal acts will be successful.

Illegal acts related to the Company or its assets, including raw materials, equipment or inventory, would pose significant risks to the Company's operations, and may have adverse consequences including financial loss, damage to its facilities or key infrastructure, disruptions to its operations, production delays and injuries to its employees, contractors, customers and the public. The Company cannot ensure that the steps it has taken to combat these risks have succeeded or will continue to succeed. In addition, the Company may experience industrial unrest or action leading to increased costs and disruptions to its operations in the event that it seeks to tighten security procedures or otherwise curtail the behaviour of employees, contractors and others at its operational sites, and the attendant publicity may cause reputational harm. Any of these risks would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 1 - 21 Interest rate fluctuations

Borrowings under the Company's and its joint ventures' credit facilities are primarily at variable rates of interest. Increases in floating interest rates that are unhedged according to hedging agreements may increase its cost of borrowing, increasing interest expenses and reducing cash flows. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, international and domestic economic and political conditions, and other factors beyond the Company's control. The Company is not currently hedged against any fluctuations in interest rates, and this could cause the Company to sustain losses if the interest rates increase, which would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 1 - 22 Claims and litigation

The Company is subject to risks related to legal and regulatory proceedings, including those with respect to its compliance with environmental laws and regulations. In the ordinary course of its business, the Company may pursue litigation claims against third parties and may also have litigation claims and/or regulatory proceedings filed against it. Litigation and regulatory proceedings are unpredictable and legal or regulatory proceedings in which the Company becomes involved (or settlements thereof) could have a material adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 1 - 23 Relationship with local communities

The Company's relationship with the communities in which it operates is critical for the success of its existing operations and the further development of its projects at those sites. There is an increasing level of public concern relating to the perceived effect of mining and industrial activities on the environment and on communities impacted by such activities, as the mining industry is among the industries subject to criticism from media organisations (such as newspapers and magazines) or individuals. Adverse publicity generated by such organisations or individuals related to the Company's industries generally, or to the Company's operations specifically, could have an adverse effect on its reputation or financial status and may impact its relationship with the communities in which it operates. The Company cannot ensure that its efforts in addressing this negative publicity and criticism will be successful.

2 - 1 - 24 Zakat assessments

The latest zakat assessment received by the Company was for the period ending 31/12/2012G. The Company did not receive any zakat assessments for the past fiscal year, so it obtained a restricted zakat certificate valid until 11/07/1436H (corresponding to 30/04/2015G).

The Company cannot predict any zakat differences that the Department of Zakat and Income Tax ("DZIT") can require the Company to pay in order for the latter to be able to obtain final zakat assessments for the fiscal year referred to above. DZIT can impose significant zakat differences on the Company as explained above, and this would have an adverse effect on the Company's financial and operating results.

2 - 1 - 25 Effective control by the Company's major shareholders

Public Investment Fund (PIF), in its capacity as the largest shareholder, owns 50 per cent of the Company's shares, a percentage that enables it to have effective control and influence over significant decisions that require the approval of the majority of shareholders, including the election of the Board of Directors, and large-scale institutional contracts.

The coalition of the PIF, GOSI (which is a substantial shareholder with 9.6 per cent ownership of the Company's shares), PPA (which is a substantial shareholder with 7.4 per cent ownership of the Company's shares), will enable them to influence all significant Company decisions, based on their current ownership and control of a total of 67 per cent of the Company's shares, which must be approved by the Ordinary General Assembly and the EGM (with the exception of some decisions that must be approved with a higher percentage of ownership at the EGM), without needing the other shareholders' votes in favour of these decisions, given the high percentage of ownership. Similarly, they may be able to prevent other shareholders from passing ordinary decisions by voting against those decisions. Therefore, the Government may exercise these rights in a manner that could have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 1 - 26 Transactions with related parties

The Company is currently a party to contracts with related parties, including financing operations with PIF (see Section 14-6, "**Related Party Contracts**", of this Prospectus).

2 - 1 - 27 Risks related to agreements that are subject to foreign laws, jurisdiction of foreign courts or international arbitration

In the course of its business, the Company enters into various agreements whose interpretation is subject to foreign laws. Those agreements include joint venture agreements, marketing agreements and technology agreements. Those agreements stipulate that any dispute shall be referred for settlement to foreign courts or foreign arbitration. In the event that any dispute should arise with contracting parties and a foreign judgment or an arbitration award is issued against the Company based on the applicable law, it is possible that the legal and financial consequences borne by the Company as a result of said judgment could be more significant than if the same judgment had been made against the Company by Saudi courts according to Saudi law.

2 - 1 - 28 Risks related to new projects

In the course of its operations, the Company depends on creating new projects in mining, exploration and extraction of metals and downstream industries, including the projects referred to in Section 10, "**Use of Proceeds**", of this Prospectus. Those projects involve various risks that can be summarised as follows:

A. Project profitability

The Company's financial performance could be affected by revenues expected from these projects. In the event that these projects fail to achieve the expected revenues, or if they sustain losses, this would have an adverse effect on the Company's financial results.

B. Limited financial information

The financial information and expectations included in the feasibility studies prepared by the Company around new projects is discretionary in nature. Therefore, they do not represent actual information that can be act as a basis for assessing actual or future financial performance (and consequently the general financial performance of the Company). Therefore, the Company cannot ensure that the expectations and estimates related to those projects are valid or accurate, and failure of those projects to achieve the expected financial results would have an adverse effect on the Company's activities and business, financial position, results of operations, and the assessment of its future business.

C. The availability of electrical power, fuel, water, infrastructure, and other facilities

A lack of electrical power, fuel, water, infrastructure or other facilities required for the development and operation of new projects at the required quantities could lead to their postponement or cancellation.

D. Concluding contracts related to the implementation and operation of new projects

The development and operation of new projects will depend on concluding a collection of contracts with third parties whose services the Company requires, such as financiers, developers, contractors and other related parties. A failure on the part of the Company to enter into these contracts in a timely fashion would have an adverse effect on its timetable.

2 - 2 Risks Related to the Market

2 - 2 - 1 General changes in the metal market

Fluctuations in the market prices of metal products are subject to numerous factors beyond the Company's control, including international macro-economic and political conditions and outlook, levels of supply and demand, global or regional consumption patterns, prices of raw materials necessary for processing or producing products, any actual or potential threats to the stability of supply and/or demand, inventory levels maintained by users, availability of alternative mineral sources, and oil prices. These fluctuations may also increase in severity as a result of positions taken by speculators or financial investors. Speculators and investors make it more difficult to accurately predict future supply and demand and may contribute to additional price volatility. The price of these metal products may also be affected by various other uncertain market factors, such as financial market expectations regarding interest and inflation rates (see Section 3, "**Market and Industry Overview**", of this Prospectus for further details regarding the market prices of DAP, ammonia, aluminium and gold.).

Periods of economic contraction or weak growth may depress demand for and prices of the Company's products and, therefore, reduce its profitability and cash flows. Recent global financial conditions have been characterised by volatility and uncertainty, which makes it more difficult to predict the effects of these factors and of demand and supply dynamics on the price of the Company's products. Due to limited forward visibility, any changes in the levels of production and/or sales by the Company in response to present or projected prices could be based on incorrect estimates as to future market prices. Any of these factors would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 2 - 2 Changes in the fertiliser market (DAP).

The Company's revenues depend on the production and sale of fertilisers (DAP) (the sales of DAP accounted for 52 per cent of the Company's total sales in 2012G and 51 per cent of the Company's total sales in 2013G). The Company's revenues depend upon prevailing market prices, which fall outside of the Company's control and may change significantly.

For example, over the last ten years, the FOB Tampa Swap Future price for DAP, which has historically served as the benchmark for international DAP sales, has fluctuated from a low of USD 234 per tonne, in 2004G, to a high of USD 968 per tonne, in 2008G. During the year ended 31 December 2013G, the FOB Tampa Swap Future price for DAP averaged USD 444 per tonne. MPC profits during 2013G were adversely affected by the decline in the market price of DAP, which was in turn attributable to the declining demand for this product, resulting in a SAR 911,700,000 decrease, compared to the profits of 2012G.

In addition, significant increase in demand for DAP is the result of a variety of uses, including in fertilisers, fire retardants and bread yeast. Thus, demand for DAP has generally been dependant on agriculture and crop production and is therefore exposed to climatic issues, which, amongst other things, contributed to suppression of global demand for phosphate fertilisers throughout much of 2012G. An over-supply of DAP in key markets, coupled with any reduction in demand for fertiliser as a result of weather patterns or crop prices, could exert downward pressure on DAP's market price.

A decline in DAP's market price would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 2 - 3 Changes in the ammonia market

Since the Company's revenues depend on the production and sale of ammonia (the sales of ammonia accounted for 28 per cent of the Company's total sales in 2012G and 18 per cent of the Company's total sales in 2013G), the Company's revenues depend on the prevailing market prices for that product, which fall outside the Company's control and can change significantly.

A decline in the market price of ammonia would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 2 - 4 Changes in the aluminium market

Since the Company's revenues depend on the production and sale of aluminium (the sales of aluminium accounted for 17 per cent of the Company's total sales in 2013G with no sales recorded for previous years), the Company's revenues depend on prevailing market prices for that product, which falls outside the Company's control and may change significantly.

Over the last ten years, the LME aluminium price peaked at an average of USD 2,662 per tonne in 2007G, driven by growth in global economic growth and demand for metals, led primarily by China. However, on the back of muted recovery in global economic growth as a result of the financial crisis, it has fallen to an average of USD 1,887 per tonne in 2013G.

For example, significant demand for aluminium comes from a variety of industrial applications, including its use in the manufacture of vehicles and its use in the building and construction sectors. Demand for industrial uses of aluminium has therefore been, and is likely to continue to be, largely reliant on general macro-economic conditions. In addition, demand for such uses tends to be cyclical, with speculation and supply imbalances causing spot sale prices to fluctuate. Aluminium faces competition from a variety of materials, depending on the application. Its main substitutes are steel (in transport, construction, packaging and engineering), plastics (in packaging and construction) and copper (in electrical applications and heat exchangers).

This decline in market prices of aluminium could have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 2 - 5 Changes in the gold market

Since the Company's revenues depend on the production and sale of gold (the sales of gold accounted for 18 per cent of the Company's total sales in 2012G and 12 per cent of the Company's total sales in 2013G), the Company's revenues depend on prevailing market prices for that product, which falls outside the Company's control and could change significantly.

For example, the jewellery industry constitutes a significant source of demand for gold. According to the Gold Fields Mineral Services Ltd ("**GFMS**") Gold Survey 2014G, demand for gold within the jewellery sector represented approximately 47 per cent of total global gold demand in 2013G. The demand for gold used in the jewellery industry may decrease due to declining consumer demand for luxury goods for any reason whatsoever. The People's Republic of China ("China") is the world's largest jewellery market, as well as home to much of the global jewellery manufacturing capacity, and, therefore, demand for gold may be affected by economic, social and political conditions and other factors affecting levels of consumer spending in China. In addition, demand for gold jewellery is subject to trends in fashion and consumer taste which may shift demand towards other precious metals, or prove cost-sensitive to higher gold prices, further reducing demand for gold. There is also a risk that jewellery customers may switch purchases from gold to other alternatives such as platinum and/or silver. MGBM's profits during 2013G were adversely affected by a decline in the market price of gold as well as a decline in production, with a decrease of SAR 291,000,000 compared to the 2012G profits.

This decline in the market price of gold could have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 2 - 6 Risks related to the Saudi and international economy

Most of the Company's assets are located inside the Kingdom, and as a result, the Company's operations and ability to grow its business are and will be affected by financial and general economic developments in or affecting the Kingdom. Oil income is expected to continue to play a pivotal role in its economic planning and development. Consequently, a decline in the price of oil could substantially slow down or disrupt the economy of the Kingdom or the Government's spending plans, which would have a negative impact on the Kingdom's overall economy, with adverse ripple effects felt at all micro-levels of the economy.

In addition, although the Kingdom generally enjoys domestic political stability and healthy international relations, countries in the Middle East region have been historically affected by political and social unrest in the region. It can be difficult to predict the likelihood of instability in one country or territory

contributing to instability in other countries or territories within the region, and political and social unrest could have significant long-term negative implications for the Kingdom and the region as a whole.

As the majority of the Company's products are exported (100 per cent of fertiliser sales (DAP) in 2012G and 2013G, 100 per cent of ammonia sales in 2012G and 2013G, 92.8 per cent of aluminium sales in 2013G—and there were no previous recorded sales for that product—and 100 per cent of the gold sales in 2012G and 2013G), the Company's performance also depends on the economic and political conditions prevailing in the countries to which the Company exports its products, including, amongst others, Bangladesh, China, Ethiopia, India, Indonesia, Japan, Kenya, Kuwait, Malaysia, Taiwan, Thailand, Turkey, Pakistan and South Korea.

There can be no assurance that economic or political conditions in the Kingdom and/or such other countries will not worsen in the future, which could have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 2 - 7 Competition

The Company competes with many companies in the global industries in which it operates, notably in respect of fertilisers (DAP) and aluminium. Companies with which the Company competes may have mineral resources, access to raw materials, capabilities, personnel and financial resources that may be greater than the Company's own. Export of gold, phosphate and DAP represented 100 per cent of the Company's sales of this product for the year 2013G. Also, the export of aluminium represented 92.8 per cent of the Company's sales for this product during 2013G.

The list of competitors include diversified global mining houses, such as Vale S.A., Rio Tinto plc and BHP Billiton Limited. In addition, there are competitors in certain products, such as Office Chérifien des Phosphates and Mosaic (with the exception of the non-competition terms between the two companies in relation with the MWAS Project; please see Section 14.1.2, "**MWASPC**", of this Prospectus for more details regarding these non-competition terms). With respect to the production of fertilisers (DAP), and Alcoa (with the exception of the non-competition terms between the two companies and SABIC relating to MBAC, MAC, and MRC, please see Section 4.7.2, "**Aluminium**", of this Prospectus for more details regarding the non-competition terms), Aluminium Bahrain (Alba) and Norsk Hydro ASA in respect of aluminium production.

Potential changes to international trade agreements, trade concessions or other political and economic arrangements may also benefit other producers operating outside the Kingdom. The Company can provide no assurance that it will be able to compete on the basis of price or other factors with companies that may in the future benefit from these trading or other arrangements.

The Company's inability to compete effectively with other companies in the industries in which it operates could have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 2 - 8 The regulatory environment

The Company's business is subject to the laws of Kingdom, and consequently, the Company operates in a regulatory environment that is subject to change. Changes in the country's laws and policies, including those relating to labour (including Saudisation), taxation, royalties, divestment, imports, exports, currency, repatriation of capital, environmental protection, management of natural resources, use of hazardous substances and explosives, exploration, development of mines, production and post-closure reclamation and rehabilitation, labour standards and occupational health and safety, and historic and cultural preservation would have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations and changes to existing laws and regulations could cause additional expense, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its mining assets.

Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of the Company's past, current and future operations, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. If material, these compliance costs, claims or fines could have an adverse effect on the Company's business, prospects, results of operations and financial condition and/or share price.

2 - 3 Risks Related to the Rights Issue and New Shares

2 - 3 - 1 Change in market trends in respect of the current Rights

The Rights' market price may be subject to significant fluctuations due to changes in market trends regarding the Company's Shares. These fluctuations may be significant due to the difference between the allowable scope of change for trading in the Rights, as compared to the allowable scope of change for trading in the Shares. In addition, the trading price of the Rights is contingent on the trading price of the Company's Shares and the market perception of the potential price of the Rights. These factors and the factors mentioned under the title "Potential Fluctuations in the Share Price" below may also affect the trading price of the Rights.

2 - 3 - 2 Inappropriate market price for the Rights compared to the share price during the Trading Period

The market price of the Rights during the Trading Period may not be indicative of the market price of the Company's Shares after the Offering. In addition, the Company's share price may not be stable and could be significantly affected by fluctuations resulting from a change in market trends in connection with the Rights or the Company's existing Shares. These fluctuations may also result from several factors including, without limitation, market conditions for equity, any regulatory changes in the mining sector, or conditions and trends of the construction sector and the power sector. Moreover, these fluctuations may also result from deterioration of the Company's performance, inability to implement future plans, entry of new competitors, announcements by the Company or its competitors concerning mergers, acquisitions, strategic alliances, joint ventures or sale of shares in the subsidiaries, changes made by experts and securities' analysts concerning financial performance estimates and speculation in the raw materials that the Company relies on.

The sale of substantial quantities of Shares by the shareholders, or the perception that such sale may take place, may adversely affect the share price in the market. In addition, subscribers may be unable to sell their Shares in the secondary market without adversely affecting the price.

There is no guarantee that the market price of the Company's Shares will not be lower than the Offer Price. If this happens once the subscribers have subscribed for the New Shares, such subscription may not be cancelled nor amended; therefore, the subscribers could immediately suffer from unrealised losses. Moreover, there is no guarantee that a subscriber will be able to sell his Shares at a price equal or higher than the issue price after subscribing for them.

2 - 3 - 3 Lack of demand for the Rights and the Company's shares

There is no guarantee that there will be sufficient demand for the Company's Rights during the Trading Period, in order to enable the holder of such Rights (whether a Registered Shareholder or a new subscriber) to sell them and realise a profit, or enable him to sell them at all. There is also no guarantee that there will be sufficient demand for the Rump Shares by the Institutional Subscribers during the Rump Offering. While any proceeds from the sale of the Rump Shares to Institutional Subscribers in excess of the Offer Price will be distributed to the holders of Rights pro rata to their entitlement, in the event that the Institutional Subscribers do not subscribe for the Rump Shares at a price higher than the Offer Price, no compensation shall be distributed to the holders of Rights who do not exercise their Rights.

Moreover, there are no guarantees that there will be sufficient demand for the shares acquired by the subscriber, either through the exercise of the Rights related to the shares or through the Rump Offering or even through open market.

2 - 3 - 4 Speculation relating to the Rights

Speculation relating to the Rights Issue may cause material losses as the scope of change allowed for the trading prices of the Rights (the "Share's Indicative Value") exceeds the percentage of the shares' prices (by 10 per cent upward or downward). There is also a direct correlation between the Company's Share price and the Rights' Indicative Value. Accordingly, the daily price limits of the trading of a Right will be affected by the daily price limits of the Share trading.

If a speculator fails to sell the Rights before the end of the Trading Period, he will be forced to exercise these Rights to subscribe for New Shares and may incur some losses. Thus, subscribers should review

the full details of the mechanism for listing and trading of Rights and New Shares and the functioning method thereof and should be aware of all the relevant factors, in order to make sure that any investment decision will be based on complete awareness and understanding of the listing and trading procedures of the Rights.

2 - 3 - 5 Failure to exercise the Rights in a timely manner.

If the holders of the Rights do not fully exercise their Rights with respect to the acquisition of New Shares before the end of the Second Subscription Period, their shareholding percentage and voting rights will be reduced. If a registered holder of the Rights wishes to sell his Rights during the Trading Period, there can be no assurance that their returns will be sufficient to fully compensate for the dilution of their shareholding percentage in the Company's capital resulting from a capital increase.

2 - 3 - 6 Distributing compensation to Eligible Persons

The subscription exercise period will start on Tuesday 25/01/1436H (corresponding to 18/11/2014G) and ends on Tuesday 10/02/1436H (corresponding to 02/12/2014G). Eligible Persons and financial intermediaries representing them should take the appropriate measures to comply with all required instructions and receive their certificates prior to the expiry of the exercise period. If the holders of the Rights and the financial intermediaries are not able to properly follow the procedures for the trading of the Rights, the Subscription Application Form may be rejected. See Section 16, "**Subscription Terms and Conditions**", of this Prospectus.

If Eligible Persons are not able to exercise their subscription rights properly by the end of the Second Subscription Period, according to the Rights held by them, there can be no assurance that compensation will be distributed to Eligible Persons who did not participate or did not properly subscribe for the New Shares.

2 - 3 - 7 Dividends

The Company is in the process of developing and financing a number of major projects. (Please see Section 10, "**Use of Proceeds**", of this Prospectus). The Board therefore has recommended to the General Assembly that no dividend be distributed to Shareholders for the fiscal year ended 31 December 2013. In addition, there is no guarantee that the Company will distribute dividends to Shareholders in future fiscal years. Moreover, future dividends will depend on, amongst other things, future profits, financial position, capital requirements, distributable reserves, the Company's available credit, general economic conditions and other factors that the Directors of the Company may deem significant from time to time.

Also, the Company's ability to declare and pay cash dividends on the Shares may be restricted by, among other things, covenants in credit facilities, the recovery of accumulated losses, compliance with shareholder agreements in each case in relation to the Company's subsidiaries and provisions of Saudi Arabian law. Accordingly, there can be no assurance as to the distribution of cash dividends to Shareholders.

The Company's operating profits for the years 2011G, 2012G, 2013G witnessed fluctuations, and thus it is difficult to predict the value or ratio of profits during the coming years.

3. Market and Industry Overview

3 - 1 Phosphate and Ammonia Industry Overview

3 - 1 - 1 Background on the Phosphate and Ammonia Industry

Phosphorus is a relatively scarce mineral. Commercially viable phosphorus is found in ore bodies (typically with associated carbonates and silicates), referred to collectively as phosphate rock. Most phosphate fertilisers are manufactured from phosphate rock. While phosphate rock resources are widespread throughout the world, high-grade deposits with low impurities are becoming more difficult to find and more costly to develop.

DAP and MAP (a close alternative to DAP) are the primary phosphate fertilisers used in the world today. According to CRU, total worldwide demand for DAP and MAP during 2013G was estimated at 28.0 Mt P2O5. Fertiliser is typically graded on the total nutrient content contained in the fertiliser, by weight.

The DAP production process has three main steps: The mining of phosphate rock, its conversion into intermediary phosphoric acid (typically by reacting it with sulphuric acid), and the transformation of the phosphoric acid (by the addition of ammonia) into DAP. DAP has 64 total nutrient units (18 units of nitrogen and 46 units of phosphate) per 100 units of product. The production of MAP follows the same process and uses the same equipment, although whilst it has a similar composition to DAP, the levels of phosphoric acid and ammonia inputs are slightly different, with MAP containing more phosphorous and less nitrogen.

DAP and MAP only became commercially viable and available in the early 1970s and since that time, these two fertilisers have played a vital role in boosting agricultural production across the globe. Although MAP has taken some market share from DAP in recent years due to the superior performance of MAP when used in certain soils and with certain crops, most DAP producers, including Ma'aden, can adjust their respective production of DAP and MAP based on market conditions.

There is currently no substitute for phosphorous rock ore as the phosphorus raw material source used in the production of phosphate fertilisers. Phosphorous rock ore is found across the globe, mainly in old marine sediments. The relatively high cost of transporting the phosphorous rock ore, in relation to its market price, provides opportunities for smaller producers to supply local markets. The majority of the high-quality reserves that have been discovered are located in Morocco and, to a lesser extent, across the rest of North Africa and in China.

In addition to fertilisers, phosphate rock is the main raw material in the production of merchant grade acid, di-calcium phosphate ("DCP") and monocalcium phosphate ("MCP") used in animal feed, purified phosphoric acid, sodium tripolyphosphate and products containing nitrogen, phosphate and potassium (NPKs).

Ammonia is a colourless gas at atmospheric pressure and is primarily used as a raw material for the manufacture of nitrogen fertilisers and ammoniated phosphates.

3 - 1 - 2 Phosphate Demand

According to CRU, DAP consumption grew from 5.7 Mt P2O5 in 1975G to 15.9 Mt P2O5 in 2013G, with an annual average growth rate of 2.61 per cent, although significant year-on-year variation has persisted over time. Rapid growth between 1975G and 1990G was followed by a brief period of low or negative growth during the political and economic restructuring in the countries of Eastern Europe and the former Soviet Union. Growth accelerated again from the early 1990s, propelled principally by the rapid growth of the consumption of DAP in China and India. Worldwide historical trends in DAP consumption are shown in the table below.

Table 3.1: Worldwide historical trends in DAP consumption

	Share of World Consumption (%)				
	1975G	1985G	1995G	2005G	2013G
Western Europe	0.0%	2.1%	6.6%	6.7%	5.6%
Central Europe	10.8%	5.8%	0.7%	0.5%	1.2%

	Share of World Consumption (%)				
	1975G	1985G	1995G	2005G	2013G
Former Soviet Union	0.0%	0.0%	0.0%	0.3%	0.6%
Africa	2.0%	3.0%	2.6%	3.4%	3.8%
North America	51.1%	28.9%	18.0%	14.0%	11.1%
Central America	6.9%	3.5%	1.5%	2.3%	1.8%
South America	12.7%	4.4%	3.7%	4.2%	4.7%
Middle East	9.0%	12.4%	8.5%	5.7%	2.1%
South Asia	6.1%	24.5%	20.7%	31.6%	30.3%
South East Asia	1.0%	0.4%	3.2%	4.2%	4.4%
East Asia	0.0%	11.8%	30.2%	23.8%	33.2%
Oceania	0.3%	3.2%	4.1%	3.2%	1.3%
World Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: CRU, April 2014G

China's use of DAP began in the late 1970s, and today China is the world's largest consumer of DAP globally, consuming approximately 5.4 Mt P2O5 of DAP in 2013G and accounting for approximately 34 per cent of the global consumption of DAP. Furthermore, China's combined DAP and MAP consumer accounts for approximately 37 per cent of global consumption of DAP and MAP. While China was once the world's largest importer of DAP, accounting for over one-third of trade in the mid to late 1990s, by 2005G, China's DAP and MAP exports were roughly equal to its import of DAP and MAP, following rapid development of its domestic phosphates capacity and, by 2013G, China was a net exporter of DAP and MAP. This position might change as China's phosphate resources are depleted and increasing production cost could leave China with no advantages in the trade market. According to CRU, the breakeven price of DAP at Chinese ports (excluding export tax) as at March 2014G is approximately USD 415-430 per tonne. At a current export tax rate of 15 per cent plus SAR 30.5 (USD 8.1) per tonne, this would result in a minimum export price of approximately USD 495 per tonne.

While a low export tax (0 per cent plus SAR 30.5 per tonne) (USD 8.1) is expected to come into force before October 2014G, with a corresponding fall expected in the breakeven price to USD 430 per tonne, this is still higher than the minimum price of USD 380 per tonne at Chinese ports during the first half of 2013G.

India's DAP consumption grew from 0.28 Mt P2O5 in 1975G to 3.3 Mt P2O5 in 2013G and currently accounts for approximately 21 per cent of global consumption of DAP. India's combined DAP and MAP consumption accounts for approximately 12 per cent of global consumption of DAP and MAP.

With the lack of phosphoric acid, which is one of the components used in producing DAP, and being one of the largest phosphate importers in the world, India needs to import phosphoric acid and combine it with ammonia to produce DAP or import all three raw materials—phosphate rock, ammonia, and sulphur—in order to implement a full-blend DAP manufacturing process.

Gross domestic product ("**GDP**"), food demand and population are the main variables driving agricultural supply, which in turn drives demand for phosphate fertilisers, including DAP and MAP. Over the next five years, CRU expects DAP and MAP consumption growth to exceed the overall growth in the demand for phosphate fertilisers, with DAP and MAP consumption increasing at approximately 3.6 per cent per annum from 2013G to reach approximately 29.4 Mt P2O5 in 2017G, while the consumption of phosphate fertilisers in total is expected to increase by 1.73 per cent per annum over the same period.

3 - 1 - 3 Phosphate Supply

The United States was the first nation to construct and operate large-scale DAP production plants, largely to satisfy its own consumption, and subsequently for export. As the technology became more widely known and accepted, other nations became DAP producers. This included those that were already producing phosphate rock and other downstream products for export, as well as countries who started importing raw materials in order to serve a large domestic market. This diversification of DAP production began slowly in the 1970s, but rapidly accelerated, with new production facilities generally located in areas with lower-cost phosphate rock resources or ready access to cheaper sulphur/sulphuric acid and ammonia. Changes in the geographical location of production are reflected in the following table.

Table 3.2: Worldwide historical trends in DAP production:

	Share of World Production (%)				
	1975G	1985G	1995G	2005G	2013G
Western Europe	4.2%	1.3%	1.3%	1.1%	0.6%
Central Europe	7.0%	5.2%	1.5%	1.1%	0.6%
Former Soviet Union	0.0%	0.0%	4.35	8.1%	5.9%
Africa	0.6%	4.2%	9.9%	7.9%	7.8%
North America	76.7%	67.3%	60.0%	36.9%	17.7%
Central America	2.0%	0.6%	2.4%	0.0%	1.1%
South America	3.0%	1.3%	0.3%	0.1%	0.1%
Middle East	4.7%	6.1%	5.7%	4.8%	8.2%
South Asia	0.8%	6.2%	11.0%	17.6%	13.6%
South East Asia	0.8%	1.1%	0.6%	0.4%	0.9%
East Asia	0.3%	6.0%	3.0%	19.3%	41.9%
Oceania	0.0%	0.7%	0.0%	2.7%	1.6%
World Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: CRU, April 2014G

The biggest changes since 1975G have been the decline in the relative importance of the United States as a global supplier, in the face of rapid production growth in China and India, though the latter is largely dependent on imported raw materials. China is now the second largest producing country in the world, following the United States. While China does not have access to portable low cost phosphate rock resources, it has relied on low capital and labour costs (capital costs are kept low primarily by incorporating lower-cost domestic engineering, fabrication and construction services) in order to grow production to feed its rapidly growing domestic market.

3 - 1 - 4 Phosphate Costs

The lowest cost P2O5 producers are vertically integrated, producing phosphoric acid with captive phosphate rock. The price of rock for vertically integrated producers is often set as a transfer cost—usually equal to the mine production cash cost plus transportation from the mine to the conversion plant. According to the CRU, an estimated 85 per cent of all phosphate rock is used at captive P2O5 plants.

The transportation cost from the mine to these captive plants varies depending on the location, distance and mode of transportation. This cost can range from USD 4-5 per tonne for mine-mouth plants to USD

28 per tonne and higher for transport via rail or barge rock to off-site plants. P2O5 manufacturers in the United States, North Africa or the Middle East, with large integrated phosphoric acid plants using captive phosphate rock, have an estimated delivered cash cost (transfer cost) to the phosphoric acid plant for phosphate rock of USD 80 or less per tonne.

On the other hand, the delivered cost for the phosphate rock importer (with non-integrated plants) is based on the market price, often purchased under a contract, or the spot price. Importers always pay more than the integrated phosphate manufacturer for their phosphate rock requirements. The FOB price of phosphate rock (65-75 per cent BPL) in Morocco in 2012G was approximately USD 186 per tonne.

Shipping costs depend on the location and can cost an additional USD 25 or more, resulting in a delivered cost for phosphate rock of at least USD 210 per tonne for the rock buyer. For a typical plant consuming about 1.6 tonnes of phosphate rock per tonne of DAP, the phosphate rock cost advantage for a plant using captive rock could be as high as USD 208 per tonne of DAP (USD 210 for purchased rock minus USD 80 for captive rock times 1.6 tonnes of rock per tonne of DAP).

3 - 1 - 5 Phosphate Prices

DAP, as well as other phosphate fertilisers and its raw materials or intermediates—phosphate rock, sulphur/sulphuric acid, phosphoric acid, ammonia—are not exchange-traded commodities (with some very minor exceptions). DAP prices are typically determined by public tenders, negotiated contracts for specified quantities over a period of time (typically six months or a year, with a formula to adjust for changes in the market price over time) and spot sales. As such, DAP market prices are quite transparent, with several fertiliser trade publications quoting them on a weekly basis.

A large supply of DAP in key markets, coupled with weather-related issues affecting demand, combined to suppress global demand for phosphate fertilisers throughout much of 2012G. The situation was compounded by additional sources of supply, from Brazil and the Kingdom, all leading to downwards pressure on price. Imports remained constrained during Q1 2013G and this trend continued during Q2 2013G, due to a disappointing spring season in the United States and a reduction of demand from India as a result of the exceptional level of stock and the sharp fall in the value of the Indian rupee against the USD from May 2013G. Over the long term it is difficult to pinpoint the timing and duration of drivers for phosphate demand.

The FOB Tampa Swap Future prices have historically served as the benchmark for international DAP sales since the United States is the world's largest exporter, currently representing approximately 19 per cent of international DAP trade. Freight costs are important to determine delivery costs to the customers' port of entry and companies will stipulate the free on board ("**FOB**") price at the suppliers' port of export in order to be competitive.

Table 3.3: DAP Benchmark Price, FOB Tampa (USD per tonne):

Year	Price	Year	Price	Year	Price
1985G	276	1995G	264	2005G	255
1986G	314	1996G	268	2006G	260
1987G	241	1997G	244	2007G	401
1988G	298	1998G	243	2008G	968
1989G	253	1999G	216	2009G	318
1990G	241	2000G	177	2010G	498
1991G	236	2001G	166	2011G	619
1992G	193	2002G	172	2012G	535
1993G	165	2003G	195	2013G	444
1994G	220	2004G	234		

Source: FERTECON

3 - 1 - 6 Phosphate Outlook

Demand for fertilisers is determined by the outlook for crop production, which is related to food consumption, as well as the need for animal feed, natural fibres and biofuels. It is estimated that the world's population will grow from an estimated 7.1 billion people in 2013G to an estimated 8.7 billion people by 2037G, equivalent to an annual growth rate of approximately 1.5 per cent per annum. Growth will increasingly be driven by developing economies, which can still support relatively rapid labour productivity growth, and therefore GDP growth. Based on population and income growth projections, CRU forecasts that world food consumption (measured by calorific intake) will increase from 7,300 trillion kcal/year in 2012G to reach 9,700 trillion kcal/year in 2037G.

3 - 1 - 7 Ammonia Demand

Total consumption of ammonia grew from 153.4 Mt in 2007G to 165.9 Mt in 2012G, an annual average growth rate of 1.9 per cent per annum, Ammonia is the primary source of nitrogen, which is utilised in the downstream production of major fertiliser products. The urea industry, which produces urea, a colourless and non-toxic solid mainly used in fertilisers as a source of nitrogen, is the largest consumer of ammonia, accounting for approximately 52 per cent of global ammonia consumption in 2012G, whereas the phosphate industry (including both DAP and MAP) accounted for approximately six per cent of global ammonia consumption in 2012G. Urea is a global nitrogen commodity which has the largest volume traded internationally among nitrogen products.

Many phosphate producers partly or wholly rely on purchased ammonia and are therefore exposed to the price volatility of ammonia in the international market. Consequently, as a result of its reliance on purchased ammonia, the phosphate industry is a major end-user and driver of ammonia demand.

Elevated ammonia and fertiliser prices in the past five years have triggered new investment in the global ammonia industry. However, due to the fact that most new phosphates plants have not come into production and the expectation that this will continue for the next five years, reliance on ammonia will remain high.

The majority of new ammonia projects will continue to be driven by the demand for urea, a major nitrogen fertiliser commodity. A large tranche of new urea/ammonia committed capacity is likely to push down the global operating rate of ammonia in the medium term.

A regional breakdown of global ammonia consumption is shown in the table below.

Table 3.4: Regional Breakdown of Global Ammonia Consumption 2007G-2013G:

Country	Year			
	2017G		2013G	
	Mt of product	World Share (%)	Mt of product	World Share (%)
Western Europe	13.7	8.9%	13.7	8.0%
Central Europe	5.5	3.6%	6.0	3.5%
Former Soviet Union	16.7	10.9%	18.6	10.9%
Africa	4.9	3.2%	5.3	3.1%
North America	20.1	13.1%	20.5	12.0%
Central America	1.5	1.0%	1.9	1.1%
South America	3.5	2.3%	3.6	2.1%
Middle East	9.4	6.1%	13.1	7.7%
South Asia	17.7	11.5%	18.6	10.9%

Country	Year			
	2017G		2013G	
	Mt of product	World Share (%)	Mt of product	World Share (%)
South East Asia	6.0	3.9%	7.4	4.4%
East Asia	53.1	34.6%	60.4	35.4%
Oceania	1.3	0.8%	1.6	0.9%
World Total	153.4	100.0%	170.7	100.0%

Source: CRU Analysis, Ammonia Market Outlook, March 2014G

3 - 1 - 8 Ammonia Supply

Total global ammonia capacity grew from 176.4 Mt in 2007G to reach 199.7 Mt during 2012G at an annual average growth rate of 2.5 per cent. According to CRU, although the global ammonia industry in general is fragmented and is represented by a large number of ammonia producers located in 67 countries across the world, ten companies accounted for 25 per cent of the global ammonia supply in 2012G.

The majority of the ammonia plants in the world are integrated fertiliser and/or chemical complexes, where ammonia is produced and consumed onsite during the production of fertiliser and there are only a few stand-alone ammonia plants globally. While some integrated ammonia plants have a surplus of ammonia, which is traded, the volume is typically fairly insignificant and varies depending on downstream requirements and market conditions. The regional breakdown of global ammonia supply is shown in the table below.

Table 3.5: Regional Breakdown of Global Ammonia Capacity 2007G-2013G (Mt of product):

Country	Year			
	2007G		2013G	
	Mt of product	World Share (%)	Mt of product	World Share (%)
Western Europe	12.7	7.2%	12.0	5.9%
Central Europe	8.4	4.8%	8.0	3.9%
Former Soviet Union	25.0	14.2%	26.2	12.8%
Africa	5.5	3.1%	7.6	3.7%
North America	16.3	9.2%	17.3	8.5%
Central America	6.1	3.5%	6.7	3.3%
South America	4.6	2.6%	4.6	2.2%
Middle East	13.1	7.4%	17.8	8.7%
South Asia	18.2	10.3%	21.6	10.6%
South East Asia	8.6	4.9%	9.8	4.8%
East Asia	55.9	31.7%	70.5	34.5%

Country	Year			
	2007G		2013G	
	Mt of product	World Share (%)	Mt of product	World Share (%)
Oceania	2.0	1.1%	2.3	1.1%
World Total	176.4	100.0%	204.4	100.0%

Source: CRU Analysis, Ammonia Market Outlook, March 2014G

3 - 1 - 9 Ammonia Costs

Outside China, natural gas is the main feedstock for ammonia plants. However, depending on the plant, naphtha, heavy fuel oil or coal (of varying grade) may also be used. Feedstock costs differ greatly, depending on the type of feedstock used and the technology at the plant, which has an impact on the feedstock demand per tonne of ammonia. According to an analysis by CRU, natural gas demand per tonne of ammonia can vary from approximately 30 million British thermal units per tonne ("Mmbtu/t") in newer production facilities to nearly 40Mmbtu/t in older production facilities. Heavier types of feedstock, such as fuel oil, coal and naphtha, will also require a much higher gas use per tonne of ammonia.

As a result of low natural gas costs, plants located in the Kingdom, and generally those in the wider MENA region with available supplies of low cost natural gas, are positioned towards the bottom end of the global cost curve. The high end of the cost curve is represented mostly by the European, Ukrainian and some Asian producers, which operate either on oil-indexed natural gas contracts or other feedstock types such as fuel oil.

3 - 1 - 10 Ammonia Prices

The price of ammonia is determined by various drivers, which either have a direct impact on price volatility, or an indirect impact on price volatility through their impact on global market sentiment. The influence or dominance of such different factors may vary from year to year. Price volatility and cyclicality are inherent characteristics of the ammonia market, because it is primarily driven by supply and demand. Mismatches in supply and demand also occur in the market for feedstock used in the manufacture of ammonia, such as gas, and in the market for downstream products, such as urea and DAP, which also contribute to the volatility seen in ammonia prices.

Natural gas prices have a material impact on the ammonia market as they substantially determine the production cost of ammonia and usually set the floor price of ammonia, particularly in supply-driven markets. The price of natural gas (together with the efficiency of the plant) will often determine a plant's competitiveness and consequently drive capacity closures and new supply. Export-focused capacity in high-cost regions, such as the Ukraine or Western Europe, determine the higher floor price of ammonia. High-cost exporters typically play a role in ammonia trade when demand is strong and the market balance is tight. When supply/demand balance weakens and price softens, these producers reduce operating rates, leading to a tightening of the market. Thus, marginal exporters in Ukraine behave as swing producers in the merchant ammonia market.

On the demand side, developments in the markets for phosphate and other chemicals (e.g. caprolactam and acrylonitrile) are a major driver of ammonia prices, as these industries account for the bulk of the merchant ammonia demand. With expensive storage, transport, and handling infrastructure required, the merchant ammonia market is characterised by a storage system of limited inventory capacity which is unable to absorb large swings in supply or demand. Therefore the fluctuations in DAP and chemical prices and supply/demand balance are quickly transferred to the ammonia market. The price of urea often takes the lead in setting the price in wider nitrogen markets. However, merchant ammonia prices tend to be relatively independent and are usually only affected when relatively lower (per tonne nitrogen) urea prices result in curtailed urea production and therefore greater ammonia availability.

Crop prices are an important factor when determining short-term movements in fertiliser prices, which in turn affect ammonia market sentiment.

The 2012G ammonia price FOB Middle East averaged USD 577 per tonne, representing a new peak in ammonia pricing, in a year that was characterised by widespread supply disruptions. CRU anticipates

that the downward price adjustment in 2013G will continue during 2014G, reflecting a correction towards a more normalised and balanced price from the record price observed in 2012G. In 2013G, average ammonia prices fell to USD 500 per tonne FOB Middle East and are forecasted to be an average of USD 448 per tonne in 2014G.

3 - 1 - 11 Ammonia Outlook

Long-term forecasts for ammonia demand, which is the primary source of nitrogen for both fertilisers and technical applications, are driven by assumptions about trend growth rates in population, food demand, and relevant forecast indices or macroeconomic indicators, which determine agricultural markets and industrial production. CRU expects world total ammonia demand to increase from 165.9 Mt in 2012G to 256.0 Mt in 2034G, which is equivalent to a compound annual growth rate of approximately two per cent.

3 - 2 Aluminium Industry Overview

3 - 2 - 1 Background on the Aluminium Industry

The aluminium industry is the world's second largest metals industry by consumption, after steel. The world consumption of aluminium in 2013G was estimated by CRU at 69.8 Mt, of which 49.9 Mt was primary aluminium. Primary aluminium is aluminium that is produced from alumina (which is produced from bauxite). The total value of primary aluminium produced in 2013G was approximately USD 94.5 billion. In addition, there is consumption of secondary aluminium which is made from scrap. Primary and secondary aluminium can be further transformed into various semi-fabricated products for use in manufacturing, including rolled sheet, coil and plate, extruded bars and sections, wire-rod, castings and forgings.

Aluminium has a relatively short history as an industrial metal, as its widespread use only became viable at the end of the nineteenth century. The consumption of aluminium rapidly increased during the Second World War as a result of the extensive military use of aluminium and continued to increase after the war, between 1945G and 1970G, as a result of the development of its non-military uses. Today there is a diverse and broad range of uses for aluminium and it is used in, amongst others, the transportation industry (for the manufacture of road vehicles, aircraft and railway cars), the packaging industry (for the manufacture of drinks cans and aluminium foils), the construction industry (for the manufacture of windows, doors, cladding and facades) and the electrical industry (for the manufacture of cables and wires), as well as for the manufacture of consumer durables and in fabrication. The key properties of aluminium that lead to its wide array of applications are its light weight, its high strength-to-weight ratio, its good electrical conductivity and its machinability. Aluminium faces competition from a variety of materials, depending on the application. Its main substitutes are steel (in transport, construction, packaging and engineering), plastics (in packaging and construction) and copper (in electrical applications and heat exchangers).

The main commercial ore used in the production of aluminium is bauxite, which is largely found in tropical areas, with the main global reserves located in Australia, Brazil, Guinea, India and Jamaica. The mining of bauxite is a relatively simple operation and the cost of mining bauxite forms only a small proportion of the total cost of producing primary aluminium.

In order to produce aluminium, the bauxite must first be processed in an alumina refinery to produce alumina, an oxide of aluminium. This alumina is then processed into aluminium in an electrolytic smelter. The main costs of converting bauxite into alumina are energy (in the form of process steam for digestion and fuel for calcination), labour and caustic soda. The main costs of converting alumina into aluminium are electricity, labour and carbon products (coke and pitch). The relative costs of production and freight tend to favour the processing of alumina close to the source of bauxite and the processing of aluminium close to a source of low cost power.

The transformation of aluminium into various semi-fabricated products for its use in manufacturing typically takes place in a rolling mill. Rolling mills produce a range of flat products, which vary by their chemistry (many different alloys are available), their physical dimension (gauge, width and the choice of sheet or coil) and their finish and treatment (with options such as coating and annealing available). The rolling mills operate by either a conventional hot mill-cold mill process, through a process of casting of slabs, hot rolling, cold rolling, annealing and finishing, or by means of continuous casters.

Rolled products can broadly be divided into standard products, which are produced in large volumes by a large number of mills, and specialised products which are more difficult to cast and roll. Beverage

can stock, for example, which is produced in a hot mill process, is regarded as a specialised product since its production is technically demanding and customers demand a high quality level, which limits the number of producers competing in the segment. Automotive sheet is also considered a specialised product since its production requires advanced expertise and procedures. In addition to beverage can stock and automotive sheets, other rolled products include “standards” or “commodity” coils, building products and foil stock.

3 - 2 - 2 Primary Aluminium Demand

The consumption of primary aluminium grew from approximately 4.1 Mt in 1960G to approximately 49.9 Mt in 2013G, an annual average growth rate of 4.8 per cent. As the table below shows, the growth rate of consumption has varied over time. Rapid growth to 1974G was followed by a period of slower growth in the following two decades. Growth accelerated again from the early 1990s, propelled principally by the rapid growth of consumption in China, as well as the resumption of economic growth in the countries of Eastern Europe.

Table 3.6: Primary Aluminium Consumption (1960G-2013G) (per cent):

Primary Aluminium Consumption (1960G-2013G) (per cent):												
	1960G	1965G	1970G	1975G	1980G	1985G	1990G	1995G	2000G	2005G	2010G	2013G
EU/EEA	34.4%	27.1%	29.9%	29.0%	28.6%	26.6%	26.3%	26.9%	25.2%	22.2%	15.0%	12.5%
Other Europe	1.4%	1.5%	1.7%	3.0%	2.7%	2.9%	2.0%	1.4%	1.9%	2.8%	2.5%	2.0%
Russia	15.1%	14.6%	13.3%	13.8%	12.1%	16.0%	14.5%	3.5%	2.5%	2.6%	2.1%	1.9%
North America	39.4%	45.5%	37.2%	31.0%	31.3%	27.3%	24.6%	27.7%	28.6%	22.0%	12.5%	12.3%
Latin America	1.5%	1.9%	2.0%	3.6%	3.9%	4.1%	3.6%	4.2%	3.9%	4.2%	3.6%	3.9%
Middle East/ Africa	0.4%	0.6%	1.0%	1.5%	1.7%	2.0%	2.7%	3.4%	3.6%	3.5%	5.5%	5.6%
India	0.6%	1.2%	1.6%	1.3%	1.5%	1.9%	2.3%	2.4%	2.4%	3.1%	3.1%	2.5%
China	2.1%	1.5%	1.8%	4.0%	3.8%	4.5%	4.7%	8.5%	13.0%	22.5%	41.5%	47.8%
Japan	3.6%	4.5%	9.1%	10.2%	10.7%	10.0%	12.6%	11.8%	9.5%	7.6%	5.3%	4.1%
South & East Asia	0.6%	0.6%	1.0%	1.3%	2.1%	2.8%	4.9%	8.4%	8.0%	8.4%	8.0%	7.5%
Oceania	0.9%	1.1%	1.4%	1.3%	1.6%	1.9%	1.7%	1.9%	1.6%	1.1%	0.9%	0.7%
World Total	100%	100%	100%	100%	100%	100%	100%	100%	104%	100%	100%	100%

Source: CRU

The table also shows the relative importance of different geographical regions in primary aluminium consumption. Until the late 1980s, the consumption of aluminium was dominated by demand from North America, Western Europe, Japan and the Soviet Union. Since 1990G there has been a rapid growth in demand from China and the rest of South East Asia, and a rapid decline and then recovery in demand from the former Eastern Bloc countries.

China's primary aluminium consumption grew from 893,000 tonnes in 1990G to 23.92 Mt in 2013G, an annual average growth rate of 15.4 per cent and its share of global consumption increased dramatically, from 4.7 per cent of total global consumption in 1990G to 47.9 per cent of total consumption in 2013G. At the same time the proportion of global consumption from Europe and North America fell from 26.3 per cent and 24.6 per cent respectively in 1990G to 12.2 per cent and 12.0 per cent respectively in 2013G.

Global aluminium consumption is typically driven by a wide range of end-use sectors such as construction, transportation, packaging and industrial engineering. However, in recent years the transportation and packaging industries have shown the strongest growth and, combined, they made up almost 34 per cent of the total demand in 2013G. The trend towards lighter vehicles with improved fuel efficiency, greater recyclability and environmentally friendly building structures have been the main drivers for demand growth in these industries.

3 - 2 - 3 Rolled Aluminium Products Demand

Can Stock

While the consumption of aluminium can stock in North America has been decreasing, consumption in emerging regions such as the Middle East, China, India and Africa has been increasing in recent years. Global can stock demand rose from 3.97 Mt in 2010 to 4.22 Mt in 2013G, an annual average growth rate of 2.0 per cent, which was driven largely by strong demand in developing regions as the consumption of can stock in mature economies, such as North America and Japan, declined.

In North America, the general decline in carbonated soft drinks consumption continues to negatively impact can stock demand. Demand for can stock fell from 1.81 Mt in 2010G to 1.80 Mt in 2013G, an annual average decrease of 0.3 per cent, driven by the move away from carbonated drinks, which are typically packaged in cans, to alternatives.

Can stock demand in the MENA region, excluding the Kingdom, grew from an estimated 83,000 tonnes in 2010G to an estimated 114,000 tonnes in 2013G, an annual average growth rate of 11.2 per cent. The Kingdom remains the largest consumer of can stock in the MENA region, accounting for approximately 55 per cent of demand in the MENA region in 2013G and grew from an estimated 101,000 tonnes in 2010G to an estimated 125,000 tonnes in 2013G.

The majority of the growth in global demand for can stock in recent years has come from China and South East Asia. In China, can production continues to expand strongly and thus can stock consumption grew from an estimated 307,000 tonnes in 2010G to an estimated 363,000 tonnes in 2013G, an annual average growth rate of 5.7 per cent. Countries in South East Asia such as Thailand, Vietnam, Malaysia and Cambodia have all seen an increase in can stock consumption in recent years. India also saw a very strong increase in consumption in recent years, growing from 7,000 tonnes in 2010G to 17,000 tonnes in 2013G, an annual average growth rate of 34.4 per cent.

The demand for can stock in Africa remains relatively modest, but is increasing in absolute terms. Prior to 2009, there was only one aluminium can plant in Africa, but as a result of investment in the region, including two plants in Nigeria and line conversions in South Africa, can stock demand has increased. Total can stock consumption in Africa, excluding North Africa, increased from 25,000 tonnes in 2010G to 44,000 tonnes in 2013G, an annual average growth rate of 20.7 per cent.

	2010G	2011G	2012G	2013G
Middle East and North Africa (MENA)	184	206	226	239
Asia	187	194	198	204
North America	1,806	1,753	1,821	1,789
Western Europe	428	437	446	451
Eastern Europe and CIS	214	241	258	288
Latin America	314	320	326	331

	2010G	2011G	2012G	2013G
Oceania	62	63	63	63
Other Africa	25	31	36	44
World Total	3,969	4,010	4,160	4,215

Source: CRU

Automotive Sheet

At present the automotive sheet market is relatively small, although it is growing, with global demand increasing from an estimated 196,000 tonnes in 2010G to an estimated 308,000 tonnes in 2013G, an annual average growth rate of 16.3 per cent. This growth is expected to continue to increase as a result of the continued efforts of the United States and European Union to reduce CO2 emissions and the corresponding substitution of aluminium for steel.

China is considered to be the largest market for vehicle production and although the use of aluminium in locally produced vehicles is still relatively low, it has grown from an estimated 8,000 tonnes in 2010G to an estimated 17,000 tonnes in 2013, an annual average growth rate of 28.6 per cent.

There is currently no demand for automotive sheet in the Middle East as there are no car manufacturing plants in the region. However, Jaguar Land Rover and the Government have signed a memorandum of understanding to assess the feasibility of setting up a manufacturing plant in the Kingdom. In the event that a manufacturing plant is built in the Kingdom, it is expected that this will lead to demand for automotive sheet in the country, as a result of Jaguar Land Rover's current strategy of using aluminium for a number of car models.

Table 3.8: Automotive sheet consumption, 2008G-2013G (thousand tonnes):

	2008G	2009G	2010G	2011G	2012G	2013G
China	9	5	8	6	11	17
Japan	26	21	29	26	32	30
Western Europe	105	87	103	117	148	177
North America	58	40	56	66	74	84
Total	198	153	196	215	265	308

Source: CRU

Table 3.9: Total vehicle production (thousand units)

	2008G	2009G	2010G	2011G	2012G	2013G
China	9,519	14,319	18,641	18,857	19,986	21,577
Japan	11,430	7,805	9,510	8,275	9,821	9,768
Western Europe	15,131	12,156	13,753	14,457	13,166	12,189
North America	10,517	7,080	9,642	10,679	12,404	12,783
Total	46,597	41,360	51,546	52,268	55,377	56,317

Source: CRU

3 - 2 - 4 Primary Aluminium Supply

The supply of primary aluminium has generally matched the growth in demand, growing from an estimated 4.55 Mt in 1960G to an estimated 50.21 Mt in 2013G, an annual average growth rate of 4.7 per cent. Changes in the geographical location of production are reflected in the following table.

Table 3.10: Primary Aluminium Production

	1960G	1974G	1989G	2006G	2013G	2013G
	(thousand tonnes)					% of total
North America	2,518	5,472	5,585	5,333	4,918	9.8
Western Europe	990	3,431	3,707	4,543	3,780	7.5
Eastern Europe	35	336	461	472	382	0.8
Russia	700	2,100	3,433	4,294	3,410	7.4
China	70	280	758	9,324	24,495	48.8
Middle East	0	167	462	1,919	4,287	8.5
Other Asia	160	1,306	678	1,398	2,788	5.6
Africa	44	279	604	1,864	1810	3.6
Australasia	12	330	1,501	2,274	2,105	4.2
Latin America	17	254	698	2,494	1,920	3.8
World Total	4,546	13,954	18,886	33,915	50,206	100

Source: CRU, April 2014G

Until the 1973G oil crisis, aluminium production took place mostly in the main aluminium consuming countries of Western Europe, United States, Japan and the countries that now comprise the former Eastern Bloc. Between 1974G and 1989G the importance of these areas declined as new smelters were built in countries with low cost power, principally in Latin America, Australia, the Middle East and Canada. Since 1989G this trend has continued, although the Middle East and Southern Africa have supplanted Australia and Latin America as the largest producers of primary aluminium.

The biggest change since 1989G has been the rapid growth of aluminium production in China, growing from an estimated 758,000 tonnes in 1989G to an estimated 24.5 Mt in 2013G, an annual average growth rate of 15.6 per cent. While China does not typically have low power costs, it has been able to utilise low capital and labour costs in order to produce aluminium to supply its domestic demand. In recent years the Chinese aluminium industry has been relocating towards lower cost power areas within the country such as Xinjiang Province, where hydroelectric power has been fuelling a sharp rise in primary aluminium production.

There has also been significant growth in production capacity in the Middle East in the last few years, growing from an estimated 462,000 tonnes in 1989G to an estimated 4.29 Mt in 2013G, an annual average growth rate of 9.7 per cent.

At the same time, capacity and production have fallen in North America, driven by uncompetitive power tariffs, decreasing from an estimated 5.59 Mt in 1989G to an estimated 4.92 Mt in 2013G, with growth in Canada offset by a reduction in output from the United States. The capacity and production in Western Europe has remained relatively stable, increasing slightly from 3.71 Mt in 1989G to 3.78 Mt in 2013G.

Aluminium production in Latin American has fallen over the last five years, largely due to a shortage of power in Brazil and financial problems in Venezuela.

3 - 2 - 5 Rolled Aluminium Products Supply

Can Stock

Can stock is imported into the MENA region as there are currently no producers in the region. However, the MRC has constructed a rolling mill with annual production capacity of approximately 380,000 tpy, which is expected to start commercial production in Q3 2015G.

The beverage packaging sector has experienced rapid growth in China in recent years as rolling mills in China have acquired more sophisticated technologies and are able to produce higher-value products such as can stock products, which in the past were largely imported.

There have historically been four main mills supplying can stock in North America. Alcoa is the largest supplier in the region, with a 600,000 tpy facility at its mill in Tennessee and 288,000 tpy end stock capacity at its mill in Indiana. Given that the North American market is a mature one and can stock consumption is expected to continue its downward trend over the forecast period, CRU does not expect to see any increase in capacity in the region.

In Europe, Novelis, Constellium and Hydro dominate the European can stock market and represented approximately 87 per cent of total supply in 2012G. The only can stock producer in Eastern Europe and the Commonwealth of Independent States is Alcoa's Samara mill in Russia.

Novelis's Pindamonhagaba plant in Brazil is the only can stock producer in Latin America. The plant currently has a total can stock capacity of around 320,000 tpy, with the company undertaking an expansion programme in a bid to supply the growing Brazilian market for beverage cans. Hulamin's Pietermaritzburg facility is the only can stock producer in Africa, with an end stock capacity of 39,000 tpy.

The table below shows total can stock production in the years 2011G to 2013G

Table 3.11: Total can stock production in the years 2011G to 2013G

	Production		Capacity		
	2011G	2012G	2011G	2012G	2013G
North America	1,959	1,995	2,297	2,297	2,297
Western Europe	785	798	867	867	867
Eastern Europe	59	64	115	115	115
Asia- Pacific	1,117	1,335	1,524	1,774	2,002
Rest of the World	296	322	299	359	484
World Total	4,216	4,514	5,102	5,412	5,765

Source: CRU

Automotive Sheet

Given the expected increase in automotive sheet, rolling mills, particularly in the United States, are now increasingly investing in automotive sheet capacity. The key players in the North American automotive sheet market are Alcoa and Novelis, while Constellium, Novelis, Aleris, AMAG and Hydro are the key producers of automotive sheet in Europe. In Japan, Kobe Steel, Furukawa-Sky and Sumitomo Light Metal are the key producers of automotive sheet.

These producers take advantage of their location, being situated in regions where the automotive industry has historically been anchored (e.g. United States Midwest, Southern Germany, Northern France, Northern Italy and Japan). The companies are generally investing to increase automotive sheet capacity. For example, Alcoa has announced that it is investing USD 300 million to increase the automotive sheet capacity of its Davenport facility by 200,000 tpy.

Novelis has also announced that it is to invest a further USD 120 million in a third automotive sheet finishing line at its Gottingen mill in Germany, to produce 20,000 tpy of automotive sheet following the first phase of its expansion and double that capacity in a planned second phase.

Constellium announced in January 2014G that it is to join forces with United Aluminium Company of Japan (UACJ) via its subsidiary in the United States, Tri-Arrows Aluminium, to create a joint venture company in the United States to supply and market automotive sheet to the North American market. The joint venture will include an aluminium plant with a continuous heat treatment and conversion line with an initial target capacity of 100,000 tpy supplied with cold rolled coil from the rolling mill of the two partners, which are expected to come on stream before the end of 2016G.

Aleris commissioned a new cold rolling mill at its Duffel facility in Belgium in March 2013G. CRU estimates that the USD 70 million investment will increase capacity at the plant to 100,000 tpy. The table below shows the total automotive sheet production in the years 2011G to 2013G.

Table 3.12: Automotive sheet supply (thousand tonnes)

	Production		Capacity	
	2011G	2012G	2012G	2013G
North America	49	57	90	90
Europe	177	214	395	435
China	0	0	0	0
Japan	28	31	40	40
Middle East	0	0	0	0
Total World	254	302	525	565

Source: CRU

3 - 2 - 6 Primary Aluminium Costs

CRU estimates that the average business cost of aluminium production was USD 1,704 per tonne in 2013G. The table below shows the major components of these costs. It is estimated that alumina accounted for 41 per cent of the total costs with the cost of power accounting for a further 40 per cent of the total costs.

This global average hides wide variations in costs between regions and companies. While smelters in the Middle East were generally in the lower portion of the cost curve, European, North American and Chinese smelters were generally in the top half of the cost curve.

Table 3.13: Aluminium Business Costs by Major Component (2013G):

	USD /tonne	Percentage
Alumina	706	41
Carbon	223	13
Labour	134	8
Power	677	40
Other costs	-37	-2
Total (world average)	1704	100

Source: CRU. Note that the total business cost is inclusive of net realisations (average gain for shapes premiums).

3 - 2 - 7 Rolled Aluminium Products Costs

CRU uses common alloy 3xxx coils as a benchmark to make cost comparisons for aluminium rolling costs. This is a commodity grade product, unlike beverage can stock and automotive sheet. The average operating cost for a common alloy coil in the United States during 2013G was USD 2,803 per tonne, of which USD 2,196 per tonne, approximately 78 per cent, was the cost of raw material. The average conversion cost was USD 607 per tonne, of which the main components were energy, labour, consumables and maintenance materials.

3 - 2 - 8 Primary Aluminium Prices

Since 1978G, primary aluminium contracts have been traded on the LME and by the mid-1980s the LME aluminium price became the main reference price for aluminium, with most primary aluminium being traded at a price related to the LME price.

Primary aluminium is currently used as the reference price for aluminium. Prices for alumina and semi-fabricated products are closely linked to the primary aluminium price. The history of prices shows a long-term falling trend in real prices, using the United States GDP deflator to bring prices to 2013G equivalents as is shown in the table below. The average annual rate of decline between the period 1960G–2013G was approximately 0.83 per cent per annum.

The long-term decline in real prices is related to several factors. There has been a fall in the real prices of both electricity and alumina over this period. Labour productivity has improved through automation and economies of scale. Technical progress has reduced the unit consumption of electricity and raw materials, and the move to larger scale production has increased capital productivity. All these factors have contributed to a reduction in real costs.

Table 3.14: Primary Aluminium Prices (1960G-2013G):

LME 3m price (USD 2013G equivalent)									
Year	Price	Year	Price	Year	Price	Year	Price	Year	Price
1960G	2,936	1971G	1,963	1982G	2,129	1993G	1,591	2004G	1,856
1961G	2,888	1972G	1,858	1983G	2,952	1994G	2,033	2005G	2,209
1962G	2,740	1973G	2,689	1984G	2,470	1995G	2,449	2006G	2,927
1963G	2,646	1974G	3,165	1985G	1,780	1996G	2,008	2007G	2,927
1964G	2,804	1975G	2,374	1986G	1,857	1997G	2,069	2008G	2,824
1965G	2,868	1976G	2,831	1987G	2,350	1998G	1,736	2009G	1,820
1966G	2,777	1977G	3,036	1988G	3,585	1999G	1,711	2010G	2,324
1967G	2,671	1978G	2,992	1989G	2,834	2000G	1,881	2011G	2,508
1968G	2,433	1979G	4,133	1990G	2,369	2001G	1,686	2012G	2,088
1969G	2,944	1980G	4,264	1991G	1,891	2002G	1,539	2013G	1,887
1970G	2,559	1981G	2,869	1992G	1,782	2003G	1,570		

Source: CRU

The average annual real aluminium price is subject to pronounced price cycles. While the nominal three-month LME average for the period 1981G–2004G was USD 1,471 per tonne, the annual average nominal prices varied from a low of USD 1,026 per tonne in 1982 to a high of USD 2,367 per tonne in 1988G. In the 1990s the cycle was less marked, but prices hit a low of USD 1,161 per tonne in 1993G and a high of USD 1,832 per tonne in 1995G. Between 1996G and 2004G, annual average prices were contained in a relatively narrow band by historical standards of USD 1,364 per tonne to USD 1,721 per tonne. Since 2004G the aluminium price has experienced two cyclical phases. In the period from 2005G to 2008G,

the market experienced a sustained period of high prices, peaking at USD 2,662 per tonne in 2007G. This period was marked by firm growth in global economic growth and metals demand, led primarily by China, but also backed up by fast-growing emerging economies such as India and Brazil. However, this period of high prices was broken by the onset of the global financial crisis at the end of 2008G. Significantly lower aluminium demand coupled with weak economic growth and rising public debt in the major developed economies led to aluminium prices falling to an annual average of USD 1,701 per tonne in 2009G. Since then prices made a brief recovery to USD 2,419 per tonne in 2011G before falling back to USD 2,049 per tonne in 2012G. In 2013G prices have continued to decline on the back of a very muted recovery in global economic growth and the continued overhang of inventories. In 2013G, the LME three-month price averaged USD 1,887 per tonne for the year as a whole.

The LME reference price for aluminium is for metal of a standard specification. Aluminium must be of minimum 99.7 per cent grade, with impurities within specified limits. Other grades of primary aluminium are traded at a premium or discount to the LME reference price. The main way in which metal varies from the LME standard specification is in purity, alloy and shape. Premiums are also paid for delivery in different locations. The LME aluminium standard contract terms provide for physical delivery (when this occurs) in an LME registered warehouse, at the seller's choice. In practice, consumers need metal delivered to their plants, so premiums are also paid for delivery to different locations. Standard location premiums have been established, which may include a duty element, when import duty is levied on primary aluminium. The determinants of premiums are costs, as well as supply-demand conditions. Locational premiums can reflect transport costs for delivery to a location, and also any local tariffs that result in higher prices. Premiums are established amongst traders and are collected and published in trade journals.

3 - 2 - 9 Rolled Aluminium Products Prices

Flat rolled aluminium products are priced on the basis of LME price for primary aluminium (which may be fixed and based on the prevailing metal price or variable, for example, using a rolling average of the prior month), plus a premium for the metal, which often depends on the region, and a set margin to cover the cost of rolling. The advantage of this pricing arrangement is that the rolling mill is not exposed to the unpredictable fluctuations in the price of the metal. However, can stock and specialty products such as automotive sheet are usually priced in annual or multiyear contracts (typically one to three years), with the difference in price with standards usually due to the cost of alloying and surface treatment.

3 - 2 - 10 Aluminium Outlook

The longer term outlook for aluminium demand is broadly positive. Aluminium is expected to gain positively from substitution against steel in the automotive sector and in beverage packaging (cans). In construction, aluminium is expected to make steady gains as end-of-life recycling regulations are tightened globally. The greater use of aluminium is likely to facilitate a greater proportion of recyclability of build structures at the end of their life. The use of aluminium (both primary and recycled) is also expected to grow in the transportation, packaging and construction industries.

The maintenance of the healthy growth rates of aluminium consumption depends heavily on the continued growth of aluminium in transport applications, the continued rapid growth of the Chinese economy, and the growth of consumption in other emerging economies, notably India, South America and developing Asia. On the supply side, the growth of aluminium production in China will remain the key issue to affect the outlook, with significant greenfield and brownfield projects ramping up over the next few years. Meanwhile, high cost capacity curtailments in the rest of the world will continue as the industry addresses significant global oversupply.

3 - 3 Gold Industry Overview

3 - 3 - 1 Background on the Gold Industry

A number of aspects separate gold from other metals. Firstly, unlike other metals, gold is perceived as a store of wealth and has a value not entirely driven by its utility as a material. Gold has been used in coinage, in jewellery, and in various practical applications for thousands of years. Secondly, gold prices are driven by factors that are distinct from those that determine the market value of other metals. Whilst global supply and demand has some impact, gold prices are largely driven by economic, financial and political factors.

Gold can be supplied from mine production, recycling or mobilisation of aboveground stocks. A variety of mining methods are used in the production of gold ore, both underground and above ground. Gold mines vary greatly in scale. In many developing countries gold is mined on a small scale by informal sector artisan miners, using rudimentary methods and equipment. At the other extreme, the largest formal sector mining operations extract and process tens of millions of tonnes of ore per year using the largest available mining equipment and advanced processing technologies. Ore mined underground typically grades between 4 g/t and 15 g/t, while ore mined above ground from open cut mines usually varies in grade from around 1 g/t upwards.

A wide range of ore processing techniques are employed, depending on the scale of operation, grade and nature of the ore. Where gold occurs in ore as large discrete grains, simple gravity concentration methods may be used; otherwise gold is often extracted by cyanide leaching and adsorption onto activated carbon, followed by elution and electrowinning. Gold mines typically produce gold in the form of a doré, which is an alloy of gold and silver plus impurities.

Doré is shipped to refineries, where it is refined to London Bullion Market Association "good delivery" standard, i.e., cast into bars of prescribed weight and dimensions, containing no less than 99.5 per cent gold.

3 - 3 - 2 Gold Demand

Based on the 2014G GFMS Gold Survey, global physical demand for gold in 2013G is estimated to have been approximately 4,957 tonnes. Jewellery was the largest component of demand, accounting for around 47 per cent of the total whilst dentistry, electronic and other industrial and decorative applications, collectively referred to as industrial fabrication demand, accounted for a further eight per cent. The purchase of physical gold in the form of physical bars and coins for the purposes of investment by private individuals, referred to as retail investment, accounted for 36 per cent of demand, while net official sector purchases, primarily central banks, accounted for eight per cent.

Table 3.15: World Gold Demand (thousand tonnes):

Sector	Year								
	2005G	2006G	2007G	2008G	2009G	2010G	2011G	2012G	2013G
Jewellery	2,721	2,302	2,425	2,306	1,817	2,034	2,029	1,998	2,361
Industrial Fabrication	440	471	477	464	414	469	458	415	409
Net Official Sector	-663	-365	-484	-235	-34	77	457	544	409
Retail Investment—Physical Bars and Coins	412	427	442	915	825	1,229	1,569	1,357	1,778
Total Physical Demand	2,909	2,835	2,861	3,450	3,023	3,809	4,512	4,315	4,957
ETF Inventory Build	208	260	253	321	623	383	185	279	-880
Exchange Inventory Build	29	32	-10	34	39	54	-6	-10	-99

Source: GFMS Gold Survey 2014G

In 2013G total global gold physical demand is estimated to have increased 14.9 per cent from 4,315 tonnes in 2012G to 4,957 tonnes in 2013G. The use of gold in the fabrication of jewellery increased 18.2 per cent from 1,998 tonnes in 2012G to 2,361 tonnes in 2013G. The year-to-year variations in the consumption of gold used in jewellery fabrication are driven by numerous factors, but most importantly by the prevailing economic climate, the price of gold and the significant drop in the average gold price during 2013G, which boosted demand for jewellery in many key consuming markets, including in East

Asia, where China surpassed India to become the world's largest jewellery manufacturer. Over the longer term such factors as changing consumer tastes also play a large part.

Demand for gold in industrial fabrication fell by two per cent from 415 tonnes in 2012G to 409 tonnes in 2013G, as a drop in electronics and dental-related demand outweighed a modest recovery in other industrial and decorative demand. Net official sector purchases fell by 25 per cent from 544 tonnes in 2012G to 409 tonnes in 2013G, although this still represented an elevated level compared to historical norms.

Investors buy gold bars or coins as an investment. The demand for gold for investment tends to be negatively correlated with the price, although significant swings in annual demand are common and difficult to confidently quantify or attribute to a particular cause. The other main source of investment demand which has arisen in recent years is Exchange Traded Funds, which provide investors with a means of investing directly in gold without the costs and logistics of purchasing physical metal.

Total identifiable investment which includes retail investment (physical bar investment and all coins) and the inventory of Exchange Traded Funds fell by 45 per cent to just below 900 tonnes, its lowest level for six years. This was primarily the result of investors' increasingly bearish sentiment towards gold as an investment following weak performance in late 2012G, growing expectations that the United States Federal Reserve will start tapering its quantitative easing programme and expectations that Cyprus will sell a proportion of its gold reserves in order to ameliorate its fiscal situation.

It is important to note that although changes in ETF holdings are a helpful guide to investment trends in gold, they only make up a small part of the market.

3 - 3 - 3 Gold Supply

Gold is supplied to the market from more than one source. Gold can be supplied from mine production, recycling or mobilisation of previously mined and refined gold (above-ground stock). Based on the 2014G GFMS Gold Survey global above-ground gold stocks are estimated at around 176,000 tonnes, of which approximately 30,500 tonnes are held by central banks. Gold in the form of jewellery accounts for approximately 49 per cent of above-ground stocks.

According to the 2014G GFMS Gold Survey, world mined production reached 3,022 tonnes in 2013G, compared with 2,861 tonnes in 2012G and only 2,430 tonnes at the onset of the financial crisis in 2008. Seven countries produced over half the world's gold production.

Table 3.16: Top Producing Countries

Countries	Production in Tonnes (2013)
China	438.2
Australia	266.1
Russia	248.8
United States	228.9
Peru	181.6
South Africa	174.2
Canada	133.1
Total of top producing countries	1,670.9
World total	3,022.0

Source: GFMS Gold Survey 2014G

As at 2013G, the ten largest gold mining companies collectively account for 20 per cent of global mine production as set out in the table below.

Table 3.17: Information on the ten largest gold mining and production companies.

Rank	Company	Country	Production (tonnes)	World Share (%)
1	Barrick Gold Corp	Canada	222.9	4.65%
2	Newmont Mining Corp	United States	157.5	3.12%
3	Anglogold Ashanti Ltd	South Africa	127.7	2.61%
4	Goldcorp Inc.	Canada	82.9	2.07%
5	Kinross Gold Corp*	Canada	77.7	1.64%
6	Newcrest Mining	Australia	73.5	1.50%
7	Navoi MMC*	Uzbekistan	70.5	1.30%
8	Gold Fields Ltd	South Africa	58.1	1.05%
9	Polyus Gold International Ltd	Russia	51.3	0.76%
10	Sibanye Gold	South Africa	44.5	0.66%

* Denotes estimate

Source: GFMS Gold Survey 2014G; Ma'aden

3 - 3 - 4 Gold Costs

The GFMS estimates that the global average all-in cost for gold mine production was USD 1,620 per oz in 2013G. Of this, total cash costs, which include mine site cash costs, i.e. mining and processing ore, site general and administrative costs, in addition to smelting and refining, by-product credits and royalties, amounted to USD 731 per oz.

3 - 3 - 5 Gold Prices

Most refined gold is traded globally in over-the-counter ("**OTC**") transactions directly between buyer and seller, rather than through exchanges. As well as "spot" transactions, the OTC market encompasses forwards, options and complex derivative contracts. The main centres for OTC trading are London, New York and Zurich. In addition to the OTC market, gold is traded on futures exchanges such as the New York Mercantile Exchange and the Tokyo Commodity Exchange.

The most widely-quoted reference price for gold is set each afternoon at the London Gold Bullion Market Association price fixing, usually referred to as the London PM fix.

With large stocks of previously mined gold, the supply of gold is rarely an issue in price determination, and gold price forecasts are usually based on consideration of the diverse factors that determine physical demand for the metal, including the economic climate. Potential factors that impacted on the price of gold in the first half of 2014G included a ten per cent rise in demand for jewellery in China, which became the largest global market for gold demand in 2013G; the continuance of central banks as net purchasers of gold; and the curb placed by India on gold imports in form of import duties and other measures in the run-up to national elections, which reduced total gold consumption in India according to a World Gold Council press release in May 2014G.

Official sales or purchases of gold by central banks are an important factor as well in determining the metal's price. Under the fourth Central Bank Gold Agreement signed on 19/05/2014G and effective as at 27/09/2014G, with signatories including the European Central Bank and 20 other European central banks, the central banks of the signatory countries noted that they currently do not have any plans to sell significant amounts of gold.

4. The Company

4 - 1 OVERVIEW

Saudi Arabian Mining Company (Ma'aden) was formed as a Saudi joint stock company pursuant to Royal Decree No. M/17 dated 14/11/1417H (corresponding to 23/03/1997G) and Council of Ministers Resolution No. 179 dated 08/11/1417H (corresponding to 17/03/1997G), with commercial registration number 1010164391 dated 10/11/1421H (corresponding to 04/02/2001G).

The Company was formed for the purpose of facilitating the exploration and development of the Kingdom's mineral resources and is now the leading mining and metals company in the Kingdom, with a diverse portfolio of mineral assets at various stages of development. The Company objective is to explore and develop the Kingdom's mineral resources and become a world-class international mineral resource company.

The Company has a broad commodity focus, spanning phosphate, aluminium, gold and industrial minerals. It is continually assessing opportunities to enter into new mining commodities that demonstrate strong long-term fundamentals and opportunities for growth which are in line with the Company's strategy. The Company's businesses can be broken down into the following business segments: Phosphate, aluminium, gold and base metals, industrial minerals and ethylene dichloride and caustic soda.

For 2013G, the Company's total sales were SAR 6.05 billion (compared to SAR 5.58 billion for 2012G and SAR 1.53 billion for 2011G) and its gross profit was SAR 1.58 billion for 2013G (compared to SAR 2.60 billion for 2012G and SAR 1.00 billion 2011G). As at 31 December 2013G, the Company's total assets were SAR 63.95 billion (compared to SAR 55.14 billion as at 31 December 2012G and SAR 43.57 billion as at 31 December 2011G).

The Company employed 5,439 employees (excluding contractors and consultants) as at 31 December 2013G, of which 62.8 per cent were Saudi nationals, compared to 3,271 as at 31 December 2012G, of which 58.7 per cent were Saudi nationals, as further described in Section 5, "**Company Management Structure and Governance**", of this Prospectus.

4 - 2 HISTORY

Upon incorporation of the Company, 50 per cent of the share capital of Saudi Mining Company for Precious Metals (which has been renamed MGBM) was transferred to Ma'aden by Petromin, the former state petroleum company which was owned by the Government. Ma'aden acquired the remaining 50 per cent of the share capital in MGBM in November 1999G from Boliden Mineral S.P., a Swedish mining company, for consideration of SAR 26,000,000.

Since the share capital of MGBM was initially transferred to the Company, MGBM's gold mining operations have continued to expand, with five operational gold mines, one mine under construction, and three projects under exploration as at the date of this Prospectus.

As part of its strategy to explore and develop the Kingdom's mineral resources and become a world class international mineral resource company, the Company entered into a joint venture agreement with SABIC in 2007G, pursuant to which the joint venture company MPC was established, in order to undertake the development of a phosphate mine at Al-Jalamid and integrated fertiliser production facility for the production of DAP fertiliser, ammonia and phosphoric acid at Ras Al-Khair. In order to assist with funding the development of its phosphate and aluminium operations, Ma'aden successfully floated 50 per cent of its shares on Tadawul in 2008. The fertiliser production facility achieved commercial production in February 2012G.

In 2010G, the Company entered into a joint venture agreement with Alcoa, pursuant to which MAC, MRC and MBAC were established, to undertake the development of the bauxite mine in Al-Ba'itha and an alumina refinery, rolling mill and aluminium smelter for the production of aluminium at Ras Al-Khair. The smelter produced its first hot metal in 2012G; the rolling mill produced its first experimental coil in December 2013G and its first aluminium coil on 24/05/2014G. The bauxite mine in Al-Ba'itha became operational in April 2014G and the first load of bauxite from the mine has been delivered to Ras Al-Khair. It is expected that the alumina refinery will start production in Q4 2014G.

In 2010G, the Company also established SAMAPCO in Jubail, pursuant to a joint venture agreement with Sahara Petrochemicals, in order to produce ethylene dichloride, a key feedstock for the production of plastics and caustic soda, a feedstock for the alumina refinery. SAMAPCO started initial production

of ethylene dichloride and caustic soda in August 2013G and commercial production commenced in June 2014G.

In 2013G the Company entered into a joint venture partnership with SABIC and Mosaic to develop the MWAS Project, a fully-integrated phosphate project in Wa'ad Al-Shamal Mineral Industrial City and Ras Al-Khair. The phosphate project is scheduled for completion before the end of 2016G and, once completed, is expected to be one of the largest production facilities in the world, with seven plants and associated facilities. The MWAS Project is expected to have an annual phosphate production capacity of approximately 16 Mtpy, which will include 3 Mtpy of phosphate and compound fertiliser and 440,000 tpy of downstream products, including purified phosphoric acid, sodium tri-polyphosphate and di-calcium phosphate and monocalcium phosphate

4 - 3 ORGANISATIONAL STRUCTURE

The Company is organised into five main business units, with separate subsidiaries operating in a business unit in order (where relevant) to facilitate joint ventures with strategic partners such as Alcoa and SABIC. These five main business units are as follows:

4 - 3 - 1 Phosphate:

The Company's current phosphate operations are carried out through MPC, a limited liability company co-owned by Ma'aden (70 per cent) and SABIC (30 per cent). The phosphate operations are comprised of a phosphate mine and a beneficiation plant at Al-Jalamid and a fertiliser production facility at Ras Al-Khair, which produce DAP fertiliser, sulphuric acid, phosphoric acid and ammonia. In 2013G, MPC produced approximately 1.8 Mt of DAP and approximately 0.96 Mt of ammonia, collectively generating sales of approximately SAR 4.17 billion. Ma'aden is working on a significant expansion of its phosphate operations and in 2013G, Ma'aden entered into a joint venture partnership with SABIC and Mosaic (in the form of limited liability company), to develop the MWAS Project, a fully-integrated phosphate project in Wa'ad Al-Shamal Mineral Industrial City and Ras Al-Khair, which, once completed, is expected to have an annual production capacity of approximately 16 Mtpy. Please see Section 4.7.1, "**The Company—Business Units—Phosphate**", of this Prospectus.

4 - 3 - 2 Aluminium:

The Company's aluminium operations are carried out through MBAC, MAC and MRC, each of which is a limited liability company co-owned by Ma'aden (74.9 per cent) and Alcoa (25.1 per cent). The aluminium operations are comprised of a bauxite mine and ore crushing and handling facilities at Al-Ba'itha and an alumina refinery, aluminium smelter and rolling mill at Ras Al-Khair, which produce aluminium ingots, t-bars, slabs, billets and aluminium sheets on a commercial basis. In 2013G, these operations produced approximately 187,000 tonnes of aluminium ingots and generated revenues of approximately SAR 1.02 billion.

4 - 3 - 3 Gold and Base Metals:

The Company's gold and precious metal mining operations are carried out through MGBM, a limited liability company wholly owned by Ma'aden. MGBM currently operates five producing mines: Mahd Ad-Dahab, Al-Amar, Bulghah, As-Suq and Sukhaybarat. A new mine at Ad-Duwayhi is under construction. In 2013G, the Company mined appropriately 2.84 Mt of ore, producing approximately 133,677 ounces of gold and generating sales of SAR 709.3 million. In addition to the production of gold, Ma'aden's gold and base metals division also generated revenues from the sale of zinc, copper and silver and generated revenues of SAR 31.6 million in 2013G.

4 - 3 - 4 Industrial Minerals:

The Company's industrial mineral operations are carried out through Industrial Minerals Company ("IMC"), a limited liability company wholly owned by the Company. IMC's industrial mineral operations are comprised of a kaolin and low-grade bauxite mine in Az-Zabirah at Hali Province, a magnesite mine at Al-Ghazalah and a processing plant at Al-Madinah Industrial City. These activities allow the Company to produce low-grade bauxite, kaolin and caustic calcined magnesia. In 2013G, IMC produced 64,298 tonnes of kaolin, 1 Mt of low-grade bauxite and 29,505 tonnes of caustic calcined magnesia, and it generated revenues of SAR 150.5 million.

4 - 3 - 5 Ethylene Dichloride and Caustic Soda:

The Company's ethylene dichloride and caustic soda operations are carried out through SAMAPCO, a limited liability company jointly owned by the Company (50 per cent) and Sahara Petrochemicals (50 per cent). SAMAPCO manages a caustic soda and ethylene dichloride production facility at the Sahara Petrochemicals complex in Jubail Industrial City. The facility was completed in April 2013G and performance testing and trial production of caustic soda and ethylene dichloride began in August 2013G. The commercial production of caustic soda and ethylene dichloride commenced in early 2013G. In 2013G, SAMAPCO produced 83,730 tonnes of ethylene dichloride and 69,660 tonnes of caustic soda during pre-commercial operations. The commercial production of caustic soda and ethylene dichloride commenced in July 2014G.

The Company has also established Ma'aden Infrastructure Company ("MIC"), a limited liability company wholly owned by the Company, in order to own and operate the residential village for unmarried employees at Ras Al-Khair for the employees of MPC and MAC.

Currently, neither the Company nor any subsidiary has intention to begin manufacturing new products or expanding into new activities.

The Company's organisational structure is shown below:

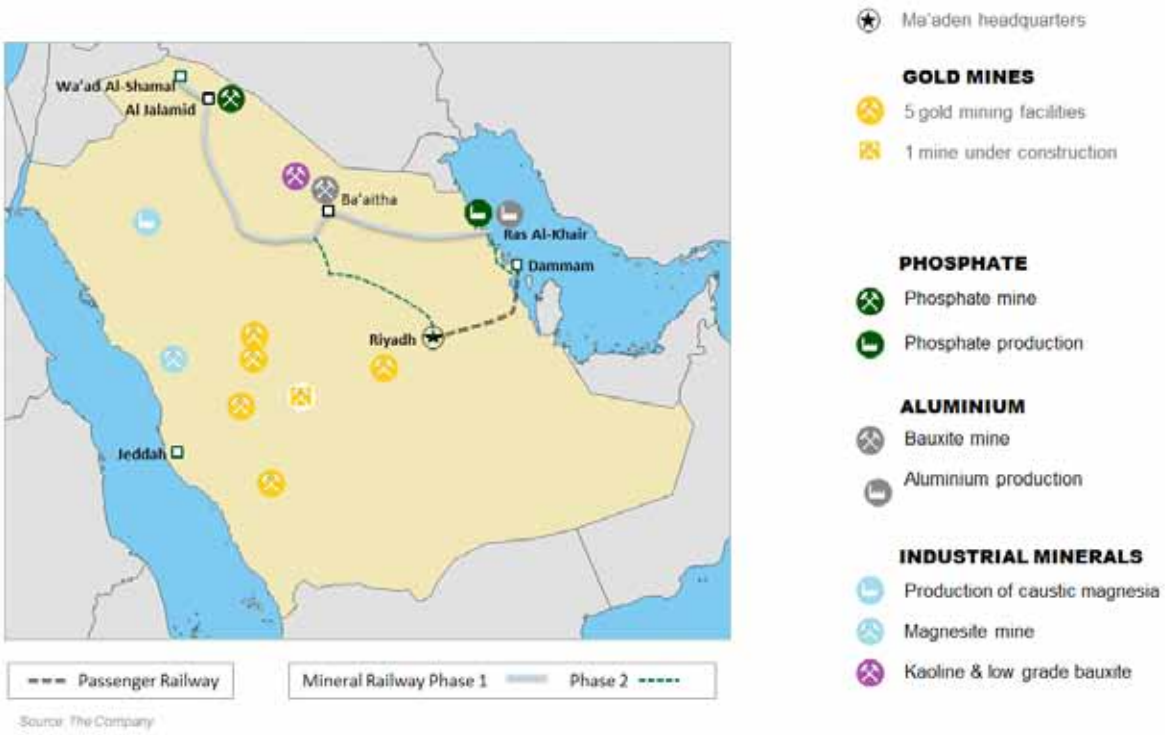
Table 4.1: Company's organisational structure.

Legal name	Saudi Arabian Mining Company (Ma'aden)
Legal status	A Saudi Joint Stock Company
Publicly traded	Tadawul
Stock exchange symbol	Tadawul symbol: 1211 Reuters code: 1211.SE Bloomberg code: MAADEN AB
Location of corporate head office	Riyadh

Subsidiaries	**Gold**	**Phosphate**		**Aluminium**	**Industrial Minerals**	**Infrastructure**	**Jointly controlled entity** **Ethylene Dichloride and Caustic Soda**
Legal name	Ma'aden Gold and Base Metals Company	Ma'aden Phosphate Company	Ma'aden Wa'ad Al-Shamal Phosphate Company	Ma'aden Aluminum Company; Ma'aden Rolling Company Ma'aden Bauxite & Alumina Company	Ma'aden Industrial Minerals Company	Ma'aden Infrastructure Company	Sahara & Ma'aden Petrochemicals Company
Legal Status	Limited liability company	Limited liability company	Limited liability company	Limited liability companies	Limited liability company	Limited liability company	Limited liability Company
Shareholders	Ma'aden 100%	Ma'aden 70% SABIC 30% 100%	Ma'aden 60% Mosaic 25% SABIC 15% 100%	Ma'aden 74.9% Alcoa 25.1% 100%	Ma'aden 100%	Ma'aden 100%	Ma'aden 50% Sahara 50% 100%
Products	Gold, Zinc, Copper, Silver, Lead	DAP Fertiliser, MAP Fertiliser, Sulphuric Acid, Phosphoric Acid and Ammonia	DAP Fertiliser, MAP Fertiliser, Sulphuric Acid, Phosphoric Acid and Ammonia (including downstream products)	Aluminum Ingots, T-bars, Slabs, Billets and Aluminum sheets	Bauxite, Kaolin and Caustic Calcined Magnesia	Infrastucture Service and Housing	Ethylene Dichloride, Chlorine and Caustic Soda
Head office location	Jeddah	Ras Al-Khair	Wa'ad Al-Shamal Mineral Industrial City/Ras Al-Khair	Ras Al-Khair	Riyadh	Riyadh	Jubail

The Company and its Subsidiaries operate throughout the Kingdom. A map showing the geographical location of its operations is set out below. As at the date of this Prospectus, neither the Company nor any Subsidiary has any operations outside of the Kingdom.

Figure 4.1: The Company's resources and reserves.



4 - 4 KEY STRENGTHS

The Company believes that its key strengths are as follows:

4 - 4 - 1 Strong growth opportunities

The Company's geographic location brings it numerous benefits and growth opportunities. The Company has licenses to access unexplored areas of approximately 60,000 km^2 (including licenses under renewal and applications being reviewed), which it believes have significant potential for development. The Company's operations in the Kingdom are located near to developing markets, where there is a growing demand for products such as phosphate and aluminium.

The Company believes that it is well-positioned to capitalise on growing demand in the market for DAP and MAP and to become a significant global player. In addition to the integrated fertiliser production facility in Ras Al-Khair and phosphate mine at Al-Jalamid that are already operational, the Company has launched a joint venture with Mosaic and SABIC to develop the MWAS Project and build a fully-integrated phosphate project at Wa'ad Al-Shamal Mineral Industrial City and Ras Al-Khair. The MWAS Project is expected to have an annual production capacity of approximately 16 Mtpy of ore, which will deliver 3 Mtpy of phosphate and compound fertiliser and 440,000 tpy of downstream products, including purified phosphoric acid, sodium tri-polyphosphate and di-calcium phosphate and monocalcium phosphate.

The Company is also in the final phase of completing its integrated aluminium complex at Ras Al-Khair, which includes an alumina refinery, aluminium smelter, a rolling mill and associated infrastructure. The alumina refinery is still under development, with the production of alumina at the alumina refinery expected to commence by the end of 2014G. While the smelter is operational and produced approximately 187,000 tonnes of aluminium in 2013G, it is still in the ramp-up phase. When fully operational, it is expected to have a combined annual production capacity of approximately 740,000 tonnes of aluminium.

In addition, while the Company's existing gold business generates strong cash flows from its five operating gold mines, it continues to explore opportunities for the development of its gold operations, with one gold mine under construction and a number of advanced exploration projects ready for development. (Please see Section 4.7.3, "**The Company—Business Units—Gold and Base Metals**", of this Prospectus).

4 - 4 - 2 Attractive long-term fundamentals

While the Company believes that the price of phosphate, aluminium and gold will remain volatile in the short term, it believes that over the medium and long-term demand for its core products will continue to grow, driven by increases in population growth, urbanisation and rising standards of living as well as rapid industrialisation in the growing economies of India and China. CRU expects that over the next 5 years DAP and MAP consumption growth will increase at approximately 3.6 per cent per annum to reach approximately 29.4 Mt P2O5 in 2017. (Please see Section 3, "**Market and Industry Overview**", of this Prospectus).

4 - 4 - 3 Diversified business

The Company operates a diversified minerals business encompassing DAP, MAP, ammonia, aluminium, gold and industrial minerals. The pricing dynamics of these products are complex and driven by numerous factors, some of which are not correlated. This may help mitigate the effects of commodity price fluctuations impacting the prices of the Company's core products and movements in the prices of key raw materials on which it depends.

4 - 4 - 4 Significant mineral resource base

The Company's future growth is underpinned by its known ore reserves and mineral resources of phosphate and bauxite in the Kingdom. The proven ore reserves at Al-Jalamid are 201.3 Mt, with estimated phosphate ore reserves sufficient to sustain production at current levels beyond the mine's estimated 20-year life span, without the need for new mines, leaving the balance available to extend the life of the project or to enable increases in production capacity during the current span of the project. In addition to large phosphate mineral resources at Al-Jalamid, the Company is currently assessing prospects in Umm Wu'al and Al-Khabra, which together have current mineral resources of approximately 1,270 Mt.

The ore reserves at Al-Ba'itha are estimated to be 220 Mt at 47.2 per cent total available alumina, and are expected to be sufficient to supply the proposed alumina refinery for a period of more than 30 years, based on current design capacity. The potential for additional bauxite ore resources has been delineated by exploration drilling in the Az-Zabirah Central Zone exploration licences. Exploration is continuing in the Az-Zabirah North Zone exploration licences for additional bauxite deposits, with a view to improving overall returns or extending the life of the mine for Ma'aden's aluminium operations.

The Company controls 15.6 million ounce of gold resources within which 3.2 million ounce have been defined as reserves.

4 - 4 - 5 Low cost minerals producer

The Company's aluminium business, which is expected to be launched soon, together with the the Company's gold and phosphate businesses constitute fully vertically integrated activities from mineral exploration to production of primary metal (in the case of aluminium and gold) and from mined ore to final consumer products (in the case of phosphate fertilisers). The vertical integration of Ma'aden's businesses, from mine to metal to fabrication, offers substantial economies of scale particularly in terms of transport and storage of raw materials, allowing the Company to minimise the involvement of third parties and thereby more effectively control costs.

The Company benefits from raw material supplies sourced within the Kingdom including, in particular, economical sources of sulphur, natural gas and heavy crude oil. The Company has supply arrangements with Saudi Aramco for the supply of fuel to power stations at Ras Al-Khair, which allow Ma'aden to securely access fuel at competitive prices, keeping the costs of production low in industries such as aluminium production, which are extremely energy-intensive.

In addition, the railway connecting the phosphate mines at Al-Jalamid and the bauxite mine at Az-Zabirah to Ras Al-Khair allows the cost-effective transport of materials to and from the Company's facilities at Ras Al-Khair, which helps the Company keep production costs low. As part of the MWAS Project, a new railway line is anticipated connecting Wa'ad Al-Shamal Mineral Industrial City with an existing railway line to Ras Al-Khair and providing similar cost advantages for the MWAS Project.

The port facilities at Ras Al-Khair allow the easy export of DAP, MAP, ammonia and aluminium to international markets. The lower freight rates to the Company's key markets in Asia due to its closer proximity to those markets enable Ma'aden to compete on more favourable terms than alternate

suppliers in Europe, North Africa and the United States. As a result, the Company believes that it holds a cost advantage over its competitors in producing and delivering key products to its target markets.

The proximity of Ras Al-Khair to the oil and gas production and shipment facilities in the Eastern Province of the Kingdom, including Ras Tanura, the world's largest oil export port, also means that there is an extensive network of supply pipelines and storage facilities to draw upon should the need arise.

4 - 4 - 6 Government support for industrial development

Like other companies operating in the Kingdom, the Company has historically benefitted from incentives provided by the Government for any industrial activity in order to support industrialisation in the Kingdom in general. The Company's phosphate and aluminium operations in particular have benefitted from this support, including the building of key common infrastructure by the Government, such as the construction of a railway connecting the phosphate mines at Al-Jalamid and the bauxite mine at Az-Zabirah to Ras Al-Khair and Jubail and port facilities at Ras Al-Khair, which facilitates the export of DAP, ammonia and aluminium to international markets.

The Government has allocated industrial and residential land at the Ras Al-Khair site required for the building of processing facilities and the supporting social and industrial infrastructure required for the development of the Company's phosphate and aluminium operations. In addition, the Government has allocated fuel for the power station, natural gas for the ammonia plant and molten sulphur for the sulphuric acid plant (in each case through Saudi Aramco).

4 - 4 - 7 Strong joint venture partners

The Company has entered into a number of joint venture arrangements, with companies such as SABIC, Alcoa, Sahara and Mosaic. Through these joint venture arrangements, SABIC, Mosaic and Alcoa each provide the benefit of their world-class technical and operational experience in providing input and know-how. The Company believes that the participation of SABIC, currently one of the world's largest petrochemical companies, as a joint venture partner with the Company in its phosphate operations in Al-Jalamid and Ras Al-Khair through its shareholding in MPC, and the participation of SABIC and Mosaic, one of the world's largest producers of phosphate fertilisers, as joint venture partners in the Company's phosphate operations in the MWAS Project, and the participation of Alcoa, the world's third-largest aluminium company, as a joint venture partner in its aluminium operations, significantly diminishes the Company's operating risks in these operations.

4 - 4 - 8 Significant synergies between divisions

The shared location of processing facilities for the Company's phosphate and aluminium operations at Ras Al-Khair and the use of shared infrastructure at this site, including railways and port facilities, creates significant synergies between the Company's business divisions. The Company exploits these synergies to reduce costs in a number of ways. For example, it uses the steam generated in the production of sulphuric acid to fire the phosphate power plant and combines the acidic waste streams from the fertiliser plants with the alkaline waste streams from the alumina refinery to neutralise waste streams, resulting in lower costs than are incurred by some of its competitors.

4 - 4 - 9 Experienced management team

The Company's management is experienced in developing, executing and operating natural resource projects within the Kingdom, having already successfully brought a phosphate mine and beneficiation plant in Al-Jalamid, a phosphoric acid plant, a sulphuric acid plant, an ammonia refinery and a DAP plant into production, with the commercial production of DAP commencing in February 2012G. In addition, while the aluminium smelter is still in the ramp-up phase, it produced approximately 187,000 tonnes of aluminium in 2013G during pre-commercial production. The Company's management team has also turned a number of gold exploration projects into operating gold mines, including the As-Suq mine, the construction of which was completed in 2013G with commercial production commencing in March 2014G.

The Company has recruited experienced senior officers with expertise ranging from exploration to development and operation of mines and downstream facilities, including Mr Abdallah Bin Saif Al-Saif, the Chairman of the Board. He has significant experience in the mining industry, having previously served in numerous Senior Management positions, including positions on the Board at Aramco between 1960G and 2007G. Another is Mr Khalid Bin Saleh Al-Mudaifer, the Company's President and Chief Executive Officer, who served as General Manager of Qassim Cement between 1993G to 2006G

and as Vice President of the Phosphate and New Business Development Unit at the Company from 2006G to 2010G. The management team is supported by industry experts, some of whom have been with the Company since it was founded, and by key expertise and specialised personnel provided by joint venture partners. (Please see Section 5, "**Company Management Structure and Governance**", of this Prospectus).

4 - 5 Strategy

The Company aims to become a world-class international minerals enterprise with a reputation for operational efficiency, sustainable development and regard for social and environmental issues. The Company has developed "Ma'aden 2022", a strategy that focuses on growth, sustainability and profitability with the goal of making the Company one of the top producers in each of the key segments in which it operates. The key components of the Company's strategy are as follows:

4 - 5 - 1 Complete the development and ramp-up of existing projects

The Company has embarked on a significant expansion of its phosphate operations with the development of the MWAS Project. This requires the construction of a mine at Al-Khabra and the development of significant industrial processing and production facilities at Wa'ad Al-Shamal Mineral Industrial City and Ras Al-Khair. The Company is also in the final phase of completing its integrated aluminium complex at Ras Al-Khair, which includes an alumina refinery, an aluminium smelter, a rolling mill and associated infrastructure.

The subscription proceeds from the Rights Offering, after deduction of expenses, will be primarily used to fund the Company's equity investment in its phosphate operations, specifically the MWAS Project, and to fund its aluminium operations, specifically the mine and refinery being constructed by MBAC. (Please see Section 10, "**Use of Proceeds**", of this Prospectus).

4 - 5 - 2 Develop mineral resources and ore reserves

The Company has a sustained long-term commitment to exploration and development of mineral resources in the Kingdom. As at the date of this Prospectus, the Company's total gold exploration licence area was approximately 50,000 km2. The Company's exploration team has identified several new gold exploration targets and is evaluating a number of potential new gold resources in the Kingdom. In 2013G, Ma'aden's exploration team undertook an exploration programme which included 154,000 metres of drilling and the collection of over 200,000 samples in regional geochemical exploration. Exploration is continuing at a similar level of activity in 2014G.

The Company is striving to increase its ore reserves in order to extend the life of its existing mines where possible, focusing on a combined underground and surface exploration programme to replenish reserves and to identify new resources. The Company has conducted an underground exploration programme with over 6,000 metres of diamond drilling, in order to increase ore reserves at the Mahd Ad-Dahab mine. The Company is also evaluating potential new phosphate resources adjacent to the operating Al-Jalamid mine and in the Umm Wu'al area to provide phosphate to the processing plant under development as part of the MWAS Project. Drilling was also conducted to explore and evaluate a magnesite prospect at Jabal Al-Rokham.

Following completion of the appropriate technical feasibility and economic viability studies, the Company also intends to develop other prospective deposits into producing mines.

4 - 5 - 3 Diversify into other minerals and downstream products

While the Company's diversified portfolio has focussed on phosphate, aluminium, gold and base metals, the Kingdom's geology remains relatively underexplored using modern exploration techniques. There are potential opportunities for the Company to expand and diversify into other minerals, such as silver, copper, zinc and high-grade quartz. The Company's exploration team is currently evaluating the Al-Hajar copper prospect, located 550 km southeast of Jeddah and approximately 100 km south of the town of Al-Bahah. While the prospect has previously been exploited for gold oxide mineralisation, the Company is now focused on the potential extraction of copper and zinc sulphide mineralisation.

In addition, the Company is also currently investing in downstream products, such as purified phosphoric acid, used in food industries, and sodium tripolyphosphate, used in detergents, which could be produced at the production facilities being developed in the Wa'ad Al-Shamal Mineral Industrial

City. The Company continues to seek further potential investments in downstream products, if such products can support profitable growth in the core business without excessive risk. The Company will consider strategic acquisitions and conclude joint ventures to the extent that they enhance its growth prospects and shareholder value.

4 - 5 - 4 Build a safe and substantial business through social responsibility and commitment to the environment and health and safety

The Company is committed to social and environmental responsibility and seeks to achieve profitable and sustainable growth through the development of appropriate best practices.

The Company's community policy outlines its responsibility to the local communities and the actions that it will take to maintain good relations with these communities. To support local economies across the Kingdom it places a priority on local procurement. In 2013G, 67 per cent of its total procurement budget was spent on purchasing products and services from local Saudi providers and it spent nearly SAR 5.4 billion on local supply contracts.

In 2013G, the Company developed a community engagement framework for its operations and is working with all of its local communities to ensure that it understands and considers their concerns and goals. The Company has specifically commissioned a local development strategy for the MWAS Project. The Company is also in the process of establishing a community management system to oversee and strengthen its social performance, which is closely aligned to international best practice approaches including the AA 1000 Stakeholder Engagement Standard and the International Finance Corporation Performance Standards.

As mining can directly affect surrounding geographical areas, the Company continually seeks to minimise its environmental impact. The Company aims to go beyond regulatory compliance to ensure that its operations and business perform in accordance with international environmental standards. It intends to continue to improve its environmental performance, investing in specialist research, technologies and IT systems to ensure that it delivers on this commitment. In 2013G, the Company commissioned Synergy Environmental Solutions, an external specialist, to measure its environmental footprint, which it expects will be completed by the end of 2014G. This will measure the Company's impact on the environment around it, including consumption and emissions data, giving the Company a baseline from which it can begin to set goals for improvement.

In addition, in 2013G the Company introduced a new Environmental Health and Safety Integrated Management System, which uses standards to address environmental concerns such as water quality, waste management, air emissions management and environmental emergency preparedness. The Company aims to have these standards implemented by the end of 2014G and has already obtained ISO 14001 (Environment) and OHSAS 18001 (Health and Safety) certifications for the majority of its business units.

The Company's primary security objective is the protection of all its employees and physical assets. Ma'aden therefore seeks to ensure that strict health and safety standards are observed throughout its operations. The Company conducted over 400 safety training sessions in 2013G at the Company sites covering job safety analysis, root cause analysis, hazard recognition, safe behaviour and defensive driving.

4 - 5 - 5 Facilitate effective employee engagement and create career and development opportunities for its employees

The Company has adopted, and intends to continue to adopt, policies, programmes, systems and practices to facilitate effective employee engagement and create career and development opportunities for its employees. In 2013G, 2,809 employees across its gold, phosphate and corporate strategic business units received training, either within the Company or by external agencies. As part of its employee development strategy, the Company is in the process of developing the Ma'aden Academy, which will offer learning and development to future leaders of the company, including lessons on managerial and leadership behaviours expected by the Company, to ensure that high-performing employees obtain the appropriate management skills. The Company is working on developing an internal faculty to further this project and run future academic programmes.

4 - 6 CAPITAL STRUCTURE

The Company was initially incorporated with a share capital of SAR 4,000,000,000, comprising 400,000,000 shares with a nominal value of SAR 10 each, all of which were owned by the Government, represented by the PIF.

Pursuant to Council of Ministers Resolution No. 49 dated 25/02/1429H (corresponding to 04/03/2007G) the capital of the Company was increased to SAR 9,250,000,000 comprising 925,000,000 shares with a nominal value of SAR 10 each. The Government, represented by PIF, held 462,500,000 shares. GOSI subscribed for 23,125,000 shares and PPA subscribed for 23,125,000 shares, with the remaining 416,250,000 New Shares offered for public subscription pursuant to an Initial Public Offering. The Company became a public company listed on Tadawul on 05/07/2008G.

As at the date of this Prospectus, the issued capital of the Company was SAR 9,250,000,000 comprising 925,000,000 shares with a nominal value of SAR 10 each, although pursuant to the Rights Issue, the capital of the Company will be increased to SAR 11,684,782,610 comprising 1,168,478,261 shares, each with a nominal value of SAR 10, as a result of the Rights issue. As at the date of this Prospectus, the Company has not issued any other options or other rights to acquire an interest in its share capital.

As at 30/06/2014G, the shareholders of the Company are as follows:

Shareholder	Share	Percentage
PIF	462,500,000	50.00%
General Organisation for Social Insurance	88,828,104	9.60%
Public Pension Agency	67,818,161	7.45%
General Public	305,853,735	32.95%
Total	925,000,000	100.00%

As at 30/06/2014G, no shareholder other than PIF, GOSI and the PPA held more than five per cent of the Company's share capital.

4 - 7 BUSINESS UNITS

The following tables show the capacity and actual production of the utilities of the Company's business units during 2012G and 2013G:

Table 4.2: Capacity and actual production of the utilities of the Company's business units during 2012G and 2013G.

(a) Phosphate (Ammonia and DAP)

Year	Capacity	Actual Production		
	MTA	2013G 1 MT	2012G 1 MT	% Change
Ammonia	1.10	0.96	1.09	-12%
DAP	3.00	1.82	1.53	19%

(b) Aluminium

Year	Capacity	Actual Production		
	KTA	2013G KT	2012G KT	% Change
Aluminium ingots	740	187	0	--

(c) Industrial Minerals

Year	Capacity	Actual Production		
	KTA	2013G 1 KT	2012G 1 KT	% Change
Kaolin	79.2	64.3	52.5	22%
Bauxite	N/A	1044.4	760,114	37%
Calcined Magnesia	39	29.5	39.0	-8.4%

(d) Gold

Year	Capacity	Actual Production		
	N/A	2013G	2012G	% Change
Mining quantities (tonnes)	N/A	2,835,166	2,822,494	0.004%
Grade g/t	N/A	1.71	-	-
Metals Refined (tonnes)	N/A	2,551,013	3,633,061	-
Grade	N/A	1.51	1.50	-
Recovery proportion %	N/A	71	67	-
Ounces produced	N/A	133,677	137,787	%-3

4 - 7 - 1 Phosphate

4 - 7 - 1 - 1 Overview

The Company's existing phosphate operations are carried out by MPC, a limited liability company co-owned by the Company (70 per cent) and SABIC (30 per cent). The joint venture agreement establishing MPC was concluded on 03/09/1428H (corresponding to 15/09/2007G) for a term of 25 years, which will be renewed automatically for a subsequent five-year period, subject to two-year notice by either party of intention not to renew. A summary of the material terms and conditions of the joint venture agreement is set out in Section 14.1, "**Legal Information –Material Agreements**", of this Prospectus.

MPC's phosphate operations are carried out at two integrated sites, a phosphate mine and beneficiation plant at Al-Jalamid and a fertiliser production facility at Ras Al-Khair on the Arabian Gulf coast, approximately 90 km north of Jubail, consisting of a phosphoric acid plant, a sulphuric acid plant, an ammonia plant, a DAP granulation plant, a cogeneration and desalination plant and other site infrastructure. The phosphate concentrate produced in Al-Jalamid is transported by rail from Al-Jalamid to the fertiliser production facility at Ras Al-Khair for processing. MPC started production of ammonia in commercial quantities in October 2011G. This was followed by commercial production of DAP in February 2012G. (Please see Section 2.1.7.2, "**Operational Performance**", of this Prospectus).

The Company is working on a significant expansion of its phosphate operations with the development of an integrated phosphate production facility by Ma'aden Wa'ad Al-Shamal Phosphate Company ("MWASPC"), a limited liability company co-owned by the Company (60 per cent), Mosaic (25 per cent) and SABIC (15 per cent). The joint venture agreement establishing MWASPC was concluded on 28/09/1434H (corresponding to 05/08/2013) for a term of 25 years, which will renew automatically for a subsequent five-year period, subject to two-year notice by either party of intention not to renew. Section 14.1.2.8 of this Prospectus provides further details on the MWAS Project's infrastructure financing by the Ministry of Finance.

The phosphate production facility will be built in Wa'ad Al-Shamal Mineral Industrial City, with complimentary plants for the production of ammonia and compound fertiliser built in Ras Al-Khair and linked to Wa'ad Al-Shamal Mineral Industrial City by railway. The integrated phosphate production facility will include seven large plants and associated facilities, with an estimated total production capacity of approximately 16 Mtpy, which will include approximately three Mtpy of phosphate and compound fertiliser in addition to approximately 440,000 tpy of phosphate downstream products, including purified phosphoric acid, sodium tri-polyphosphate, di-calcium phosphate and monocalcium phosphate.

The Company is also studying the feasibility of exploiting phosphate deposits under the Umm Wu'al license in the Kingdom's Northern Borders Province.

4 - 7 - 1 - 2 Operational Performance

The commercial production of ammonia and DAP in Ras Al-Khair commenced in October 2011G and February 2012G, respectively. The annual production of Ma'aden's phosphate division in 2013G was 960,000 tonnes of ammonia and 1.8 Mt of DAP, compared to 1.1 Mt of ammonia and 1.5 Mt of DAP in 2012G. The decrease in production of ammonia was due to an unexpected extension of a scheduled shut-down.

The sale of ammonia generated revenues of SAR 1.08 billion in 2013G, compared to SAR 1.57 billion in 2012G. The decrease in revenues generated by sales of ammonia in 2013G was the result of the decrease in the production of ammonia in 2013G, a decrease in the price of ammonia during this period, and the fact that more ammonia was used internally to achieve a higher production of DAP.

The sale of DAP generated revenues of SAR 3.09 billion in 2013G, compared to SAR 2.88 billion in 2012G. The increase in the revenues generated by sales of DAP in 2013G, notwithstanding a decrease in the price of DAP during period, was the result of an increase in the production volume of DAP in 2013G.

4 - 7 - 1 - 3 Producing Mines

MPC's phosphate mining operations are conducted at Al-Jalamid.

Al-Jalamid

The Al-Jalamid deposit is located within the Sirhan Turayf region, a northern province of the Kingdom that extends to the borders of Jordan and Iraq. The deposit encompasses an area of 32.7 km2 in the Northern Province of the Kingdom, approximately 27 km to the northwest of the village of Al-Jalamid and 150 km southeast of the town of Turayf.

Mining activities at the Al-Jalamid site are conducted by Saudi Comedat Company Ltd ("Saudi Comedat"), a company owned by a syndicate of experienced mining contractors comprising CMCI, Jordan Comedat and Kier Group pursuant to a mining services contract entered into by MPC on 01/10/2007G. The initial contract period is for eight years after which the contract is expected to be re-tendered. The mine contractor provides all equipment, personnel and consumables for the operation of the mine during the contract period. MPC retains control of long-term mine planning and ore quality.

The mining license for the Al-Jalamid site covers an area of 49.6 km2. This area encompasses the Al-Jalamid deposit and four other prospective deposit areas identified in the immediate area near the Al-Jalamid deposit. Mining license No. Q/43 was issued on 01/07/1427H (corresponding to 27/07/2006G). The term of the license is 30 Hijri years from the date of issue, and the annual surface rent for the license is SAR 500,000. In 2013G, approximately 9.35 Mt of ore was mined at Al-Jalamid, compared to 7.45 Mt of ore mined in 2012G.

Mineral Resources and Ore Reserves—Producing Mines

The table below sets out the total mineral resources and ore reserves at Al-Jalamid as at 2005G.

Table 4.3: Total mineral resources and ore reserves at Al-Jalamid.

Mineral resources									
	Cut-off Grade (P2O5%)	Measured		Indicated		Inferred		Total	
		Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%
Al-Jalamid	12	512	19.7	--	--	--	--	512	19.7

Ore reserves							
	Cut-off Grade (P2O5%)	Proven		Probable		Total	
		Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%
Al-Jalamid *	12	201	20.30	--	--	201	20.3

*Reserve update in progress.

4 - 7 - 1 - 4 Exploration Activity

Umm Wu'al EL Blocks 1 to 20 (with the exception of Block 6)

Umm Wu'al EL Blocks 1 to 20 are located in the Kingdom's Northern Borders Province. Activity in Wu'al EL Blocks 1 to 20 is currently limited to resource drilling. The exploration license in respect of Umm Wu'al EL Block B6 has been transferred to MWASPC. Please see Section 3.1.3.10, "**Use of Proceeds and Expenses—Overview of the Use of Offering Proceeds—Expanding Phosphate Operations—MWAS Project—Overview of Exploration Activity**", of this Prospectus).

Umm Wu'al EL Blocks 1 to 20 (with the exception of Block 6) are being explored pursuant to the Umm Wu'al license which covers an area of 1,747 km2. The licence was initially issued on 4/4/1420H (corresponding to 17 July 1999G) for a period of five Hijri years. The license was renewed for four years on 06/04/1425G (corresponding to 25/05/2004G) and for a further five years on 28/12/1430H (corresponding to 15/12/2009G). The Company is currently in the process of renewing the license for a further five-year term.

Al-Jalamid EL Blocks A1 to A11

Al-Jalamid EL Blocks A1 to A11 are located in the Kingdom's Northern Borders Province. Activity in Al-Jalamid EL Blocks A1 to A11 is currently limited to resource drilling.

Al-Jalamid EL Blocks A1 to A11 are being explored pursuant to the Jalamid license which covers an area of 928 km2. The licence was initially issued on 04/04/1420H (corresponding to 17/07/1999G) for a period of five Hijri years. The license was renewed for four years on 06/04/1425G (corresponding to 25/05/2004G) and for a further five years on 28/12/1430H (corresponding to 15/12/2009G). The Company is currently in the process of renewing the license for a further five-year term.

4 - 7 - 1 - 5 Mineral Resources—Exploration Activity

Set out below is a table showing the total mineral resources for the phosphate prospects under exploration and evaluation as at 2014G.

Table 4.4: Total mineral resources for the phosphate prospects under exploration and evaluation as at 2014G.

Mineral Resources									
	Cut-off Grade (P2O5%)	Measured		Indicated		Inferred		Total	
		Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%
Umm Wu'al EL Block 10*	12	--	--	113	13.7	414	14.6	527	14.3
Al-Jalamid EL Blocks A1 to A11	12	--	--	--	--	362	16.9	362	16.9

*Reserve update in progress.

4 - 7 - 1 - 6 Production Facilities

The ore mined at Al-Jalamid is processed at the on-site beneficiation plant to produce phosphate concentrate which is then transported by rail to the fertiliser production facility at Ras Al-Khair for production of DAP and MAP.

Al-Jalamid

The Al-Jalamid beneficiation plant utilises grinding, washing, de-sliming, flotation and drying processes to remove calcium and magnesium carbonates from the ore and produce a phosphate concentrate suitable for use in the manufacture of wet process phosphoric acid, increasing the percentage of phosphate content in the ore whilst lowering the content of other deleterious minerals. The plant design capacity is 5.02 Mtpy (on a dry basis) of phosphate concentrate, which would require 11.6 Mtpy of ore (dry basis). Substantial investment has also been made in industrial infrastructure at Al-Jalamid, including a power plant, potable water production, treatment and distribution facilities, roads, and a telecommunication network.

The Al-Jalamid beneficiation facilities produced an estimated 2.99 Mt (on a dry basis) of phosphate concentrate in 2013G, compared to an estimated 3.00 Mt (on a dry basis) of phosphate concentrate in 2012G.

Ras Al-Khair

Phosphate concentrate is processed at a fertiliser production facility at Ras Al-Khair to produce DAP or MAP. Sulphur and natural gas, the additional key raw material inputs, are sourced from Saudi Aramco. The complex at Ras Al-Khair also consists of a sulphuric acid plant, a phosphoric acid plant, an ammonia plant, DAP and MAP plant and a co-generation and desalination plant.

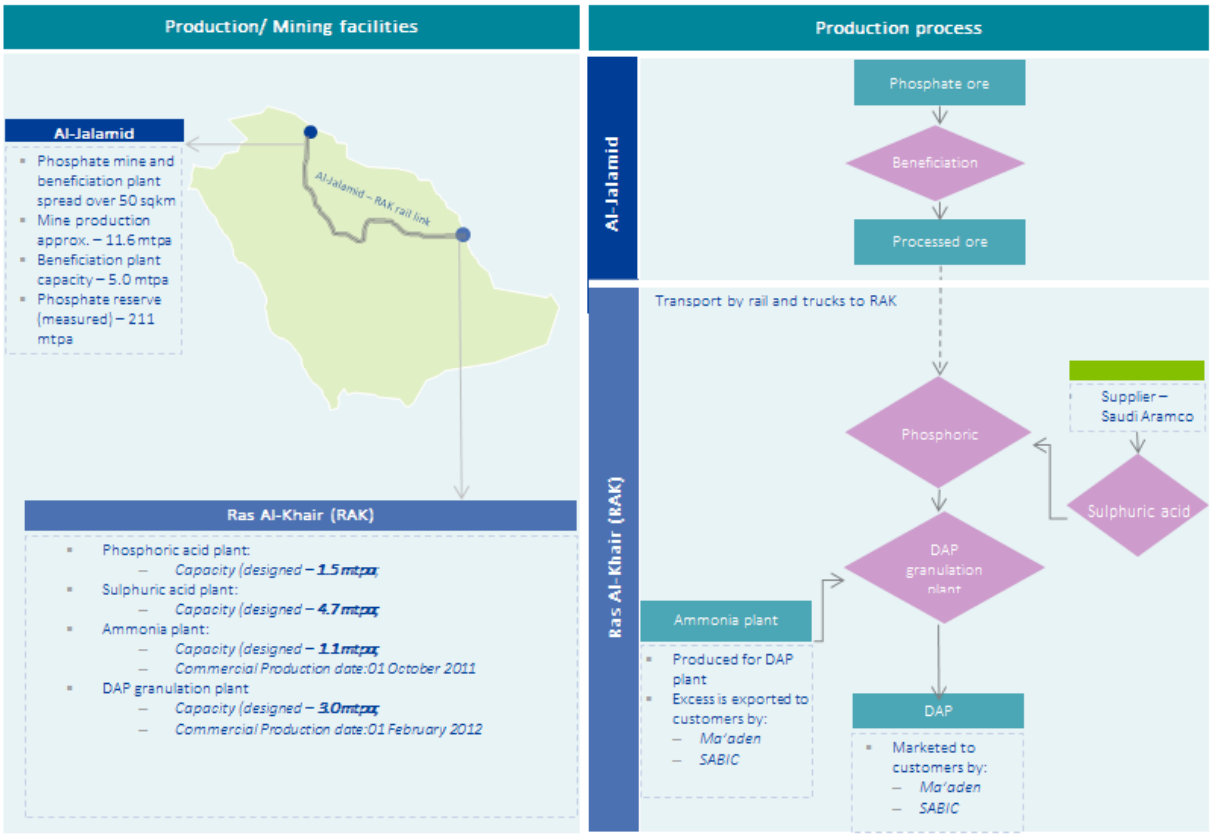
The facilities are supported by a port facility and other infrastructure which are utilised by both MPC in conducting the Company's phosphate operations and MBAC, MAC and MRC in conducting the Company's aluminium operations, as further described in Section 9.1.7.4, "**Common Infrastructure**", below. The proximity of Ras Al-Khair to the oil and gas production and shipment facilities in the Eastern Province of the Kingdom, including Ras Tanura, the world's largest oil export port, means that there is an extensive network of supply pipelines and storage facilities to draw upon should the need arise.

MPC has entered into a technical support agreement with SABIC pursuant to which SABIC (through its subsidiary SAFCO) will provide support to MPC and training to MPC's technical personnel and will also provide project management, maintenance and operational support in connection with the operation of the fertiliser facility at Ras Al-Khair. MPC has also engaged certain other specialists to assist with technical, operational and maintenance support and training in respect of the facilities at Ras Al-Khair, with Outotec engaged to provide such services with respect to the sulphuric acid plant; Samsung and Uhde engaged to provide such services for the ammonia plant; Dragados and Incro engaged to provide such services for the DAP plant; and Yara France and Litwin engaged to provide such services for the phosphoric acid plant.

MPC produced approximately 1.82 Mt of granular DAP during 2013G, compared to 1.53 Mt during 2012G. At full capacity, it is expected that MPC will produce approximately 2.9 Mtpy of granular DAP. MPC also has the option to produce MAP rather than DAP, should production of MAP become more financially viable. The DAP produced is exported to international markets. The ammonia produced is supplied to the DAP plant, and the surplus ammonia, which has been made available for any future expansion of the DAP and MAP production plant, is currently exported to international markets and sold by SABIC, once demand in the local market has been satisfied.

The figure below shows phosphate sequence production processes and further details of the relevant facilities:

Figure 4:2. Phosphate sequence production processes and further details of the relevant facilities



Source: Management information

Sulphuric Acid Plant

Sulphuric acid is manufactured at the sulphuric acid plant using molten sulphur procured from Saudi Aramco pursuant to the terms of a sulphur supply contract. The sulphuric acid plant has an annual production capacity of approximately 4.66 Mtpy of sulphuric acid, which would require approximately 1.5 Mtpy of molten sulphur. In 2013G the sulphuric acid plant produced approximately 2.97 Mt of sulphuric acid. The sulphuric acid plant supplies sulphuric acid to the phosphoric acid plant for the production of phosphoric acid. The sulphuric acid plant also produces high-pressure, super-heated steam which is used by the cogeneration and desalination plant to produce power for the facilities at Ras Al-Khair.

Phosphoric Acid Plant

Phosphoric acid is manufactured at the phosphoric acid plant using the sulphuric acid provided by the sulphuric acid plant, the phosphate concentrate provided by the Al-Jalamid beneficiation plant and kaolin supplied by IMC. In the event of interruption in supply from the Al-Jalamid beneficiation plant, onsite storage facilities, which can hold approximately 200,000 tonnes of phosphate concentrate, can support production of phosphoric acid for 14 days.

Three separate phosphoric acid production trains operate to produce phosphoric acid at the plant. In aggregate the three phosphoric acid production trains have a combined annual production capacity

of approximately 1.37 Mtpy of phosphoric acid, which would require approximately 5.02 Mtpy of phosphate concentrate and 4.5 Mtpy of sulphuric acid.

In 2013G the phosphoric acid plant produced approximately 0.86 Mt of phosphoric acid. The phosphoric acid produced is supplied to the DAP plant for use in the production of DAP.

A fire at the phosphate rock unloading belt in September 2013G resulted in damage to the phosphate rock unloading facility, which took approximately three months to repair. No employees were injured in the incident and the stoppage did not affect the Company's ability to meet its obligations to customers, due to alternative mechanisms in place for the transfer of phosphate rock by truck and ground transportation. As the result of this accident, MPC filed a claim with the insurance company in order to receive compensation of SAR 69,400,000, which represents the full value of damage and losses (including the cost of repairing the belt and the shutdown of production during this period) suffered by it. The insurance company agreed to compensation in the amount of SAR 42,000,000 (after deductions). MPC has received SAR 30,300,000 and the remaining claimed amounts will be paid later by the insurance company. There are no counterclaims or pending matters in this regard.

Ammonia Plant

Ammonia is manufactured at the ammonia plant using natural gas procured from Saudi Aramco, which has a dedicated gas pipeline to Ras Al-Khair to supply quantities of natural gas sufficient to meet the ammonia plant's daily requirements.

The ammonia plant has a production capacity of approximately 1.09 Mtpy of ammonia. In 2013G, the ammonia plant produced approximately 0.96 Mt of ammonia, of which approximately 0.41 Mt was supplied to the DAP plant for use in the production of DAP. Surplus ammonia has been made available for any future expansion of DAP production, with the output of ammonia sufficient to supply the ammonia required for the production of 2 Mtpy of DAP. At present, the surplus ammonia is exported to international markets and sold by SABIC, once any demand in the local market has been satisfied.

Diammonium Phosphate (DAP) Plant

DAP is manufactured at the DAP plant using ammonia supplied by the ammonia plant and phosphoric acid supplied by the phosphoric acid plant. In the event of any interruption in supply from the ammonia plant, onsite storage facilities, which can hold approximately 58,000 tonnes of ammonia, can support production of DAP for 29 days, which is expected to be sufficient to ensure an adequate ammonia supply to the DAP plants in the event that the ammonia plant undergoes a planned shutdown for maintenance.

Four separate DAP production trains operate to produce DAP at the plant, two of which will also have the capability to produce MAP, should production of MAP become more economically viable. In aggregate the four DAP production trains have a combined annual production capacity of approximately 2.92 Mtpy of DAP and consume approximately 1.37 Mtpy of phosphoric acid and 0.65 Mtpy of ammonia. Onsite storage facilities hold approximately 200,000 tonnes of DAP, which corresponds to 22 days of production, and is intended to allow the plant to operate regardless of shipping interruptions and short-term fluctuations in product demand.

4 - 7 - 1 - 7 Infrastructure

MPC's operations require the support of substantial infrastructure. MPC's operations rely on dedicated infrastructure for MPC's sole use at Ras Al-Khair ("**MPC Infrastructure**") and certain infrastructure which is utilised by both MPC in conducting the Company's phosphate operations and MBAC, MAC and MRC in conducting Ma'aden's aluminium operations ("**Common Infrastructure**").

4 - 7 - 1 - 8 MPC Infrastructure

MPC Infrastructure includes a power generation and water desalination plant capable of generating approximately 135 MW of electricity and 40,000 m3 of desalinated water per day. The plant uses the excess steam generated by the sulphuric acid and ammonia plants. Any surplus power produced is sold to the SEC's national electricity distribution grid. In addition, connection to the national electricity grid provides an alternative source of power should this be required. A seawater cooling system has been constructed to provide cooling water to the ammonia and sulphuric acid plants and to supply water to the desalination plant.

Other infrastructure includes facilities for process and potable water, storm water, effluent and waste water treatment, plant air, feedstock distribution, phosphate concentrate handling, integrated control systems, communications and security, acid loading, liquid sulphur receiving, roadways, lighting, security and administrative offices.

4 - 7 - 1 - 9 Common Infrastructure

The Common Infrastructure utilised by both MPC in conducting the Company's phosphate operations and MBAC, MAC and MRC in conducting the Company's aluminium operations includes a port at Ras Al-Khair for the purposes of exporting DAP and MAP, ammonia, alumina and aluminium and for the import of raw materials, and a railway to transport phosphate and bauxite ore from Al-Jalamid and Ba'itha (respectively) to Ras Al-Khair and various other infrastructure facilities, including accommodation and telecommunication facilities, details of which are set out below.

Port

In connection with the development of the Ras Al-Khair area, a port was constructed by the Saudi Port Authority, which services the import and export requirements associated with the Company's operations. The port is operated and maintained by the Saudi Port Authority.

The port is comprised of three main berths, one for dry bulk cargo (such as DAP), one for general cargo and one for liquid bulk cargo, within a 2.4 km by 1.4 km port basin with a 24 km long, 175 m wide navigation channel. The port has been designed to receive visiting vessels of up to 70,000 DWT to ensure that there is sufficient capacity to accommodate the largest vessels involved in the export of DAP, ammonia and aluminium. Provision has been made in the port basin design for additional berths if required for future expansion.

Railway

In connection with the development of Ras Al-Khair, a railway line which links Al-Jalamid and Al-Ba'itha with Ras Al-Khair and Jubail Industrial City was constructed as part of the new north-south railway line from Riyadh to Haditha. The total length of the railway is approximately 2,400 km and can transport minerals as well as passengers and general freight. The mineral line is approximately 1,486 km long and links the phosphate mine at Al-Jalamid and bauxite mine at Az-Zabirah to the processing facilities at Ras Al-Khair.

The railway was constructed and fully funded by PIF and the Company was not responsible for any of the costs associated with the development of the railway. Pursuant to a railway transportation agreement entered into by MPC with Saudi Railways Company ("**Saudi Railways**"), Saudi Railways has agreed to provide MPC with transport and affreightment services for phosphate concentrate from the Al-Jalamid beneficiation plant to the Ras Al-Khair processing facilities. A fee is payable by MPC in connection with the use of the railway.

Accommodation

A residential village for unmarried employees at Ras Al-Khair, which is owned and operated by MIC, a limited liability company wholly owned by the Company, provides accommodation for 2,500 employees of MPC and MAC. MIC is also developing a family housing project in Jubail to provide family accommodation to the employees of MPC and MAC.

4 - 7 - 1 - 10 Sales and Marketing

Pursuant to the terms of the joint venture agreement between the Company and SABIC, Ma'aden and SABIC have entered into various agreements with MPC and each other concerning the marketing of DAP and excess ammonia produced by MPC. Pursuant to these agreements, SABIC and the Company are each responsible for marketing a pro rata amount of the total DAP and excess ammonia production equivalent to their interests in MPC of 30 per cent and 70 per cent respectively (as amended from time to time), in consideration for which, each of SABIC and the Company will be paid a marketing fee by MPC.

On 22/05/2012G the Company entered into a marketing agreement, pursuant to which it was agreed that the Company and SABIC would each market 50 per cent of the total DAP production and SABIC would market all excess ammonia production until end of 2016G. As at January 2016G in respect of

DAP and January 2017G in respect of excess ammonia, the Company and SABIC will then revert to their initial marketing rights (70 per cent for the Company and 30 per cent for SABIC) set out under the respective marketing agreements. After demand in the local market has been satisfied, the DAP and ammonia is exported to the international markets.

4 - 7 - 1 - 11 Management

MPC is managed by a board of managers comprised of six managers, four of which are appointed by the Company and two of which are appointed by SABIC. The president and chief executive officer of MPC is nominated by the Company, while the chief financial officer is nominated by SABIC.

4 - 7 - 1 - 12 The MWAS Project

Overview

The Company is working on a significant expansion of its phosphate operations with the development of an integrated phosphate production facility in Wa'ad Al-Shamal Mineral Industrial City and Ras Al-Khair (the "**MWAS Project**"). The MWAS Project is being undertaken by MWASPC, a limited liability company co-owned by the Company (60 per cent), Mosaic (25 per cent) and SABIC (15 per cent).

The MWAS Project aims to exploit the extensive phosphate deposit at Al-Khabra in the Turayf Province and utilise local natural gas and sulphur to manufacture phosphate and compound fertiliser, in addition to phosphate downstream products, including purified phosphoric acid, sodium tri-polyphosphate and di-calcium phosphate and monocalcium phosphate.

The MWAS Project will involve the development of a beneficiation plant, sulphuric acid plant and phosphate acid plant in Wa'ad Al-Shamal Mineral Industrial City and an ammonia plant and a DAP plant in Ras Al-Khair. The two sites will be connected by rail. It is expected that production at the integrated phosphate production facility will commence in Q4 2016G and, following completion, average production capacity is expected to be approximately 16 Mtpy, with approximately 3 Mtpy of phosphate and compound fertiliser, in addition to approximately 440,000 tpy of phosphate downstream products, including purified phosphoric acid, sodium tri-polyphosphate and di-calcium phosphate and monocalcium phosphate. The total cost of the entire phosphate production facility is estimated to be approximately SAR 28 billion. It is worth noting that there has been no delay in the MWAS Project as at the date of this Prospectus.

For further details in respect of the MWAS Project, please see Section 10.3.1.1, "**Offering Proceeds—Overview of the Use of Offering Proceeds—Expanding the phosphate operations—MWAS Project**", of this Prospectus.

4 - 7 - 2 Aluminium

4 - 7 - 2 - 1 Overview

The Company's aluminium operations are carried out through MBAC, MAC and MRC. Each of these companies are limited liability companies co-owned by the Company (74.9 per cent) and Alcoa (25.1 per cent) and were established with the objective of exploiting the Kingdom's bauxite resources to produce aluminium for domestic and export markets. MBAC is responsible for the mining of bauxite and refining of alumina, MAC is responsible for the production of aluminium and MRC is responsible for the production of aluminium sheets.

The companies were established pursuant to a joint venture agreement concluded on 20/12/2009G (and subsequently amended on 30/03/2010G) for a term of 30 years, which will renew automatically for a subsequent 20 year period, unless the parties agree otherwise at least two years before the expiry of the initial term or unless otherwise terminated pursuant to its terms. Thereafter, the agreement may be extended by agreement of the parties for additional ten-year periods. A summary of the material terms and conditions of the Aluminium Joint Venture Agreement is set out in Section 14.1, "**Legal Information—Material Agreements**", of this Prospectus.

The aluminium operations conducted by MBAC, MAC and MRC are carried out at two integrated sites: The mining facilities at Al-Ba'itha, consisting of a bauxite mine and ore crushing and handling facilities, and an alumina refinery and the aluminium smelter and rolling mill at Ras Al-Khair. The bauxite ore mined at Al-Ba'itha is transported by rail to the processing facilities at Ras Al-Khair. The bauxite ore

is processed in the alumina refinery, with the alumina produced used primarily as feedstock for the project's aluminium smelter.

4 - 7 - 2 - 2 Operational Performance

Production of aluminium ingots commenced in December 2012G. The annual production of aluminium ingots in 2013G was 187,000 tonnes, which generated revenues of SAR 1.02 billion in 2013G.

4 - 7 - 2 - 3 Producing Mines

MBAC's bauxite mining operations are conducted at Al-Ba'itha.

Al-Ba'itha

The site for the Al-Ba'itha bauxite mine is located in the Qassim province in the north-eastern region of the Kingdom, approximately 440 km northwest of Riyadh and 600 km northwest of Ras Al-Khair. The bauxite is mined from the south zone resource area with conventional open cut mining techniques and delivered to the mine processing facilities at Ras Al-Khair, with excavated waste material being placed in previously mined areas.

The mine processing facilities located at the mine site comprise a two-stage crushing plant, which crushes the bauxite ore into a size suitable for delivery and processing through the grinding mills at the alumina refinery at Ras Al-Khair. The mine processing facilities commenced operation in 2014G and have been designed to process 4.0 Mtpy of bauxite ore. The mine infrastructure includes site access roads, drainage, bore field and water supply pipeline, integrated communications systems, sewage systems, electrical systems, reticulation of utilities and worker accommodation.

MBAC possesses three mining licenses to extract ore from Al-Ba'itha. The first and second licenses were issued by Ministerial Resolutions Q/6 and Q/7, respectively, and cover an area of 50km2. They were issued on 25/01/1428H (corresponding to 13/02/2007G). The third license was issued by Ministerial Resolution Q/8, covers an area of 47.76km2, and was issued on 25/01/1428H (corresponding to 13/02/2007G). These licenses are for the exploitation of bauxite ores and associated metals, and the annual surface rent is SAR 500,000, respectively, for the first two licenses discussed, and SAR 477,600 for the final license discussed.

The mine became operational in May 2014G and the first load of bauxite from the mine has been delivered to Ras Al-Khair. When fully operational, the mine is expected to produce approximately 4 Mt of bauxite per annum.

Mineral Resources and Ore Reserves—Producing Mines

Set out below is a table showing the total mineral resources and ore reserves for Al-Ba'itha as at 2011G.

Table 4.5: Total Mineral Resources and Ore Reserves for Al-Ba'itha as at 2011G.

Mineral resources									
	Cut-off Grade (TAA%)	Measured		Indicated		Inferred		Total	
		Tonnes (Mt)	TAA%	Tonnes (Mt)	TAA%	Tonnes (Mt)	TAA%	Tonnes (Mt)	TAA%
Al-Ba'itha	40	83	50.5	136	48.9	79	50.0	298.9	49.6

Ore reserves							
	Cut-off Grade (TAA%)	Proven		Probable		Total	
		Tonnes (Mt)	TAA%	Tonnes (Mt)	TAA%	Tonnes (Mt)	TAA%
Al-Ba'itha	40	85	48.7	135	46.3	220	47.2

4 - 7 - 2 - 4 Exploration Activity

Az-Zabirah

The Company is currently exploring the feasibility of exploiting bauxite deposits in Az-Zabirah located in Ha'il province in the northeast of the Kingdom. The bauxite deposits at Az-Zabirah are found in three main mineralised areas or blocks: The North Block, the Central Block and the South Block, with each block being about 30km long. The Company has secured tenure over all three blocks and is currently exploiting the deposits at Al-Ba'itha in the South Block. The Company is evaluating the exploration leases in the Central Block and the exploration leases recently granted in the North Block.

Air core drilling in late 2013 and early 2014 within the Az-Zabirah Central and North exploration leases has confirmed the presence of discontinuously developed bauxite over a strike length of 12 km and 16 km respectively. Further evaluation is continuing and formal resource estimation is expected by the end of 2014G.

4 - 7 - 2 - 5 Production Facilities

The bauxite ore mined at Al-Ba'itha will be transported by rail to production facilities in Ras Al-Khair, where it will be refined to produce aluminium oxide, commonly known as alumina, which will in turn be processed in the aluminium smelter to produce aluminium.

Ras Al-Khair

The complex at the Ras Al-Khair site consists of an alumina refinery, aluminium smelter and rolling mill. In addition, these facilities are supported by a port facility and infrastructure which are utilised by the MAC Companies in conducting the Company's aluminium operations, as well as by MPC in conducting the Company's phosphate operations, as further described in the "Common Infrastructure" section below.

A detailed description of the facilities contained at Ras Al-Khair is set out below.

Alumina Refinery

Alumina will be manufactured in the alumina refinery using bauxite ore and caustic soda. The bauxite ore will be sourced from Al-Ba'itha. In the event of interruption in the supply of bauxite ore, onsite storage facilities which can hold approximately 250,000 tonnes of bauxite ore can support production of alumina for 20 days. The caustic soda will be supplied by SAMAPCO.

The alumina refinery utilises the Bayer process. The Bayer process is one of the most cost-effective commercial methods for producing alumina and involves four steps: Digestion, clarification, precipitation and calcination. The alumina refinery has two production trains, which are expected to have an annual production capacity of approximately 1.8 Mtpy of alumina.

The production of alumina at the alumina refinery is expected to commence by the end of 2014G. The alumina produced will be supplied to the aluminium smelter for the use in the production of aluminium, while any surplus alumina will be sold to international markets, after demand in the local market has been satisfied.

Aluminium Smelter

Aluminium is manufactured in the aluminium smelter using alumina. The alumina will be supplied by the alumina refinery, once it is fully operational and is currently supplied by an affiliate of Alcoa pursuant to the terms of the joint venture agreement with Alcoa. (Please see Section 14.1.3.1, "**Legal Information—Material Contracts—Framework Shareholders' Agreement with Alcoa**", of this Prospectus.) On-site storage facilities hold approximately 150,000 tonnes of alumina, which corresponds to 38 days of production, and is intended to allow the aluminium smelter to continue to operate through supply interruptions.

The aluminium smelter comprises two modern pre-bake high amperage technology potlines as well as a carbon plant for anode production, a cast house for the production of ingot, billet, slab and T-bar and support facilities. In aggregate the two potlines have a combined annual production capacity of approximately 740,000 tonnes of aluminium and consume approximately 1.4 Mtpy of alumina. It is expected that the aluminium smelter will cover the needs of the rollling mill in respect of aluminium

slabs, and the remaining ingot, billet, slab and T-bar will be sold in the market. The aluminium smelter started operations in December 2012G and, although still in the ramp-up phase, the aluminium smelter produced approximately 187,000 tonnes of aluminium in 2013G. While one of the potlines was temporarily shut down in October 2013G, it recommenced operations in December 2013G and became fully operational in June 2014G. The ramp-up of the second potline was accelerated to compensate for the shutdown and became fully operational in Q1 2014G.

Rolling Mill

The rolling mill will utilise the aluminium produced by the aluminium smelter to produce heat-treated sheet, which can then be utilised to produce end and tab stock for beverage can manufacturing and auto sheet for the automotive industry, in addition to can stock sheet. The rolling mill will also have the capacity to recycle aluminium scrap.

The rolling mill will have an annual production capacity of approximately 480,000 tpy. The rolling mill produced its first experimental coil in December 2013G and its first commercial coil in June 2014G. The rolling mill is expected to start commercial production in Q3 2015G. The production facilities for the production of beverage cans are expected to commence operations with the rolling mill, while the production facilities for the production of auto sheet and can stock sheet is expected to commence operations in 2016G. These facilities are expected to have an annual production capacity of 100,000 tonnes.

While the rolling mill and beverage can production facilities have been formally transferred to the MRC, the production facilities required for the production of auto sheet and can stocksheet production have not been transferred to MAC and are currently being financed by Ma'aden and Alcoa.

4 - 7 - 2 - 6 Infrastructure

The operations at Ras Al-Khair require the support of substantial infrastructure. MBAC, MAC and MRC in conducting Ma'aden's aluminium operations rely on certain infrastructure dedicated for the sole use of aluminium operations (the "**Aluminium Infrastructure**") and the Common Infrastructure which is also utilised by MPC in conducting the Company's phosphate operations. (Please see Section 4.7.1.9, "**The Company– Business Units—Phosphate—Infrastructure—Common Infrastructure**", of this Prospectus.)

4 - 7 - 2 - 7 Aluminium Infrastructure

The Aluminium Infrastructure includes a dedicated gas-fired power generation and water desalination plant which is capable of generating approximately 2,400 MW of electricity (from which 1,350 MW is allocated to the Company) and 1 million m3 of desalinated water per day (from which 25,000 m3 is allocated to the Company per day) and which was financed and constructed, and is operated, by the SWCC. The gas required to fuel the power generation and water desalination plant is supplied by Saudi Aramco at a fixed cost, which is paid by the Company.

The plant currently provides approximately 800 MW of electricity per year to support the aluminium operations in Ras Al-Khair, with the rest of the electricity required supplied by SEC. It is expected that once the plant becomes fully operational in October 2014G, the power provided by the plant will be sufficient to support all of the electricity requirements of the aluminium operations in Ras Al-Khair.

Other infrastructure includes facilities for processing potable water, storm water, effluent and waste water treatment, plant air, feedstock distribution, phosphate concentrate handling, integrated control systems, communications and security, roadways, lighting, security and administrative offices in addition to a port comprised of two berths dedicated to MAC, one for alumina and coke and the other for liquid pitch and one additional berth for general cargo

4 - 7 - 2 - 8 Sales and Marketing

Pursuant to the terms of the joint venture agreement between Ma'aden and Alcoa, Ma'aden and Alcoa have entered into offtake agreements with MRC to purchase in proportion to their share (according to their respective project interests of 74.9 per cent and 25.1 per cent) of any aluminium products produced by the aluminium smelter at a price based on LME prevailing prices. Aluminium is one of the most commonly traded commodities on the LME with an aggregate daily average traded volume of aluminium alloy, North American special aluminium alloy and aluminium high grade futures, options and swaps of 276,391 lots between 01/01/2014G to 31/05/2014G, with a lot comprising 20 tonnes for aluminium alloy and 25 tonnes for aluminium high grade. The aluminium spot and future markets

provide a liquid market into which the Company can sell its aluminium production. The aluminium products produced by the rolling mill will be marketed and sold by MRC.

4 - 7 - 2 - 9 Management

The Board of Managers of each of MBAC, MAC and MRC comprises five managers, with three managers (including the chairman) appointed by Ma'aden and two managers (including the vice chairman) appointed by Alcoa.

4 - 7 - 3 Gold and Base Metals

4 - 7 - 3 - 1 Overview

The Company's gold mining operations are carried out by MGBM, a limited liability company and wholly owned subsidiary of the Company. MGBM currently has five producing mines: Mahd Ad-Dahab, Al-Amar, Bulghah, As-Suq and Sukhaybarat.

In addition to the five producing gold mines, the Company also has one gold mine under construction (the Ad-Duwayhi mine project, which is scheduled to start production in 2015G), as well as several other gold prospects in the Central Arabian Gold Region that are currently undergoing feasibility studies. The Company and MGBM currently hold between them mining leases covering approximately 110 km^2 and exploration licenses covering approximately 50,000 km^2 (including licenses under renewal and applications being reviewed). (Please see Section 4.7.3.5, "**Exploration Activity—Gold**", of this Prospectus for further details on these exploration projects.)

The Company is also expanding its copper operations by acquiring assets at the Jabal Sayid site in the Kingdom, and an agreement has been entered into to purchase such assets. However, this is subject to the fulfillment of certain conditions, which are expected to be take place in Q4 2014G.

4 - 7 - 3 - 2 Operational Performance

In 2013G, the Company mined approximately 2.84 Mt of ore, producing approximately 133,677 ounces of gold and generating sales of SAR 709.3 million, compared to approximately 2.82 Mt of gold, approximately 137,787 ounces of gold and sales of SAR 1.00 billion in 2012G.

The table below provides further details on the operational performance of each of the Company's producing mines during 2012G and 2013G. The table also includes Al-Hajar, which was an operational gold mine until it closed in June 2013G.

Table 4.6: The operational performance of each of the Company's producing mines during 2012G and 2013G. The table also includes Al-Hajar which was an operational gold mine until it was closed in June 2013G

	Mahd Ad-Dahab		Al-Amar		Bulghah		Sukhaybarat		Al-Hajar		Total	
	2012G	2013G	2012G	2013G	2012G	2013G	2012G	2013G	2012G	2013G	2012G	2013G
Production statistics												
Tonnes mined (metric tonnes)	202,336	205,735	202,170	229,564	2,218,311	2,399,867	--	--	199,677	--	2,822,494	2,835166
Grade (grams per ton)	6.79	6.52	8.05	6.97	0.74	0.79	--	--	1.13	--	--	1.71
Tonnes milled (metric tonnes)	199,204	199,933	208,888	241,268	2,251,381	2,048,124	596,990	8,957	376,598	52,731	3,633,061	2,551,013
Grade (grams per ton)	6.60	6.40	9.10	7.00	0.60	0.70	1.00	0.97	0.60	0.50	1.50	1.51
Recovery (%)	93.20	94.50	86.50	87.00	55.50	55.70	82.70	93.00	86.30	46.40	67.01	70.90

	Mahd Ad-Dahab		Al-Amar		Bulghah		Sukhaybarat		Al-Hajar		Total	
	2012G	2013G	2012G	2013G	2012G	2013G	2012G	2013G	2012G	2013G	2012G	2013G
Ounces produced (Gold)	38,765	37,423	52,531	45,288	33,233	49,923	6,939	213	6,319	830	137,787	133,677
Financial results												
Gold revenues (SAR '000)	303,406	198,817	383,963	227,119	228,670	272,569	46,186	1,302	39,317	9,447	1,001,542	709,254
Gross profit (SAR. '000)	223,133	108,539	314,011	150,462	96,842	127,929	31,872	3,009	20,987	(875)	595,718	353,242
Capital expenditure (SAR '000)	7,244	13,258	7,391	10,211	13,752	7,584	21,510	25,032	1	4,733	49,898	56,085
Net cash cost per ounce produced (USD /oz.)	418	567	221	355	905	642	419	468	873	1,095	481	526
Average realised sales price (USD / oz.)	1,666	1,335	1,663	1,322	1,673	1,419	1,630	1,631	1,665	1,612	1,665	1,365
Ounces sold (Gold)	48,569	39,708	61,571	45,807	36,440	51,222	7,555	213	6,299	1,563	160,434	138,513

In addition to the production of gold, Ma'aden's gold and base metals division also generated revenues from the sale of copper, zinc and silver, the sale of which generated revenues of SAR 18.2 million, SAR 9.6 million, and SAR 3.8 million, respectively, in 2013G and SAR 27.0 million, SAR 8.1 million and SAR 7.9 million in 2012G.

4 - 7 - 3 - 3 Producing Mines

MGBM currently has five producing gold mines: Mahd Ad-Dahab, Al-Amar, Bulghah, As-Suq and Sukhaybarat.

Mahd Ad-Dahab

Mahd Ad-Dahab is situated in the western region of the country known as the Hejaz, in the Al-Medinah Province of the Kingdom. Commercial production at the mine started in 1988G and the life of the mine has been extended by underground diamond drilling. Mining is carried out by underground methods with a total tunnel development in excess of 60 km.

The Mahd Ad-Dahab license was issued by Royal Decree M/9, covers an area of 10.3 km2 and was issued on 04/04/1409H (corresponding to 14/11/1988G) for a period of 30 Hijri years. The license is for precious and base metals and the annual surface rent is SAR 110,000.

In 2013G, approximately 205,735 tonnes of ore at a grade of approximately 6.52 g/t of gold were mined and processed at Mahd Ad-Dahab, resulting in gold production of approximately 37,423 ounces. This was a slight decrease to the approximately 202,336 tonnes of ore at a grade of 6.79 g/t of gold mined and processed in 2012G, resulting in gold production of approximately 38,765 ounces. This decrease was the result of a decrease in the grade of gold ore being mined during this period.

The net cash cost per ounce of gold produced at Mahd Ad-Dahab in 2013G was USD 567 (SAR 2,162) compared to a net cash cost of USD 418 (SAR 1,568) per ounce in 2012G and a net cash cost of USD 237 (SAR 889) per ounce in 2011G. The increase in net cash cost per ounce in 2013 was due to the decrease in the grade of gold ore being mined during this period.

Al-Amar

Al-Amar is located in the Ar-Riyadh Province approximately 195 km southwest of Riyadh. It comprises an underground mine which produces gold rich polymetalic ore at a rate of 200 kilotonnes per anum ("**Ktpa**") to produce gold in doré and copper and zinc concentrates which are sold to third parties for toll smelting. Construction was completed in 2007G and the mine started commercial production in 2008G.

The Al-Amar license was issued by Royal Decree M/17, covers an area of five km2 and was issued on 10/05/1418H (corresponding to 13/09/1997G) for a period of 30 Hijri years. The license is for precious and base metals and the annual rent is SAR 50,000.

In 2013G, approximately 229,564 tonnes of ore at a grade of approximately 6.97 g/t of gold was mined and processed at Al-Amar, resulting in gold production of approximately 45,288 ounces, compared to approximately 202,170 tonnes of ore at a grade of 8.05 g/t of gold mined and processed in 2012G, resulting in gold production of approximately 52,531 ounces. The decrease in the gold produced, despite an increase in the overall amount of tonnes mined, was the result of a decrease in the grade of the gold ore mined during this period.

The net cash cost per ounce of gold produced at Al-Amar in 2013G was USD 355 (SAR 1,331) compared to a net cash cost of USD 221 (SAR 829) per ounce in 2012G. The increase in net cash cost per ounce in 2013G was due to a decrease in the grade of the gold ore mined during this period.

Bulghah

Bulghah is situated in Al-Madinah Province approximately 65 km south of the Sukhaybarat processing plant. It comprises an open-pit mine which mines lower grade ore (less than 1.0 g/t of gold) for processing at the Bulghah heap leach processing facility (which has a design capacity of 4.0 Mtpy) and higher grade ore (greater than 1.0 g/t of gold) for processing at the Sukhaybarat processing facility. The Bulghah gold mine operates as a satellite open cut mine to the Sukhaybarat mine and was commissioned in October 2002G.

The Bulghah license was issued by Royal Decree M/41, covers an area of 39 km2 and was issued on 18/08/1422H (corresponding to 05/11/2001G) for a period of 30 Hijri years. The license is for gold and the annual surface rent is SAR 390,000.

In 2013G, approximately 2,399,867 tonnes of ore at a grade of approximately 0.79 g/t of gold was mined at Bulghah, resulting in gold production of approximately 49,923 ounces, compared to approximately 2,218,311 tonnes of ore at a grade of 0.74 g/t of gold mined and processed in 2012G, resulting in gold production of approximately 33,233 ounces. The increase in the amount of gold produced was the result of an increase in the overall amount of tonnes mined and the higher grade of gold ore mined during this period.

The net cash cost per ounce of gold produced at Bulghah in 2013G was USD 642 (SAR 2,408) compared to a net cash cost of USD 905 (SAR 3,394) per ounce in 2012G. The decrease in the net cash cost per ounce in 2013G was largely due to the higher grade of gold ore mined during this period.

As-Suq

As-Suq is approximately 25 km southeast of the town of Zalim in Makkah Al-Mukaramah Province. Gold mineralisation is localised in narrow, shallow dipping quartz veins in sediments and volcanics. The mineralised quartz vein system extends over a horizontal length of approximately 1.2 km and to a vertical depth of at least 120 m. Construction and installation was completed in January 2014G, with commercial production commencing in March 2014G.

The As-Suq project possesses a mining license numbered Q/145, which was issued to MGBM on 30/07/1433H (corresponding to 20/06/2012G) and covers an area of 16 km2 for a period of 20 Hijri years. The license is for gold and the annual surface rent is SAR 160,000.

Sukhaybarat

Sukhaybarat is situated in Al-Qaseem Province approximately 250 km east of Mahd Ad-Dahab. While Sukhaybarat initially ceased open pit mining operations in 2003G, open pit mining operations at Sukhaybarat were recommenced in 2014. In addition to an open pit gold mine, a carbon-in-leach processing plant has been built at Sukhaybarat, which processes ore transported from the Bulghah

mine, which is located 25 km to the south west of Sukhaybarat, in addition to ore mined at Sukhaybarat.

The Sukhaybarat license was issued by Royal Decree M/10, covers an area of 50 km2 and was issued on 04/04/1409H (corresponding to 14/11/1988G) for a period of 30 Hijri years. The license is for gold and the annual surface rent is SAR 250,000.

The Sukhaybarat plant has a rated capacity of 600 ktpa. In 2013G, approximately 8,957 tonnes of ore at a grade of approximately 0.97 g/t of gold were processed in Sukhaybarat, resulting in gold production of 213 ounces, compared to approximately 596,990 tonnes of ore at a grade of 1.00 g/t of gold processed in 2012G, resulting in gold production of 6,939 ounces. The decrease in the amount of gold processed was the result of the depletion of the Sukhaybarat mine.

The net cash cost per ounce of gold processed at Sukhaybarat in 2013G was USD 468 (SAR 1,755) compared to a net cash cost of USD 419 (SAR 1,571) per ounce in 2012G. The increase in net cash cost per ounce in 2013G was due to the lower grade of the gold ore mined during this period.

Mineral Resources and Ore Reserves—Producing Mines

The table below shows the total mineral resources and ore reserves on an asset-by-asset basis for Ma'aden's five producing gold mines as at 2013G.

Table 4.7: Total mineral resources and ore reserves on an asset-by-asset basis for Ma'aden's five producing gold mines as at 2013G.

Mineral Resources									
	Cut-off Grade (g/t)	Measured		Indicated		Inferred		Total	
		Tonnes (Mt)	Grade (g/t)	Tonnes (Mt)	Grade (g/t)	Tonnes (Mt)	Grade (g/t)	Tonnes (Mt)	Grade (g/t)
Mahd Ad-Dahab	3.0	0.5	13.4	1.1	11.6	0.5	8.6	2.1	11.4
Al-Amar	2.0	2.9	5.9	3.4	4.7	0.6	4.2	6.9	5.15
Bulghah	0.4	--	--	27.9	0.87	52.4	0.82	79.3	0.83
As-Suq*	0.4	--	--	--	--	8.6	1.78	8.6	1.78
Sukhaybarat	0.4	--	--	19.7	1.17	8.1	1.0	27.8	1.12

* As-Suq ore resources have been reclassified and further drilling is in process.

Ore Reserves

	Cut-off Grade (g/t)	Proved		Probable		Total	
		Tonnes (Mt)	Grade (g/t)	Tonnes (Mt)	Grade (g/t)	Tonnes (Mt)	Grade (g/t)
Mahd Ad-Dahab	3.0	0.4	7.92	0.6	5.78	10	6.64
Al-Amar	3.0	0.1	1.90	2.3	5.10	2.4	4.93
Bulghah	0.4	--	--	12.7	0.70	12.7	0.70
As-Suq*	--	--	--	--	--	--	--
Sukhaybarat	0.5	--	--	16.7	1.08	16.7	1.08

* As-Suq ore reserves have been reclassified and further drilling is in process.

4 - 7 - 3 - 4 Mine Projects in Development

MGBM currently has one mine project in development, which is located at Ad-Duwayhi.

Ad-Duwayhi

Ad-Duwayhi is located in Makkah Province, approximately 440 km southwest of the city of Riyadh. Gold mineralisation mainly occurs as quartz veins associated with a fault zone approximately two to ten metres thick, dipping at 45 degrees. Narrower high-grade gold veins are also found outside of this main mineralised vein. Gold occurs as fine-grained native gold and in minor tellurides.

MGBM has been issued a mining license, numbered Q/78 dated 25/11/1432H for the exploitation of gold, silver and copper ores in Ad-Duwayhi in Riyadh Province and Al-Khorma in Makkah Province for a surface area of 36,276 km2. The license is valid for 20 years commencing on 25/11/1432H (corresponding to 23/10/2011G).

It is intended that Ad-Duwayhi will be a surface mine which will use a gravity circuit and standard CIL (carbon in leach) process to separate the gold in the ore. Engineering studies for the project were completed in the second quarter of 2012G. Engineering works and the purchasing of machinery and equipment started in the last quarter of 2012G, and Hanwha Engineering and Construction Company was appointed as the contractor for the construction phase in February 2013G. It is expected that construction will be completed in 2015G. Following completion, average production capacity is estimated at approximately 180,000 ounces of gold annually.

Due to shortages of water in the region it is necessary to construct a long-distance (approximately 500 km) pipeline to provide water to the mine. Preliminary engineering studies were completed for the water pipelines project in the first quarter of 2011G. In 2012G, the contractor started work on the project. Construction and installation works are expected to be completed in the first quarter of 2015G. The estimated processing capacity of the project is 10,000 cubic metres per day of treated water.

Mineral Resources and Ore Reserves—Mine Projects in Development

The table below shows the total mineral resources and ore reserves for Ad-Duwayhi as at 2011G.

Table 4.8: Total mineral resources and ore reserves for Ad-Duwayhi as at 2011G.

Mineral Resources									
	Cut-off Grade (g/t)	Measured		Indicated		Inferred		Total	
		Tonnes (Mt)	Grade (g/t)	Tonnes (Mt)	Grade (g/t)	Tonnes (Mt)	Grade (g/t)	Tonnes (Mt)	Grade (g/t)
Ad-Duwayhi	0.4	9.0	2.38	10.0	3.9	11.6	1.22	30.6	2.43

Ore Reserves							
	Cut-off Grade (g/t)	Proven		Probable		Total	
		Tonnes (Mt)	Grade (g/t)	Tonnes (Mt)	Grade (g/t)	Tonnes (Mt)	Grade (g/t)
Ad-Duwayhi	0.4	8.5	2.33	8.4	4.16	16.9	3.24

4 - 7 - 3 - 5 Exploration Activity—Gold

The Company depends on mineral exploration to identify and evaluate new mineral resources to sustain and grow its businesses in the Kingdom. Gold exploration is focussed in the geological unit known as the Arabian Shield, which is divided into three operational areas: Northern Arabian Gold Region, Central Arabian Gold Region and Southern Arabian Gold Region.

When Ma'aden's exploration licenses were initially granted, the Saudi Arabian mining laws allowed for a single license to be up to 10,000 km2 in size. Exploration expenditures were not fixed and depended upon the work programme proposed by the company holding the license. With the introduction of the

Mining Law in 2004G and its Regulations in 2005G, the maximum size of a newly granted license was reduced to 100 km2 and an annual minimum exploration expenditure ranging from SAR 750 per km2 in the first year and second year to SAR 7,500 per km2 in the ninth and tenth years was imposed. (Please see Section 8, "**Mining and Environmental Regulatory Framework**", of this Prospectus). The areas of licenses granted prior to the introduction of the new Mining Law are not required to be reduced to 100 km2, although holders of these licenses are required to comply with the new minimum expenditure requirements calculated at a rate per km2 which increases with each year of the license term. The holding of large areas of exploration licenses therefore became relatively expensive and to reduce the financial burden associated with complying with the new minimum expenditure requirements, the Company reduced the extent of its license area by relinquishing areas considered to have low potential for hosting economic deposits.

As at the date of this Prospectus, the Company's total gold exploration license area is currently 50,000km2 (incuding areas covered by including licenses under renewal and applications being reviewed) The Company has undertaken pre-feasibility studies and resource estimations for several projects including: Mansourah, Massarah and Ar-Rjum (Umm Naam and Waseemah), details of which are set out below.

Mansourah

The Mansourah prospect is located 460 km northeast of Jeddah, 50 km southeast of the town of Zalim and 35 km south of the Jeddah-Riyadh expressway. The Mansourah deposit was discovered by the Company exploration team in September 2002G. Gold mineralisation is associated with quartz veins and breccias in highly altered serpentinite. The gold mineralisation occurs over variable widths ranging from three to 60 metres over a strike length of approximately one kilometre. The Mansourah prospect consists of two discrete adjacent deposits, an upper oxide gold and an underlying sulphide bearing gold mineralisation zone.

A pre-feasibility study was completed in October 2013G. Currently, the Company is beginning feasibility studies of the project.

The Mansourah prospect falls within the Al-Uruq license, issued by Ministerial Decision G/53, which covers an area of 6,758 km2 and was issued on 19/07/1424H (corresponding to 16/09/2003G) for a term of five Hijri years. The Company's request to reduce the current license area to 4,291 km2 was approved and the license was renewed for a further four-year term until 18/7/1433H (corresponding to 08/06/2012G). The Company has applied to the Ministry for a mining licence of the Mansourah mine.

Massarah

The Massarah prospect is located approximately 67 km east of Zalim in Makkah Al-Mukaramah Province and was discovered by the Company exploration team in 2004G. The geology and mineralisation are very similar to the Mansourah prospect. The Mansourah and Massarah prospects are located within 6.5 km of each other and Ma'aden envisages that ore from each site would be trucked to a centrally located plant and the deposits would be developed as one project. The Massarah prospect consists of two discrete adjacent deposits, an upper oxide gold and an underlying sulphide-bearing gold mineralisation zone.

A pre-feasibility study was completed in October 2013G. Currently, the Company is beginning feasibility studies of the project.

The Massarah prospect falls within the scope of the Ash-Shakhtaliyah license, issued by Ministerial Decision G/6, which covers an area of 9,953 km2 and was issued on 18/01/1423H (corresponding to 01/04/2002G) for five Hijri years. The Company's request to reduce the license area to 6,245 km2 was approved by Ministerial decision No. G/20 and the license was renewed for a term of four Hijri years until 17/01/1432 (corresponding to 23/12/2010G). The Company has applied to the Ministry for a mining licence of the Massarah mine.

Ar-Rjum

The Ar-Rjum prospect is located in the Makkah Al-Mukaramah Province approximately 20 km southeast of the town of Al-Muwayh, which is situated on the Taif-Riyadh highway and approximately 300 km from Jeddah. The gold mineralisation occurs in two discrete, adjacent deposits at Waseemah and Umm Naam. Gold mineralisation is associated with quartz veins in diorite intrusives.

A pre-feasibility study was completed in October 2013G. Currently, the Company is beginning feasibility studies of the project.

4 - 7 - 3 - 6 Mineral Resources—Exploration Activity

The table below shows Ma'aden's total mineral resources on an asset-by-asset basis for the mining sites currently under pre-feasibility study as at 2012G.

Table 4.9: The Company's total mineral resources on an asset-by-asset basis for the mining sites currently under pre-feasibility study as at 2012G.

Mineral Resources									
	Cut-off Grade (g/t)	Measured		Indicated		Inferred		Total	
		Tonnes (Mt)	Grade (g/t)	Tonnes (Mt)	Grade (g/t)	Tonnes (Mt)	Grade (g/t)	Tonnes (Mt)	Grade (g/t)
Mansourah (oxide)	0.8	--	--	2.1	2.60	0.4	1.3	2.5	2.39
Mansourah (sulphide)	0.8	--	--	24.3	2.85	8.9	2.2	33.2	2.68
Massarah (oxide)	0.8	--	--	0.1	2.55	1.6	2.2	1.7	2.22
Massarah (sulphide)	0.8	--	--	6.4	2.39	14.2	2.1	20.6	2.19
Ar-Rjum (Waseemah)	0.5	--	--	25.3	1.44	2.8	1.2	28.1	1.42
Ar-Rjum (Umm Naam)	0.5	--	--	32.9	1.25	0.8	1.1	33.7	1.25

4 - 7 - 3 - 7 Exploration Activity—Copper

The Company depends on mineral exploration to identify and evaluate new mineral resources to sustain and grow its businesses in the Kingdom. Copper exploration is currently focussed on Al-Hajar.

Al-Hajar

The Al-Hajar copper prospect is located approximately 550 km (by road) southeast of Jeddah and approximately 100 km south of the town of Al-Bahah. Mining operations at Al-Hajar exploited gold mineralisation in oxide overlying pyritic copper-zinc sulphide mineralisation. The oxide mining operations ceased in 2006G and the Company is now focused on the potential extraction of copper and zinc mineralisation. The pre-feasibility study of the Al-Hajar copper prospect was completed on 15/05/2013G and the financial model of the project is currently under evaluation by the Company.

The Al-Hajar license was issued by Royal Decree M/3, covers an area of six km2 and was issued on 24/01/1419 (corresponding to 21/05/1998G) for a period of 30 Hijri years. The license is for precious and base metals and the annual surface rent is SAR 60,000.

4 - 7 - 3 - 8 Mineral Resources (Copper)—Exploration Activity

The table below shows the total mineral resources for the Al-Hajar prospect as at 2012G.

Table 4.10: Total mineral resources for the Al-Hajar prospect as at 2012G.

	Cut-off Grade (Cu%)	Measured		Indicated		Inferred		Total	
		Tonnes (Mt)	Cu%	Tonnes (Mt)	Cu%	Tonnes (Mt)	Cu%	Tonnes (Mt)	Cu%
Al-Hajar	0.3%	3.2	1.28	5.6	1.12	-	-	8.8	1.18

4 - 7 - 3 - 9 Production Facilities

Each mine has its own processing facilities, with all ore mined and processed within the same location, with the exception of the Bulghah mine, where selectively mined higher grade ore is transported and processed at the carbon-in-leach processing plant at Sukhaybarat. Once processed into gold bullion, the gold is transported by a third-party security provider to an airport, where it is transported to MKS SA ("**MKS**").

4 - 7 - 3 - 10 Sales and Marketing

MGBM entered into an Offtake Agreement with MKS on 01/07/2012G, pursuant to which MKS (a leading company in the precious metals market) has agreed to buy all amounts agreed by the parties of MGBM's gold and silver ore until 30/06/2015G. Based on this agreement, the sales to MKS represented 75 per cent of all MGBM sales during 2013G, as the remainder was sold to another customer. Based on the contract entered between the two companies, MKS shall pay the price of the purchased doré bars three days after purchase date. If this agreement is cancelled or not renewed, it will not be difficult for MGBM to sell its products in the market or enter into a similar sale contract with other parties.

4 - 7 - 3 - 11 Management

MGBM is managed by a board of five managers, each of which is appointed by the Company.

Jabal Sayid Project

Overview

Ma'aden has entered into an agreement with BGC to form the Copper JV which will acquire, develop and operate the Jabal Sayid copper project (the "**Jabal Sayid Project**") located 120 km southeast of Medina, in the Kingdom.

The Company and BGC will each own 50 per cent of the Copper JV, a limited liability company, and Ma'aden will invest approximately USD 210 million to acquire its share in Jabal Sayid Project assets. The consideration paid by the Company will be funded through available cash and facilities, and acquisition of the assets is to be completed in Q4 2014G. In principle, the approvals from the MPMR have been obtained for the transaction, including the transfer of the mining and exploration licenses to the Copper JV.

The Jabal Sayid Project has been constructed and mechanically completed, and commissioning activities will begin shortly. Production is expected to commence in late 2015G and when fully operational the Jabal Sayid Project will produce approximately 45,000–60,000 tonnes of copper in concentrate per year. Estimated copper reserves are approximately 650,000 tonnes, and the expected mine life is approximately 15 years. However, future exploration work will be carried out within the mining license area and the exploration license surrounding the mine with the aim of extending the life of the mine.

4 - 7 - 4 Industrial Minerals

4 - 7 - 4 - 1 Overview

The Company's industrial mineral operations are carried out by IMC, a limited liability company wholly owned by the Company. IMC's industrial mineral operations are comprised of a kaolin and low-grade bauxite mine at Az-Zabirah in Ha'il Province, a high grade magnesite mine at Al-Ghazalah and a processing plant at Al-Madinah Industrial City, which collectively allow the Company to produce low-grade bauxite, kaolin and caustic calcined magnesia. Production of low-grade bauxite and kaolin commenced in 2008G and 2011G, respectively. The production of caustic calcined magnesia at the magnesite processing plant in Al-Madinah Industrial City commenced operations in 2011G.

4 - 7 - 4 - 2 Operational Performance

IMC mined and produced 64,298 tonnes of kaolin in 2013G, compared to 52,502 tonnes of kaolin in 2012G and sold 60,640 tonnes of kaolin in 2013G, compared to 46,000 tonnes in 2012G. The increase in sales in 2013G was prompted by an increase in demand from MPC.

IMC mined and produced 1 Mt of low-grade bauxite in 2013G, compared to 760,114 tonnes of low-grade bauxite in 2012G and sold 934,560 tonnes of low-grade bauxite in 2013G, compared to 836,000 tonnes in 2012G. The increase in sales in 2013G was principally the result of rising domestic demand for cement.

IMC produced 29,505 tonnes of caustic calcined magnesia in 2013G, compared to 29,120 tonnes of caustic calcined magnesia in 2013G and sold 29,120 tonnes of caustic calcined magnesia in 2013G, compared to 27,260 tonnes in 2012G. The increase in sales in 2013G was principally the result of new customers in both the domestic and Gulf markets, as well as in Europe, Africa, India and Japan.

4 - 7 - 4 - 3 Producing Mines

IMC's industrial mineral operations are conducted at two producing mines, Az-Zabirah and Al-Ghazalah.

Az-Zabirah

The Az-Zabirah project is located 65 km north of Al-Ba'itha and 80 km north of Turbah in Ha'il Province. It consists of an open pit mine. Mining occurs in the central area of Az-Zabirah in addition to a processing facility. The mine started operations in 2008G, initially only supplying low-grade bauxite to the domestic market, with kaolin production starting in 2011G.

The Az-Zabirah license was issued by Royal Decree M/5 on 25/01/1428H (corresponding to 13/02/2007G) for a period of 30 Hijri years and covers an area of 27.90km2. The license is for crude kaolin and low-grade bauxite, and the annual surface rent is SAR 280,000.

In 2013G, approximately 1,044,360 tonnes of low-grade bauxite and 64,298 tonnes of kaolin were mined and processed at Az-Zabirah, compared to approximately 760,114 tonnes of low-grade bauxite and 52,502 tonnes of kaolin mined and processed in 2012G. The increase in the production of both bauxite and kaolin was the result of the ramp-up of operations at the mine.

Al-Ghazalah

The development of the Al-Ghazalah magnesite deposit in the north-central part of the Kingdom was planned as part of Ma'aden's strategy to develop and diversify the minerals base of the Kingdom. The Al-Ghazalah mine is an open cast mine that comprises four separate ore bodies that outcrop within 300 metres of each other. The magnesite ore is crushed and screened on site and then delivered to the Company's processing plant at Al-Madinah Industrial City. The mine became operational in 2010G.

The Company's mining license for the Al-Ghazalah mine covers three km2, which includes all the magnesite in this area. The Al-Ghazalah license was issued by Royal Decree M/8 on 27/02/1421H (corresponding to 31/05/2000G) for a period of 30 Hijri years. The license is for precious and base metals and the annual surface rent is SAR 270,000. The Company also holds exploration licenses in the Jabal Al-Rokham and Jabal Abt areas which are also prospective for magnesite. Initial exploration work concluded that the magnesite grade in these areas is lower than at Zarghat but that these areas have the potential for larger tonnages.

In 2013G, approximately 77,000 tonnes of magnesite ore was mined at Al-Ghazalah, compared to approximately 39,000 tonnes of magnesite ore mined in 2012G. The increase in the production of magnesite ore mined was the result of the ramp-up of operations at the mine.

4 - 7 - 4 - 4 Mineral Resources and Ore Reserves—Producing Mines

The table below shows the Company's total mineral resources and ore reserves on an asset-by-asset basis for the producing mines at Az-Zabirah and Al-Ghazalah.

Table 4.11: The Company's total mineral resources and ore reserves on an asset-by-asset basis for the producing mines at Az-Zabirah and Al-Ghazalah.

Mineral Resources		Measured Tonnes (Mt)	Indicated Tonnes (Mt)	Inferred Tonnes (Mt)	Total Tonnes (Mt)
Az-Zabirah	Low-Grade Bauxite	2.54	8.26	17.2	28.02
	High-Silica Bauxite	1.18	2.27	4.52	7.97
	Kaolin	2.86	0.73	6.65	10.24
Al-Ghazalah	Magnesite	2.25	0.75	--	3.0

Ore Reserves			
	Proven Tonnes (Mt)	Probable Tonnes (Mt)	Total Tonnes (Mt)
Az-Zabirah (Low-grade Bauxite)	1.55	2.65	4.2
Az-Zabirah (High Silica Bauxite)	0.84	0.62	1.46
Az-Zabirah (Kaolin)	1.29	1.36	2.65
Al-Ghazalah (Magnesite)	1.78	0.71	2.49

4 - 7 - 4 - 5 Exploration Activity

While the Company's diversified portfolio has focussed on gold and basic metals, phosphate and aluminium, the Kingdom's geological potential remains relatively underexplored, providing opportunities for Ma'aden to diversify and expand into other minerals.

Jabal Al-Rokham

The Jabal Al-Rokham magnesite prospect is located the Al-Madinah Province. Activity at Jabal Al-Rokham is currently limited to resource drilling.

The Jabal Al-Rokham license covers an area of 38km2 and was issued on 16/10/1425H (corresponding to 29 November 2004G) for a period of five Hijri years. The license was renewed for a further four years on 30/08/1430G (corresponding to 21/08/2009G). The Company is currently in the process of renewing the license for a further five-year term.

Mineral Resources—Exploration Activity

The table below shows the total mineral resources for the Jabal Al-Rokham prospect.

Table 4.12: Total mineral resources for the Jabal Al-Rokham prospect.

	Measured Tonnes (Mt)	Indicated Tonnes (Mt)	Inferred Tonnes (Mt)	Total Tonnes (Mt)
Jabal Al-Rokham	--	--	39.7	39.7

4 - 7 - 4 - 6 Production Facilities

The processing of the magnesite ore occurs at a plant built at Al-Madinah Industrial City, details of which are described below.

Al-Madinah Industrial City

The processing of the magnesite ore occurs at a state-of-the-art calcining and sintering plant built at Al-Madinah Industrial City, with the resulting caustic calcined magnesia products shipped regionally within the Kingdom and to selected international destinations. The chemical and physical characteristics of magnesite make it suitable for a range of high-grade magnesia applications in a variety of market sectors, including refractories, environmental, agricultural, construction and other value-added applications. The magnesite processing plant commenced commercial operations in October 2011G.

In 2013G, approximately 29,505 Mt of caustic calcined magnesia were produced, with a sales volume of 29,120 Mt, compared to a production volume of approximately 32,210 Mt and a sales volume of 27,260 Mt in 2012G and a production volume of approximately 20,000 Mt.

4 - 7 - 4 - 7 Sales and Marketing

The kaolin produced by IMC is sold to MPC for use in the production of phosphoric acid. The low-grade bauxite is mainly sold pursuant to annual and monthly contracts with cement manufacturers, while the caustic calcined magnesia is sold to customers in the domestic and Gulf markets, as well as in Europe, Africa, India and Japan.

4 - 7 - 4 - 8 Management

IMC is managed by a board of managers comprised of five managers appointed by Ma'aden.

4 - 7 - 5 Ethylene Dichloride and Caustic Soda

4 - 7 - 5 - 1 Overview

The Company's ethylene dichloride and caustic soda operations are carried out by SAMAPCO, a limited liability company jointly owned by the Company (50 per cent) and Sahara Petrochemicals (50 per cent). Pursuant to a joint venture agreement between the Company and Sahara Petrochemicals, SAMAPCO manages a caustic soda and ethylene dichloride production facility in Jubail Industrial City. Caustic soda is an essential feedstock needed for the refining of bauxite to alumina. It is produced from the electrolysis of brine, along with chlorine, which is later used in the manufacture of ethylene dichloride.

The facility was completed in April 2013G and performance testing and trial production of caustic soda and ethylene dichloride began in August 2013G.

4 - 7 - 5 - 2 Operational Performance

In 2013G, SAMAPCO produced 83,730 tonnes of ethylene dichloride and 69,660 tonnes of caustic soda and sold 80,300 tonnes of ethylene dichloride and 58,500 tonnes of caustic soda during pre-commercial operations.

4 - 7 - 5 - 3 Production Facilities

Caustic Soda and Ethylene Dichloride Production Facility

The caustic soda and ethylene dichloride production facility in Jubail Industrial City has the capacity to produce up to 250,000 tpy of caustic soda and 300,000 tpy of ethylene dichloride. The facility was completed in April 2013G and performance testing and trial production of caustic soda and ethylene dichloride began in August 2013G. The commercial production of caustic soda and ethylene dichloride commenced in July 2014G.

The ethylene required for production is provided by the National Industrialization Company (TASNEE). The other key feedstock, brine, is sourced locally from one or more of the many suppliers in the region, while the power is supplied by the electrical grid of SEC.

4 - 7 - 5 - 4 Sales and Marketing

SAMAPCO has entered into a marketing agreement with SABIC pursuant to which SABIC will market the caustic soda produced by SAMAPCO until the caustic soda is required for use in the alumina refinery at Ras Al-Khair. The ethylene dichloride produced will be sold in international markets pursuant to a marketing agreement with SABIC.

4 - 7 - 5 - 5 Management

SAMAPCO is managed by a board of managers comprised of six managers appointed for a period of three years, with three managers appointed by the Company and three managers appointed by Sahara.

4 - 8 Health and Safety

The Company's primary security objective is the protection of all its people and physical assets and Ma'aden therefore seeks to ensure that strict health and safety standards are observed throughout its operations. In 2013G, the Company introduced a new Environmental Health and Safety Integrated Management System which includes standards to address environmental concerns, including water quality, waste management, air emissions management and environmental emergency preparedness. These developed standards will comply with the Presidency of Meteorology and Environmental Protection (the "PME") and the standards set by the RCJY, and are intended to satisfy the requirements of ISO 14001:2004, OHSAS 18001:2007, EN 16001 and ISO 50001.

The Company conducted over 400 safety training sessions in 2013G at Company sites covering job safety analysis, root cause analysis, hazard recognition, safe behaviour and defensive driving.

The Occupational Health and Safety division within the Company is responsible for monitoring health and safety standards throughout the Company's business. The Company is subject to a number of laws and regulations with respect to health and safety within the Kingdom and believes that it is in material compliance with all of these requirements. (Please see Section 8, "**Mining and the Environmental Regulatory Framework**", of this Prospectus.)

The Company's key performance indicator for its health and safety programmes is its lost time injury frequency rate ("LTIFR"), which measures the number of occurrences of lost time injuries ("LTI") per 200,000 hours worked. The Company's performance (excluding contractors) across a number of health and safety indicators for the years 2012G and 2013G is set out below.

Table 4.13: The Company's performance (excluding contractors) across a number of health and safety indicators for the years 2012G and 2013G.

	2012G	2013G
Total man-hours worked	6,914,852	8,190,292
Number of LTI	7	2
Number of first-aid cases	20	7
LTIFR	0.2	0.5
Fatalities	1	0

4 - 9 Environmental

In common with other natural resource and mineral processing companies, the Company inevitably has an impact on the environment in which it operates. The Company is committed to sustainable development and the Company follows a risk-based approach in order to minimise its environmental impact.

In 2013G, the Company engaged an outside environmental consultant to develop a scope for the Company's overall environmental footprint, which was completed by the end of the year. The ecological footprint analysis will measure how the Company affects the surrounding environment, including consumption and emissions data, giving the Company a baseline from which it can begin to set goals for improvement.

In order to access the environmental impact of its businesses, the Company has established an environmental scorecard system with key performance indicators to assess the performance of its mining and processing sites in complying with its environmental policy. The CEO of the Company has set the overall environmental compliance target at 97.5 per cent for all Ma'aden's operations, to be achieved by the end of 2014G. Ma'aden has achieved 97.3 per cent as at 31 December 2013G.

The Company is subject to environmental laws and regulations within the Kingdom and believes that it is in material compliance with all of these requirements. (Please see Section 8, "**Mining and the Environmental Regulatory Framework**", of this Prospectus).

4 - 10 SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

As at the date of this Prospectus, the Company has eight subsidiaries and one jointly controlled entity, the details of which are set out below.

4 - 10 - 1 Subsidiaries

Ma'aden Gold and Base Metals Company

MGBM is a wholly-owned subsidiary of the Company established in 1989G in order to carry out the mining of gold and associated minerals. Please see Section 4.7.3, "**Business Units—Gold and Base Metals**", of this Prospectus). MGBM has a share capital of SAR 300,000,000 consisting of 30,000,000 fully paid shares with a nominal value of SAR 10 each.

Ma'aden Phosphate Company

MPC is a limited liability company established in 2007G and co-owned by the Company (70 per cent) and SABIC (30 per cent). MPC was established in order to carry out the mining of phosphate and the production of fertiliser. (Please see Section 4.7.1, "**Business Units—Phosphate**", of this Prospectus.) MPC has a share capital of SAR 6,208,480,000 consisting of 620,848 fully paid shares with a nominal value of SAR 10,000 each.

Ma'aden Wa'ad Al-Shamal Phosphate Company

MWASPC is a limited liability company of Ma'aden established in 2014G and co-owned by the Company (60 per cent), Mosaic (25 per cent) and SABIC (15 per cent). MWASPC was established in order to undertake the MWAS Project. (Please see Section "**Business Units—MWAS Project**", of this Prospectus). MWASPC has a share capital of SAR 8,437,500,000, consisting of 843,750,000 shares with a nominal value of SAR 10 each, of which a total sum of SAR 2,130,001,875 has been paid.

Ma'aden Bauxite and Alumina Company

MBAC is a limited liability company established in 2009G and co-owned by the Company (74.9 per cent) and Alcoa (25.1 per cent). MBAC was established in order to carry out the mining of bauxite and the refining of alumina. (Please see the Section 4.7.2, "**Business Units—Aluminium**", of this Prospectus). MBAC has a share capital of SAR 5,100,000,000, consisting of 510,000,000 shares with a nominal value of SAR 10 each, of which a total sum of SAR 4,474,999,888 has been paid, as the remainder is expected to be paid by the shareholders during Q4 of 2016G.

Ma'aden Aluminium Company

MAC is a limited liability company established in 2009G and co-owned by the Company (74.9 per cent) and Alcoa (25.1 per cent). MAC was established in order to carry out the production of aluminium. (Please see Section 4.7.2, "**Business Units—Aluminium**", of this Prospectus). MAC has a share capital of SAR 6,573,750,000, consisting of 657,375,000 fully paid shares with a nominal value of SAR 10 each.

Ma'aden Rolling Company

MRC is a limited liability company established in 2009G and co-owned by the Company (74.9 per cent) and Alcoa (25.1 per cent). MRC was established in order to carry out the production of aluminium sheets. (Please see Section 4.7.2 "**Business Units—Aluminium**", of this Prospectus). MRC has a share capital of SAR 4,721,250,000, consisting of 472,125,000 fully paid shares with a nominal value of SAR 10 each.

Industrial Minerals Company

IMC is a wholly-owned subsidiary of the Company established in 2009G in order to carry out the mining and processing of industrial minerals. (Please see Section 4.7.4 "**Business Units—Industrial Minerals**", of this Prospectus). IMC has a share capital of SAR 500,000,000, consisting of 5,000,000 shares with a nominal value of SAR 100 each, of which a total sum of SAR 344,855,200 is paid.

Ma'aden Infrastructure Company

MIC is a wholly owned subsidiary of the Company established in 2008G in order to provide supporting infrastructure services in Ras Al-Khair. MIC has a share capital of SAR 3,000,000,000, consisting of 30,000,000 shares with a nominal value of SAR 100 each, of which a total sum of SAR 500.000 is paid.

4 - 10 - 2 Jointly controlled Entities

Sahara and Ma'aden Petrochemicals Company

SAMAPCO is a limited liability company established in 2010G that is jointly owned by the Company and Sahara Petrochemicals in order to manage the production of caustic soda and ethylene dichloride at the Sahara Petrochemicals complex in Jubail Industrial City. (Please see Section 4.7.5, "**Business Units—Ethylene Dichloride and Caustic Soda**", of this Prospectus). SAMAPCO has a share capital of SAR 900,000,000, consisting of 900,000 fully paid shares with a nominal value of SAR 1,000 each.

4 - 11 Insurance

The Company currently maintains comprehensive insurance coverage which covers a range of classes, including property (all risks), business interruption, machinery breakdown, public liability, motor, marine and land transit, life and personal accident and medical expenses. This coverage includes, but is not limited to, fire, explosion, lightning, windstorms, hurricanes, vandalism, malicious damage, riots, strikes, locked-out workers, labour disturbances, civil unrest, electrical damage and theft.

The Company also maintains a comprehensive general liability policy with a loss limit of SAR 2.40 billion, which provides coverage against legal liability for causing any accidental bodily injury or death to third parties or damage to their property. The Company further maintains motor vehicle insurance for its general fleet with a combined loss limit of SAR 10 million. The Company has appointed Aon as insurance adviser and placing broker to the Company to manage insurance programmes for existing operations, as well as new projects, including the MWAS Project.

The Company's exposures are monitored through periodic risk surveys by its underwriters and reinsurers in conjunction with the Company's management and engineers.

4 - 12 Information Technology

The Company's Information Technology ("**IT**") department is committed to supporting the strategic growth of the Company through implementation and support of business solutions and underlying infrastructures, using the latest technologies and adopting international best practice policies, processes and controls. The IT department recruits and trains highly qualified professionals to perform the operation and maintenance of IT infrastructures to ensure security and integrity of information, as well as the continuity of services and operations.

The IT department has developed plans to ensure business continuity, continuously monitors all systems and infrastructure and conducts periodic tests of these disaster recovery systems. The IT department submits regular risk management reports to the Audit Committee to proactively avoid risks. As part of IT governance, periodic audits reviews are also conducted by independent external firms.

4 - 13 Research and Development

The Company does not carry out any research and development activities.

4 - 14 Employees

The Company has documented and detailed recruitment policies to ensure the recruitment and retention of qualified personnel. The Company employed a total of 5,439 staff (excluding contractors and consultants) as at 31/12/2013G.

The table below sets out the number of Saudi nationals and Non-Saudi nationals employed by the Company and its subsidiaries as at 31/12/2012G and 31/12/2013G.

Table 4.14: Number of Saudi nationals and non-Saudi nationals employed by the Company and its subsidiaries as at 31/12/2012G and 31/12/2013G

Company	31/12/2012				31/12/2013			
	Saudi Nationals	Non-Saudi Nationals	%	Total	Saudi Nationals	Non-Saudi Nationals	%	Total
The Company*	285	148	65.82%	433	528	205	72.03	733
MGBM	413	386	51.69%	799	564	544	50.90%	1,108
MPC	638	420	60.30%	1,058	1,057	485	68.55	1,542
MBAC	51	10	83.61	61	265	7	96.43%	272
MAC	507	363	58.28	870	872	731	54.40%	1603
MRC	27	23	54.00%	50	128	53	70.72%	181
Total	1,921	1,350	58.73%	3,271	3,414	2,025	62.77%	5,439

* The Company's employment number includes employees for IMC and MIC.

MWASPC was established in 2014G and therefore had no employees as at 31 December 2012G or 31 December 2013G.

Saudi nationals currently represent approximately 62.8 per cent of the staff of the Company. The Company continues to actively pursue the recruitment of Saudi Nationals under its Saudisation policy and management has taken key steps towards expanding its Saudi workforce through implementation of recruitment and training programmes through which new recruits will receive on-the-job training and classroom training and development.

4 - 15 Licenses and Approvals

The Company is in possession of all material operational licenses and approvals required to operate its business in the Kingdom.

4 - 16 Business Interruption

The Company operates large-scale, complex mining operations and processing and refining facilities that are subject to operational risks generally associated with mineral companies, including industrial accidents.

In April 2013G, MPC was required to shut down its ammonia plant in Ras Al-Khair for unscheduled maintenance as a result of technical difficulties for a period of three weeks. Since the ammonia produced is used in the manufacture of DAP, MPC was also required to temporarily discontinue production of DAP at the DAP plant for a period of three to four weeks. Despite this temporary discontinuation in production, there was no damage to essential areas of the plant and MPC was able to fulfil all of its production commitments.

In addition, a fire at the phosphate rock unloading belt in September 2013G resulted in damage which took approximately three months to repair. No employees were injured in the incident and the stoppage did not affect the Company's ability to meet its obligations to customers due to alternative mechanisms in place for the transfer of phosphate rock by trucks and land transportation.

In October 2013G, one of the potlines in the aluminium smelter operated by MAC was temporarily shut down after a period of instability caused by equipment failure. This potline will start operating at full capacity in Q3 2014G, though the shutdown resulted in financial losses from property damage and business interruption, estimated at SAR 670,125,000 although these were substantially mitigated by filing a claim according to insurance in place. The insurance company agreed to pay compensation of SAR 487,500,000 (after deductions), of which MAC received SAR 239,300,000, and the remaining claimed amounts will be paid later by the insurance company. There are no counterclaims or pending matters in this regard.

Other than as set out above, as at the date of this Prospectus, there has not been any interruption in the business of Ma'aden or any of the Company's subsidiaries which may have or has had a significant effect on its financial position in the last 12 months.

4 - 17 Material Change

As at the date of this Prospectus, the Company does not contemplate a material change to the nature of its business.

5. Company Management Structure and Governance

5 - 1 Management Structure

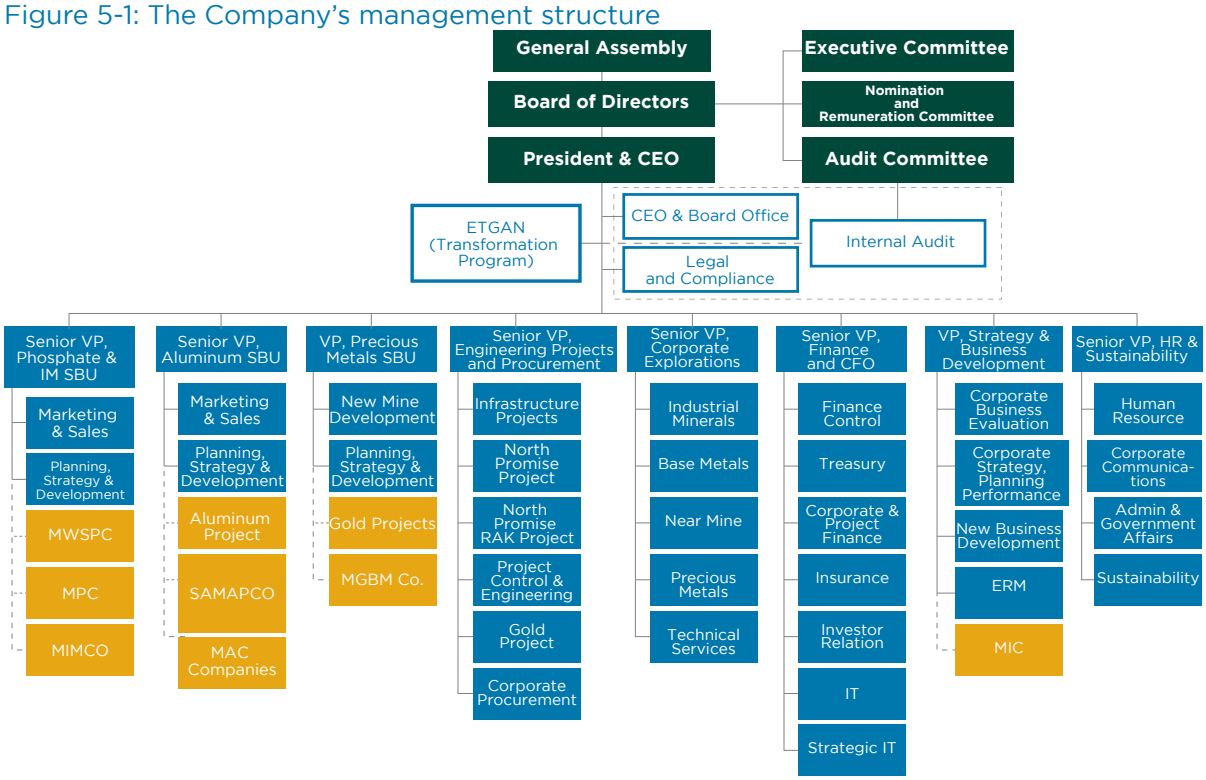
The Company's main management structure consists of a Board (the "**Board**"), Board Committees, an executive committee (the "**Executive Committee**"), an Audit Committee, a Nomination & Remuneration Committee and a team of executive officers (the "**Senior Management**").

The Company has a clear organisational structure, headed by the Board and supported by Senior Management. The overall direction, supervision and control of the Company are the ultimate responsibility of the Board. The Board has delegated responsibility for overall management of the Company to Senior Management, headed by the Chief Executive Officer (the "**CEO**").

There are a number of committees within the Company, in addition to the Executive Committee, which report to the Board and are responsible for dealing with a range of operational and business matters including human resources and remuneration and nominations. For a description of these committees, see Section 5-1-1-3, "**Board Committees**", of this Prospectus.

Managing the day-to-day operations of the Company is the responsibility of the CEO of the Company, Mr Khalid Bin Saleh Al-Mudaifer, and other senior members of the Senior Management to whom the Board has delegated executive powers.

Figure 5-1: The Company's management structure



5 - 1 - 1 Board of Directors and Board Secretary

In accordance with the Companies Regulations and its By-laws, the Board consists of nine members (the "**Directors**"), including the Chairman and the Chief Executive Officer.

The Directors are appointed by the Ordinary General Assembly for a term of three years, four of whom are to be appointed by, and represent, the Government (represented by PIF), provided that the Government holds at least 50 per cent of the shares in the Company. As of the date of the Prospectus, the Board comprises eight members who were appointed during the meeting of the extraordinary general assembly held on 01/12/1435H (corresponding to 25/09/2014G) whereas the ninth seat remained vacant due to not obtaining the required number of votes for appointment. The Company also announced that a vote to appoint a new Independent Director to fill the vacant seat will be held at the EGM scheduled on 20/01/1436H (corresponding to 13/11/2014G). The Company will announce on the Tadawul Website the appointment of the ninth independent Director after holding the EGM meeting. The Board is responsible for the overall strategy and direction of Company's business.

The following table sets out the names of the members of the Board and the Board Secretary as at the date of this Prospectus:

Table 5.1: Names of the members of the Board and the Board Secretary as at the date of this Prospectus.

Name	Title	Date of Membership	Nationality	Status
Mr Abdullah Bin Saif Al-Saif	Chairman	25/10/2008G	Saudi	Independent Director
H.E. Mohammed Bin Abdullah Al-Kharashi	Director	25/10/2008G	Saudi	Non-executive Director representing PIF
H.E. Suleiman Bin Abdulrahman Al-Gwaiz	Director	01/01/2014G	Saudi	Non-executive Director representing GOSI
Mr Mansour Bin Saleh Al-Maiman	Director	25/10/2008G	Saudi	Non-executive Director, representing PIF
Dr Ziyad Bin Abdulrahman Al-Sudairy	Director	19/07/1997G	Saudi	Independent Director
Mr Sultan Bin Jamal Shawli	Director	25/10/2008G	Saudi	Non-executive Director, representing PIF
Mr Khalid Bin Hamad Al-Sanani	Director	25/10/2008G	Saudi	Non-executive Director, representing PIF
Mr Khalid Bin Saleh Al-Mudaifer	President and CEO	25/10/2011G	Saudi	Executive Director
Mr Abdulaziz Bin Abdullah Al-Suqair*	Former Director	25/10/2011G	Saudi	Independent Director
Mr Baker Abdullatif Al-Haboob	Board Secretary	15/09/2012G	Saudi	Board Secretary

* Mr. Adbulaziz Al-Suqair's seat on the Board is currently vacant, as he did not receive the required number of votes for re-election at the extraordinary general assembly held on 01/12/1435H (corresponding to 25/09/2014G). The Company announced that a vote to appoint a new Independent Director to fill the vacant seat will be held at the EGM scheduled on 20/01/1436H (corresponding to 13/11/2014G). (Please review the Company's announcements on the Tadawul Website)The Company will announce on the Tadawul Website the appointment of the ninth independent Director after holding the EGM meeting.

Under Article 68 of the Companies Law, each Director must own shares in the Company with a value of no less than SAR 10,000 (the "**Qualification Shares**"). However, the Company's By-Laws expressly provides that this requirement does not apply to the President and those Directors who represent the Government. As at the date of this Prospectus, each Director who was required to own such Qualification Shares had deposited them with Tadawul by the applicable deadline.

The business address of each of the directors is Saudi Arabian Mining Company (Ma'aden), Building Number 395, Abi Bakr Assaddiq Road, South, P.O. Box 68861, Riyadh 11537, Kingdom of Saudi Arabia.

The experience, qualifications and the current and other positions of each of the Directors and the Secretary of the Board are set out below:

Mr Abdallah Bin Saif Al-Saif

Chairman, Independent Director

Mr Al-Saif is currently an Independent Director and Chairman of the Board. He was appointed as a member of the Board on 25/10/2008G. He is a Saudi national and, as at the date of this Prospectus, is 71 years old.

Al-Saif worked for Saudi ARAMCO between 1960G and 2007G. He initially worked as a petroleum engineer and, thereafter, headed several administrative positions in the field of petroleum engineering and production operations. In 1982G he was appointed as Saudi Aramco's vice president of production. He then occupied several positions including Vice President of Manufacturing, Vice President of Corporate Planning and Vice President of Crude Oil Marketing and Sales. He served on the Board of Aramco between 1998G and 2007G.

The details of Mr Al-Saif's academic and professional qualifications, together with current and previous board memberships, are set out below:

Table 5.2: Details of Mr Al-Saif's academic and professional qualifications, together with current and previous board memberships:

Academic and Professional Qualifications

Country	University/Institution	Area	Qualification	Year
United States	Oklahoma University	Petroleum Engineering	Bachelor's Degree	1970G

Current Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	Start Date
Real Estate	Joint Stock Company	Emaar Dhahran Company	Board Member	2008G

Previous Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Petroleum	Government Corporation	Saudi Aramco	Board Member	2007G	1960G

H.E. Mohammed Bin Abdullah Al-Kharashi

Non-executive Director

H.E. Al-Kharashi is a Non-executive Director, and was appointed as a member of the Board on 25/10/2008G. He is the Chairman of the Audit Committee. He is a Saudi national and, as at the date of this Prospectus, is 65 years old. H.E. Al-Kharashi has held several positions in the PPA since joining in 1991G and currently serves as the Governor of the PPA since 2000G. Prior to joining the PPA, he held a number of senior positions at the Saudi Fund for Development between 1981G to 1991G.

The details of H.E. Al-Kharashi's academic and professional qualifications, together with current and previous Board Positions and Memberships, are set out below:

Table 5.3: Details of H.E. Al-Kharashi's academic and professional qualifications, together with current and previous Board Positions and Memberships:

Academic Qualifications

Country	University	Area	Qualification	Year
Kingdom of Saudi Arabia	King Saud University	Accounting	Bachelor's Degree	1975G
United States	Oklahoma City University	Accounting	Master's Degree	1980G

Current Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	Start Date
Telecommunications	Joint Stock Company	Saudi Telecom Company	Board Member	2002G
Petrochemicals	Joint Stock Company	SABIC	Board Member	2012G

Previous Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Insurance	Joint Stock Company	Tawuiya Insurance Company	Board Member	2011G	2004G
Petrochemical	Joint Stock Company	Saudi Industrial Investment Group	Board Member	2012G	2006G
Publishing	Joint Stock Company	Saudi Research & Marketing Group	Board Member	2014G	2006G

H.E. Suleiman Abdulrahman Al-Gwaiz

Non-executive Director

H.E. Al-Gwaiz is a Non-Executive Director and was appointed as a member of the Board on 1/1/2014G. He is a Saudi national and, as at the date of this Prospectus, is 59 years old.

H.E. Al-Gwaiz has served as the Governor of GOSI since 2013G. Prior to becoming the Governor of GOSI, he worked in a number of high profile roles in the banking industry in the Kingdom, including as the Deputy Chief Executive Officer of Riyadh Bank from 1991G until 2012G. He has also held several positions at Saudi American Bank.

The details of H.E. Al-Gwaiz's academic and professional qualifications, together with current and previous positions and board memberships, are set out below:

Table 5.4: Details of H.E. Al-Gwaiz's academic and professional qualifications, together with current and previous positions and board memberships:

Academic and Professional Qualifications

Country	University/Institution	Area	Qualification	Year
United States	University of Portland	Business	Bachelor's Degree	1981G
Greece	Citibank	Banking Management	Professional Development	1982G
United States	Citibank	Corporate Finance	Professional Development	1989G

Current Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	Start Date
Banking	Joint Stock Company	Banque Saudi Fransi	Chairman	2014G
Finance	Limited Liability Company	Hassana Investment Company	Chairman	2013G
Petrochemicals	Joint Stock Company	Saudi Industrial Investment Group	Board Member	2013G

Previous Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Industrial	Joint Stock Company	The National Company for Glass Industries (ZOUJAJ)	Board Member	1994G	1993G
Industrial	Joint Stock Company	The National Industrialization Company (Tasnee)	Board Member	1995G	1988G
Insurance	Closed Joint Stock Company	Royal Sun Alliance Insurance M.E.	Board Member	2013G	1998G
Leasing	Closed Joint Stock Company	AJIL Financial Services Company	Board Member	2013G	2008G
Finance	Limited Liability Company	Mastercard International MEA	Board Member	2013G	1996G

Mansour Bin Saleh Al-Maiman

Non-executive Director

Mr Mansour Al-Maiman is a Non-executive Director. He was appointed as a member of the Board on 25/10/2008G. He is a member of the Remuneration and Compensation Committee. He is a Saudi national and, as at the date of this Prospectus, is 65 years old. Mr Al-Maiman held several positions in the PIF, including Secretary-General, before retiring in 2012G. Prior to his appointment as Secretary General, Mr Al-Maiman worked as Assistant Deputy Minister for budgeting and organisation at the Ministry Finance and Economy (1993G to 1998G).

The details of Mr Al-Maiman's academic and professional qualifications, together with current and previous Board Positions and Memberships, are set out below:

Table 5.5: Details of Mr Al-Maiman's academic and professional qualifications, together with current and previous Board Positions and Memberships:

Academic Qualifications

Country	University	Area	Qualification	Year
Kingdom of Saudi Arabia	King Saud University	Accounting and Business Administration	Bachelor's Degree	1973G
United States	University of Dallas	Business Administration	Master's Degree	1980G

Current Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	Start Date
Securities	Closed Joint Stock Company	NCB Capital	Chairman	2013G
Transportation	Government Corporation	Saudi Railways Company	Chairman	2007G
Banking	Joint Stock Company	National Commercial Bank	Chairman	2012G
Finance	Government Corporation	Saudi Arabian Investment Company (Sanabil)	Board Member	2012G

Previous Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Construction	Joint Stock Company	Qassim Cement Company	Board Member	1998G	1990G
Cement	Joint Stock Company (Egypt)	Saudi Egyptian Company for Construction	Board Member	2000G	1997G
Transportation	Joint Stock Company	Eastern Region Electricity Company (SCICO)	Board Member	2000G	1997G
Transportation	Joint Stock Company	The Saudi Public Transport Company	Board Member	2000G	1998G
Finance	Joint Stock Company	Riyadh Bank	Board Member	2007G	2001G

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Telecommunications	Joint Stock Company	Saudi Telecommunications Company (STC)	Board Member	2009G	1998G
Manufacturing	Joint Stock Company	Southern Province Cement Co.	Board Member	2011G	2006G
Finance	Joint Stock Company	Gulf International Bank	Board Member	2012G	2010G
Securities	Joint Stock Company	Saudi Stock Exchange (Tadawul)	Board Member	2014G	2007G

Dr. Ziyad Abdulrahman Al-Sudairy

Independent Member

Dr Al-Sudairy is an Independent Director, and was appointed as a member of the Board on 19/10/1997G. He is a member of the Remuneration and Compensation Committee. Dr Al-Sudairy is a Saudi national and, as at the date of this Prospectus, is 62 years old.

Dr Al-Sudairy has served as Director General of the Ziyad bin Abdulrahman Al-Sudairy Law Firm since 1988G. In addition to establishing his own law firm, Dr Al-Sudairy has served in the public sector in several positions, including as a legal consultant to the office of the Minister of Interior from 1980G to 1983G, as a Shura Council member in the Government from 1993G to 2005G and as the Chairman for the Legal Committee for Foreign Litigation. Dr Al-Sudairy was also a partner in Al-Sudairy and Fahad Legal Consultation Firm from 1985G to 1989G.

The details of Dr Al-Sudairy's academic and professional qualifications, together with current and previous positions and board memberships, are set out below:

Table 5.6: Details of Dr Al-Sudairy's academic and professional qualifications, together with current and previous positions and board memberships:

Academic Qualifications

Country	University	Area	Qualification	Year
United States	University of Arizona	Political Science	Bachelor's Degree	1976G
United States	University of Virginia	Law	Juris Doctor	1980G

Current Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	Start Date
Contracting	Limited Liability Company	Badran Projects Company	Director and General Manager	1990G
Agriculture	Limited Liability Company	Al-Fakhira Date Company	President and General Manager	1990G
Agriculture	Limited Liability Company	Badran Trading and Services Company	President and General Manager	1991G
Industrial and Trade	Limited Liability Company	Bateel Company Ltd.	President and General Manager	2006G

Previous Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Finance	Limited Liability Company	JP Morgan Saudi Arabia Limited Securities	Board Member	2014G	2011G

Mr Sultan Bin Jamal Shawli

Non-executive Director

Mr Shawli is a Non-executive Director, and was appointed as a member of the Board in 2008G. He is a member of the Executive Committee. Mr Shawli is a Saudi national and, as at the date of this Prospectus, is 61 years old. Mr Shawli has held a number of senior positions at the MPMR and is currently the Deputy Minister for Mineral Resources.

The details of Mr Shawli's academic and professional qualifications, together with his previous Board Positions and Memberships, are set out below:

Table 5.7: Details of Mr Shawli's academic and professional qualifications, together with his previous Board Positions and Memberships:

Academic and Professional Qualifications

Country	University	Area	Qualification	Year
Kingdom of Saudi Arabia	King Abdulaziz University	Geology	Bachelor's Degree	1977G
Kingdom of Saudi Arabia	King Abdulaziz Univesity	Petrological Phosphate Studies	Master's Degree	1985G

Previous Board Positions

Sector	Type of Legal Entity	Name	Position	Start Date	End Date
Mining	Limited Liability Company	Arabian Geophysical & Surveying Company (ARGAS)	Board Member	1992G	1995G
Chemicals	Limited Liability Company in Tunisia	Industries Chimiques du Fluor	Board Member	2002G	2013G
Transportation	Government Corporation	Saudi Railways Company	Board Member	2003G	2009G
Mining	Corporation Established by the Arab Economic Unity Council	Arab Mining Company	Board Member	2001G	2013G
Finance	Governmental Corporation	SIDF	Board Member	2010G	2013G
Mining	Joint Stock Company	Al-Masane Al-Kobra Mining Company	Board Member	2011G	2012G

Mr Khalid Bin Hamad Al-Sanani

Non-executive Director

Mr Al-Sanani is a Non-executive Director, and was appointed as a member of the Board on 25/10/2008G. He is a member of the Audit Committee. Mr Al-Sanani is a Saudi national and, as at the date of this Prospectus, is 55 years old.

Mr Al-Sanani is currently the Director, Advisor and Supervisor of Gas Supply and Pricing at the MPMR Prior to joining the MPMR in 2003G, he held several senior positions at Saudi Aramco between 1992G and 2003G, including Project Engineer Director, and at the Saudi National Guard between 1992G and 1994G, including Director of Studies.

Mr Al-Sanani does not currently hold, and has not previously held, any other Directorships.

Al-Sanani's academic qualifications and professional experience are set out below:

Table 5.8: Al-Sanani's academic qualifications and professional experience.

Academic Qualifications

Country	University	Area	Qualification	Year
United States	Saint Martin's College	Civil Engineering	Bachelor's Degree	1984G
United States	University of Colorado	Project Management	Master's Degree	1991G

Mr Khalid Bin Saleh Al-Mudaifer

Executive Director

Mr Al-Mudaifer is an Executive Director, and was appointed as a member of the Board on 25/10/2011G. He is a member of the Executive Committee and the Remuneration and Compensation Committee. Mr Al-Mudaifer is a Saudi national and, as at the date of this Prospectus, is 54 years old.

Mr Al-Mudaifer has been the President and Chief Executive Officer of the Company since January 2011G. Prior to being appointed as President and Chief Executive Officer, he held a number of positions within the Company, as he joined the Company in March 2006G as the Vice President of Industrial Affairs, and subsequently, served as Vice President of the Phosphate and New Business Development Unit from October 2007G to December 2010G.

Prior to joining the Company, Mr Al-Mudaifer was the General Manager of Qassim Cement Company from 1993G to 2006G. He also served as Vice President and Director of Finance at Eastern Petrochemicals Company (SHARQ) from 1987G to 1993G.

The details of Mr Al-Mudaifer's academic and professional qualifications, together with current and previous Board Positions and Memberships, are set out below:

Table 5.9: details of Mr Al-Mudaifer's academic and professional qualifications, together with current and previous Board Positions and Memberships:

Academic and Professional Qualifications

Country	University	Area	Qualification	Year
Kingdom of Saudi Arabia	King Fahad University of Petroleum and Minerals	Civil Engineering	Bachelor's Degree	1984G
Kingdom of Saudi Arabia	King Fahad University of Petroleum and Minerals	Business Administration	Master's Degree	1986G

Current Board Positions

Sector	Type of Legal Entity	Name	Position	Start Date
Banking	Joint Stock Company	Gulf International Bank	Board Member	2009G

Previous Board Positions

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Petrochemicals	Private Corporation	Eastern Petrochemicals Company (SHARQ)	Board Member	1993G	1987G
Mining	Limited Liability Company	MPC	Chairman	2010G	2007G
Transportation	Government corporation	Saudi Arabian Railways	Board Member	2007G	2007G
Construction	Limited Liability Company	MIC	Chairman	2010G	2008G

Mr Abdulaziz Bin Abdullah Al-Suqair

Former Independent Member

Mr Al-Suqair was an Independent Member, and was appointed as a member of the Board on 25/10/2011G until 25/10/2014G. He was a member of the Executive Committee. Mr Al-Suqair is a Saudi national and, as at the date of this Prospectus, is 68 years old. Mr Al-Suqair is currently the Chairman and Managing Director of the Saudi Telecom Company. He previously served as the CEO of the Saudi Electricity Company and the CEO of the Advanced Electronic Company.

Mr. Adbulaziz Al-Suqair's seat on the Board is currently vacant, as he did not receive the required number of votes for re-election at the extraordinary general assembly held on 01/12/1435H (corresponding to 25/09/2014G). The Company announced that a vote to appoint a new Independent Director to fill the vacant seat will be held at the EGM scheduled on 20/01/1436H (corresponding to 13/11/2014G). The Company will announce on the Tadawul Website the appointment of the ninth independent Director after holding the EGM meeting.

The details of Mr Al-Suqair's academic and professional qualifications, together with current and previous board positions and memberships, are set out below:

Table 5.10: Details of Mr Al-Suqair's academic and professional qualifications, together with current and previous board positions and memberships:

Academic Qualifications

Country	University	Area	Qualification	Year
United Kingdom	University of London	Electrical and Electron Engineering	Bachelor's Degree	1972G
United States	University of California	Electrical Engineering	Master's Degree	1976G

Current Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	Start Date
Telecommunications	Joint Stock Company	Saudi Telecom Company (STC)	Chairman	2012G

Previous board positions and membership

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Aviation	Limited Liability Company	Al Salam Aircraft Company	Chairman	2000G	1998G
Manufacturing	Limited Liability Company	Advanced Electronic Company	CEO	2003G	1990G
Insurance	Joint Stock Company	Tawuniya Insurance Company	Board Member	2004G	2004G
Electricity	Joint Stock Company	Saudi Electricity Company	CEO	2006G	2005G
Education	Joint Stock Company	Tatweer Education Holding Company	CEO	2010G	2009G

Mr Baker Abdullatif Al-Haboob

Board Secretary

Mr Al-Haboob was appointed as the Board Secretary on 15/9/2012G. He is a Saudi national and, as at the date of this Prospectus, is 36 years old.

Mr Al-Haboob has served as the Senior Legal and Corporate Governance Advisor for the Company since February 2012G. Prior to joining the Company, he served as the Head of Appeal Committee Studies at the Committee for Resolution of Securities Conflicts at the CMA from 2005G to January 2011G. He also served as legal counsel and advisor at a law firm from 2001G to 2005G.

Mr Al-Haboob does not currently hold, and has not previously held, any other Directorships.

Details of Mr Al-Haboob's academic qualifications and professional experience are set out below:

Table 5.11: Mr Al-Haboob's academic qualifications and professional experience.

Academic and Professional Qualifications

Country	University	Area	Qualification	Year
Kingdom of Saudi Arabia	Al-Imam Muhammad Ibn Saud Islamic University	Islamic Law	L.L.B (Hons.)	2001G
Kingdom of Saudi Arabia	Higher Judicial Institute	Comparative Jurisprudence	L.L.M (Hons.)	2004G
United Kingdom	Nottingham Law School	Corporate Law and International Trade	L.L.M (Hons.)	2009G

Direct and Indirect Ownership of Shares by the Directors and the Board Secretary

A description of any interest, option rights and the rights of subscription belonging to the Directors and the Board Secretary and their spouses and minor children in the shares of the Company or any of its subsidiaries as at 30 June 2014G is set out below.

Table 5.12: A description of any interest, option rights and the rights of subscription belonging to the Directors and the Board Secretary and their spouses and minor children in the shares of the Company or any of its subsidiaries as at 30 June 2014G.

Name	Total Shareholding
Mr Abdallah Bin Saif Al-Saif	1,000
H.E. Mohammed Bin Abdullah Al-Kharashi	-
H.E. Suleiman Bin Abdulrahman Al-Gwaiz	1,000
Mr Mansour Bin Saleh Al-Maiman	231
Dr Ziyad Bin Abdulrahman Al-Sudairy	9,333
Mr Sultan Bin Jamal Shawli	-
Mr Khalid Bin Hamad Al-Sanani	-
Mr Khalid Bin Saleh Al-Mudaifer	6,000
Mr Abdulaziz Bin Abdullah Al-Suqair**	1,050
Mr Baker Bin Abdullatif Al-Haboob	75

* Indirect ownership marked with an asterisk (*)

** Former Director.

5 - 1 - 1 - 1 Service Contracts

The CEO of the Company was appointed on 25 October 2011G under an indefinite contract that took the same form as approved contracts for other employees of the Company. His services at the Company are governed by the Saudi Labour Law, GOSI Regulations and other related laws and regulations. Except for the CEO, there are currently no service contracts in place for any member of the Board and it is not contemplated that the Company will enter into any such service contacts.

5 - 1 - 1 - 2 Remuneration of the Directors

As at the date of this Prospectus, over the past three years the Company has paid approximately SAR 7,202,726 in aggregate (SAR 2,396,726, SAR 2,413,000 and SAR 2,393,000 for the fiscal years ended 31 December 2011G, 2012G and 2013G respectively) for remuneration and other benefits in respect of the Directors. The terms of remuneration and benefits for the Board are approved at the Ordinary General Assembly.

The remuneration policy for Directors is provided for in the Charter of the Nomination and Remuneration Committee approved by the Company. No member of the Board nor the CEO has any authority to vote on the remuneration paid to them. There is no authority granted to any member of the Board or senior executive that would allow him to borrow from the Company. Moreover, no member of the Board or the CEO has any authority to vote on a contract or a proposal in which he has a material interest.

5 - 1 - 1 - 3 Board Committees

The Board has established a number of committees, as required, to ensure the best performance of the Company's management. In this respect, the Board has ensured the following:

- All Board committees have approved the job rules that identify their roles and responsibilities.

- Each Board committee's powers are clearly specified.
- Minutes are prepared for all Board committees' meetings and they are reviewed and approved by all Directors.

The Company currently has the following three Board-appointed committees:

5 - 1 - 2 Executive Committee

The Executive Committee comprises at least five Directors, each of whom is appointed by the Board. The Executive Committee meets on a quarterly basis, with additional meetings as required, and the quorum for the meeting is the majority of its members. The Board may delegate its responsibilities to the Executive Committee.

The duties and responsibilities of the Executive Committee include the following:

- Reviewing Company strategies and objectives and making recommendations to the Board in this regard.
- Reviewing the workforce budget, the operational budget and capital expenditure budget.
- Reviewing proposed long-term business plans, operations and financial plans (that are longer than three years) and providing recommendations to the Board in this regard.
- Reviewing all core projects and business expansions according to the approved strategies, business plans, operations and long-term financial plans, and making recommendations to the Board.
- Overseeing and monitoring the implementation of the Company and its affiliates' expansion projects.

The following table sets out the names of the members of the Executive Committee as at the date of this Prospectus.

Table 5.13: The names of the members of the Executive Committee as at the date of this Prospectus.

Name	Title
Mr Abdallah Bin Saif Al-Saif	Chairman
H.E. Suleiman Bin Abdulrahman Al-Gwaiz	Member
Mr Sultan Bin Jamal Shawli	Member
Mr Khalid Bin Saleh Al-Mudaifer	Member
Mr Abdulaziz Bin Abdullah Al-Suqair*	Former Member

* Mr. Abdulaziz Al-Suqair's seat is currently vacant, as he did not receive the required votes for re-election at the extraordinary general assembly held on 01/12/1435H (corresponding to 25/09/2014G). The Board will appoint the fifth member of the Executive Committee by no later than 21 December 2014G.

5 - 1 - 2 - 1 Audit Committee

The Audit Committee is comprised of five members who are appointed by the Board. The Audit Committee meets annually, with additional meetings as required, and the quorum for the meeting is a majority of its members. The Audit Committee has the right, without any restrictions, to access all information, data, reports, records, correspondence, and other matters as the Committee deems significant. The Audit Committee is also entitled to engage consultants, accountants, or any other independent third parties.

The duties and responsibilities of the Audit Committee include the following:

- Review the Company's proposed financial policies and procedures and recommend their final approval to the Board.
- Review the interim and annual standalone and consolidated financial statements of the Company and its subsidiaries.
- Oversee the Group's internal audit department to ensure efficiency in performing its activities and tasks assigned by the Board.
- Review the internal audit plan, procedures and recommendations to the Board on the appointment or termination of services, and the fees of external auditors, taking their independence into account.
- Conduct or authorise investigations related to any matter in the Company's interest.

The following table sets out the names of the members of the Audit Committee as at the date of this Prospectus:

Table 5.14: The names of the members of the Audit Committee as at the date of this Prospectus.

Name	Title
H.E. Mohammed Bin Abdullah Al-Kharashi	Chairman
Mr Khalid Bin Hamad Al-Sanani	Member
Mr Abdullah Bin Mohammed Al-Fayez*	Former Member
Mr Mazen Bin Abdullah Al-Furaih *	Former Member
Dr Abdullah Bin Hassen Al-Abdulqader*	Former Member

*The seats of each of Abduallah Al-Fayez, Mazen Al-Furaih and Abdullah Al-Abdulqader became vacant as the Board did not re-appoint them at its meeting held on 02/01/1436H (corresponding to 26/10/2014G). The Nomination and Remuneration Committee will appoint three members to fill the vacant seats by no later than 10 December 2014G

The experience, qualifications and the current and other positions of each former member in the Audit Committee (non-Directors) are set out below:

Mr Abdullah Bin Mohammed Al-Fayez

Audit Committee member

Mr Abdullah Bin Mohammed Al-Fayez was a member of the audit committee since 2014G.

Mr Al-Fayez joined the Saudi Arabian Oil Company in 1974G and worked as an assistant supervisor of marine maintenance work. In 1975G, he joined SIDF, holding various positions in project and portfolio management, including his position as Senior Project Manager, and Team Leader and Director of Marketing. Mr Al-Fayez was Assistant to the General Manager at the Saudi-Spanish Bank prior to joining the United States–Saudi Arabian Joint Commission on Economic Cooperation between 1986G and 2000G.

Thereafter, he was the General Manager and Member of the Executive Committee at the Saudi Arabian Public Transportation Company.

Mr Al-Fayez is 66 years old as at the date of this Prospectus.

The details of Mr Al-Fayez's academic and professional qualifications, together with current and previous positions and board memberships, are set out below:

Table 5.15: Mr Al-Fayez's academic and professional qualifications, together with current and previous positions and board memberships.

Country	University	Area	Qualification	Year
USA	Washington University	Mineral Engineering	Bachelor's Degree	1974G
USA	Chase Manhattan	Credit accounting, banking and analysis	Training program	1977G

Current Board Positions

Sector	Type of Legal Entity	Name	Position	Start Date
Petrochemicals	Joint Stock Co.	National Petrochemical Company (Petrochem)	Board Member	2012G
Investment	Joint Stock Co.	Riyadh Investment Company	Board Member	2007G

Sector	Type of Legal Entity	Name	Position	Start Date
Insurance	Joint Stock Co.	National Company for Cooperative Insurance	Board Member	2003G
Insurance	Joint Stock Co.	United Insurance Company	Board Member	2003G

Previous Board Positions

Sector	Type of Legal Entity	Name	Position	Start Date	End Date
International Trade	Limited Liability Company	Saudi Spanish Company for Foreign Trade	Board Member	1981G	1986G
Transportation	NGO	Arab Union for Land Transport	Board Member	2000G	2006G
Transportation	Limited Liability Company	Saudi Bahraini Transport Company	Board Member	2000G	2006G
Transportation	Limited Liability Company	Bahrain Limo	Board Member	2003G	2006G

Dr Abdullah Bin Hassen Al-Abdulqader

Audit Committee member

Dr Al-Abdulqader joined the Company's Audit Committee in 2011G.

Dr Al-Abdulqader was a member of the CMA Board from the time it was formed in Jumada Al-Ula 1425H (July 2004G) for a period of five years. He was Provost of Graduate Studies and Research at King Fahd University of Petroleum and Minerals (1998G-2003G). Dr Al-Abdulqader provides consultation on corporate governance and business administration for a number of organisations and companies in the Kingdom and Gulf. He is a Saudi national and, as at the date of this Prospectus, is 59 years old.

The details of Dr Abdullah Bin Hassen Al-Abdulqader's academic and professional qualifications, together with current and previous positions and board memberships, are set out below:

Table 5.16: Details of Dr Abdullah Bin Hassen Al-Abdulqader's academic and professional qualifications, together with current and previous positions and board memberships.

Country	University	Area	Qualification	Year
The Kingdom	King Fahd University of Petroleum and Minerals	Industrial Management	BSC	1981G
The Kingdom	King Fahd University of Petroleum and Minerals	MBA	Master›s Degree	1983G
USA	University of Colorado, Boulder	DBA, Management Information Systems	PhD	1988G

Current Board Positions

Sector	Type of Legal Entity	Name	Position	Start Date
Banking	Joint Stock Co.	Gulf International Bank (GIB)	Board Member	2009G
Investment	Joint Stock Co.	Saudi Technology Development and Investment Company	Board Member	2011G
Training	Non-Profit Organisation	GCC Board Directors Institute	Vice Chairman	2009G

Previous Board Positions

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Insurance	Public Joint Stock Company	Saudi Fransi Cooperative Insurance Company ("Allianz SF")	Chairman	2014G	2013G
Telecommunications	Public Joint Stock Company	Saudi Telecom Company (STC)	Board Member	2002G	1998G

Mr Mazen Al-Furaih

Audit Committee member

Mr Al-Furaih joined the Company's Audit Committee in 2014G.

Mr Al-Furaih serves as a Financial Analyst at the PIF since 2011G, where he reviews commercial loan applications, prepares project appraisals, reviews financial statements and evaluates new investment opportunities. He is a Saudi national and, as at the date of this Prospectus, is 29 years old.

The details of Mr Al-Furaih's academic and professional qualifications are set out below:

Table 5.17: Details of Mr Mazen Al-Furaih's academic and professional qualifications, together with current and previous positions and board memberships.

Country	University	Area	Qualification	Year
The Kingdom	King Fahd University of Petroleum and Minerals	Finance	BS	2009G
The Kingdom	SIDF Credit Officer Training Program	Finance	Professional Training	2011G
USA	SIDF Credit Officer Training Program	Finance	Professional Training	2011G

Mr. Mazen Al-Furaih does not currently hold, and has not previously held, any directorships.

5 - 1 - 2 - 2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of four members who are appointed by the Board. The Nomination and Remuneration Committee meets on a quarterly basis and the quorum for the meeting is a majority of its members. The duties and responsibilities of the Nomination and Compensation Committee include the following:

- Annual review and recommendations of the skills, abilities and work experience needed to strengthen the capacity of the Board and make suitable recommendations to the Board.
- Annual verification of independent members and whether there exist any conflicts of interest if the member serves on the Board of another company.
- Evaluation of candidates for membership in the Board, while bearing in mind factors including, but not limited to integrity, credibility, and responsibility; successful leadership experience; strong business acumen; independence and absence of any conflict of interest; and the ability to devote the time necessary to carry out their responsibilities as member.
- Assisting the Board to select and qualify candidates for board membership and preparation of a long-term succession plan when necessary.
- Identifying strengths and weaknesses in the Board and proposing methods to address any deficiencies.
- Reviewing and approving all compensation (salaries, allowances, shares) for all executives (CEO, deputies, and executive directors) on an annual basis.
- Reviewing and approving human resources policies and procedures; administrative development programs and plans for succession of executives; and evaluation of objectives (including performance indicators) to be achieved within reward and incentive programs.
- Consulting with the CEO to review the succession plan so that there is a sufficient pool of internal candidates qualified to fill senior and leadership positions; identifying opportunities and shortcomings in performance and subsequent steps as part of succession planning, including development of executive competencies.

The following table sets out the names of the members of the Nomination and Remuneration Committee as at the date of this Prospectus.

Table 5.18: Members of the Nomination and Remuneration Committee as at the date of this Prospectus.

Name	Title
Mr Abdallah Bin Saif Al-Saif	Chairman
Mr Mansour Bin Saleh Al-Maiman	Member
Dr Ziyad Abdulrahman Al-Sudairy	Member
Mr Khalid Bin Saleh Al-Mudaifer	Member

5 - 1 - 3 Senior Management

Senior Management is comprised of qualified and experienced senior officers with the knowledge and expertise necessary to run the Company's business. The Company is successful in retaining its Senior Management team and in developing qualified employees and promoting them to senior positions in the Company.

The following table sets out the names of the members of the Senior Management as at the date of this Prospectus:

Table 5.19: Members of Senior Management as at the date of this Prospectus.

Name	Title	Age	Date of Appointment to Current Position
Mr Khalid Al-Mudaifer	President and CEO	54	01/01/2011G
Mr Majed Al-Mugla	Senior Vice President of Engineering Projects and Procurement	62	01/04/2014G
Mr Bruce Kirk	Senior Vice President of Corporate Exploration	62	30/11/2014G
Mr Khaled Al-Rowais	Senior Vice President of Finance and CFO	51	01/03/2011G

Name	Title	Age	Date of Appointment to Current Position
Mr Khalil Watban	Senior Vice President of Phosphate Strategic Business Unit	53	15/05/2014G
Mr Thomas Walpole	Senior Vice President of Aluminium Strategic Business Unit	60	09/03/2014G
Mr Nabil Al-Fraih	Senior Vice President of Human Resources and Sustainability	55	21/01/2014G
Mr Yahia Al-Shangiti	Vice President of Precious Metals Strategic Business Unit (Acting)	50	21/01/2014G
Mr Khalid Al-Ohali	Vice President of Strategy and Business Development	51	01/09/2014G

As at the date of this Prospectus, there are no potential or actual conflicts of interest between the private interests and other duties of the Senior Management listed above and their duties to the Company.

The experience and qualifications of each of the members of Senior Management are set forth below.

Mr Khalid Bin Saleh Al-Mudaifer

See Section 5.1.1, "**Board and Board Secretary**", of this Prospectus.

Mr Majed Bin Yousef Al-Mugla

Senior Vice President of Engineering Projects and Procurement

Mr Al-Mugla joined the Company in 2012G. Prior to joining the Company, Mr Al-Mugla held a number of senior positions at Saudi Aramco, including Senior Engineer, Project Manager, Director of Refinery Projects, Director of the Refining Project Department, Director of the Planning Department, President of the Saudi Aramco Shell Refinery Company, Acting Executive Director of the Project Department at the Sadara project and Vice President of Project Management at the Sadara project. As at the date of this Prospectus, Mr Al-Mugla is 62 years old.

The details of Mr Al-Mugla's academic and professional qualifications and board memberships are set out below:

Table 5.20: Al-Mugla's academic and professional qualifications and board memberships.

Academic Qualifications

Country	University	Area	Qualification	Year
Kingdom of Saudi Arabia	King Fahd University for Petroleum and Minerals	Applied Chemical Engineering	Bachelor's Degree	1976G
Kingdom of Saudi Arabia	King Fahd University for Petroleum and Minerals	Business Administration	Master's Degree	1982G

Previous Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Mining	Limited Liability Company	MWASPC	Chairman	2014G	2013G

Current Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	Start Date
Mining	Limited Liability Company	MPC	Chairman	2014G
Mining	Limited Liability Company	MAC	Board Member	2013G
Mining	Limited Liability Company	MWASPC	Board Member	2014G

Mr Bruce Ian Kirk

Senior Vice President of Exploration

Mr Kirk joined the Company in 2011G as Senior Vice President of Exploration. Mr Kirk began his exploration career in 1973G with Aquitaine Australia Minerals, Australia and Fiji as an Exploration Geologist, before joining Rio Tinto in 1978G. At Rio Tinto Mr Kirk held a number of senior positions, including Senior Geologist, Principal Exploration Geologist and Manager of Geology Operating Mines, before joining BHP Billiton in 1996G initially as Chief Exploration Geologist in South Amercia and subsequently serving in a number of roles in several countries including Regional Exploration Manager in Australia and India. Mr Kirk served as the President of the Iron Ore and Base Metals division of African Minerals Limited from 2007G to 2008G, until he left African Minerals Ltd to join the Oman Oil Company as the Head of Minerals Development in 2008G. Mr Kirk is a Fellow of the Australasian Institute of Mining and Metallurgy. As at the date of this Prospectus, Mr Kirk is 62 years old.

The details of Mr Kirk's academic and professional qualifications, together with current and previous board memberships, are set out below:

Table 5.21: Mr Kirk's academic and professional qualifications, together with current and previous board memberships.

Academic Qualifications

Country	University	Area	Qualification	Year
Australia	University of New South Wales	Geology	Bachelor's Degree	1973G
Australia	University of Queensland	Geology	Master's Degree	1977G
Australia	University of Queensland	Law	Bachelor's Degree	1995G

Current Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	Start Date
Mining	Limited Liability Company	MGBM	Board Member	2013G

Previous Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Mining	Limited Liability Company	African Minerals Limited	Executive Director	2008G	2007G

Mr Khaled Bin Salem Al-Rowais

Chief Financial Officer, Senior Vice President of Finance and Chief Financial Officer.

Mr Al-Rowais joined the Company in August 2002G as Corporate Treasurer before he was appointed as Executive Director for Planning and Strategy in 2008G, as Vice President for Strategy, Planning and Development in 2011G, and then appointed to his current position as Chief Financial Officer and Senior Vice President of Finance in January 2011G.

Prior to joining the Company, Mr Al-Rowais held a number of senior positions at SABIC between 1996G and 2002G, including Project Finance Manager. He worked at the Saudi Arabian Monetary Agency between 1984G and 1996G. As at the date of this Prospectus, Mr Al-Rowais is 51 years old.

The details of Mr Al-Rowais's academic and professional qualifications, together with current and previous Board Positions and Memberships, are set out below:

Table 5.22: Mr Al-Rowais's academic and professional qualifications, together with current and previous Board Positions and Memberships.

Academic Qualifications

Country	University	Area	Qualification	Year
Kingdom of Saudi Arabia	King Saud University	Accounting	Bachelor's Degree	1984G

Current Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	Start Date
Mining	Limited Liability Company	MPC	Board Member	2009G
Mining	Limited Liability Company	MAC	Chairman	2013G

Previous Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Mining	Limited Liability Company	MGBM	Chairman	2013G	2011G

Mr Khalil Watban

Senior Vice President of the Phosphate and IM Strategic Business Unit

Mr Watban joined the Company in 2009G as Vice President of Operations at MPC, before he was appointed as President of MPC in 2011G. He was appointed to his current position, Vice President of the Phosphate Strategic Business Unit, on January 2014G. As at the date of this Prospectus, Mr Watban is 53 years old.

Mr Watban started his career as a maintenance engineer at SABIC's fertiliser subsidiary, SAFCO, in 1987G, becoming maintenance manager and technical director of SAFCO in 1995G. He then held a number of positions, including Vice President of Engineering for Marafiq and President of Alpha Projects, where he worked until joining the Company.

The details of Mr Watban's academic and professional qualifications, together with current and previous Board Positions and Memberships, are set out below:

Table 5.23: Mr Watban's academic and professional qualifications, together with current and previous Board Positions and Memberships

Academic Qualifications

Country	University	Area	Qualification	Year
Iraq	Basra University	Mechanical Engineering	Bachelor's Degree	1983G
Iraq	Basra University	Mechanical Engineering	Master's Degree	1986G

Previous Board Positions

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Textiles	Limited Liability Company	Ibn Rushd Arabian Industrial Fibers Company	Board Member	2004G	2001G
Construction	Limited Liability Company	MIC	Board Member	2014G	2011G
Mining	Educational Institution	Saudi Mining Polytechnic	Board Member	2014G	2012G

Current Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	Start Date
Mining	Limited Liability Company	MPC	Board Member	2010G
Mining	Limited Liability Company	MWASPC	Chairman	2014G

Mr Thomas Walpole

Senior Vice President of the Aluminium Strategic Business Unit

Mr Walpole is an American national who joined the Company in 2014G. He began his extensive career at Alcan in 1976G in New York as an intern, later holding a number of key positions at Alcan, including US National Customer Services Manager, Market Director of Industrial Projects, Director of Business and Operations Planning, and Works Manager for the Oswego plant before being transferred to Alcan Korea as Vice President of Sales, Marketing and Business Development. In 2004G, Mr Walpole joined Novelis, eventually serving in the position of Senior Vice President and President, North America before joining the Company in 2014G.

Mr Walpole does not currently hold, and has not previously held, any other Directorships.

Details of Mr Walpole' academic qualifications and professional experience are set out below:

Table 5.24: Mr Walpole's academic qualifications and professional experience.

Academic Qualifications

Country	University	Area	Qualification	Year
United States	State University of New York	Business Administration, Accounting and Economics	Bachelor's Degree (Hons.)	1976G

Country	University	Area	Qualification	Year
United States	Weatherhead School of Management, Case Western Reserve University	Business Administration	Master's Degree	1995G

Mr Nabil Abdulaziz Al-Fraih

Senior Vice President of Human Resources and Sustainability

Mr Nabil Abdulaziz Al-Fraih is Senior Vice President of Human Resources and Sustainability in 2014G, having previously served as the Vice President of Precious Metals from 2011G to 2014G and as Director of Human Resources and Industrial Security from 2005G to 2009G. As at the date of this Prospectus, Mr Al-Fraih is 55 years old.

Mr Al-Fraih obtained his Bachelor of Science in Civil Engineering from King Saud University in the Kingdom in 1984G. He has also attended several management and technical programmes in the United States, Japan and Europe, including a one-year industrial training programme with Stone & Webster Engineering Corporation, New York, United States. His 30 years of experience in key positions with leading private and government organisations in the Kingdom equips him to lead the Corporate Services function at the Company.

Prior to joining the Company, Mr Al-Fraih worked as the General Manager of Al-Watania for Container Manufacturing from 1993G to 2005G. Prior to this, he held a position with Saudi Industrial Export Company as its Regional Marketing Manager from 1990G to 1993G. He also worked at the SIDF from 1984G to 1990G as a technical analyst.

The details of Mr Al-Fraih's academic and professional qualifications, together with current and previous Board Positions and Memberships, are set out below:

Table 5.25: Mr Al-Fraih's academic and professional qualifications, together with current and previous Board Positions and Memberships

Academic and Professional Qualifications

Country	University	Area	Qualification	Year
Kingdom of Saudi Arabia	King Saud University	Civil Engineering	Bachelor's Degree	1984G

Current Board Positions

Sector	Type of Legal Entity	Name	Position	Start Date
Education	Educational Institution	Saudi Mining Polytechnic	Chairman	2012G
Mining	Limited Liability Company	MGBM	Chairman	2013G

Previous Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Investment	Limited Liability Company	Al-Rajhi Cement Holding Ltd	Vice Chairman	2011G	2009G

Mr Yahia Al-Shangiti

Vice President the Precious Metals Strategic Business Unit (Acting)

Mr Al-Shangiti joined the Company in 1992G. He has served in a number of positions within the Company, including Mine Manager of Mahd Ad-Dahab, Project Manager of the Ad-Duwayhi project, Director of Operations at MGBM and President of MGBM, before being appointed as Vice President of the Precious Metals Strategic Business Unit (Acting) in 2014G. As at the date of this Prospectus, Mr Al-Shangiti is 50 years old.

The details of Mr Al-Shangiti's academic and professional qualifications, together with current and previous Board Positions and Memberships, are set out below:

Table 5.26: Mr Al-Shangiti's academic and professional qualifications, together with current and previous Board Positions and Memberships.

Academic Qualifications

Country	University	Area	Qualification	Year
Kingdom of Saudi Arabia	King Abdulaziz University	Mining Engineering	Bachelor's Degree	1992G
United Kingdom	University of Leeds	Mining	Master's Degree	1995G

Current Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	Start Date
Mining	Limited Liability Company	MPC	Board Member	2014G

Previous Board Positions and Memberships

Sector	Type of Legal Entity	Name	Position	End Date	Start Date
Mining	Limited Liability Company	IMC	Board Member	2010G	2008G
Mining	Limited Liability Company	MGBM	Board Member	2012G	2010G
Mining	Non-Profit Institution	Saudi Mining Polytechnic	Board Member	2014G	2012G

Mr Khalid Bin Sulaiman Bin Abdullah Al-Ohali

Vice President of Strategy, Planning and Business Development

Mr Al-Ohali is a Saudi national and joined the Company in September 2014G as Vice President of Strategy, Planning and Business Development. Mr Al-Ohali is considered a national asset in the field of planning and development in light of his 20-plus years of extensive knowledge and valuable experience. As at the date of this Prospectus, Mr Khalid is 51 years old.

Prior to joining the Company, Mr Al-Ohali held a number of positions and roles after graduating from King Fahd University of Petroleum and Minerals. He worked as a project manager at the Economic Offset Program until 2006G, when he worked as a consultant with the Ministry of Petroleum and Mineral Resources. In 2007G he was appointed Vice President of the National Programme for the Development of Industrial Clusters. In January 2010G he joined CRA Consulting as the Vice President and CEO in the Kingdom, and in March 2013G he was appointed advisor and Deputy Governor of SAGIA.

Mr Al-Ohali does not currently hold, and has not previously held, any other Directorships.

Details of Mr Al-Ohali's academic qualifications and professional experience are set out below:

Table 5.27: Details of Mr Khalid Bin Sulaiman Bin Abdullah Al-Ohali's academic qualifications and professional experience

Academic and Professional Qualifications:

Country	University	Area	Qualification	Year
Kingdom of Saudi Arabia	King Fahd University of Petroleum and Minerals	Mechanical Engineering	Bachelor's Degree	1989G

5 - 1 - 3 - 1 Direct and Indirect Ownership of Shares by Senior Management

A description of any shares, option rights and subscription rights in the Company belonging to members of Senior Management and their spouses and minor children or any of the Company's subsidiaries as at 31/12/2014G are set out below:

Table 5.28: Description of any shares, option rights and subscription rights in the Company belonging to members of Senior Management and their spouses and minor children or any of the Company's subsidiaries as at 31/12/2014G.

Name	Number of Shares
Mr Khalid Al-Mudaifer	6,000
Mr Majed Al-Mugla	-
Mr Bruce Kirk	-
Mr Khaled Al-Rowais	36,242
Mr Khalil Watban	-
Mr Thomas Walpole	-
Mr Nabil Al-Fraih	50,000
Mr Yahia Al-Shangiti	-
Mr Khalid Al-Ohali	-

* Indirect ownership marked with an asterisk (*)

5 - 1 - 3 - 2 Service Contracts

The CEO was appointed on 25/10/2011G under an indefinite contract that took the same form as the contracts of other employees of the Company. The Chief Financial Officer of the Company was appointed pursuant to a contract dated 27/2/2008G for an unspecified term. The two contracts are governed by the Saudi Labor Law, GOSI Regulations and other related laws and regulations.

5 - 1 - 3 - 3 Remuneration of Senior Management

As at the date of this Prospectus, over the past three years the Company has paid approximately SAR 41,189,590 (SAR 14,885,867, SAR 12,203,099, and SAR 14,100,624 for the years ended 31 December 2011G, 2012G and 2013G, respectively) toward remuneration and other benefits for the top five members of Senior Management, including the CEO, President, CFO and the other executives who receive the highest payments.

The details of remuneration for the top five executives receiving the highest remuneration and benefits during 2011G, 2012G and 2013G are set out below:

Table 5.29: The details of remuneration for the top five executives receiving the highest remuneration and benefits during 2011G, 2012G and 2013G:

Description	2011G (SAR)	2012G (SAR)	2013G (SAR)
Salaries and compensation	6,157,946	6,746,671	7,409,406
Allowances	2,155,281	2,331,959	2,593,292
Periodic and annual remuneration	1,092,756	548,250	650,235
Bonus plans	3,253,314	2,415,815	3,328,740
Any other in-kind compensation or benefits that are paid monthly or yearly	2,226,570	160,404	118,951
Total	14,885,867	12,203,099	14,100,624
Total:			41,189,590

The Company has also approved a loan programme for its executive employees to enable them to purchase houses for accommodation purposes. Through this programme, the Company provides loans to the employees through a local bank or national financial institution. The Company bears all of the loans' banking-related service fees. The employee is obliged to repay the loan during a period not exceeding ten years, in the amount of ten per cent annually. Repayment is made by means of withholding such amounts from the employee's monthly salary, provided that such withholding does not exceed 25 per cent of the employee's base salary.

5 - 2 Employee Share Scheme

The Company does not have any employee share schemes in place, or any other arrangements that would facilitate the acquisition by employees of the Company (including the Senior Management) of shares in the Company.

5 - 3 Strategic Transformation Programme

In April 2012G the Company launched a Strategic Transformation Programme called the "Etgan" program, with the aim of building the Company's organisational capabilities as a world-class institution delivering business results that will ultimately enhance shareholder value. As part of the Etgan programme, the Company has established a leadership development academy to provide leadership and managerial training to Company employees and employees of its affiliates and functional divisions. This programme will help the Company to increase revenues and profitability and support its expansion plans.

5 - 4 CORPORATE GOVERNANCE

The Company adheres to the Corporate Governance Regulations issued by the CMA. The Company seeks to comply with governance standards through an ongoing review of its policies and procedures, and enact policies and procedures that will enhance the concepts of transparency and integrity.

The Company applies all obligatory provisions contained in the Corporate Governance Regulations issued by the CMA on an ongoing basis. These regulations are included in the Company's documents. For the method of cumulative voting in the selection of members of the Board, the Company adopts the ordinary voting method and seeks to comply therewith in the future in a manner that preserves shareholder rights and facilitates their legal right to vote.

On 1/6/2012G the Board issued a decision adopting a "Conflict of Interest" policy that regulates conflicts of interest and addresses cases of potential conflicts for each Board Member, executive and shareholder. That includes misuse of corporate assets and facilities and abuse by concerned parties,

according to the provisions of item (1) of paragraph 10(B) of the Corporate Governance Regulations issued by the CMA.

The Directors affirm their compliance with the requirements of Articles 69 and 70 of the Companies Law. These Articles prohibit a director from having any interest, whether directly or indirectly, in the business or contracts of the Company or from participating in any competing business or engaging in any commercial activities carried out by the Company without prior authorisation from the Ordinary General Assembly.

5 - 5 DECLARATION BY DIRECTORS, SENIOR MANAGEMENT AND BOARD SECRETARY

The Directors declare that the financial information presented in the Prospectus is extracted from the Statement of Financial Position for the periods ended 31 December 2011G, 2012G and 2013G, without any material change thereto, and that Future Statements of Financial Position have been prepared in accordance with Accounting Standards issued by SOCPA.

The Board of Directors also declares that there has been no material adverse change in the financial position of the Company as at the date of this Prospectus. The Company has reviewed the potential cash flows the Company needs for its business over the next twelve months and the Company believes that it will have sufficient financial resources to cover working capital requirements during this period.

As at the date of this Prospectus, save as disclosed herein, the Directors, Senior Management, CFO and board secretary declare that:

- They have not at any time been declared bankrupt nor have they been subject to bankruptcy or insolvency proceedings.
- They have not been employed in a managerial or supervisory capacity at a company that has become insolvent in the five years preceding the date of this Prospectus.
- Save as disclosed herein, no Director currently holds, nor has previously held, the position of board member at any other company.
- Save as disclosed herein, no Board Member, nor any of their respective relatives, has any direct or indirect interests in the shares or debt instruments of the Company.
- Save as disclosed herein, no Board Member, nor any of their respective relatives, has any shares or interests of any kind in the Company.
- No Board Member, nor any of their respective relatives, has any material interest in any written or verbal contract or arrangement which are or might be material in the context of the Company's business at the time of the Prospectus.
- Neither the directors nor any senior executives have the right to vote on any contract or proposal in which they have a material interest.
- There has been no material adverse change in the financial position of the Company in the three fiscal years preceding the application for registration and admission to listing and up to the date of approval of this Prospectus.
- The Company has not granted a cash loan of any kind to any of its Directors or provide a guarantee in respect of any loan entered into by a Director with third parties in accordance with Article 71 of the Companies Law.
- The Directors declare that the financial information presented in the Prospectus is derived without material change from the audited financial statements, and that such statements have been prepared in accordance with SOCPA accounting standards.
- The Company does not have any intention to make any material change to the nature of its business.
- No commissions, discounts, brokerages or other non-cash compensation has been granted by the Company within the three fiscal years immediately preceding the application for registration and admission to the period covered by the report of the chartered accountant up until approval of the Prospectus.
- There has been no interruption in the business of the Company that could have or has had a significant effect on its financial position in the last 12 months.
- There are no employee share schemes in place prior to the application for registration and admission to listing.
- There are no other arrangements involving employees in the capital of the Company.
- They adhere to the provisions of Articles 69 and 70 of the Companies Law and the provisions of Article 18 of the Corporate Governance Regulations.
- The Directors affirm that the Company does not have any debt instruments and that neither the Company nor any subsidiaries have any assets under option as at the date of this Prospectus.

The Directors further declare that:

- There has been no interruption in the business of the Company or any of its subsidiaries which could have or has had a significant effect on its financial position in the last 12 months.
- As at the date of this Prospectus and save as described in this Prospectus, the Directors do not contemplate any material change in the nature of the Company's business.
- No commissions, discounts, brokerages, or other non-cash compensation has been granted by the Company or any of its subsidiaries within the three fiscal years immediately preceding the application for registration and admission to listing Rights on Tadawul in connection with the issue or offer of any securities.
- There has been no material adverse change in the financial or trading position of the Company or any of its subsidiaries in the three fiscal years immediately preceding the application for registration and admission to listing Rights on Tadawul and during the period from 30 June 2014G up to the date of approval of this Prospectus.
- The Company will have sufficient funds to meet its working capital requirements for 12 months, effective from the date of the Prospectus.
- The Company and its subsidiaries have working capital that is sufficient for 12 months following the date of this Prospectus.

5 - 6 RELATED PARTY CONTRACTS

Neither the Company nor any Subsidiary has entered, or contemplates entering into, any contracts or arrangements with the Directors, the Board Secretary, Senior Management or any of their relatives around the business of the Company or any subsidiary. The Company and its subsidiaries do however contract on a regular basis with related parties such as shareholders, joint venture partners and other affiliated companies around sale of the Company's products and the provision of related services (please see Section 14-6, "**Legal Information—Related Party Contracts**", of this Prospectus).

According to the Company's By-laws and other constitutional documents, the Board of Directors declares that:

- There is no power enabling a member of the Board of Directors or the CEO to vote on any contract or proposal in which he has a material interest.
- There is no power enabling a member of the Board of Directors or the CEO to vote on any of its remuneration.
- There is no power enabling a member of the Board of Directors, Senior Executives or the CEO to borrow from the Company.
- It shall adhere to the provisions of Article 18 of the Corporate Governance Regulations issued by the CMA.
- It shall adhere to the provisions of Articles 69 and 70 of the Companies Law.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the information set out in "Presentation of Financial Information", "Summary of Financial Information" and the Consolidated Financial Statements. The discussion of the Company's financial position and results of operations is based upon the Financial Statements, which have been prepared in accordance with accounting standards promulgated by SOCPA. This discussion contains forward-looking statements that may involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Prospectus (see the Section, "**Forward-looking Statements**" and Section 2, "**Risk Factors**", of this Prospectus.)

See "Presentation of Financial Information" for a discussion of the source of the financial numbers presented in this section.

6 - 1 Company overview

6 - 1 - 1 COMPANY HISTORY

The Company was formed as a Saudi Joint Stock Company pursuant to Royal Decree No. M/17 dated 14/11/1417H (corresponding to 23/03/1997G) and Council of Ministers Resolution No. 179 dated 08/11/1417H (corresponding to 17/03/1997G) with commercial registration number 1010164391 dated 10/11/1421H (corresponding to 04/02/2001G).

The Company was formed for the purpose of facilitating the exploration and development of the Kingdom's mineral resources and is now the largest mining and metals company in the Kingdom, with a diverse portfolio of mineral assets at various stages of development.

The Company has a broad commodity focus, spanning phosphate, aluminium, gold and industrial minerals. It is continually assessing opportunities to enter into new commodities that demonstrate strong long-term fundamentals and opportunities for growth which are in line with the Company strategy. The Company's businesses, as at the date of this Prospectus, can be broken down into the following business segments: Phosphate, aluminium, gold and base metals, industrial minerals and ethylene dichloride and caustic soda.

Ma'aden's investments are classified as either subsidiaries or jointly controlled entities, based on the Company's effective ownership interest in the entities. Further discussion regarding the accounting treatment of subsidiaries and jointly controlled entity is included in the section, "Significant Accounting Policies".

6 - 1 - 2 Subsidiaries and jointly controlled companies

The following table presents an overview of the Company's subsidiaries and jointly controlled companies, all incorporated in the Kingdom.

Table 6.1: Overview of the Company's subsidiaries and jointly controlled companies.

Entity	Type of company	Effective ownership	Accounting
Ma'aden Gold and Base Metals Company (MGBM)	Limited liability company	100.0%	Subsidiary
Ma'aden Infrastructure Company (MIC)	Limited liability company	100.0%	Subsidiary
Ma'aden Industrial Minerals Company (IMC)	Limited liability company	100.0%	Subsidiary
Ma'aden Aluminium Company (MAC)	Limited liability company	74.9%	Subsidiary

Entity	Type of company	Effective ownership	Accounting
Ma'aden Rolling Company (MRC)	Limited liability company	74.9%	Subsidiary
Ma'aden Bauxite and Alumina Company (MBAC)	Limited liability company	74.9%	Subsidiary
Ma'aden Phosphate Company (MPC)	Limited liability company	70.0%	Subsidiary
Ma'aden Wa'ad Al-Shamal Phosphate Company (MWASPC)	Limited liability company	60.0%	Subsidiary
Sahara and Ma'aden Petrochemical Company (SAMAPCO)	Limited liability company	50.0%	Jointly controlled entity

Source: Unaudited Consolidated Financial Statements of the Company for the six-month period ended 30 June.

For further information on subsidiaries and jointly controlled companies, please see Section 4-10, "**Ma'aden's Business—Subsidiaries and Jointly controlled Entities**", of this Prospectus.

6 - 1 - 3 KEY PERFORMANCE INDICATORS

The following table shows the Group's key performance indicators for the years ended 31 December 2011G, 2012G and 2013G and for the six-month periods ended 30 June 2013G and 2014G:

Table 6.2: The Group's key performance indicators for the years ended 31 December 2011G, 2012G and 2013G and for the six-month period ended 30 June 2013G and 2014G:

	Tear ended 31 December (Audited)			Six months ended 30 June (Unaudited)	
	2011G	2012G	2013G	2013G	2014G
Capital Invested (SAR millions)[1]	24.576	34.640	46.915	40.626	48.500
Sales Growth[2]	114.3%	263.8%	8.4%	33.7%	39.5%
Gross Margin[3]	65.3%	46.5%	26.1%	27.4%	27.8%
Debt/Total Capital4	52.6%	58.8%	61.5%	62.0%	62,4%
Return on Assets[5]	1.2%	2.7%	2.8%	0.6%	0.9%
Return on Equity[6]	2.6%	6.4%	7.3%	1.5%	2.4%
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)[7]	51.4%	50.7%	29.5%	34.8%	30.7%
Gross Margin[8]	35.1%	26.5%	30.0%	12.3%	15.4%

1 "Capital Invested" refers to the capital employed (total of equity attributable to shareholders of the parent company and long-term borrowing) less cash and cash equivalents and short-term investments.
2 "Sales Growth" refers to the per cent increase in sales in comparison to the preceding annual period." "Sales growth for the first half of 2014" refers to the percentage increase in sales during the first half of 2014 in comparison to the sales during the first half of 2013, and "Sales growth for the first quarter of 2013" refers to the percentage increase in sales during the first half of 2013 in comparison to the sales during the first half of 2012.
3 "Gross Margin" refers to the gross profit as a percentage of sales.
4 "Debt/Total Capital" refers to long-term borrowing as a percentage of the sum of total long-term borrowing and equity attributable to shareholders of the Company.
5 "Return on Assets" refers to net profit as a percentage of assets.
6 "Return on Equity" refers to net profit as a percentage of equity.
7 "Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)" refers to earnings before interest, tax, depreciation and amortization as a percentage of sales.
8 "Net Margin of Profit" refers to net profit as a percentage of sales.

6 - 1 - 4 MAIN FACTORS AFFECTING THE RESULTS OF OPERATIONS

The following is a discussion of the most significant factors that have affected, or are expected to affect, the Company's financial conditions and results of operations. These factors are based on the information currently available to the Company and may not represent all of the factors that are relevant to an understanding of Company's current or future results of operations. (Please see Section 2, "**Risk Factors**", and the "**Important Notice**" section of this Prospectus).

6 - 1 - 5 Commodity prices and macroeconomic factors

The prices that the Company receives for gold, DAP and MAP fertilisers, ammonia and aluminium are determined by respective global market variables and the Company does not hedge commodity price exposure on gold, DAP and MAP fertilisers, ammonia and aluminium. As a result, the Company's sales are directly derived from the market prices of gold, DAP and MAP fertilisers, ammonia and aluminium. In addition, the Company has few operating or administrative costs which vary directly with sales, and hence fluctuations in market prices have a virtually direct impact on operating profits and cash flows. Product prices are affected by levels of supply and demand, which in turn are affected by numerous factors over which the Company does not have control, including international macro-economic conditions, inventory levels maintained by users, actions by participants in the commodities markets and currency exchange rates.

6 - 1 - 6 Production and sales volume

The Company derives its revenue primarily from sales of gold, DAP and MAP fertilisers, ammonia and aluminium. The Company's revenues are directly impacted by the volume of gold, DAP and MAP fertilisers, ammonia and aluminium that it produces and sells. For the manufacturing/processing function, the key factors influencing the level of production and sales are the mix and grade of ore received and the ability to maintain stable operations along the production chain, which enable high metal recovery levels. The volume of products produced and sold is impacted by a wide variety of factors. For mining operations to achieve consistent or growing production levels in the longer term, the Company needs to design, build and commission mines to replace existing mines as they come to the end of their useful economic lives. The Company continues to focus on maximising the value of its mining sites. Production volume can be affected by work stoppages caused by schedules and forced outages. Management may also suspend operations where safety concerns require. Productivity remains a challenge for the Company, but it has made progress on a number of initiatives to increase productivity in the mining function.

6 - 1 - 7 Operating and administrative costs

The Company's competitiveness and long-term profitability are impacted by its ability to maintain efficient operations and to have lower costs of production. Operating and administrative costs include staff remuneration, consumable stores, services and utilities. Staff remuneration is influenced by employee productivity and absenteeism levels (which impact headcount), mine depth (which impacts, for example, travelling time), rates of ore reserve development, salary inflation, safety factors and labour supply. Consumable stores include items such as explosives, steel (for milling, mine roof bolting and drilling) and chemicals for processing. Services include the cost of contractors and other outsourced services, such as security. Utilities principally reflect electricity and water usage. The industries in which the Company operates are competitive and Ma'aden's cost optimisation is the key to competing successfully.

The Company has implemented cost efficiencies over the period. A number of measures are already in place, with other measures expected to be implemented in the near future, to address the pressures of gross cost increases and to improve the effectiveness of the Company's expenditure.

6 - 1 - 8 Funding structure and impact on earnings

Being a capital intensive industry, the Company has, and will continue, to incur substantial capital investment in order to maintain its operations and achieve its business plan and growth targets. Significant levels of debt are maintained and serviced by the Company. The value of these debts reached SAR 38,628.2 million as at 30 June 2014G, or 266 per cent of the capital. At the commencement of operations, the Company's projects are generally financed utilising a high relative quantum of debt leverage that is settled over the debt tenure which is generally of a long-term nature. Due to the nature of amortization, debt interest payments are larger initially and subsequently decrease from year to

year. As a result of the high leverage project, earnings, distributions and return profile from these projects are impacted by financing costs. Interest rate fluctuations also impacts earnings, since it raises the cost of financing debts.

6 - 1 - 9 Change in law

The Company's mining operations are dependent on licenses/permissions from the Government authorities and laws underlying these permissions. Any changes in the related regulations will potentially impact the Company's operations. (Please see Section 8-1, "**Mining Investment Laws and Regulations**", of this Prospectus.)

6 - 1 - 10 Availability of utilities

The Company's operations rely heavily on the availability of utilities (mainly natural gas, electricity and water) at competitive prices and in sufficiently large quantities. Either an interruption or curtailment of such supplies would significantly impact the production volume and profitability of the Company's operations. Moreover, a rise in the costs of such supplies would also adversely impact the operations and profitability of the Company.

6 - 1 - 11 Reduction in demand for products

The Company has four main segments: Gold, phosphate, aluminium and industrial minerals. Each segment manufactures a range of products that are sold on the local and international markets. The demand for gold, DAP and MAP fertilisers, ammonia, aluminium, low grade bauxite, kaolin and magnesite are primarily dependent on a number of micro and macro economic factors.

6 - 1 - 12 Stopping or changing relationships with project partners

The Company has strategic partnerships with local and international partners for its phosphate projects, aluminium projects and joint venture projects in the petrochemicals industry. The relationship with project partners is pivotal for the aforementioned projects since the Company relies on the technical expertise, product knowledge and market presence of the project partners for operational troubleshooting and product and market development.

6 - 1 - 13 Increasing capital investment for projects under construction and development

The Company's aluminium business projects, MRC and MBAC are currently under construction. The capital-intensive nature of these projects requires adequate controls in relation to cost and time in order to avoid overruns that could result in additional capital investment into the projects.

6 - 1 - 14 Seasonality

The business of the Company is not affected by seasonality.

6 - 1 - 15 Contractually-based securities

Neither the Company nor any of its affiliates hold any material contractually based securities or other assets whose value may be subject to fluctuations or difficult to ascertain with certainty and that could significantly affect the assessment of its financial position.

6 - 1 - 16 Significant accounting policies

Accounting policies have been included in Section 20, "**Financial Statements**" of this Prospectus, and have been applied consistently in 2011G, 2012G and 2013G, and during the six-month periods ended 30 June 2013G and 2014G, except for the changes in accounting policies mentioned below:

- In 2013G, the Company implemented a new accounting policy with regards to "exploration and evaluation assets" consistent with the Company's expanding operational activities and disclosure enhancement objectives. These amounts were previously shown under "pre-operating charges

and deferred expenses" in the Consolidated Statement of Financial Position and have now been transferred to "exploration and evaluation assets". This change in accounting policy had no impact on net assets or net income reported previously.

- In 2012G, the Company decided to reflect zinc revenue for the Al-Amar mine under by-products, by considering MGBM's operations as a single gold-producing unit instead of evaluating each mine's operations individually, resulting in a reduction in revenue and cost of sales correspondingly, but without change in the gross profit in the Consolidated Statements of Income.

Significant accounting policies considered for the preparation of the Company's consolidated financial statements in 2011G, 2012G and 2013G, and the six-month periods ended 30 June 2013G and 2014G are mentioned below.

6 - 1 - 17 Exploration and evaluation assets

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with:

- Acquisition of exploration rights to explore potential mines;
- Topographical, geological, geochemical and geophysical studies;
- Exploration drilling;
- Trenching;
- Sampling; and
- Other work involved in searching for ore.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition, evaluation expenditures include the cost of:

establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;

- Determining the optimal methods of extraction and metallurgical and treatment processes;
- Studies related to surveying, transportation and infrastructure requirements;
- Permitting activities; and
- Economic evaluations to determine whether development of the mineral material is commercially justified, including scoping, prefeasibility and final feasibility studies.

All exploration and evaluation costs are expensed until it is concluded that a future economic benefit is more likely to be realised than not, i.e., "probable". The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body. Exploration and evaluation expenditures are capitalised if management determines that probable future economic benefits will be generated as a result of the expenditures.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as mine development cost following the completion of an economic evaluation equivalent to a feasibility study.

All exploration and evaluation costs incurred after it is concluded that economic benefit is more likely to be realised than not, i.e., "probable" are capitalised as "exploration and evaluation assets" only until the technical feasibility and commercial viability of extracting of mineral resources are demonstrable. Once the technical and commercial viability is demonstrable i.e., economic benefit will or will not be realised, the asset is tested for impairment and any impairment loss is recognised. Based on the technical and commercial feasibility, if the economic benefit will be realised and management intends to develop the mine, the exploration and evaluation asset is reclassified to "capital work-in-progress". Cash flows attributable to capitalised exploration and evaluation expenditures are classified as investment activities in the Statement of Cash Flow. Once the commercial production stage is reached, the capitalised capital work-in-progress is reclassified to "property, plant and equipment".

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company measures, presents and discloses any resulting impairment loss.

For the purposes of exploration and evaluation assets only, one or more of the following facts and circumstances are considered in identifying that exploration and evaluation asset that may be impaired. These include the following:

- the period in which the entity has the right to explore the specific area has expired or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once it has been identified that an exploration and evaluation asset may be impaired, asset impairment policy is followed.

6 - 1 - 18 Stripping ratio and deferred stripping costs

The Company also defers waste mining costs and has estimated the average of the waste-to-ore ratio for the quantities contained within the final pit design of the mine. This average is used to calculate the annual waste mining costs to be expensed as follows:

Average ratio of waste to ore mined x quantity of ore mined x average unit cost of total tonnes mined.

In periods when the actual costs of waste are higher than the costs expensed according to this formula, the difference is deferred, to be expensed at a future date when the actual costs are less than the amount to be expensed.

6 - 1 - 19 Provision for mine closure and reclamation

The mining, extraction and processing activities of the Company normally give rise to obligations for site closure or reclamation. Mine closure and reclamation works can include facility decommissioning and dismantling; removal or treatment of waste materials; and site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of current laws and regulations.

Provisions for the cost of each closure and reclamation programme are recognised at the time the mining activities occur. When the extent of the mining activities increases over the life of the mine, the provision is increased accordingly.

Costs included in the provision encompass all closure and reclamation activity expected to occur progressively over the life of the mine and at the time of closure in connection with the mining activities at the reporting date. Costs arising from unforeseen circumstances, such as 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 reclamation expenditure is dependent upon a number of factors such as:

- the life of the mine;
- the operating license conditions; and
- the environment in which the mine operates.

The full estimated costs are capitalised as part of mining assets, under property, plant and equipment and then depreciated as an expense over the expected life of the mine on a straight-line basis. Adjustments to the estimated amount and timing of future closure and reclamation cash flows are a normal occurrence in light of the significant judgments and estimates involved. Factors influencing those changes include:

- revisions to estimated ore reserves, mineral resources and lives of mines;
- developments in technology;
- regulatory requirements and environmental management strategies; and
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation.

6 - 1 - 20 Revenue recognition

Revenue is recognised when all the following conditions are met:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Company; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Revenues are shown net of discounts and after eliminating sales within the Company.

Sales revenue is commonly subject to an adjustment based on an inspection of the product by the customer. In such cases, sales revenue is initially recognised on a provisional basis using the Company's best estimate of contained metal, and adjusted subsequently. Revenue from the sale of by-products is credited against production costs. Investment income consists of earnings on bank deposits and is recognised on an accrual basis.

6 - 1 - 21 Royalty fees

Effective from 2005G onwards, as per Article No. 71 of the Saudi Mining Investment Code issued pursuant to Royal Decree No. 47/M dated 20/08/1425H (corresponding to 04/10/2004G), the Company is required to pay to the Government a royalty fee of 25 per cent of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is lower. The zakat due shall be deducted from gross royalty fees and the net royalty fee amount is recorded as part of the cost of sales in the Consolidated Statement of Income. The value of these fees reached SAR 85.0 million in 2011G, or 0.16 per cent of income cost; SAR 92.6 million in 2012G, or 3.1 per cent of income cost; and SAR 37.8 million in 2013G, or 0.8 per cent of income cost.

6 - 1 - 22 Critical accounting estimates assumptions and judgments

The preparation of consolidated financial statements in conformity with generally accepted accounting standards requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the relevant actual results. The most significant areas requiring the use of management's assumptions, estimates and judgments relate to:

- ore reserve and mineral resource estimates;
- economic useful lives of property, plants and equipment;
- impairment and reversal of impairment of assets;
- allowances;
- mine closures and environmental obligations;
- zakat and income taxes; and
- contingencies

6 - 2 Results of operations

6 - 2 - 1 Income statement

Comparison of the Company's Consolidated Income Statement for the fiscal years 2011G, 2012G and 2013G

The following table presents the Company's Consolidated Income Statement for the fiscal years 2011G, 2012G and 2013G.

Table 6.3: The Company's Consolidated Income Statement comparison for fiscal years 2011G, 2012G and 2013G.

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Sales	1,533,026	5,576,655	6,047,265	264%	8%
Costs of sales	(531,712)	(2,982.429)	(4,471.903)	461%	50%

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Gross profit	1,001,314	2,594,226	1,575,362	159%	(39%)
Operating expenses					
Selling, marketing and logistic expenses	(53,741)	(384,810)	(246,008)	Nm	(36%)
General and administrative expenses	(235,455)	(324,669)	(513,944)	38%	58%
Exploration and technical services expenses	(116,057)	(123,714)	(141,835)	7%	15%
Technical service expense*	(14,188)	-	-	N/A	-
Operating income	581,873	1,761,034	673,575	203%	(62%)
Income/(expenses)					
Share in net loss of jointly controlled entity	(1,846)	(3,302)	(3,481)	79%	5%
Income from short-term investments	75,156	65,026	26,628	(13%)	(59%)
Financial charges	(11,369)	(285,776)	(182,585)	N/A	(36%)
Other income/(expenses), net	13,814	(5,440)	1,357,388	(139%)	N/A
Income before zakat	657,627	1,531,540	1,871,524	133%	22%
Provision for zakat	(119,548)	(51,713)	(55,448)	(57%)	7%
Net income	538,079	1,479,827	1,816,076	175%	23%

Source: The Company's audited Consolidated Income Statements for 2012G and 2013G

* "Technical service expense" was reclassified and included in "exploration and technical service expense" in 2012G and 2013G.

The total sales of the Company increased by SAR 4,043.7 million, or 264 per cent, from SAR 1,533 million in 2011G to SAR 5576.7 million in 2012G, principally as a result of the commencement of sales of DAP fertiliser by MPC. Further, the total sales of the Company increased by SAR 470.6 million, or 8 per cent, from SAR 5,576.7 million in 2012G to SAR 6,047.3 million in 2013G, principally as a result of sales of aluminium ingots produced by MAC.

The cost of sales increased by SAR 2,450.7 million, or 461 per cent, from SAR 531.7 million in 2011G to SAR 2,982.4 million in 2012G, principally as a result of the increase in direct costs attributable to commercial production of DAP fertiliser undertaken by MPC. Further, the cost of sales increased by SAR 1,489.5 million from SAR 2,982.4 million in 2012G to SAR 4,471.9 million in 2013G, principally as a result of direct costs related to sales of aluminium ingot and rising direct costs for MPC as operations ramped up.

Gross profit increased by SAR 1,592.9 million, or 159 per cent, from SAR 1,001.3 million in 2011G to SAR 2,594.2 million in 2012G, principally as a result of increased sales resulting from the commencement of commercial production of DAP fertiliser. Further, gross profit decreased by SAR 1,018.8 million from SAR 2,594.2 million in 2012G to SAR 1,575.4 million in 2013G, principally as a result of increased direct costs of MPC and reduced realised product prices for DAP fertiliser, ammonia and gold. Gross margins decreased from 65.3 per cent in 2011G to 46.5 per cent in 2012G, principally as a result of reduced gross margins of MPC, which commenced operations in February 2012G. Further, gross margin decreased from 46.5 per cent in 2011G to 26.1 per cent in 2013G, principally as a result of lower realised average sales prices of DAP fertiliser, ammonia and gold.

Operating expenses increased by SAR 414.0 million, or 99 per cent, from SAR 419.0 million in 2011G to SAR 833.0 million in 2012G, principally as a result of selling, marketing and logistics expenses, which constituted 46 per cent of total operating expenses in 2012G. These expenses pertained mainly to MPC in respect of commencement of commercial operations of DAP fertiliser in 2012G. Further, operating expenses increased by SAR 69 million, or eight per cent per cent from SAR 833.0 million in 2012G to SAR 902.0 million in 2013G, principally as a result of increased general and administrative expenses due to recognition of capitalised deferred expenses with regards to contracted services. General and administrative expenses comprised 57 per cent of aggregate operating expenses in 2013G.

Net income and other expenses decreased by SAR 305.0 million from an income of SAR 76.0 million in 2011G to expenses of SAR 229.0 million in 2012G, principally as a result of financial charges which amounted to SAR 286.0 million and were related to MPC. Further, net income and other expenses increased by SAR 1,427 million from an expense SAR 229.0 million in 2012G to an income of SAR 1,198 million in 2013G, principally as a result of contractual dues in respect of participation in the WAS Project from Mosaic and SABIC.

6 - 2 - 2 Fluctuation in zakat paid is a result of variation in net income.

The provision for zakat and income tax is made in accordance with DZIT requirements.

The net income of the Company increased by SAR 941.7 million, or 175 per cent, from SAR 538.1 million in 2011G to SAR 1,479.8 million in 2012G, principally as a result of growth in gross profit. Further, the net income of the Company increased by SAR 336.3 million from SAR 1,479.8 million in 2012G to SAR 1,816.1 million in 2013G, principally as a result of participation fees for the WAS Project. The net profit margin decreased from 35.1 per cent in 2011G to 26.5 per cent in 2012G, principally as a result of reduced gross profit margin and an increase in operating expenses due to increased selling, marketing and logistics costs. Further, the net margin increased from 26.5 per cent in 2012G to 30.0 per cent in 2013G, principally as a result of participation in the WAS Project.

The Company's consolidated income statement comparison for the six-month period ended 30 June 2014G and 2013G

The following table compares the Company's consolidated income statement comparison for the six-month period ended 30 June 2014G with 2013G

Table 6.4: The Company's Consolidated Income Statement for the six-month periods ended 30 June 2014G and 2013G

SAR in 000s	Six months ended 30 June		Increase/(Decrease)
	2013G	2014G	June 2014G
Sales	2,983,558	4,161,737	39%
Costs of sales	(2,165,368)	(3,007,149)	39%
Gross profit	818,190	1,154,588	41%
Operating expenses			
Selling, marketing and logistics expenses	(125,682)	(179,439)	43%
General and administrative expenses	(149,519)	(195,662)	31%
Exploration and technical services expenses	(78,820)	(85,943)	9%
Operating income	464,169	693,545	49%
Income/(expenses)			

SAR in 000s	Six months ended 30 June		Increase/(Decrease)
	2013G	2014G	June 2014G
Share in net loss of jointly controlled entity	(1,288)	(796)	(38%)
Income from short-term investments	16,891	5,310	(69%)
Financial charges	(87,033)	(99,564)	14%
Other income/(expenses), net	(1,609)	45,250	(2,912%)
Net income before zakat	391,130	643,745	65%
Provision for zakat	(23,172)	(690)	(97%)
Net income of the period	367,958	643,055	75%

Source: The Company's unaudited financial statements for the six-month period ended 30 June 2014G.

The Company's total sales increased by SAR 1,178.2 million, or 39 per cent, from SAR 2,983.6 million in the six-month period ended June 2013G to SAR 4,161.7 million in the six-month period ended June 2014G, principally as a result of increased sales volume of DAP and MAP fertilisers, gold, low grade bauxite, caustic calcined magnesia and kaolin and aluminium sales by the Company.

Cost of sales increased by SAR 841.2 million, or 39 per cent, from SAR 2,165.4 million in the six-month period ended June 2013G to SAR 3,007.1 million in the six-month period ended 2014G, principally as a result of the increase in direct costs resulting from the increased sales volume as discussed earlier.

Gross profit decreased from 41 per cent in the six-month period ended June 2013G to 22 per cent in the six-month period ended June 2014G, principally as a result of declining realised prices of DAP and MAP fertilisers, ammonia, gold, low grade bauxite and aluminium sales by the Company.

Operating expenses increased by SAR 107.0 million, or 30 per cent, from SAR 354.0 million in the six-month period ended June 2013G to SAR 461.0 million in the six-month period ended June 2014G, principally as a result of increased general and administrative expenses. Selling, marketing and logistics expenses increased by SAR 53.8 million, or 43 per cent, from SAR 125.7 million in the six-month period ended June 2013G to SAR 179.4 million in the six-month period ended June 2014G, principally as a result of increased selling, marketing and logistics expenses. General and administrative expenses increased by SAR 46.1 million, or 31 per cent, from SAR 149.5 million in the six-month period ended June 2013G to SAR 195.7 million in the six-month period ended June 2014G, principally as a result of increased salaries and staff-related benefits at the Company.

Net income and other expenses increased by SAR 23.2 million, or 32 per cent, from net expenses SAR 73.0 million in the six-month period ended June 2013G to SAR 49.8 million in the six-month period ended 2014G, principally as a result of financial charges paid by MPC. These financial charges were incurred on long-term loans obtained by MPC. The financial charges on long-term loans obtained by MAC subsidiaries are capitalised since the respective projects are under construction. Financial charges increased by SAR 12.5 million, or 14 per cent, from SAR 87.0 million in the six-month period ended June 2013G to SAR 99.6 million in the six-month period ended in 2014G, principally as a result of a rise in the Company's use of revolving credit facilities.

Net income increased by SAR 275.1 million, or 75 per cent, from SAR 368 million in the six-month period ended 30 June 2013G to SAR 643.1 million in the six-month period ended 30 June 2014G, principally as a result of increase in average consolidated income and sales as mentioned.

6 - 2 - 3 Sales

Comparison of the Company's consolidated sales for fiscal years 2011G, 2012G and 2013G

The following table compares the Company's consolidated sales for fiscal years 2011G, 2012G and 2013G

Table 6.5: The Company's consolidated sales for fiscal years 2011G, 2012G and 2013G

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Phosphate segment					
Di-ammonium phosphate fertiliser	-	2,877,956	3,091,386	N/A	7%
Ammonia	594,429	1,569,779	1,080,170	164%	(31%)
Phosphate segment total	594,429	4,447,735	4,171,556	648%	(6%)
Corporate segment					
Aluminium:	-	-	1,015,156	-	N/A
Gold segment					
Gold	865,751	1,001,543	709,254	16%	(29%)
Industrial minerals segment					
Low grade bauxite	63,744	84,750	95,875	33%	13%
Caustic calcined magnesia	4,981	27,464	33,411	451%	22%
Kaolin	1,799	13,654	21,265	N/A	56%
Industrial minerals total	70,523	125,867	150,551	78%	20%
Infrastructure segment					
Infrastructure	2,323	1,510	748	(35%)	(50%)
Total sales	1,533,026	5,576,655	6,047,265	264%	8%

Source: The Company's audited consolidated financial statements for 2012G and 2013G

The total sales base increased by SAR 4,043.7 million, or 264 per cent, from SAR 1,533.0 million in 2011G to SAR 5.576.7 million in 2012G, principally as a result of the commencement of sales of DAP fertiliser by MPC. Further, the total sales base increased by SAR 470.6 million from SAR 5.576.7 million in 2012G to SAR 6.047.3 million in 2013G, principally as a result of the aluminium ingot sales, undertaken by the Company Corporate as part of the offtake agreement with MAC. Ma'aden Corporate segment represents the Company Corporate operations

The phosphate segment represents the operations of MPC. MPC was the major contributor to the Company's total sales in 2012G and 2013G. The initial contribution of SAR 594.0 million, or 39 per cent, to total sales in 2011G by MPC was due to the commencement of sales of ammonia which MPC started producing commercially in October 2011G. MPC's contribution to total sales increased from SAR 594.4 million, or 39 per cent, in 2011G to SAR 4,447.7 million, or 80 per cent, in 2012G, principally as a result of commencement of sales of DAP fertiliser following the commencement of commercial operations of DAP fertiliser in February 2012G. Further, the contribution to sales decreased from SAR 4,447.7 million, or 80 per cent, in 2012G to SAR 4,171.6 million, or 60 per cent, in 2013G, principally as a result of both the increase of total sales and the decrease in sales of MPC due to decreased average of realised prices.

The gold sector represents MGBM's operations. MGBM was the major contributor to the Company's total sales in 2011G as gold was the Company's main product at the time. MGBM's contribution as a percentage of total sales decreased from SAR 865.8 million, or 56 per cent, in 2011G to SAR 1,001.5 million, or 18 per cent, in 2012G, principally as a result of the Company's wider total sales base. Further, MGBM's contribution to sales decreased from SAR 1,001.5 million, or 18 per cent, in 2012G to SAR 709.3 million, or 12 per cent, principally as a result of both a reduction in sales due to a reduction in average realised prices and a further widening of the Company's total sales base.

The industrial mineral sector represents IMC's operations. IMC's contribution to total sales was the second lowest in 2011G, 2012G and 2013G respectively, after MIC. An initial contribution of SAR 70.5 million, or five per cent to total sales in 2011G was principally as a result of sales of low grade bauxite. IMC's contribution to total sales decreased from SAR 70.5 million, or five per cent, in 2011G to SAR 125.9 million, or two per cent, in 2012G, principally as a result of a wider total sales base. Further, IMC's contribution to total sales of SAR 125.9 million, or two per cent, in 2012G did not show significant variation, principally as a result of a further widening of the Company's total sales base. However, IMC's sales increased by SAR 24.7 million, or 20 per cent, from SAR 125.9 million in 2012G to SAR 150.6 million in 2013G, principally as a result of growth in demand for products internationally and locally.

The infrastructure sector represents MIC's operations. MIC was developed to construct infrastructure facilities for MPC and MAC at Ras Al-Khair. Therefore, MIC's sales in 2011G, 2012G and 2013G respectively were mainly derived from services undertaken in relation to the operations of MPC and MAC at Ras Al-Khair. MIC's contribution to infrastructure did not show significant variation, from SAR two million in 2011G, less than one per cent, to SAR two million in 2012G; and from one million in 2012G to SAR one million in 2013G, or less than one percent.

Comparison of the Company's consolidated sales for the six-month period ended 30 June 2014G and 2013G

The following table compares the Company's consolidated sales for the six-month period ended 30 June 2014G and 2013G

Table 6.6: The Company's consolidated sales for the six-month period ended 30 June 2014G and 2013G

SAR in 000s	Six months ended 30 June		Increase/(Decrease)
	2013G	2014G	June 2014G
Phosphate segment			
Di-ammonium phosphate fertiliser	1,663,226	1,887,074	13%
Ammonia	514,710	605,065	18%
Phosphate segment total	2,177,935	2,492,138	14%
Corporate segment			
Aluminium:	396,229	1,227,565	210%
Gold segment			
Gold	350,364	355,641	2%
Industrial minerals segment			
Low grade bauxite	38,063	46,425	22%
Magnesia Caustic calcined	12,449	25,469	105%
Kaolin	7,858	14,252	81%

SAR in 000s	Six months ended 30 June		Increase/(Decrease)
	2013G	2014G	June 2014G
Industrial minerals total	58,370	86,146	48%
Infrastructure			
Infrastructure	659	246	(48%)
Total revenues	2,983,558	4,161,737	39%

Source: The Company's unconsolidated income statements for the six-month period ended 30 June 2014G

Total sales increased by SAR 1,178.2 million, or 39 per cent, from SAR 2,983.6 million in the six-month period ended 30 June 2013G to SAR 4,161.7 million in the six-month period ended 30 June 2014G, principally as a result of increase in sales volume by 831,336 tonnes, or 210 per cent, of aluminium by Ma'aden Corporate segment, from 396,229 tonnes in the six-month period ended 30 June 2013G to 1,227,565 tonnes in the six-month period ended 30 June 2013G.

MPC's contribution to total sales decreased from SAR 2,117 million, or 71 per cent, in the six-month period ended 30 June 2013G to SAR 2,492 million, or 60 per cent, in the six-month period ended 30 June 2014G, principally as a result of MPC sales impacted by increased sales volumes of DAP and MAP fertiliser, partially offset by lower realised prices. The decrease in MPC's sales ratio compared to total sales is linked to an increase of 210 per cent in MAC's sales.

The corporate segment's contribution to total sales increased from SAR 396.2 million, or 13 per cent, in the six-month period ended 30 June 2013G, to SAR 1,227.6 million, or 29 per cent, in the six-month period ended 30 June 2014G, principally as a result of sales of aluminium ingots.

MGBM's contribution to total sales increased from SAR 350.4 million, or 11.7 per cent, in the six-month period ended 30 June 2014G to SAR 355.6 million, or 8.5 per cent, in the six-month period ended 30 June 2013G, principally as a result of higher volumes of ounces sold, which were largely offset by the decrease in realised prices.

IMC's contribution to total sales did not show any significant variation in the six-month period ended 30 June 2014G from the six-month period ended 30 June 2013G. However, IMC's sales increased by SAR 27.8 million, or 48 per cent, from SAR 58 million in the six-month period ended 30 June 2013G to SAR 86.1 million in the six-month period ended 30 June 2014G, principally as a result of increased sales volume of low grade bauxite, caustic calcined magnesia and kaolin and an increased realised price of caustic calcined magnesia.

MIC's contribution to total sales did not show any significant variation in the six-month period ended 30 June 2014G from the six-month period ended 30 June 2013G.

MPC's average realised prices and volume sold comparison for the fiscal years 2011G, 2012G and 2013G

The following table presents MPC's average realised prices and volume sold for the fiscal years 2011G, 2012G and 2013G.

Table 6.7: MPC's average realised prices and volume sold for the fiscal years 2011G, 2012G and 2013G.

	Fiscal year			Increase/(Decrease)	
	2011G	2012G	2013G	2012G	2013G
Average realised prices					
DAP fertiliser (in SAR/ tonne)	-	2,127	1,697	N/A	(20%)
Ammonia (in SAR/tonne)	2,187	2,113	1,926	(3%)	(9%)

	Fiscal year			Increase/(Decrease)	
	2011G	2012G	2013G	2012G	2013G
Volume sold					
DAP fertiliser (in tonnes)	-	1,353,044	1,821,354	N/A	35%
Ammonia (in tonnes)	271,767	742,972	560,889	173%	(25%)

Source: The MPC's unconsolidated income statements for the six-month period ended 30 June 2014G

MPC's sales comprise two products: DAP and MAP fertilisers and ammonia. Ammonia is primarily produced as a feedstock for the production of DAP and MAP fertilisers. Sale of DAP and MAP fertilisers and excess ammonia is made through the two shareholders of MPC, namely the Company and SABIC. Terms of sales are governed by marketing agreements for each respective product with each respective shareholder. Sale proceeds are transferred by the marketers to MPC after deduction of the marketing fee and allowed deductibles, as agreed to in the marketing agreements. Commercial production at the ammonia plant and the DAP and MAP fertilisers plant commenced in October 2011G and February 2012G respectively.

The average realised price of ammonia did not show significant variation from SAR 2,187/tonne in 2011G to SAR 2,113/tonne in 2012G. Furthermore, the average realised prices of ammonia and DAP fertiliser decreased by SAR 187/tonne, or nine per cent, and SAR 430.0/tonne, or 20 per cent, from SAR 2,113/tonne and SAR 2,127/tonne in 2012G to SAR 1,926/tonne and SAR 1,697/tonne in 2013G respectively, principally as a result of fall in global prices due in part to devaluation of the Indian rupee and delayed monsoon season that year.

The volume of ammonia sold increased by 471,205 tonnes, or 173 per cent, from 271,767 tonnes in 2011G to 742,972 tonnes in 2012G, principally because the six-month 2011G results were compared to the full-year results for 2012G, as ammonia started commercial operations in October 2011G. Furthermore, the volume of ammonia sold decreased by 182,083 tonnes, or 25 per cent, from 742,972 tonnes in 2012G to 560,889 tonnes in 2013G, principally as a result of decreased production volume due to an unexpected extension of a scheduled shutdown of ammonia plant, as well as increased domestic consumption of DAP fertiliser.

The volume of DAP fertiliser sold increased by 468,310 tonnes, or 35 per cent, from 1,353,044 tonnes in 2012G to 1,821,354 tonnes in 2013G, principally as a result of the expansion of MPC's international geographical presence into seven new countries and an increase in Indian market share from three per cent in 2012G to 12 per cent in 2013G.

MPC's average realised prices and volume sold for the six-month period ended 30 June 2014G and 2013G

The following table presents the Company's average realised prices and volume sold for the six-month period ended 30 June 2014G and 2013G.

Table 6.8: The Company's average realised prices and volume sold for the six-month period ended 30 June 2014G and 2013G.

	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Average realised prices (SAR/tonne)			
DAP and MAP fertiliser	1.871	1.676	(10%)
Ammonia	2.344	1.871	(20%)
Volume sold (in tonnes)			
DAP and MAP fertiliser	889.085	1.124.639	26%
Ammonia	219.705	323.331	47%

Source: The MPC's unconsolidated income statements for the six-month period ended 30 June 2014G

The average realised prices of DAP and MAP fertilisers and ammonia decreased by SAR 195/tonne, or 10 per cent, and SAR 473/tonne, or 20 per cent, respectively from SAR 1,871/tonne and SAR 2,344/tonne in the six-month period ended 30 June 2013G to SAR 1,676/tonne and SAR 1,871/tonne in the six-month period ended 30 June 2014G respectively. The decrease in the price of DAP was attributable to a decline in demand in 2013G, resulting in higher inventories as at 31 December 2013G, which has adversely affected the prices in the six-month period ended 30 June 2014G. The decline in the price of ammonia is partly influenced by the slowdown in the fertiliser market, as it uses 45 per cent of ammonia for fertiliser production.

The volume sold of DAP and MAP increased by 235.554 tonnes, or 26 per cent from 889.085 tonnes in the six-month period ended 30 June 2013G to 639.1.124 tonnes in the six-month period ended 30 June 2014G, principally due to the increase of production in the six-month period ended 30 June 2014G. Sales volume decreased in the six-month period ended 30 June 2013G due to the closure of the Plant. In comparison, the volume sold of ammonia increased by 103.626 tonnes, or 47 per cent from 219.705 in the six-month period ended 30 June 2013G to 323.331 tonnes in the six-month period ended 30 June 2014G, principally as a result of scheduled turnaround activity of the ammonia plant.

6 - 2 - 4 Ma'aden Corporate sales for the fiscal years 2013G

Ma'aden Corporate segment is involved in development of MAC Companies and MPC. In addition, Ma'aden Corporate markets a portion of the DAP and MAP fertilisers produced by MPC and is an off taker of a portion of the aluminium products of MAC. In 2012G, MAC achieved its first hot metal production at its smelter in Ras Al-Khair during the commissioning phase and sales of SAR 1.015 million were generated by Ma'aden Corporate from the sale of aluminium ingots produced by MAC in 2013G.

The sales of Ma'aden Corporate from production of MAC are likely to decline following the commencement of operations of MRC since the primary use of MAC's production is to serve as feedstock for MRC.

Ma'aden Corporate sales for the six-month period ended 30 June 2014G and 2013G

The following table presents Ma'aden Corporate sales for the six-month period ended 30 June 2014G and 2013G

Table 6.9: Ma'aden Corporate sales for the six-month period ended 30 June 2014G and 2013G.

	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Aluminium ingots			
Realised price (in SAR/tonne)	8,220	7,841	(5%)
Volume sold (tonne)	48,200	156,520	225%

Source: Management Information

The average realised price of aluminium produced by MAC decreased by. SAR 379/tonne, or 5 per cent, from SAR 8.220/tonne in the six-month period ended 30 June 2013G to SAR 7.841/tonne in the six-month period ended 30 June 2014G principally as a result of a decrease in the global price due to an increased supply of aluminium in the global market.

The volume sold of aluminium produced by MAC increased by. 108,320 tonnes, or 225 per cent, from 48,200 in the six-month period ended 30 June 2013G to 156,520 tonnes in the six-month period ended 30 June 2014G, principally as a result of the commencement of the smelting facility. The production increased in December 2012G, but reached a maximum power of 240 pot in average. However, the average number of running pots increased from 184 pots in the six-month period ended in June 2013 to 549 pots in the six-month period ended June 2014, as a result of the gradual increase in the operations.

Comparison of MGBM's average realised prices and volume sold for the fiscal years 2011G, 2012G and 2013G

The following table compares MGBM's average realised prices and volume sold for the fiscal years 2011G, 2012G and 2013G.

Table 6.10: MGBM's average realised prices and volume sold comparison for the fiscal years 2011G, 2012G and 2013G.

	Fiscal year			Increase/(Decrease)	
	2011G	2012G	2013G	2012G	2013G
Average realised price (in SAR)	5,881	6,243	5,121	6%	(18%)
Volume sold (in tonne)	147,205	160,433	138,512	9%	(14%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G

MGBM extracts, refines and exports gold as its main product. MGBM sells gold and gold by-products to MKS, a Swiss company, while sales of by-products are made to Trafigura Beheer BV, a Dutch company. Both MKS and Trafigura Beheer BV are engaged in the trading of metals. Given the gold's nature as a commodity and the size of the global market, MGBM is considered a price taker and therefore internal controls on earnings margins directly focus on cost control.

The average realised price of gold increased by SAR 362 per ounce, or six per cent, from SAR 5,881 per ounce in 2011G to SAR 6,243 per ounce in 2012G, principally as a result of an increase in global gold prices. Further, the average realised price of gold decreased by SAR 1,122 per ounce, or 18 per cent, from SAR 6,243 per ounce in 2012G to SAR 5,121 per ounce in 2013G, principally as a result of decreased global gold prices.

The volume of gold sold increased by 13,228 ounces, or nine per cent, from 147,205 ounces in 2011G to 160,433 ounces in 2012G, principally as a result of a higher available volume of gold (doré bullion) to MGBM due to higher production and gold inventories available at the beginning of the year. Further, the volume of gold sold decreased by 21,921 ounces, or 14 per cent, from 160,433 ounces in 2012G to 138,512 ounces in 2013G, principally as a result of decline in sales from the Al-Hajar, Al-Amar and Mahd Ad-Dhahab mines by 76 per cent, 41 per cent and 34 per cent respectively. Lowered sales from the aforementioned mines was due to the lower grade of the mined ore. In addition, there was lower production recovery from Al-Hajar mine in 2013G due to closure. Sukhaybarat mine sales also declined by 80 per cent, but this decrease was offset by higher sales at Bulghah mine, since Sukhaybarat's mining activities were limited only to processing of ore transferred from Bulghah mine in 2013G.

Comparison of MGBM's average realised prices and volume sold for the six-month periods ended June 2014G and 2013G

The following table compares MGBM's average realised prices and volume sold for the six-month periods ended 30 June 2014G and 2013G.

Table 6.11: MGBM's average realised prices and volume sold for the six-month periods ended 30 June 2014G and 2013G.

	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Average realised price (SAR/ounce)	5,703	4,816	(16%)
Volume sold (in ounces)	61,430	73,845	20%

Source: The Company's unconsolidated income statements for the six-month period ended 30 June 2014G

The average realised price of gold decreased by SAR 887 per ounce, or 16 per cent, from SAR 5,703 per ounce during the six-month period ended 30 June 2013G, to SAR 4,816 per ounce in the six-month period ended 30 June 2014G, principally as a result of a global decline in gold prices mainly due to import duties placed on gold by India, reducing demand in India, as well as continued net purchase of gold by central banks.

The volume of gold sold increased by 12,415 ounces, or 20 per cent, from 61,430 ounces in the six-month period ended 30 June 2013G to 73,845 ounces in the six-month period ended 30 June 2014G, principally as a result of the commencement of production at the As-Suq mine, a 4,000 ounce increase in production at Al-Amar mine and a 2,000 ounce increase at Bulghah mine.

Comparison of IMC's average realised prices and volume sold for fiscal years 2011G, 2012G and 2013G

The following table compares IMC's average realised prices and volume sold for the fiscal years 2011G, 2012G and 2013G.

Table 6.12: IMC's average realised prices and volume sold for the fiscal years 2011G, 2012G and 2013G

	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Average realised prices (SAR/tonne)					
Low grade bauxite	100	101	103	1%	1%
Caustic calcined magnesia	986	1,020	1,146	3%	12%
Kaolin	294	300	351	2%	17%
Sales volume (tonnes)					
Low grade bauxite	636,437	835,526	934,575	31%	12%
Caustic calcined magnesia	5,054	26,933	29,143	433%	8%
Kaolin	6,127	45,557	60,641	644%	33%

Source: The Company's audited consolidated financial statements for 2012G and 2013G

IMC extracts, refines, exports and sells low grade bauxite, caustic calcined magnesia and kaolin. Sale of low grade bauxite, caustic calcined magnesia and kaolin is made through Ma'aden Corporate. Terms of sales are governed by marketing agreements between IMC and Ma'aden Corporate.

The average realised prices of low grade bauxite, caustic calcined magnesia and kaolin did not show significant variation from SAR 100/tonne, SAR 986/tonne and SAR 294/tonne respectively in 2011G to SAR 101/tonne, SAR 1,020/tonne and SAR 300/tonne respectively in 2012G. Further, the average realised prices of low grade bauxite, caustic calcined magnesia and kaolin increased by SAR 1/tonne, or one per cent, SAR 127/tonne, or 12 per cent, and SAR 51/tonne, or 17 per cent from SAR 101/tonne, SAR 1.020/tonne and SAR 300/tonne in 2012G to SAR 103/tonne, SAR 1,146/tonne and SAR 351/tonne in 2013G, principally as a result of growth in demand of products internationally and locally.

The volume sold of low grade bauxite, caustic calcined magnesia and kaolin increased by 199,089 tonnes, or 31 per cent, SAR 21,879 tonnes, or 433 per cent, and 39,430 tonnes, or 644 per cent, from 634,437 tonnes, 5,054 tonnes and 6,127 tonnes in 2011G to 835,526 tonnes, 26,933 tonnes and 45,557 tonnes in 2012G respectively, principally due to increased sales to local cement producers. Furthermore, the volume of low grade bauxite, caustic calcined magnesia and kaolin sold increased by 99,049 tonnes, or 12 per cent, SAR 2,210 tonnes, or 8 per cent, and 15,084 tonnes, or 33 per cent, from 835,526 tonnes, 26,933 tonnes and 45,557 tonnes in 2012G to 934,575 tonnes, 29,143 tonnes and 60,641 tonnes in 2013G respectively, principally as a result of increased demand. Demand for low grade bauxite and kaolin increased as a result of the rising domestic demand for cement and increasing demand from MPC respectively in 2013G. Demand for caustic calcined magnesia increased on account of the discovery of new uses for it, e.g., in the production of fibreglass and animal feed. Additionally, this helped the geographical expansion of product markets to Europe, Africa, India and Japan.

Comparison of IMC's average realised prices and volumes sold for the six-month periods ended 30 June 2014G and 2013G

The following table compares IMC's average realised prices and volume sold for the six-month periods ended 30 June 2014G and 2013G.

Table 6.13: IMC's average realised prices and volume sold for the six-month periods ended 30 June 2014G and 2013G

	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Realised prices (SAR/tonne)			
Low grade bauxite	98	105	8%
Caustic calcined magnesia	1,054	1,343	27%
Kaolin	356	353	(1%)
Volume sold (in tonnes)			
Low grade bauxite	393,976	445,984	13%
Caustic calcined magnesia	11,796	18,965	61%
Kaolin	22,118	40,488	83%

Source: The Company's unconsolidated financial statements for the six-month period ended 30 June 2014G.

Prices for low grade bauxite and kaolin did not show significant variation from SAR 98/tonne and SAR 356/tonne in the six-month period ended 30 June 2013G to SAR 105/tonne and SAR 353/tonne in the six-month period ended 30 June 2014G, respectively. In comparison, the price of caustic calcined magnesia increased by SAR 289, or 27 per cent, from SAR 1,054 in the six-month period ended. 30 June 2013G to SAR 1,343 in the six-month period ended 30 June 2014G, principally as a result of higher concentration grades of caustic calcined magnesia, which were sold at higher prices.

The volume of low grade bauxite, caustic calcined magnesia and kaolin sold increased by 52,008 tonnes, or 13 per cent, 7,169 tonnes, or 61 per cent, and 18,370 tonnes, or 83 per cent, from 393,976 tonnes, 11,796 tonnes and 22,118 tonnes in the six-month period ended 30 June 2013G to 445,984 tonnes, 18,965 tonnes and 40,488 tonnes in the six-month period ended 30 June 2014G, principally as a result of increased demand in the local market.

MIC sales for the fiscal years 2011G, 2012G and 2013G

MIC undertakes development, construction and operations at the infrastructure facilities at Ras Al-Khair and other industrial and mining locations. MIC derives its sales from three sources, including the LUSA (Land User Service Agreement), housing for MAC and MPC employees at Ras Al-Khair and the leasing fee from MIC Camp, the village community centre, and other miscellaneous leasing fees.

MIC sales did not show significant variation in 2012G and 2013G, as sales reached SAR 1.5 million in 2012G and SAR 0.7 million in 2013G.

MIC sales for the six-month period ended 30 June 2014G and 2013G

MIC sales did not show significant variation in the six-month period ended 30 June 2014G from the six-month period ended 30 June 2013G, as sales reached SAR 0.2 million in the first period and SAR 0.6 million in the second period respectively.

6 - 2 - 5 Costs of sales

Comparison of the Company's consolidated cost of sales for the fiscal years 2011G, 2012G and 2013G

The following table compares the Company's consolidated cost of sales for the fiscal years 2011G, 2012G and 2013G.

Table 6.14: The Company's consolidated cost of sales for the fiscal years 2011G, 2012G and 2013G

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Salaries and staff related benefits	120,634	212,351	263,456	76%	24%
Contracted services	67,456	105,261	125,842	56%	20%
Repairs and maintenance	25,009	33,508	51,856	34%	55%
Consumables	83,343	92,041	110,807	10%	20%
Overheads	18,557	56,681	70,471	205%	24%
Raw materials and materials consumed	17,570	1,708,155	3,147,615	N/A	84%
Reversal of inventory obsolescence	(4,222)	(151)	(2,266)	(96%)	N/A
Severance fees	85,033	92,603	37,828	9%	(59%)
Sale of by-products	(85,638)	(42,992)	(31,551)	(50%)	(27%)
Total cash operating costs	327,743	2,257,456	3,774,059	589%	67%
Depreciation	167,185	989,557	1,004,164	492%	1%
Deferred stripping expense	-	41,616	71,975	-	73%
Amortization	15,656	21,524	18,746	37%	(13%)
Total operating costs	510,584	3,310,153	4,868,944	548%	47%
(Increase)/decrease in inventory	21,128	(327,724)	(397,041)	N/A	21%
Total cost of sales	531,712	2,982,429	4,471,903	461%	50%

Source: The Company's audited consolidated financial statements for 2012G and 2013G

The cost of sales increased by SAR 2,450.7 million, or 461 per cent, from SAR 531.7 million in 2011G to SAR 2,982.4 million in 2012G, principally as a result of commencement of commercial production of DAP fertiliser by MPC. Further, the cost of sales increased by SAR 1,489.5 million, or 50 per cent, from SAR 2,982.4 million in 2012G to SAR 4,471.9 million in 2013G, principally as a result of increased sales quantity of DAP fertiliser by 470,000 tonnes, or 35 per cent, from 1,350,000 tonnes in 2012G to 1,820,000 tonnes in 2013G. In addition, an increase in the cost of sales of SAR 635 million was attributable to sales of aluminium ingots in 2013G.

Salaries and employee benefits mainly represent human resources costs. Salaries and employee benefits increased by SAR 91.7 million, or 76 per cent, from SAR 120.6 million in 2011G to SAR 212.3 million in 2012G and by SAR 51 million, or 24 per cent, from SAR 212.3 million in 2012G to SAR 263.4 million in 2013G, principally as a result of an increase in the workforce by 2,168 employees, or 66 per cent, from 3,271 in 2011G to 5,439 in 2012G and a further increase by 324 employees, or six per cent, to 5,763 in 2013G. This increase in workforce was mainly attributable to MPC and MAC.

Service contracts mainly represent costs incurred by mining contractors for ore extraction activities. The service contracts increased by SAR 38.7 million, or 56 per cent, from SAR 67.4 million in 2011G to SAR 105.2 million in 2012G; they increased by SAR 20.6 million, or 20 per cent, from SAR 105.2 million in 2012G to SAR 125.8 million in 2013G, principally as a result of increased mining activities for ore extraction by MPC and MGBM at Al-Jalamid and Al-Hajar mines respectively.

Repairs and maintenance expenses mainly represent costs incurred due to scheduled maintenance of production facilities. Repairs and maintenance expenses increased by SAR 8.5 million, or 33.5 per cent, from SAR 25 million in 2011G to SAR 33.5 million in 2012G, principally as a result of regular maintenance at the phosphate and ammonia plants. In addition, repair and maintenance expenses increased by SAR 18.3 million, or 55 per cent, from SAR 33.5 million in 2012G to SAR 51.8 million in 2013G, principally as a result of the cost of repairing damage caused by a fire at the phosphate rock unloading belt.

Consumables mainly represent costs related to maintenance and operating supplies, fuel and lubricants, and explosive materials. Consumables increased by SAR 8.7 million, or ten per cent, from SAR 83.3 million in 2011G to SAR 92 million in 2012G; they increased by SAR 18.8 million, or 20 per cent, from SAR 92.041 million in 2012G to SAR 110.8 million in 2013G, principally as a result of increased drilling and mining activities undertaken by the Company's phosphate and gold operations in order to exploit natural deposits.

Indirect expenses mainly represent production-related indirect expenses. Indirect expenses increased by SAR 38.1 million, or 205 per cent, from SAR 18.5 million in 2011G to SAR 56.6 million in 2012G, principally as a result of the commencement of DAP fertiliser commercial operations by MPC. In addition, indirect expenses increased by SAR 13.8 million, or 24 per cent, from SAR 56.6 million in 2012G to SAR 70.4 million in 2013G, principally as a result of increased DAP fertiliser sales volume.

Raw materials and consumables mainly represent the cost of raw material used in the production of DAP and MAP fertilisers and ammonia. Raw materials and consumables increased by SAR 1,690.6 million from SAR 17.6 million in 2011G to SAR 1,708.2 million in 2012G, principally as a result of the commencement of commercial DAP fertiliser production. In addition, the raw materials and consumables increased by SAR 1439.4 million, or 84 per cent, from SAR 1,708.2 million in 2012G to SAR 3,147.6 million in 2013G, principally as a result of an increased sales volume in DAP fertiliser.

Allocation for inventory obsolescence mainly represents a type of allocaiton created within MGBM. Inventory estimates at Al-Amar mine resulted in a reversal of inventory allocations in 2011G, 2012G and 2013G, which were created earlier in respect of expected obsolescence of inventories.

The severance fee provision represents payments to the Government in respect of mining activities. The severance fee increased by SAR 7.6 million, or nine per cent, from SAR 85 million in 2011G to SAR 92.6 million in 2013. In addition, it decreased by SAR 55 million, or 59 per cent, from SAR 92.6 million in 2012G to SAR 37.8 million in 2013G, in line with MGBM's net income in the respective years.

Sale of by-products represents MGBM's sale of copper, zinc and silver, which are by-products of the gold refining process. Sale of by-products decreased by SAR 42.6 million, or 50 per cent, from SAR 85.6 million in 2011G to SAR 43 million in 2012. In addition, it decreased by SAR 11.4 million, or 27 per cent, from SAR 43 million in 2012G to SAR 31.6 million in 2013G. The volume of by-products obtained and their subsequent sale are dependent on the quality and content concentration of ore extracted from the mines.

Depreciation represents costs related to a reduction in the value of tangible assets due to usage. Depreciation increased by SAR 822.4 million, or 492 per cent, from SAR 167.2 million in 2011G to SAR 989.6 million in 2012G, principally as a result of transfer of the fixed plant from CWIP following start of commercial production of the DAP and MAP fertilisers plant. Further, depreciation increased by SAR 14.6 million, or one per cent, from SAR 989.6 million in 2011G to SAR 1,004 million in 2013G, principally as a result of increased assets at MIC and MPC.

Amortization represents costs related to a reduction in the value of intangible assets due to usage. Amortization increased by SAR 5.8 million, or 37 per cent, from SAR 15.7 million in 2011G to SAR 21.5 million in 2012G, principally as a result of additions to infrastructure and support services assets by MIC. In addition, amortization decreased by SAR 2.8 million, or 13 per cent, from SAR 21.5 million in 2012G to SAR 18.7 million in 2013G, principally as a result of a reduction in Ma'aden Corporate's intangible assets.

Deferred stripping expenses represent costs incurred in removing overburden from the mines in order to reach the ore bodies. Deferred stripping expenses were SAR 41.6 million in 2012G, principally as a result of the commencement of DAP fertiliser commercial operations by MPC. In addition, indirect expenses increased by SAR 30.4 million, or 73 per cent, from SAR 42 million in 2012G to SAR 72 million in 2013G, principally as a result of increased DAP fertiliser sales volume.

The Company's consolidated sales for the six-month periods ended 30 June 2014G and 2013G.

The following table presents the Company's consolidated sales for the six-month periods ended 30 June 2014G and 2013G.

Table 6.15: The Company's consolidated sales for the six-month period endeds 30 June 2014G and 2013G

SAR in 000s	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Salaries and employee benefits	117,695	143,470	22%
Service contracts	71,656	77,911	9%
Repairs and maintenance	17,745	33,220	87%
Consumables	60,707	57,336	(6%)
Indirect expenses	35,969	47,038	31%
raw materials and consumables	1,581,125	2,523,940	60%
Inventory loss allocation	-	43,918	0%
Severance fees	19,480	14,918	(28%)
Sale of by-products	(19,919)	(22,183)	11%
Total cash operating costs	1,884,458	2,918,749	55%
Depreciation	519,095	537,066	3%
Deferred stripping expense	37,367	25,672	(31%)
Amortization	9,632	10,458	9%
Total operating costs	2,450,553	3,491,944	42%
(Increase)/decrease in inventory	(285,185)	(484,796)	70%
Total cost of sales	2,165,368	3,007,149	39%

Source: The Company's unaudited financial statements for the six-month period ended 30 June 2014G.

Cost of sales increased by SAR 841.8 million, or 39 per cent, from SAR 2.165.7 million in the six-month period ended 30 June 2013G to SAR 3,007.1 million in the six-month period ended 30 June 2014G, principally as a result of an increase in raw materials and consumables by SAR 942.8 million, or 60 per cent.

Raw materials and consumables increased by SAR 942.8 million, or 60 per cent, from SAR 1,581.1 million in the six-month period ended 30 June 2013G to SAR 2,523.9 million in the six-month period ended 30 June 2014G, principally as a result of increased volume sold by MPC. Facilities and raw materials are direct inputs in the production process and linked directly to production volumes.

The allocation for inventory losses was recognised for an amount of SAR 43.9 million in the six-month period ended 30 June 2014G, principally as a result of DAP and MAP fertilisers finished goods inventory lost in transit and damaged as a result of moisture loss in DAP and MAP fertilisers.

Repair and maintenance costs increased by SAR 15.5 million, or 87 per cent, from SAR 17.7 million in the six-month period ended 30 June 2013G to SAR 33.2 million in the six-month period ended 30 June 2014G, principally as a result of scheduled maintenance at MGBM and MPC.

6 - 2 - 6 Selling, marketing and logistics expenses

Comparison of the Company's consolidated selling, marketing and logistics expenses for the fiscal years 2011G, 2012G and 2013G

The following table compares the Company's consolidated sales, marketing and logistics expenses for the fiscal years 2011G, 2012G and 2013G.

Table 6.16: The Company's consolidated selling, marketing and logistics expenses for the fiscal years 2011G, 2012G and 2013G

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Sales, marketing and logistics expenses	53,741	384,810	246,008	N/A	(36%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G

The Company's consolidated selling, marketing and logistics expenses were incurred by MPC and comprised deductibles, marketing fees and other sales expenses. Sales and marketing expenses increased by SAR 331.1 million from SAR 53.7 million in 2011G to SAR 384.8 million in 2012G, principally as a result of the sale of DAP fertiliser following commencement of commercial operations in 2012G. In addition, sales and marketing expenses decreased by SAR 138.8 million, or 36 per cent, from SAR 385 million in 2012G to SAR 246 million in 2013G, principally as a result of decreased deductible expenses due to increased Free on Board (FOB) sales, as opposed to Cost and Freight (CFR) sales.

Comparison of the Company's consolidated sales, marketing and logistic expenses for the six-month periods ended 30 June 2014G and 2013G

The following table compares the Company's consolidated sales, marketing and logistic expenses for the six-month periods ended 30 June 2014G and 2013G.

Table 6.17: The Company's consolidated sales, marketing and logistic expenses for the six-month periods ended 30 June 2014G and 2013G.

SAR in 000s	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Sales, marketing and logistics expenses	125,682	179,439	43%

Source: The Company's unaudited financial statements for the six-month period ended 30 June 2014G.

Sales, marketing and logistics expenses increased by SAR 53.8 million, or 43 per cent, from SAR 125.7 million in the six-month period ended June 2013G to SAR 179.4 million in the six-month period ended June 2014G, principally as a result of increased deductions due to the increase in DAP and ammonia quantities sold as well as the high cost of transporting of DAP and ammonia to remote areas.

6 - 2 - 7 GENERAL AND ADMINISTRATIVE EXPENSES

Comparison of the Company's consolidated general and administration expenses for the fiscal years 2011G, 2012G and 2013G

The following table compares the Company's consolidated general and administration expenses for the fiscal years 2011G, 2012G and 2013G.

Table 6.18: The Company's consolidated general and administration expenses for the fiscal years 2011G, 2012G and 2013G

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Salaries and employee benefits	166,981	235,385	262,809	41%	12%
Service contracts	27,937	36,245	143,177	30%	295%
Indirect expenses and other	19,901	35,891	87,009	80%	142%
Director's remuneration and allowances*	2,375	-	-	N/A	-
Consumables	6,303	2,499	4,524	(60%)	81%
Repair parts	491	640	532	30%	(17%)
Depreciation	6,965	12,880	14,628	85%	14%
Amortization	4,501	1,128	1,265	(75%)	12%
Total general and administrative expenses	235,455	324,669	513,944	38%	58%

Source: The Company's audited consolidated financial statements for 2012G and 2013G

*Director's remuneration and allowances was reclassified in 2012G and 2013G

The Company's general and administration expenses mainly represent Company salaries and employee benefits. Salaries and employee benefits increased by SAR 68.4 million, or 41 per cent, from SAR 166.9 million in 2011G to SAR 235.4 million in 2012G, principally as a result of increase in the number of employees. Salaries and employee benefits increased by SAR 27.4 million, or 12 per cent, from SAR 235.4 million in 2011G to SAR 262.8 million in 2012G, principally as a result of an increase in the number of employees.

Service contracts mainly represent costs associated with third-party services engaged by MPC. Service contracts increased by SAR 8.3 million, or 30 per cent, from SAR 27.9 million in 2011G to SAR 36.2 million in 2012G, principally as a result of a rise in third party services engaged by MPC. In addition, service contracts increased by SAR 106 million, or 295 per cent, from SAR 36.2 million in 2012G to SAR 143.2 million in 2013G, principally as a result of the recognition of deferred charges capitalised in 2012G and the first half of 2013G.

Indirect expenses and other expenses mainly represent lease, rental, administration fees, communication and freight expenses. Expenses increased by SAR 16 million, or 80 per cent, from SAR 19.9 million in 2011G to SAR 35.9 million in 2012G, and by SAR 51.1 million, or 142 per cent, from SAR 35.9 million in 2012G to SAR 87 million in 2013G, principally as a result of a rise in MGBM's office space rental costs.

The Company's consolidated general and administration expenses for the six-month periods ended 30 June 2014G and 2013G

The following table compares the Company's consolidated general and administration expenses for the six-month periods ended 30 June 2014G and 2013G.

Table 6.19: The Company's consolidated general and administration expenses for the six-month periods ended 30 June 2014G and 2013G.

SAR in 000s	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Salaries and employee benefits	110,630	134,796	22%
Service contracts	14,454	25,274	75%

SAR in 000s	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Indirect expenses and other expenses	14,701	21,612	47%
Consumables	1,165	1,882	62%
Repair parts	276	267	(3%)
Depreciation	7,668	11,524	50%
Amortization	625	306	(51%)
Total general and administrative expenses	149,519	195,662	31%

Source: The Company's unaudited financial statements for the six-month period ended 30 June 2014G.

General and administrative expenses increased by SAR 46.1 million, or 31 per cent, from SAR 149.5 million in the six-month period ended 30 June 2013G to SAR 195.7 million in the six-month period ended 30 June 2014G, principally as a result of increased salaries and employee benefits and indirect expenses and other expenses.

Salaries and employee benefits and indirect expenses and other expenses increased by SAR 24.2 million, or 22 per cent, and SAR 6.9 million, or 47 per cent respectively from SAR 110.6 million and SAR 14.7 million in the six-month period ended 30 June 2013G to SAR 134.8 million and SAR 21.6 million in the six-month period ended 30 June 2014G respectively, principally as a result of an increase in the number of employees and a rise in office space rental costs incurred by the Company and MGBM, respectively.

Indirect expenses and other expenses increased by SAR 6.9 million, or 47 per cent, from SAR 14.7 million in the six-month period ended 30 June 2013G to SAR 21.6 million in the six-month period ended 30 June 2014G, principally as a result of the Company's increased spending on software licenses, permits, publicity, representation processes and office equipment.

Service contracts increased by SAR 10.8 million, or 75 per cent, from SAR 14.5 million in the six-month period ended 30 June 2013G to SAR 25.3 million in the six-month period ended 30 June 2014G, principally as a result of increased service contracts by MGBM.

6 - 2 - 8 Exploration and technical services expenses

Comparison of the Company's consolidated exploration and technical services expenses for the fiscal years 2011G, 2012G and 2013G

The following table compares the Company's consolidated exploration and technical services expenses for the fiscal years 2011G, 2012G and 2013G

Table 6.20: The Company's consolidated exploration and technical services expenses for the fiscal years 2011G, 2012G and 2013G

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Salaries and employee benefits	41,024	44,501	45,571	8%	2%
Service contracts	65,771	65,724	71,694	(0%)	9%
Indirect expenses and other expenses	3,349	9,122	13,144	172%	44%
Consumables	3,053	3,489	9,822	14%	182%
Repair parts	2,860	877	1,604	(69%)	83%

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Total Exploration and technical services expenses	116,057	123,714	141,835	7%	15%

Source: The Company's audited consolidated financial statements for 2012G and 2013G

Consolidated exploration and technical services expenses represented exploration activities, such as drilling and surveying, performed in order to identify new prospects and further develop existing known deposits, undertaken by Ma'aden Corporate and by MGBM, with the assistance of external contractors.

The total exploration and technical services expenses increased by SAR 7.6 million, or seven per cent, from SAR 116.1 million in 2011G to SAR 123.7 million in 2012G, principally as a result of drilling at the Shabah gold deposit in the Northern Arabian Shield region and resource drilling to extend the measured and indicated resources adjacent to the Al-Jalamid phosphate mine and at Umm Wu'al. Additionally, total exploration and technical services expenses increased by SAR 18 million, or 15 per cent, from SAR 123.7 million in 2012G to SAR 141.8 million in 2013G, principally as a result of the Company's greenfield gold and base metal exploration in the Arabian Shield region, pursuant to the respective exploration licenses. In addition, the Company undertook resource evaluation drilling for phosphate (at Al-Jalamid and Umm Wu'al), gold (at Mansourah, Massrah, and Ar-Rjum), copper (at Al-Hajar), metallurgical bauxite (at Az-Zabirah) and magnesite (at Jabal Al-Rokham). In addition, the Company also conducted drilling to discover additional resources at their operating gold, phosphate and low grade bauxite mines in 2013G.

Comparison of the Company's consolidated exploration and technical services expenses for the six-month periods ended 31 June 2014G and 2013G

The following table compares the Company's consolidated exploration and technical services expenses for the six-month periods ended 30 June 2014G and 2013G

Table 6-21: The Company's consolidated exploration and technical services expenses for the six-month periods ended 31 June 2014G and 2013G.

SAR in 000s	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Salaries and employee benefits	23,849	26,892	12%
Service contracts	42,018	52,189	24%
Indirect and other expenses	7,688	4,595	(40%)
Consumables	4,945	1,618	(67%)
Repair parts	320	649	103%
Total Exploration and technical services expenses	78,820	85,943	9%

Source: The Company's unaudited financial statements for the six-month period ended 30 June 2014G.

Total exploration and technical services expenses increased by SAR 7.1 million, or nine per cent, from SAR 78.8 million in the six-month period ended 30 June 2013G to SAR 85.9 million in the six-month period ended 30 June 2014G, principally as a result of increased drilling activity.

6 - 2 - 9 Share in net loss of jointly controlled entity

Comparison of the Company's consolidated share in the net loss of a jointly controlled entity for fiscal years 2011G, 2012G and 2013G

The following table compares the Company's consolidated share in the net loss of a jointly controlled entity for the fiscal years 2011G, 2012G and 2013G

Table 6.22: The Company's consolidated share in net the loss of a jointly controlled entity for the fiscal years 2011G, 2012G and 2013G.

Entity	Products	Fiscal year			Increase / (Decrease)	
SAR in 000s		2011G	2012G	2013G	2012G	2013G
Sahara and Ma'aden Petrochemicals Company (SAMAPCO)	Caustic soda Ethylene Dichloride	1,846	3,302	3,481	79%	5%

Source: The Company's audited consolidated financial statements for 2012G and 2013G

Share in the net loss of a jointly controlled entity represented Ma'aden's share of the financial results of the Company and SAMAPCO as a joint venture partner with SAMAPCO.

The share in the net loss of the jointly controlled entity increased by SAR 1.5 million, or 79 per cent, from SAR 1.8 million in 2011G to SAR 3.3 million in 2012G, principally as a result of increased losses by SAMAPCO since it only recognised general and administrative expenses at the pre-commercial operations stage. Additionally, share of net loss of the jointly controlled entity did not show significant variation.

Comparison of the Company's consolidated share in the net loss of a jointly controlled entity for the six-month periods ended 30 June 2014G and 2013G

The following table compares the Company's consolidated share in the net loss of a jointly controlled entity for the six-month periods ended 30 June 2014G and 2013G.

Table 6.23: The Company's consolidated share in the net loss of a jointly controlled entity for the six-month periods ended 30 June 2014G and 2013G.

Entity	Products	Six months ended 30 June		Increase / (Decrease)
SAR in 000s		2013G	2014G	June 2014G
Sahara and Ma'aden Petrochemicals Company (SAMAPCO)	Caustic soda Ethylene Dichloride	1,288	796	(38%)

Source: The Company's unconsolidated unaudited income statements for the six-month period ended 30 June 2014G

The share in the net loss of the jointly controlled entity did not show significant variation from SAR 1.3 million in the six-month period ended 30 June 2013G to SAR 0.8 million in the six-month period ended 30 June 2014G.

6 - 2 - 10 Income from short-term investments

Comparison of the Company's revenue from short-term investments for the fiscal years 2011G, 2012G and 2013G

The following table compares the Company's revenue income from short-term investments for the fiscal years 2011G, 2012G and 2013G.

Table 6-24: The Company's revenue from short-term investments for the fiscal years 2011G, 2012G and 2013G.

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Phosphate segment	-	22,653	14,288	-	(37%)
Ma'aden Corporate	71,043	33,353	7,465	(53%)	(78%)
Aluminium segment	-	-	-	-	-
Gold segment	3,897	8,894	4,059	128%	(54%)
Industrial Minerals segment	8	71	218	N/A	207%
Infrastructure segment	208	55	598	(74%)	N/A
Total income from short-term investments	75,156	65,026	26,628	(13%)	(59%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G

The total income from short-term investments represent income earned on deposits of less than one year placed with commercial banks.

The total income from short-term investments decreased by SAR 10.2 million, or 13 per cent, from SAR 75.2 million in 2011G to SAR 65.0 million in 2012G, and in addition decreased by SAR 38.4 million, or 59 per cent in 2013G, principally as a result of a decrease in the surplus cash available for investment. Surplus cash was utilised to finance the capital requirements of the MAC Companies and the activities of Ma'aden Corporate. Ma'aden Corporate accounted for 95 per cent, 51 per cent and 28 per cent of the total income from short-term investments in 2011G, 2012G and 2013G, respectively. MPC's share of total income from short-term investments accounted for 35 per cent and 54 per cent in 2012G and 2013G, respectively.

Comparison of Company income from short-term investments for the six-month periods ended 30 June 2014G and 2013G.

The following table compares the Company's consolidated income from short-term investments for the six-month periods ended 30 June 2014G and 2013G.

Table 6.25: The Company's consolidated income from short-term investments comparison for the six-month period ended 30 June 2014G and 2013G.

SAR in 000s	Six-month period ended in June		Increase / (Decrease)
	2013G	2014G	June 2014G
Phosphate segment	10,770	1,594	(85%)
Ma'aden Corporate segment	2,579	2,275	(12%)
Gold segment	3,380	558	(83%)
Industrial Minerals sector	12	158	N/A
Infrastructure segment	150	725	384%
Income from short-term investments	16,891	5,310	(69%)

Source: The Company's unaudited financial statements for the six-month period ended 30 June 2014G.

Total income from short-term investments decreased by SAR 11.6 million, or 69 per cent, from SAR 16.9 million in the six-month period ended 30 June 2013G to SAR 5.3 million in the six-month period ended 30 June 2014G, principally due to a decrease in the surplus cash available for investment as a result of financing the operations and working capital requirements of MPC, MAC and MGBM, and paying dividends of SAR 1,500 million to the shareholders of MPC during 2013G.

6 - 2 - 11 Financial charges

Comparison of the Company's consolidated financial charges for the fiscal years 2011G, 2012G and 2013G

The following table compares the Company's consolidated financial charges for the fiscal years 2011G, 2012G and 2013G

Table 6.26: The Company's consolidated financial charges for the fiscal years 2011G, 2012G and 2013G.

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Public Investment Fund (PIF)	2,175	48,030	35,096	N/A	(27%)
Banque Saudi Fransi*	2,648	58,847	50,692	N/A	(14%)
Al-Rajhi Bank*	4,353	37,665	28,432	N/A	(25%)
The Export Import Bank of Korea*	717	19,052	14,383	N/A	(25%)
Korea Export Insurance Cooperation*	388	8,804	7,532	N/A	(14%)
Mizuho Corporate Bank Limited*	811	17,385	16,524	N/A	(5%)
SIDF	278	6,306	5,650	N/A	(10%)
Arrangement fee and administrative charges for revolving credit facility	-	89,688	-	-	N/A
Murabaha fee for revolving credit facility	-	-	24,276	-	-
Total financial charges	11,369	285,776	182,585	N/A	(36%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G

*These facilities are with syndicates of banks. The banks mentioned are only agents or coverage providers.

Total financial charges paid represent costs on borrowings incurred by MPC and MAC.

Total financial charges increased by 274.4 million from SAR 11.4 million in 2011G to SAR 285.8 million in 2012G, principally as a result of financial charges commencing in relation to long-term financing facilities borrowed by MPC, which started on 30 June 2012G, and payment of an arrangement fee and administrative charges in relation to the syndicated revolving credit facility obtained by Ma'aden Corporate in 2012G. In addition, financial charges decreased by SAR 103.2 million, or 36 per cent, from SAR 285.8 million in 2012G to SAR 182.6 million in 2013G, principally as a result of a one-time payment of an arrangement fee for a syndicated revolving credit facility obtained by Ma'aden Corporate, which inflated costs in 2012G. Additionally, reduction of the principal balance of the loan as a result of the repayments by MPC reduced financial charges paid in 2013G.

Comparison of the Company's consolidated financial charges for the six-month periods ended 30 June 2014G and 2013G

The following table compares the Company's consolidated financial charges for the six-month periods ended 30 June 2014G and 2013G

Table 6.27: The Company's consolidated financial charges for the six-month periods ended 30 June 2014G and 2013G

SAR in 000s	Six months ended 30 June		Increase / (Decrease)
	2013G	2014	June 2014G
Public Investment Fund (PIF)	18,421	14,233	(23%)
Banque Saudi Fransi*	23,044	25,191	9%
Al-Rajhi Bank*	13,291	13,467	1%
The Export Import Bank of Korea*	7,488	5,994	(20%)
Korea Export Insurance Cooperation*	3,915	3,340	(15%)
Mizuho Corporate Bank Limited*	8,307	7,216	(13%)
SIDF	1,887	5,832	N/A
Murabaha fee for revolving credit facility	10,679	24,292	127%
Total finance charges	87,033	99,564	14%

Source: The Company's unaudited financial statements for the six-month period ended 30 June 2014G.

*These facilities are with syndicates of banks. The banks mentioned are only agents or coverage providers.

Financial charges increased by SAR 12.5 million, or 14 per cent, from SAR 87.0 million in the six-month period ended 30 June 2013G to SAR 99.64 million in the six-month period ended 30 June 2014G, principally as a result of interest costs incurred on an additional drawdown of SAR 400 million made in 2013G by Ma'aden Corporate from the syndicated revolving credit line. The commission rate on the loan principal withdrawn and outstanding amount for each commission period is the LIBOR rate plus 0.5 per cent per annum.

6 - 2 - 12 Other income/(expenses)—net

Comparison of the Company's consolidated net income/(expenses) for the fiscal years 2011G, 2012G and 2013G

The following table compares the Company's consolidated net income/(expenses) for the fiscal years 2011G, 2012G and 2013G

Table 6.28: The Company's consolidated net income/(expenses) for the fiscal years 2011G, 2012G and 2013G.

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Contractual dues	-	-	1,440,000	-	N/A
Other income/(expenses), net	13,814	(5,440)	(82,612)	(139%)	N/A
Total other income/(expenses), net	13,814	(5,440)	1,357,388	(139%)	N/A

Source: The Company's audited consolidated financial statements for 2012G and 2013G

Total net other income and expenses mainly represents miscellaneous income and expenses of the Company.

Total net other income and expenses resulted in an income of SAR 13.8 million in 2011G to expenses of SAR 5.4 million in 2012G, principally as a result of increased other expenses incurred by the Company. Additionally, total net other income and expenses resulted in an income of SAR 1,357.4 million in 2013G, principally as a result of the Company's recognition of the participation payment due from project partners, SABIC and Mosaic, for the MWAS Project. According to the shareholder's agreement for the MWAS Project, Mosaic and SABIC are liable to pay contractual dues to the Company, in the amount of SAR 1,440 million, in two installments. The Company received the first installment of SAR 720 million in 2013G and the second installment of an equal amount is due on 30 June 2016G.

The Company's consolidated net other income and expenses for the six-month periods ended 30 June 2014G and 2013G

The following table presents the Company's consolidated net other income and expenses for the six-month periods ended 30 June 2014G and 2013G.

Table 6.29: The Company's consolidated net other income and expenses for the six-month periods ended 30 June 2014G and 2013G.

SAR in 000s	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Contractual dues	-	-	-
Other income/(expenses), net	(1,609)	45,250	N/A
Total other income/ (expenses), net	(1,609)	45,250	(199%)

Source: The Company's unaudited financial statements for the six-month period ended 30 June 2014G.

Total net other income and expenses resulted in expenses of SAR 1.6 million in the six-month period ended 30 June 2013G to an income of SAR 45.3 million in the six-month period ended 30 June 2014G. The increase was driven by MPC's claims related to an accident involving an ammonia and conveyor belt technician.

Zakat allocation

The Company's zakat allocation

Zakat and income tax are paid in accordance with the requirements of the Department of Zakat and Income Tax (DZIT). Except for MGBM, zakat is calculated separately for each subsidiary of the Company and each subsidiary files its zakat declaration separately. The Company files a combined zakat declaration for itself and for MGBM, which is a 100 per cent owned subsidiary. The Company and its wholly owned subsidiaries received provisional zakat certificates from 2008G to 2013G but no zakat assessments were finalised by the DZIT.

6 - 2 - 13 Net income

Comparison of the Company's consolidated net income for the fiscal years 2011G, 2012G and 2013G

Net income increased by SAR 942 million, or 175 per cent, from SAR 538 million in 2011G to SAR 1.480 million in 2012G, principally as a result of sales growth due to the commencement of sales of DAP fertiliser by MPC. Further, net income increased by SAR 336 million, or 23 per cent, from SAR 1,480 million in 2012G to SAR 1.816 million in 2013G, principally as a result of sales of aluminium ingots and the receipt of contractual dues from MWAS Project partners during the year.

Comparison of the Company's consolidated net income for the six-month periods ended 30 June 2014G and 2013G

Net income increased by SAR 275 million, or 75 per cent, from SAR 368 million in the six-month period ended 30 June 2013G to SAR 643 million in the six-month period ended 30 June 2014G, principally as a result of increase in average consolidated income, by SAR 1.178 million. This increase was driven by

an increase in tonnage of phosphate, aluminium and industrial minerals produced and sold during the six-month period ended 30 June 2014G.

6 - 2 - 14 Balance sheet

Comparison of the Company's consolidated balance sheet for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table presents the Company's consolidated balance sheet comparison for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.30: Comparison of the Company's consolidated balance sheet for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Current assets	12,310,748	10,987,114	7,179,908	9,335,009	(11%)	(35%)
Non-current assets	31,262,977	44,154,835	56,771,320	61,097,841	41%	29%
Total assets	43,573,725	55,141,949	63,951,228	70,432,850	27%	16%
Current liabilities	3,822,846	5,933,789	6,611,101	9,115,060	55%	11%
Non-current liabilities	19,045,878	26,123,497	32,332,677	34,234,145	37%	24%
Total liabilities	22,868,724	32,057,286	38,943,778	43,349,205	40%	21%
Total equity	20,705,001	23,084,663	25,007,450	27,083,645	11%	8%
Total liabilities and equity	43,573,725	55,141,949	63,951,228	70,432,850	27%	16%

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Current assets decreased by SAR 1,323.6 million, or 11 per cent, from SAR 12,310.7 million in 2011G to SAR 10,987.1 million in 2012G and further decreased by SAR 3,807.2 million, or 35 per cent, from SAR 10,987.1 million in 2012G to SAR 7,179.9 million in 2013G, principally as a result of decreased short-term investment due to increased utilisation of cash. In addition, current assets increased by SAR 2,155.1 million or 30 per cent, from SAR 7,179.9 million in 2013G to SAR 9,335.0 million in the six-month period ended 30 June 2014G, principally as a result of increased trade receivables and inventory due to increased sales of aluminium and phosphate.

Non-current assets increased by SAR 12,891.8 million, or 41 per cent, from SAR 31,262.9 million in 2011G to SAR 44,154.8 million in 2012G, principally as a result of increase in property, plant and equipment due to the transfer of the DAP and MAP fertiliser plant from capital work-in-progress ('CWIP') to property, plant and equipment. In addition, non-current assets increased by SAR 12,616.5 million, or 29 per cent, from SAR 44,155.8 million in 2012G to SAR 56,771.3 million in 2013G, principally as a result of additions in CWIP in respect of MAC's construction progress. In addition, non-current assets increased by SAR 4,326.5 million or eight per cent from 56,771.3 million in 2013G to SAR 61,097.8 million in the six-month period ended 30 June 2014G, principally as a result of additions of CWIP in respect of MGBM's As-Suq mine.

Current liabilities increased by SAR 2,111 million, or 55 per cent, from SAR 3,822.8 million in 2011G to SAR 5,933.8 million in 2012G, principally as a result of increased project and other payables in respect of MAC Companies. In addition, the current liabilities increased by SAR 677.3 million, or 11 per cent,

from SAR 5,933.8 million in 2012G to SAR 6,611.1 million in 2013G, principally as a result of an increase in accrued expenses and the current portion of long-term borrowings. In addition, current liabilities increased by SAR 2,504.0 million, or 38 per cent, from SAR 6,611.1 million in 2013G to SAR 9,115.1 million in the six-month period ended 30 June 2014G, principally as a result of the increased current portion of long-term borrowings. The increase in the current portion of long-term liabilities was offset by a decline in the accrued expenses of aluminium projects nearing completion. The decline in accrued expenses is attributable to a decline in projects dues, which was driven primarily by lower projects dues from aluminium companies.

Non-current liabilities increased by SAR 7,078.6 million, or 37 per cent, from SAR 19,045.9 million in 2011G to SAR 26,123.5 million in 2012G, and further increased by SAR 6,209.2 million, or 24 per cent, from SAR 26,123.5 million in 2012G to SAR 32,332.7 million in 2013G, principally as a result of increased long-term borrowing in order to finance the construction of MAC. Moreover, non-current liabilities increased by SAR 1,901.5 million, or six per cent, from SAR 32,332.7 million in 2013G to SAR 34,234.1 million in the six-month period ended 30 June 2014G, principally as a result of increased long-term borrowings, including murabaha financing in SAR for the benefit of the Company and MAC.

Total shareholder equity is mainly composed of the share capital of the Company, statutory reserve and retained earnings. Share capital amounted to SAR 9,250 million in 2011G, 2012G, 2013G and in the six-month period ended 30 June 2014G. The total statutory reserve consists of two components, including share premium and transfer of income in 2011G, in 2012G, in 2013G and in the six-month period ended 30 June 2014G. Share premium includes a premium of SAR 10 per share in respect of the 525 million ordinary shares issued at the time of the Company's IPO in 2008G. In addition, transfer of income is as per the regulatory requirements. In addition, retained earnings moved line with net income in 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

6 - 2 - 15 Current assets

Comparison of the Company's consolidated total current assets for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table presents the Company's consolidated total current assets for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.31: Comparison of the Company's consolidated total current assets for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

SAR in 000s	Fiscal year end			Six-month period ended in June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Cash and cash equivalents	5,044,478	6,175,214	4,336,643	4,688,888	22%	(30%)
Short-term investments	6,181,086	3,071,348	52,438	717,164	(50%)	(98%)
Trade and other receivables	481,514	563,041	760,446	1,086,992	17%	35%
Inventories	561,797	1,089,934	1,883,020	2,569,971	94%	73%
Prepaid payments and expenses	41,874	87,577	147,361	271,994	109%	68%
Total current assets	12,310,748	10,987,114	7,179,908	9,335,009	(11%)	(35%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

6 - 2 - 16 Cash and cash equivalents

Comparison of the Company's consolidated total cash and cash equivalents for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated total cash and cash equivalents for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

Table 6.32: The Company's consolidated total cash and cash equivalents for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

SAR in 000s	Fiscal year end			Six-month period ended in June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Term deposits with maturity equal to/less than three months from the date of acquisition	4,241,502	4,328,500	3,828,090	3,916,781	2%	(12%)
Cash and bank balances, unrestricted	413,768	1,435,335	497,529	771,993	247%	(65%)
Cash and bank balances, restricted	389,208	411,379	11,024	114	6%	(97%)
Total cash and cash equivalents	5,044,478	6,175,214	4,336,643	4,688,888	22%	(30%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Cash and cash equivalents mainly represent term deposits with a maturity of less than or equal to three months, in addition to both restricted and unrestricted cash and bank balances. Within cash and bank balances, restricted cash is related to the employee savings plan obligation and the debt reserve account, which restricts the amount of cash required six months prior to the next repayment of long-term borrowings.

Total cash and cash equivalent increased by SAR 1,130.7 million, or 22 per cent, from SAR 5,044.5 million in 2011G to SAR 6,175.2 million in 2012G, principally as a result of the maturity of MPC's short-term deposits towards the end of year. In addition, total cash and cash equivalents decreased by SAR 1,838.4 million, or 30 per cent, from SAR 6,175.2 million in 2012G to SAR 4,336.6 million in 2013G, principally as a result of cash utilisation by aluminium companies for project construction. As a result, the balance increased again by SAR 352.2 million, or eight per cent, in the six-month period ended 30 June 2014G, to SAR 4,688.9 million.

6 - 2 - 17 Short-term investments

Comparison of the Company's consolidated total short-term investments for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table presents the Company's consolidated total short-term investments for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.33: The Company's consolidated total short-term investments for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six months ended	Increase / (Decrease)	
	2011G	2012G	2013G	June 2014G	2012G	2013G
		(Audited)		(Unaudited)		
Term deposits and securities with maturity of more than three months and less than one year	6,161,942	3,053,763	50,000	714,744	(50%)	(98%)
Investment income receivables	19,144	17,585	2,438	2,420	(8%)	(86%)
Total short-term investments	6,181,086	3,071,348	52,438	717,164	(50%)	(98%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Short-term investments represent deposits with commercial banks with an original maturity of more than three months and less than one year. Investment income receivables represent earnings on deposits that accrue from short-term bank deposits on a daily basis and that are added to the original deposit amount by the bank upon maturity of these deposits.

Total short-term deposits decreased by SAR 3,109.8 million, or 50 per cent, from SAR 6,181.1 million in 2011G to SAR 3,071.3 million in 2012G, principally due to an increased cash requirement as a result of the commissioning of MPC and progress in relation to the construction of the MAC projects. In addition, total short-term investments decreased by SAR 3,018.9 million, or 98 per cent, from SAR 3,071.3 million to SAR 52.4 million, principally as a result of the reclassification of short-term deposits into cash and cash equivalents. In addition, total short-term investments increased by SAR 664.7 million from SAR 52.4 million in 2013G to SAR 717.2 million in the six-month period ended 30 June 2014G, principally due to investment of extra funds by MBAC and MWASPC in term deposits, withdrawals of credit facilities by MBAC and contributions made by the partners in MWASPC.

6 - 2 - 18 Trade and other receivables

Comparison of the Company's total consolidated trade and other receivables for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's total consolidated trade and other receivables for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.34: Comparison of the Company's total consolidated trade and other receivables for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Trade	423,165	507,062	611,889	839,115	20%	21%
due from SAMAPCO	47,593	47,995	47,998	47,998	1%	0%
Other	10,756	7,985	100,559	199,878	(26%)	N/A
Total trade and other receivables	481,514	563,041	760,446	1,086,992	17%	35%

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Trade and other receivables mainly represent sales receipts due from customers and the amount due from a jointly controlled subsidiary, SAMAPCO.

Trade increased by SAR 83.9 million, or 20 per cent, from SAR 423.2 million in 2011G to SAR 507.1 million in 2012G, principally as a result of commencement of MPC's commercial operations. In addition, trade receivables increased by SAR 104.8 million, or 21 per cent, from SAR 5,07.1 million in 2012G to SAR 611.9 million in 2013G, principally as a result of commencement of the sales of aluminium ingots by Ma'aden Corporate. Moreover, trade receivables increased by SAR 227.2 million from SAR 611.9 million in 2013G to SAR 839.1 million in the six-month period ended 30 June 2014G, principally as a result of increased aluminium sales by Ma'aden Corporate.

The majority of trade receivables were outstanding from SABIC as a result of the sale of DAP fertiliser and ammonia, which amounted to SAR 281 million and SAR 447 million in 2011G and 2012G respectively. Comparatively, major receivables in 2013G were related to Ma'aden Corporate, which amounted to SAR 230 million and MPC, which amounted to SAR 242 million due from SABIC. In addition, trade receivables in the six-month period ended 30 June 2014G were again mainly related to Ma'aden Corporate and MPC, with SAR 121 million due from aluminium sales and SAR 311 million due from SABIC around the sale of DAP and MAP fertilisers and ammonia.

Amounts due from SAMAPCO of SAR 48 million did not show any significant variation in 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G. These expenses were incurred by the Company during the initial stages of SAMAPCO beyond its share of the capital contributions. Part of this amount might be converted to paid-up share capital, while the remaining amount is expected to be reimbursed to Ma'aden Corporate.

The category of other receivables did not show significant variation from SAR 10.8 million in 2011G to SAR eight million in 2012G. The increase in other receivables by SAR 92.6 million from SAR eight million in 2012G to SAR 100.6 million in 2013G was the result of an outstanding insurance claim around MAC's smelter shutdown, which occurred in October 2013G due to pot instability. In addition, other receivables in 2012G and 2013G mainly represent an outstanding insurance claim with respect to the MAC smelter shutdown, which occurred in October 2013G due to pot instability, and an amount of SAR 239.3 million was collected as compensation for activity stoppage and damage to equipment. Other receivables increased by SAR 99.3 million from SAR 100.6 million in 2013G to SAR 199.9 million in the six-month period ended 30 June 2014G, principally as a result of the increase in insurance claims from SAR 98.3 million in 31 December 2013G to SAR 194 million as at 30 June 2014G. Such insurance claims are linked to an accident involving a technician in charge of ammonia and conveyor belt repair.

6 - 2 - 19 Inventories

Comparison of the Company's consolidated total inventories for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated total inventories for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.35: The Company's consolidated total inventories for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Finished goods ready for sale	136,744	331,156	327,910	370,141	142%	(1%)
Work in progress at net production cost	167,679	140,765	401,907	534,841	(16%)	186%
Stockpile of mined ore	49,575	66,133	105,632	125,272	33%	60%
Raw materials	83,663	237,239	410,778	622,631	184%	73%
By-products	21,687	11,780	3,765	16,024	(46%)	(68%)
Provision for inventory losses	-	-	(65,877)	-	-	N/A
Sub-total	459,348	787,072	1,184,113	1,668,909	71%	50%
Spare parts and consumable materials	121,271	321,533	715,312	917,468	165%	122%
Allowance for obsolete slow-moving spare parts and consumables materials	(18,823)	(18,671)	(16,406)	(16,406)	(1%)	(12%)
Sub-total	102,448	302,862	698,907	901,062	196%	131%
Total inventories	561,797	1,089,934	1,883,020	2,569,971	94%	73%
Inventory turnover ratio (number of days)	385	133	153	610		

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Total inventory mainly represents finished goods, work under progress, raw material inventory, spare parts, stockpile inventory of MPC, MGBM, IMC and MAC, netted against allocation for inventory losses, and for MGBM's slow moving spare parts and consumables materials.

Finished goods ready for sale increased by SAR 194.5 million, or 242 per cent, from SAR 136.7 million in 2011G to SAR 331.2 million in 2012G, principally as a result of start of commercial DAP fertiliser production by MPC. In addition, finished goods ready for sale did not show significant variation from SAR 331.2 million in 2012G to SAR 327.9 million in 2013G. In addition, finished goods ready for sale

increased by SAR 42.2 million from SAR 327.9 million in 2013G to SAR 370.1 million in the six-month period ended 30 June 2014G, principally as a result of sales made from finished goods inventory by MPC and MAC.

Work in progress at net production cost decreased by SAR 26.9 million, or 16 per cent, from SAR 167.7 million in 2011G to SAR 140.8 million in 2012G, principally as a result of increased sales volume of gold, ammonia and DAP fertiliser. In addition, work in progress at net production cost increased by SAR 261.1 million, or 186 per cent, from SAR 140.8 million in 2012G to SAR 401.9 million in 2013G and increased additionally by SAR 132.9 million to SAR 534.8 in the six-month period ended 30 June 2014G, principally as a result of an increase in DAP and MAP fertiliser production volumes by MPC and MAC.

Raw materials increased by SAR 154.5 million, or 184 per cent, from SAR 83.7 million in 2011G to SAR 237.2 million in 2012G, principally as a result of the commencement of commercial production of DAP fertiliser. IN addition, raw materials increased by SAR 173.6 million, or 73 per cent, from SAR 237.2 million in 2012G to SAR 410.8 million in 2013G, principally as a result of MPC's increase in the production volume of DAP fertiliser and MAC's initiation of the commissioning stage of aluminium production. Moreover, raw materials increased by SAR 211.9 million from SAR 410.8 million in 2013G to SAR 622.6 million in the six-month period ended 30 June 2014G, principally as a result of increased production volume of DAP and MAP fertilisers by MPC and aluminium by MAC.

By-products decreased by SAR 1.9 million, or 46 per cent, from SAR 21.7 million in 2011G to SAR 11.8 million in 2012G. In addition, by-products decreased by SAR 8 million, or 68 per cent, from SAR 11.8 million in 2012G to SAR 3.8 million in 2013G. However, by-products increased by SAR 12.3 million, or 325 per cent, to SAR 16.0 million in the six-month period ended 30 June 2014G, principally as a result of concentration of zinc, copper and silver obtained from gold ore and the timing of sales of by-products in the aforementioned periods.

Provision for inventory losses of SAR 66 million in 2013G principally resulted from DAP fertiliser lost in transit and damaged due to moisture loss.

Spare parts and consumables materials increased by SAR 200.2 million, or 165 per cent, from SAR 121.3 million in 2011G to SAR 321.5 million in 2012G, principally as a result of the addition of the DAP fertiliser production facility. In addition, spare parts and consumables materials increased by SAR 394 million, or 122 per cent, from SAR 321.5 million in 2012G to SAR 715.3 million in 2013G, and increased additionally by SAR 202.2 million, or 28 per cent, to SAR 917.5 million in the six-month period ended 30 June 2014G, principally as a result of MPC's build-up of critical spare parts in order to ensure plant reliability.

Allocation for obsolete slow-moving spare parts did not show significant variation from SAR 18.8 million in 2011G and 2012G to SAR 16.4 million in 2013G and in the six-month period ended 30 June 2014G. Allocation for obsolete slow-moving spare parts and consumable materials is related to MGBM, and was based on a recommendation by MGBM's materials management department.

6 - 2 - 20 Advance payments and expenses

Comparison of the Company's consolidated total advance payments and expenses for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated total advance payments and expenses for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

Table 6.36: The Company's consolidated total Prepaid Payments and Expenses for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Current portion						
Advances to vendors	16,883	31,551	77,483	123,107	87%	146%
Advances to employees	19,400	6,422	13,701	67,893	(67%)	113%

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Prepaid housing allowance	-	19,531	28,179	22,314	N/A	44%
Prepaid insurance	-	23,484	19,775	48,581	N/A	(16%)
Other prepayments	5,590	6,589	8,224	10,099	18%	25%
Sub total	41,874	87,577	147,361	271,994	109%	68%
Non-current portion						
Advances to contractors*	618,931	-	-	-	N/A	-
Other prepayments	5,193	19,187	32,336	64,817	270%	69%
Total advances and prepayments (non-current)	624,124	19,187	32,336	64,817	(97%)	69%

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

*Advances to contractors were reclassified in 2012G and 2013G

Total advance payments and expenses mainly represent advances paid by MAC for the development of project sites at Ras Al-Khair.

Advances to vendors increased by SAR 14.7 million, or 87 per cent, from SAR 16.9 million in 2011G to SAR 31.6 million in 2012G, principally as a result of supplier advances in respect of commercial production of DAP fertiliser. In addition, advances to vendors increased by SAR 45.9 million, or 45 per cent, from SAR 31.6 million in 2012G to SAR 77.5 million in 2013G, principally as a result of supplier advances in respect of MPC's increased production volume and MAC's commissioning period production. However, advances to vendors decreased by SAR 45.6 million, or 145 per cent, from SAR 77.5 million in 2013G to SAR 123.1 million in the six-month period ended 30 June 2014G, principally as a result of recognition of advances as an expense on the income statement.

Advances to employees decreased by SAR 13 million, or 67 per cent, from SAR 19 million in 2011G to SAR 6.4 million in 2012G, principally as a result of advances provided to employees for housing, vacation and travel allowances. In addition, advances to employees increased by SAR 7.3 million, or 113 per cent, from SAR six million in 2012G to SAR 13.7 million in 2013G and increased additionally by SAR 54.2 million to SAR 67.9 million principally as a result of the increased number of employees.

Prepaid housing allowances increased by SAR 8.3 million, or 44 per cent, from SAR 19.5 million in 2011G to SAR 28.2 million in 2012G, principally as a result of start of the employee housing scheme at Ras Al-Khair. In addition, prepaid housing allowances decreased by SAR 5.9 million, or 21 per cent, from SAR 28.2 million in 2013G to SAR 22.2 million in the six-month period ended 30 June 2014G, principally as a result of an additional 601 housing units rented at Ras Al-Khair village by MAC.

Prepaid insurance did not show significant variation from SAR 23.5 million in 2012G to SAR 19.8 million in 2013G. In addition, prepaid insurance increased by SAR 28.8 million, or 146 per cent, from SAR 19.8 million to SAR 48.6 million, principally as a result of insurance coverage for the increased number of employees and their dependants.

6 - 2 - 21 Non-current assets

Comparison of the Company's consolidated total non-current assets for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated total non-current assets for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.37: Comparison of the Company's consolidated total non-current assets for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Property, plant and equipment	7,450,690	18,589,868	18,130,468	18,231,544	150%	(2%)
Pre-operating and deferred charges*	356,795	-	-	-	N/A	-
Capital work in progress	22,227,549	24,383,214	36,993,696	41,171,178	10%	52%
Exploration and evaluation assets	143,330	347,290	145,884	161,440	142%	(58%)
Deferred stripping expense	-	42,353	33,382	29,975	N/A	(21%)
Intangible assets	12,335	328,071	274,184	278,311	N/A	(16%)
Investment in a jointly controlled entity	448,154	444,852	441,371	440,575	(1%)	(1%)
Due from joint venture partners	-	-	720,000	720,000	-	N/A
Advances and prepayments	624,124	19,187	32,336	64,817	(97%)	69%
Total non-current assets	31,262,977	44,154,835	56,771,320	61,097,841	41%	29%

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

*Pre-operating and deferred expenses were reclassified and included under CWIP in 2011G and 2012G

6 - 2 - 22 Property, plant and equipment

Comparison of the Company's consolidated total net book value of property, plant and equipment for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated total net book value of property, plant and equipment for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.38: Comparison of the Company's consolidated total net book value of property, plant and equipment for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Land	22,550	61,550	61,550	61,550	173%	0%
Mining assets	24,634	20,765	16,509	41,620	(16%)	(20%)
Motor vehicles	1,774	3,755	65,497	60,883	112%	N/A
Heavy equipment	163,686	150,454	159,478	162,072	(8%)	6%
Fixed plant and heap leaching	6,552,669	16,664,850	15,783,531	15,672,306	154%	(5%)
Building	265,254	1,412,141	1,757,338	1,854,375	432%	24%
Civil works	364,248	202,684	216,945	304,771	(44%)	7%
Other equipment	27,713	38,013	30,881	24,912	37%	(19%)
Office equipment	16,199	16,323	15,408	14,243	1%	(6%)
Furniture and fittings	11,964	19,333	23,330	34,812	62%	21%
Total property, plant and equipment	7,450,690	18,589,868	18,130,468	18,331,544	150%	(2%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

The Compay's property, plant and equipment mainly represents fixed assets related to production plants and buildings for MPC, Ma'aden Corporate, MAC, MGBM and MIC.

Net book value of property, plant and equipment increased by SAR 11,139.2 million, or 150 per cent, from SAR 7,450.7 million in 2011G to SAR 18,589.9 million in 2012G, principally as a result of transfer of assets at MPC's DAP and MAP fertiliser plant following the beginning of commercial production of DAP fertiliser in February 2012G, which amounted to a transfer of SAR 11,037.2 million from CWIP. In addition, net book value of property, plant and equipment decreased by SAR 459.4 million, or two per cent, from SAR 18,590 million in 2012G to SAR 18,130.5 million in 2013G, principally as a result of depreciation of fixed assets. However, transfer from CWIP to property, plant and equipment amounted to SAR 408 million, for the Mutafiah and the Residential Village Phase 2 projects undertaken by MIC. In addition, Ma'aden Corporate increased property, plant and equipment by SAR 61 million through additions in motor vehicles. Moreover, the net book value of property, plant and equipment increased

by SAR 101.1 million from SAR 18,130.5 million in 2013G to SAR 18,231.5 million in the six-month period ended 30 June 2014G, principally as a result of transfer in PPE from CWIP in respect of the completion of Ma'aden Corporate auditorium; transfers to buildings were made with regards to the Mutrafiah project by MPC; the Ras Al-Khair Housing Village Phase 2 project by MIC; and As-Suq mine by MGBM; and heavy equipment related to mining operations by MGBM.

In addition, MAC (on behalf of MBAC) entered into a capital lease agreement with a consortium of financial institutions for certain operating assets, in the amount of SAR 76.7 million, in 2013G. There is no other capital lease agreement.

6 - 2 - 23 Capital work-in-progress

Comparison of the Company's consolidated total capital work in progress (CWIP) for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated total CWIP for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.39: Comparison of the Company's consolidated total Capital Work in Progress (CWIP) for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G (Audited)	2013G	2014G (Unaudited)	2012G	2013G
Phosphate segment	11,929,079	241,178	475,478	2,851,129	(98%)	97%
Ma'aden Corporate	16,380	289,351	1,477,998	830,100	N/A	411%
Gold segment	19,134	426,359	1,051,446	1,283,208	N/A	147%
Aluminium sector	9,966,403	23,074,341	33,677,485	35,904,062	132%	46%
Industrial Minerals sector	74,336	81,117	86,094	88,192	9%	6%
Infrastructure segment	222,217	270,867	225,195	214,487	22%	(17%)
Total capital work-in-progress	22,227,549	24,383,214	36,993,696	41,171,178	10%	52%

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Total CWIP represents fixed assets under construction. These fixed assets mainly relate to MAC production facilities.

CWIP increased by SAR 2,156.7 million, or 10 per cent, from SAR 22,227.5 million in 2011G to SAR 24,383.2 million in 2012G, principally as a result of additions for construction of MAC projects. In addition, CWIP increased by SAR 12,609.5 million, or 52 per cent, from SAR 24,383.2 million in 2012G to SAR 36,993.7 million in 2013G, principally as a result of further additions related to MAC construction progress; additions to the plant by MPC for debottlenecking and modification of the production plants; reclassification of pre-operating expenses to CWIP based on the nature and relevance of the asset under construction by MGBM; and additions related to construction of an auditorium undertaken by Ma'aden Corporate. Moreover, CWIP increased by SAR 4,177.5 million, or 11 per cent, from SAR 36,993.7 million in 2013G to SAR 41,171.2 million in the six-month period ended 30 June 2014G, principally as a result of additions in respect of the construction of Ad-Duwayhi mine and the related water pipeline; additions related to the MAC project construction; and additions in respect of the MBAC automotive sheet project.

6 - 2 - 24 Lifespan of Company assets

The following table presents the lifespan of the principal classes of Company assets used in determining the annual depreciation rate for each category of Company property, plant and equipment.

Table 6.40: Lifespan of the principal classes of assets used in determining the annual depreciation rate for each category of Company property, plant and equipment.

Asset category	Number of years
Building	9 -33
Heavy equipment	5-20
Fixed plant and heap leaching facilities	4-20
Other equipment	4-20
Office equipment	4-10
Furniture and fixtures	4-10
Mobile and workshop equipment	10
Computer equipment	4-5
Mining assets	2-8
Laboratory and safety equipment	5
Motor vehicles	4
Civil works	4

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Property, plant and equipment are stated at the historical cost less accumulated depreciation. Depreciation is provided over the shorter of economic lifespans of the applicable assets or the estimated lifespan of the mine using the straight-line method. The company is currently considering changes to the depreciation policy.

6 - 2 - 25 Exploration and evaluation assets

Comparison of the Company's consolidated total exploration and evaluation assets for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated total exploration and evaluation assets for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.41: The Company's consolidated total exploration and evaluation assets for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six months ended	Increase / (Decrease)	
	2011G	2012G	2013G	June 2014G	2012G	2013G
		(Audited)		(Unaudited)		
Phosphate segment	82,124	194,028	-		136%	(100%)
The Company	62	25,957	40,268	41,643	N/A	55%
Gold segment	61,144	127,306	105,616	119,797	108%	(17%)
Total exploration and evaluation assets	143,330	347,290	145,884	161,440	142%	(58%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Exploration and evaluation assets refer to the costs incurred in searching for mineral deposits or in further development of existing mineral resources, and the costs incurred on projects with economic potential. All exploration and evaluation costs are expensed until it is concluded that a future economic benefit is probable.

Exploration and evaluation assets increased by SAR 204 million, or 142 per cent, from SAR 143.3 million in 2011G to SAR 347.3 million in 2012G, principally as a result of further drilling at Al-Jalamid and exploration activities at Umm Wu'al; exploration and evaluation related to industrial minerals reserves undertaken by the Company; and drilling at Ad-Duwayhi and Al-Hajar mines in respect of gold reserves. In addition, exploration and evaluation assets decreased by SAR 201.4 million, or 58 per cent, from SAR 347.3 million in 2012G to SAR 145.9 million in 2013G, principally as a result of recognition expenses capitalised in respect of Al-Jalamid and Umm Wu'al phosphate reserves. In addition, expenses were capitalised for exploration and evaluation related to MGBM's resources and exploration at Mansourah, Massarah and Ar-Rjum projects for gold. Moreover, the exploration and evaluation assets did not show significant variation from SAR 145.9 million in 2013G to SAR 161.4 million in the six-month period ended 30 June 2014G.

6 - 2 - 26 Deferred stripping cost

Comparison of the Company's consolidated total deferred stripping cost for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated total deferred stripping cost for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.42: The Company's consolidated total deferred stripping cost for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six months ended	Increase / (Decrease)	
	2011G	2012G	2013G	June 2014G	2012G	2013G
		(Audited)		(Unaudited)		
Phosphate segment	-	36,829	28,556	25,625	N/A	(23%)
Gold segment	-	5,524	4,826	4,351	N/A	(13%)
Total deferred stripping cost	-	42,353	33,382	29,975	N/A	(21%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Deferred stripping costs refer to the cost of removing waste or overburden in order to gain access to the mineral deposit of an operating mine, typically from open pit mines. Deferred stripping cost for MGBM relates to the Bulghah and Al-Hajar mines, as both are open pit mines and meet the criteria for deferral; for MPC, it refers to the deferred stripping cost associated with the phosphate mine at Al-Jalamid.

Total deferred stripping costs increased to SAR 42.4 million in 2012G principally as a result of reclassification of the deferred stripping expense into a separate category. In addition, total deferred stripping costs decreased by SAR nine million, or 21 per cent, from SAR 33.4 million in 2013G, and decreased additionally to SAR 3.4 million in the six-month period ended 30 June 2014G, principally as a result of recognition of part of these expenses in the relevant period of operations.

6 - 2 - 27 Intangible assets

Comparison of the Company's consolidated net book values of the total intangible assets for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated net book values of the total intangible assets for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.43: The Company's consolidated net book values of the total intangible assets for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year ended			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Phosphate segment	12.335	19,543	14,757	21,437	58%	(24%)
Corporate	-	63,937	3,023	7,073	N/A	(95%)
Gold segment	-	457	222	707	N/A	(51%)
Infrastructure segment	-	244,134	256,182	249,095	N/A	5%
Total intangible assets	12,335	328,071	274,184	278,311	N/A	(16%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Intangible assets represent purchased software, system enhancements and conversion processes. Intangible assets are amortised on a straight-line basis over their anticipated lifespans.

Intangible assets increased by SAR 314.8 million from SAR 12.3 million in 2011G to SAR 328.1 million in 2012G, principally as a result of recognition of infrastructure and support services assets at Ras Al-Khair which were transferred to the Royal Commission for Jubail and Yanbu (RCJY) as agreed in the implementation agreement between the Company and RCJY. The cost of intangible assets comprises their Purchase Price and any cost directly attributable to the process of bringing the asset to working condition for its intended use. These assets are amortised over the remaining term of the Land Usage and Service Agreement (LUSA) between the Company, MPC and the MAC Companies. In addition, intangible assets decreased by SAR 53.9 million, or 16 per cent, from SAR 328.1 million in 2012G to SAR 274.2 million in 2013G, principally as a result of recognition of training expenses related to ETGAN which were capitalised in earlier years. In addition, intangible assets increased by SAR 4.1 million from SAR 274.2 million in 2013G to SAR 278.3 million in the six-month period ended 30 June 2014G, principally as a result of the other additions in the phosphate assets of the Group Companies, including the use of the Oracle system and updates.

6 - 2 - 28 Investment in a jointly controlled entity

Comparison of the Company's consolidated investments in a jointly controlled entity for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated investments in a jointly controlled entity for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.44: Comparison of the Company's consolidated investments in a jointly controlled entity for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Sahara and Ma'aden Petrochemicals Company (SAMAPCO)	448,154	444,852	441,371	440,575	(1%)	(1%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G and for the six-month period ended 30 June 2014G

Investment in a jointly controlled entity refers to the Company's 50 per cent stake in the issued and paid-up capital of SAMAPCO net of its share of losses in 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G. The Company's investment in SAMAPCO consists of SAR 182 million in cash and the remaining SAR 268 million in-kind. A decrease in investment in SAMAPCO is attributed to the Company's share in the losses since SAMAPCO is at the commissioning stage.

6 - 2 - 29 Due from joint venture partners

Comparison of the Company's consolidated balance of amounts due from joint venture for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the comparison of the Company's consolidated balance of amounts due from joint venture for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

Table 6.45: The Company's consolidated balance of amounts due from joint venture for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Due from Mosaic	-	-	450,000	450,000	N/A	0%
Due from SABIC	-	-	270,000	270,000	N/A	0%
Total due from joint venture partners	-	-	720,000	720,000	N/A	0%

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Amounts due from joint venture partners represent the second installment of contractual dues for the MWAS Project in accordance with the shareholder's agreement signed on 05/08/2013G. The second installment of 50 per cent of the total participation fee of SAR 1440 million is due on 30/06/2016G.

6 - 2 - 30 Current liabilities

Comparison of the Company's consolidated total current liabilities for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated total current liabilities for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.46: The Company's consolidated total current liabilities for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Project and other payables	1,332,495	2,011,451	2,051,281	2,086,713	51%	2%
Accrued expenses	1,503,426	2,905,812	3,261,022	2,070,869	93%	12%
Zakat payable	141,108	63,600	54,295	14,999	(55%)	(15%)
Severance fees	83,434	91,517	36,430	8,756	10%	(60%)
Current portion of obligations under capital lease	-	-	9,882	10,402	-	N/A
Current portion of long-term borrowings	762,383	861,409	1,198,190	4,923,320	13%	39%
Total current liabilities	3,822,846	5,933,789	6,611,101	9,115,060	55%	11%

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

6 - 2 - 31 Project and other payables

Comparison of the Company's total project and other payables for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's total project and other payables for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.47: The Company's total project and other payables for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Projects	1,014,225	1,692,992	1,753,364	1,638,114	67%	4%
Trade	303,113	254,808	234,552	372,414	(16%)	(8%)
Other	15,157	63,650	63,366	76,185	N/A	(0%)
Total project and other payables	1,332,495	2,011,451	2,051,281	2,086,713	51%	2%
Payables turnover (number of days)	914	246	167	751		

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Project and other payables mainly represent project payables for expenses due for project construction contracts of the MAC Companies and trade payables for MPC and MGBM operations. Saudi Aramco and Armaz Gulf Chemicals are the two main suppliers to MPC, as Saudi Aramco provides MPC with natural gas and molten sulphur and Armaz provides MPC with chemicals used in phosphate ore process optimisation.

Project liabilities increased by SAR 678.8 million, or 67 per cent, from SAR 1,014.2 million in 2011G to SAR 1,692.9 million in 2012G, further increased by SAR 60.4 million, or 4 per cent, to SAR 1,753.4 million in 2013G principally as a result of the MAC Companies' increased construction activity. Project liabilities decreased to SAR 1,638 million principally as a result of the decline in project liabilities of the MAC Companies as projects are close to completion.

Trade payables decreased by SAR 48.3 million, or 16 per cent, from SAR 303.1 million in 2011G to SAR 254.8 million in 2012G principally as a result of expenses due on feasibility studies for the Mansoura, Massarah Ar Rajum and Humayma projects; heap leach project and EPC contractor for As-Suq mine; and the Ad-Duwayhi gravity project. In addition, trade payables decreased by SAR 20.2 million, or 16 per cent, from SAR 254.8 million in 2012G to SAR 234.6 million in 2013G, principally as a result of settlement of trade payables by MPC. In addition, trade payables increased by SAR 137.9 million or 59 per cent from SAR 234.6 million in 2013G to SAR 372.4 million in the six-month period ended 30 June 2014G, principally as a result of the increase of MGBM's payables (SAR 95 million) due to the Ad-Duwayhi mine and water pipeline project.

Other liabilities increased by SAR 48.5 million from SAR 15.2 million in 2011G to SAR 63.7 million in 2012G, principally as a result of a contribution by one of the MAC contractors in the amount of SAR 38 million to support MAC's goal of establishing a social responsibility fund for a community project. In addition, other liabilities did not show significant variation in 2013G from SAR 63.7 million in 2012G to SAR 63.4 million in 2013G. Other payments increased by SAR 12.8 million or 20 per cent from SAR 63.4 million in 2013G to SAR 76.2 million in the six-month period ended 30 June 2014G, principally as a result of the increase of MGBM's other payments due to Ad-Duwayhi mine and water pipeline project.

6 - 2 - 32 Accrued expenses

Comparison of the Company's consolidated total accrued expenses for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated total accrued expenses for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.48: The Company's consolidated total accrued expenses for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Projects	1,383,056	2,224,324	2,543,896	1,371,591	61%	14%
Trade	46,044	412,058	447,109	482,214	N/A	9%
Employees	48,591	107,095	185,300	123,343	120%	73%
Accrued expenses - Alcoa Inc.	25,736	72,647	83,763	79,640	182%	15%
Financial charges	-	89,688	954	14,082	N/A	(99%)
Total accrued expenses	1,503,426	2,905,812	3,261,022	2,070,869	93%	12%

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Total accrued expenses mainly represent projects, trade, employees and accrued expenses from Alcoa. Projects accrued expenses consist mainly of amounts due in relation to costs accrued for Engineering, Procurement and Construction Management (EPCM) contractors of the aluminium companies. EPCM contractors for MAC, MRC and MBAC are Bechtel Corporation, Samsung Engineering Company Limited and Hyundai and Samsung, respectively. Trade accrued expenses are mainly related to MGBM and MPC. Accrued expenses from Alcoa relate to technical expertise provided to MAC Companies during the early operational phase for MAC and the construction phase for MRC and MBAC.

The project liabilities increased by SAR 841.2 million, or 61 per cent, from SAR 1,383.1 million in 2011G to SAR 2,224.3 million in 2012G, further increased by SAR 319.6 million, or 14 per cent, to SAR 2,543.9 million in 2012G principally as a result of the increased construction activity of the MAC Companies. Moreover, the projects accrued expenses decreased by SAR 1,172.3 million, or 46 per cent, from SAR 2,543.9 million in 2013G to SAR 1,371.6 million in the six-month period ended 30 June 2014G, principally as a result of the MAC Companies projects nearing completion.

The trade accrued expenses increased by SAR 366.1 million, from SAR 46 million in 2011G to SAR 412.1 million in 2012G, principally as a result of commercial operations of DAP fertiliser. In addition, the trade accrued expenses increased by SAR 35 million, or 8 per cent, from SAR 412.1 million in 2012G to SAR 447.1 million in 2013G and increased additionally by SAR 35.1 million, or eight per cent, from SAR 447.1 million in 2013G to SAR 482.2 million in the six-month period ended 30 June 2014G, principally as a result of the increase in the expenses accrued by MGBM in relation to Ad-Duwayhi mine and water pipeline project.

Accrued expenses from Alcoa Inc. increased by SAR 46.9 million, or 182 per cent, from SAR 25.7 million in 2011G to SAR 72.6 million in 2012G, principally as a result of the secondment of Alcoa employees to MAC Companies in order to provide technical expertise. In addition, accrued expenses from Alcoa Inc. increased by SAR 11.2 million, or 15 per cent, from SAR 72.6 million in 2012G to SAR 83.8 million in 2013G, principally as a result of an increase in seconded employees from Alcoa to provide temporary support following the smelter shutdown at MAC. In addition, accrued expenses from Alcoa Inc. decreased slightly, by SAR 4.1 million, or 4.9 per cent, from SAR 83.8 million in 2013G to SAR 79.6 million in the six-month period ended 30 June 2014G.

6 - 2 - 33 Zakat payable

Comparison of the Company's consolidated zakat payable for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated zakat payable comparison for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.49: The Company's consolidated zakat payable for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year ended			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G (Audited)	2013G	2014G (Unaudited)	2012G	2013G
Opening balance	207,342	141,108	63,600	54,295	(32%)	(55%)
Provision for Zakat	119,548	51,713	55,448	690	(57%)	7%
Paid during the period	(185,782)	(129,221)	(64,753)	(39,986)	(30%)	(50%)
Ending balance	141,108	63,600	54,295	14,999	(55%)	(15%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Zakat payable refers to an allocation made by the Company in accordance with DZIT regulations.

Zakat payable decreased by SAR 77.5 million, or 55 per cent, from SAR 141.1 million in 2011G to SAR 63.6 million in 2012G, and further decreased by SAR 9.3 million, or 15 per cent, to SAR 54.3 million in 2013G and decreased additionally by SAR 39.3 million, or 72 per cent, to SAR 15.0 million in the six-month period ended 30 June 2014G, principally as a result of prepayments made in the respective years.

6 - 2 - 34 Severance fees payable

Comparison of the Company's consolidated severance fees for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated severance fees for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.50: The Company's consolidated severance fees for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year ended			Six months ended 30 June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Opening balance	54,454	83,434	91,517	36,430	53%	10%
provision:						
Gold mine	82,676	89,952	34,658	7,822	9%	(61%)
Low grade bauxite	1,121	1,252	1,411	669	12%	13%
Kaolin	14	103	136	91	N/A	33%
Magnesia	-	121	136	85	N/A	12%
Previous year provision	1,222	1,175	1,487	5,431	(4%)	27%
Paid to authorities	(56,053)	(84,520)	(92,915)	(41,772)	51%	10%
Total severance fees	83,434	91,517	36,430	8,756	10%	(60%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G and for the six-month period ended 30 June 2014G

Total severance fees payable represents fees owed to the Government in accordance with the Saudi Mining Code based on Royal Decree no. 47/M dated 20/08/1425H. Such severance fee is calculated as the lower of 25 per cent of annual net income, as per the mining license, or an equivalent of the hypothetical corporate income tax based on annual net income.

Severance fees payable increased by SAR 8.1 million, or 10 per cent, from SAR 83.4 million in 2011G to SAR 91.5 million in 2012G, and decreased by SAR 55.1 million, or 60 per cent, to SAR 36.4 million in 2013G, and decreased by SAR 27.7 million, or 76 per cent, to SAR 8.8 million in the six-month period ended 30 June 2014G, principally as a result of fluctuations in the net income of IMC and MGBM. Severance fees are aassociated with IMC and MGBM. With respect to MGBM, income from each mining license is subject to a severance fee, whereas the severance fee for IMC for low grade bauxite, kaolin and magnesia is paid as a fixed fee per tonne.

6 - 2 - 35 Non-current liabilities

Comparison of the Company's consolidated total non-current liabilities for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated total non-current liabilities for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.51: The Company's consolidated total non-current liabilities for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Obligations under capital lease	-	-	50,113	44,779	-	N/A
Provision for mine closure and reclamation	90,885	90,743	83,491	105,731	(0%)	(8%)
Employee benefits	139,515	170,955	214,831	241,035	23%	26%
Long-term borrowings	18,815,478	25,809,387	31,544,709	33,649,669	37%	22%
Due to joint venture partners	-	52,412	439,533	192,930	N/A	739%
Total non-current liabilities	19,045,878	26,123,497	32,332,677	34,234,145	37%	24%

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

6 - 2 - 36 Long-term obligation under finance lease

Comparison of the Company's consolidated total long-term obligation for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated total long-term obligation for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.52: The Company's consolidated total long-term obligation for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Future minimum lease payments	-	-	76,710	68,909	-	N/A
Less: Financial charges not due			(16,715)	(13,728)		
Net present value of minimum lease payments	-	-	59,995	55,181	-	N/A
Current portion shown under current liabilities	-	-	(9,882)	(10,402)	-	N/A
Long-term portion of obligation under capital lease	-	-	50,113	44,779	-	N/A

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Obligations under capital lease refer to a lease arrangement entered into by MAC in 2013G and in the six-month period ended 30 June 2014G. MAC entered into a capital lease agreement with a consortium of financial institutions for certain of its operating assets.

6 - 2 - 37 Mine closure and reclamation allocations

The Company's total consolidated mine closure and reclamation allocations for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table presents the Company total consolidated mine closure and reclamation allocations for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

Table 6.53: The Company's total consolidated mine closure and reclamation allocations for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Gold mines	90,385	88,693	81,441	103,681	(2%)	(8%)
Low grade bauxite, kaolin and magnesia mines	500	2,050	2,050	2,050	310%	0%
Total provision for mine closure and reclamation	90,885	90,743	83,491	105,731	(0%)	(8%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Provisions for mine closure and reclamation refer to the full amount of the estimated future closure and reclamation costs for various operational mining properties, based on information available and taking into account closure plans and applicable regulations. Provisions for mine closure and reclamation are provisions made by the Company with regard to MGBM and IMC mines in 2011G, 2012G, 2013G and in the six-month period ended 30 June 2014G. Liabilities are recognised for a respective mine based on its commercial production date, and expense is recognised as incurred in the income statement and deducted from the liability upon closure of the mine. Liabilities for MAC Companies are not recorded, since the project is at the development stage. Provisions for mine closure and reclamation for MPC will be recorded based on the completion of an assessment exercise that was underway as at 30 June 2014G. This assessment exercise will take into account phosphate plant and mine closures, rehabilitation works including facility decommissioning and dismantling, removal or treatment of waste materials and site and land rehabilitation. The Company anticipates that the value of those allocations will be around SAR 7.5 million.

Provisions for mine closure and reclamation decreased by SAR 1.7 million, or two per cent, from SAR 90.4 million in 2011G to SAR 88.7 million in 2012G, principally as a result of expenses incurred in relation to the Mahad Ad-Dahab mine. In addition, Provisions for mine closure and reclamation of gold mines decreased by SAR 7.3 million, or eight per cent from SAR 88.7 million in 2012G to SAR 81.4 million in 2013G, principally as a result of Al-Hajar mine, as it had an initial expected closure date of 2014G. A feasibility study of Al-Hajar with a focus on resources and reserves estimates was completed on 15 May 2013G, and the financial model of the project was subject to evaluation. The closure date will be revised based on the completion of the financial model around Al-Hajar's feasibility. In addition, gold mine closure and reclamation allocations increased by SAR 22.2 million, from SAR 81.4 million in 2013G to SAR 103.7 million, in the six-month period ended 30 June 2014G, principally as a result of additional provisions made in respect of the As-Suq mine, which began mining activities.

6 - 2 - 38 Employee benefits

Employee benefits include statutory provisions for end-of-service benefits (EOSB), implemented by the Company in line with local regulations, and the employee savings plan. The employee savings plan was specially designed by the Company in accordance with Article 145 of the Labor Law and approved in Resolution No. 424 dated 06/04/1420H by His Highness, Minister of Labor and Social Affairs, and in

accordance with the Company's Internal Work Regulations. This savings plan was introduced for Saudi employees to save and invest their earnings so that they may secure their future and as an incentive to continue working for the Company.

6 - 2 - 39 Due to joint venture partners

Comparison of the Company's consolidated total balances due to joint venture partners for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the comparison of the Company's consolidated total balances due to joint venture partners for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.54: The Company's consolidated total balances due to joint venture partners for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Due to Alcoa Inc.	-	52,412	139,561	192,930	N/A	166%
Due to Mosaic	-	-	187,482	-	-	N/A
Due to SABIC	-	-	112,489	-	-	N/A
Total due from joint venture partners	-	52,412	439,533	192,930	N/A	N/A

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

Total due from joint venture partners refers to the capital contribution from the project partner of MAC companies, Alcoa Inc. and project partners of the MWAS Project, Mosaic and SABIC.

Balance due from Alcoa Inc. was SAR 52.4 million in 2012G. It increased by SAR 87.2 million, or 166 per cent, to SAR 139.6 million in 2013G and further increased by SAR 53 million, or 38 per cent, from SAR 140 million in 2013G to SAR 193 million in the six months ended 30 June 2014G, principally as a result of capital contributions made by Alcoa Inc. for expansion of the product mix of the MAC Companies at Ras Al-Khair to include automotive heat-treated and non-heat-treated sheet; and can stock sheet.

Amounts due to Mosaic and SABIC amounted to SAR 187 million and SAR 112 million in 2013G respectively, principally as a result of capital contributions for MWASPC established with regards to development of the MWAS Project in their capacity as project sponsors.

6 - 2 - 40 Long-term borrowings—funding structure

Summary of long-term borrowings by Ma'aden and its subsidiaries as at 30 June 2014G

The following table presents the Company's long-term borrowings for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.55: The Company's long-term borrowings for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Lender	Date	Facility limit	Repayment frequency	maturity	Commission rate	Balance as at 30 June 2014G (SAR 000s)
Phosphate segment—Ma'aden Phosphate Company (MPC)						
Public Investment Fund (PIF)	14/07/2008G	4,000,000	Semi-annual	31/12/2023G	LIBOR + 0.5%	3,168,001

Lender	Date	Facility limit	Repayment frequency	maturity	Commission rate	Balance as at 30 June 2014G (SAR 000s)
Islamic and commercial banks	*15/06/2008G	10,355,205	Semi-annual	31/12/2023G	LIBOR + (0.5 to 1.15%)	8,823,882
SIDF	29/04/2009G	600,000	Semi-annual	19/06/2019G	-	500,000
Aluminium sector—Ma'aden Aluminium Company (MAC)						
Public Investment Fund (PIF)	27/12/2010G	4,875,000	Semi-annual	30/06/2026G	LIBOR + 1.5%	4,875,000
Islamic and commercial banks	30/11/2010G	6,735,000	Semi-annual	30/06/2026G	** LIBOR/ SIBOR + (1.65 to 2.75%)	6,735,000
SIDF	16/10/2012G	600,000	Semi-annual	07/06/2020G	-	570,000
Murabaha facility in SAR	30 Mar 2014G	375,00		31/03/2016	SIBOR + 1.75%	375,000
Aluminium sector—Ma'aden Rolling Company (MRC)						
Public Investment Fund (PIF)	27/12/2010G	3,078,750	Semi-annual	30/06/2026G	LIBOR + 1.5	2,321,849
Islamic and commercial banks	30/11/2010G	1,041,000	Semi-annual	30/06/2026G	SIBOR + (1.65 to 2.45%)	774,852
SIDF	16/10/2012G	600,000	Semi-annual	19/07/2021G	-	540,000
Aluminium sector—Ma'aden Bauxite and Alumina Company (MBAC)						
Public Investment Fund (PIF)	27/11/2011G	3,750,000	Semi-annual	30/06/2028G	LIBOR + 1.5%	3,220,543
Islamic and commercial banks	16/10/2011G	3,718,213	Semi-annual	30/06/2027G	** LIBOR/ SIBOR + (1.45 to 2.4%)	3,248,862
SIDF	26/01/2014G	900,000	Semi-annual	24/04/2024***	-	unutilised
Ma'aden Corporate						
Syndicate of commercial banks	18/12/2012G	9,000,000	-	-	SIBOR + 0.85%	3,248,862
Total long-term borrowings						38,572,990

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

*The Company did not provide any personal guarantees for the facilities granted

** Al-Rajhi Wakala and specified lease agreements were renewed on 14/02/2009G

*** SIBOR applies to SAR denominated loan tranches whereas LIBOR applies to USD denominated loan tranches

Long-term borrowing outstanding refers to loans obtained by MPC, MAC Companies and Ma'aden Corporate in the six-month period ended 30 June 2014G. Borrowings by MPC and MAC Companies were made to fund the construction of the respective projects. Repayment of loans by MPC began in 2012G. Repayments by MAC, MRC and MBAC, are scheduled to start in 2014G, 2016G and 2017G, respectively.

The syndicated revolving credit facility was obtained by Ma'aden Corporate to meet its liquidity requirements. Drawdown as at 30 June 2014G amounted to SAR 3,420 million primarily on account of the requirement to meet costs incurred for the MWAS Project and continuing costs of the mine and refinery project being constructed by MBAC.

Each of MPC, MBAC, MAC and MRC has granted SIDF the following security in respect of the financing made available to it by SIDF:

- a mortgage over fixed assets
- an assignment of insurances; and
- an assignment of technology rights.

The total aggregate value of the assets which are the subject of the SIDF Mortgages was SAR 16,699 million of plant, property and equipment as well as SAR 35,751 million of CWIP in the six months ended 30 June 2014G.

In addition, the sponsors of each of MPC, MBAC, MAC and MRC granted SIDF corporate guarantees pro rata to their shareholding in the relevant company.

Islamic, commercial and PIF facilities indirectly benefit from the SIDF security through the assignment of residual proceeds pursuant to which the Company assigns its rights to any proceeds remaining in the event of an SIDF enforcement. These facilities also benefit from certain security over bank accounts, rights to receive shareholder support and rights under certain project agreements.

In addition, the syndicated revolving facility obtained by Ma'aden Corporate is neither collateralised nor subject to guarantees. Except as mentioned above, there are no other mortgages, rights or charges on the Company›s properties or the properties of the subsidiaries as at the date of this Prospectus.

The Company has not issued any instruments, bonds or any other debt instruments as at the date of this Prospectus.

6 - 3 Shareholder equity

Comparison of the Company's consolidated total shareholder equity for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G

The following table compares the Company's consolidated total shareholder's equity for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.56: The Company's consolidated total shareholder's equity for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G	2013G	2014G	2012G	2013G
		(Audited)		(Unaudited)		
Shareholder equity						
Share capital	9,250,000	9,250,000	9,250,000	9,250,000	0%	0%
Statutory reserve:						
Shares premium	5,250,000	5,250,000	5,250,000	5,250,000	0%	0%

SAR in 000s	Fiscal year end			Six-month period ended June	Increase / (Decrease)	
	2011G	2012G (Audited)	2013G	2014G (Unaudited)	2012G	2013G
Transfer of net income	284,328	393,422	561,660	561,660	38%	43%
Retained earnings	2,202,109	3,183,958	4,698,099	5,194,074	45%	48%
Non-controlling interest	3,718,564	5,007,283	5,247,692	6,827,074	35%	5%
Total shareholder equity	20,705,001	23,084,663	25,007,450	27,083,645	11%	8%

Source: The Company's audited consolidated financial statements for 2012G and 2013G and unaudited consolidated financial statements for the six-month period ended 30 June 2014G

6 - 3 - 1 Share capital

As at 30 June 2014G, the total share capital of the Company was SAR 9,250 million, divided into 925 million shares at a value of SAR 10 each. Except as required by the issue of Rights, no amendment was made to the Company's capital during the three years preceding the date of this Prospectus.

No part of the capital of the Company or any of its subsidiaries is currently under option as at the date of this Prospectus.

6 - 3 - 2 Statutory reserve

The total statutory reserve consists of two components, namely the issue premium and the transfer of net income in 2011G, in 2012G, in 2013G and in the six months ended 30 June 2014G. Share premium includes a premium of SAR 10 per share in respect of the 525 million ordinary shares issued at the Company's IPO in 2008G. Transfer of net income is in accordance with the Saudi Companies Law, which requires maintenance of a statutory reserve. This reserve is not available for dividend distribution.

6 - 3 - 3 Retained earnings

Retained earnings in the six months ended 30 June 2014G is the accumulated net income of the Company from the start of operations. Retained earnings increased by SAR 981.9 million, or 45 per cent, from SAR 2,202.1 million in 2011G to SAR 3,184 million in 2012G, and further increased by SAR 1,514.1 million, or 48 per cent, to SAR 4,698.1 million in 2013G, and increased again by SAR 496.0 million to SAR 5,149.1 million in the six months ended 30 June 2014G, in line with movements in the Company's net income.

6 - 3 - 4 Non-controlling interests

Non-controlling interests refers to minority interests in the Company and also in MPC, MAC Companies and MWASPC.

Non-controlling interests increased by SAR 1,288.7 million, or 35 per cent, from SAR 3,718.6 million in 2011G to SAR 5,007.3 million in 2012G, principally as a result of share of net income amounting to SAR 393 million from MPC, and payment to increase share capital in the MAC Companies of SAR 900 million. In addition, non-controlling interests increased by SAR 240.4 million, or five per cent, from SAR 5,007.3 million in 2012G to SAR 5,247.7 million in 2013G, principally as a result of decreased contribution due to dividends distributed by MPC, which equalled SAR 450 million in 2013G. In addition, non-controlling interests increased by SAR 1,580.2 million, from SAR 5,247.7 million in 2013G to SAR 6,827.9 million in the six months ended 30 June 2014G, principally as a result of a contribution to MWASPC by the sponsors on 27/01/2014G.

6 - 4 Contingent liabilities and obligations

Contingent liabilities for the six months ended 30 June 2014G.

The following table presents the Company's contingent liabilities and obligations for the six-month period ended 30 June 2014G.

Table 6.57: The Company's contingent liabilities and obligations for the six-month period ended 30 June 2014G.

SAR in 000s	30 June 2014G
Capital expenditure	17,148,555
Guarantees in favor of Saudi Aramco for future diesel and gas stock supplies	220,962
Guarantees for development of aluminium project	225,000
Other	157
Total contingent liabilities and obligations	17,594,675

Source: The Company's unaudited financial statements for the six-month period ended 30 June 2014G

Company capital commitments for the six-month period ended 30 June 2014G

The following table presents the Company's capital commitments for the six-month period ended 30 June 2014G.

Table 6.58: The Company capital commitments for the six-month period ended 30 June 2014G

SAR in 000s	30 June 2014G
MPC	277,202
Ma'aden Corporate	394,843
MAC	188,033
MBAC	1,967,414
MRC	784,317
MIC	970,718
MWASPC	12,688,870
IMC	157
MGBM	245,000
Total committed capital expenditure	17,516,555

Source: The Company›s unaudited financial statements for the six-month period ended 30 June 2014G

MPC's capital commitment mainly concerns the development of the MWAS Project and Mutrafiah villas. Ma'aden Corporate's capital commitment mainly concerns the development of the automotive sheet project. In addition, the capital commitments of the MAC Companies and MGBM mainly concern projects under construction and construction of Ad-Duwayhi mine. MIC's capital commitment mainly concerns development of housing facilities at Ras al Khair.

Contingent liabilities and obligations related to capital expenditure refer to construction and infrastructure development activities at Ras Al-Khair. Capital expenditure commitment in the six-month

period ended 30 June 2014G mainly relates to the development of a housing project at Ras Al-Khair MIC.

The Company has received a letter of credit for the development of the MAC Companies from Alcoa for its proportionate share of 25.1 per cent ownership of the total letters of credit submitted by the Company to the Government.

Others refer to guarantees provided to SIDF for financing facilities utilised by MAC Companies and MPC to the extent of its shareholding of 74.9 per cent and 70 per cent respectively.

6 - 5 Cash flows

Comparison of the Company's consolidated cash flow statement for the fiscal years 2011G, 2012G and 2013G

The following table compares the Company's consolidated cash flow statement for the fiscal years 2011G, 2012G and 2013G.

Table 6.59: The Company's consolidated cash flow statement for the fiscal years 2011G, 2012G and 2013G

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Net cash from operating activities	13,167	2,174,444	1,813,849	N/A	(17%)
Net cash flows used in investing activities	(4,978,813)	(9,088,890)	(10,278,352)	83%	13%
Net cash flows from financing activities	7,087,971	8,045,182	6,625,932	14%	(18%)
Increase (decrease) in cash and cash equivalents	2,122,325	1,130,736	(1,838,571)	(47%)	(263%)
Cash and cash equivalents at the beginning of the year	2,922,153	5,044,478	6,175,214	73%	22%
Cash and cash equivalents at the end of the year	5,044,478	6,175,214	4,336,643	22%	(30%)

Source: The Company's unaudited consolidated financial statements for 2012G and 2013G

The cash and cash equivalents balance in 2011G was driven by loan drawdowns reflected in cash inflow from financing activities for project construction of the MAC Companies and MPC projects. In 2012G, cash and cash equivalents balance was again driven by cash disbursements channeled towards the construction of the MAC Companies and MPC projects. Cash and cash equivalents balance in 2013G was driven by cash used to fund construction of the MAC projects.

Comparison of the Company's cash flow statement for the six-month period ended 30 June 2014G and 2013G

The following table compares the Company cash flow statement for the six-month period ended 30 June 2014G and 2013G.

Table 6.60: The Company cash flow statement for the six-month period ended 30 June 2014G and 2013G

SAR in 000s	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Net cash flows from (cash flows used in) operating activities	77,256	127,577	N/A
Net cash flows used in investing activities	(6,551,357)	(6,787,145)	(4%)
Net cash flows from financing activities	5,058,296	7,011,812	(39%)
Increase (decrease) in cash and cash equivalents	(1,415,806)	352,245	(125%)
Cash and cash equivalents at the beginning of the year	6,175,214	4,336,643	(30%)
Cash and cash equivalents at the end of the year	4,759,408	4,688,888	(1%)

Source: The Company's unaudited financial statements for the six-month period ended 30 June 2014G.

The cash and cash equivalents balance in the six months ended 30 June 2014G was driven by net cash flows from financing activities reflecting a drawdown of available facilities to finance the construction of the projects of MAC Companies.

6 - 5 - 1 Cash from operating activities

Comparison of the Company's consolidated cash flow from operating activities for the fiscal years 2011G, 2012G and 2013G

The following table compares the Company's consolidated cash flow from operating activities for the fiscal years 2011G, 2012G and 2013G.

Table 6.61: The Company's consolidated cash flow from operating activities for the fiscal years 2011G, 2012G and 2013G.

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Income before zakat	657,627	1,531,540	1,871,524	133%	22%
Adjustments for non-cash flow items:					
Reversal of allowance for inventory obsolescence	(4,222)	(151)	(2,266)	(96%)	N/A
Depreciation	174,150	1,002,438	1,018,792	476%	2%
Amortization of pre-operating and deferred charges*	20,158	-	-	N/A	-
(Adjustment)/written-off property, plant and equipment	8,973	2,243	(47)	(75%)	(102%)
Deferred stripping expense	-	41,616	71,975	N/A	73%

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Amortization of intangible assets	-	22,652	20,011	N/A	(12%)
Adjustment/written-off intangible assets	-	-	59,649	-	N/A
Share in net loss of jointly controlled entity	1,846	3,302	3,481	79%	5%
Provisions for severance fees	85,033	92,603	37,828	9%	(59%)
Provisions for employee terminal benefits	35,231	41,253	52,393	17%	27%
Contribution to the employee savings plan	8,452	13,100	13,760	55%	5%
Provision for inventory loss	-	-	65,877	-	N/A
Income from short-term investments	(75,156)	(65,026)	(26,628)	(13%)	(59%)
Changes in working capital					
Trade and other receivables	(451,551)	(81,527)	(197,405)	(82%)	142%
Inventories	(251,927)	(527,986)	(1,007,678)	110%	91%
Advance payments and expenses	(252,601)	(62,240)	(72,934)	(75%)	17%
Due from government	61,046	-	-		
Projects and other payables—trade	232,708	189	(20,541)	(100%)	N/A
Accrued expenses—trade	19,286	398,784	113,256	N/A	(72%)
Cash flows from operations	269,053	2,412,789	2,001,047		
Zakat paid	(185,782)	(129,221)	(64,753)	(30%)	(50%)
Severance fee paid	(56,053)	(84,520)	(92,915)	51%	10%
Employee termination benefits paid	(10,028)	(15,115)	(14,903)	51%	(1%)
Employee savings plan withdrawal	(3,485)	(7,798)	(7,374)	124%	(5%)
Provision for mine closure and reclamation	(539)	(1,692)	(7,253)	214%	329%
Net cash from operating activities	13,167	2,174,444	1,813,849	N/A	(17%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G

*Amortization of pre-operating and deferred expenses did not follow 2011G due to reclassification of pre-operating and deferred expenses

Net cash flow from operating activities in 2011G included cash profit contributions from MGBM and ammonia sales from MPC, following commencement of commercial ammonia operations in October 2011G. Net cash flows from operating activities increased by SAR 2,161.6 million, from SAR 13.2 million in 2011G to SAR 2,174.4 million in 2012G, principally as a result of additional cash profit contributions from MPC resulting from the commencement of DAP fertiliser commercial operation in February 2012G.

In addition, net cash flows from operating activities decreased by SAR 360.6 million, or 17 per cent, from SAR 2,174.4 million in 2012G to SAR 1,813.8 million in 2013G, principally as a result of increased working capital requirements for MPC and MAC, due to an increase in production volume at MPC and the commencement of production of MAC, respectively.

Comparison of the Company's consolidated cash flow from operating activities for the six months ended 30 June 2013G and 2014G

The following table presents the Company's consolidated cash flow from operating activities for the six months ended 30 June 2014G and 2013G.

Table 6.62: The Company's consolidated cash flow from operating activities comparison for six months ended 30 June 2013G and 2014G

SAR in 000s	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Income before zakat	391,130	643,745	65%
Adjustments for non-cash flow items:			
Depreciation	526,763	548,589	4%
Adjustment/written-off property, plant and equipment	(59)	(1,368)	2236%
Deferred stripping expense	37,367	25,672	(31%)
Amortization of intangible assets	10,257	10,764	5%
Share in net loss of jointly controlled entity	1,288	796	(38%)
Severance fee provision	19,480	14,098	(28%)
Provision for employee terminal benefits	19,463	27,187	40%
Contribution to the employee savings plan	11,426	9,052	(21%)
Allocation for inventory loss	-	43,918	0%
Income from short-term investments	(16,891)	(5,310)	(69%)
Changes in working capital			
Trade and other receivables	(183,893)	(326,546)	78%
Inventories	(593,032)	(730,870)	23%
Advance payments and expenses	(95,436)	(157,114)	65%
Projects and other payables—trade	(69,563)	150,681	(317%)
Accrued expenses—trade	198,696	(26,852)	(114%)
Cash flows from operations	256,996	226,443	1898%
Zakat paid	(64,753)	(39,986)	(38%)
Severance fees paid	(92,915)	(41,772)	(55%)
Employee termination benefits paid	(11,392)	(7,575)	(34%)

SAR in 000s	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Employee savings plan withdrawal	(8,794)	(2,459)	(72%)
Provision for mine closure and reclamation	(1,886)	(7,073)	275%
Net cash from operating activities	77,256	127,577	65%

Source: The Company's unaudited financial statements for the six-month period ended 30 June 2014G.

Net cash flow from operating activities in the six months ended 30 June 2013G was driven by cash profit, mainly from the operations of MPC, following commencement of commercial operations of DAP fertiliser in 2012G. Net cash flow from operating activities for the six months ended 30 June 2014G was affected by an increase in cash profit from operations due to higher average of sales mainly as a result of increased fertiliser operations at MPC and aluminium operations at MAC.

6 - 5 - 2 Cash flow from investment activities

Comparison of the Company's consolidated cash flow from investment activities for the fiscal years 2011G, 2012G and 2013G

The following table compares the Company's consolidated cash flow from investment activities for the fiscal years 2011G, 2012G and 2013G.

Table 6.63: The Company's consolidated cash flow from investment activities for the fiscal years 2011G, 2012G and 2013G.

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Income from short-term investments	99,362	66,584	41,775	(33%)	(37%)
Short-term investments	2,578,683	3,108,178	3,003,763	21%	(3%)
Additions to property, plant and equipment	(4,852)	(40,756)	(62,689)	N/A	54%
Additions to pre-operating expenses and deferred charges	(230,238)	-	-	N/A	-
Additions to CWIP	(8,174,976)	(13,587,865)	(12,543,035)	66%	(8%)
Additions to exploration and evaluation assets	(49,015)	(228,063)	(236,749)	365%	4%
Additions to deferred stripping expense	-	(30,730)	(63,004)	-	105%
Additions to intangible assets	(1,992)	(50,876)	(739)	N/A	(99%)
Investment in a jointly controlled entity	(181,730)	-	-	-	-
Due from joint venture partners	-	-	(720,000)	-	N/A
Project and other payables—projects	768,497	678,767	60,372	(12%)	(91%)

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Accrued expenses—projects	217,448	995,871	-241,954	358%	(76%)
Net cash utilised in investment activities	(4,978,813)	(9,088,890)	(10,278,352)	83%	13%

Source: The Company's audited consolidated financial statements for 2012G and 2013G

*Additions to pre-operating expenses and deferred charges did not appear in 2012G and 2013G due to reclassification of pre-operating expenses and deferred charges

Cash utilised in investment activities represents construction activity carried out for MAC Companies and MPC projects in 2011G, and is reflected in additions to CWIP. Cash utilisation required for construction activity in 2012G and 2013G was mainly concentrated on MAC Companies since MPC's ammonia and DAP and MAP fertilisers plant commenced commercial operations in 2011G and 2012G, respectively. Cash inflow in investment activities was mainly a result of the maturity of short-term deposits in 2011G, 2012G and 2013G respectively.

Comparison of the Company's consolidated cash flow from investment activities for the six months ended 30 June 2013G and 2014G.

The following table compares the Company's consolidated cash flow from investment activities for the six months ended 30 June 2014G and 2013G.

Table 6.64: The Company's consolidated cash flow from investing activities comparison for six months ended 30 June 2013G and 2014G.

	Six months ended 30 June		Increase / (Decrease)
SAR in 000s	2013G	2014G	June 2014G
Income from short-term investments	31,869	5,328	(83%)
Short-term investments	76,638	(664,744)	(967%)
Additions to property, plant and equipment	-	(662)	-
Additions to CWIP	(6,336,978)	(4,805,744)	(24%)
Additions to explorations and evaluation assets	(238,321)	(15,556)	(93%)
Additions to deferred stripping expense	(31,423)	(22,266)	(29%)
Additions to intangible assets	(59,697)	(4,952)	(92%)
Amounts due from shareholders of joint ventures	(41,000)	-	(100%)
Project and other payables—projects	357,603	(115,250)	N/A
Accrued expenses—projects	(310,049)	(1,163,300)	275%
Net cash utilised in investment activities	(6,551,357)	(6,787,145)	-

Source: The Company's unaudited financial statements for the six-month period ended 30 June 2014G.

Total net cash utilised in investment activities in the six months ended 30 June 2013G and the six months ended 30 June 2014G was mainly concentrated on project construction by MAC Companies.

6 - 5 - 3 Cash flow from financing

Comparison of the Company's consolidated cash flow from financing for the fiscal years 2011G, 2012G and 2013G.

The following table comopares the Company's consolidated cash flow from financing for the fiscal years 2011G, 2012G and 2013G.

Table 6.65: The Company's consolidated cash flow from financing for the fiscal years 2011G, 2012G and 2013G.

	Fiscal year			Increase / (Decrease)	
SAR in 000s	2011G	2012G	2013G	2012G	2013G
Obligations under capital lease	-	-	59,995	-	N/A
Net proceeds from long-term borrowings received	6,060,774	7,092,935	6,072,104	17%	(14%)
Due to joint venture partners	-	52,412	387,121	N/A	639%
Net payments to increase share capital by non-controlling interest	899,187	899,835	556,712	0%	(38%)
Increase in share capital of non-controlling interests	128,010	-	-	N/A	-
Dividends paid to non-controlling interests	-	-	(450,000)	-	N/A
Net cash flows from financing	7,087,971	8,045,182	6,625,932	14%	(18%)

Source: The Company's audited consolidated financial statements for 2012G and 2013G

Net cash flow from financing was mainly driven by net proceeds from long-term borrowings in 2011G from syndicates of commercial banks, PIF and SIDF, obtained by MPC and MAC Companies respectively. In 2012G, MPC started repayment of long-term borrowings but additional drawdowns were made by the MAC, MBAC and MRC to finance construction of projects, which resulted in an increase in net proceeds from long-term borrowings of SAR 1,032.1 million, or 17 per cent, from SAR 6,060.8 million in 2011G to SAR 7,092.9 million in 2012G. In addition, net cash flows from financing decreased by SAR 1,419.3 million, or 18 per cent, from 8,045.2 million in 2012G to SAR 6,625.9 million in 2013G, principally as a result of repayment of long-term borrowings by MPC. Furthermore, payments to increase share capital were made in 2011G, 2012G and 2013G by shareholders of the MAC Companies in order to provide funding support for the construction of their respective projects.

In 2013G, MPC paid a dividend of SAR 2,416 per share. The dividend was approved in the EGM of Shareholders on 16/07/2013G and was paid out from the retained earnings of 2012G.

Comparison of the Company's consolidated cash flow from financing for the six-month periods ended 30 June 2013G and 2014G.

The following table compares the Company's consolidated cash flow from financing activities for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

Table 6.66: The Company's consolidated cash flow from financing activities for the fiscal years 2011G, 2012G, 2013G and the six-month period ended 30 June 2014G.

	Six months ended 30 June		Increase / (Decrease)
SAR in 000s	2013G	2014G	June 2014G
Obligations under capital lease	-	(4,814)	-
Net proceeds from long-term borrowings received	4,597,775	5,830,090	27%
Due to joint venture partners	166,380	53,369	(68%)
Net payments to increase share capital by non-controlling interest	294,141	1,132,567	285%
Increase in share capital on non-controlling interest	-	601	-
Net cash flows from financing activities	5,058,296	7,011,812	39%

Source: The Company's unaudited financial statements for the six-month period ended 30 June 2014G.

Net cash flow from financing activities was mainly related to the drawdown of loans and an increase in the share capital of the MAC Companies by their respective shareholders in order to finance the development of the aluminium projects in the six months ended 30 June 2013G and the six months ended 30 June 2014G. The decrease in net proceeds from long-term financing in the six months ended 2014G was a result of a decrease in additional drawdowns by the MAC Companies and repayment of long-term loans by MPC.

6 - 6 Related-party transactions

Ma'aden's related-party transactions for the fiscal years 2011G, 2012G and 2013G

The following table presents Ma'aden's related-party transactions for the fiscal years 2011G, 2012G and 2013G.

Table 6.67: Ma'aden's related-party transactions for the fiscal years 2011G, 2012G and 2013G

SAR in 000s	Fiscal year			Increase / (Decrease)	
	2011G	2012G	2013G	2012G	2013G
Sales	1,822,346	3,972,682	2,954,603	118%	(26%)
Dividend paid to SABIC	-	-	450,000	-	N/A
Payments to increase share capital from Alcoa Inc.	899,187	899,835	556,712	0%	(38%)
Saudi Mining Polytechnic	-	7,419	50,464	N/A	702%
Receivables from related parties	328,189	502,237	364,794	53%	(27%)
Payables to related parties	847,224	804,538	198,195	(5%)	(75%)
Long term borrowings from PIF	6,248,714	9,951,279	12,492,364	59%	26%

Source: The Company's audited consolidated financial statements for 2012G and 2013G

Sales from related parties in 2011G and 2012G refers to MPC's sales made through SABIC. In 2013G, sales from related parties also included the sale of aluminium ingots made by MAC to Alcoa.

Dividends paid to SABIC refers to SABIC's share of dividends from MPC's distribution of dividends in 2013G.

Payments to increase share capital refers to the contribution to share capital made by Alcoa as a shareholder of MAC Companies in order to support the funding needs of project construction in 2011G, 2012G and 2013G.

Balance due from Saudi Mining Polytechnics in 2012G and 2013G refers to an entity formed in partnership between Ma'aden General Organisation for Technical and Vocational Training to support the mining industry in Saudi Arabia with respect to training fees paid by affiliates.

Receivables and payables to related parties mainly includes due balances on sales made by shareholders of the MAC Companies and MPC, as off-takers and marketers of products respectively in 2011G, 2012G and 2013G.

Long-term borrowings from PIF refers to financing obtained by the MAC Companies and MPC in 2011G, 2012G, 2013G and in the six-month period ended 30 June 2014G. These borrowings are considered to be related-party transactions since PIF is a 50 per cent shareholder in the Company.

Comparison of the Company's related-party transactions for the six months ended 30 June 2014G and 2013G

The following table compares the Company's related-party transactions for the six months ended 30 June 2014G and 2013G.

Table 6.68: The Company's related-party transactions for the six months ended 30 June 2014G and 2013G

SAR in 000s	Six months ended 30 June		Increase / (Decrease)
	2013G	2014G	June 2014G
Sales	1,557,717	1,994,631	28%
Payments to increase share capital from:			
Alcoa Inc.	294,141	255,865	(13%)
Mosaic Company	-	735,421	-
SABIC	-	441,253	-
Receivables from related parties	376,371	363,620	(3%)
Payables to related parties	305,200	1,579,547	418%
Long-term borrowings from PIF	11,977,432	13,585,393	13%

Source: The Company›s unaudited financial statements for the three month period ended 30 June 2014G.

Payments to increase share capital from Mosaic and SABIC refers to contributions made to the share capital of MWASPC as project sponsors in the six-month period ended 30 June 2014G.

For further details regarding the Company's related parties, please see Section 14.6, "**Legal Information—Related Party Contracts**", of this Prospectus.

7. DECLARATION BY DIRECTORS

The Board of Directors declares that:

- There has been no interruption in the business of the Company or any of its subsidiaries which may have or has had a significant effect on its financial position in the last 12 months.
- No commissions, discounts, brokerages, or other non-cash compensation has been granted by the Company or any of its subsidiaries within the three fiscal years immediately preceding the application for registration and admission to listing in connection with the issue or offer of any securities.
- There has been no material adverse change in the financial position of the Company and its subsidiaries in the three fiscal years preceding the application for registration and admission to listing and up to the date of approval of this Prospectus.
- Except as disclosed in Section 5, "**Company Management Structure and Governance**", the Directors and Senior Management members do not themselves, nor do any of their respective relatives, have any share or interest of any kind in the Company.
- They will not participate in any business competitive with that of the Company, and they shall adhere to this requirement in the future in accordance with Article 70 of the Companies Law and Article 18 of the Corporate Governance Regulations.
- Except as disclosed in this Prospectus, none of the substantial shareholders listed in the section, "Summary of The Offering" of this Prospectus is involved in or manages any business competitive with that of the Company or engages in any of the commercial activities carried on by the Company.
- All transactions with related parties in the future shall be on a competitive basis and all contracts with related parties shall be voted on at Board of Directors meetings and Ordinary General Assemblies. Any member of the Board of Directors with a direct or indirect interest in such contracts may not vote on them, whether at Board of Directors meetings or Ordinary General Assemblies, in accordance with Article 69 of the Companies Law and Article 18 of the Corporate Governance Regulations.

8. MINING AND ENVIRONMENTAL REGULATORY FRAMEWORK

8 - 1 Mining Investment Laws and Regulations

8 - 1 - 1 The Mining Investment Law

Mining operations in the Kingdom are governed by the Mining Law, enacted by Royal Decree M/47 dated 20/08/1425H (corresponding to 05/10/2004G) and its Implementing Regulations, which were enacted by Royal Decree G/173 dated 30/11/1425H (corresponding to 11/01/2005G).

8 - 1 - 2 Regulatory bodies

The Mining Law provides that the MPMR shall be responsible for supervising the implementation of the Mining Law. The specific responsibilities of the MPMR include, amongst other things: Formulating the necessary regulations for the implementation of the Mining Law and proposing any amendments; designating the land and sea areas over which rights may be granted under the Mining Law and determining the conditions upon which those rights may be granted; coordinating the activities of Government agencies responsible for the provision of infrastructure required for mining areas (including roads, railways, ports, power plants, and power supply lines); supervising the financial and technical activities of the licensees under the Mining Law in accordance with the Regulations; establishing the procedures for public bidding for exploration and mining licenses; and setting controls for the protection and restoration of land upon which mining operations are conducted. The Mining Law also provides that the Saudi state has a priority right to purchase from any licensee any minerals that it requires at prevailing conditions and at prevailing prices, unless the licensee has a prior commitment to sell its product to a third party.

8 - 1 - 3 Licenses

Under the Mining Law all natural mineral deposits are the exclusive property of the Kingdom. Title to minerals in the Kingdom is transferred to a licensee under the Mining Law upon extraction of the minerals from the licensed area in accordance with the terms of the license.

An individual may only undertake reconnaissance, exploration, exploitation or material collection activities in accordance with a license granted for this purpose. Applications for licenses must be in the prescribed form and include the information specified by the Regulations. Applications must also be accompanied by proof that the applicant has the necessary technical expertise and capability to conduct the activities permitted by the license and that the applicant has sufficient financial resources to fund the activities in accordance with the Regulations. In the case of mining licenses, applications must be accompanied by detailed work plans and project expenditures. Licenses are issued on conditions established by the MPMR, as governed by the Regulations. Such conditions may not be amended during the term of the license. As is discussed further below, when issuing licenses the MPMR must also ensure that an applicant complies with any applicable environmental laws and regulations.

Particulars of applications for licenses and licenses granted are maintained by the MPMR in the "Register of Applications" and "Register of Licenses", respectively. Only interested investors and licensed entities may access the Register of Applications in respect of their own application for a license.

Licenses pre-dating the Mining Law remain in effect in accordance with their terms. Exploration or Exploitation Licenses may be transferred to parties with the experience, technical expertise and financial resources to fulfil the obligations of the license, or to parties qualified to obtain a similar license in accordance with the provisions of the Mining Law. Licensees may not otherwise transfer or mortgage licenses granted under the Mining Law without obtaining written approval from the MPMR.

The MPMR may terminate a license under the Mining Law in the following circumstances:

- In the case of a licensee under a building materials quarry license or materials collection license, if payment of amounts due is 90 days late.
- In the case of a licensee under an exploration license or exploitation license, if payment of amounts due is 150 days late.
- Submission by the licensee of incorrect information to the MPMR.
- Failure by the licensee to carry out its obligations prescribed by the Mining Law, the Regulations or the license within 60 days of receipt of a written notice from MPMR.

- Failure to act such that the health and safety of a licensee's own employees or other personnel is exposed to hazards or threatens to damage mineral formations, within 60 days of receipt of a written notice from MPMR.
- Failure by the licensee to take necessary action to protect the environment, habitats, archaeological sites or tourist areas within 60 days of receipt of a written notice from MPMR.

In the event that a license is terminated, the MPMR has broad discretionary power to prevent the licensee from removing assets that are required for the public welfare from the lands covered by the license, including, but not limited to, permanent constructions, power supply plants, water and sewage stations and raw materials processing, separation and processing units.

In addition, the Mining Law grants the Minister of the MPMR a broad right to suspend any licensed activity under a license in accordance with the Regulations, such as in the case of material adverse effects on any property. The Mining Law provides for an appeal process in respect of such orders.

8 - 1 - 4 Types of Licenses

Under the Mining Law, rights may be granted under a reconnaissance license, exploration license, materials collection license or exploitation license. An exploitation license may be granted in the form of a mining license, raw materials quarry license, small mine license or building materials quarry license. Each of these license types are described below.

8 - 1 - 5 Reconnaissance License

A reconnaissance license entitles its holder to survey and investigate the license area for a designated period of time not exceeding two years. The holder has the non-exclusive right to examine the license area for minerals, examine ore bodies, collect samples and use geophysical, geochemical and other scientific methods for the preliminary examination of lands with potential mining deposits. The licensee is not permitted to undertake any type of excavation, construct any permanent installations or produce minerals for use or sale from the sample area. The reconnaissance license does not confer any right to an exploration license or any other license under the Mining Law. A reconnaissance license is renewable for an additional two years at the discretion of the MPMR.

Specific obligations imposed under a reconnaissance license include notifying the MPMR of the locations of the licensee's field team during reconnaissance activities, submitting an annual report on the progress and results of work undertaken and submitting a final report upon expiry of the license.

8 - 1 - 6 Exploration License

An exploration license grants the licensee the exclusive right for a period of up to five (5) years to engage in any detailed scientific and technical activity leading to the discovery of natural deposits of metallic or non-metallic ores and to explore the license area, establish camps and various facilities, and, subject to proof of discovery of an exploitable mineral, obtain an exploitation license within the license area. The area covered by an exploration license may not exceed 100km2 and the term of the license is renewable for a further five years.

Specific obligations imposed under an exploration license include undertaking necessary precautions with respect to any hazards that may be caused by exploration activities, notifying the MPMR of the location of field teams undertaking exploration activities, submitting semi-annual reports on the progress of work and a comprehensive report upon expiry of the license.

In addition, exploration licenses are subject to "minimum annual expenditure requirements" as set out in the following table.

Table 8-1: Minimum Annual Expenditure Requirements for Exploration Licenses

Minimum Annual Expenditure Requirements for Exploration Licenses	
Year of License	**Minimum Annual Expenditure per km for Slot (in Saudi riyals)**
First Year	750
Second Year	750

Minimum Annual Expenditure Requirements for Exploration Licenses	
Year of License	**Minimum Annual Expenditure per km for Slot (in Saudi riyals)**
Third Year	3,000
Fourth Year	3,000
Fifth Year	4,500
Sixth Year	4,500
Seventh Year	5,600
Eighth Year	5,600
Ninth Year	7,500
Tenth Year	7,500

8 - 1 - 7 Exploitation License

The holder of an exploitation license is permitted to invest and extract raw ores and minerals (by mining or quarrying) from the land. An exploitation license confers exclusive rights to produce and exploit the minerals specified in the terms of the license, to transport and export those minerals, and to construct mines and supporting infrastructure in the license area. In particular, the holder of an exploitation license is granted the right to produce and exploit the minerals specified in the license by mining, concentrating, smelting and refining the minerals on the license area; the right to transport, export and sell the minerals in their original or refined forms; the right to construct and maintain mines, buildings, plants, pipelines, refineries and waste dumps within the license area; and the right to construct the required railways, highways, communications systems, power plants and other facilities in the license area after obtaining written authorisation of the MPMR.

The holder has no right of possession over any part of the land. The terms of the license may be extended to cover any deposits of minerals not already covered by the license.

Before the licensee commences any development or mining activities on the license area, an economic feasibility study and an environmental study must be submitted to the MPMR If the exploitation license covers more than one mineral and the license fails to exploit one of the minerals, the MPMR may terminate the licensee's rights with respect to that mineral and grant an exploitation license in respect of that mineral to another person.

Exploitation licenses may be renewed for a further term which may not exceed the original term of the license.

All holders of exploitation licenses are required by the Regulations to undertake all operations using modern technology, in order to avoid damage to and the waste of natural resources, to develop pre-production operations as rapidly as possible as justified by the size of the mineral deposit and by market conditions, to keep the prescribed records and to provide the same to the MPMR, and to comply with Saudisation requirements. In addition, compliance with the applicable environmental laws and regulations is a condition of all licenses.

There are four types of exploitation licenses which may be issued, the most important of which in the case of the Company are the mining license and the raw materials quarry license.

8 - 1 - 8 Mining License

A mining license entitles the holder to practice mining activities within the license area and to exploit the minerals defined as "Class 3" minerals in the Regulations. These include, amongst others, precious metals (such as gold and silver), base metals (such as copper, lead and zinc) and minerals that require advance processing and concentration operations (such as bauxite and phosphate).

Applicants for a mining license must specify a work programme and provide particulars of the capital investment required to implement the proposed mining plan and ongoing investment during operations.

A mining license may be granted for a period not exceeding 30 years, over an area not exceeding 50km2.

8 - 1 - 9 Raw Materials Quarry License

A raw materials quarry license entitles the holder to exploit minerals within the license area that are defined as "Class 1 and 2" minerals under the Regulations. These include, amongst others, sand, soil materials, stones used for producing concrete and bricks, ornamental rocks and stones (such as granite, marble and limestone) and industrial minerals and raw materials such as garnet, low-density iron ore, kaolin, magnesium, titanium and coal.

Applicants for a raw materials quarry license must specify a work programme and provide particulars of the capital investment required to implement the proposed mining plan and ongoing investment during operations.

As with a mining license, a raw materials quarry license may be granted for a period not exceeding 30 years, over an area not exceeding 50km2.

In addition, the Mining Law and the Regulations also provide for small mine licenses and materials collection licenses.

8 - 2 Environmental Laws, Regulations and Compliance

In 1992G, the Kingdom adopted the Basic Law (commonly referred to as the Constitution of the Kingdom) setting out the system of government for the country and the Government's obligations to the people of the Kingdom. Article 32 ("Environment, Nature") of the Basic Law states that, "The state works for the preservation, protection, and improvement of the environment, and for the prevention of pollution." In addition, over the years the Kingdom has become a signatory to a significant number of international environmental treaties and conventions.

The Environmental Law

Environmental protection in the Kingdom is regulated under the Public Environmental Law (the "Environmental Law"), enacted by Royal Decree No. M/34 dated 28/07/1422H (corresponding to 16/10/2001G). The Implementing Regulations in respect of the Environmental Law were issued by the Minister of Defence and Aviation Resolution No. 1/1/4/5/1/924 dated 03/08/1424H (corresponding to 30/09/2003G) and amended by Minister of Defence and Aviation Resolution No. 1/1/4/2391 dated 08/05/1426H (corresponding to 15/06/2005G) published in the Official Gazette on 22/07/2005G (the "Regulations").

The Environmental Law operates as a general regulatory framework for the development and enforcement of domestic environmental rules and regulations. The stated objects of the Environmental Law are as follows:

- Preserving, protecting and developing the environment and preventing pollution.
- Protecting public health from the hazards of activities and actions that are harmful to the environment.
- Preserving, developing and rationalising the usage of natural resources.
- Making environmental planning an integral part of comprehensive development planning in all areas of industrial, agricultural, urban and other industries.
- Promoting awareness of environmental issues, individual and collective responsibility for protecting and improving the environment and national voluntary efforts in this regard.

8 - 2 - 1 Environmental Protection under the Mining Law

The Mining Law and the Regulations establish certain environmental protection requirements in addition to the requirements of the applicable environmental laws. Every mining license holder must prepare an environmental study as a condition of being granted a license, must rehabilitate the licensed land in accordance with the regulations, and must preserve any archaeological sites or items on the site. All licensees are required by the Regulations to abide by all environmental laws applicable in the Kingdom, to ensure the efficacy of the environmental protections required as a result of the mining operations,

and to take precautionary measures capable of preventing or reducing any adverse effects on the environment by using the best available technologies, so far as possible.

8 - 2 - 2 Royal Commission Environmental Regulations

The business of the Company and its subsidiaries conducted within Ras Al-Khair and Jubail Industrial City is subject to the environmental regulations promulgated by the RCJY, which was established in 1975G as a Government Agency in the Kingdom responsible for managing Jubail Industrial City, Yanbu Industrial City and Ras Al-Khair. The RCJY acts as the environmental regulating body, and is responsible for controlling pollution associated with the development and operation of the industrial cities. The RCJY has issued the Royal Commission Environmental Regulations–2010G (RCER–2010) providing regulations, standards and guidelines for the industrial cities (the "RCJY Environmental Regulations").

The RCJY Environmental Regulations seek to control the type of substances emitted, discharged or deposited within the industrial cities for which it is responsible. The regulations cover, amongst other things: (i) air environment; (ii) water environment; (iii) hazardous materials management; (iv) dredging; (v) noise; and (vi) reporting and record keeping.

The RCJY Environmental Regulations require all operators in Jubail Industrial City, Yanbu Industrial City and Ras Al-Khair to take reasonable steps to minimise the release of pollutants and any other harmful matter into the environment. Operators who fall under the authority of the RCJY must submit environmental impact assessment forms, use the best available technology to reduce any adverse impact on the environment and submit environmental emergency response plans in order to receive the necessary permits to operate within the industrial cities. The RCJY Environmental Regulations also allow the RCJY to enter any facility without notice and/or take corrective action following non-compliance with the Regulations.

8 - 2 - 3 Regulatory Bodies

8 - 2 - 3 - 1 Presidency of Meteorology and Environmental Protection

The PME is the agency responsible for the application and observation of the Environmental Law. Its specific responsibilities include:

- Conducting environmental studies.
- Documenting and publishing the results of any environmental studies.
- Preparing, issuing and reviewing relevant environmental standards.
- Ensuring compliance with relevant environmental standards.
- Working in conjunction with other responsible and/or public agencies, in establishing plans to deal with environmental catastrophes.
- Promoting general awareness for protecting the environment.
- Working in conjunction with other Government agencies in dealing with violations of applicable environmental standards.

The Environmental Law anticipates that the PME will coordinate with other government agencies regarding the development and enforcement of environmental standards, and that the PME, together with any other relevant Government agency, will have the power to impose penalties for violations of any applicable environmental standards, where there are no such penalties already in place. In particular, other licensing bodies must ascertain that any projects that may cause negative impacts on the environment have been subject to an evaluation project at the feasibility stage, and that such a study has been performed in accordance with the Environmental Law and Regulations. Accordingly, the environmental protections required under the Environmental Law may in practice be enforced by other bodies, including the MPMR In addition, any application to another competent agency must enclose a certificate stating that the PME has evaluated the existing or new facility and has ascertained that the facility is in compliance with the standards required by the Environmental Law and Regulations.

8 - 2 - 3 - 2 Royal Commission for Jubail and Yanbu

The RCJY acts as the environmental regulating body, and is responsible for controlling pollution associated with the development and operation of the industrial cities. Its specific responsibilities include:

- Rulemaking: The RCJY has the authority to promulgate, amend, revise or rescind the RCJY Environmental Regulations that govern industrial and construction activities in the industrial cities that may have an impact on the surrounding ambient environment;

- Permissions: The RCJY issues environmental construction permits and environmental operation permits, which allow operators and developers to construct or operate industrial sites within the industrial cities. These permits require various procedures and forms, and the RCJY may reject any application that does not meet its requirements; and
- Penalty System: The RCJY has authority to penalise operators who do not comply with the RCJY Environmental Regulations, and may fine companies for non-compliance.

8 - 2 - 4 Environmental Regulations

The Environmental Law imposes a number of broad obligations on those responsible for executing projects that may have a negative impact on the environment ("**Impact Projects**"), including the use of techniques and materials which are likely to minimise any such possible impact, rationalising the use of natural resources in order to develop the use of renewable resources and more efficiently use non-renewable resources, recycling resources and designing and operating projects in such a way as to limit possible negative effects on the environment. Those undertaking Impact Projects are required to conduct environmental studies in accordance with applicable regulations. The Environmental Law also generally reinforces the application of laws which set standards for pollutants from polluting sources or pollutant concentrations in the environment.

The Environmental Law also places an obligation on those "lending funds" to consider compliance with applicable environmental standards as a prior condition for the disbursement of funds under any loan, although the types of entities which would be considered entities "lending funds" are not defined.

The Regulations include detailed standards governing the scheduled release of pollutants. Other obligations imposed by the Environmental Law and Regulations include:

- Certain facility owners or operators must prepare contingency plans to prevent and address adverse environmental impacts.
- Major facilities shall incorporate the best available technology for the control of pollutant discharges and the disposal of waste.
- Waste generators shall be held responsible for ensuring that the waste they generate is stored, treated and disposed of in an environmentally sound manner.

The PME is granted broad discretionary power for issuing or withholding its consent for projects so as to ensure compliance with the Environmental Law and the Regulations.

8 - 2 - 5 Environmental Impact Assessments

Under the Regulations, any authority responsible for issuing a license to Impact Projects must ensure that an environmental impact assessment ("EIA") is prepared by the applicant during the feasibility study of any Impact Project.

Impact Projects are divided into three classes by the Regulations, which annex detailed lists of the types of projects falling into each class together with various environmental protection standards which apply to specific types of projects. In addition to an initial environmental assessment application, which is required for each class of project:

- A "Class I" project must prepare a simple report describing the project.
- A "Class II" project must prepare a brief environmental technical report of the project.
- A "Class III" project must prepare a comprehensive EIA.

Class III Projects include metal extraction industries, major transportation systems, thermal power stations, port expansions, waste water treatment systems, and toxic and hazardous waste storage, treatment and disposal facilities.

Following its review of the application and the documentation provided, the PME may reject the applicant's application for PME consent, grant unconditional PME consent or grant PME consent subject to such conditions as it considers necessary to address its concerns. Where conditional PME consent is granted, the applicant must undertake to fulfil the conditions as a prerequisite to the grant of the license by the relevant licensing authority.

8 - 2 - 6 Compliance Measures and Penalties under the Environmental Law and Regulations

The PME and other relevant regulators are given a broad power to ensure that the standards under the Environmental Law and Regulations are maintained, and in particular, may require a violator to eliminate or rectify any damage, or to desist from the relevant activity until the damage ceases. In

certain circumstances, the PME may also shut down violating facilities for a period not to exceed 90 days.

Penalties for violations are also set out in the Environmental Law. Polluting the sea and land of the Kingdom with "toxic, nuclear or other similar dangerous materials" may be punished by one or more of the following: Imprisonment for a period of up to five years, a fine of up to SAR 500,000, closure of business activities or seizure and confiscation of any vessel responsible for the pollution for a period of up to 90 days. A violator may also be required to pay compensation for damage caused by the pollution, and/or to rectify any damage caused and to clean up. For repeat offences, the maximum term of imprisonment and fine are increased to 10 years and SAR 1,000,000, respectively.

Other acts of pollution or violations of the Law and Regulations may be punished by a maximum fine of SAR 10,000 and rectification of any damage and cleaning up. For repeat offences, the range of punishments are the same, except that the maximum fine is SAR 20,000 and business may be closed for a period not to exceed 90 days.

9. DIVIDEND POLICY

The Company is in the process of developing and financing a number of major projects. (Please see Section 10, "**Use of Proceeds**", of this Prospectus.) The Board has therefore recommended to the General Assembly that no dividend be distributed to Shareholders for the fiscal year ended 31 December 2013. There is no guarantee that the Company will distribute dividends to Shareholders in future fiscal years. The payment of any dividend will depend, amongst other things, on future profits, financial position, capital requirements, distributable reserves and available credit of the Company, general economic conditions and other factors that the Directors of the Company may deem significant from time to time. The company confirms that no dividend has been distributed during the three fiscal years preceding the date of this Prospectus.

The distribution of dividends is also subject to certain limitations contained in the By-laws (please see Section 13-34, "**Summary of the Company's By-laws—Distribution of Annual Profits**", of this Prospectus). The By-laws provide that, after deducting general costs and other costs, the annual net profit of the Company shall be distributed as follows:

- Ten per cent of the net profit shall be set aside to form a statutory reserve. The Ordinary General Assembly may discontinue such deductions when the statutory reserve amounts to half the Company's share capital;
- Holders of preferred shares shall receive dividends in the proportion agreed upon for such shares;
- The Ordinary General Assembly may, pursuant to a proposal from the Board, set aside a percentage of annual profits to form a reserve for certain purposes to be determined by the Ordinary General Assembly;
- Out of the remainder of profits, shareholders shall be paid a dividend of five per cent of paid-up capital;
- Compensation of the Board shall then be allocated; and
- The rest shall be distributed to the shareholders as an additional share of profits. The Company may distribute semi-annual and quarterly dividends after complying with applicable requirements established by the competent authorities.

The CMA must be notified of any resolution to distribute dividends or any recommendation to do so. Dividends scheduled for distribution among shareholders shall be paid at a place and time to be determined by the Board.

If the Company does not distribute dividends during a particular fiscal year, the dividends of the following year shall be distributed after the holders of preferred shares are paid their dividends, in accordance with the Company's By-laws.

10. USE OF PROCEEDS

10 - 1 Use of Offering Proceeds

The total proceeds from the Rights Issue offering are estimated at SAR 5,600,000,000. The subscription proceeds, after deduction of the offering expenses, will be used primarily to assist in funding the Company's investment in its MWAS Project phosphate operations; to continue funding its aluminium operations connected with the mine and refinery being constructed by MBAC; and to fund the Company's equity investment, which was temporarily funded by a drawdown from the Redrawable Murabaha Finance Facility.

Certain costs incurred around the MWAS Project and MBAC have been temporarily funded by a drawdown under the Redrawable Murabaha Finance Facility (please see "Legal Information—Financing Agreements—Redrawable Murabaha Finance Facility" section of this Prospectus). The net offering proceeds will, therefore, first be applied to repaying the SAR 1,772 million that is currently outstanding under the Redrawable Murabaha Finance Facility. The balance of the net offering proceeds will be applied to meeting the Company's share of costs to be incurred in the construction of the MWAS Project and the completion of the MBAC mine and refinery.

A summary of the ultimate use of offering proceeds is set out in the table below:

Table 10-1: Summary of the ultimate use of offering proceeds

Summary of the use of offering proceeds				
Description	Total estimated project cost	Capital expenditure spent as at 30/06/2014G	Remaining estimated balance of capital expenditure to be funded	Use of offering proceeds
	(SAR million)	(SAR million)	(SAR million)	(SAR million)
MBAC	13,121	10,389	2,952	517
MWAS Project	28,124	1,167	26,957	5,062
Offer Expenses	-	-	-	21
Total	41,245	11,556	29,908	5,600

A breakdown of the required cost and sources of funding, including the Company's funding requirements, are shown in the detailed discussion of each project below.

10 - 2 Offering Expenses

A guideline amount of SAR 21 million of the offering proceeds will be used to settle the offering expenses, including the fees of the Financial Advisers, Lead Manager, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Market Studies Advisors, the Mineral Experts and the Receiving Banks, plus marketing expenses, printing and distribution expenses and other expenses related to the Rights. It should be noted that these guideline costs will be subject to final confirmation.

After completing the capital increase procedures, the Company will fulfil Article 30, paragraph (c) of the Listing Rules of the CMA dated 20/08/1425H corresponding to 04/10/2004G amended on 28/02/1433H corresponding to 22/01/2012G by submitting a quarterly report to the CMA concerning the use of the offering proceeds from the Rights Issue and announcing to the public any developments regarding the use of proceeds.

10 - 3 Overview of the use of offering proceeds

10 - 3 - 1 Expansion of phosphate operations

10 - 3 - 1 - 1 MWAS Project

Overview

The Company is working on a significant expansion of its phosphate operations with the development of the MWAS Project, an integrated phosphate production facility at Wa'ad Al-Shamal Mineral Industrial City and Ras Al-Khair. The WAS Project is being undertaken by MWASPC, a limited liability company co-owned by the Company (60 per cent), Mosaic (25 per cent) and SABIC (15 per cent).

The WAS Project aims to exploit the extensive phosphate deposit at Al-Khabra in Turayf Province and utilise local natural gas and sulphur to manufacture phosphate and compound fertiliser, in addition to phosphate downstream products, including purified phosphoric acid, sodium tri-polyphosphate and di-calcium phosphate and monocalcium phosphate.

The MWAS Project will involve the development of a beneficiation plant, sulphuric acid plant and phosphoric acid plant at Wa'ad Al-Shamal Mineral Industrial City and an ammonia plant and a DAP plant at Ras Al-Khair. The two sites will be connected by railway. It is expected that production at the integrated phosphate production facility will commence in Q4 2016G and, following completion, average production capacity is expected to be approximately 16 Mtpy, with approximately 3 Mtpy of phosphate and compound fertiliser, in addition to approximately 440,000 tpy of phosphate downstream products, including purified phosphoric acid, sodium tri-polyphosphate and di-calcium phosphate and monocalcium phosphate. The total cost of the entire phosphate production facility is estimated to be approximately SAR 28 billion. The Company has entered into the construction contracts detailed in this section with international contractors to build a number of facilities and factories for the MWAS Project. The Company is also in the process of granting and/or signing additional contracts for the completion of the remaining phases of the project.

10 - 3 - 1 - 2 Mine Development Project

Al-Khabra

Al-Khabra is located in Umm Wu'al area, approximately 40 km northeast of Turayf. The Company was issued mining license No. Q/42 dated 01/07/1427H (corresponding to 26/07/2006G) for the exploitation of phosphate ores and associated metals in Al-Khabra in the Province of Turayf over a surface area of 37.82 km2. The license is valid for 30 Hijri years from the date of issue and the annual surface rent for the license is SAR 380,000. This license has been transferred to MWASPC.

MWASPC intends to exploit the Al-Khabra mine (whose production is expected to continue over 28 years) to carry out the MWAS Project. The ore from Al-Khabra will therefore be transported to the beneficiation plant at Wa'ad Al-Shamal Mineral Industrial City for processing.

Engineering studies for the project were completed in Q3 2013G. Engineering works and the purchasing of machinery and equipment started in Q4 2013G. It is expected that construction will be completed in Q3 2016G.

Set out below is a table showing the total mineral resources and ore reserves at Al-Khabra as at 2013G.

Table 10.2: Total mineral resources and ore reserves at Al-Khabra as at 2013G.

Mineral Resources									
	Cut-off Grade (P2O5%)	Measured		Indicated		Inferred		Total	
		Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%
Al-Khabra	12	203.8	17.8	175.2	16.4	47.3	17.3	426.3	17.3

Ore Reserves							
	Cut-off Grade (P2O5%)	Proven		Probable		Total	
		Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%
Al-Khabra*	12	236	19.6	10	21.0	246	19.7

*Reserve update in progress.

10 - 3 - 1 - 3 Exploration Activity

Umm Wu'al

MWASPC is also exploring the feasibility of exploiting phosphate deposits in the EL Block B6, under the Umm Wu'al exploration license in the Northern Borders Province of the Kingdom. The Company completed a pre-feasibility study on the prospect in 2012G, which determined that further analysis was warranted to ascertain its economic viability. The exploration license in respect of Umm Wu'al EL Block B6 was transferred to MWASPC and a proposal for the further development of the resource has therefore been submitted to the relevant Governmental authorities requesting approval of the licenses in connection with the resource. It is anticipated that the ore from these mines would be transported to the beneficiation plant at Wa'ad Al-Shamal Mineral Industrial City for processing.

Mineral resources and ore reserves—exploration activity

The table below shows the total mineral resources for Umm Wu'al EL Block B6 as at 201G:

Table 10.3: Total mineral resources for Umm Wu'al EL Block B6 as at 201G.

Mineral Resources									
	Cut-off Grade (P2O5%)	Measured		Indicated		Inferred		Total	
		Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%	Tonnes (Mt)	P2O5%
Umm Wu'al EL Block B6*	15	--	--	285	16.0	--	--	285	16.0

*Reserve update in progress.

Production Facilities

Further details of the production facilities to be constructed in connection with the MWAS Project are set out below.

Beneficiation Plant

The beneficiation plant will utilise grinding, washing, de-sliming, flotation and drying processes to remove calcium and magnesium carbonates from the ore and produce a phosphate concentrate suitable for use in the manufacture of wet process phosphoric acid, increasing the percentage of phosphate content in the ore whilst lowering the content of other deleterious minerals. It is expected that the ore beneficiation plant (which will be established in Wa'ad Al-Shamal Mineral Industrial City) will have a production capacity of 5.3 Mtpy when completed.

The contract for building the beneficiation plant was concluded with China Huanqiu Contracting & Engineering Corp and HQC Middle East Co in 31 March 2014G, which was valued at SAR 2,089 million (USD 557 million) on a lump sum turnkey basis. The beneficiation plant is expected to be completed in Q3 2016. 9.2 per cent of the plant was complete on 30/08/2014G.

Sulphuric Acid Plant

Sulphuric acid will be manufactured at the sulphuric acid plant (which will be established in Wa'ad Al-Shamal Mineral Industrial City) using molten sulphur. The sulphuric acid plant will consist of three sulphuric acid lines and, once completed, will have a production capacity of 4.9 Mtpy. The sulphuric

acid plant will supply the sulphuric acid to the phosphoric acid plant for the production of phosphoric acid. The sulphuric acid plant will also produce high-pressure, super-heated steam which will be used to produce power for the facilities at Wa'ad Al-Shamal Mineral Industrial City.

The contract for building the sulphuric acid plant was concluded with SNC-Lavalin International Inc., Sinopec Engineering (Group) Co. Ltd., SNC-Lavalin Arabia LLC (SLA) and Sinopec E&C Middle East Co. Ltd on 31/03/2014G, which was valued at SAR 2,865 million (USD 764 million), on a lump sum turnkey basis. The sulphuric acid plant is expected to be completed in Q3 2016. 25.7 per cent of the plant was complete on 30/08/2014G.

Phosphoric Acid Plant

Phosphoric acid will be manufactured at the phosphoric acid plant (which will be established in Wa'ad Al-Shamal Mineral Industrial City) using the sulphuric acid provided by the sulphuric acid plant and the phosphate concentrate provided by the beneficiation plant. The phosphoric acid plant will be established in Wa'ad Al-Shamal Mineral Industrial City and will consist of three phosphoric acid lines and, once completed, will have a combined annual production capacity of approximately 1.5 Mtpy.

The contract for building the phosphoric acid plant was concluded with Hanwha Engineering & Construction Co. Ltd. and Hanwha Saudi Contracting Co. Ltd on 31/03/2014G, which was valued at SAR 3,506 million (USD 935 million), on a lump sum turnkey basis. The phosphoric acid plant is expected to be completed in Q4 2016G. 12.6 per cent of the plant was complete on 30/08/2014G.

Ammonia Plant

The ammonia plant will be built at Ras Al-Khair and the ammonia plant will therefore be able to use natural gas procured from Saudi Aramco, which has a dedicated gas pipeline to Ras Al-Khair and will supply quantities of natural gas sufficient to meet the requirements of the ammonia plant. The ammonia plant will have a production capacity of approximately 1.1 Mtpy.

The contract for building the ammonia plant was concluded with Daelim Industrial Company Limited and its Saudi branch, Daelim Saudi Arabia Company Limited (collectively, "**Daelim**") on 28 December 2013G, which was valued at SAR 3,093 million (USD 825 million). The ammonia plant is expected to be completed in Q4 2016. 14.6 per cent of the plant was complete on 30/08/2014G.

DAP Plant

The DAP plant will be built at Ras Al-Khair and will manufacture DAP using the ammonia supplied by the ammonia plant at Ras Al-Khair and phosphoric acid supplied by the phosphoric acid plant at Wa'ad Al-Shamal Mineral Industrial City. The DAP plant, once completed, will have a production capacity of approximately 3.0 Mtpy of DAP. The plant will be able to produce MAP rather than DAP should production of MAP become more financially viable.

The contract for building the DAP plant was concluded with Intecsa Ingenieria Industrial S.A on 28/04/2014G, which was valued at SAR 2,250 million (USD 599.9 million). The DAP plan is expected to be completed in Q4 2016G. 8.0 per cent of the plant was complete on 30/08/2014G.

10 - 3 - 1 - 4 Sales and Marketing

Pursuant to the terms of the joint venture agreement between the Company, Mosaic and SABIC, each of the joint venture partners is responsible for marketing a pro rata amount of all fertiliser products equivalent to their interest in MWASPC. In addition, Mosaic has agreed that it will not market any fertiliser products in the Kingdom. The Company will be responsible for marketing all intermediate products (beneficiated phosphate rock, sulphuric acid, phosphoric acid and ammonia).

Pursuant to the terms of the joint venture agreement, it has also been agreed that Mosaic will market MCP and/or DCP outside the GCC countries on behalf of MWASPC for five years from the date of the first commercial production of the relevant products (which Mosaic may renew for a further two years), provided that MWASPC will have the exclusive right to market and sell MCP and/or DCP outside the GCC countries and purified phosphoric acid worldwide.

10 - 3 - 1 - 5 Management

MWASPC is managed by a board of managers comprised of seven managers, four of whom are appointed by the Company, two of whom are appointed by Mosaic and one of whom is appointed by SABIC.

Total costs and sources of funding

The total cost of the entire phosphate production facility is estimated to be approximately SAR 28 billion. The table below sets out a breakdown of the required cost for the MWAS Project.

Table 10.4: Breakdown of the required cost for the MWAS Project.

Project cost	Total estimated project cost		Capital expenditure spent as at 30/06/2014G	Remaining estimated balance of capital expenditure to be funded
	(SAR million)	%	(SAR million)	
EPC	17,993	64%	1,067	16,925
Pre-operating expenses	3,015	11%	100	2,915
Contingency	2,813	10%	-	2,813
Capitalised financing costs and pre-funding amount for DSRA*	3,425	12%	-	3,425
Initial working capital	878	3%	-	878
Gross	28,124	100%	1,167	26,957

* Bank account to pay off the debt to lenders in respect of the outstanding amounts representing six months (commission and principle) for guaranteed debts. These amounts are available in order to ensure that the Company will pay its debts to lenders in the event of its failure to pay it directly. This amount is usually allocated at the end of the construction phase and is funded from capital expenditures.

The table below sets out a breakdown of the years over which remaining estimated balance of capital expenditure will be funded:

Table 10.5: Breakdown of the years over which remaining estimated balance of capital expenditure will be funded.

Project Cost	Year	2014G		2015G				2016G			
	Q	3	4	1	2	3	4	1	2	3	4
		(SAR million)									
EPC		2,438	2,102	2,093	2,496	2,021	1,511	1,297	945	502	645
Pre-operating expenses		51	625	206	206	206	206	206	206	206	206
Contingency		-	-	272	272	272	272	272	272	272	272
Capitalised financing costs and pre-funding amount for DSRA*		341	64	83	101	116	135	146	154	341	169

Project Cost	Year	2014G		2015G				2016G			
	Q	3	4	1	2	3	4	1	2	3	4
		(SAR million)									
Initial working capital		-	-	-	-	-	439	439	-	-	-
Total, quarterly		2,830	2,791	2,654	3,076	2,616	2,564	2,361	1,577	1,322	1,293
Total, annual			5,621				10,910				6,553

* Bank account to pay off the debt to lenders in respect of the outstanding amounts representing six months (commission and principle) for guaranteed debts. These amounts are available in order to ensure that the Company will pay its debts to lenders in the event of its failure to pay it directly. This amount is usually allocated at the end of the construction phase and is funded from capital expenditures.

Project Cost	Year	2017G				2018G	
	Q	1	2	3	4	1	2
		(SAR million)					
EPC		207	587	81	-	-	-
Pre-operating expenses		206	206	175	-	-	-
Contingency		272	272	91	-	-	-
Capitalised financing costs and pre-funding amount for DSRA*		169	173	173	173	169	920
Initial working capital		-	-	-	-	-	-
Total, quarterly		854	1,238	519	173	169	920
Total, annual					2,784		1,089
Total for the period (2014G to 2018)							26,957

* Bank account to pay off the debt to lenders in respect of the outstanding amounts representing six months (commission and principle) for guaranteed debts. These amounts are available in order to ensure that the Company will pay its debts to lenders in the event of its failure to pay it directly. This amount is usually allocated at the end of the construction phase and is funded from capital expenditures.

The table below sets out a breakdown of the debt financing and equity contribution:

Table 10.6: Breakdown of the debt financing and equity contribution.

	Financing as at 30/06/2014	Financing balance as at 30/06/2014
	(SAR million)	
Debt financing	-	19,686
Total equity contribution (by all partners)	1,167	7,270

	Financing as at 30/06/2014	Financing balance as at 30/06/2014
	(SAR million)	
Company contribution to total equity contribution	700	4,362
Contribution of other partners (other than the company) to total equity contribution	467	2,908
Total finance	1,167	26,956
Company's equity contribution funded from Redrawable Murabaha Finance Facility	700	-

The table below sets out a breakdown of the debt financing and equity contribution in the coming years:

Table 10.7: Breakdown of the debt financing and equity contribution in coming years.

	Year	2014G		2015G				2016G			
	Q	3	4	1	2	3	4	1	2	3	4
		(SAR million)									
Debt financing		1,892	2,791	1,925	2,153	1,831	1,795	1,653	1,104	925	905
Equity contribution (by all partners)		938	-	729	923	785	769	708	473	397	388
Company contribution to total equity contribution		563	-	437	554	471	462	425	284	238	233
Contribution of other partners (other than the Company) to total equity contribution		375	-	291	369	314	308	283	189	159	155
Total finance		2,830	2,791	2,654	3,076	2,616	2,564	2,361	1,577	1,322	1,293
Company's equity contribution funded from Redrawable Murabaha Finance Facility		563	-	-	-	-	-	-	-	-	-
Offering proceeds used to settle the Redrawable Murabaha Finance Facility		-	1,263	-	-	-	-	-	-	-	-

	Year	2014G		2015G				2016G			
	Q	3	4	1	2	3	4	1	2	3	4
		(SAR million)									
Offering proceeds used to fund the equity contribution		-	-	437	554	471	462	425	284	238	233

	Year	2017G				2018G	
	Q	1	2	3	4	1	2
		(SAR million)					
Debt financing		598	867	363	121	118	644
Equity contribution (by all partners)		256	371	156	52	51	276
Company contribution to total equity contribution		154	223	93	31	30	166
Contribution of other partners (other than the Company) to total equity contribution		103	149	62	21	20	110
Total finance		854	1,238	519	173	169	920
Company's equity contribution funded from Redrawable Murabaha Finance Facility		-	-	-	-	-	-
Offering Proceeds used to settle the Redrawable Murabaha Finance Facility		-	-	-	-	-	-
Offering Proceeds used to fund the equity contribution		154	223	93	31	30	166

The table below sets out a breakdown of the funding structure for the MWAS Project:

Table 10.8: Breakdown of the funding structure for the MWAS Project.

Rights of the shareholders	Amount funded/to be funded (SAR million)
The Company (from offering proceeds)	5,062
SABIC	1,266
Mosaic	2,109
Bank financing (borrowing)	10,086
Public Investment Fund (PIF)	7,500
SIDF	2,100
Total	28,124

Source of Funding

The company's equity investment of SAR 5,062 million is to be funded from the offering proceeds. The bankable feasibility study dated 05/07/2013G prepared in connection with the MWAS Project has been made available to Prospective Subscribers at the Company's head office (please see Section 19, "**Documents Available for Inspection**" of the Prospectus).

10 - 3 - 1 - 6 Continuing to fund aluminium operations

Overview of MBAC and related capital expenditure

The Company's aluminium operations are carried out through MBAC (whose share capital is SAR 5,100,000,000), MAC (whose share capital is SAR 6,573,750,000) and MRC (whose share capital is SAR 4,721,250,000). Each of these companies is a limited liability company co-owned by the Company (74.9 per cent) and Alcoa (25.1 per cent) and was established with the objective of exploiting the Kingdom's bauxite resources to produce aluminium for domestic and export markets MBAC is responsible for the mining of bauxite and refining of alumina, MAC is responsible for the production of aluminium and MRC is responsible for the production of aluminium sheets.

The companies were established pursuant to a joint venture agreement concluded on 20/12/2009G (and subsequently amended on 30/03/2010G) for a term of 30 years, which will renew automatically for a subsequent 20-year period, unless the parties agree otherwise at least two years before the expiry of the initial term or unless otherwise terminated pursuant to its terms. Thereafter, the agreement may be extended by agreement of the parties for additional 10-year periods. A summary of the material terms and conditions of the Aluminium Joint Venture Agreement is set out in Section 14-1, "**Legal Information—Material Agreements**", of this Prospectus.

The aluminium operations conducted by MBAC, MAC and MRC are carried out at two integrated sites, the mining facilities at Al-Ba'itha consisting of a bauxite mine and ore crushing and handling facilities and an alumina refinery and the aluminium smelter and rolling mill at Ras Al-Khair. The bauxite ore mined at Al-Ba'itha is transported by rail to the processing facilities at Ras Al-Khair. The bauxite ore is processed in the alumina refinery, with the alumina produced used primarily as feedstock for the project's aluminium smelter.

MBAC's bauxite mining operations are conducted at Al-Ba'itha. The site for the Al-Ba'itha bauxite mine is located in the province of Qassim in the northeastern region of the Kingdom, approximately 150 km north of Buraydah and 440 km northwest of Riyadh. The Bauxite is mined from the south zone resource area with conventional open cut mining techniques and delivered to the mine processing facilities at Ras Al-Khair, with excavated waste material being placed in previously mined areas.

The mine processing facilities located at the mine site comprise a two-stage crushing plant which crushes the bauxite ore into a size suitable for delivery to, and processing through, the grinding mills in the alumina refinery at Ras Al-Khair. The mine processing facilities commenced operation in 2014G and have been designed to process 4.0 Mtpy of bauxite ore. The mine infrastructure includes site access roads, drainage, bore field and water supply pipeline, integrated communications systems, sewage systems, electrical systems, reticulation of utilities and worker accommodation.

MBAC possesses three mining licenses to extract ore from Al-Ba'itha. The first and second licenses were issued pursuant to Ministerial Resolutions Q/6 and Q/7, respectively, cover an area of 50 km2, and were issued on 25/01/1428H (corresponding to 13/02/2007G). The third license was issued pursuant to Ministerial Resolution Q/8, covers an area of 47.76 km2, and was issued on 25/01/1428H (corresponding to 13/02/2007G). These licenses are for the exploitation of bauxite ores and associated metals, and the annual surface rent is SAR 500,000, respectively for the first two licenses discussed, and SAR 477,600 for the final license discussed.

The mine became operational in May 2014G and the first load of bauxite from the mine has been delivered to Ras Al-Khair.

10 - 3 - 1 - 7 Total costs and sources of funding

The total cost of the MBAC project is estimated to be approximately SAR 13 billion based on current estimates, and the project is expected to bear an increase of SAR 0.2 billion (1.5 per cent) in costs. The MBAC project is expected to be completed in the first quarter of 2015G. In addition, 94.96 per cent of the MBAC project was completed by 29/08/2014G. The table below sets out a breakdown of the expected costs to complete the MBAC project.

Table 10.9: Breakdown of the expected costs of completing the MBAC project.

Project cost	Total estimated project cost		Capital expenditure spent as at 30/06/2014G	Remaining estimated balance of capital expenditure to be funded
	(SAR million)	%	(SAR million)	
EPC	8,949	68%	8,410	906
Pre-operating expenses	2,548	19%	1,686	1,054
Contingency	604	5%	-	263
Capitalised financing costs and pre-funding amount for DSRA	1,020	8%	293	727
Total	13,121	100%	10,389	2,952

The table below sets out a breakdown of the years over which remaining estimated balance of capital expenditure will be funded.

Table 10.10: Breakdown of the years over which remaining estimated balance of capital expenditure will be funded.

Project cost	Year	2014G		2015G				2016G			
	Q	3	4	1	2	3	4	1	2	3	4
		(SAR million)									
EPC		227	227	227	227	-	-	-	-	-	-
Pre-operating expenses		221	221	316	316	-	-	-	-	-	-
Contingency		66	66	66	66	-	-	-	-	-	-
Capitalised financing costs and pre-funding amount for DSRA		25	25	28	28	28	28	39	39	39	448
Total, quarterly		528	528	637	637	28	28	39	39	39	448
Total, annual		1,056		1,330				565			
Total for the period (2014G to 2016)								2,952			

The table below sets out a breakdown of the debt financing and equity contribution.

Table 10.11: Breakdown of the debt financing and equity contribution.

	Financing as at 30/06/2014	Financing balance as at 30/06/2014
	(SAR million)	
Debt financing	5,642	2,426
Equity contribution (by all partners)	4,747	526
Company contribution to total equity contribution	3,577	394
Contribution of other partners (other than the company) to total equity contribution	1,170	132
Total finance	10,389	2,952
Company's equity contribution funded from Redrawable Murabaha Finance Facility	509	-

The table below sets out a breakdown of the debt financing and equity contribution in subsequent years:

Table 10.12: Breakdown of the debt financing and equity contribution in the following years.

	Year	2014G		2015G				2016G			
	Q	3	4	1	2	3	4	1	2	3	4
		(SAR million)									
Debt financing		528	528	637	483	17	17	24	24	24	144
Equity contribution (by all partners)		-	-	-	154	11	11	15	15	15	304
Company contribution to total equity contribution		-	-	-	116	8	8	11	11	11	228
Contribution of other partners (other than the company) to total equity contribution		-	-	-	39	3	3	4	4	4	76
Total finance		528	528	637	637	28	28	39	39	39	448
Company's equity contribution funded from Redrawable Murabaha Finance Facility		-	-	-	-	-	-	-	-	-	-
Offering proceeds used to settle the Redrawable Murabaha Finance Facility		-	509	-	-	-	-	-	-	-	-
Offering Proceeds used to fund the equity contribution		-	-	-	7	-	-	-	-	-	-

The table below sets out a breakdown of the sources of funding for MBAC.

Table 10-13: Breakdown of the sources of funding for MBAC.

	Amount funded/to be funded (SAR million)
Rights of the shareholders	
The Company	3.785
Alcoa	1.268
Bank financing (borrowing)	3.718
Public Investment Fund (PIF)	3.750
SIDF	600
Total	13.121

Source of Funding

The Company's total equity contribution requirement to fund MBAC amounts to SAR 3,785 million, of which SAR 3,577 has been contributed by the Company as at 30 June 2014G.

The Company intends to use SAR 517 million of the offering proceeds towards funding the remaining SAR 208 million balance of equity contribution required from the Company and to utilise SAR 509 million towards repayment of the SAR 509 million utilised from the Redrawable Murabaha Finance Facility during the six months ended 30 June 2014G to fund the Company's equity contribution made during the period.

The table below sets out a breakdown of the Company's equity contribution to MBAC and the corresponding use of the offering proceeds.

Table 10.14: Breakdown of the Company's equity contribution to MBAC and the corresponding use of the offering proceeds.

		Use of Proceeds
	(SAR million)	
Total Company equity requirement for MBAC	3,785	-
Total Company equity contribution as at 30 June 2014G	3,577	-
Balance of Company equity requirement for MBAC	394	7.4
Portion of equity financed utilising Redrawable Murabaha Finance Facility	509	509.4
Total	NA	517

Source: The Company

11. Offering Expenses

Total offering expenses are estimated at SAR 21,000,000 and will be deducted from offering proceeds in the amount of SAR 5,600,000,000. Offering expenses include fees charged by the financial advisor, Lead Manager, Underwriter, other advisors, Receiving Agents, in addition to marketing, printing and distribution expenses and other offering-related expenses. The table below contains a breakdown of offering expenses:

Table 11.1: Breakdown of offering expenses.

Item	Value (SAR)
Fees charged by the financial advisor, Lead Manager, Underwriter, and other advisors	13,500,000
Marketing, printing and distribution expenses	3,500,000
Receiving Agents	3,000,000
Other expenses	1,000,000
Total	21,000,000

12. DESCRIPTION OF SHARES

12 - 1 Share capital

The share capital of the Company is SAR 9,250,000,000 divided into 925,000,000 shares, with a fully paid nominal value of SAR 10 per share.

The Board recommended at its meeting of 14/07/1435H (corresponding to 15/05/2014G) that the Company's capital be increased from SAR 9,250,000,000 to SAR 11,684,782,610 after obtaining the necessary regulatory approvals. On 20/01/1436H (corresponding to 13/11/2014G) the EGM authorised an increase to the Company's capital through a Rights Issue. The Rights will consist of issuing 243,478,261 New Shares and will increase the Company's share capital from SAR 9,250,000,000 to SAR 11,684,782,610.

12 - 2 Shareholder Rights

Pursuant to Article 108 of the Companies Law, a Shareholder is given all rights associated with the Shares, and in particular, the right to receive a portion of the distributed dividends; the right to receive a portion of the Company's assets upon liquidation; the right to attend the General Assembly, participate in its deliberations and vote on its decisions; the right to dispose of the Shares; the right to request access to the Company's books and documents; and the right to monitor the work of the Board, bring a claim of liability against the members of the Board and appeal the validity of General Assembly decisions, in accordance with the conditions and restrictions contained in the Companies Law, in accordance with the provisions of the Companies Law. There are no provisions that give Company Shareholders the right to request a refund or repurchase of their Shares by the Company.

12 - 3 Increase or decrease of the Company's Share capital

12 - 3 - 1 Increase of Share capital

The EGM may resolve to increase the Company's capital by issuing new shares with the same nominal value as the original shares, provided that the original capital is paid up in full and that the increase to the Company's capital has been approved by the competent authorities. Such resolution shall specify the manner in which the capital shall be increased.

The Shareholders shall have rights to subscribe for the new shares when these shares are issued for cash consideration. The existing Shareholders shall be notified of their rights by a notice published in a daily newspaper announcing the resolution authorising the capital increase and the conditions of subscription. Each Shareholder must express intent to exercise such rights within 15 days of the publication of such notice.

12 - 3 - 2 Decrease of Share capital

The EGM may, for valid reasons and after obtaining the approval of the competent authorities, resolve to reduce the Company's capital if it proves to be in excess of its needs or if the Company has incurred losses. Such resolution shall only be adopted after considering the auditor's report on the reasons for such a reduction and the impact such a reduction would have on the Company's liabilities.

The resolution shall provide for the manner in which the reduction shall be made. If capital is to be reduced because it is in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within 60 days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due at a later date.

12 - 4 Preferred Shares

The Company may, after obtaining the approval of the competent authorities, issue non-voting preferred Shares in an amount not exceeding 50 per cent of its share capital. In addition to the right to dividends distribution on ordinary Shares, preferred Shareholders shall have:

- the right to obtain a certain percentage of the net profit, not less than five per cent of the nominal value of the Shares, after statutory reserves have been set aside and before the distribution of profits; and

- priority in recovering the value of their Shares in the Company's capital upon liquidation of the Company and in obtaining a certain percentage of the realisation value.
- The Company may purchase such Shares in accordance with the decision of the General Assembly. Such Shares shall not count for the purposes of quorum to convene a General Assembly.

12 - 5 Share transfers

Share transfers shall be subject to the rules and regulations governing companies listed on Tadawul.

12 - 6 General Assembly

12 - 6 - 1 Invitation

A General Assembly shall be held upon the invitation of the Board. The Board shall convene a meeting of the Ordinary General Assembly if requested to do so by the auditors or by a number of Shareholders representing at least five per cent of the Company's capital. A notice of the date and agenda of the General Assembly shall be published in the Official Gazette and in a daily newspaper circulated in the city where the Company's head office is located at least 25 days prior to the time set for such meeting. A General Assembly duly convened shall be deemed to represent all the Shareholders, and shall be held in the city where the Company's head office is located.

The Ordinary General Assembly shall be convened at least once a year, within six months following the end of the Company's fiscal year. Additional Ordinary General Assembly meetings may be called whenever needed.

12 - 6 - 2 Quorum of the Ordinary General Assembly

A meeting of the Ordinary General Assembly shall not be valid unless attended (in person or by proxy) by Shareholders representing at least 50 per cent of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be held within 30 days of the date of the first meeting. The second meeting shall be deemed valid, irrespective of the number of Shares represented therein.

12 - 6 - 3 Quorum of the EGM

A meeting of the EGM shall not be valid unless attended (in person or by proxy) by Shareholders representing at least 50 per cent of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be held within 30 days of the first meeting. The second meeting shall be deemed valid if attended (in person or by proxy) by a number of Shareholders representing at least 25 per cent of the Company's capital.

12 - 6 - 4 Voting rights

Each Shareholder shall have the right to attend a General Assembly, and each Shareholder may authorise another Shareholder, other than the members of the Board, to attend the General Assembly on his behalf. Votes at the meetings of both the Ordinary General Assembly and EGM shall be computed on the basis of one vote for each share represented at the meeting.

Resolutions of the Ordinary General Assembly shall be adopted by an absolute majority of the Shares represented thereat. Resolutions of the EGM shall be adopted by a majority vote of two-thirds of the shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the period specified under the Company's By-laws or merging the Company with another company or establishment, then such resolution shall be valid only if adopted by a majority of three-quarters of the Shares represented at the meeting.

Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions to the members of the Board or the auditor in this respect. The Board or the auditor shall answer the Shareholders' questions provided that this does not jeopardise the interest of the Company.

12 - 6 - 5 Powers

Except for matters reserved for the EGM, the Ordinary General Assembly shall be in charge of all other matters concerning the Company. The EGM shall have the power to amend the Company's By-laws. Furthermore, the EGM may pass resolutions on matters falling within the competence of the Ordinary General Assembly under the same conditions applicable to the latter.

12 - 7 Duration of the Company

The duration of the Company shall be 50 years commencing on the date of the Royal Decree authorising the incorporation of the Company. The Company's period of duration may always be extended for similar or shorter periods.

12 - 8 Dissolution and Winding-up of the Company

Upon the expiry of the Company's term, or if it is dissolved prior to the time set for the expiry thereof, the EGM shall, based on a proposal by the Board, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board shall cease upon the Company's expiry. However, the Board shall remain responsible for the management of the Company until the liquidators are specified. The Company's administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

13. SUMMARY OF THE COMPANY'S BY-LAWS

The Company By-laws contain the items set out below. These should be read as an introduction to the By-laws, which are available for inspection at the Company's head office until the completion of the Rights issue (see Section 19, "**Documents Available for Inspection**", of this Prospectus).

13 - 1 Purposes of the Company

The purpose of the Company is to practice various sorts of mining activities at all stages of mining, including the development and the improvement of the mineral industry, its products and derivatives and all related industries. Oil and natural gas are not included in the Company's purposes, except to the extent that they are related to improvement of mineral products and procurements.

13 - 2 Duration of the Company

The duration of the Company shall be 50 years commencing on the date of the Royal Decree authorising the incorporation of the Company. The Company's period of duration may always be extended for similar or shorter periods.

13 - 3 Trading of Shares

Trading of shares shall be subject to the rules and regulations governing companies listed on Tadawul.

13 - 4 Share Capital

The Share capital of the Company is SAR 9,250,000,000 divided into 925,000,000 shares, each with a value of SAR 10.

13 - 5 Increase of Share Capital

The EGM may resolve to increase the Company's capital by issuing new shares with the same nominal value as the original shares, provided that the original capital shall have been paid up in full and that the increase to the Company's capital has been approved by the competent authorities. Such resolution shall specify the manner in which the capital shall be increased.

The Shareholders shall have rights to subscribe for the new shares when these shares are issued for cash consideration. The existing Shareholders shall be notified of their rights by a notice published in a daily newspaper reporting the resolution authorising the capital increase and the conditions of subscription. Each such Shareholder must express intent to exercise such rights, if he so wishes, within 15 days of the publication of such notice.

13 - 6 Decrease of Share Capital

The EGM may, for valid reasons and after obtaining the approval of the competent authorities, resolve to reduce the Company's capital if it proves to be in excess of its needs or if the Company has incurred losses. Such resolution shall only be adopted after considering the auditor's report on the reasons for such a reduction, with due consideration to the provisions of the Companies Regulations.

The resolution shall provide for the manner in which the reduction shall be made. If capital is to be reduced because it is in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within 60 days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due at a later date.

13 - 7 Preferred Shares

The Company may, after obtaining the approval of the competent authorities, issue non-voting preferred Shares in an amount not exceeding 50 per cent of its share capital. In addition to the right to dividends distribution on ordinary Shares, preferred Shareholders shall have:

- the right to obtain a certain percentage of the net profit, not less than five per cent of the nominal value of the Shares, after statutory reserves have been set aside and before the distribution of profits; and
- priority in recovering the value of their Shares in the Company's capital upon liquidation of the Company and in obtaining a certain percentage of the realisation value.
- The Company may purchase such Shares in accordance with the decision of the General Assembly. Such Shares shall not count for the purposes of quorum to convene a General Assembly.

13 - 8 Constitution of the Board

The Company shall be managed by a Board composed of nine members to be appointed by the Ordinary General Assembly for a term not exceeding three years. Four members of the Board shall represent the Government, represented by PIF, so long as the Government holds at least 50 per cent of the shares of the Company. A board member may be re-appointed at the conclusion of the term.

13 - 9 Qualification Shares

Each member of the Board shall hold Company Shares whose nominal value shall not be less than SAR 10,000. Such Shares shall be deposited in a bank designated by the Minister of Commerce and Industry within 30 days from the date of the appointment of the Director.

13 - 10 Membership

If a seat on the Board becomes vacant, the Board may appoint a temporary member to replace him, provided that such appointment shall be presented at the next Ordinary General Assembly. The term of office of the new member designated to fill a vacancy shall only extend to the term of office of his predecessor.

If the number of Directors falls below the quorum required for Board meetings, then an Ordinary General Assembly shall be held as soon as possible in order to appoint the necessary number of Directors.

13 - 11 Vacancies

Membership in the Board shall be terminated upon the expiration of the appointment period, resignation of the Director or death of the Director. If a seat on the Board becomes vacant, the Board may temporarily appoint a member to such vacant office, provided that such appointment is presented for approval at the first Ordinary General Assembly following such appointment. The new Director shall complete his predecessor's term of office. If the number of Directors falls below the quorum required for the proper convening of Board meetings, then the General Assembly shall be called for an Ordinary General Assembly as soon as possible in order to appoint the necessary number of Directors.

13 - 12 Powers of the Board

The Board shall be vested with full powers to manage the business of the Company and supervise its affairs.

Board responsibilities shall also include approving the Company's internal, financial, administrative and technical regulations and policies and procedures related to employees; forming committees and granting them appropriate powers; approving the establishment of subsidiaries, branches, offices and agencies; acquiring loans and credit facilities; approving the Company's business plan, operating plan and annual budget; approving grants of financial support and loans to subsidiaries wholly owned by the Company or in which the Company is a shareholder; and approving the Company's role as guarantor for loans to these subsidiaries.

13 - 13 Company Liability

The Company is liable for all acts performed by the Board within the limit of its powers, and shall be held accountable for any damages resulting from the illegal activity of any Board Member.

13 - 14 Board Meetings

The Board shall convene upon invitation of the Chairman at least twice a year. The Chairman of the Board shall call for a meeting if so requested by any two Directors.

Meetings of the Board shall take place at the Company's headquarters or at any other location as determined by the Chairman. A Board meeting is considered to be duly convened by the attendance of a majority of Directors and the Chairman (or his representative).

13 - 15 Quorum and Resolutions

A Board meeting shall be valid only if a majority of the Directors, including the Chairman or his representative, is present.

Board decisions shall be issued with the approval of the majority of the votes present at the meeting and, in the event of a tie, the Chairman's vote shall carry. Deliberations and resolutions shall be recorded in minutes to be signed by the Chairman and the Secretary. Such minutes shall be recorded in a special register to be signed by the Board Chairman and the Secretary.

13 - 16 Conflicts of Interest

Directors may not have any personal interest, whether direct or indirect, in any proposal, transaction or contract made for the account of the Company.

The Company may not lend or guarantee any loan to any Board Member.

Directors may not disclose any Company secrets to third parties; otherwise, they shall be dismissed and held accountable for any damages.

13 - 17 Chairman of the Board

The Board shall appoint a Chairman from among its members. The Chairman shall have the powers to call on the Board to convene and preside over its meetings.

The Chairman shall be authorised to represent the Company in its relationship with others and before judicial bodies, Government departments, notaries public, courts of law, commissions for settlements of disputes, and shall have the power to sell, purchase or vacate real property. The Chairman shall also have the power to sign articles of association and amendments thereto for companies established by the Company and may delegate any Board Member, or other party, to carry out certain activities.

13 - 18 President of the Company

The Board shall appoint a President for the Company. The President of the Company shall execute the decisions of the Board and in particular shall:

- Prepare Board meetings;
- Prepare the Company's general budget, profits and losses account and annual budgets;
- Supervise the Company's management and personnel;
- Approve expenditures in accordance with the approved annual budgets; and
- Delegate responsibilities to other executives as appropriate.

13 - 19 General Assembly

A General Assembly duly convened shall be deemed to represent all the Shareholders, and shall be held in the city where the Company's head office is located. Each Shareholder, regardless of the number of Shares held, shall have the right to attend the General Assembly.

Any Shareholder may authorise another Shareholder, other than Directors, to attend the General Assembly on his behalf.

The General Assembly shall be presided over by the Chairman of the Board or, in his absence, a representative designated by him. The Chairman shall appoint a Secretary for the meeting and a canvasser. Minutes shall be prepared for the meeting showing the names of Shareholders present in person or represented by proxy, the number of the Shares held by each, the number of votes attached

to such Shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary and the canvasser.

13 - 20 Ordinary General Assembly

Except for matters falling within the jurisdiction of an EGM, an Ordinary General Assembly shall be competent to deal with all other matters related to the Company and shall be convened at least once a year during the first six months following the end of the Company's fiscal year. Additional Ordinary General Assembly meetings may be called where necessary.

13 - 21 EGM

An EGM of Shareholders shall have the power to amend the provisions of the Company's By-laws. Furthermore, an EGM shall be empowered to adopt resolutions on matters falling within the jurisdiction of the Ordinary General Assembly under the same conditions applicable to the latter.

13 - 22 Manner of Convening a General Assembly

A General Assembly shall be held upon the invitation of the Board. The Board shall convene a meeting of the Ordinary General Assembly if requested to do so by the auditors or by a number of Shareholders representing at least five per cent of the Company's capital. A notice of the date and agenda of the General Assembly shall be published in the Official Gazette and in a daily newspaper circulated in the city where the Company's head office is located at least 25 days prior to the time set for such meeting.

13 - 23 Quorum of the Ordinary General Assembly

A meeting of the Ordinary General Assembly shall not be valid unless attended (in person or by proxy) by Shareholders representing at least 50 per cent of the Company's Share capital. If such quorum cannot be achieved in the first meeting, a second meeting shall be held within 30 days of the date of the first meeting. The second meeting shall only be deemed valid, irrespective of the number of Shares represented therein.

13 - 24 Quorum of the EGM

A meeting of the EGM shall not be valid unless attended (in person or by proxy) by Shareholders representing at least 50 per cent of the Company's Share capital. If such quorum cannot be achieved in the first meeting, a second meeting shall be held within 30 days of the first meeting. The second meeting shall only be deemed valid if attended (in person or by proxy) by a number of Shareholders representing at least 25 per cent of the Company's Share capital.

13 - 25 Voting Rights

Each Shareholder shall have the right to attend General Assemblies, and each Shareholder may authorise another Shareholder, other than the members of the Board, to attend the General Assembly on his behalf. Votes at the meetings of Ordinary and Extraordinary General Assemblies shall be computed on the basis of one vote for each Share represented at the meeting.

13 - 26 Resolutions

Resolutions of the Ordinary General Assembly shall be adopted by an absolute majority of the shares represented thereat. Resolutions of the EGM shall be adopted by a two-thirds majority of the Shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing capital, extending the Company's term, dissolving the Company prior to the expiry of the period specified under the Company's By-laws or merging the Company with another company or establishment, then such resolution shall be valid only if adopted by a three-quarters majority of the shares represented at the meeting.

13 - 27 The Rights of Shareholders to Ask Questions at the General Assembly

Each Shareholder shall have the right to discuss the items listed on the General Assembly's agenda and to direct questions to Directors or the auditor in this respect. The Board or the auditor shall answer the Shareholders' questions to the extent that this does not jeopardise the interest of the Company.

13 - 28 Issuance of Bonds

The Company may issue negotiable and indivisible bonds and sukuk, and offer them to the public or otherwise, within the Kingdom or abroad, in accordance with applicable regulations and instructions.

13 - 29 Appointment of Auditor

The Company shall have one or more auditors, to be selected from among certified public auditors licensed to work in the Kingdom. The auditor shall be appointed and its remuneration shall be determined by the General Assembly. The General Assembly may reappoint the same auditor.

13 - 30 Access to Records

The auditor shall have access at all times to the Company's books, records and any other documents, and may request information and clarification as it deems necessary. It may also review the Company's assets and liabilities.

13 - 31 Auditor's Report

The auditor shall review the annual budget and final accounts, including the balance sheet and profit and loss statement, and prepare a report about the business, activities and financial status of the Company and its opinion as to whether the Company's accounts conform to the facts and whether it has discovered any violations of the By-laws.

13 - 32 Fiscal year

The Company's fiscal year commences on 1 January and ends on 31 December each year.

13 - 33 Financial Statements

The Board shall prepare, 40 days prior to the end of each fiscal year, an inventory of the Company's assets and liabilities on such date, the Company's balance sheet and profit and loss account, a report on the Company's activities and its financial position for the preceding year and its proposals as to the distribution of the net profits for that fiscal year. The Board shall place such documents at the auditor's disposal at least 55 days prior to the date set for convening the General Assembly. The Chairman of the Board shall sign such documents and make them available to Shareholders at the Company's head office. The Chairman of the Board shall also publish the Company's balance sheet, profit and loss account, a comprehensive summary of the Board's report and the full text of the auditor's report in a newspaper circulated in the city where the Company's head office is located, and shall send copies of such documents to the Companies Department at the Ministry of Commerce and Industry and the CMA at least 25 days prior to the date set for the General Assembly.

13 - 34 Distribution of Annual Profits

The annual net profit of the Company shall be distributed after deducting general costs and other costs, as follows:

- Ten per cent of the net profit shall be set aside for the formation of a statutory reserve. The Ordinary General Assembly shall cease this when the statutory reserve reaches half the Company's Share capital;
- Holders of preferred shares shall receive dividends in the proportion agreed upon for such shares;
- The Ordinary General Assembly may, pursuant to a proposal from the Board, set aside a percentage of annual profits to form a reserve for certain purposes to be determined by the Ordinary General Assembly;

- Using the remaining amount, a first dividend payment of five per cent shall be allocated to the shareholders out of the paid-in capital;
- The Board compensation shall be allocated from the rest; and
- The rest shall be distributed to the shareholders as an additional share of the profits. The Company may distribute semi-annual and quarterly dividends after complying with the applicable requirements established by the competent authorities.

The CMA shall be notified of any resolution to distribute dividends or any recommendation to do so. Dividends scheduled to be distributed among Shareholders shall be paid at the place and time determined by the Board.

If the Company does not distribute dividends during a given fiscal year, the dividends of the following year shall be distributed after preferred Shareholders are paid their dividends in accordance with the Company's By-laws.

13 - 35 Dissolution of the Company

If the Company's total losses amount to three-quarters of its capital, Directors shall call the EGM for a meeting to consider whether the Company shall continue to exist or be dissolved before the expiry of the term specified in the Company's By-laws. In all cases, the resolution shall be published in the Official Gazette.

13 - 36 Dissolution and Winding-up of the Company

Upon the expiry of the Company's term, or if it is dissolved prior to the time set for the expiry thereof, the EGM shall, based on a proposal by the Board, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board shall cease upon the Company's expiry. However, the Board shall remain responsible for the management of the Company until the liquidators are specified. The Company's administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

13 - 37 Directors' Compensation

The Company shall compensate, within reasonable limits, members of the Board and managers of the Company for all expenses and amounts incurred or paid by them in relation to any judicial cases or procedures filed against them for their behaviour or services as Board or managers of the Company. However, this compensation shall not extend to matters in which the member of the Board or the manager of the Company shall be judged responsible for the consequences due to negligence or misconduct in the performance of duties.

14. LEGAL INFORMATION

14 - 1 MATERIAL CONTRACTS

The following are summaries of certain material agreements, including shareholders' agreements, financing agreements and engineering, procurement and construction contracts, entered into by the Company and the other members of the Group. These summaries should not be considered to be a full statement of the terms and provisions of such agreements.

14 - 1 - 1 MPC

MPC, a limited liability company co-owned by the Company (70%) and SABIC (30 per cent), carries out the Group's current phosphate operations. MPC has Share capital of SAR 6,208,480,000 consisting of 620,848 fully paid shares with a nominal value of SAR 10,000 each. The phosphate operations are comprised of a phosphate mine and a beneficiation plant at Al-Jalamid and a fertiliser production facility at Ras Al-Khair, which produce DAP fertiliser, sulphuric acid, phosphoric acid and ammonia. (Please see Section 4.7.1, "**The Company—Business Units—Phosphate**" of the Prospectus.)

14 - 1 - 1 - 1 Shareholders' agreement with SABIC

The Company entered into a shareholders' agreement on 15/09/2007G with SABIC. Under the terms of the shareholders' agreement the parties agreed to establish MPC as a limited liability company in the Kingdom through which the parties will hold their respective interests in the joint venture, with 70 per cent owned by Ma'aden and 30 per cent owned by SABIC.

The term of the shareholders' agreement is 25 years and it will be renewed automatically for a further term of five years upon expiration, unless either of the Company or SABIC has given its written notice of its intention not to renew three years before the expiry date.

The Company's obligations under the shareholders' agreement include the novation and transfer to MPC of all its rights and benefits of all permits, licenses, permissions or agreements granted or entered into by the Company that are relevant to the phosphate operations that were intended to be carried out by MPC, including the Al-Jalamid Deposit, and procuring certain rights, benefits and services for MPC from third parties that are necessary for the project. The Company will also provide certain support services including assisting in obtaining approvals and permissions from governmental and non-governmental entities in the Kingdom, procuring certain other rights and benefits for MPC and providing project management services. The Company's obligations in this respect are governed by a separate services agreement.

SABIC's obligations under the shareholders' agreement include providing MPC with research and technology services and marketing services on arm's-length commercial terms, and technical and operational support, project management and construction support, manpower secondment and training and development services on terms equivalent to the most favourable terms on which SABIC provides similar services to its affiliates.

In accordance with the terms of the shareholders' agreement, the MPC board of managers will comprise six managers: Four appointed by the Company and two appointed by SABIC. The senior management team appointed by the Board will include a president (chief executive officer) nominated by the Company and a chief financial officer nominated by SABIC.

The initial capital contributions of the Company and SABIC in MPC will represent 70 per cent and 30 per cent of the issued capital of MPC respectively. Should additional funding be required for future expansions of the project, the shareholders shall be invited to subscribe for additional shares on a pro rata basis. Should a party not subscribe to shares offered to it, the other Party may subscribe for such shares, and the first shareholder will be diluted accordingly. Alternatively, the party declining to subscribe for additional shares may require a break-off project to be set up to carry out the expansion.

No party shall compete with the marketing of granular DAP or MAP produced by MPC in a material way within the Kingdom as long as such party remains a shareholder and for a period of five years thereafter, subject to the Company being permitted to participate in any break-off project set up to implement an increase in the capacity and production of the phosphate operations and SABIC being permitted to participate in the existing operations and future expansions of the Ibn Al-Baytar Project in Jubail Industrial City.

Subject to transfers to an affiliate and the Company being permitted to sell or transfer any of its shares to any entity in which the Government holds an interest, no party may transfer any shares to another person before the fifth anniversary of the commercial production date and no party may grant any security interest over its shares without the prior written consent of the other party. Any transfer of shares to a third party after the five-year lock-in period will require the approval of the other party and be subject to pre-emption rights in favour of the other party.

The shareholders' agreement will automatically terminate if MPC is dissolved and liquidated for any reason. Under the shareholders' agreement, a party becomes a defaulting party if a petition seeking adjudication of bankruptcy or insolvency is filed by or against a party (or a person controlling that party); proceedings for the dissolution or liquidation of a party (or a person controlling that party) are commenced; a receiver, administrator or trustee is appointed in respect of a substantial portion of the business or assets of a party (or a person controlling that party); a party is in default of an obligation which causes a material adverse effect (as defined in the shareholders' agreement) to the other party or MPC, and fails to remedy such a default within 28 days of receiving written notification from the other party; or it is in default of an obligation to provide funds to MPC pursuant to the terms of the shareholders' agreement.

If a party becomes a defaulting party, the non-defaulting party may terminate the shareholders' agreement by electing to purchase all, or any number of, shares in the company then held by the defaulting party and its affiliates at a price equal to 80 per cent of the per share equity contribution of the defaulting party if the default occurred before the commencement of commercial production, or at a price equal to 80 per cent of the share price if default occurred after the commencement of commercial production date. Alternatively, if the defaulting party and its affiliates together hold 50 per cent or more of the shares in MPC, the non-defaulting party may require the defaulting party to purchase its shares at fair market value (as determined in accordance with the terms of the shareholders' agreement).

The shareholders' agreement contains such other warranties, covenants and provisions considered usual for an agreement of this type.

14 - 1 - 1 - 2 Marketing Agreements

MPC has entered into a number of marketing agreements with each of the Company and SABIC, pursuant to the shareholders' agreement entered into between the Company and SABIC, by virtue of which the Company and SABIC will (each in proportion of its shareholding in MPC) market and sell any output of Intermediate Products (in excess of the DAP/MAP plant needs), granular DAP and granular MAP as produced by the DAP/MAP plant in consideration of receiving a marketing fee. The Company has assigned its marketing obligation in respect of 47 per cent of the total DAP production and all of the excess ammonia production to SABIC, such that 77 per cent of the total DAP production and all excess ammonia production is marketed by SABIC, with only the remaining 23 per cent of total DAP production marketed by the Company. The Company called back part of its assigned marketing portion by virtue of a supplemental agreement which set the current portion of marketing of each of the Company and SABIC at 50 per cent of the total DAP production and all excess ammonia production until the end of 2015G. In 2016G, the parties' shares will revert back to their original portions at 77 per cent for the Company and 23 per cent for SABIC. These agreements have been assigned as security to secured financiers, other than the SIDF, under the MPC project financing.

14 - 1 - 1 - 3 Gas Supply Agreement

On 01/11/2009G, MPC entered into a gas supply agreement with Saudi Aramco, pursuant to which Saudi Aramco has agreed to supply 124,200 million metric British thermal units ("Mmbtu") per day of natural gas (at a price quoted by the competent authorities) to MPC's phosphate complex at Ras Al-Khair. The term of this agreement is 20 years from the date of signing of the agreement.

14 - 1 - 1 - 4 Sulphur Supply Agreement

On 10/07/2010G, MPC entered into a sulphur supply agreement with Saudi Aramco, pursuant to which Saudi Aramco has agreed to supply 125,000 tons of sulphur per month (at a price quoted by the competent authorities) for the operation of MPC's sulphuric acid plant at Ras Al-Khair. The term of this agreement is one year from the date of signing of the agreement and automatically renews on an annual basis unless one party notifies the other of its intention to terminate 30 days prior to the date of renewal.

14 - 1 - 1 - 5 Railway Phosphate Transport Agreement

MPC entered into a railway phosphate transport agreement with the Saudi Railways dated 13/03/2013G by virtue of which Saudi Railways agrees to provide MPC with transport and affreightment services in relation to the phosphate ore extracted from Al-Jalamid mine to Ras Al-Khair. In consideration of performing those services, Saudi Railways will be entitled to a fee based on the freight rates set out in (and adjustable pursuant to) the Railway Agreement. The initial term of the agreement is 20 years from the date the services commence and will be automatically renewable for additional five-year periods. The agreement contains minimum volume requirements, risk of loss provisions and indemnity provisions customary to agreements of this nature.

14 - 1 - 1 - 6 Other transport agreements

In addition, MPC has entered into a number of other transport and trucking agreements in respect of the transport and shipping of molten sulphur and phosphate ore concentrate from Al-Jalamid and various Saudi Aramco sites to Ras Al-Khair. Those agreements contain standard provisions that are customary to agreements of this nature.

14 - 1 - 1 - 7 Contract for Mining Phosphate Ore and Waste

On 01/10/2007G, MPC entered into a mining services contract with Saudi Comedat for the provision of mining services and related activities at the Al-Jalamid mine.

Saudi Comedat is required to extract phosphate ore from the Al-Jalamid mine and deliver it to the beneficiation plant at Al-Jalamid mine or into stockpiles designated by the Company. The term of the mining contract is scheduled to run until 30/11/2017G, unless target production levels are achieved earlier and the Company chooses to terminate at that stage.

The mining contract provides for production levels for the quantity of phosphate ore to be mined by Saudi Comedat during the term of the contract. The Company can require adjustments to these production quantities within specified ranges.

The contract price for achieving the target production levels is subject to adjustment for (i) periodic changes in certain variable costs of production (plant, consumables, labour); (ii) any variation to the scope of services instructed by the Company; and (iii) the levels of production actually achieved. Saudi Comedat is also entitled to reimbursement of specific costs, including the cost of maintaining insurance in accordance with the mining contract.

Saudi Comedat's total liability under the agreement is capped, as is customary for a contract of this nature, except in respect of liability arising out of (a) fraud, illegality or wilful misconduct; (b) death, personal injury or property damage caused by negligence or breach of contract; or (c) losses that should have been insured against by Saudi Comedat.

The Company may terminate the contract at any time, without cause, upon three months' notice to Saudi Comedat. Either the Company or Saudi Comedat may also terminate the contract in certain other circumstances, including insolvency of the other party, material breach of the mining contract by the other party or prolonged force majeure. In case of termination by the Company without cause or termination by Saudi Comedat for the Company's default, Saudi Comedat may require the Company to purchase the mining equipment, at market value. In case of termination on other grounds, the Company can require Saudi Comedat to make the equipment available for its continued use until the Company has had a reasonable time to arrange replacement equipment.

14 - 1 - 1 - 8 Project Financing Agreements

On 15/06/2008G, MPC entered into a project financing facility agreement with a number of financial institutions and private banks, including the PIF and SIDF, with a total sum of SAR 14,955,206,250. The types of facilities involved in the agreement include:

- Commercial Term Facility (provided by a group of Saudi and foreign banks)—USD 297,750,000 (equal to SAR 1,116,562,500);
- Commercial Working Capital Facility (provided by a group of Saudi and foreign banks)—USD 100,000,000 (equal to SAR 375,000,000);
- KEIC Covered Facility—USD 200,000,000 (equal to SAR 750,000,000);
- K-EXIM Facility—USD 400,000,000 (equal to SAR 1,500,000,000);

- Procurement Facility (provided by a group of Saudi and foreign banks)—USD 1,138,638,000 (equal to SAR 4,269,892,500);
- Al-Rajhi Facility—USD 625,000,000 (equal to SAR 2,343,750,000);
- PIF Facility—SAR 4,000,001,250; and
- SIDF Facility—SAR 600,000,000.

Final repayment on all facilities, other than the SIDF Facility, is due on 31/12/2023G. The common terms agreement is governed by the laws of England and Wales, while the facilities agreements, with the exception of the Commercial Term Facility, the K-EXIM facility and the KEIC Covered Facility, are governed by the laws of the Kingdom.

This facility has a security package that includes one order note in an amount equal to the commitment under each facility and one order note in an amount equal to the estimated commission of the applicable common terms agreement.

In addition to standard terms, an event of default will occur if:

- a sponsor or shareholder does not pay amounts when due within seven business days or fails to comply with its other obligations under such agreement within 60 days;
- there is cross default to any financial indebtedness of MPC or any sponsor prior to the sustainable production date; or
- the economic completion has not occurred within 18 months of the initial scheduled completion date and the sustainable production date has not occurred by the longstop date.

In addition to the standard terms for this type of agreement, this facility includes the following material restrictions:

- Certification that following the making of relevant utilisation the ratio of overall project debt utilisations to equity spent will not be greater than 70:30;
- A minimum utilisation for the Commercial Term Facility of USD 50,000,000 (equal to SAR 187,500,000); for the Commercial Working Capital Facility of USD 25,000,000 (equal to SAR 93,750,000); for the K-Exim Facility of USD 10,000,000 (equal to SAR 37,500,000); for the KEIC Covered Facility of USD 10,000,000 (equal to SAR 37,500,000); for the Stage Payment under the Procurement Facility of USD 5,000,000; and for the Al-Rajhi Facility for USD 5,000,000 (equal to SAR 18,750,000); and
- A minimum utilisation for the PIF facility of USD 213,400,000 (equal to SAR 800,250,000).

MPC has also agreed to ensure that it complies with certain environmental standards, including those set out by the Presidency of Meteorology and Environment, the Equator Principles and the World Bank Pollution Prevention and Abatement Handbook.

14 - 1 - 1 - 9 MPC PIF Loan Agreement

On 11/07/1429H (corresponding to 14/07/2008G), MPC entered into a loan agreement with the PIF (a 50 per cent shareholder of the Company), pursuant to the facilities provided to finance the phosphate project at Ras Al-Khair, in an aggregate amount of SAR 4,000,001,250 in order to finance the costs of the aforementioned project, and is to be repaid in 24 equal semi-annual payments. This facility agreement is governed by the same restrictions and conditions that govern the above-mentioned project and is subject to an annual commission fee of 0.5 per cent plus LIBOR.

14 - 1 - 1 - 10 MPC SIDF Loan Agreement

On 29/04/2009G, MPC entered into a loan agreement with the SIDF whereby facilities for the production of diammonium phosphate fertiliser in an aggregate maximum amount of SAR 600 million were made available SIDF to MPC. The drawdown termination date is 29/12/1432H (corresponding to 25/11/2011G), and the final maturity date is 15/10/1440H (corresponding to 18/06/2019G). This facility agreement is governed by the laws of the Kingdom.

The security package consists of: (i) promissory notes, which are required to be issued at each drawing by MPC in an amount equal to the drawing; (ii) an assignment of insurance proceeds; (iii) an assignment of technology rights; (iv) mortgages over the relevant plants; and (v) guarantees from the partners in proportion to their shareholdings in relevant project companies.

MPC may not declare, pay or make any dividend or other distribution of a similar nature except if (i) an event of default has occurred or is ongoing; (ii) prior to the first maturity or a final order note; or (iii) if the aggregate amount of all such payments, dividends and distributions in relation to any fiscal year exceeds the aggregate of the maximum dividend percentage of MPC's paid up share capital and an amount equal to any prepayment made to the SIDF in the relevant year.

This facility contains standard terms for events of default.

In addition to the standard terms for this type of agreement, this facility includes the following material restrictions:

- Prior to the distribution of the final 50 per cent of the facility: (i) SIDF shall be named as beneficiary of the intellectual rights of the project's production processes and technologies; and (ii) MPC must provide evidence that a proper commercial financing for the project has been arranged;
- Prior to the distribution of the final 20 per cent: (i) Parties must make inventory of MPC's fixed assets and prepare a checklist; (ii) MPC must establish a technically supported marketing, sales and distribution organisation to be satisfactory to SIDF; (iii) MPC must implement SIDF industrial safety requirement and provide SIDF with Royal Commission environmental permit; and (iv) SIDF must be satisfied with the sale arrangements for ammonia and phosphoric acid; and (v) MPC must appoint a qualified management operation team acceptable to the SIDF; and
- Other financial covenants including: (i) Maximum rental of SAR 250,000,000 per annum; (ii) Working capital ratio not less than 1:1 through life of loan; (iii) Total liabilities / tangible net worth of not greater than 3:1 until repayment; (iv) Maximum dividends not to exceed 25 per cent of paid-in capital or SIDF repayment in any fiscal year; (v) Maximum capital expenditure of SAR 500,000,000 per annum; (vi) Operation date of Q2 2014G; (vii) MPC to provide SIDF with gas and sulphur sales agreements signed by Saudi Aramco, and; (viii) MPC undertakes that marketing fees to SABIC and/or the Company will not be paid unless the SIDF Loan is current.

The Company asserts that it is currently in compliance with all the above-mentioned restrictions.

14 - 1 - 2 MWASPC

MWASPC, a limited liability company co-owned by the Company (60 per cent), Mosaic (25 per cent) and SABIC (15 per cent), is undertaking the WAS Project, the development of an integrated phosphate production facility at Wa'ad Al-Shamal Mineral Industrial City and Ras Al-Khair. MWASPC has share capital of SAR 8,437,500,000 consisting of 843,750,000 shares with a nominal value of SAR 10 each, of which a total sum of SAR 2,130,001,875 is paid. The WAS Project will involve the development of a beneficiation plant, sulphuric acid plant and phosphate acid plant at Wa'ad Al-Shamal Mineral Industrial City and an ammonia plant and a DAP plant at Ras Al-Khair. (Please see Section 10, "**Use of Offering Proceeds**", of the Prospectus).

14 - 1 - 2 - 1 Shareholders' Agreement with SABIC and Mosaic

On 05/08/2013G, the Company entered into a shareholders' agreement with SABIC and Mosaic in respect of the development, construction, commissioning, operation, maintenance and eventual decommissioning and rehabilitation of the mining, processing and production facilities, and the operations and related infrastructure in the northern region of the Kingdom in connection with the integrated phosphate project at Wa'ad Al-Shamal Mineral Industrial City. Pursuant to the shareholders' agreement, MWASPC was incorporated as a limited liability company.

The shareholders' agreement has a term of 25 years from its date of execution, automatically renewed for an additional term of five years, unless the parties agree otherwise at least two years before the expiry of the initial terms or unless otherwise terminated pursuant to its terms.

Under the shareholders' agreement the Company is required to novate and transfer to MWASPC all of the Company's rights, title and interest in all contracts, agreements, arrangements, engagements, licenses and commitments of whatever nature that have been entered into by or granted to the Company solely in connection with the WAS Project following the formation of MWASPC (including the gas allocation letter and certain mineral rights and the right to use land located at the King Abdullah Project for the Development of the WAS Project in the northern region of the Kingdom). The Company will also provide certain support services (including developing a detailed study of the scope of the lime production plant at Wa'ad Al-Shamal Mineral Industrial City in the northern region of the Kingdom and, to the extent necessary and desirable, making reasonable efforts to procure operation and management services and land use and shared facility arrangements for MWASPC in Ras Al-Khair in the Kingdom).

Mosaic's obligations under the shareholders' agreement include providing technical assistance (including under the MCP/DCP technical services agreement) and providing technical and subject matter experts.

SABIC's obligations under the shareholders' agreement include providing MWASPC with experts in the areas of project management, operation of ammonia production facilities and safety and security.

In accordance with the shareholders' agreement, MWASPC will have a board of managers (the "MWASPC Board") having full authority to act on behalf of MWASPC and consisting of seven managers, four of whom are appointed by the Company, two appointed by Mosaic and one appointed by SABIC. The Company shall appoint the chairman of MWASPC and nominate MWASPC's president (for approval by the MWASPC Board). In addition Mosaic shall nominate the VP of operations and SABIC shall nominate the internal auditor (both for approval by the MWASPC Board).

The MWASPC Board may from time to time request funds from the shareholders, in accordance with the then-applicable approved budgets and on a pro rata basis. If a shareholder fails to contribute its share of required shareholder funding, the non-defaulting shareholders may: (a) agree to treat the funding default as an event of default and exercise their rights under the shareholders' agreement; or (b) remedy the funding default by contributing the required funding and dilute the defaulting shareholder immediately to the extent of the remedied amount.

In the case of an expansion for which MWASPC requires additional funding, MWASPC may require funds from those shareholders who approved (or whose managers approved) the expansion on a pro rata basis and in accordance with the approved expansion financing plan. If the Company proposes an expansion that is not approved by the MPC Board, the Company may pursue such project as a break-off project independent from MWASPC with those shareholders who approved (or whose managers approved) the proposed expansion project and who wish to participate in the break-off project.

Each shareholder will market, on behalf of MWASPC (on identical and arm's-length commercial terms), such shareholder's pro rata share (based on its shareholding percentage in MWASPC) of all fertiliser products and intermediate products (i.e. beneficiated phosphate rock, sulphuric acid, phosphoric acid and ammonia), except that:

- Mosaic will not market any fertiliser products in the Kingdom; and
- The Company will market all surplus intermediate products (whether within or outside the Kingdom).

Mosaic will (a) market on behalf of MWASPC for five years from the date of the first commercial production of the relevant products (which Mosaic may renew for a further two years) MCP and/or DCP outside the GCC countries; provided that MWASPC will have the exclusive right to market and sell MCP and/or DCP outside the GCC countries in any jurisdiction where Mosaic is prohibited by law to market and sell MCP and/or DCP and (b) provide marketing and customer technical support in connection with the same.

In addition, MWASPC will seek to enter into agreements with third parties in the Kingdom for the long-term supply of sodium tri-poly-phosphate, DCP, MCP and purified phosphoric acid on arm's-length commercial terms, based on competitive terms and conditions, including market based pricing, and, where applicable, on the terms outlined in the marketing agreements between the shareholders and MWASPC.

Other than transfers to an affiliate of a shareholder or transfers by the Company to an entity controlled by a governmental authority of the Kingdom (where such transfer would not require the other shareholder's consent), no shareholder may transfer any shares to another person before (i) the first to come of (a) the earlier of three years following the commercial production date and (b) six years following the signing of the shareholders' agreement, or (ii) such later date as may be required by the financing agreements for the WAS Project. In addition, no partner may grant any security interest over its shares without the prior written consent of the other partners and MPMR Any transfer of shares to a third party after this period will be subject to a right of refusal and a right to match the terms of any such transfer in favour of the non-transferring shareholders.

In accordance with the shareholders' agreement, Mosaic must not:

- acquire a direct or indirect interest in any business engaged in the mining or processing of phosphate ore or its derivatives in Jordan or any GCC country other than the Kingdom during the earlier of (a) three years following the commercial production date, and (b) seven years from the date of execution of the shareholders' agreement,
- acquire a direct or indirect interest in or develop any phosphate project located in the Kingdom within the five years following the commercial production date; or
- acquire a direct or indirect interest in or develop any phosphate project located in the Kingdom, if the Company purchases all of Mosaic's shares as a consequence of an event of default where Mosaic is the defaulting party, within 10 years following the commercial production date.

This is provided that the foregoing will not restrict Mosaic from (a) investing in a business or project jointly with the Company, or (b) entering into a merger, acquisition or similar transaction with another entity whose aggregate revenues generated by operations in Jordan and the GCC countries comprise less than 35 per cent of its total revenue.

The shareholders' agreement provides for customary events of default, including insolvency of a shareholder (or a shareholder's ultimate parent company), failure to make payments required under the shareholders' agreement, and failure to comply with the transfer provisions in the shareholders' agreement, in each case subject to the expiry of applicable cure periods.

Where the Company is not the defaulting shareholder, the Company may purchase all (but not less than all) of the defaulting shareholder's shares at a price equal to 90 per cent of:

- the share capital contributed to MWASPC by the defaulting shareholder if the transfer occurs before completion of the initial WAS Project; or
- on a fair market value basis (as determined in accordance with the terms of the shareholders' agreement) if the transfer occurs after the completion of the initial WAS Project.

Where the Company is the defaulting shareholder, each non-defaulting shareholder may sell (and the Company will be required to purchase) all (but not less than all) of such non-defaulting shareholder's shares at a price equal to 110 per cent of:

- the share capital contributed to MWASPC by the non-defaulting shareholder, plus the entry payment, if the transfer occurs before completion of the initial WAS Project; or
- on a fair market value basis (as determined in accordance with the terms of the shareholders' agreement) if the transfer occurs after the completion of the initial WAS Project.

The shareholders' agreement contains such other warranties, covenants and provisions considered usual for an agreement of this type.

14 - 1 - 2 - 2 Technical Services Agreement for the WAS Project

The Company has entered into a technical services agreement with Mosaic dated 19/03/2013G relating to the WAS Project, whereby Mosaic has agreed to provide the Company with a number of services necessary for designing, building and operating a plant to manufacture downstream MCP and DCP products, in consideration of a fee payable to Mosaic. Mosaic's liability is capped to amounts paid pursuant to the agreement. The technical services agreement contains other standard provisions that are customary to agreements of this nature. On 24/04/2014G, the Company transferred its rights and duties under this agreement to MWASPC.

14 - 1 - 2 - 3 Engineering Procurement and Construction ("EPC") Contracts and Project Management Consultancy ("PMC")

MWASPC relies on third-party construction firms for the design, construction and project management of its industrial facilities and mines. These firms will generally be required to carry out the design, construction, project management, and supervision of works contracts and commissioning of the industrial facilities and assume major risks related to design and construction. MWASPC is entitled to deduct a certain amount from the contract price in the event that the deadlines are not met. While the EPC and PMC contracts are individually negotiated, they are generally made subject to certain standard terms and conditions, which are set out below:

- Performance Bond: The contractor is required to provide a performance bond or a performance guarantee worth ten per cent of the contract price.
- Liquidated Damages: If the works fail to achieve the guaranteed performance and such failure is due to any failure by the contractor (in respect of EPC contracts) or the contractors remove key personnel with a satisfactory handover (in the case of the PMC contracts), MWASPC may demand performance liquidated damages.
- Design Defects: If errors or other defects are found in the contractors design, they shall be corrected at the contractor's cost.
- Limitation on Liabilities: With a few limited exceptions, neither party shall be liable for consequential or indirect damages, and the contractor's liability is capped at the contract price.
- Indemnity: MWASPC uses standard indemnification clauses in which parties indemnify each other against any damages or liabilities suffered in connection to the contract, including pursuant to claims by third parties.
- Governing Law and Dispute Resolution: MWASPC's EPC contracts are governed by the laws of the Kingdom, and all disputes arising out of the agreement are referred to arbitration under the Dispute Adjudication Board.
- Assignment: The Company may assign any of its rights without consent.
- Termination: The Company may terminate the agreement at any time with advance notice for its convenience, and either party may terminate the agreement if the other party commits a material breach or is insolvent. The Company may also terminate if there is a change of control at the contractor without the Company's prior written consent.

- Representations and Warranties: The contracts contain standard representations and warranties for contracts of this type, including as to competence and intellectual property.

Specific details for the material ECP and PMC contracts are set out below. These contracts, while initially entered into by the Company, have now all been transferred from the Company to MWASPC.

PMC Contract with Bechtel Corporation

On 01/12/2012G, the Company entered into in-Kingdom and out-of-Kingdom project management and consulting contract with the Saudi Arabian Bechtel Company ("Bechtel") that includes front-end engineering and design related to the preparation of a scoping study and master plan for the development of the WAS Project.

Pursuant to this agreement, Bechtel agreed to provide project management and engineering services including preliminary engineering, procurement of works contracts, and master planning management during the first phase of the WAS Project, and project management, engineering management, supervision of works contracts, and commissioning and handover management during the second phase of the WAS Project.

There is no term for this agreement, with key completion dates to be determined by Bechtel and the Company.

PMC Contract for the WAS Project

On 01/12/2012G, the Company entered into an in-Kingdom and out-of-Kingdom PMC agreement with Fluor Arabia ("Fluor") relating to the preparation of a feasibility study and further testing, commissioning and plant start-up at the Wa'ad Al-Shamal Mineral Industrial City.

Pursuant to this agreement, Fluor agreed to create a bankable feasibility study, including basic design packages, bankable feasibility report, EPC packages development and tendering, and to act on the Company's behalf to manage and supervise contractors.

EPC contract for the construction of an ammonia plant as part of the WAS Project

On 03/02/2014G, the Company entered into an in-Kingdom and out-of-Kingdom project engineering and procurement contract with Daelim relating to the engineering and construction of the Wa'ad Al-Shamal ammonia plant. On 06/05/2014G, the Company transferred its rights and duties under this agreement to MWASPC.

Pursuant to the agreement, Daelim agreed to undertake the onshore and offshore design, engineering and procurement of the materials necessary to construct the ammonium plant. The date for completion for the entire project is 30/09/2016G.

EPC contract for the construction of a sulphuric acid plant and power generation facility as part of the WAS Project

On 04/02/2014G, the Company entered into an in-Kingdom and out-of-Kingdom project engineering, procurement and construction contract with SNC-Lavalin International Inc., Sinopec Engineering Group Co. Ltd and SNC-Lavalin Arabia LLC related to the engineering, procurement and construction of the sulphuric acid plant and power plant as part of the WAS project.

The contractors agree to undertake the design and engineering, procure the materials necessary and undertake the construction of the sulphuric acid plant and power plant as part of the WAS project.

Contract for the construction of a phosphoric acid plant as part of the WAS Project

On 04/02/2014G, the Company entered into an in-Kingdom and out-of-Kingdom project engineering, procurement and construction contract with Hanwha Saudi Contracting Company Ltd. related to the construction and offshore design, engineering and procurement of plan and materials for the purposes of constructing the phosphoric acid plant as part of the WAS project.

Contract for the construction of an ore beneficiation plant as part of the WAS Project

On 04/02/2014G, the Company entered into an in-Kingdom and out-of-Kingdom project engineering, procurement and construction contract with China Huanqiu Contracting and Engineering Corp. (HQC) for the construction, design, engineering and procurement of plant and materials for the construction of a beneficiation plant, crusher and overland conveyor, as part of the WAS Project.

Contract for the construction of a fertiliser plant as part of the WAS Project

On 04/02/2014G, the Company entered into an engineering, procurement and construction contract with Intecsa Industrial S.A. for the design, engineering and procurement of plant and materials for the construction of the fertiliser plant at Ras Al-Khair as part of the WAS Project.

Contract for the in-Kingdom construction of the fertiliser plant as part of the WAS Project.

On 04/02/2014G, the Company entered into an EPC contract with Dragados Gulf Construction Company Ltd. for the construction of a fertiliser plant at Ras Al-Khair, including the supply of all equipment and services necessary to complete the works.

Contract for the construction of facilities within the scope of the MWAS Project

On 02/09/2014G, MWASPC entered into an EPC Contract with Dragados Gulf Construction Company Ltd. for the construction of facilities of the WAS Project at Ras Al-Khair, including the supply of all equipment and services necessary to complete the works.

MWASPC Gas and Sulphur Allocation Letters

On 25/02/2012G, Saudi Aramco addressed to the Company a gas allocation letter whereby Saudi Aramco agreed to allocate gas as fuel and feedstock to the Company for the Umm Wu'al project (at a price quoted by the competent authorities in the Kingdom) to be used for the ammonia plant located in Ras Al-Khair Mineral Industrial City and the production of phosphate at the Wa'ad Al-Shamal Mineral Industrial City, until 28/02/2013G. This gas allocation letter was initially extended until 30/06/2014G, and then subsequently extended until 31/05/2015G.

On 04/02/2014G, Saudi Aramco addressed to the Company a sulphur allocation letter whereby Saudi Aramco agreed to allocate sulphur as feedstock to the Company for the Umm Wu'al project (at a price quoted by the competent authorities in the Kingdom) to be used for the production of phosphate at the Wa'ad Al-Shamal Mineral Industrial City, until 28/02/2015G.

This gas and sulphur allocation letters include specific fuel and feedstock quantity requirements relating to the WAS Project, including the ammonia plant at Ras Al-Khair.

The allocation and provision of the required fuel and feedstock to the Company is subject to the Company meeting a number of requirements including but not limited to:

- The Company developing and operating Al-Khabra Mine located in Umm Wa'al with production capacity of 13,500 Ktpa of phosphate rock for processing and utilisation by the WAS Project plants;
- The Company developing and operating a compound of phosphate fertiliser plants;
- The Company owning and operating an ammonia plant in Ras Al-Khair with production capacity of 1,100 Ktpa;
- Adherence to the following timeline:
  1. The ammonia plant in Ras Al-Khair shall begin production before the end of the Q3 2016G;
  2. WAS Project's plants shall begin production before the end of Q4 2016G; and
  3. The Company compound and phosphate fertiliser plants at Ras Al-Khair on stream date shall be no later than the end of Q4 2016G;
- A supply of ammonia to be made available for a technical ammonium nitrate project and for certain conversion industries; and
- Supply of feedstock to conversion industries.

14 - 1 - 2 - 4 MWASPC Marketing Agreements

On 24/04/2014G, MWASPC entered into a number of marketing agreements with each of the Company, SABIC, and Mosaic for the sale of DAP, MAP, nitrogen phosphorous fertiliser and nitrogen phosphorous potassium fertiliser, by virtue of which each party agreed to market the percentage of fertiliser products that corresponds to that party's ownership stake in MWASPC (60 per cent, 15 per cent, and 25 per cent for the Company, SABIC and Mosaic, respectively). In consideration for marketing services, the relevant party will receive a percentage of the net price of the products as a marketing fee.

On 24/04/2014G, MWASPC entered into a marketing agreement with the Company, pursuant to which the Company agreed to market 100 per cent of MWASPC's intermediate products, including sulphuric acid, phosphoric acid, ammonia and phosphate rock, which are surplus to the plant's requirements. In consideration for the marketing services, the Company will receive a percentage of the net price of the products as a marketing fee.

On 24/04/2014G, MWASPC entered into a marketing agreement with Mosaic, pursuant to which Mosaic agreed to market MWASPC's MCP and DCP products. In consideration for marketing services Mosaic will receive a percentage of the net price of the products as a marketing fee.

14 - 1 - 2 - 5 Technology License Agreements

On 03/10/2012G, the Company entered into a licensing agreement with Incro SA pursuant to which Incro SA granted the Company a perpetual, irrevocable, non-exclusive, concession-free right to use, and grant rights to use, Incro's process technology and technical information to design, engineer, construct, test, commission operate, maintain, modify, expand and repair the DAP plant. In consideration for this right, the Company agreed to pay a lump sum to Incro SA, as well as a license fee. Incro's total liability to the Company is capped at 20 per cent of the contract price, and the Company shall be the sole proprietor of the intellectual property arising from this agreement. This agreement shall remain in force until the first of (a) termination of the applicable EPC contract, or (b) termination of the technology license. On 19 May 2014G, the Company novated this agreement to MWASPC.

On 10/12/2012G, the Company entered into a licensing agreement with Tenova Minerals Ltd ("Tenova"), pursuant to which Tenova has granted the Company a perpetual, irrevocable, concession-free, and freely assignable license in respect of Tenova's process development, design and engineering expertise for and relating to the phosphoric acid plant at Ras Al-Khair. The Company agreed to pay to Tenova a lump sum in consideration for this license. Tenova's total liability to the Company is capped at 20 per cent of the contract price, with few exceptions. All deliverables or tangible items arising from the services and handed over to the Company as part of the services shall be and remain the sole property of the Company. This agreement does not have a term, and both parties may terminate the agreement for breach of obligations. On 19/05/2014G, the Company novated this agreement to MWASPC.

On 17/01/2013G, the Company entered into a licensing agreement with Jacobs Engineering Inc. ("Jacobs Engineering") pursuant to which Jacobs Engineering granted the Company a perpetual, irrevocable, non-exclusive, concession-free, and freely assignable license to use specialised development, design, engineering and project execution of technology information for the phosphoric acid plant at Ras Al-Khair. The Company agreed to pay a lump sum in consideration for this license. Jacobs Engineering's liability is set at 100 per cent of the contract price, with few exceptions. All deliverables or tangible items arising from the services and handed over to the Company as part of the services remain the property of Jacobs Engineering. On 29/05/2014G, this agreement was novated to MWASPC.

On 28/12/2013G, the Company entered into a licensing agreement with ThyssenKrupp UHDE ("ThyssenKrupp") pursuant to which ThyssenKrupp has granted the Company a perpetual, irrevocable, non-exclusive, concession-free and freely assignable license for the purposes of the development of an ammonia plant. As consideration for the grant of this license, Daelim has entered into a process design package agreement with ThyssenKrupp. ThyssenKrupp's total liability under this agreement is limited to USD 10 million. All deliverables or tangible items arising from the services and handed over to the Company as part of the services remain the property of ThyssenKrupp.

On 06/03/2014G, the Company entered into a sulphuric acid technology license agreement with Mecs Inc. pursuant to which Mecs Inc. has granted to the Company a perpetual, irrevocable, non-exclusive, concession-free and freely assignable license to use the technology and technical information relating to the three sulphuric acid plants that the Company wishes to build as part of the WAS Project. The Company agreed to pay Mecs Inc. a lump sum in consideration for these services.

14 - 1 - 2 - 6 MWASPC Project Financing

On 30/06/2014G, MWASPC entered into a facilities agreement with a number of financial institutions and private banks, including PIF, whereby multi-purpose facilities for a maximum aggregate amount of SAR 18,898,998,373 (including a project cost overrun facility provided by a group of Saudi and foreign banks estimated at around USD 350 million (equal to SAR 1.31 billion)) are made available to MWASPC to finance its project costs and expansion. The facilities consist of the following:

- Conventional Facility—(provided by a group of Saudi and foreign banks)—USD 200,000,000 (equal to SAR 750,000,000).
- Riyal Procurement Facility (provided by a group of Saudi banks)—USD 775,000,000 (equal to SAR 2,906,250,000)
- Dollar Procurement Facility (provided by a group of foreign banks)—USD 100,000,000 (equal to SAR 375,000,000)
- KExim Direct Facility—USD 600,000,000 (equal to SAR 2,250,000,000).
- KExim Covered Facility—USD 175,000,000 (equal to SAR 656,250,000).
- K-sure Covered Facility—USD 400,000,000 (equal to SAR 1,500,000,000).
- Wakala Facility (provided by a group of Saudi and foreign banks)—USD 440,000,000 (equal to SAR 1,650,000,000).
- PIF Facility—SAR 7,500,000,000.

Final payment on all facilities is due either 138 or 144 months from the first repayment date, depending on the date of completion of the project. All finance documents are governed by English law, with the exception of the PIF Facility documents, Wakala facility documents and pledges and assignments over onshore project accounts, which are governed by the laws of the Kingdom.

The overall security package consists of: (i) promissory notes; (ii) an order note; (iii) and advance U.S. Dollar rental order note, U.S. Dollar variable element notes and a U.S. Dollar forward lease commitment order note; and (iv) an advance riyal rental order note, riyal variable element notes and riyal forward lease commitment order notes.

In addition to standard terms for events of default, this facility also stipulates that an event of default occurs if:

- a sponsor or shareholder does not pay amounts when due within seven business days or fails to comply with its other obligations under such agreement within 60 days;
- there is cross default to any financial indebtedness of MWASPC or any sponsor prior to the economic completion date;
- the gas allocation letter or sulphur allocation letter is terminated, cancelled, suspended or revoked; or
- the project completion has not occurred within the project completion longstop date.

In addition to the standard terms for this type of agreement, this facility includes the following material restrictions:

- the applicable gas allocation and sulphur allocation letters must remain in effect and not have been terminated, suspended, cancelled, withdrawn, revoked or expired;
- it is a drawstop where the technical and environmental consultant considers that the economic completion date will be delayed beyond the economic completion longstop date and a remedy plan proposed by MWASPC is not accepted by the technical and environmental consultant within a period of three months after confirmation; and
- a USD 10,000,000 (equal to SAR 37,500,000) minimum utilisation for the facilities.

MWASPC has also agreed to ensure that it complies with certain environmental standards, including the performance standards set out by the International Finance Corporation and the World Bank Group Environmental, Health and Safety Guidelines.

The Company asserts that it is currently in compliance with all the above-mentioned restrictions.

14 - 1 - 2 - 7 MWASPC PIF Loan Agreement

On 03/09/1435H (corresponding to 30/06/2014G), MWASPC entered into a loan agreement with the PIF (a 50 per cent Shareholder of the Company), pursuant to the facilities provided to finance the WAS Project, in an aggregate amount of SAR 7,500,000,000 in order to finance the costs of the aforementioned project. This facility agreement is governed by the same restrictions and conditions that govern the above-mentioned project and is subject to an annual commission fee of two per cent plus LIBOR.

14 - 1 - 2 - 8 The Wa'ad Al-Shamal Mineral Industrial City's financing by the Ministry of Finance

On 28/03/1433H, Council of Ministers Resolution No. 87 was issued for the construction of a new industrial city in the Northern Borders Province named "Wa'ad Al-Shamal Mineral Industrial City" in addition to allocating specific amounts for the construction of the city as follows: (i) USD 500,000,000 (equal to SAR 1,875,000,000) to design and build the infrastructure and the necessary facilities of the industrial city and (ii) USD 200,000,000 (equal to SAR 750,000,000) to design and build the necessary housing and social facilities of the industrial city.

On 06/01/2013G, the Ministry of Finance transferred USD 140,000,000 (equal to SAR 525,000,000) to MIC representing a part of amounts to be allocated according to the above-mentioned Council of Ministers Resolution. MIC is managing the amount it obtained on behalf of the Government as it spends amounts to meet project needs during the development and construction phases of the facilities at Wa'ad Al-Shamal. Such amount was deposited in accounts separate from the Company's accounts so that they would not belong to MIC's funds. Additionally, such amounts shall not be utilised for any purpose other than that determined under the Council of Ministers Resolution.

14 - 1 - 3 Aluminium

The Company's aluminium operations are carried out through MBAC (share capital of SAR 5,100,000,000), MAC (share capital of SAR 6,573,750,000) and MRC (share capital of SAR 4,721,250,000). Each of these companies is a limited liability company co-owned by the Company (74.9 per cent) and Alcoa (25.1 per cent) and was established with the objective of exploiting the Kingdom's bauxite resources to produce aluminium for domestic and export markets. MBAC is responsible for the mining of bauxite and refining of alumina, MAC is responsible for the production of aluminium and MRC is responsible for the production of aluminium sheets.

The aluminium operations conducted by MBAC, MAC and MRC are carried out at two integrated sites: The mining facilities at Al-Ba'itha, consisting of a bauxite mine, ore crushing and handling facilities and an alumina refinery, and the aluminium smelter and rolling mill at Ras Al-Khair. The bauxite ore mined at Al-Ba'itha is transported by rail to the processing facilities at Ras Al-Khair. The bauxite ore is processed in the alumina refinery, with the alumina produced used primarily as feedstock for the project's aluminium smelter. (Please see Section 4.7.2, "**The Company—Business Units—Aluminium**", of this Prospectus).

14 - 1 - 3 - 1 Framework Shareholders' Agreement with Alcoa

On 20/12/2009G, the Company entered into a shareholders' agreement with Alcoa, which was subsequently amended on 30/03/2010G in respect of the development, construction, ownership and operation of an integrated mine, refinery, smelter and rolling mill in the Kingdom, to be developed for (a) the extraction of approximately 4 Mtpy of bauxite from the Al-Ba'itha bauxite deposit in the Kingdom, (b) the production of approximately 1.8 Mtpy of alumina and approximately 740,000 tpa of aluminium, and (c) the production of approximately 250,000 tpa, which may be increased to 460,000 tpa of rolling mill product.

Under the shareholders' agreement, the parties agreed to form three limited liability companies in the Kingdom, one for the mine and refinery (operated by MBAC), one for the smelter (operated by MAC) and one for the rolling mill (operated by MRC), to undertake those operations with the Company holding 74.9 per cent and Alcoa holding 25.1 per cent of the shares of each company.

The shareholders' agreement has a term of 30 years from the date of incorporation of the last MAC Company, automatically renewed for an additional term of 20 years, unless the parties agree otherwise at least two years before the expiry of the initial term or unless otherwise terminated pursuant to its terms.

Under the shareholders' agreement the Company was required to novate and transfer to each of these companies all of the Company's rights, title and interest in all documents and materials developed by the Company or jointly with Alcoa for the purposes of the aluminium operations prior to the incorporation of the companies. The Company agreed to provide assistance and support to the MAC Companies (including the specific services contemplated in the ancillary project agreements relating to, among other things, technical services, expertise and intellectual property).

Under the shareholders' agreement, Alcoa was required to novate and transfer to each of these companies all of Alcoa's rights, title and interest in all documents and materials developed by Alcoa or jointly with the Company for the purposes of the project prior to the incorporation of the MAC Companies. Alcoa will provide assistance and support to each of MAC, MBAC and MRC (including technical services, intellectual property and experienced personnel).

In accordance with the shareholders' agreement, each of MAC, MBAC and MRC will have a board of managers (the "MAC Board") having full authority to act on behalf of that MAC Company, each consisting of five managers, three of whom are appointed by the Company and two appointed by Alcoa. The Company shall appoint the chairman (also a manager) of each MAC Board and nominate both the president and VP for finance of each MAC Company (for approval by the MAC Board). In addition Alcoa shall nominate the VP of operations of each MAC Company (for approval by the MAC Board).

Each MAC Board may from time to time request funds from the shareholders, in accordance with approved budgets, on a pro rata basis. If a shareholder fails to contribute its share of required shareholder funding, the non-defaulting shareholder may (a) agree to treat the funding default as an event of default and exercise its rights as described below; or (b) cure the funding default by contributing the required funding and dilute the defaulting shareholder immediately to the extent of the cure amount.

In the case of an expansion for which a MAC Company requires additional funding, that MAC Company may require funds from those shareholders who approved (or whose managers approved) the expansion on a pro rata basis and in accordance with the approved expansion financing plan. If the Company proposes an expansion that is not approved by the relevant MAC Board, the Company may pursue such project as a break-off project independent from the relevant MAC Company.

During the period after the smelter becomes operational but before the refinery supplies the smelter's alumina requirements, upon the request of MAC, Alcoa (or its affiliates) will supply alumina to MAC in such quantities and at such times as requested, at a market price formula agreed by the parties. Thereafter, if at any time MBAC is unable to supply MAC's alumina requirements, Alcoa, as agent, will locate other sources of alumina in the market. Alcoa will also offer, as agent, to market any excess alumina that MBAC has available for sale from time to time at prevailing market prices in exchange for a reasonable commission to be agreed upon.

MAC will allocate such quantities of aluminium to MRC as are required for the rolling mill, with any excess aluminium being purchased by the shareholders pro rata to their shareholding percentages. If project milestones for the rolling mill are not achieved, 275,000 tpa of MAC's aluminium production will be allocated to third parties designated by the MPMR and the shareholders will sell their pro rata portion of such 275,000 tpa to such third parties at a price equal to the full cost of production.

The partners will offtake aluminium on behalf of the MAC Companies as follows:

- The Company will act as the exclusive sales agent in the Kingdom for Alcoa's sales of aluminium within the Kingdom; and
- Alcoa will act as the Company's sales agent for sales of aluminium outside the Kingdom (which is intended to be approximately 30–40 per cent of the volume of aluminium to be sold by the Company in the Kingdom initially and which may be reduced further after the first four years).

The Company will receive a reasonable agency fee to be agreed between the parties. The price realised by Alcoa (before taking into account the commission paid to the Company) will be determined with reference to the average price achieved by the Company on sales of aluminium on arm's-length transactions with third parties in the Kingdom.

In accordance with the shareholders' agreement, the Company may, at any time, transfer all or some of its shares to any person who is controlled (directly or indirectly) by any governmental authority of the Kingdom. Such transfers are not subject to any lock-in period or right to match. At any time prior to the exercise of a MAC put/call option (as described below) the Company may also sell or transfer to one or more Saudi public companies or public funds up to 14.9 per cent of its outstanding interests in a MAC Company.

Other than transfers to affiliates and transfers by the Company to a Kingdom Government-controlled entity, no shareholder may transfer any shares to another person before the fifth anniversary of the commercial production date and no shareholder may grant any security interest over its shares without the prior written consent of the other shareholders. Any transfer of shares to a third party after this period will require the approval of the non-transferring shareholder(s) and be subject to a right to match in favour of the non-transferring shareholder(s).

In addition, Alcoa has granted to the Company an option to require Alcoa to purchase from the

Company, and the Company has granted to Alcoa an option to require the Company to sell to Alcoa, such number of shares constituting at the time of transfer 14.9 per cent of the total issued shares of each MAC Company. These options may only be exercised during the six-month period starting from the date falling five years after the commercial production date and must be exercised simultaneously for all the companies. The consideration payable by Alcoa in respect of the above options is subject to the agreement of the parties, absent which agreement the parties may refer the matter to a panel of experts for determination.

In accordance with the shareholders' agreement, Alcoa must not implement or participate in any project in the Kingdom, any GCC country or Iran that would compete with the aluminium project whilst it is a shareholders and for a period of:

- three years following the termination of the shareholders' agreement (if such termination occurs prior to the commercial production date and is not due to a default by the Company); or
- two years following the termination of the shareholders' agreement (if such termination occurs after the commercial production date, but within five years of the commercial production date, and is not due to a default by the Company),

provided that this does not apply:

- to competing businesses in which the Alcoa (a) is engaged as at the date of termination of the shareholders' agreement or (b) owns a direct or indirect interest of 15 per cent or less; or
- where Alcoa has the prior consent of the Company.

In addition, Alcoa may enter into strategic joint ventures or similar transactions involving all or a substantial portion of Alcoa's interests in the relevant business of bauxite mining and alumina refining, aluminium smelting and/or rolling. Such ventures are permitted so long as the proportion of revenue attributable to Alcoa's interest in the aluminium operations is not material in comparison to the total revenues in respect of all of Alcoa's operations which are included within such transaction in the calendar year prior to such transaction, such transaction is entered into only with a strategic partner rather than financial subscribers and Alcoa has provided the Company with sufficient prior written information 30 days in advance of the consummation of any such transaction.

The shareholders' agreement provides for customary events of default, including insolvency of a shareholder (or any member of its group that has guaranteed the obligations of the defaulting shareholder under the shareholders' agreement), failure to make payments under the shareholders' agreement, and failure to comply with the transfer provisions of the shareholders' agreement, in each case subject to the expiry of applicable cure periods. An event of default in respect of any MAC Company constitutes an event of default in respect of all MAC Companies.

Where the Company is not the defaulting shareholder, the Company may purchase all (but not less than all) of the defaulting shareholder's shares at a price equal to:

- USD 1.00 if the transfer occurs prior to the "Financial Completion Date for Phase I";
- 60 per cent of the amount of equity contributed to the MAC Companies and/or the aluminium operations by the defaulting partner if the transfer occurs after the Financial Completion Date for Phase I but before commercial production;
- 75 per cent of the fair market value (as determined in accordance with the terms of the shareholders' agreement) if the transfer occurs within five years of the start of commercial production; or
- 85 per cent of the fair market value (as determined in accordance with the terms of the shareholders' agreement) if the transfer occurs after five years from the start of commercial production.

Where the Company is the defaulting partner, Alcoa may sell (and the Company will be required to purchase) all (but not less than all) of its shares at a price equal to:

- the amount of equity contributed to the MAC Companies and/or the aluminium operations by Alcoa, plus the entry payment if the transfer occurs prior to the Financial Completion Date for Phase I;
- 115 per cent of the amount of equity contributed by Alcoa to the MAC Companies and/or the aluminium operations plus the entry payment, if the transfer occurs after the Financial Completion Date for Phase I but before commercial production; or
- the fair market value (as determined in accordance with the terms of the shareholders' agreement) if the transfer occurs after commercial production.

The shareholders' agreement contains such other warranties, covenants and provisions considered usual for an agreement of this type

14 - 1 - 3 - 2 MAC Purchase and Supply Agreements

Each of MAC, MRC and MBAC entered into a number of purchase and supply agreements with the Company and Alcoa as well as among themselves, and such for the purchase, sale and supply of smelter grade alumina, molten metal, unalloyed or alloyed primary aluminium, among other products. In respect of unalloyed primary aluminium products, each of the Company and Alcoa undertake to purchase from MBAC any such products at the smelter that are not allocated to the rolling mill, in proportion to their respective shareholding in MBAC (i.e. 74.9 per cent for the Company and 25.1 per cent for Alcoa).

In addition, on 06/04/2011G, the Company entered an alumina supply agreement with Alcoa pursuant to which the Company agrees to purchase initial amounts of alumina from Alcoa prior to the commencement of the supply of alumina from the refinery, with an anticipated annual quantity of 780,000 MT. This agreement expires on 31/12/2014G, although it may be terminated earlier by a party upon breach of the agreement by the other party.

14 - 1 - 3 - 3 Infrastructure Agreements

Energy Conversion Agreement

On 10/10/2009G, the Company entered into an energy conversion agreement with the Saline Water Conversion Corporation ("SWCC") by virtue of which SWCC agrees to finance, procure, construct and operate a power generation and sea water desalination plant in Ras Al-Khair, including the electricity and water transmission and gas supply facilities. Following completion, SWCC is expected to deliver 1,350 MW and 25000 m3 of water per day in consideration of a fee to be paid by the Company. This agreement will be transferred to MAC upon a notice given by the Company to SWCC and the latter's consent to such novation.

Shared Infrastructure

There is a proposed shared infrastructure cooperation agreement between the Company, Alcoa, MAC, MBAC and MRC, by virtue of which the MAC Companies agree on the allocation of duties, costs and rights in relation to the works to be performed, facilities to be utilised and distribution of utilities (gas, electricity and water) as part of the MAC Project. This agreement will remain in place unless otherwise terminated by either party in accordance with its terms and will be executed upon the novation of the above-mentioned energy conversion agreement from the Company to MAC.

Technical Agreements

The Company entered into a number of technical services agreements and technology licenses agreement entered into (on its behalf and on behalf of the MAC Companies) with Alcoa in the context of the aluminium project, whereby Alcoa (i) provides the Company (and the MAC Companies) with a number of technical services such as mining and refinery services, operational and engineering services in connection with the rolling mill, casthouse, and metal recycling/dross processing as well as the smelter engineering and construction; and (ii) licenses them to use related technologies. The technical services agreements contain standard provisions that are customary to agreements of this nature.

Framework Agreement with Kuehne + Nagel

On 19/12/2012G, MAC entered into a framework agreement for logistics execution and management with Kuehne + Nagel ("KN") by virtue of which KN will provide MAC with a number of services including logistics, transportation, general warehousing and storage, overland transportation, control tower services, customs clearance services and freight forwarding. The agreement with KN has an initial term of three years, extendable for an additional two-year term, unless otherwise terminated by either party. Given the wide span of services provided by KN under this framework agreement, separate agreements, all subject to the framework agreement, have been entered into in respect of each specific services. The framework agreement, as well as the ancillary agreements, contain standard provisions that are customary to agreements of this nature.

14 - 1 - 3 - 4 EPC Contracts and PMC Contracts

The MAC Companies rely on third-party construction firms for the design, construction and project management of their industrial facilities and mines. These firms will generally be required to carry out

the design, construction, project management, supervision of works contracts and commissioning of the industrial facilities and assume the majority of the risks related to design and construction. The MAC Companies are entitled to deduct a certain amount from the contract price in the event that the deadline is not met.

While the EPC and PMC contracts are individually negotiated, they are generally made subject to certain standard terms and conditions, which are set out below:

- Performance Bond: The contractor is required to provide a performance bond or a performance guarantee that is worth ten per cent of the contract price.
- Liquidated Damages: If the works fail to achieve the guaranteed performance and such failure is due to any failure by the contractor (in respect of EPC contracts) or the contractors remove key personnel with a satisfactory handover (in the case of the PMC contracts), the MAC Companies may demand performance liquidated damages.
- Design Defects: If errors or other defects are found in the contractors design, they shall be corrected at the contractor's cost.
- Limitation on Liabilities: With a few limited exceptions, neither party will be liable for consequential or indirect damages and the contractor's liability is capped at the contract price.
- Indemnity: The contracts uses standard indemnification clauses in which parties indemnify each other against any damages or liabilities suffered in connection to the contract, including pursuant to claims by third parties.
- Governing Law and Dispute Resolution: The contracts are governed by the laws of the Kingdom, and all disputes arising out of the agreement are referred to arbitration under the Dispute Adjudication Board.
- Assignment: The MAC Companies may assign any of its rights without consent.
- Termination: The MAC Companies may terminate the agreement at any time for its convenience, and either party may terminate the agreement if the other party commits a material breach or is insolvent. The MAC Companies may also terminate if there is a change of control at the contractor without the relevant MAC Company's prior written consent.
- Representations and Warranties: The contracts contain standard representations and warranties for contracts of this type, including as to competence and intellectual property.

Specific details for some of these contracts are set out below:

EPC contract with Hyundai Engineering & Construction Co. Ltd dated 27/05/2012G, in relation to the construction of an alumina refinery in Ras Al-Khair

On 27/05/2012G, MBAC entered into an EPC contract with Hyundai Engineering & Construction Co. Ltd ("Hyundai Engineering"), in relation to the construction of an alumina refinery in Ras Al-Khair (the "Alumina Refinery Contract") consisting of the following contractual arrangements:

- onshore construction contract for the construction of an alumina refinery at Ras Al-Khair, between MBAC and the Saudi Branch of Hyundai Engineering (the "Hyundai Construction Contract");
- offshore engineering and procurement contract for the construction of an alumina refinery at Ras Al-Khair between MBAC and Hyundai Engineering (the "Hyundai EP Contract"); and
- a coordination agreement between MBAC, Hyundai Engineering and the Saudi branch of Hyundai Engineering, in respect of the coordination of the different activities to be performed by Hyundai Engineering and its Saudi branch under the Hyundai EP Contract and the Hyundai Construction Contract, respectively.

Pursuant to the Alumina Refinery Contract, Hyundai Engineering (and its Saudi branch) is responsible for the engineering, procurement, construction, commissioning assistance, start-up assistance and provision of training services relating to the Alumina Refinery at the Ras Al-Khair mine in the Kingdom, including labour, tools, equipment and all other materials necessary for the alumina refinery design and construction.

The agreed price payable by the Company in consideration for these can be adjusted only in case of increased costs and subject to MBAC's request for variations/additions to the scope of work or a change in the laws of the Kingdom.

All works under the Alumina Refinery Contract were to be completed by 31/05/2014G, unless extended pursuant to a combined extension claim made by Hyundai Engineering and its Saudi branch under specific circumstances such as variation of the scope of work by MBAC.

EPC contract with Samsung Engineering dated 08/05/2011G, in relation to the construction of an aluminium rolling mill in Ras Al-Khair

On 08/05/2011G, the Company entered into an in-Kingdom and out-of-Kingdom EPC agreement with Samsung Engineering ("Samsung") regarding Samsung's development of the aluminium rolling mill at

the Company's aluminium processing facilities at Ras Al-Khair.

Pursuant to the agreement, Samsung agrees to undertake the design, engineering, procurement, construction, commissioning, financing, operation and maintenance of the rolling mill. Samsung's work on this project is to be overseen by the project managers at Fluor.

There is no term for the Rolling Mill EPC Agreement, and the date of completion is to be at either the end of cold commissioning on 30/04/2013G or the end of hot commission on 30/07/2013G.

PMC Contract with Fluor dated 23/05/2010G in relation to the construction of the aluminium facilities at Ras Al-Khair

On 23/05/2010G, the Company entered into a project management and consulting agreement with Fluor, which focuses on Fluor's undertaking of a project management and consulting role in the construction the Company's aluminium facilities at Ras Al-Khair. This agreement has since been transferred to MAC and MRC.

Pursuant to the agreement, Fluor agrees to provide overall project management, project execution planning, functional interface management and coordination, overall risk management, quality assurance management, engineering management, project controls, construction management, logistics and custom clearance management and security management, among other services.

There is no term for this agreement, and the date of completion is specified to be the later of: (i) the end of the last defects liability period, (ii) the date Fluor has completed all of the tasks making up its obligations, or (iii) the date that Fluor gives the Company a duly executed release from all claims in respect of the agreement covering the period of all extended defects liability periods.

14 - 1 - 3 - 5 Gas Supply Agreement

On 01/06/2013G, MAC entered into a sales gas supply agreement with Saudi Aramco and SWCC, pursuant to which Saudi Aramco has agreed to supply MAC and SWCC with 27,540 MMBTU of natural gas per day (at a price quoted by the competent authorities in the Kingdom). This amount will include gas needed to operate the facilities of the MAC Companies. The duration of this agreement is 20 years.

14 - 1 - 3 - 6 MAC Project Financing

On 30/11/2010G (and as amended and restated 26/11/2012G), MAC entered into a project financing facilities agreement with a number of financial institutions and private banks, including SIDF and PIF, whereby multi-purpose facilities, for a maximum aggregate amount of SAR 12,210,000,000, are made available to MAC to finance its project costs and expansion. The facilities consist of the following:

- Commercial Facility—USD 240,000,000 (equal to SAR 900,000,000). (BNP Paribas, Emirates NBD, Export Development Canada, Standard Chartered Bank (Hong Kong) Limited);
- Procurement Facilities (provided by a group of Saudi and foreign banks)—USD 1,346,000,000 (equal to SAR 5,047,500,000);
- Wakala Facility—USD 210,000,000 (equal to SAR 787,500,000) (Al-Rajhi Banking & Investment Corporation, Alinma Bank, Bank AlJazira);
- PIF Facility—SAR 4,875,000,000; and
- SIDF Facility—SAR 600,000,000.

Final payment on all facilities is due 30/06/2026G. The common terms agreement is governed by the laws of England and Wales, and all other facility agreements, apart from the commercial facility, are governed by the laws of the Kingdom.

The security package consists of: (i) promissory notes; (ii) an order note; (iii) and advance USD rental order note, USD variable element notes and a USD forward lease commitment order note; and (iv) an advance riyal rental order note, riyal variable element notes and riyal forward lease commitment order notes.

In addition to standard terms for events of default, this facility also stipulates that an event of default occurs if:

- a sponsor or shareholder does not pay amounts when due within seven business days or fails to comply with its other obligations under such agreement within 60 days;
- there is cross default to any financial indebtedness of MAC or any sponsor prior to the economic completion date;
- the applicable gas allocation letter is terminated, cancelled, suspended or revoked; or

- the economic completion has not occurred within the economic completion longstop date.

In addition to the standard terms for this type of agreement, this facility includes the following material restrictions:

- the applicable gas allocation letter must remain in effect and not have been terminated, suspended, cancelled, withdrawn, revoked or expired;
- it is a drawstop where the technical and environmental consultant considers that the economic completion date will be delayed beyond the economic completion longstop date and a remedy plan proposed by MAC is not accepted by the technical and environmental consultant within a period of three months after confirmation; and
- a minimum utilisation for the facilities of USD 25,000,000 (equal to SAR 93,750,000).

MAC has also agreed to ensure that it complies with certain environmental standards, including the performance standards set out by the International Finance Corporation and the World Bank Group Environmental, Health and Safety Guidelines.

14 - 1 - 3 - 7 MAC Murabaha with Banque Saudi Fransi

On 30/03/2014G, MAC entered into a murabaha facility agreement with Banque Saudi Fransi, whereby a facility for a maximum aggregate amount of SAR 375 million is made available to MAC to finance its project costs and expansion.

The final repayment for the facility is 31/03/2016. The agreement is governed by the laws of the Kingdom.

The security package consists of promissory notes, and the events of default are standard for agreements of this type.

In addition to standard terms, this facility contains the following material restrictions:

- MAC shall not enter into any amalgamation, demerger, merger or corporate reconstruction; and
- a minimum utilisation for the facilities of USD 10,000,000 (equal to SAR 37,500,000).

14 - 1 - 3 - 8 MAC PIF Loan Agreement

On 21/01/1432H (corresponding to 27/12/2010G), MAC entered into a loan agreement with the PIF (a 50 per cent Shareholder of the Company) pursuant to the facilities provided to finance the aluminium project at Ras Al-Khair in an aggregate amount of SAR 4,875,000,000 in order to finance the costs of the aforementioned project, and is to be repaid in 24 equal semi-annual payments. This facility agreement is governed by the same restrictions and conditions that govern the above-mentioned project and is subject to an annual commission fee of 1.5 per cent plus LIBOR.

14 - 1 - 3 - 9 MAC SIDF Loan Agreement

On 16/10/2012G, MAC entered into a loan agreement with the SIDF whereby facilities for the production of aluminium ingots in an aggregate maximum amount of SAR 600 million were made available by the SIDF to MAC. The drawdown termination date is 29/09/1435H (corresponding to 26/07/2014G), and the final maturity date is 15/10/1441H (corresponding to 07/06/2020G). This facility agreement is governed by the laws of the Kingdom.

The security package consists of: (i) promissory notes, which are required to be issued at each drawing by MPC in an amount equal to the drawing; (ii) an assignment of insurance proceeds; (iii) an assignment of technology rights; (iv) mortgages over the relevant plant; and (v) guarantees from the shareholders in proportion to their shareholdings in relevant project companies.

In addition to standard terms, this facility contains the following material restrictions:

- Prior to the distribution of the final 50 per cent of the facility: (i) SIDF shall be named as beneficiary of the intellectual rights of the project's production processes and technologies; and (ii) MAC must provide evidence that a proper commercial financing for the project has been arranged;
- Prior to the distribution of the final 20 per cent: (i) Parties must make inventory of MAC's fixed assets and prepare a checklist; (ii) MAC must establish a technically supported marketing, sales and distribution organisation to be satisfactory to SIDF; (iii) MAC must implement SIDF industrial safety requirement and provide SIDF with Royal Commission environmental permit; and
- Other financial covenants including: (i) Maximum rental of SAR 175,000,000 per annum; (ii) Working capital ratio not less than 1:1 through life of loan; (iii) Total liabilities / tangible net worth of not greater than 3:1 until repayment; (iv) Maximum dividends not to exceed 25 per cent of paid-in capital or SIDF repayment in any fiscal year; (v) Maximum capital expenditure of SAR 350,000,000 per annum; (vi) Operation date of Q2 2014G;

The Company asserts that it is currently in compliance with all the above-mentioned restrictions.

14 - 1 - 3 - 10 MRC Project Financing

On 30/11/2010G (and as amended and restated 11/03/2012G), MRC entered into a project financing facilities agreement with a number of financial institutions and private banks, including the SIDF and PIF, whereby multi-purpose facilities for a maximum aggregate amount of SAR 4,719,750,000 are made available to MRC to finance its project costs and expansion. The facilities consist of the following:

- Riyal Procurement Facility—SAR 1,041,000,000 (Bank Aljazira, Banque Saudi Fransi, Riyadh Bank, Saudi Investment Bank, National Commercial Bank);
- PIF Facility—SAR 3,078,750,000; and
- SIDF Facility—SAR 600,000,000.

Final repayment on all facilities is due on 30/06/2026G. The common terms agreement is governed by the laws of England and Wales, and all other facility agreements are governed agreement by the laws of the Kingdom.

The security package consists of an advance riyal rental order note, riyal variable element order notes and riyal forward lease commitment order notes. In addition to standard terms, an event of default will occur if:

- a sponsor or shareholder does not pay amounts when due within seven business days or fails to comply with its other obligations within 60 days;
- there is cross default to any financial indebtedness of MRC or any sponsor prior to the economic completion date;
- the applicable gas allocation letter is terminated, cancelled, suspended or revoked; or
- the economic completion has not occurred within the economic completion longstop date.

In addition to standard terms, this facility contains the following material restrictions:

- the applicable gas allocation letter must remain in effect and not have been terminated, suspended, cancelled, withdrawn, revoked or expired;
- it is a drawstop where the technical and environmental consultant considers that the economic completion date will be delayed beyond the economic completion longstop date and a remedy plan proposed by MRC is not accepted by the technical and environmental consultant within a period of three months after confirmation; and
- a minimum utilisation for the facilities of USD 56,250,000 (equal to SAR 210,937,500).

MRC has also agreed to ensure that it complies with certain environmental standards, including the performance standards set out by the International Finance Corporation and the World Bank Group Environmental, Health and Safety Guidelines.

14 - 1 - 3 - 11 MRC PIF Loan Agreement

On 21/01/1432H (corresponding to 27/12/2010G), MRC entered into a loan agreement with the PIF (a 50 per cent Shareholder of the Company), pursuant to the facilities provided to finance the aluminium project at Ras Al-Khair, in an aggregate amount of SAR 3,078,750,000, in order to finance the costs of the aforementioned project, and is to be repaid in 20 equal semi-annual payments. This facility agreement is governed by the same restrictions and conditions that govern the above-mentioned project and is subject to an annual commission fee of 1.5 per cent plus LIBOR.

14 - 1 - 3 - 12 MRC SIDF Loan Agreement

On 16/10/2012G, MRC entered into a loan agreement with the SIDF whereby facilities for the production of aluminium can body stock and can ends stock in an aggregate maximum amount of SAR 600 million are made available by the SIDF to MRC. The drawdown termination date is 29/09/1436H (corresponding to 16/07/2015G), and the final maturity date is 15/04/1444H (corresponding to 09/11/2022G). This facility agreement is governed by the laws of the Kingdom.

The security package consists of promissory notes, which are required to be issued at each drawing by MRC in an amount equal to the drawing. This facility contains standard terms for events of default.

In addition to standard terms, this facility contains the following material restrictions:

- Prior to the distribution of the final 50 per cent of the facility: (i) SIDF shall be named as beneficiary of the intellectual rights of the agreement with Alcoa; (ii) MRC must provide evidence that a proper commercial financing for the project has been arranged; (iii) MRC must provide sales agreements with can manufacturers that are acceptable to the SIDF, and; (iv) SIDF must

be satisfied with the costs and terms and conditions of the project management consultancy contract;
- Prior to the distribution of the final 20 per cent: (i) MRC must submit the aluminium scrap procurement plan, acceptable to SIDF; (ii) MRC must establish a technically supported marketing, sales and distribution organisation that is satisfactory to SIDF; and (iii) MRC must implement the SIDF industrial safety requirement and provide SIDF with Royal Commission environmental permit; and
- Other financial covenants including: (i) Maximum rental of SAR 80,000,000 per annum; (ii) working capital ratio not less than 1:1 through life of loan; (iii) total liabilities / tangible net worth of not greater than 3:1 until repayment; (iv) Maximum dividends not to exceed 25 per cent of paid-in capital or SIDF repayment in any fiscal year; (v) Maximum capital expenditure of SAR 16,000,000 per annum; (vi) Operation date of Q3 2014;

The Company asserts that it is currently in compliance with all the above-mentioned restrictions.

14 - 1 - 3 - 13 MBAC Project Financing

On 16/10/2011G (and as amended and restated 09/02/2013G), MBAC entered into a project financing facilities agreement with a number of financial institutions and private banks, including SIDF and PIF, whereby multi-purpose facilities for a maximum aggregate amount of SAR 8,368,212,844 are made available to MBAC to finance its project costs and expansion. The facilities consist of the following:

- Commercial Facility—USD 69,000,000 (equal to SAR 285,750,000) (Emirates NBD and Export Development Canada);
- Procurement Facilities—USD 717,523,425 (equal to SAR 2,690,712,843);
- Wakala Facility—USD 205,000,000 (equal to SAR 768,750,000) (Al-Rajhi Banking & Investment Corporation, Alinma Bank, Bank AlJazira);
- PIF Facility—SAR 3,750,000,000; and
- SIDF Facility—SAR 900,000,000.

Final payment on all facilities is due 30/06/2027G. The common terms agreement is governed by the laws of England and Wales, and all other facility agreements are governed agreement by the laws of the Kingdom.

The security package consists of: (i) promissory notes; (ii) an order note; (iii) an advance USD rental order note, USD variable element notes and a USD forward lease commitment order note; and (iv) an advance riyal rental order note, riyal variable element notes and riyal forward lease commitment order notes.

In addition to standard terms, an event of default will occur if:

- a sponsor or shareholder does not pay amounts when due within seven business days or fails to comply with its other obligations within 60 days;
- there is cross default to any financial indebtedness of MBAC or any sponsor prior to the economic completion date;
- the applicable gas allocation letter is terminated, cancelled, suspended or revoked; or
- the economic completion has not occurred within the economic completion longstop date.
- In addition to standard terms, this facility contains the following material restrictions:
- the applicable gas allocation letter dated must remain in effect and not have been terminated, suspended, cancelled, withdrawn, revoked or expired;
- it is a drawstop where the technical and environmental consultant considers that the economic completion date will be delayed beyond the economic completion longstop date and a remedy plan proposed by MBAC is not accepted by the technical and environmental consultant within a period of three months after confirmation; and
- a minimum utilisation for the facilities of USD 25,000,000 (equal to SAR 93,750,000).

MBAC has also agreed to ensure that it complies with certain environmental standards, including the performance standards set out by the International Finance Corporation and the World Bank Group Environmental, Health and Safety Guidelines.

14 - 1 - 3 - 14 MBAC PIF Loan Agreement

On 01/01/1433H (corresponding to 27/11/2011G), MBAC entered into a loan agreement with the PIF (a 50 per cent Shareholder of the Company), pursuant to the facilities provided to finance the aluminium project at Ras Al-Khair, in an aggregate amount of SAR 3,750,000,000 in order to finance the costs of the aforementioned project, and is to be repaid in 21 equal semi-annual payments. This facility agreement is governed by the same restrictions and conditions that govern the abovementioned project and is subject to an annual commission fee of 1.5 per cent plus LIBOR.

14 - 1 - 3 - 15 MBAC SIDF Loan Agreement

On 26/01/2014G, MBAC entered into a loan agreement with the SIDF whereby facilities for the production of bauxite in an aggregate maximum amount of SAR 900 million are made available by the SIDF to MBAC. The drawdown termination date is 29/04/1438H (corresponding to 27/01/2017G), and the final maturity date is 15/10/1445H (corresponding to 24/04/2024G). This facility agreement is governed by the laws of the Kingdom.

The security package consists of promissory notes, which are required to be issued at each drawing by MBAC in an amount equal to the drawing. This facility contains standard terms for events of default.

In addition to standard terms, the facility contains the following material restrictions:

- Prior to disbursement of any loan, MBAC must provide comforting evidence that no legal risk will arise because of conversion of the refinery project's implementation contract from EPCM to a lump sum turnkey contract;
- Prior to the distribution of the final 50 per cent of the facility: (i) SIDF shall be named as beneficiary of the Alcoa license agreement and the integrated digestion and evaporation facility technology license agreement; (ii) MBAC must provide evidence that a proper commercial financing for the project has been arranged, and; (iii) MBAC must submit the excess alumina agreement with Alcoa to SIDF;
- Prior to the distribution of the final 20 per cent: (i) MBAC must implement SIDF industrial safety requirements and provide SIDF with a Royal Commission Environment Permit; and (ii) Parties to make an inventory of MBAC's fixed assets and prepare a checklist; and
- The facility contains the following financial covenants: (i) Maximum rental of SAR 105,000,000 per annum; (ii) Working capital ratio not less than 1:1 through life of loan; (iii) Total liabilities / tangible net worth of not greater than 3:1 until repayment; (iv) Maximum dividends not to exceed 25 per cent of paid-in capital or SIDF repayment in any fiscal year; (v) Maximum capital expenditure of SAR 210,000,000 per annum, and; (vi) Operation date of Q2 2015.

The Company asserts that it is currently in compliance with all the above-mentioned restrictions.

14 - 1 - 3 - 16 The WAS Project's infrastructure financing by the Ministry of Finance

On 28/03/1433H, Council of Ministers Resolution No. 87 was issued for the construction of a new industrial city in the Northern Borders Province named "Wa'ad Al-Shamal Mineral Industrial City" in addition to allocating specific amounts for the construction of the city as follows: (i) USD 500,000,000 (equal to SAR 1,875,000,000) to design and build the infrastructure and the necessary facilities of the industrial city and (ii) USD 200,000,000 (equal to SAR 750,000,000) to design and build the necessary housing and social facilities of the industrial city.

On 06/01/2013G, the Ministry of Finance transferred USD 140,000,000 (equal to SAR 525,000,000) to MIC representing a part of amounts to be allocated according to the above-mentioned Council of Ministers Resolution. MIC is managing the amount it obtained on behalf of the Government as it spends amounts to meet project needs during the development and construction phases of the facilities at Wa'ad Al-Shamal. Such amount was deposited in accounts separate from the Company's accounts so that they would not belong to MIC's funds. Additionally, such amounts shall not be utilised for any purpose other than that determined under the Council of Ministers Resolution.

14 - 1 - 4 Gold and Base Metals

The Company's gold mining operations are carried out by MGBM, a limited liability company and wholly owned subsidiary of the Company. MGBM currently has five producing mines: Mahd Ad-Dahab, Al-Amar, Bulghah, As-Suq and Sukhaybarat. In addition to the five producing gold mines, the Company also has one gold mine under construction, as well as several other gold prospects in the Central Arabian Gold Region that are currently undergoing feasibility studies. (Please see Section 4.7.3, "**The Company's Business—Business Units—Gold and Base Metals**", of this Prospectus).

14 - 1 - 4 - 1 EPC Contracts and PMC Contracts

MGBM relies on third-party construction firms for the design, construction and project management of their industrial facilities and mines. These firms will generally be required to carry out the design, construction, project management, supervision of works contracts and commissioning of the industrial facilities and assume the majority of the risks related to design and construction. MGBM is entitled to deduct a certain amount from the contract price in the event that the deadline is not met.

While the EPC and PMC contracts are individually negotiated, they are generally made subject to certain standard terms and conditions, which are set out below:

- Performance Bond: The contractor is required to provide a performance bond or a performance guarantee that are worth 10 per cent of the contract price.
- Liquidated Damages: If the works fail to achieve the guaranteed performance and such failure is due to any failure by the contractor (in respect of EPC contracts) or the contractors remove key personnel with a satisfactory handover (in the case of the PMC contracts), MGBM may demand performance liquidated damages.
- Design Defects: If errors or other defects are found in the contractors design, they shall be corrected at the contractor's cost.
- Limitation on Liabilities: With a few limited exceptions, neither party will be liable for consequential or indirect damages and the contractor's liability is capped at the contract price.
- Indemnity: The contracts uses standard indemnification clauses in which parties indemnify each other against any damages or liabilities suffered in connection to the contract, including pursuant to claims by third parties.
- Governing Law and Dispute Resolution: The contracts are governed by the laws of the Kingdom, and all disputes arising out of the agreement are referred to arbitration under the Saudi Arbitration Regulations.
- Assignment: MGBM may assign any of its rights without consent.
- Termination: MGBM is entitled to terminate the agreement at any time for its convenience, and either party may terminate the agreement if the other party commits a material breach or is insolvent.
- Representations and Warranties: The contracts contain standard representations and warranties for contracts of this type, including as to competence and intellectual property.

Specific details for some of these contracts are set out below:

EPC contract with Hanwha Engineering & Construction Corporation dated 19/02/2013G in connection with the construction of the Ad-Duwayhi mine

MGBM entered into an in-Kingdom and out-of-Kingdom EPC contract with Hanwha Engineering & Construction Corporation ("Hanwha") dated 19/02/2013G, for construction of a fully functioning gold mine ore and bullion processing facility at Ad-Duwayhi mine site.

Pursuant to the Ad-Duwayhi contract, Hanwha is responsible for the engineering, supply of all management, supervision, labour, materials, equipment, services and all things necessary to render the Ad-Duwayhi gold mine and processing facility fully operational.

The agreed contract price for the Ad-Duwayhi contract may be adjusted only in case of variations in cost due to changes in legislation.

All works under the Ad-Duwayhi contract must be completed within 720 days from 19/02/2013G, or by 09/02/2015G, which period may be extended in specific circumstances, pursuant to a claim by Hanwha for reasons such as the variation of the scope of work by MGBM.

EPC contract with Metal Services for Trading and Contracting Company dated 15/01/2012G in connection with the construction of a water pipeline to Ad-Duwayhi

On 15/01/2012G, MGBM entered into an EPC contract with Metal Services for Trading and Contracting Company ("MSTC") in relation to the construction of a pipeline of treated water from Taif to MGBM's Ad-Duwayhi gold mine.

MSTC is responsible for the engineering, procurement, construction, management and start-up services in the construction of a 430 km underground pipeline from Taif to the Ad-Duwayhi site, as well as two pumping stations to move the water through the pipeline. The treated water pipeline will eventually be extended to the Ar-Rjum, Mansourah and As-Suq mines. The total contract price may only be adjusted in case of variations in cost due to changes in legislation.

All works under the water pipeline contract were to be completed by 15/02/2014G, although this period may be extended in specific circumstances, pursuant to a claim by MSTC for reasons including variation of the scope of work by MGBM. The project has been delayed and MGBM is working with MSTC to enable its completion.

14 - 1 - 4 - 2 Saudi Canadian Surface and Underground Drilling Agreement

On 05/05/2013G, MGBM entered into a Surface and Underground Drilling Agreement with the Saudi Canadian Mining Services ("**SCM**") in relation to drilling services for the Mahd, Al-Amar, As-Suq, Bulghah and Sukhaybarat gold mines. Pursuant to this agreement, SCM agrees to provide MGBM with new drilling equipment necessary to conduct drilling programmes in the mines above, with drilling schedules provided by MGBM. SCM will drill at the individual drill-hole sites, angles, azimuths, and depths selected by MGBM. Pursuant to the contract, MGBM will pay SCM based on drilling performance. The contract term expires on 31/12/2015G, and MGBM has the option to extend the contract for a further period of one year from 01/01/2016G to 31/12/2016G.

Neither party may assign its rights without the prior written consent of the other party. MGBM may, at its sole discretion and at any time, terminate the contract by giving the SCM three months' prior written notice. SCM must submit a performance guarantee equal to five per cent of the total estimated value of the total contract.

14 - 1 - 4 - 3 Offtake Agreement with MKS

On 07/01/2012G, MGBM entered into an Offtake Agreement with MKS pursuant to which MGBM has agreed to ship an agreed amount of gold and silver product of MGBM to MKS. The minimum quality of gold and silver will be determined in accordance with the agreement. MGBM shall ship doré bars from King Abdulaziz International Airport in Jeddah, at which point the assumption of risk will pass to MKS. The price of the gold sold to MKS on the day of delivery shall be determined based on the gold price on the London Stock Exchange. Moreover, MGBM determines fees based on treatment charges, transport and insurance, and such fees vary depending on the producing mine and the weight, in gross troy ounces, of the shipment. This agreement expires on 03/06/2015G, and either party may terminate upon breach of the other party, events of bankruptcy or insolvency, or if the other party commences to be wound up.

14 - 1 - 5 Jabal Sayid Project

The Company entered into an asset sale and purchase agreement on 13/07/2014G with BGC and its subsidiary Bariq Mining Limited ("**BML**"). Under the terms of this agreement, the parties have agreed to establish a new limited liability company in the Kingdom which will acquire from BML the assets of, and assume certain liabilities relating to, the Jabal Sayid Project in the Kingdom. BGC and the Company will each hold 50 per cent of the Copper JV.

Immediately prior to completion, BGC and the Company will each fund the Copper JV with 50 per cent of the Purchase Price and will then stipulate that the Copper JV pay the Purchase Price to BML on completion. Additionally, on completion BGC and the Company will enter into a shareholders' agreement with respect to the management and operation of the Copper JV.

Completion is expected to occur during Q4 2014G, with a completion date no later than 18/12/2014G.

Completion is subject to the satisfaction or waiver of a number of conditions, including the following:

- the approval of MPMR to the transfer of certain mining and exploration licences relating to the Copper JV from BML;
- the receipt of certain regulatory approvals required for the incorporation of the Copper JV and for the Copper JV to acquire the Jabal Sayid Project;
- the receipt of certain consents and approvals from third parties;
- the absence of any event or occurrence between the date of this agreement and completion that results in, or can be reasonably expected to result in, a material diminution of the value of the business and assets of the Jabal Sayid Project; and
- no material breach by BML of either: (i) the warranties set out in this agreement when repeated by BML on completion; or (ii) certain interim covenants given by BML with respect to the operation of the Jabal Sayid Project prior to Completion.

This agreement contains customary warranties for a transaction of this nature, size and complexity, including with respect to the following matters: (a) Environmental; (b) sufficiency and quality of assets being sold; (c) compliance with laws; and (d) construction of the Jabal Sayid Project.

All the obligations of BML under this agreement (including all warranties, indemnities and covenants given by BML) are guaranteed by BGC.

14 - 1 - 5 - 1 Shareholders' agreement with Barrick Gold Corporation

Pursuant to the asset sale and purchase agreement described above, BGC and the Company will incorporate the Copper JV as a limited liability company in the Kingdom with its share capital to be held in the following proportions: BGC (through its subsidiary, "**Barrick Partner**"): 50 per cent; the Company: 50 per cent.

The Company and BGC have agreed a form of shareholders' agreement, to be signed upon completion. The shareholders' agreement sets out the terms upon which the Copper JV shall carry out the development and implementation of the Jabal Sayid Project, and how the shareholders will manage the Copper JV and their relationships with one another.

On completion, the shareholders have agreed to fund the Copper JV to pay the Purchase Price for the project assets. The shareholders are also obliged to fund the Copper JV in cash by means of a share capital increase or an unsecured interest free partner loan in accordance with approved budgets throughout the term of the shareholders' agreement. The amount to be paid by each partner will be in accordance with his shareholding.

The Company's obligations under this shareholders' agreement include the management and administration of corporate social responsibility funding by the Company, providing, directly or through an affiliate, support such as dealings and interface with authorities in the Kingdom and access to its experience, expertise, intellectual property, operating systems and procedures as required. Costs incurred by the Company in providing all requested services shall be reimbursed by the Copper JV.

BGC's obligations under the shareholders' agreement include providing, directly or through an affiliate, technical support, access to its experience, expertise, intellectual property and management systems as required. Costs incurred by BGC in providing technical support shall be reimbursed by the Copper JV.

The board of managers for the Copper JV shall consist of four managers, two appointed by the Barrick shareholder and two by the Company. The chairman shall be one of the two managers appointed by the Company and shall not have a casting vote. The executive committee, which reports to the board of managers, shall consist of six members, who may also be members of the board of managers: Three appointed by the managers of each of the Barrick shareholder and the Company. The chairman of the executive committee shall be one of the three members appointed by Barrick shareholder and shall not have a casting vote.

The mine general manager shall by appointed by the Barrick Partner, provided that the Barrick Partner retains a certain percentage interest. After five years, the Company may request that the mine general manager be removed, and the Company may appoint a replacement.

Subject to transfers to an affiliate, no party may transfer any shares in the Copper JV to another person who is not already a partner without the consent of the other shareholders before the fifth anniversary of the commercial operations date. A shareholder may transfer all (or less than all if approved by the other partners) of its shares to a third party after the five-year lock-in period subject to pre-emption rights in favour of the other partner and certain other obligations.

The term of this shareholders' agreement is 25 years and it will be renewed automatically for further terms of five years upon expiration of the initial term or any subsequent term, unless either the Company or the Barrick shareholder has given its written notice of its intention not to renew 180 days before the expiry date.

This shareholders' agreement will automatically terminate if the Copper JV is dissolved and liquidated for any reason. A shareholder becomes a defaulting shareholder if (i) a petition seeking adjudication of its bankruptcy or insolvency is filed by or against it, (ii) proceedings for its dissolution or liquidation have commenced against it, or (iii) a receiver, administrator or trustee is appointed in respect of a substantial portion of the business or assets of such shareholder (or against an affiliate of that shareholder to which any of its shares in the Copper JV have been transferred). A shareholder will also become a defaulting shareholder if such partner (or an affiliate of that shareholder to which shares in the Copper JV have been transferred) is in default of an obligation under the shareholders' agreement which has a material adverse effect on the other shareholders, BGC (in the case of Barrick Partner) or the Copper JV, and it fails to remedy such a default within 30 days of receiving written notification from any party that is itself not in default; or it is in default of an obligation to provide funds to the Copper JV pursuant to the terms of the shareholders' agreement.

If the Barrick shareholder becomes a defaulting shareholder, the Company may elect to purchase all of the shares and partner loans in the Copper JV then held by the Barrick shareholder and its affiliates at

a price equal to 70 per cent of the par value if before the commercial operations date, or 70 per cent of fair market value if after that date. If the Company becomes a defaulting shareholder, the Barrick shareholder has the right to require the Company to purchase all of the shares and partner loans held by BGC and its affiliates at fair market value.

This shareholders' agreement also provides that for so long as BGC or an affiliate of BGC is a shareholder of the Copper JV, BGC shall not enter into any other business or business partnership in the Kingdom without the Company's prior written consent.

This shareholders' agreement also contains a parent company guarantee from BGC of the performance of the obligations of Barrick shareholder and such other warranties, covenants and provisions considered usual for an agreement of this type.

14 - 1 - 6 Ethylene dichloride and caustic soda

SAMAPCO, a limited liability company jointly owned by the Company (50 per cent) and Sahara (50 per cent) carries out the Company's ethylene dichloride and caustic soda operations and manages a caustic soda and ethylene dichloride production facility in Jubail Industrial City.

14 - 1 - 6 - 1 SAMAPCO Shareholders' agreement

On 25/04/2011G, the Company entered into a shareholders' agreement with Sahara for the production, manufacture and sale of ethylene dichloride and caustic soda at Jubail Industrial City in the Kingdom. Pursuant to the shareholders' agreement, the Company and Sahara will each hold 50 per cent of the share capital of SAMAPCO, a Saudi limited liability company.

The shareholders' agreement has a term of 30 years from its date of execution, and automatically renews for additional periods of 30 years, unless the parties agree otherwise at least two years before the expiry of the initial term or unless otherwise terminated pursuant to its terms. The shareholders' agreement will terminate on the earlier of (a) expiry of its term, (b) written agreement of the parties, (c) termination by the non-defaulting shareholder in the case of an event of default with respect to the defaulting shareholder or (d) dissolution or liquidation of SAMAPCO, whichever first.

In accordance with the shareholders' agreement, SAMAPCO must have a board of managers (the "SAMAPCO Board") with full authority to act on behalf of SAMAPCO, consisting of six managers, three of whom shall be appointed by each of the Company and Sahara.

Under the shareholders' agreement, each of the parties agreed to novate and transfer to SAMAPCO of all of their rights, obligations and interests in and to the materials developed before the incorporation of SAMAPCO (including technology supply agreements, feedstock and offtake agreements, construction related agreements and other ancillary project agreements) and procure certain rights, benefits and services for SAMAPCO (including port and other transportation services, property leases, and nitrogen supply agreements). The parties will also provide to SAMAPCO certain services (including human resources, project management, procurement, maintenance, technical and engineering support, logistics and information technology). Such services will be provided on competitive, arm's-length commercial terms and on a "cost" (limited to capital and operating costs) basis, as approved by the SAMAPCO Board. SAMAPCO may procure such services from third parties.

In addition, Sahara will share with SAMAPCO Sahara's infrastructure and fixed tangible assets (including seawater cooling facilities, ethylene and propylene pipeline and tie-in and other utilities tie-ins).

The SAMAPCO Board may, from time to time, request funds from the shareholders on a pro rata basis and subject to an aggregate cap. Should any additional funding be required by SAMAPCO (including in connection with an approved expansion of the ethylene dichloride and caustic soda plants at Jubail city (the "ACV Project"), the shareholders will be invited to subscribe for additional shares on a pro rata basis. Should a shareholder elect not to subscribe for the shares offered to it, the other shareholder may subscribe for such shares, and the non-funding shareholder will be diluted accordingly. In the case of an expansion, any non-funding shareholder may require that such expansion project be pursued as a break-off project independent from SAMAPCO.

In addition, if SAMAPCO incurs losses equivalent to 50 per cent or more of its share capital, to avoid liquidation of SAMAPCO under the laws of the Kingdom, the shareholders may: (a) Agree to contribute additional funds to SAMAPCO (other than by way of increasing SAMAPCO's share capital) on a pro rata basis; or (b) increase SAMAPCO's share capital and invite the shareholders to subscribe for additional shares on a pro rata basis.

SAMAPCO will market and sell all products (including ethylene dichloride and caustic soda) produced by the ACV Project. The Company may purchase from SAMAPCO (a) up to 100 per cent of the caustic soda produced by SAMAPCO in its 250,000 Mtpy nameplate plant and (b) any excess production on a right of first refusal basis for captive use by the Company refinery pursuant to a long-term contract. Any amount of caustic soda not taken by the Company will be marketed and sold by SAMAPCO.

In the case of an expansion of the ACV Project that increases caustic soda production, each of the Company and Sahara may purchase such quantity of the additional caustic soda production as may be required by the Company and Sahara (or their affiliates) for their captive production requirements in the Kingdom. Any amount of caustic soda produced following such expansion and not taken by the Company or Sahara will be marketed and sold by SAMAPCO.

Other than transfers to an affiliate of a shareholder or transfers by the Company to an entity in which the Government of the Kingdom holds an interest, no shareholder may transfer any shares to another person before the fifth anniversary of the commercial production date and no shareholder may grant any security interest over its shares without the prior written consent of the other shareholder(s). Any transfer of shares to a third party after this period shall require the approval of the non-transferring shareholder(s) and be subject to a right to match in favour of the non-transferring shareholder(s). Such approval will be deemed to have been given if a notice of objection is not delivered to the transferring shareholder within 14 days of the transfer notice.

The shareholders' agreement provides for customary events of default, including insolvency of a shareholder (or a controlling entity of a shareholder) and failure to make payments required under the shareholders' agreement, in each case subject to the expiry of applicable cure periods.

In case of an event of default following the incorporation of SAMAPCO, any non-defaulting party may terminate the shareholders' agreement and:

- purchase all or any portion of the shares of the defaulting party at a price equal to: (i) 80 per cent of the amount of equity contributed to SAMAPCO by the defaulting shareholder if the default occurs prior to the commercial production date; (ii) 80 per cent of the fair market value if the default occurs after the commercial production date but during the lock-in period; or (iii) the fair market value (as determined in accordance with the terms of the SAMAPCO SHA) if the default occurs after the lock-in period; or
- require the defaulting party to purchase the non-defaulting shareholder's shares at fair market value (as determined in accordance with the terms of the shareholders' agreement) if the defaulting party's shareholding is 50 per cent or more at the time of termination of the shareholders' agreement.

The shareholders' agreement contains such other warranties, covenants and provisions considered usual for an agreement of this type. SAMAPCO has also agreed to ensure that it complies with certain environmental standards, including the performance standards set out by the International Finance Corporation and the World Bank Group Environmental, Health and Safety Guidelines.

14 - 1 - 6 - 2 SAMAPCO Marketing Agreements

In 2013, SAMAPCO entered into a marketing agreement for ethylene dichloride with SABIC pursuant to which SABIC gained the exclusive right to market 100 per cent of SAMAPCO's production from its ethylene dichloride and caustic soda operations. As consideration for such marketing services, SABIC will receive a marketing fee. SAMAPCO may call back the marketing rights any time after the expiry of three years after initial commercial production. The duration of the agreement extends to either: (i) Ten years following the commercial production date; (ii) the relevant expiry date outlined in SAMAPCO's call back notice; or (iii) following early termination.

In 2013, SAMAPCO entered into a marketing agreement for caustic soda with SABIC pursuant to which SABIC gained the exclusive right to market 100 per cent of SAMAPCO's production from its ethylene dichloride and caustic soda operations. As consideration for such marketing services, SABIC will receive a marketing fee. SAMAPCO may call back the marketing rights any time after the expiry of three years after initial commercial production. The duration of the agreement extends to either: (i) Such time when the Company aluminium refinery at Ras Al-Khair requires the delivery of the entire caustic soda production (expected in Q2 2015); (ii) the relevant expiry date outlined in SAMAPCO's call back notice; or (iii) following early termination.

14 - 1 - 6 - 3 SAMAPCO Offtake Agreement

On 25/05/2011G, the Company entered into an offtake agreement with SAMAPCO in accordance with the terms of the shareholders' agreement with Sahara under which the Company undertakes to purchase certain quantities of industrial grade aqueous caustic soda solution from SAMAPCO.

14 - 1 - 6 - 4 SAMAPCO Finance Agreement

On 28/11/2012G, SAMAPCO entered into an Islamic facility agreement with Banque Saudi Fransi, whereby multi-purpose facilities are made available by Banque Saudi Fransi to SAMAPCO. The agreement consists of an Islamic commercial facility, which consists of a term facility, standby facility and SIDF bridge facility, as well as a working capital facility. The term facility is available from financial close until the earlier of the actual completion date or 31/12/2013G. The final maturity date is 156 months after the first lease payment date. This agreement is governed by the laws of the Kingdom.

The security package includes promissory notes, which must be substituted every 12 months, as well as an assignment agreement, a pledge and assignment agreement, and an assignment of residual proceeds agreement. In addition to standard terms, an event of default occurs if:

- cross default to other financial indebtedness of SAMAPCO has a threshold of USD 20,000,000 (equal to SAR 75,000,000);
- prior to the later of actual completion date or termination date, there is a cross-acceleration to financial indebtedness of shareholders with a threshold of USD 20,000,000 (equal to SAR 75,000,000) for Sahara and USD 70,000,000 (equal to SAR 262,500,000) for the Company.

In addition, there are mandatory prepayments for:

1. compensation (i.e. any termination payments under project documents, etc.) exceeding USD 25,000,000 (equal to SAR 93,750,000);
2. change of control, defined as on or before the date falling two years after the actual completion date, Sahara ceases to directly own 50 per cent of issued share capital of SAMAPCO or the Company ceases to directly own 50 per cent of issued share capital of SAMAPCO, and after the date falling two years after the actual completion date, Sahara ceases to directly own 25.5 per cent of issued share capital of SAMAPCO or the Company ceases to directly own 25.5 per cent of issued share capital of SAMAPCO; and
3. there are insurance proceeds over which SIDF does not have priority.

In addition to standard terms, the facility contains the following material restrictions:

a) SAMAPCO may not make any distributions (including dividends) unless: (i) such funds are credited to the disbursement account under the accounts agreement, and (ii) such funds are credited to the revenue account on a distribution date;

b) no default or event of default occurred or is continuing;

c) the historical debt service coverage ratio is equal to or greater than 1.25x;

d) the debt service reserve account and debt service account are fully funded;

e) the actual completion date occurred;

f) a scheduled refund or fixed element payment has been made;

g) no deferred amount is outstanding; and

h) certification that all amounts under the waterfall of the accounts agreement have been paid and that funds in the operating expense account and availability under the working capital facility are sufficient to meet operating expenditures for the next 60 days.

14 - 1 - 6 - 5 SAMAPCO Loan Agreements with SIDF

On 30/11/2011G, SAMAPCO entered into two loan agreements with the SIDF whereby facilities for the production of caustic soda, chlorine, hydrochloric acid and ethylene dichloride in an aggregate maximum amount of SAR 600 million and SAR 300 million, respectively, are made available by the SIDF to SAMAPCO. The drawdown termination date is 29/12/1434H (corresponding to 03/11/2013G), and the final maturity date is 15/08/1442H (corresponding to 28/03/2021G). This facility agreement is governed by the laws of the Kingdom.

The security package consists of promissory notes, which are required to be issued at each drawing by SAMAPCO in an amount equal to the drawing. The facility contains standard terms for events of default.

In addition to standard terms, the facility contains several noteworthy material restrictions:

- Prior to the distribution of the final 50 per cent of the facility: (i) SIDF shall be named as beneficiary of intellectual rights of the project's production processes; (ii) SAMAPCO must submit detailed cost of Al-Waha Petrochemical's ethylene, propylene and sea water pipelines and cost sharing formula to justify the cost of SAR 56,250,000; (iii) SAMAPCO must submit the final signed agreement with industrial Salt Mining, Jubail for supply of salt; (iv) SAMAPCO must provide appropriate offtake agreements concerning its production of ethylene dichloride and caustic soda; (v) SAMAPCO must employ qualified management team for the project, acceptable to SIDF; and (vi) SAMAPCO must provide evidence that a proper commercial financing for the project has been arranged; and (vii) SAMAPCO must secure approval of the Royal Commission to operate the site;
- Prior to the distribution of the final 20 per cent: (i) SAMAPCO must implement SIDF industrial safety requirement and provide SIDF with the Royal Commission Environment Permit; and (ii) parties must make inventory of SAMAPCO's fixed assets and prepare a checklist, showing their type, description, serial number and origin; and
- Other financial covenants including: (i) Maximum rental of SAR 38,500,000 per annum; (ii) Working capital ratio not less than 1:1 through life of loan; (iii) Total liabilities / tangible net worth of not greater than 3:1 until repayment; (iv) Maximum dividends not to exceed 25 per cent of paid-in capital or SIDF repayment in any fiscal year; (v) Maximum capital expenditure of SAR 77,000,000 per annum, and; (vi) Operation date of Q1 2013G.

14 - 1 - 6 - 6 SAMAPCO Loan Agreement with PIF

On 19/12/2013G, SAMAPCO entered into a loan agreement with the PIF (a 50 per cent shareholder of the Company), pursuant to the facilities provided to finance the caustic soda and ethylene dichloride plant, in an aggregate amount of USD 176 million (equal to SAR 660 million) to be repaid in 26 equal semi-annual payments.This facility agreement is governed by the same restrictions and conditions that govern the above-mentioned project financing agreement and is subject to an annual commission fee of 1.5 per cent plus LIBOR.

14 - 2 Summary of licenses

The Company and its subsidiaries obtained a number of construction, operational, industrial, and mining licenses, among others, that enable it to execute its business activities related to the projects it develops and invests in.

Mining licenses

As detailed in Section 4.7, "**Business Units**", mining licenses have been granted to the Company and its subsidiaries for the purposes of practicing all mining activities. Below is a list of the most important current mining licenses issued for the Company and its subsidiaries:

Table 14.1: The details of the most important licenses for the Company and its subsidiaries

Company	Type of License	Scope	Date and Term	License Number	Surface Rent
Ma'aden Wa'ad Al-Shamal Phosphate Company	Mining	Exploitation of phosphate ore and associated metals in Al-Khabra in respect of the MWAS Project.	26 July 2006; 30 years	Q/42	SAR 380,000
Ma'aden	Easement Rights Permit	Easement permit for the exploitation of Raw Magnesium in Zarghat.	27 June 2011; No applicable term	Q/50	N/A
Ma'aden	Mining	Exploitation of raw magnesite in Zarghat.	31 May 2000; 30 years	Royal Decree M/8	SAR 270,000

Company	Type of License	Scope	Date and Term	License Number	Surface Rent
MPC	Exploitation	Exploitation of phosphate ore and associated metals in Al-Jalamid.	26 July 2006; 30 years	Q/43	SAR 500,000
Ma'aden	Raw Material Quarry License	Exploitation of crude kaolin and low-grade bauxite in Az-Zabirah.	28 March 2003; 30 years	Q/5	SAR 280,000
MBAC	Mining	Exploitation of bauxite ores and associated metals in Al-Ba'itha.	13 February 2007; 30 years	Ministerial Resolution Q/6	SAR 500,000
MBAC	Mining	Exploitation of bauxite ores and associated metals in Al-Ba'itha.	13 February 2007; 30 years	Ministerial Resolution Q/7	SAR 500,000
MBAC	Mining	Exploitation of bauxite ores and associated metals in Al-Ba'itha.	13 February 2007; 30 years	Ministerial Resolution Q/8	SAR 477,600
MGBM	Mining	Exploitation of gold, silver and associated base metals in Mahd Ad-Dahab.	14 November 1988; 30 years	Royal Decree M/9	SAR 110,000
MGBM	Mining	Exploitation of gold ores and other associated metals in Bulghah.	3 November 2001; 25 years	Royal Decree M/41	SAR 390,000
MGBM	Mining	Exploitation of gold and associated metals in Sukhaybarat.	14 November 1988; 30 years	Royal Decree M/10	SAR 250,000
MGBM	Mining	Exploitation of gold ores and associated metals in Al-Amar.	13 September 1997; 30 years	Royal Decree M/17	SAR 50,000
MGBM	Mining	Exploitation of gold and silver ores in Al-Hajar.	21 May 1998; 30 years	Royal Decree M/3	SAR 60,000
MGBM	Mining	Exploitation of gold, silver and copper ores in As-Suq.	20 June 2012; 20 years	Q/145	SAR 160,000
MGBM	Mining	Exploitation of gold, silver and copper ores in Ad-Duwayhi and Al-Khorma.	23 October 2011; 20 years	Q/78	SAR 362,760
MGBM	Mining	Exploitation of gold ores in Shers.	22 May 2011; 20 years	Q/44	SAR 10,177,760

14 - 3 REAL ESTATE

14 - 3 - 1 Company Properties

The Company owns the following plots: 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044 and 1045 of Plan No. 1324 at Al-Masyaf district in Riyadh, where the Company's head office is located.

The book value of the plots is SAR 22,000,000. The Company also owns the following plots: 1046,1047, 1048, 1049, 1050, 1051, 1052, and 1053 of Plan No. 1324 at Al-Masyaf district in Riyadh, which are being used as parking lots for the Company's employees and visitors, with a book value of SAR 39,000,000.

14 - 3 - 2 Leases of the Company and its subsidiaries

The Company and its subsidiaries entered into a number of leases related to its plants, headquarters and secondary offices. The following table outlines the main details of the most significant contracts concluded by Company subsidiaries.

Table 14.2: Main details of the most significant contracts concluded by Company subsidiaries.

Lessee	Site and purpose of use	Lease date	Annual rent	Lease term/ contract end date
Ma'aden Phosphate Company	A plot of 43,983,820 m2 at Ras Al-Khair for the construction of phosphate and aluminium plant and infrastructure.	04/03/1436H (corresponding to 31/03/2009G)	One riyal during the first 35 years, after which the price approved by RCJY shall be applicable.	35 years, renewable with mutual consent one year before the end of the lease term.
Ma'aden Infrastructure Company	A RCJY plot at Jalmoda district where the offices of MIC are located.	19/12/1434H (corresponding to 24/10/2013G)	SAR 1,214,455	The lease term ends on 09/02/1467H (corresponding to 29/12/2040G).
Ma'aden Industrial Company	A plot at Section D6 of 114,400 m2 located at Al-Madina where the offices of Ma'aden Industrial Minerals Company.	07/07/1430H (corresponding to 30/06/2009G)	SAR 114,400	The lease term ends on 06/07/1440H (corresponding to 13/03/2019G).
Ma'aden Gold and Base Metals Company	Office at a business tower in Jeddah of 4,152 m2.	14/06/1432H (corresponding to 17/05/2011G)	SAR 4,227,273	The lease term ends five years after opening of the tower.

14 - 3 - 3 Land Concession

The Company gained rights to the land at Ras Al-Khair following a land concession deed pursuant to Royal Decree No. M/7B dated 01/01/1430H (corresponding to 29/12/2008) which approved the handover through a long-term lease of the plot holding Deed No. 14/30 dated 09/02/1430H (corresponding to 04/02/2009G) located at Ras Al-Khair in the Eastern Province, with a surface area of 43,983,820 m2 to the Company for the benefit of the MPC and MAC projects. The land is officially registered in the name of the Ministry of Petroleum. An implementation agreement between RCJY and the Company dated 04/03/2012G sets out in detail the rights and obligations of both parties relating to the use of the land. The term of the lease is 99 years, commencing on 04/04/1430H (corresponding to 31/03/2009G). The land subject to the lease may not be assigned to third parties without the prior written consent of MPMR

14 - 3 - 4 Framework Land Use and Services Agreement

On 31/03/2009G, the MPMR leased the property at Ras Al-Khair to the Company. The lease agreement set out the Company's rights to use the land for aluminium and phosphate projects. The Company then entered into a rights transfer agreement with MIC, pursuant to which the Company transferred certain rights in respect of the project site to MIC, including the right to use the project site and to grant rights to use relevant parts of the site to certain tenants. On 28/04/2009G, MIC entered into a land use and services agreement with MPC, to provide MPC with the rights to operate on the land.

On 20/10/2009G, the Company (on behalf of the MAC Companies) entered into a land use and services agreement with MIC ("Framework LUSA"), pursuant to (a) the Land Concession, which conferred upon

the Company certain rights to use the land at the Ras Al-Khair site, and (b) a rights transfer agreement between the Company and MIC, which granted MIC rights to use the Ras Al-Khair site, as well as the right to grant third parties rights to use the site.

The Framework LUSA created a framework for MIC to develop certain areas of the Ras Al-Khair site, upon which the Company intended to develop several aluminium projects, including a refinery, smelter, rolling mill and ammonia plant. By virtue of a termination agreement dated 25/05/2011G, the Company and MIC terminated the Framework LUSA to allow MIC to enter into separate agreements with the MAC Companies (i.e. MAC, MBAC, MRC) and MPC. These contracts, described below, specify MIC's role in the further development of the projects with regard to the rights of the MAC Companies and MPC at Ras Al-Khair.

14 - 3 - 5 Underlying Land Use and Services Agreements

MIC has entered into the following land use and services agreements with each MAC Company and MPC (collectively, the "Land Use Agreements"), which work in concert with the Framework LUSA pertaining to the Ras Al-Khair site:

- The Land Use and Services Agreement for MAC dated 01/06/2011G, between MAC and MIC, establishing MAC's rights to construct and operate an aluminium smelter, as well as MIC's duties in providing common facilities and services;
- The Land Use and Services Agreement for MRC dated 01/06/2011G, between MRC and MIC, establishing MRC's rights to construct and operate a rolling mill, as well as MIC's duties in providing common facilities and services;
- The Land Use and Services Agreement for MBAC dated 01/06/2011G, between MBAC and MIC, establishing MBAC's rights to construct and operate a refinery, as well as MIC's duties in providing common facilities and services; and
- The Land Use and Services Agreement for MPC dated 28/04/2009G, between MPC and MIC, establishing MPC's rights to construct and operate an ammonia plant, as well as MIC's duties in providing common facilities and services.

The Land Use Agreements grant each of the MAC Companies and MPC certain rights and easements on the Ras Al-Khair site in order to construct and operate an aluminium smelter, rolling mill, refinery and ammonia plant. MIC shall design, construct and maintain the common facilities of the site that MAC and the other site tenants will use such as roads, security points and potable water tank storage.

The duration of all Land Use Agreements is 35 years, ending in June 2034G with the possibility of renewal. The pricing is similar for each of the MAC Companies and MPC and is based on square metre per annum fees due to MIC, with staggered rate increasing every few years until the end of the initial contract term. MIC reserves the right to modify its prices in case of a capital expenditure fluctuation at rates above five per cent or if there are changes in the law that modify the price calculations.

Parties may not terminate the Land Use Agreements for convenience and must therefore have a valid cause, such as a material breach or insolvency of the other party, in order to terminate the relevant Land Use Agreement. Furthermore, the parties are not permitted to assign their rights under the Land Use Agreements without prior written consent of the other party, with the exception of MIC, which is allowed to assign its rights to the Royal Commission or any other governmental agency under the LUSAs. The parties may terminate their respective Land Use Agreement if there is a change of control of the other party.

The parties shall indemnify each other for personal injury claims, environmental matters and third-party claims, while the MAC Companies and MPC remain liable for any damage to common facilities caused by their employees or agents. No party shall be liable to the other for consequential losses or damages. The laws of the Kingdom shall govern the Land Use Agreements and any dispute in relation thereto will be settled in arbitration under the Saudi rules of arbitration in Riyadh.

14 - 4 General Financing Arrangements

The Company

Redrawable Murabaha Finance Facility

The Facility

On 18/12/2012G, the Company entered into a multi-purpose murabaha finance facilities agreement for an aggregate maximum amount of SAR nine billion with the following commercial banks:

- Al-Rajhi Banking Investment Corporation—SAR 1,275,000,000
- Arab National Bank—SAR 750,000,000
- Bank Al-Bilad—SAR 1,275,000,000
- Bank Aljazira—SAR 150,000,000
- Banque Saudi Fransi—SAR 1,275,000,000
- Riyad Bank—SAR 1,275,000,000
- Samba Financial Group—SAR 1,275,000,000
- National Commercial Bank—SAR 1,275,000,000
- JP Morgan Chase—SAR 150,000,000
- Saudi British Bank—SAR 150,000,000, and
- Saudi Investment Bank—SAR 150,000,000.

The facilities are available from 18/12/2012G to 18/11/2017G, and the final maturity date is 18/12/2017G. The facilities are governed by the law of the Kingdom.

Security Package and Events of Default

The security package of the facilities agreement included promissory notes. The facility contains standard terms for events of default and termination. However, cross-acceleration is triggered only in case where the Company's financial indebtedness exceeds a prescribed threshold, and not the financial indebtedness of any subsidiary. Furthermore, the facilities may be accelerated whenever an event of default is ongoing.

Material Restrictions

The Company may utilise the murabaha facility (one of the facilities) at any time by completing a purchase order, provided that it, among other things, (i) has no more than 10 loans outstanding at any time; (ii) has no loan for less than SAR 100,000,000; and (ii) has no more than one loan in a 30-day period.

This facility also contains financial covenants, including:

- The Company must also keep a total net debt to tangible net worth ratio of 3:1;
- The Company may not pay a dividend when the ratio of EBITDA to financing costs is less than 3:1; and
- Financial covenants are tested every six months at the delivery of annual and semi-annual financial statements.

14 - 5 Other Agreements

Transmission and Distribution Asset Allocation Agreement

On 26/04/2011G, the Company, MAC, MPC and MIC entered into a distribution asset allocation agreement, pursuant to which the parties agreed on the allocation of their respective interests in respect of financing, engineering, procuring, constructing and responsibilities for ownership, operation and maintenance of the electrical facilities provided by SEC that allow export and sale of electricity from and to Ras Al-Khair.

Consultancy Agreement with McKinsey & Company

On 30/01/2013G, the Company entered into a Consultancy Agreement with McKinsey & Company to provide consulting services related to the Company's ETGAN project, which aims to develop professionalism within the Company that will be necessary as the Company expands in size and scope.

The contract term is unspecified but estimated at three to five years.

The Company may assign its rights and benefits to its affiliates without the consent of McKinsey & Company, while McKinsey & Company may not assign its rights or benefits without the Company's consent. In addition, the Company may terminate the agreement for its convenience by giving McKinsey & Company 30 days' written notice. Both parties may terminate in cases of material breach or events of insolvency. Neither party may be liable for indirect or consequential damages, and McKinsey & Company's total liability to the Company shall not exceed the contract price.

Energy Conversion Agreement

The Company entered into an energy conversion agreement ("Energy Conversion Agreement") with the SWCC dated 10/10/2009G pursuant to which SWCC will finance, procure, construct and operate a power generation and sea water desalination plant in Ras Al-Khair, including the electricity and water transmission and gas supply facilities. Following completion, SWCC is expected to deliver 1350 MW and 25,000 m3 of water per day in consideration of a fee to be paid by the Company. The energy conversion agreement will be transferred to MAC upon a notice given by the Company to SWCC and the latter's consent to such novation.

Shared Infrastructure

The Company entered into a shared infrastructure cooperation agreement with Alcoa, MAC, MBAC and MRC pursuant to which the MAC Companies agreed on the allocation of duties, costs and rights in relation to works to be performed, facilities to be utilised and distribution of utilities (gas, electricity and water) as part of the aluminium project. The shared infrastructure agreement between the Alcoa and the MAC Companies will remain in place unless otherwise terminated by either party in accordance with its terms.

14 - 6 RELATED PARTY CONTRACTS

The PIF is one of the major shareholders in the Company, with 50 per cent of the share capital. The Company and its subsidiaries contract on a regular basis with the PIF, the companies with which it has partnerships or shareholders' agreements, and other affiliated companies in relation to the sale of the Group's products and the provision of related services. The Company asserts that the sale of its products to related parties is made on a commercial basis. In this regard, each of MPC, MAC, MWASPC, MBAC and MRC have entered into facilities agreements with PIF related to the finance of those companies' projects. For further details on the financing agreements with PIF and other contracts with subsidiaries, please see Section 14.1, "**Legal Information—Material Contracts**", and for further details on the financial impact of these related party transactions, please see Section 6.6, "**Management's Discussion and Analysis of Financial Condition and Results of Operations—Related-Party Transactions**", of this Prospectus.

Related party contracts are authorised and approved annually by the Board and General Assembly of the Company and the relevant Group companies according to the law, with the exception of contracts with PIF as a Government entity, in addition to transactions with subsidiaries that require the approval of the Board only.

Despite the foregoing, neither the Company nor any Subsidiary has entered into, or expects to enter into, any contracts or arrangements with the Directors, the Secretary to the Board, Senior Management or any of their Relatives in relation to the business of the Company or any subsidiary. According to the Company's Bylaws and other organisational documents, the Board of Directors declares that:

- There is no power enabling a member of the Board of Directors or the CEO to vote on any contract or proposal in which they have a material interest.
- There is no power enabling a member of the Board of Directors or the CEO to vote on their remuneration.
- There is no power enabling Directors, Senior Management or the CEO to borrow from the Company.
- It shall adhere to the provisions of Article 18 of the Corporate Governance Regulations issued by the CMA.
- It shall adhere to the provisions of Articles 69 and 70 of the Companies Law.

14 - 7 Trademarks and Intellectual Property Rights

Since the Company's Competitive position depends, among other things, on its ability to protect and use its intangible assets, it has sought to protect its trade name and the following trademarks through registration at the Office of Saudi Intellectual Property Rights at the Ministry of Commerce and Industry:

The trademark "The Saudi Arabian Mining Company (Ma'aden)" in both Arabic and English, which is registered in the Company's name at MOCI of class 37 pursuant to registration certificate dated 01/03/1420H (corresponding to 15/06/1999G), and registered under No. 25/480, the protection term as per the said certificate is ten years from the registration date.

- The trademark "MPC", in both Arabic and English, which is registered in the name of Ma'aden Phosphate Company at the Ministry of Commerce and Industry in Class 1 pursuant to a registration certificate dated 26/04/1431H (corresponding to 11/04/2010G), and registered under No. 1154/48. The protection term as per the said certificate is ten years from the registration date.
- The trademark "Yalma'", in both Arabic and English, which is registered in the name of Ma'aden Aluminium Company at the Ministry of Commerce and Industry in Class 6 pursuant to a registration certificate dated 25/04/1433H (corresponding to 18/03/2012G), and registered under Nos. 1338/20 and 21. The protection term as per the said certificate is ten years from the registration date.

In addition to the above-mentioned trademarks, the Company has registered and published its trade name and trademark, "Saudi Arabian Mining Company (Ma'aden)" with the competent authorities in the European Union, and has submitted applications to the competent authorities in several other countries in order to protect and register its trade name and trademark. Approval and publication of the same have been concluded in Libya, New Zealand, Sudan, UAE, and Vietnam. In other countries, such as Bahrain, China, Egypt, India, Japan, Kuwait, Oman, Qatar and USA, those applications are still being considered by the competent authorities in each country.

14 - 8 Insurance

The Company and its subsidiaries maintain policies that cover various types of risks related to its business, including property (all risks), business interruption, machinery breakdown, public liability, motor, marine and ground transit, life and personal accident and medical expenses. This coverage includes, but is not limited to, fire, explosion, lightning, windstorms, hurricanes, vandalism, malicious damage, riots, strikes, locked-out workers, labour disturbances, civil unrest, electrical damage and theft.

The Company also maintains a comprehensive general liability policy with a loss limit of SAR 2.40 billion, which provides coverage for any accidental bodily injury or death to third parties or damage to their property. The Company further maintains motor vehicle insurance for its general fleet with a combined loss limit of SAR ten million. The Company has entered into contract with Aon as an insurance adviser and placement agent to the Company to manage insurance programs for existing projects and new projects, including the MWAS Project.

The Company's exposure is monitored through periodic risk surveys by its underwriters and reinsurers in conjunction with the Company's management and engineers.

The following table outlines the type and scope of policy coverage maintained by the Company and its subsidiaries:

Table 14.3: Type and scope of policy coverage maintained by the Company and its subsidiaries

Company name	Type of coverage	Coverage period	Insurance amounts
The Group	Insurance for public maritime shipment.	From 01/06/2014G to 30/05/2015G	SAR 8,758,125,000
Ma'aden Phosphate Company	Insurance for business interruption, machinery breakdown, and third-party liability	From 01/11/2013G to 31/10/2014G	From SAR 93,750,000 up to SAR 19,486,596,307,50
MWASPC	Insurance for maritime shipments, construction risks, and comprehensive third-party liability	From 01/12/2013G to 01/01/2017G	From SAR 150,000,000 up to SAR 26,625,000,000

Company name	Type of coverage	Coverage period	Insurance amounts
Ma'aden Bauxite and Alumina Company	Insurance for maritime shipments, construction risks, and comprehensive third party liability	From 31/05/2011G to 31/12/2014G	From 75,000,000 Saudi Arabian Riyals up to SAR 9,783,750,000
Ma'aden Aluminium Company	Property insurance (all risks), business interruption, and third-party liability	From 27/06/214G to 27/06/2015G	From SAR 375,000,000 up to SAR 6,206,250,000
MRC	Insurance for maritime shipments, construction risks, and comprehensive third-party liability	From 20/05/2010G to 31/12/2014G	From SA R75,000,000 up to SAR 7,072,500,000
Ma'aden Gold and Base Metals Company	Property insurance (all risks), business interruption, public liability, crimes and construction risks	From 20/02/2012G to 31/05/2015G	From SAR 25,000,000 up to SAR 1,533,322,310
Industrial Minerals Company	Property, business interruption and claim insurance	From 01/01/2014G to 31/12/2014G	From SAR 23,904,855 up to SAR 284,810,081
Ma'aden Infrastructure Company	Property and construction risk insurance	From 21/04/2013G to 20/08/2016G	From SAR 1,031,164,342 up to SAR 1,047,106,636
Sahara and Ma'aden Petrochemicals Company (SAMAPCO)	Property insurance (all risks), business interruption, and third party liability	From 31/01/2014G to 01/01/2015G	From SAR 375,000,000 up to SAR 2,632,796,250

14 - 9 Litigation

The Directors and Senior Management affirm that the Company and its subsidiaries are not involved, as at the date of this Prospectus, in any litigation, arbitration or administrative proceeding that would, individually or collectively, have a material adverse effect on its financial condition or results of operations. Moreover, so far as the Directors and Senior Management are aware, there is no expected or threatened litigation, arbitration or administrative proceedings that would, individually or collectively, have a material adverse effect on its financial condition or results of operations.

15. Expert Statements

As at the of this Prospectus, the advisors whose names appear on pages (G) and (H) have given and not withdrawn their written consent to include their names, logos and statements in the form set out in this Prospectus. Moreover, none of the advisors nor any of their employees or relatives have Shares or interests of any kind in the Company.

16. SUBSCRIPTION TERMS AND CONDITIONS

The application for Admission of the New Shares has been submitted pursuant to the Listing Rules.

All Eligible Persons must carefully read the Subscription Terms and Conditions prior to completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to the Receiving Agent constitutes acceptance of, and agreement to, the Subscription Terms and Conditions and is considered a binding agreement between the Company and the Eligible Person.

16 - 1 Subscription for the New Shares

On 20/01/1436H (corresponding to 13/11/2014G), the EGM authorised the increase to the Company's capital through the Rights Issue. In accordance with this Prospectus, 243,478,261 New Shares with a nominal amount of SAR 10 per Share will be offered for subscription through the Rights Issue at an Offer Price of SAR 23 per Share. The New Shares shall be allocated on the basis of one New Share for each Right from the Rights Issue exercised in a complete and correct manner.

The Rights shall be issued to the Registered Shareholders as at the Eligibility Date in the amount of 1 Right for every 3.8 of the Company's shares held on such date, so that the Total Offer Value will be SAR 5,600,000,000.

The subscription for the New Shares will be as follows:

16 - 1 - 1 The First Subscription Period and the Rights Issue Trading Period

First Subscription Period: During the period from Tuesday 25/01/1436H (corresponding to 18/11/2014G) until Thursday 05/02/1436H (corresponding to 27/11/2014G) only Registered Shareholders may subscribe (in whole or in part) for the New Shares through the exercise of the Rights provided in the First Subscription Period. The subscription for the New Shares shall be approved, provided that Registered Shareholders continue to have sufficient Rights available in their relevant account at the end of the Trading Period. The First Subscription Period coincides with the Trading Period during which Registered Shareholders and the Public may trade in the Rights.

Subscription in New Shares shall take place through submission of a Subscription Application Form to any branch of a Receiving Agent, or by ATM, telephone, or electronically, with Receiving Agents that offer such services to subscribers. It should be noted that at the end of the Trading Period, if the Registered Shareholder owns a lower number of Rights than the number of Rights required for the number of New Shares that were subscribed for, his Subscription Application Form will be rejected in whole or in part. The Registered Shareholders will be informed of this rejection and a refund for the amount of the subscription will be issued by the Registered Shareholder's Receiving Agent. If, at the end of the Trading Period, the an Eligible Person owns a lower number of Rights than the number of Rights required, his Subscription Application Form will be rejected in whole or in part. The Subscriber will be informed of this rejection and a refund of the relevant subscription amount will be issued by the Receiving Agent.

16 - 1 - 2 Trading Period:

Trading Period: The period from Tuesday 25/01/1436H (corresponding to 18/11/2014G) until the close of trading on Thursday 05/02/1436H (corresponding to 27/11/2014G).Tadawul has a system in place to regulate the trading of Rights. A separate symbol will be assigned to the Rights issued that is separate from trading symbol for the existing Shares. The trading system will cancel the Company's Rights Issue symbol once the Trading Period expires.

This period includes the following options:

Registered Shareholders have the following options in the First Subscription Period and Trading Period:

Keep their allocation of Rights and exercise these Rights to subscribe for the New Shares;

- Sell their allocation of Rights or a part thereof through Tadawul;
- Purchase additional Rights on Tadawul. The subscription for additional New Shares is only possible during the Second Subscription Period, by completing a Subscription Application Form or through an ATM machine or through the telephone or subscribing electronically with one of the Receiving Agents that provide such services to their customers; or

- Refrain from taking any action in relation to the Rights Issue, whether selling the Rights or exercising the right to subscribe for New Shares. The Rump Shares resulting from Registered Shareholders not exercising the Rights or selling the same will be offered on Tadawul during the Rump Offering.

Those who purchased Rights during this period may trade them either by selling them or buying part or all of these Rights. If they purchased and held on to their Rights during this period, they may exercise these Rights and subscribe for New Shares only in the Second Subscription Period.

16 - 1 - 3 Second Subscription Period and Rump Offering

Second Subscription Period: In the period from Sunday 08/02/1436H (corresponding to 30/11/2014G) until Tuesday 10/02/1436H (corresponding to 02/12/2014G), all holders of Rights, whether Registered Shareholders or purchasers of Rights during the Trading Period, may exercise their Rights to subscribe for New Shares by completing a Subscription Form or through an ATM machine or through the telephone or through subscribing electronically with one of the Receiving Agents that provide such services to their customers.

Registered Shareholders who did not subscribe for New Shares in the Company either in whole or in part during the First Subscription Period may still exercise their Right during this phase. In addition, if they purchased additional Rights during the Trading Period, they may exercise their Rights and subscribe for New Shares during the Second Subscription Period. No trading of Rights shall take place in this period.

In the event that any New Shares remain unsubscribed after the First Subscription Period and Second Subscription Perod, Institutional Investors approached by the Lead Managers will be asked to submit offers to purchase the Rump Shares. Institutional Investors may make such offers from 10:00 AM on 15/02/1436H (corresponding to 07/12/2014G) until 10:00 AM on 16/02/1436H (corresponding to 08/12/2014G). The Rump Shares shall be allocated to Institutional Investors in the order of the offer price for the New Shares received from such Institutional Investors, with the Rump Shares allocated first to the Institutional Investor who offered the highest offer price, until all of the Rump Shares have been allocated. Rump Shares will be proportionally divided among Institutional Investors that tendered at the same price.

All fractional entitlements to New Shares will be combined and offered to Institutional Investors during the Rump Offering. All proceeds resulting from the sale of Rump Shares and fractional Shares up to the paid Offer Price shall be distributed to the Company, and any proceeds in excess of the Offer Price shall be distributed to the Eligible Persons who did not subscribe wholly or partly for New Shares pro rata to their entitlement on 26/02/1436H (corresponding to 18/12/2014G).

16 - 2 Underwriting

In the event that the Rump Shares are not purchased by the Institutional Investors, such shares will be allocated to Samba Capital and Investment Management Company (SambaCapital) (in its capacity as the Lead Underwriter), Aljazira Capital Company, GIB Capital L.L.C. and HSBC Saudi Arabia Limited (in their capacity as additional underwriters), who will all purchase such Rump Shares at the Offer Price. (Please see Section 18, "**Underwriting**", of this Prospectus).

16 - 3 Completion of the Rights Issue and Trading

After the completion of the Rights Issue, the Company's share capital will become SAR 11,684,782,610 and the Company will have 1,168,478,261 Shares in issue. The net proceeds of the subscription will be used to assist in funding the Company's investment in its phosphate operations, specifically the construction of the MWAS Project, and to continue funding its aluminium operations, specifically the mine and refinery under construction by MBAC (please see Section 10, "Use of Proceeds", of this Prospectus). The final allocation will be announced on the Allocation Date, which will be 19/02/1436H (corresponding to 11/12/2014G) at the latest (please see the "Key Dates for Subscribers" section of this Prospectus).

16 - 4 Trading of the New Shares on the Market:

16 - 5 Eligible Persons who do not Subscribe for the New Shares:

The price of the Shares, as at the close of trading on the date of the EGM, and after the approval of the capital increase by the shareholders, was amended to SAR 33.27 per Share by Tadawul in order to reflect the value of the subscription and the number of New Shares issued under this Prospectus, in addition to the market value of listed shares at closing. This represents a price reduction of SAR 2.70 per Share from the price of the Shares before the adjustment for the Rights Issue.

Registered Shareholders who do not participate in whole or in part in the subscription for the New Shares will be subject to a decrease in their percentage ownership in the Company and the value of the Shares they currently hold. Eligible Persons who did not subscribe to and did not sell their Rights may therefore suffer a loss. Eligible Persons who do not subscribe for New Shares will not receive any compensation for not subscribing for the New Shares, except to receive proportional cash compensation from the proceeds of the sale in excess of the paid Offer Price of the Rump Shares (if any).

If Institutional Investors wish to buy Rump Shares at the Offer Price, or if they do not wish to subscribe and the Underwriters therefore buy the Rump Shares at the Offer Price, the non-participating Eligible Persons will not receive any compensation.

Compensation (if any) will only be paid to Eligible Persons who did not subscribe wholly or partially for the New Shares and Shareholders who are entitled to fractional Shares.

16 - 6 The Subscription Process

The Subscription Application Form will be available to Subscribers at branches of the Receiving Agents or through their websites. Registered Shareholders wishing to exercise their full right and subscribe for all the New Shares to which they are entitled, must complete and submit a Subscription Application Form, together with the subscription fees for their full entitlement and the required accompanying documents, to a Receiving Agent during the First Subscription Period, although such persons may also submit the Subscription Application Form during the Second Subscription Period.

All other Eligible Persons wishing to exercise their full right and subscribe for all the New Shares to which they are entitled by virtue of holding the Rights must complete and submit a Subscription Application Form, together with the subscription fees for their full entitlement and the required accompanying documents, to a Receiving Agent during the Second Subscription Period.

The number of Shares to which an Eligible Person is entitled is calculated based on the number of Rights held prior to the closing of the Second Subscription Period. The New Shares have an Offer Price of SAR 23 per Share. The subscription monies that the Subscriber must pay for the New Shares will therefore be calculated by multiplying the number of Rights owned prior to closing of the Second Subscription Period by SAR 23.

16 - 7 Declarations

By completing and delivering the Subscription Application Form, the Subscriber:

- accepts the number of New Shares allocated to him according to the Subscription Application Form and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form;
- accepts that he has read the Prospectus and understood all of its contents;
- accepts the By-laws and all subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form;
- declares that neither he nor any of the family members included on the Subscription Application Form has previously subscribed for Rights in this subscription; and
- guarantees not to cancel or amend the Subscription Application Form after submitting it to the Receiving Agent.

16 - 8 Documents required with the Subscription Application Forms:

The Subscription Application Form must be submitted together with the following documents (where applicable). The Receiving Agents will verify the copies of all documents provided against the originals and will return the originals to the Subscriber:

- Original and copy of the personal identification card (when subscription is made by an individual);
- Original and copy of the family identification card (for an individual subscriber);
- Original and copy of the power of attorney (when authorizing someone to subscribe on behalf of the Subscriber);
- Original and copy of the certificate of guardianship for orphans (for an individual subscriber);
- Original and copy of the residence permit (Iqama) for non-Saudis, where applicable (for an individual subscriber); and
- Original and copy of the commercial registration certificate (for a subscriber that is a legal entity).

The subscription amount must be paid in full upon submission of the Subscription Application Form to a branch of a Receiving Agent, by authorising the Receiving Agent to debit the account of the Subscriber at the Receiving Agent for the required amount, or through a certified check drawn at a local bank and registered under the name of the Company.

Power of attorney will be restricted to first-degree relatives (children, parents, wife, husband). When applying on behalf of another person, an attorney shall write his name and sign the Subscription Application Form. He shall attach the original and a copy of a valid power of attorney issued by a notary public for those who live in the Kingdom or notarised through a Saudi embassy or consulate in the relevant country for those residing outside the Kingdom.

16 - 9 Submission of the Subscription Application Form

Receiving Agents shall start receiving subscription applications at their branches in the Kingdom during the First Subscription Period and Second Subscription Period. In the event that there is a Rump Offering, subscription applications may also be submitted by Institutional Investors only for any Rump Shares. Subscription Application Forms may be delivered during either of the Subscription Periods, either at a Receiving Agent branch or the telephone banking services section or ATM machines or internet banking of any of the Receiving Agents providing such services. Upon completing, signing and submitting the Subscription Application Form, the Receiving Agent shall stamp it and provide the Subscriber with a copy of the completed Subscription Application Form.

If the information submitted on the form turns out to be incomplete or incorrect, or if the form has not been stamped by the Receiving Agent, the Subscription Application Form will be considered void. The Eligible Person shall accept the subscription terms and conditions and complete all sections of the Subscription Application Form. If a form submitted by an applicant does not meet any of the subscription terms and conditions, the Company shall have the right to reject that application in part or whole. Any application providing incomplete or incorrect information or not stamped by a Receiving Agent will be considered void. The Subscription Application Form may not be amended or withdrawn after submission to a Receiving Agent, and it shall be considered a binding contract between the Subscriber and the Company once approved by the Company.

A Subscriber who is an Eligible Person will be deemed to have bought the number of shares allocated to him when the following terms are fulfilled:

- Delivery by the Eligible Person of the Subscription Application Form to any of the Receiving Agents' branches;
- Payment in full by the Eligible Person to the Receiving Agent of the total Offer Price (as specified above) of the Shares subscribed for; and
- Delivery to the Eligible Person by the Receiving Agents of the allocation letter specifying the number of Shares allocated to him/her.

It should be noted that Eligible Persons will not be allocated shares exceeding the number of New Shares that they subscribed for.

16 - 10 Allocation

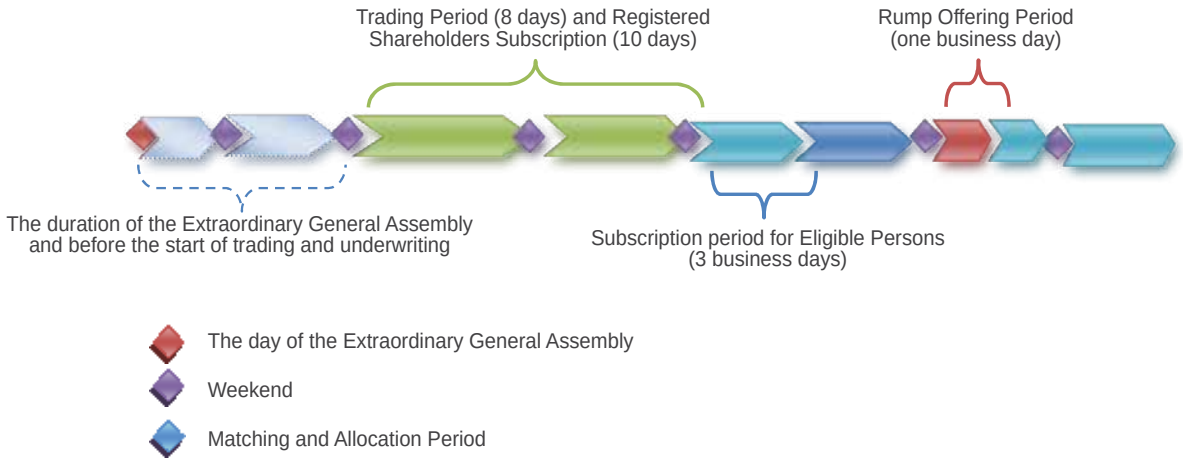
Each of the Receiving Agents and the Lead Managers shall open an escrow account in the name of the Company. Each of the Receiving Agents and the Lead Managers shall deposit all amounts received from subscribers into this escrow account. The New Shares shall be allocated to each subscriber based upon the number of Rights that he/she duly exercised. As for Shareholders entitled to fractional Shares, these shall be accumulated and offered to Institutional Investors during the Rump Offering. All proceeds resulting from the sale of Rump Shares and fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the paid Offer Price shall be distributed to the Eligible Persons pro rata to their entitlement on 26/02/1436H (corresponding to 18/12/2014G). Rump Shares shall be purchased by and allocated to the Underwriters.

Final announcement of the final number of New Shares allocated to each Eligible Person, without any charges or withholdings by the Lead Managers or Receiving Agents, shall take place when the New Shares are deposited in the subscribers' accounts at the Receiving Agents. Eligible Persons shall contact the branch of the Receiving Agent where they submitted the Subscription Application Form to obtain any further information. Announcement regarding the allocation shall be made no later than 19/02/1436H (corresponding to 11/12/2014G).

16 - 11 Compensation

Compensation to Eligible Persons who do not subscribe for all or part of the Rights Issue, if any, shall be paid no later than 26/02/1436H (corresponding to 18/12/2014G).

Figure 16.1: Illustration of the Rights Mechanism



16 - 12 Trading of New Shares

Trading of New Shares on Tadawul is expected to commence once all related formalities pertaining to their registration and allocation have been completed. The Company has filed a request with the CMA for registration of the New Shares and their inclusion in the market. The Company will be submitting a request to the CMA to allow trading of the New Shares after the completion of the Rights Issue. Since the Company's shares were listed on Tadawul on 02/07/1429H (corresponding to 05/07/2008G), the lock-in period elapsed several years ago and there are no restrictions on the Company's shares.

16 - 13 Miscellaneous Notices

The Subscription Application Form and all related terms, conditions and covenants shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that, except as specifically contemplated therein, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions and conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been issued in both Arabic and English. In the event of a discrepancy between the English and Arabic text, the Arabic text of the Prospectus shall prevail.

Although the CMA has approved this Prospectus, it may suspend this subscription offer if the Company, at any time after the adoption of this Prospectus by the CMA and before approving the listing of Shares in the market, becomes aware of (i) a significant change that has occurred in any of the key information contained in this Prospectus, or any of the documents required to be included under the Listing Rules, or (ii) any additional issues that should have been included in this Prospectus.

In these cases it is incumbent on the Company to submit to the CMA a supplementary prospectus, in accordance with the requirements of the Listing Rules. The supplementary Prospectus must be published and an announcement made about applicable subscription dates.

16 - 14 The Saudi Stock Exchange (Tadawul)

The Tadawul was founded in 2001G as an alternative system to the Electronic Securities Information System. Electronic trading in securities commenced in the Kingdom in 1989G.

Trading on Tadawul occurs through a fully integrated trading system covering the entire process from trade execution through settlement. Trading occurs each business day between 11:00 a.m. and 3:30 p.m., from Sunday until Thursday of each week, during which period orders are executed. After these times, orders can be entered, amended or deleted from 10:00 a.m. until 11:00 a.m. New entries and inquiries can be made from 10:00 a.m. of the opening session (starting at 11:00 a.m.). These times are subject to change during the Holy month of Ramadan, and will be announced by Tadawul management.

The Tadawul system works on matching orders by price, and orders are received and prioritised based on price. In general, market orders are executed first, and if several instructions are entered at the same price level, they are executed on a "first-come first-served" basis according to their entry time.

The Tadawul distributes a comprehensive range of information through various channels, including in particular Tadawul website and Tadawul Information Link. The Tadawul Information Link supplies trading data in real time to information providers such as Reuters.

Transactions are settled automatically during the day, meaning that ownership transfer takes place immediately after the trade is executed.

Companies are required to report all material announcements via Tadawul system for onward dissemination to the public. Surveillance and monitoring is the responsibility of Tadawul as the operator of the market. The aim of supervision is to ensure fair trading and an orderly market.

16 - 15 Registering Saudi stocks

The Company has filed a request with the CMA for registration and approval for listing the New Shares on Tadawul. Registration approval and trade in the New Shares is expected to commence on Tadawul after the share allocation process for the New Shares has been finalised. Once determined, this will be announced on Tadawul website. Dates included in this Prospectus are provisional and may be changed or extended subject to the approval of the CMA.

New Shares can only be traded after allocated Shares have been credited to the subscribers' accounts at Tadawul. It is strictly prohibited to trade in New Shares before then.

Subscribing Shareholders dealing in such activities will be acting at their own risk. The Company shall have no legal responsibility in such an event.

16 - 16 Change in Share Price as a result of capital increase

The closing price of shares as at the day of the EGM is SAR 35.97 and is expected to reach SAR 33.27 at opening the following day, with a decrease of SAR 2.70, which will affect the Shareholders by diluting their ownership.

17. Waivers

Neither the Company nor the Financial Advisor have submitted a waiver request to the CMA to be exempted from any requirements of the Listing Rules.

18. UNDERWRITING

18 - 1 Underwriters

The underwriters are:

- Samba Capital and Investment Management Company (SambaCapital), whose registered address is Kingdom Tower, Floor 14, P.O Box 22000, Riyadh 11311, Kingdom of Saudi Arabia (the "Lead Underwriter")
- Aljazira Capital Company, whose registered address is P.O Box 20438, Riyadh 11455, Kingdom of Saudi Arabia
- GIB Capital L.L.C., whose registered address is 3rd Floor, NCCI South Tower, King Fahad Road, P.O. Box 89589, Riyadh 11673, Kingdom of Saudi Arabia
- HSBC Saudi Arabia Limited, whose registered address is HSBC Head Office, Olaya Road, P.O. Box 9084, Riyadh 11413, Kingdom of Saudi Arabia

18 - 2 PIF Letter

The Company has secured a letter from the PIF, confirming its willingness to participate in the Rights Issue and exercise the Rights by subscribing for New Shares.

18 - 3 Summary of the Underwriting Arrangement

The Company and the Underwriters have entered into an underwriting agreement to underwrite 243,478,261 New Shares, representing 100 per cent of the Offer. The agreed principal terms of the Underwriting Agreement are set out below. Pursuant to the terms and conditions of the Underwriting Agreement to be executed between the Company and the Underwriters:

- The Company pledges to the Underwriters that on the allocation date it will issue and allocate to the Underwriters the Rump Shares of the New Shares, at the Offer Price.
- Each of the Underwriters pledges to the Company that on the allocation date it will purchase the remaning New Shares at the Offer Price and in the proportions and amounts stated below:

Table 18.1: The underwritten percentage and amounts.

Underwriter	Number of Shares Underwritten	Price of Shares Underwritten	Percentage of Underwritten Shares Pledged
Samba Capital and Investment Management Company (SambaCapital) (Lead Underwriter)	121,739,131	SAR 2,800,000,000	50%
Aljazira Capital Company	58,695,652	SAR 1,350,000,000	24.1%
GIB Capital L.L.C.	54,347,826	SAR 1,250,000,000	22.3%
HSBC Saudi Arabia Limited	8,695,652	SAR 200,000,000	3.6%
Total	243,478,261	SAR 5,600,000,000	100%

The Company undertakes to the Underwriters that it will abide by all provisions of the Underwriting Agreement.

18 - 4 Fees and expenses

The Company has agreed to pay the Underwriters' fees based on the number of New Shares each Underwriter has agreed to underwrite.

The offer expenses will be deducted from the offer proceeds at the end of the offer.

19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's head office, located at Building Number 395, Abi Bakr Assaddiq Road, P.O. Box 68861, Riyadh 11537, Kingdom of Saudi Arabia, between the hours of 8:30 am and 2:00 pm Sunday through Thursday, provided that the inspection period shall not be less than 20 days before the end of the offer period:

- Council of Ministers Resolution No. 179 dated 8/11/1417H (corresponding to 17/03/1997G);
- Royal Decree No. M/17 dated 14/11/1417H (corresponding to 23/03/1997G);
- The By-laws of the Company;
- The Commercial Registration Certificate of the Company No. 1010164391 dated 10/11/1421H (corresponding to 04/02/2001G);
- The CMA's approval of the Rights Issue;
- The Report of the Independent Auditor for the Company's Consolidated Interim Financial Statements up to 30/06/2014G;
- Unaudited Interim Financial Statements until 30 June 2014G;
- The Report of the Independent Auditor for the Group's Consolidated Financial Statements for the fiscal year ended 30 December 2013G;
- The Group's Consolidated Financial Statements as at and for the year ended 31 December 2013G;
- The Report of the Independent Auditor for the Group's Consolidated Financial Statements for the fiscal year ended 31 December 2012G;
- The Group's Consolidated Financial Statements as at and for the year ended 31 December 2012G;
- The Report of the Independent Auditor for the Group's Consolidated Financial Statements for the fiscal year ended 31 December 2011G;
- The Group's Consolidated Financial Statements as at and for the year ended 31 December 2011G;
- The Bankable Feasibility Study dated 05/07/2013G prepared in connection with the MWAS Project;
- The Mineral Resource Report prepared in respect of Al-Khabra in June 2013 by Mark Campodonic, MAusIMM, SRK Consulting;
- The Ore Reserve Report prepared in respect of Al-Khabra in March 2013 by John Miles, IMMM, SRK Consulting;
- The Mineral Resource Report prepared in respect of Al-Ba'itha in February 2011 by Stefan Mujdrica, MAusIMM, Xstract Mining;
- The Ore Reserve Report prepared in respect of Al-Ba'itha in March 2011 by Kevin Irving, MAusIMM, Xstract Mining;
- The Mineral Resource Report prepared in respect of Al-Amar in June 2013 by Kahan Cervoj, MAusIMM, Optiro;
- The Mineral Resource Report prepared in respect of Bulghah in October 2013 by Nick Szebor, FGS, Wardell Armstrong International;
- The Mineral Resource Report prepared in respect of Bulghah North in November 2013 by Nick Szebor, FGS, Wardell Armstrong International;
- The Mineral Resource Report prepared in respect of Sukhaybarat in April 2013 by Nick Szebor, FGS, Wardell Armstrong International;
- The Ore Reserve Report prepared in respect of Mansourah and Massarah in January 2014 by Ralph Penner, AMEC;
- The Ore Reserve Report prepared in respect of Ar Rjum in January 2014 by Ralph Penner, AMEC;
- The Mineral Resource Report prepared in respect of Mansourah and Massarah in April 2013 by Edmund Sides, AMEC;
- The Mineral Resource Report prepared in respect of Ar Rjum in April 2013 by Edmund Sides, AMEC;
- The Ore Reserve Report prepared in respect of Al-Amar in June 2013 by Russell McBeath, Optiro;
- The Ore Reserve Report prepared in respect of Sukhaybarat in October 2013 by David Chilcott, ACSM, FIMMM, CMR;
- The Company's Valuation Report;
- The Market Study Report; and
- The experts' written approvals to include their names, logos, statements in the form stated in this Prospectus.

20. FINANCIAL STATEMENTS

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated interim financial statements

for the quarter and six months ended June 30, 2014 (Unaudited)

Commercial registration number	1010164391
Directors	Engr. Abdallah Bin Saif Al-Saif – Chairman
	H.E. Sulaiman Bin Abdulrahman Al Gwaiz
	H.E. Mohammed Bin Abdullah Al-Kharashi
	Dr. Ziad Bin Abdulrahman Al-Sudairy
	Mr. Sultan Bin Jamal Shawli
	Engr. Khalid Saleh Al Mudaifer
	Mr. Mansour Bin Saleh Al-Maiman
	Engr. Khalid Bin Hamad Al-Senani
	Engr. Abdulaziz Bin Abdullah Al Sugair
Registered address	Building number 395
	Abi Bakr Asseddiq Road, South
	Exit 6, North Ring Road
	Riyadh
	Kingdom of Saudi Arabia
Postal address	P.O. Box 68861
	Riyadh 11537
	Kingdom of Saudi Arabia
Banker	The Saudi British Bank (SABB)
Auditors	Ernst & Young
	Al Faisaliah Office Tower, 14th Floor
	King Fahad Road
	P.O. Box 2732
	Riyadh 11461
	Kingdom of Saudi Arabia

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)

Statement of Directors' responsibilities for the preparation and approval of the consolidated interim financial statements for the quarter and six months ended June 30, 2014 (Unaudited)

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's review report, set out on page 4, is made with a view to distinguish the responsibilities of management and those of the independent auditors in relation to the consolidated interim financial statements of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (the "Group")

Management is responsible for the preparation of the consolidated interim financial statements that present fairly the consolidated interim financial position of the Group as at June 30, 2014, the results of its operations, changes in equity and cash flows for the quarter and six months then ended, in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

In preparing the consolidated interim financial statements, the management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether SOCPA standards have been followed, subject to any material departures disclosed and explained in the consolidated interim financial statements and
- preparing and presenting the consolidated interim financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue its business for the foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Group;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates;
- taking steps to safeguard the assets of the Group and
- detecting and preventing fraud and other irregularities.

The consolidated interim financial statements for the quarter and six months ended June 30, 2014 set out on pages 5 to 63, were approved and authorized for issue by the Board of Directors on July 15, 2014 and signed on its behalf by:

Engr. Khalid H. Al-Senani Authorized by the Board	Engr. Khalid Al Mudaifer President and Chief Executive Officer	Mr. Khalid Al-Rowais Chief Financial Officer

19 Ramadan 1435H
July 15, 2014
Riyadh
Kingdom of Saudi Arabia

Ernst & Young & Co. (Public Accountants)
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King Fahad Road
Riyadh 11461
Saudi Arabia
Registration Number: 45

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Independent auditor's review report to the shareholders of Saudi Arabian Mining Company (Ma'aden) (A Saudi Arabian Joint Stock Company)

Scope of review

We have reviewed the accompanying consolidated interim statement of financial position of Saudi Arabian Mining Company "Ma'aden" (the "Company") and its subsidiaries (collectively referred to as the "Group") as at June 30, 2014 and the related consolidated interim statements of income, changes in equity and cash flows for the quarter and the six months then ended and the notes 1 to 48 which form an integral part of the consolidated interim financial statements. These consolidated interim financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us with all the information and explanations which we required.

We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For Ernst & Young

Rashid S. AlRashoud
Certified Public Accountant
Registration No. 366

Riyadh: 18 Ramadan 1435H
(15 July 2014)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated interim statement of financial position as at June 30, 2014 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	June 30, 2014	June 30, 2013	December 31, 2013
Assets				
Current assets				
Cash and cash equivalents	7	4,688,887,566	4,759,408,114	4,336,642,990
Short-term investments	8	717,163,823	2,979,731,590	52,437,776
Trade and other receivables	9	1,086,992,051	705,934,350	760,446,009
Inventories	10	2,569,971,484	1,682,966,729	1,883,019,869
Advances and prepayments	11	271,993,713	196,635,841	147,361,191
		9,335,008,637	10,324,676,624	7,179,907,835
Non-current assets				
Property, plant and equipment	12	18,231,544,164	18,263,062,279	18,130,467,596
Capital work-in-progress	13	41,171,177,774	30,520,293,038	36,993,696,476
Exploration and evaluation assets	14	161,439,955	585,611,366	145,883,817
Deferred stripping expense	15	29,975,415	36,409,072	33,381,669
Intangible assets	16	278,311,357	377,510,789	274,183,998
Investment in a jointly controlled entity	17	440,574,967	443,564,104	441,370,614
Due from joint venture partners	18	720,000,000	40,999,835	720,000,000
Advances and prepayments	11	64,817,475	46,563,608	32,336,297
		61,097,841,107	50,314,014,091	56,771,320,467
Total assets		70,432,849,744	60,638,690,715	63,951,228,302
Liabilities				
Current liabilities				
Projects and other payables	19	2,086,712,706	2,299,490,660	2,051,281,265
Accrued expenses	20	2,070,869,483	2,794,458,581	3,261,021,743
Zakat payable	21.2	14,999,304	22,018,860	54,295,070
Severance fees payable	22	8,756,388	18,081,728	36,430,433
Current portion of obligation under capital lease	25	10,401,805	-	9,881,978
Current portion of long-term borrowings	26.4	4,923,320,354	1,263,060,354	1,198,190,354
		9,115,060,040	6,397,110,183	6,611,100,843

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated interim statement of financial position as at June 30, 2014 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	June 30, 2014	June 30, 2013	December 31, 2013
Non-current liabilities				
Employees' benefits	23	241,034,944	181,658,775	214,830,581
Provision for mine closure and reclamation	24	105,731,150	88,857,060	83,490,623
Obligation under capital lease	25	44,779,162	-	50,113,352
Long-term borrowings	26.4	33,649,669,408	30,005,510,572	31,544,709,390
Due to joint venture partners	27	192,930,238	218,792,448	439,533,088
		34,234,144,902	30,494,818,855	32,332,677,034
Total liabilities		43,349,204,942	36,891,929,038	38,943,777,877
Equity				
Share capital	28	9,250,000,000	9,250,000,000	9,250,000,000
Statutory reserve				
Share premium	29	5,250,000,000	5,250,000,000	5,250,000,000
Transfer of net income	30	561,660,119	393,422,274	561,660,119
Retained earnings		5,194,074,008	3,464,131,793	4,698,098,798
Equity attributable to shareholders' of the parent company		20,255,734,127	18,357,554,067	19,759,758,917
Non-controlling interest	31.6	6,827,910,675	5,389,207,610	5,247,691,508
Total equity		27,083,644,802	23,746,761,677	25,007,450,425
Total liabilities and equity		70,432,849,744	60,638,690,715	63,951,228,302
Commitments and contingent liabilities	43			

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated interim statement of income for the quarter and six months ended June 30, 2014 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Quarter ended		Six months ended		Year ended
		June 30,	June 30,	June 30,	June 30,	December 31
		2014	2013	2014	2013	2013
Sales	32	2,386,193,786	1,487,008,795	4,161,736,708	2,983,557,837	6,047,264,545
Cost of sales	33	(1,627,856,108)	(1,229,432,630)	(3,007,148,592)	(2,165,368,181)	(4,537,780,359)
Gross profit		758,337,678	257,576,165	1,154,588,116	818,189,656	1,509,484,186
Operating expenses						
Selling, marketing and logistic expenses	34	(107,779,837)	(54,357,575)	(179,438,628)	(125,681,791)	(282,354,440)
General and administrative expenses	35	(108,692,218)	(70,971,901)	(195,661,703)	(149,519,147)	(477,597,313)
Exploration and technical services expenses	36	(40,353,906)	(50,309,265)	(85,943,070)	(78,819,851)	(141,835,064)
Operating income		501,511,717	81,937,424	693,544,715	464,168,867	607,697,369
Other (expenses) / income						
Share in net loss of a jointly controlled entity	17.2	(502,957)	(805,915)	(795,647)	(1,287,631)	(3,481,121)
Income from short-term investments	37	2,787,216	6,161,810	5,309,934	16,890,691	26,627,550
Finance charges	38	(52,625,862)	(45,803,962)	(99,563,564)	(87,032,611)	(182,585,150)
Other income / (expenses), net	39	44,668,417	(1,024,531)	45,249,670	(1,609,190)	1,423,265,192
Income before zakat		495,838,531	40,464,826	643,745,108	391,130,126	1,871,523,840
Provision for zakat, net	21.2	(5,037,092)	(104,448)	(690,084)	(23,172,083)	(55,448,293)
Net income for the quarter / period / year		490,801,439	40,360,378	643,055,024	367,958,043	1,816,075,547
Net income for the quarter / period / year attributable to:						
Shareholders' of the parent company	6.1	370,791,562	40,980,045	495,975,210	280,173,600	1,682,378,450
Non-controlling interest	31.6	120,009,877	(619,667)	147,079,814	87,784,443	133,697,097
		490,801,439	40,360,378	643,055,024	367,958,043	1,816,075,547
Earnings per ordinary share (Saudi Riyals)						
Operating income per share inclusive of non-controlling interest's share		0.54	0.09	0.75	0.50	0.66
Basic and diluted earnings per share from continuing operations attributable to shareholders' of the parent company	40	0.40	0.04	0.54	0.30	1.82

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated interim statement of changes in equity for the six months ended June 30, 2014 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Equity attributable to shareholders' of the parent company					Non-controlling interest				Total equity
		Share capital	Statutory reserve			Sub-total	Share capital	Payments to increase share capital*	Net income attributable to non-controlling interest	Sub-total	
			Share premium	Transfer of net income	Retained earnings						
January 1, 2013		9,250,000,000	5,250,000,000	393,422,274	3,183,958,193	18,077,380,467	3,773,381,742	731,891,457	502,009,343	5,007,282,542	23,084,663,009
Net income for the period		-	-	-	280,173,600	280,173,600	-	-	87,784,443	87,784,443	367,958,043
Payments to increase share capital during the period *	31.6	-	-	-	-	-	-	294,140,625	-	294,140,625	294,140,625
Increase in non-controlling interest / share capital contributed during the period	31.6	-	-	-	-	-	798,650,611	(798,650,611)	-	-	-
June 30, 2013		9,250,000,000	5,250,000,000	393,422,274	3,464,131,793	18,357,554,067	4,572,032,353	227,381,471	589,793,786	5,389,207,610	23,746,761,677
Dividend paid to non-controlling interest during the remainder of the year	31.6	-	-	-	-	-	-	-	(450,000,000)	(450,000,000)	(450,000,000)
Net income for the remainder of the year		-	-	-	1,402,204,850	1,402,204,850	-	-	45,912,654	45,912,654	1,448,117,504
Net income transferred to statutory reserve	30	-	-	168,237,845	(168,237,845)	-	-	-	-	-	-
Payments to increase share capital during the remainder of the year*	31.6	-	-	-	-	-	-	262,571,244	-	262,571,244	262,571,244
Increase in non-controlling interest / share capital contributed during the remainder of the year	31.6	-	-	-	-	-	375,521,244	(375,521,244)	-	-	-
December 31, 2013		9,250,000,000	5,250,000,000	561,660,119	4,698,098,798	19,759,758,917	4,947,553,597	114,431,471	185,706,440	5,247,691,508	25,007,450,425

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated interim statement of changes in equity for the six months ended June 30, 2014 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

Continued	Notes	Equity attributable to shareholders' of the parent company					Non-controlling interest				Total equity
		Share capital	Statutory reserve		Retained earnings	Sub-total	Share capital	Payments to increase share capital*	Net income attributable to non-controlling interest	Sub-total	
			Share premium	Transfer of net income							
December 31, 2013		9,250,000,000	5,250,000,000	561,660,119	4,698,098,798	19,759,758,917	4,947,553,597	114,431,471	185,706,440	5,247,691,508	25,007,450,425
Net income for the period		-	-	-	495,975,210	495,975,210	-	-	147,079,814	147,079,814	643,055,024
Payments to increase share capital during the period *	31.6	-	-	-	-	-	-	1,432,538,603	-	1,432,538,603	1,432,538,603
Increase in non-controlling interest / share capital contributed during the period	31.6	-	-	-	-	-	47,663,250	(47,062,500)	-	600,750	600,750
June 30, 2014		9,250,000,000	5,250,000,000	561,660,119	5,194,074,008	20,255,734,127	4,995,216,847	1,499,907,574	332,786,254	6,827,910,675	27,083,644,802

*These payments, to ultimately increase share capital of the applicable subsidiaries over a period of time, are treated as part of the total equity in these subsidiaries in accordance with the SOCPA clarification number 14/1 issued on March 14, 2012, although no shares have been issued yet and the Commercial Registration certificate has not yet been amended, but will be once these prepayments have been converted to share capital.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated interim statement of changes in equity for the six months ended June 30, 2014 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Quarter ended		Six months ended		Year ended
		June 30,	June 30,	June 30,	June 30,	December 31,
		2014	2013	2014	2013	2013
Operating activities						
Income before zakat		495,838,531	40,464,826	643,745,108	391,130,126	1,871,523,840
Adjustments for non-cash flow items:						
Reversal of allowance for inventory obsolescence	10	-	-	-	-	(2,265,620)
Depreciation	12	283,302,721	265,376,451	548,589,342	526,762,939	1,018,792,418
Adjustment / written-off property, plant and equipment	12	(2,054,310)	(58,538)	(1,367,534)	(58,538)	(46,932)
Deferred stripping expense	15	11,744,612	20,659,189	25,671,855	37,366,742	71,975,210
Amortization of intangible assets	16	5,815,361	5,149,133	10,763,979	10,257,042	20,011,009
Adjustment / written-off intangible assets	16	-	-	-	-	118,606,335
Share in net loss of a jointly controlled entity	17.2	502,957	805,915	795,647	1,287,631	3,481,121
Provision for severance fees	22	7,318,970	12,554,499	14,097,868	19,479,703	37,828,408
Provision for employees' termination benefits	23.1	14,034,447	9,636,429	27,186,838	19,463,034	52,392,909
Contribution for the employees' savings plan	23.2	4,500,925	4,447,468	9,051,970	11,426,234	13,759,930
Provision for inventory loss	33	-	-	43,918,321	-	65,877,481
Income from short term investments	37	(2,787,216)	(6,161,810)	(5,309,934)	(16,890,691)	(26,627,550)
Changes in working capital:						
Trade and other receivables	9	7,789,614	(52,334,202)	(326,546,042)	(183,893,289)	(197,405,113)
Inventories	10	(279,361,425)	(87,584,185)	(730,869,936)	(593,032,352)	(1,007,678,445)
Advances and prepayments	11	(42,134,670)	(9,223,600)	(157,113,700)	(95,435,919)	(72,933,794)
Projects and other payables – Trade	19	144,358,906	(95,646,324)	150,681,372	(69,562,600)	(20,541,484)
Accrued expenses – Trade	20	(28,066,296)	17,310,571	(26,852,357)	198,695,572	113,255,547
Zakat paid	21.2	(8,100,549)	(64,753,414)	(39,985,850)	(64,753,414)	(64,753,414)
Severance fees paid	22	(39,504,635)	(92,914,728)	(41,771,913)	(92,914,728)	(92,914,728)
Employee s' termination benefits paid	23.1	(4,051,962)	(5,507,665)	(7,575,078)	(11,391,592)	(14,903,351)
Employees' savings plan withdrawal	23.2	(783,673)	(7,330,765)	(2,459,367)	(8,794,003)	(7,374,009)
Provision for mine closure and reclamation utilized	24.1	(4,560,659)	(1,762,760)	(7,073,191)	(1,886,096)	(7,252,533)
Net cash generated from / (utilized in) operating activities		563,801,649	(46,873,510)	127,577,398	77,255,801	1,872,807,235

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated interim statement of changes in equity for the six months ended June 30, 2014 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Quarter ended		Six months ended		Year ended
		June 30,	June 30,	June 30,	June 30,	December 31,
		2014	2013	2014	2013	2013
Investing activities						
Income received from short-term investments		2,924,169	11,956,205	5,327,637	31,869,298	41,774,971
Short-term investments	8	(523,500,000)	(47,307,665)	(664,743,750)	76,638,250	3,003,763,250
Additions to property, plant and equipment	12	-	-	(661,972)	-	(62,688,826)
Additions to capital work-in-progress	13	(2,678,034,268)	(3,417,538,760)	(4,805,743,642)	(6,336,977,802)	(12,476,701,450)
Additions to exploration and evaluation assets	14	(12,427,288)	(171,780,870)	(15,556,138)	(238,321,040)	(303,083,276)
Additions to deferred stripping expense	15	(9,363,193)	(14,585,152)	(22,265,601)	(31,422,676)	(63,003,741)
Additions to intangible assets	16	(4,642,778)	(39,138,371)	(4,951,680)	(59,697,179)	(59,697,179)
Due from joint venture partners		-	(40,999,835)	-	(40,999,835)	(720,000,000)
Projects and other payables – Projects	19	(898,211,495)	483,313,022	(115,249,931)	357,602,515	60,372,004
Accrued expenses – Projects	20	(111,533,859)	46,251,001	(1,163,299,903)	(310,048,912)	241,954,275
Net cash utilized in investing activities		(4,234,788,712)	(3,189,830,425)	(6,787,144,980)	(6,551,357,381)	(10,337,309,972)
Continued						
Financing activities						
Obligation under capital lease	25	(2,478,237)	-	(4,814,363)	-	59,995,330
Net proceeds from long-term borrowings received	26.4	3,734,470,004	798,242,647	5,830,090,018	4,597,774,814	6,072,103,632
Due to joint venture partners	27	24,190,125	76,380,456	53,368,875	166,380,456	387,121,096
Payments to increase share capital by non-controlling interest, net	31.6	936,585,220	-	1,132,566,878	294,140,624	556,711,869
Increase in share capital of non-controlling interest	31.6	-	-	600,750	-	-
Dividend paid to non-controlling interest	31.6	-	-	-	-	(450,000,000)
Net cash generated from financing activities		4,692,767,112	874,623,103	7,011,812,158	5,058,295,894	6,625,931,927
Net change in cash and cash equivalents		1,021,780,049	(2,362,080,832)	352,244,576	(1,415,805,686)	(1,838,570,810)
Cash and cash equivalents at beginning of the quarter / period / year *		3,667,107,517	7,121,488,946	4,336,642,990	6,175,213,800	6,175,213,800
Cash and cash equivalents at end of the quarter / period / year *	7	4,688,887,566	4,759,408,114	4,688,887,566	4,759,408,114	4,336,642,990

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated interim statement of changes in equity for the six months ended June 30, 2014 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Quarter ended		Six months ended		Year ended
		June 30,	June 30,	June 30,	June 30,	December 31,
		2014	2013	2014	2013	2013
Non-cash flow transactions						
Transfer to property, plant and equipment from capital work-in-progress	12,13	204,298,989	101,074,245	622,764,902	199,898,726	496,656,304
Provision for mine closure capitalized in property, plant and equipment	12, 24.1	-	-	29,313,718	-	-
Transfer to capital work-in-progress from inventories	13,10	-	-	-	-	150,981,092
Depreciation capitalized as part of capital-work-in-progress	13,12	2,219,999	-	4,442,216	-	-
Transfer to capital work-in-progress from exploration and evaluation assets	13,14	-	-	-	-	504,489,785
Transfer to intangible assets from capital work-in-progress	16,13	-	-	9,939,658	-	25,033,511
Transfer from due to joint venture partners to payments to increase share capital pertaining to non-controlling interest	27, 31.6	-	-	299,971,725	-	-
Transfer from payments to increase share capital to share capital pertaining to non-controlling interest	31.6	47,062,500	181,190,625	47,062,500	798,650,611	1,174,171,855

* Cash and cash equivalent includes restricted cash accumulated in the debt service reserve account for the next schedule repayment of long-term borrowing, six months prior to the due date, as per the facility agreement (Note 7).

1. General information

Saudi Arabian Mining Company ("Ma'aden") (the "Company") was formed as a Saudi joint stock company pursuant to Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to March 23, 1997) and the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to March 17, 1997), with Commercial Registration No. 1010164391 dated 10 Zul Qaida 1421H (corresponding to February 4, 2001). The Company has an authorized share capital of SAR 9,250,000,000 (Nine billion and two hundred fifty million Saudi Riyals) divided into 925,000,000 (Nine hundred and twenty five million) ordinary shares with a nominal value of SAR 10 each.

The objectives of the Company and its subsidiaries (the "Group") are to be engaged in various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by-products. These activities exclude:

- petroleum and natural gas and materials derived there from;
- any and all hydrocarbon substances, products, by-products and derivatives; and
- activities related to all stages of the oil industry and the industries associated therewith and supplementary thereto.

The Group's principal mining activities are at the Mahd Ad' Dahab, Al-Hajar, Bulghah, Al-Amar, Sukhaybarat, Al Jalamid, Az Zabirah and Al-Ghazallah mines. Currently the Group mainly mines gold, phosphate rock, low-grade bauxite, kaolin and magnesite.

The Group is involved in the following two major projects, both of which are in their development stages:

Aluminum project

The Group's objective with the aluminum project is to develop the bauxite mine, the alumina refinery, smelter and rolling mill as well as a power plant for the production of aluminum and related products in the Kingdom of Saudi Arabia. In December 2009, the Company entered into a joint venture agreement with Alcoa Incorporated, ("Alcoa Inc.") for the development of the aluminum project. The Company has a 74.9% interest in the aluminum project and Alcoa Inc. has a 25.1% interest. The estimated capital cost of the project is SAR 40.5 billion. Alcoa Inc. has reimbursed the Company for 25.1% of the aluminum project's costs incurred by the Company before Alcoa Inc.'s participation.

On February 14, 2012 the Board of Directors approved a plan developed by Ma'aden in collaboration with their joint venture partner Alcoa Inc. (Note 27) to extend the product mix of their aluminum complex, currently under construction at Ras Al Khair, to include:

- automotive heat treated and non-heat treated sheet,
- building and construction sheet, and
- foil stock sheet

Phosphate production facility

On March 19, 2013, Ma'aden signed Heads of Agreement with The Mosaic Company ("Mosaic") and SABIC to jointly develop a fully integrated phosphate production facility located at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City, in the Northern Region, near the city of Turayf in the Kingdom of Saudi Arabia. Ma'aden, Mosaic and SABIC will own 60%, 25% and 15% of the joint venture respectively. On August 5, 2013, the shareholders agreement to jointly develop a fully integrated phosphate production facility was signed by Ma'aden, Mosaic and SABIC (Note 27 and 39).

This project is based on the exploitation of the Al-Khabra phosphate deposit for which Ma'aden owns the mining license and includes the utilization of captive national resources such as groundwater and sulfur, and taking advantage of the existing railway infrastructure, linking the Northern Borders Province to Ras Al Khair in the Eastern Province to have access to the port facilities at the Arabian Gulf. The estimated capital cost of the project is SAR 26 billion.

2. Group structure

The Company has the following subsidiaries and jointly controlled entity, all incorporated in the Kingdom of Saudi Arabia:

Subsidiaries	Type of company	Effective ownership		
		June 30, 2014	June 30, 2013	December 31, 2013
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	100%	100%	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	100%	100%	100%
Industrial Minerals Company ("IMC")	Limited liability company	100%	100%	100%
Ma'aden Aluminum Company ("MAC")	Limited liability company	74.9%	74.9%	74.9%
Ma'aden Rolling Company ("MRC")	Limited liability company	74.9%	74.9%	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	74.9%	74.9%	74.9%
Ma'aden Phosphate Company ("MPC")	Limited liability company	70%	70%	70%
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWASPC")	Limited liability company	60%	-	-
Jointly controlled entity				
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Limited liability company	50%	50%	50%

The financial year end of all the subsidiaries and jointly controlled entity coincide with that of the parent company.

MGBM

The company was incorporated in the Kingdom of Saudi Arabia, on August 9, 1989. The objectives of the company are:

- the exploration and mining of gold and associated minerals within their existing mining lease area by way of drilling, mining, concentrating, smelting and refining;
- extract, refine, export and sell such minerals in their original or refined form; and
- construct, operate and maintain all mines, buildings, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the lease.

MIC

The company was incorporated in the Kingdom of Saudi Arabia on August 17, 2008. The objectives of the company are to:

- manage the infrastructure project to develop, construct and operate the infrastructure; and
- provide services to Ras Al-Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia.

IMC

The company was incorporated in the Kingdom of Saudi Arabia on March 31, 2009. The objectives of the company are:

- the exploitation of industrial minerals within the existing mining lease area by way of drilling, mining, concentrating, smelting and refining; and
- extract, refine, export and sell such minerals in their original or refined form.

The company currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine and processing plant at Al Madinah Al Munawarah which partially commenced operations during 2011 and the remaining project is still in development stage.

MAC

The company was incorporated in the Kingdom of Saudi Arabia on October 10, 2010 and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Smelting Inversiones S.L. ("ASSI"), a foreign shareholder, a company wholly owned by Alcoa Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated interim financial statements.

The objectives of the company are the production of:

- aluminum ingots;
- aluminum T shape ingots;
- aluminum slabs; and
- aluminum billets.

The company is currently in its project development phase.

MRC

The company was incorporated in the Kingdom of Saudi Arabia on October 10, 2010 and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Rolling Inversiones S.L. ("ASRI"), a foreign shareholder, a company wholly owned by Alcoa Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated interim financial statements.

The objectives of the company are the production of:

- can body stock; and
- can ends stock.

The company is currently in its project development phase.

MBAC

The company was incorporated in the Kingdom of Saudi Arabia on January 22, 2011 and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by AWA Saudi Limited ("AWA"), a foreign shareholder, which is owned 60% by Alcoa Inc. and 40% by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated interim financial statements.

The objectives of the company are to:

- produce and refine bauxite; and
- produce alumina.

The company is currently in its project development phase.

MPC

The company was incorporated in the Kingdom of Saudi Arabia on January 1, 2008 and is owned:

- 70% by Saudi Arabian Mining Company ("Ma'aden") and
- 30% by Saudi Basic Industries Corporation ("SABIC") which is accounted for as a non-controlling interest in these consolidated interim financial statements.

The objectives of the company are to:

- exploit the Al Jalamid phosphate deposits;
- utilize local natural gas and sulphur resources to manufacture Diammonium Phosphate ("DAP") fertilizers at the processing facilities at Ras Al-Khair; and
- produce ammonia as a raw material feed stock for the production of fertilizer and the excess ammonia is exported and sold domestically.

MWASPC

The company was incorporated in the Kingdom of Saudi Arabia on January 27, 2014 and is owned:

- 60% by Saudi Arabian Mining Company ("Ma'aden");
- 25% by Mosaic Phosphate B.V., a foreign shareholder, a limited liability company registered in Netherlands wholly owned by The Mosaic Company ("Mosaic") which is accounted for as a non-controlling interest in these consolidated interim financial statements; and
- 15% by Saudi Basic Industries Corporation ("SABIC") which is accounted for as a non-controlling interest in these consolidated interim financial statements.

The objectives of the Company are the production of:

- purified phosphoric acid,
- phosphoric acid,
- sodium tripolyphosphate,
- Di-calcium and Mono-calcium phosphate,
- Di-ammonium and Mono-ammonium phosphate,
- ammonia,
- nitro phosphate and nitro phosphate potash,
- sulphuric acid,
- products used in the manufacturing of lime; and
- purified phosphate rock.

SAMAPCO

The company was incorporated in the Kingdom of Saudi Arabia on August 14, 2011 and is owned:

- 50% by Saudi Arabian Mining Company ("Ma'aden"); and
- 50% by Sahara Petrochemical Company.

SAMAPCO is a joint venture project and is accounted for as an investment in a jointly controlled entity under the equity method of accounting in these consolidated interim financial statements.

The objectives of the company are the production of:

- concentrated caustic soda;
- chlorine; and
- ethylene dichloride.

The operations of the company includes the production and supply of concentrated caustic soda feed stock to the alumina refinery at MBAC and to sell the excess production in the local wholesale and retail market.

3. Basis of preparation

The accompanying consolidated interim financial statements have been prepared under the historic cost convention on the accrual basis of accounting and in compliance with the accounting standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA").

The consolidated interim financial statements have been prepared in accordance with SOCPA's standard of interim financial reports, on the basis of integrated periods, which views each interim period as an integral part of the financial year. Accordingly, revenues, gains, expenses, and losses of the period are recognized during the relevant period.

The results of the operations for an interim period may not be indicative of the annual results of the operations.

These consolidated interim financial statements are presented in Saudi Riyals which is both the functional and reporting currency of the Group.

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated interim financial statements are set out below. These policies have been consistently applied to all periods / year presented.

4.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "intangible assets" in the accompanying consolidated interim statement of financial position. Goodwill is tested annually for impairment and carried at cost, net of any accumulated amortization and impairment losses, if any.

Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are in consistency with those adopted by the Group.

Jointly controlled entity

A joint venture exists where the Group has a contractual arrangement with one or more parties to undertake activities typically, however not necessarily, through entities that are subject to joint control.

The Group recognises its interests in a jointly controlled entity using the equity method of accounting. The Group's share of the results of joint ventures is based on the financial statements prepared up to a date not earlier than three months before the consolidated interim statement of financial position date, adjusted to conform with the accounting polices of the Group, if any. Intragroup gains on transactions are eliminated to the extent of the Group's interest in the investee. Intragroup losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

4.2 Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated interim statement of financial position date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated interim statement of income.

4.3 Cash and cash equivalents

Cash and cash equivalents balance includes cash on hand, cash in banks and time deposits with an original maturity of three months or less at the date of acquisition.

4.4 Short-term investments

Short-term investments include placements with banks and other short-term highly liquid investments with original maturities of more than three months but not more than one year from the date of acquisition.

4.5 Trade receivables

Trade receivables are carried at the original sales invoice amount less an allowance for doubtful debts (if any). An allowance for doubtful debts is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. Such allowances are charged to the consolidated interim statement of income and reported under "General and administrative expenses". When a trade receivable is uncollectible, it is written-off against the allowance for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the consolidated interim statement of income.

4.6 Inventories

Finished goods

Finished goods are measured at the lower of net cost of production or net realizable value. The net cost of production is determined as the total cost of production divided by the saleable unit output.

Production costs include:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore;
- production overheads; and
- revenue from sale of by-products is credited against production costs.

By-products are valued at net realizable value, with reference to the spot price of the commodities ruling at the reporting date.

Work-in-process

The cost of work-in-process is determined using weighted average basis.

Ore stockpiles

Ore stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence because it exceeds the mine's cut-off grade and due to economic viability, it is valued at the lower of net cost of production or net realizable value. Quantities of stockpiles and work-in-process are assessed primarily through surveys and assays.

Spare parts and consumable materials

Spare parts and consumable materials are valued at the weighted average cost basis less an allowance for obsolete and slow moving items.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

4.7 Financial assets and liabilities

Financial assets and liabilities carried on the consolidated interim statement of financial position principally include cash and cash equivalents, short-term investments, trade and other receivables, projects and other payables, accrued expenses and borrowings.

A financial asset and liability is offset and net amount reported in the consolidated interim financial statements, when the Group has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

4.8 Property, plant and equipment

Property, plant and equipment are stated at the historical cost less accumulated depreciation. Depreciation is provided over the shorter of estimated economic useful lives of the applicable assets or the estimated life-of-mine using the straight-line method. The estimated useful lives of the principal classes of assets are as follows:

	Number of years
Buildings	9 – 33
Heavy equipment	5 – 20
Fixed plant and heap leaching facilities	4 – 20
Other equipment	4 – 20
Office equipment	4 – 10
Furniture and fittings	4 – 10
Mobile and workshop equipment	10
Computer equipment	4 – 5
Mining assets	2 – 8
Laboratory and safety equipment	5
Motor vehicles	4
Civil works	4

Maintenance and normal repairs which do not materially extend the estimated economic useful life of an asset are charged to the consolidated interim statement of income as and when incurred. Major renewals and improvements, if any, are capitalized.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated interim statement of income.

Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets.

4.9 Capital work-in-progress

Assets in the course of construction are capitalized in the capital work-in-progress account. On completion, the cost of the related asset is transferred to the appropriate category of property, plant and equipment. The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Costs associated with a start-up period are capitalized where the asset is available for use but incapable of operating at normal levels during the commissioning period net of the proceeds from the sale of any production during the development period. Capital work-in-progress is not depreciated.

4.10 Exploration and evaluation assets

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with:

- acquisition of exploration rights to explore a potentially mineralized;
- topographical, geological, geochemical and geophysical studies;
- exploration drilling;
- trenching;
- sampling; and
- other work involved in searching for ore.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibilities studies.

All exploration and evaluation costs are expensed until it is concluded that a future economic benefit is more likely to be realized than not, i.e. 'probable'. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body. Exploration and evaluation expenditures are capitalized if management determines that probable future economic benefits will be generated as a result of the expenditures.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralization of such mineral deposits, is capitalized as mine development cost following the completion of an economic evaluation equivalent to a feasibility study.

All exploration and evaluation costs incurred after it is concluded that economic benefit is more likely to be realized than not, i.e. 'probable' are capitalized as "Exploration and evaluation assets" only until the technical feasibility and commercial viability of extracting of mineral resource are demonstrable. Once the technical and commercial viability is demonstrable i.e. economic benefit will or will not be realized, the asset is tested for impairment and any impairment loss is recognized. Based on the technical and commercial feasibility, if the economic benefit will be realized and management intends to develop the mine, exploration and evaluation asset is reclassified to "Capital work-in progress". Cash flows attributable to capitalized exploration and evaluation expenditures are classified as investing activities in the consolidated interim statement of cash flow. Once the commercial production stage is reached, the capitalized capital work-in-progress is reclassified to "Property, plant and equipment".

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company measures, presents and discloses any resulting impairment loss.

For the purposes of exploration and evaluation assets only, one or more of the following facts and circumstances are considered for identifying that exploration and evaluation asset that may be impaired. These include the following:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once it has been identified that exploration and evaluation asset may be impaired, asset impairment policy as specified in note 4.13 is followed.

4.11 Stripping ratio and deferred stripping costs

The Group also defers waste mining costs and has estimated the average of the waste-to-ore ratio for the quantities contained within the final pit design of the mine. This average is used to calculate the annual waste mining costs to be expensed as follows:

Average ratio of waste to ore mined	x	Quantity of ore mined	x	Average unit cost of total tonnes mined

In periods when the actual costs of waste are higher than the costs expensed according to this formula, the difference is deferred to be expensed in a future period when the actual costs are less than the amount to be expensed.

4.12 Intangible assets

Intangible assets comprise of purchased software and systems enhancements and transformation. These assets are carried at cost. Intangible assets are amortized on the straight-line basis over their anticipated useful lives and are reviewed at least at each financial year end. The amortization expense on the intangible assets is recognized in the consolidated interim statement of income consistent with the functions of the intangible assets.

Intangible assets for MIC comprises the infrastructure and support services assets at Ras Al Khair that are transferred to Royal Commission of Jubail and Yanbu ("RCJY") as stated in the Implementation Agreement signed between Ma'aden and RCJY. The cost of the intangible assets comprises its purchase price and any costs directly attributable to bringing such assets to working condition for their intended use. Such intangible assets are carried at historical cost less accumulated amortization. Amortization is provided over the remaining period of LUSA (Land Usage and Service Agreement) term.

4.13 Asset impairment

The Group assesses its assets at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value-in-use.

Assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When it becomes evident that the circumstances which resulted in the impairment no longer exist, the impairment amount is reversed (with the exception of goodwill) and recorded as income in the consolidated interim statement of income in the period in which such reversal is determined.

4.14 Projects, other payable and accrued expenses

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

4.15 Zakat, income tax and withholding tax

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). A provision for zakat for the Company and zakat related to the Company's subsidiaries is charged to the consolidated interim statement of income. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined. Foreign shareholders in subsidiaries are subject to income tax which is included in non-controlling interest in the consolidated interim statement of income.

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

4.16 Severance fees

Effective from year 2005 onwards, as per Article No. 71 of the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower.

The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated interim statement of income (Note 33).

4.17 Provisions

Provisions are recognized when the Group has:

- a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation in the future; and
- the amount can be reliably estimated.

4.18 Mine closure and reclamation

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure or reclamation. Mine closure and reclamation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of current laws and regulations.

Provisions for the cost of each closure and reclamation program are recognized at the time the mining activities occur. When the extent of the mining activities increases over the life-of-mine, the provision is increased accordingly.

Costs included in the provision encompass all closure and reclamation activity expected to occur progressively over the life-of-mine and at the time of closure in connection with the mining activities at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized 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 reclamation expenditure is dependent upon a number of factors such as:

- the life-of-mine;
- the operating license conditions; and
- the environment in which the mine operates.

The full estimated costs are capitalized as part of mining assets, under property, plant and equipment and then depreciated as an expense over the expected life-of-mine on straight-line basis. Adjustments to the estimated amount and timing of future closure and reclamation cash flows are a normal occurrence in light of the significant judgments and estimates involved. Factors influencing those changes include:

- revisions to estimated ore reserves, mineral resources and lives of mines;
- developments in technology;
- regulatory requirements and environmental management strategies; and
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation.

4.19 Employees' termination benefits

Employee termination benefits are payable as a lump sum to all employees employed under the terms and conditions of Saudi Labor and Workman Law on termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the consolidated interim statement of financial position date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia.

4.20 Employees' savings plan program

In accordance with Article 145 of the Labor Regulations, and in furtherance to Article 76 of the Company's Internal Work Regulation approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to July 19, 1999) issued by H.H. Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Group to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Group.

Participation in the Savings Plan Program is restricted to Saudi nationals and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SAR 300. The Group will contribute an amount equaling 10% of the monthly savings of each member per annum for the first year and increase it by 10% in the year after it reaches 100% at the 10th year, which will in turn be credited to the savings accounts of the member. The Group's portion is charged to the consolidated interim statement of income on a monthly basis. The Group's portion will only be paid upon termination or resignation of the employee.

4.21 Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under capital leases are recognized as assets of the Group at the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease. Depreciation is provided over the estimated economic useful lives of the assets.

Finance costs, which represent the difference between the total lease commitments and the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease, are charged to the consolidated statement of income over the term of the relevant lease in order to produce a constant periodic rate of return on the remaining balance of the obligation for each accounting period.

Rentals payable under operating leases are charged to consolidated interim statement of income on a straight-line basis over the term of the operating lease.

4.22 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. Other borrowing costs are charged to consolidated interim statement of income.

4.23 Revenue recognition

Revenue is recognized when all the following conditions are met:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Group; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Revenues are shown net of discounts and after eliminating sales within the Group.

Sales revenue is commonly subject to an adjustment based on an inspection of the product by the customer. In such cases, sales revenue is initially recognized on a provisional basis using the Group's best estimate of contained metal, and adjusted subsequently.

Revenue from the sale of by-products is credited against production costs.

Investment income consists of earnings on bank deposits and is recognized on an accrual basis.

4.24 Selling, marketing and logistic expenses

Selling, marketing and logistic expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between selling and marketing expenses and cost of sales, when required, are made on a consistent basis.

4.25 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

5. Critical accounting estimates, assumptions and judgments

The preparation of consolidated interim financial statements in conformity with generally accepted accounting standards requires management to make estimates and assumptions that affect amounts reported in the consolidated interim financial statements and accompanying notes. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

The most significant areas requiring the use of management's assumptions, estimates and judgments relate to:

- ore reserve and mineral resource estimates;
- economic useful lives of property, plant and equipment;
- impairment and reversal of impairment of assets;
- allowances;
- mine closure and environmental obligation;
- zakat and income taxes; and
- contingencies.

Ore reserve and mineral resource estimates

There is a degree of uncertainty involved in the estimation and classification of ore reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, the quantity of ore reserve and mineral resource grades must be considered as estimates only. What is more, the quantity of ore reserves and mineral resources may vary depending on, amongst other things, metal prices and currency exchange rates.

The ore reserve estimates of the Group have been determined based on management long-term commodity price, forecasts cut-off grades and costs that may prove to be inaccurate. Any material change in the quantity of reserves, grades or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will give the same result in larger scale tests under on-site conditions or during production.

Fluctuation in commodity prices, the results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. The volume and grade of ore reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of ore reserves and mineral resources, or of the Group's ability to extract these ore reserves, could have a material adverse effect of the Group's business, prospects, financial condition and operating results.

Economic useful lives of property, plant and equipment

The Group's mining assets, classified within property, plant and equipment, are amortized on a straight-line basis over the lesser of their economic useful lives or the life-of-mine. When determining the life-of-mine, assumptions that were valid at the time of estimation, may change when new information becomes available.

The factors that could affect estimation of the life-of-mine include the following:

- changes in proven and probable ore reserves;
- the grade of ore reserves varying significantly from time to time;
- differences between actual commodity prices and commodity price assumptions used in the estimation and classification of ore reserves;
- unforeseen operational issues at mine sites; and
- changes in capital, operating, mining, processing and reclamation costs, discount rates could possibly adversely affect the economic viability of ore reserves.

Any of these changes could affect prospective depreciated of mining assets and their carrying value. The economic useful lives of non-mining property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Impairment and reversal of impairment of assets

The Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets are impaired or whether there is any indicator that an impairment loss recognized in previous years may no longer exist or may have decreased.

Allowances

The Group also creates an allowance for obsolete and slow-moving spare parts. At June 30, 2014, the allowance for obsolete slow-moving items amounted to SAR 16 million (June 30, 2013: SAR 19 million and December 31, 2013: SAR 16 million) (Note 10). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated interim statement of financial position date to the extent that such events confirm conditions existing at the end of the period / year.

Mine closure and environmental obligations

The Group's mining and exploration activities are subject to various environmental laws and regulations. The Group estimates environmental obligations based on management's understanding of the current legal requirements in the various jurisdictions in which it operates, terms of the license agreements and engineering estimates. Provision is made, for decommissioning and land restoration costs as soon as the obligation arises. Actual costs incurred in future years could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mime estimates could affect the carrying amount of this provision.

Zakat and income taxes

During the period ended June 30, 2014 an amount of SAR 31.9 million was paid to DZIT pertaining to the year ended December 31, 2013 but no zakat assessments were finalized by the DZIT. Where the final zakat outcome of these matters is different from the amounts that were initially recorded, such differences will impact the zakat provisions in the period / year in which such determinations are made.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

6. Segmental information

Segment reporting

5.1 Business segment

A business segment is group of assets, operations or entities:

- engaged in revenue producing activities;
- results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- financial information is separately available.

The Group's operations consist of the following business segments:

- The corporate segment, includes the corporate operations and projects under development.

Automotive sheet project include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet. The project is in the development stage (Note 1).

- The gold segment, consists of operations related to the mining of gold and is carried out through MGBM. This segment currently operates Mahd Ad Dahab, Al-Hajar, Bulghah, Al Amar, As Suq mines and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia. The segment also include Ad Duwayhi mine which is in development stage.
- The phosphate segment, consist of operations related to mining of phosphate, the beneficiation of phosphate concentrate and utilization of national resources of natural gas and sulphur to manufacture DAP, MAP fertilizer and ammonia products and is carried out through MPC. This segment started commercial operation during first quarter of 2012, except for the ammonia plant for which commercial production was declared on October 1, 2011.

Phosphate project at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City is based on the exploitation of the Al-Khabra and Umm Wu'al phosphate deposits. The project is in the development stage (Note 1).

- The industrial minerals segment, consist of operations related to the mining of industrial minerals carried out through IMC, which currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine and processing plant at Al Madinah Al Munawarah which partially commenced operations during 2011.
- The aluminum segment, consists of the operations related to the development of an aluminum mine, refinery, smelter, rolling mill and power plant for the production of aluminum and related products. This segment is currently in the development stage.

Chlor Alkali project consists of the operations related to the development of concentrated caustic soda and ethylene dichloride complex for the production of concentrated caustic soda, chlorine and ethylene dichloride and the supply of all the required feedstock for use in the alumina refinery at Ma'aden Bauxite and Alumina Company, any excess production is sold in the international and domestic market. This segment started commercial operation on July 1, 2014.

- The infrastructure segment, relates to the development, construction and delivery of services in the Ras Al-Khair area, and other mining and industrial locations in the Kingdom of Saudi Arabia.

6.1 Business segment (continued)

	Notes	Corporate	Gold	Phosphate	Industrial minerals	Aluminum	Infra-structure	Consolidation adjustments and eliminations	Total
June 30, 2014									
Sales	32	1,227,565,063	355,641,407	2,492,138,369	86,145,873	-	100,146,069	(99,900,073)	4,161,736,708
Gross profit		217,365,795	157,200,317	741,162,151	54,527,424	-	41,439,033	(57,106,603)	1,154,588,116
Income from short-term investments	37	2,274,650	557,704	1,594,310	158,278	-	724,992	-	5,309,934
Net income / (loss) attributable to shareholders' of the parent company		567,540,312	47,734,642	350,136,185	43,217,211	(8,888,187)	40,734,131	(544,499,084)	495,975,210
Property, plant and equipment	12	170,397,174	396,632,456	16,687,769,619	225,003,402	59,077,239	772,708,062	(80,043,788)	18,231,544,164
Capital work-in-progress	13	830,100,280	1,297,666,022	2,851,128,992	88,192,041	36,351,733,768	214,487,200	(462,130,529)	41,171,177,774
Exploration and evaluation assets	14	41,642,747	119,797,208	-	-	-	-	-	161,439,955
Deferred stripping expense	15	-	4,350,733	25,624,682	-	-	-	-	29,975,415
Intangible assets	16	7,073,009	707,279	21,436,559	-	-	249,094,510	-	278,311,357
Investment in a jointly controlled entity	17	440,574,967	-	-	-	-	-	-	440,574,967
Total assets		25,059,323,419	2,651,242,508	23,796,409,934	487,588,152	39,900,048,612	1,345,883,640	(22,807,646,521)	70,432,849,744
June 30, 2013									
Sales	32	396,228,653	350,364,460	2,177,935,219	58,370,018	-	78,202,275	(77,542,788)	2,983,557,837
Gross profit		48,759,596	201,370,197	542,908,161	36,112,458	-	29,859,480	(40,820,236)	818,189,656
Income from short-term investments	37	2,579,318	3,379,774	10,770,218	11,500	-	149,881	-	16,890,691
Net income / (loss) attributable to shareholders' of the parent company		320,993,836	112,510,624	210,201,051	29,105,935	(6,868,486)	29,254,488	(415,023,848)	280,173,600
Property, plant and equipment	12	145,735,810	147,879,785	17,198,179,868	242,197,720	1,514,855	609,844,840	(82,290,599)	18,263,062,279
Capital work-in-progress	13	380,722,133	617,789,099	406,310,841	82,980,360	28,934,700,352	355,197,982	(257,407,729)	30,520,293,038
Exploration and evaluation assets	14	30,176,491	193,150,979	362,283,896	-	-	-	-	585,611,366
Deferred stripping expense	15	-	4,832,437	31,576,635	-	-	-	-	36,409,072
Intangible assets	16	122,270,166	447,186	17,149,572	-	-	237,643,865	-	377,510,789
Investment in a jointly controlled entity	17	443,564,104	-	-	-	-	-	-	443,564,104
Total assets		19,574,741,177	1,482,137,283	22,870,219,321	491,411,717	33,363,209,642	1,342,470,528	(18,485,498,953)	60,638,690,715

	Note	Corporate	Gold	Phosphate	Industrial minerals	Aluminum	Infra-structure	Consolidation adjustments and eliminations	Total
December 31, 2013									
Sales	32	1,015,155,686	709,253,627	4,171,555,563	150,551,491	-	165,886,373	(165,138,195)	6,047,264,545
Gross profit		122,314,302	353,241,837	965,111,235	97,101,906	-	61,797,936	(90,083,030)	1,509,484,186
Income from short-term investments	37	7,464,853	4,059,283	14,287,545	218,142	-	597,727	-	26,627,550
Net income / (loss) attributable to shareholders' of the parent company		1,818,998,770	171,727,657	333,405,591	83,219,524	(27,426,570)	59,748,494	(757,295,016)	1,682,378,450
Property, plant and equipment	12	142,221,152	134,495,123	16,924,662,606	234,063,888	62,677,113	714,638,313	(82,290,599)	18,130,467,596
Capital work-in-progress	13	1,477,998,081	1,051,446,195	475,477,535	86,094,284	33,984,155,794	225,195,111	(306,670,524)	36,993,696,476
Exploration and evaluation assets	14	40,268,139	105,615,678	-	-	-	-	-	145,883,817
Deferred stripping expense	15	-	4,825,652	28,556,017	-	-	-	-	33,381,669
Intangible assets	16	3,023,394	222,422	14,756,608	-	-	256,181,574	-	274,183,998
Investment in a jointly controlled entity	17	441,370,614	-	-	-	-	-	-	441,370,614
Total assets		21,352,382,403	1,636,856,389	20,520,148,656	559,971,303	37,012,274,156	1,454,220,051	(18,584,624,656)	63,951,228,302

The corporate segment's net loss amount excludes share in earnings of subsidiary companies. The corporate segment's total assets amount excludes investment balances with respect to subsidiary companies which have been eliminated on consolidation.

6.2 Geographical segment

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group's operation is conducted only in the Kingdom of Saudi Arabia.

7. Cash and cash equivalents

	June 30, 2014	June 30, 2013	December 31, 2013
Term deposits with original maturities equal to or less than three months at the date of acquisition			
unrestricted	3,418,239,274	3,782,509,621	3,377,583,347
restricted	498,541,668	362,323,750	450,506,302
Sub-total	3,916,780,942	4,144,833,371	3,828,089,649
Cash and bank balances			
unrestricted	771,993,115	613,609,571	497,529,466
restricted	113,509	965,172	11,023,875
Sub-total	772,106,624	614,574,743	508,553,341
Total	4,688,887,566	4,759,408,114	4,336,642,990
Restricted cash and cash equivalents are related to the following:			
Cash accumulated in the debt service reserve account for the next schedule repayment of long-term borrowing, six months prior to the due date, as per the facility agreement	113,509	965,172	11,023,875
Balance portion accumulated for the scheduled repayment of long-term borrowings, six months prior to due date, invested and included in short-term deposits with original maturities equal to or less than three months at the date of acquisition	498,541,668	362,323,750	450,506,302
Total	498,655,177	363,288,922	461,530,177
Unrestricted cash and bank balances includes:			
Employees' savings plan obligation (Note 23.2)	27,984,531	17,638,238	21,391,928

8. Short-term investments

	June 30, 2014	June 30, 2013	December 31, 2013
Securities and term deposits with original maturities of more than three months and less than a year at acquisition	714,743,750	2,977,125,000	50,000,000
Investment income receivable	2,420,073	2,606,590	2,437,776
	717,163,823	2,979,731,590	52,437,776

Short-term investments yield financial income at prevailing market rates.

9. Trade and other receivables

	June 30, 2014	June 30, 2013	December 31, 2013
Trade	834,821,478	639,441,451	561,424,851
Due from SAMAPCO (Note 41.2)	47,998,419	47,998,419	47,998,419
Due from Saudi Mining Polytechnic ("SMP") (Note 41.2)	4,293,796	12,960,988	50,464,149
Insurance claim*	194,044,300	-	98,300,773
Other	5,834,058	5,533,492	2,257,817
Total	1,086,992,051	705,934,350	760,446,009
Trade receivables includes:			
Due from Alcoa Inc. (Note 41.2)	461,198	72,792,940	23,948,991
Due from SABIC (Note 41.2)	310,506,934	242,618,656	242,382,717
*Insurance claim relates to:			
one of the aluminum pot lines on which the production was halted in October 2013. The temporary shutdown was undertaken after a period of pot instability. The pot line has been restored during second quarter of 2014	108,294,300	-	98,300,773
ammonia reformer and conveyor belt claim	85,750,000	-	-
Total	194,044,300	-	98,300,773

10. Inventories

	June 30, 2014	June 30, 2013	December 31, 2013
Finished goods – ready for sale	370,141,225	316,727,342	303,757,498
Work-in-progress at net production cost	534,840,603	173,131,454	360,307,241
Stockpile of mined ore	125,271,930	83,167,814	105,632,033
Raw materials	622,630,809	478,568,405	410,651,782
By-products	16,024,491	20,661,957	3,764,780
Sub-total	1,668,909,058	1,072,256,972	1,184,113,334
Spare parts and consumables materials	917,468,155	629,381,106	715,312,264
Allowance for obsolete slow-moving spare parts and consumable materials	(16,405,729)	(18,671,349)	(16,405,729)
Sub-total	901,062,426	610,709,757	698,906,535
Total	2,569,971,484	1,682,966,729	1,883,019,869

The spare parts inventory primarily relates to plant and machinery and accordingly this inventory is expected to be utilized over a period not exceeding one year.

10. Inventories (continued)

Movement in the allowance for inventory obsolescence is as follows:

	June 30, 2014	June 30, 2013	December 31, 2013
January 1	16,405,729	18,671,349	18,671,349
Reversal of allowance for obsolescence (Note 33)	-	-	(2,265,620)
June 30 / December 31	16,405,729	18,671,349	16,405,729

11. Advances and prepayments

	June 30, 2014	June 30, 2013	December 31, 2013
Current portion:			
Advances to contractors	123,107,280	79,385,982	77,482,678
Advances to employees	67,892,976	38,899,621	13,700,858
Prepaid housing	22,313,533	31,190,513	28,179,145
Prepaid insurance	48,580,579	24,109,648	19,774,522
Other prepayments	10,099,345	23,050,077	8,223,988
Sub-total	271,993,713	196,635,841	147,361,191
Non-current portion:			
Other prepayments	64,817,475	46,563,608	32,336,297
Sub-total	64,817,475	46,563,608	32,336,297
Total	336,811,188	243,199,449	179,697,488

12. Property, plant and equipment

	Notes	Land	Mining assets	Motor vehicles	Heavy equipment	Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
Cost												
January 1, 2013		61,550,000	61,018,120	25,637,190	218,575,960	18,002,601,737	1,555,969,969	455,213,530	73,953,532	35,253,436	33,526,246	20,523,299,720
Transfer from capital work-in-progress	13	-	-	-	21,301,060	17,932	152,963,202	17,897,610	1,694,190	221,254	5,803,480	199,898,728
Adjustments / write-offs		-	-	-	-	-	-	-	104,984	(27,070)	(618,774)	(540,860)
June 30, 2013		61,550,000	61,018,120	25,637,190	239,877,020	18,002,619,669	1,708,933,171	473,111,140	75,752,706	35,447,620	38,710,952	20,722,657,588
Additions during remainder of the year		-	-	60,781,150	-	-	-	-	-	1,907,676	-	62,688,826
Transfer from capital work-in-progress	13	-	-	3,678,979	6,528,723	1,789,020	255,319,233	17,756,126	3,016,912	1,886,175	6,782,408	296,757,576
December 31, 2013		61,550,000	61,018,120	90,097,319	246,405,743	18,004,408,689	1,964,252,404	490,867,266	78,769,618	39,241,471	45,493,360	21,082,103,990
Additions during the period		-	-	-	-	-	-	-	-	661,972	-	661,972
Transfer from capital work-in-progress	13	-	-	542,500	14,256,888	299,988,829	184,763,214	91,404,550	10,695,857	643,953	20,469,111	622,764,902
Provision for mine closure capitalized	24.1	-	29,313,718	-	-	-	-	-	-	-	-	29,313,718
Adjustments / write-offs		-	-	(2,692,117)	-	(932,576)	-	-	(107,833)	(829,058)	7,833	(4,553,751)
June 30, 2014		61,550,000	90,331,838	87,947,702	260,662,631	18,303,464,942	2,149,015,618	582,271,816	89,357,642	39,718,338	65,970,304	21,730,290,831

	Notes	Land	Mining assets	Motor vehicles	Heavy equipment	Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
Accumulated depreciation												
January 1, 2013		-	40,253,516	21,882,172	68,122,011	1,337,751,767	143,828,862	252,529,100	35,940,706	18,929,980	14,193,654	1,933,431,768
Charge for the period		-	1,974,105	1,133,779	7,697,701	456,193,786	39,351,260	7,692,815	6,369,075	2,274,771	4,075,647	526,762,939
Adjustments / write-offs		-	-	-	-	-	-	-	10,531	(16,155)	(593,774)	(599,398)
June 30, 2013		-	42,227,621	23,015,951	75,819,712	1,793,945,553	183,180,122	260,221,915	42,320,312	21,188,596	17,675,527	2,459,595,309
Charge for the remainder of the year		-	2,281,120	1,584,373	11,827,736	426,212,202	29,078,515	8,355,451	5,568,280	2,633,498	4,488,304	492,029,479
Adjustments / write-offs		-	-	-	-	-	-	-	-	11,606	-	11,606
December 31, 2013		-	44,508,741	24,600,324	87,647,448	2,220,157,755	212,258,637	268,577,366	47,888,592	23,833,700	22,163,831	2,951,636,394
Charge for the period		-	4,202,650	5,156,630	10,943,620	413,327,637	82,381,824	8,923,077	16,657,333	2,444,391	8,994,396	553,031,558
Adjustments / write-offs		-	-	(2,692,117)	-	(2,326,141)	-	-	(100,000)	(803,027)	-	(5,921,285)
June 30, 2014		-	48,711,391	27,064,837	98,591,068	2,631,159,251	294,640,461	277,500,443	64,445,925	25,475,064	31,158,227	3,498,746,667
Net book value												
June 30, 2013		61,550,000	18,790,499	2,621,239	164,057,308	16,208,674,116	1,525,753,049	212,889,225	33,432,394	14,259,024	21,035,425	18,263,062,279
December 31, 2013		61,550,000	16,509,379	65,496,995	158,758,295	15,784,250,934	1,751,993,767	222,289,900	30,881,026	15,407,771	23,329,529	18,130,467,596
June 30, 2014		61,550,000	41,620,447	60,882,865	162,071,563	15,672,305,691	1,854,375,157	304,771,373	24,911,717	14,243,274	34,812,077	18,231,544,164

12. Property, plant and equipment (continued)

Property, plant and equipment of MPC and MAC with a net book value at June 30, 2014 of SAR 16,690,500,575 (June 30, 2013: SAR 17,199,694,723 and December 31, 2013: SAR 16,927,194,164) are pledged as security to lenders under the Common Term Financing Agreement (Note 26.7).

Property, plant and equipment of MBAC with a net book value at June 30, 2014 of SAR 56,346,283 (June 30, 2013: Nil and December 31, 2013: SAR 60,145,555) was acquired under a capital lease and are pledged as security to the lessor (Note 25).

		Quarter ended		Six months ended		Year ended
		June 30,	June 30,	June 30,	June 30,	December 31,
	Notes	2014	2013	2014	2013	2013
Allocation of depreciation charge for the quarter / period / year to:						
Capital work-in-progress	13	2,219,999	-	4,442,216	-	-
Cost of sales	33	276,028,264	261,569,947	537,065,795	519,095,276	1,004,164,132
General and administrative expenses	35	7,274,457	3,806,504	11,523,547	7,667,663	14,628,286
Total		285,522,720	265,376,451	553,031,558	526,762,939	1,018,792,418

13. Capital work-in-progress

	Notes	Corporate	Gold	Phosphate	Industrial minerals	Aluminum	Infra-structure	Total
Cost								
January 1, 2013		289,140,819	426,359,292	241,388,816	81,116,854	23,074,340,867	270,867,316	24,383,213,964
Additions during the period		77,027,977	193,245,292	261,363,149	1,863,506	5,822,159,978	147,479,095	6,503,138,997
Transfer to property, plant and equipment	12	(511,389)	(1,815,485)	(86,241,655)	-	-	(111,330,199)	(199,898,728)
Advances to contractors, net		15,064,726	-	(10,199,469)	-	(219,208,222)	48,181,770	(166,161,195)
June 30, 2013		380,722,133	617,789,099	406,310,841	82,980,360	28,677,292,623	355,197,982	30,520,293,038
Additions during the remainder of the year		309,079,975	302,605,901	357,542,381	3,113,924	5,159,570,757	41,204,911	6,173,117,849
Transfer to property, plant and equipment	12	(509,597)	(11,154,694)	(153,676,336)	-	-	(131,416,949)	(296,757,576)
Transfer to intangible assets	16	-	-	-	-	-	(25,033,511)	(25,033,511)
Transfer from inventory		-	-	150,981,092	-	-	-	150,981,092
Transfer from exploration and evaluation assets	14	-	142,205,889	362,283,896	-	-	-	504,489,785
Advances to contractors, net		(41,904,780)	-	182,646,011	-	(159,378,110)	(14,757,322)	(33,394,201)
December 31, 2013		647,387,731	1,051,446,195	1,306,087,885	86,094,284	33,677,485,270	225,195,111	36,993,696,476
Additions during the period		236,581,369	498,492,450	1,188,692,189	2,097,757	2,307,444,666	95,855,908	4,329,164,339
Transfer to property, plant and equipment	12	(34,906,346)	(266,731,123)	(234,473,400)	-	-	(86,654,033)	(622,764,902)
Transfer to intangible assets	16	-	-	(9,939,658)	-	-	-	(9,939,658)
Advances to contractors, net		(18,962,474)	-	600,761,976	-	(80,868197)	(19,909,786)	481,021,519
June 30, 2014		830,100,280	1,283,207,522	2,851,128,992	88,192,041	35,904,061,739	214,487,200	41,171,177,774
Advances to contractors capitalized as part of additions to capital work-in-progress								
June 30, 2013		77,906,535	-	-	-	399,484,710	66,040,459	543,431,704
December 31, 2013		36,001,755	-	182,646,011	-	240,106,600	51,283,138	510,037,504
June 30, 2014		17,039,281	-	783,407,987	-	159,238,403	31,373,351	991,059,022

13. Capital work-in-progress (continued)

	Notes	Corporate	Gold	Phosphate	Industrial minerals	Aluminum	Infra-structure	Total
Borrowing cost capitalized as part of capital work-in-progress during the period / year								
June 30, 2013	38.1	-	-	-	-	266,466,490	-	266,466,490
December 31, 2013	38.1	-	-	-	-	481,163,536	-	481,163,536
June 30, 2014	38.1	-	-	-	-	187,945,900	-	187,945,900
Capital work-in-progress includes borrowing cost relating to the qualifying assets of MAC, MRC and MBAC with a book value before consolidation elimination at June 30, 2014 of SAR 36,887,583,288 (June 30, 2013: SAR 29,340,800,586 and December 31, 2013: SAR 34,459,633,329) are pledged as security to the lenders under the Common Term Financing Agreement (Note 26.7).								
Depreciation capitalized as part of capital work-in-progress during the period / year								
June 30, 2013	12	-	-	-	-	-	-	-
December 31, 2013	12	-	-	-	-	-	-	-
June 30, 2014	12	-	-	-	-	4,261,846	180,370	4,442,216

14. Exploration and evaluation assets

	Note	Corporate	Gold	Phosphate	Total
January 1, 2013		25,956,610	127,306,058	194,027,658	347,290,326
Additions during the period		4,219,881	65,844,921	168,256,238	238,321,040
June 30, 2013		30,176,491	193,150,979	362,283,896	585,611,366
Additions during the remainder of the year		10,091,648	54,670,588	-	64,762,236
Transfer to capital work-in-progress	13	-	(142,205,889)	(362,283,896)	(504,489,785)
December 31, 2013		40,268,139	105,615,678	-	145,883,817
Additions during the period		1,374,608	14,181,530	-	15,556,138
June 30, 2014		41,642,747	119,797,208	-	161,439,955

15. Deferred stripping expense

	Notes	Gold	Phosphate	Total
Cost				
January 1, 2013		11,227,159	75,666,881	86,894,040
Stripping cost incurred during the period		-	31,422,676	31,422,676
June 30, 2013		11,227,159	107,089,557	118,316,716
Stripping cost incurred during the remainder of the year		-	31,581,065	31,581,065
December 31, 2013		11,227,159	138,670,622	149,897,781
Stripping cost incurred during the period		-	22,265,601	22,265,601
June 30, 2014		11,227,159	160,936,223	172,163,382
Accumulated amortization				
January 1, 2013		5,702,847	38,838,055	44,540,902
Expensed to cost of sales during the period	33	691,875	36,674,867	37,366,742
June 30, 2013		6,394,722	75,512,922	81,907,644
Expensed to cost of sales during the remainder of the year	33	6,785	34,601,683	34,608,468
December 31, 2013		6,401,507	110,114,605	116,516,112
Expensed to cost of sales during the period	33	474,919	25,196,936	25,671,855
June 30, 2014		6,876,426	135,311,541	142,187,967
Net book value				
June 30, 2013		4,832,437	31,576,635	36,409,072
December 31, 2013		4,825,652	28,556,017	33,381,669
June 30, 2014		4,350,733	25,624,682	29,975,415

16. Intangible assets

	Note	Corporate	Gold	Phosphate	Infra-structure	Total
Cost						
January 1, 2013		70,328,710	5,902,120	23,929,635	272,842,879	373,003,344
Additions during the period		58,957,805	739,374	-	-	59,697,179
June 30, 2013		129,286,515	6,641,494	23,929,635	272,842,879	432,700,523
Transfer from capital work-in-progress	13	-	-	-	25,033,511	25,033,511
Adjustments / write-offs		(125,302,560)	-	-	-	(125,302,560)
December 31, 2013		3,983,955	6,641,494	23,929,635	297,876,390	332,431,474
Additions during the period		4,355,612	596,068	-	-	4,951,680
Transfer from capital work-in-progress	13	-	-	9,939,658	-	9,939,658
June 30, 2014		8,339,567	7,237,562	33,869,293	297,876,390	347,322,812
Accumulated amortization						
January 1, 2013		6,391,786	5,445,124	4,387,100	28,708,682	44,932,692
Charge for the period		624,563	749,184	2,392,963	6,490,332	10,257,042
June 30, 2013		7,016,349	6,194,308	6,780,063	35,199,014	55,189,734
Charge for the remainder of the year		640,437	224,764	2,392,964	6,495,802	9,753,967
Adjustments / write-offs		(6,696,225)	-	-	-	(6,696,225)
December 31, 2013		960,561	6,419,072	9,173,027	41,694,816	58,247,476
Charge for the period		305,997	111,211	3,259,707	7,087,064	10,763,979
June 30, 2014		1,266,558	6,530,283	12,432,734	48,781,880	69,011,455
Net book value						
June 30, 2013		122,270,166	447,186	17,149,572	237,643,865	377,510,789
December 31, 2013		3,023,394	222,422	14,756,608	256,181,574	274,183,998
June 30, 2014		7,073,009	707,279	21,436,559	249,094,510	278,311,357

16. Intangible assets (continued)

	Notes	Quarter ended		Six months ended		Year ended
		June 30,	June 30,	June 30,	June 30,	December 31,
		2014	2013	2014	2013	2013
Allocation of amortization charge for the quarter / period / year to:						
Cost of sales	33	5,662,363	4,816,241	10,457,982	9,632,479	18,746,009
General and administrative expenses	35	152,998	332,892	305,997	624,563	1,265,000
Total		5,815,361	5,149,133	10,763,979	10,257,042	20,011,009

17. Investment in jointly controlled entity

	June 30, 2014	June 30, 2013	December 31, 2013
Investment of 50% in the issued and paid-up share capital of SAMAPCO at cost (Note 17.1)	450,000,000	450,000,000	450,000,000
Share of the accumulated loss (Note 17.2)	(9,425,033)	(6,435,896)	(8,629,386)
Total	440,574,967	443,564,104	441,370,614

17.1 The investment of 50% in the issued and paid-up share capital of SAMAPCO

Contribution in kind	268,269,815
Cash paid	181,730,185
Total	450,000,000

17.2 Share of the accumulated (loss) / income in jointly controlled entity

	Quarter ended		Six months ended		Year ended
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	December 31, 2013
April 1 / January 1	(8,922,076)	(5,629,981)	(8,629,386)	(5,148,265)	(5,148,265)
Share in net (loss) / income for the quarter / period / year	(502,957)	(805,915)	(795,647)	(1,287,631)	(3,481,121)
June 30 / December 31	(9,425,033)	(6,435,896)	(9,425,033)	(6,435,896)	(8,629,386)

18. Due from joint venture partners

	June 30, 2014	June 30, 2013	December 31, 2013
Due from Mosaic	450,000,000	25,624,897	450,000,000
Due from SABIC	270,000,000	15,374,938	270,000,000
Total	720,000,000	40,999,835	720,000,000

Due from joint venture partners as at December 31, 2013 represents the second installment of the remaining 50% of SAR 1.44 billion due on June 30, 2016 as per the Shareholders Agreement signed on August 5, 2013 (Note 1 and 39).

19. Projects and other payables

	June 30, 2014	June 30, 2013	December 31, 2013
Projects	1,638,114,213	2,050,594,655	1,753,364,144
Trade	372,413,674	185,522,763	234,551,557
Non-refundable contributions*	37,000,000	38,000,000	38,000,000
Other	39,184,819	25,373,242	25,365,564
Total	2,086,712,706	2,299,490,660	2,051,281,265

Project payables mainly represents the liability in respect of contracts cost arising from MAC, MRC, MBAC and MWASPC.

*Contributed by one of the MAC's contractors to support the company's objective to establish a social responsibility fund for the development of a community project.

20. Accrued expenses

	June 30, 2014	June 30, 2013	December 31, 2013
Projects	1,371,590,766	2,076,609,089	2,543,895,556
Trade	482,213,810	520,896,886	447,109,110
Employees	123,343,300	117,974,252	185,300,357
Accrued expenses – Alcoa Inc. (Note 41.2)	79,639,672	77,818,437	83,763,220
Finance charges	14,081,935	1,159,917	953,500
Total	2,070,869,483	2,794,458,581	3,261,021,743

Accrued expenses for projects mainly represents the contracts cost accruals in relation to MAC, MRC, MBAC, MPC and MWASPC.

Accrued expenses for Alcoa Inc. mainly represents the personnel and other cost accruals related to the Alcoa Inc. employees seconded to MAC, MRC and MBAC.

21. Zakat

21.1 Components of zakat base

The significant components of the zakat base of each company under the zakat and income tax regulation are as follows:

- shareholders' equity at the beginning of the quarter / period / year;
- provisions at the beginning of the quarter / period / year;
- long term borrowings;
- adjusted net income;
- spare parts and consumable materials:
- net book value of property, plant and equipment;
- net book value of capital work-in-progress;
- net book value of exploration and evaluation assets;
- net book value of intangible assets;
- carrying value of investment in a jointly controlled entity; and
- other items.

Zakat is calculated at 2.5% of the higher of the zakat base or adjusted net income.

21.2 Zakat payable

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
April 1 / January 1	18,062,761	86,667,826	54,295,070	63,600,191	63,600,191
Provision for zakat	5,037,092	104,448	690,084	23,172,083	55,448,293
Current quarter / period / year (Note 21.3)	9,987,904	(1,048,775)	14,999,304	22,018,860	54,295,070
Previous year (over) / under provision	(4,950,812)	1,153,223	(14,309,220)	1,153,223	1,153,223
Paid during the quarter / period / year to the authorities	(8,100,549)	(64,753,414)	(39,985,850)	(64,753,414)	(64,753,414)
June 30 / December 31	14,999,304	22,018,860	14,999,304	22,018,860	54,295,070

21.3 Provision for zakat consists of:

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
Saudi Arabian Mining Company	-	1,000,000	-	2,500,000	29,155,558
Ma'aden Phosphate Company	5,106,469	(2,179,711)	7,560,487	12,449,766	13,051,361
Ma'aden Gold and Base Metals Company (Note 22.2)	1,271,215	(1,393,786)	2,266,379	4,070,888	4,317,839
Industrial Minerals Company	2,623,103	1,146,066	3,743,357	2,245,189	5,125,202
Ma'aden Infrastructure Company	987,117	378,656	1,429,081	753,017	2,645,110
Total (Note 21.2)	9,987,904	(1,048,775)	14,999,304	22,018,860	54,295,070

21.4 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates from the years ended December 31, 2008 to December 31, 2013, however, no zakat assessments were finalized by the DZIT.

22. Severance fees payable

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
April 1 / January 1	40,942,053	98,441,957	36,430,433	91,516,753	91,516,753
Provision for severance fee (Note 33)	7,318,970	12,554,499	14,097,868	19,479,703	37,828,408
Current quarter / period / year (Note 22.1)	2,472,736	11,067,218	8,667,082	17,992,422	36,341,127
Previous year under provision	4,846,234	1,487,281	5,430,786	1,487,281	1,487,281
Paid during the quarter / period / year to the authorities	(39,504,635)	(92,914,728)	(41,771,913)	(92,914,728)	(92,914,728)
June 30 / December 31	8,756,388	18,081,728	8,756,388	18,081,728	36,430,433

In accordance with the Saudi Mining Code based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fees, representing 25% of the annual net income per mining license, as defined, or the equivalent of a hypothetical income tax, based on the annual net income, whichever is lower. The zakat due shall be deducted from this amount. As a result of the above:

- the income for each mining license of MGBM is subject to severance fees,
- for low grade bauxite, kaolin and magnesia a fixed tariff per tonne is paid as severance fees,

Severance fee for both are shown as part of cost of sales in the consolidated interim statement of income.

22.1 Provision for severance fees consists of:

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
Gold mines	2,042,973	10,693,712	7,821,666	17,298,609	34,658,401
Low grade bauxite	315,964	293,802	668,976	590,965	1,410,647
Kaolin	66,353	37,164	91,098	49,765	136,440
Magnesia	47,446	42,540	85,342	53,083	135,639
Total (Note 22)	2,472,736	11,067,218	8,667,082	17,992,422	36,341,127

22.2 The provision for severance fees payable by gold mines is calculated as follows:

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
Net income from operating mines before severance fee for the quarter / period / year	24,920,277	48,712,004	60,402,541	112,510,624	210,962,881
25% of the quarter's / period's / year's net income as defined	6,230,069	12,178,001	15,100,635	28,127,656	52,740,720
Hypothetical income tax based on quarter's / period's / year's taxable net income	3,314,188	9,299,926	10,088,045	21,369,497	38,976,240
Provision based on the lower of the above two computations	3,314,188	9,299,926	10,088,045	21,369,497	38,976,240
Provision for zakat (Note 21.3)	(1,271,215)	1,393,786	(2,266,379)	(4,070,888)	(4,317,839)
Net severance fee provision for the quarter / period / year	2,042,973	10,693,712	7,821,666	17,298,609	34,658,401

23. Employees' benefits

	June 30,	June 30,	December 31,
	2014	2013	2013
Employees' termination benefits (Note 23.1)	213,050,413	164,020,537	193,438,653
Employees' savings plan (Note 7 and 23.2)	27,984,531	17,638,238	21,391,928
Total	241,034,944	181,658,775	214,830,581

23.1 Employees' termination benefits

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
April 1 / January 1	203,067,928	159,891,773	193,438,653	155,949,095	155,949,095
Provision for the quarter / period / year	14,034,447	9,636,429	27,186,838	19,463,034	52,392,909
Paid during the quarter / period / year	(4,051,962)	(5,507,665)	(7,575,078)	(11,391,592)	(14,903,351)
June 30 / December 31	213,050,413	164,020,537	213,050,413	164,020,537	193,438,653

23.2 Employees' savings plan

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
April 1 / January 1	24,267,279	20,521,535	21,391,928	15,006,007	15,006,007
Contribution for the quarter / period / year	4,500,925	4,447,468	9,051,970	11,426,234	13,759,930
Withdrawals during the quarter / period / year	(783,673)	(7,330,765)	(2,459,367)	(8,794,003)	(7,374,009)
June 30 / December 31 (Note 4.20 and 7)	27,984,531	17,638,238	27,984,531	17,638,238	21,391,928

24. Provision for mine closure and reclamation

	June 30,	June 30,	December 31,
	2014	2013	2013
Gold mines (Note 24.1)	103,681,150	86,807,060	81,440,623
Low grade bauxite and kaolin mines (Note 24.2)	2,050,000	2,050,000	2,050,000
Total	105,731,150	88,857,060	83,490,623

The movement in the provision for mine closure and reclamation for each of the mines along with the period in which they commenced commercial production and expected date of closure are as follows:

24.1 Gold mines

	Mahad mine	Al Hajar mine	Sukhaybarat mine*	Bulghah mine	Al Amar mine	As Suq mine	Total
January 1, 2013	22,436,284	10,911,200	20,467,221	21,661,407	13,217,044	-	88,693,156
Utilization during the period	-	(1,886,096)	-	-	-	-	(1,886,096)
June 30, 2013	22,436,284	9,025,104	20,467,221	21,661,407	13,217,044	-	86,807,060
Utilization during the remainder of the year	(1,721,053)	(3,493,294)	(152,090)	-	-	-	(5,366,437)
December 31, 2013	20,715,231	5,531,810	20,315,131	21,661,407	13,217,044	-	81,440,623
Additions during the period (Note 12)	5,047,637	1,727,802	2,045,124	2,169,438	1,323,717	17,000,000	29,313,718
Utilization during the period	-	(6,921,191)	(152,000)	-	-	-	(7,073,191)
June 30, 2014	25,762,868	338,421	22,208,255	23,830,845	14,540,761	17,000,000	103,681,150
Commenced commercial production in	1988	2001	1991	2001	2008	2014	
Expected closure date in	2019	2014	2043**	2020	2030	2018	

* The Sukhaybarat mine ceased its mining activities and current operations are limited to the carbon in leach ("CIL") processing of ore transferred from Bulghah mine.

** The feasibility study of the Al Hajar copper project, focusing on the resources and reserves estimates was completed on May 15, 2013 and the financial module of the project is currently under evaluation. After the finalization of evaluation, the expected date will be determined.

24.2 Low grade bauxite, kaolin and magnesia mines

	Az Zabirah mine	Al Ghazalah mine	Total
January 1, 2013	1,600,000	450,000	2,050,000
June 30, 2013	1,600,000	450,000	2,050,000
December 31, 2013	1,600,000	450,000	2,050,000
June 30, 2014	1,600,000	450,000	2,050,000
Commenced commercial production in	2008	2011	
Expected closure date in	2026	2028	

The provision for mine closure and reclamation represents the full amount of the estimated future closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when determined. The provision for mine closure and reclamation relates to the Group's gold, low grade bauxite and kaolin mining activity only, as the aluminum project is currently in the development stage, and, an update estimation of the phosphate mine and plant closure and rehabilitation works including facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation is in progress.

25. Obligation under capital lease

During 2013, MAC on behalf of MBAC entered in a capital lease agreement with a financial institution. The lease payments under such agreements are due in monthly installments. The amounts of future payments under the leases are as follows:

	June 30, 2014	June 30, 2013	December 31, 2013
Future minimum lease payments	68,909,275	-	76,710,325
Less: financial charges not yet due	(13,728,308)	-	(16,714,995)
Net present value of minimum lease payments	55,180,967	-	59,995,330
Less: Current portion shown under current liabilities	10,401,805	-	9,881,978
Long term portion of obligation under capital lease	44,779,162	-	50,113,352

Maturity profile

Minimum lease payment falling due during the period / year:			
2014	7,801,050	-	15,602,100
2015	15,602,100	-	15,602,100
2016	15,602,100	-	15,602,100
2017	15,602,100	-	15,602,100
2018	14,301,925	-	14,301,925
Total	68,909,275	-	76,710,325

The present value of minimum lease payments has been discounted at an effective interest rate of approximately 0.858% per month. The leased assets are pledged as security to the lessor (Note 12).

26. Long-term borrowings

26.1 Facilities approved

MPC, MAC, MRC, MBAC and MWASPC entered into Common Terms Agreements ("CTA") with the Public Investment Fund and consortiums of financial institutions and the Company (Ma'aden) entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement.

The Group facilities granted comprise of the following as at June 30, 2014:

	MPC June 15, 2008	MAC Nov. 30, 2010	MRC Nov. 30, 2010	MBAC Nov. 27, 2011	Ma'aden Dec. 18, 2012	MWASPC June 30, 2014	Total
Facilities under Common Term Agreement							
Public Investment Fund ("PIF")	4,000,001,250	4,875,000,000	3,078,750,000	3,750,000,000	-	7,500,000,000	23,203,751,250
Islamic and commercial banks							
Procurement*	4,269,892,500	5,047,500,000	1,041,000,000	2,690,712,844	-	4,298,853,024	17,347,958,368
Commercial*	1,491,562,500	900,000,000	-	258,750,000	-	5,450,145,349	8,100,457,849
Al-Rajhi Bank	2,343,750,000	-	-	-	-	-	2,343,750,000
The Export Import Bank of Korea	1,500,000,000	-	-	-	-	-	1,500,000,000
Korea Export Insurance Corporation	750,000,000	-	-	-	-	-	750,000,000
Wakala	-	787,500,000	-	768,750,000	-	1,650,000,000	3,206,250,000
	10,355,205,000	6,735,000,000	1,041,000,000	3,718,212,844	-	11,398,998,373	33,248,416,217
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000	600,000,000	900,000,000	-	-	2,700,000,000
Riyal Murabaha facility (a working capital facility)	-	375,000,000	-	-	-	-	375,000,000
Sub-total	14,955,206,250	12,585,000,000	4,719,750,000	8,368,212,844	-	18,898,998,373	59,527,167,467
Syndicated Revolving Credit Facility Agreement	-	-	-	-	9,000,000,000	-	9,000,000,000
Total facilities granted	14,955,206,250	12,585,000,000	4,719,750,000	8,368,212,844	9,000,000,000	18,898,998,373	68,527,167,467

The financing agreements imposed the following conditions and financial covenants on each of the borrowing legal entities of the Group and if the conditions are met, the financial institutions will provide the long-term borrowing:

- the limitation on creation of additional liens and/or financing obligations by MPC, unless specifically allowed under the CTA;
- financial ratio maintenance;
- maximum capital expenditures allowed; and
- restriction on dividend distribution to shareholders.
- restriction on the term of the short-term investment with maturities of not more than six (6) months from the date of acquisition, of any Saudi Arabian commercial bank or any other international commercial bank of recognized standing.

MPC facility

*Banque Saudi Fransi and Mizuho Corporate Bank Limited act as agents for procurement facility and commercial facility, respectively.

MAC facility

On November 26, 2012, the contracts for US Dollar procurement and Saudi Riyal procurement were revised to increase the respective facility amounts. Accordingly, the CTA was also revised to reflect the new facility arrangement.

*Standard Chartered Bank acts as inter-creditor agent and as commercial facility agent, Bank Al Jazira acts as US Dollar procurement facility agent, as Saudi Riyal procurement facility agent, as US Dollar Wakala facility agent and as Saudi Riyal Wakala facility agent, SABB Securities Limited acts as onshore security agent and Riyadh Bank, London Branch acts as offshore security trustee and agent.

MRC facility

Facility Agent, SABB Securities Limited acts as Onshore Security Agent and Riyadh Bank, London Branch acts as Offshore Security Trustee and Agent.

MBAC facility

HSBC Saudi Arabia limited acts as Inter-creditor Agent and as Commercial Facility Agent, National Commercial bank acts as Dollar Procurement Facility Agent and Riyal Procurement Facility Agent, Bank Al Jazira acts as Wakala Facility Agent, HSBC Saudi Arabia limited acts as Onshore Security Agent and Riyad Bank, London Branch acts as Offshore Security Trustee and Agent.

MWASPC facility

The company is in process of approval of a loan facility with SIDF.

*Islamic Development Bank and HSBC Saudi Arabia act as agents for procurement facility and Mizuho Corporate Bank Limited and Sumitomo Mitsui Banking Corporation act as agents for commercial facility.

Saudi Arabian Mining Company ("Ma'aden")

On December 18, 2012, the Company entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement ("Murabaha Facility Agreement") and other agreements (together referred to as "financing agreements") totaling to SAR 9 billion. The facility is with a syndicate of local and international financial institutions, comprising of the following financial institutions:

Al-Rajhi Bank
Arab National Bank
Bank Al-Bilad
Bank AlJazira
Banque Saudi Fransi
J.P.Morgan Chase Bank, N.A., Riyadh Branch
Riyad Bank
Samba Financial Group
The National Commercial Bank
The Saudi British Bank
The Saudi Investment Bank

The financial covenants and conditions include the following with respect to standalone parent company only:

- EBITDA to Interest ratio shall not be less than three times otherwise dividend block will be triggered; and
- the total net debt to tangible net worth (parent company only) shall be less than or equal to three times otherwise an event of default will be triggered which is subject to a cure period of six months, or nine months if the Company has acted expeditiously to cure such breach by initiating the process for a rights issue.

26.2 Facilities utilized under the different CTAs

MPC facility

	June 30, 2014	June 30, 2013	December 31, 2013
Public Investment Fund	3,334,401,042	3,667,201,146	3,667,201,146
Less: Repaid during the period / year	166,400,052	166,400,052	332,800,104
Sub-total (Note 41.2)	3,168,000,990	3,500,801,094	3,334,401,042
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of LIBOR plus 0.5% per annum. Loan repayment started on June 30, 2012, on a six monthly basis, in equal principal repayments of SAR 166.4 million, with the final repayment of SAR 172.8 million on December 31, 2023 (Note 7).			
Islamic and commercial banks			
Banque Saudi Fransi – as agent for the procurement facility participants	3,906,951,637	4,099,096,800	4,099,096,800
Al-Rajhi Bank	2,144,531,250	2,250,000,000	2,250,000,000
The Export Import Bank of Korea	1,337,250,000	1,419,750,000	1,419,750,000
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	1,021,654,688	1,071,900,000	1,071,900,000
Korea Export Insurance Corporation	668,625,000	709,875,000	709,875,000
	9,079,012,575	9,550,621,800	9,550,621,800
Less: Repaid during the period / year	255,130,125	216,479,100	471,609,225
Sub-total	8,823,882,450	9,334,142,700	9,079,012,575
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is in the range of LIBOR plus 0.5% to 1.15% per annum. The repayment of facilities started on June 30, 2012. All the repayments of the above facilities will be on a six monthly basis, with the final repayment due on December 31, 2023 (Note 7).			
Saudi Industrial Development Fund	540,000,000	570,000,000	600,000,000
Less: Repaid during the period / year	40,000,000	30,000,000	60,000,000
Sub-total	500,000,000	540,000,000	540,000,000
The project follow-up cost paid during the drawdown amounted to SAR 6.3 million. Repayment of this facility started on February 26, 2013, on a six monthly basis, with the final payment on June 19, 2019 (Note 7).			
Total MPC borrowings (Note 26.4)	12,491,883,440	13,374,943,794	12,953,413,617

26.2 Facilities utilized under the different CTAs (continued)

MAC facility

	June 30, 2014	June 30, 2013	December 31, 2013
Public Investment Fund (Note 41.2)	4,875,000,000	4,529,516,186	4,875,000,000
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is LIBOR plus 1.5%. The repayment of the loan will be in 24 installments on a six monthly basis starting from December 31, 2014. The repayments are starting at SAR 99.9 million and increasing over the term of the loan with the final repayment of SAR 1,218 million on June 30, 2026.			
Islamic and commercial banks			
Dollar procurement	930,000,000	837,559,059	930,000,000
Saudi Riyal procurement	4,117,500,000	3,250,278,923	4,117,500,000
Commercial	900,000,000	827,218,289	900,000,000
Wakala	787,500,000	757,631,878	787,500,000
Sub-total	6,735,000,000	5,672,688,149	6,735,000,000
The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the US Dollar facilities is LIBOR plus a margin (mark-up in case of Wakala facilities) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of Wakala facilities) that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.75% per annum. The repayment of the principal amounts of loans will start from December 31, 2014. The repayments are starting at SAR 138 million and increasing over the term of the loan with the final repayment of SAR 1,684 million on June 30, 2026.			
Saudi Industrial Development Fund	570,000,000	420,000,000	420,000,000
Repayment of the SIDF facility will start from February 4, 2015. The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on June 7, 2020.			
Riyal Murabaha facility	375,000,000	-	-
The rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is Saudi Interbank Offered Rate ("SIBOR") plus 1.75%. The repayment of Murabaha facility is on 31 Mar 2016.			
Total MAC borrowings (Note 26.4)	12,555,000,000	10,622,204,335	12,030,000,000
26.2 Facilities utilized under the different CTAs (continued)			

MRC facility

	June 30, 2014	June 30, 2013	December 31, 2013
Public Investment Fund (Note 41.2)	2,321,849,292	2,321,849,291	2,321,849,292
The rate of commission on the principal amount of the loan draw for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%. The repayment of the principal amount of loan will be in 20 installments on a six monthly basis starting from December 31, 2016. The repayments are starting at SAR 30.8 million and increasing over the term of the loan with the final repayment of SAR 153.9 million on June 30, 2026.			
Islamic and commercial banks			
Riyal procurement	774,852,281	774,852,281	774,852,281
The rate of commission on the principal amount of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.45% per annum. The repayment of the principal amounts of loans will start from December 31, 2016. The repayments are starting at SAR 10.4 million and increasing over the term of the loan with the final repayment of SAR 13.5 million on June 30, 2026.			
Saudi Industrial Development Fund	540,000,000	360,000,000	480,000,000
Repayment of the SIDF facility will start from January 25, 2016. The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on July 19, 2021.			
Total MRC borrowings (Note 26.4)	3,636,701,573	3,456,701,572	3,576,701,573

26.2 Facilities utilized under the different CTAs (continued)

MBAC facility

	June 30, 2014	June 30, 2013	December 31, 2013
Public Investment Fund (Note 41.2)	3,220,543,013	1,625,265,863	1,961,113,684
The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%. The repayment of the principal amount of PIF facility will be in 21 installments on a six monthly basis starting from June 30, 2017. The repayments are starting at SAR 75 million and increasing over the term of the loan with the final repayment of SAR 435 million on June 30, 2028.			
Islamic and commercial banks			
Dollar procurement	678,624,769	338,511,682	410,114,437
Riyal procurement	1,605,283,155	800,747,518	970,123,442
Commercial	219,629,971	109,555,808	96,180,686
Wakala	745,323,841	590,640,354	745,252,305
Sub-total	3,248,861,736	1,839,455,362	2,221,670,870
The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on the all the dollar facilities is LIBOR plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.45% to 2.4% per annum. The repayment of the principal amounts of Islamic and commercial total approved facilities will start from June 30, 2017. The repayments are starting at SAR 74 million and increasing over the term of the loan with the final repayment of SAR 431 million on June 30, 2027.			
Total MBAC borrowings (Note 26.4)	6,469,404,749	3,464,721,225	4,182,784,554

26.3 Facilities utilized under the Syndicated Revolving Credit Facility

Ma'aden

	June 30, 2014	June 30, 2013	December 31, 2013
Syndicated Revolving Credit Facility (Note 26.4)	3,420,000,000	350,000,000	-

The rate of commission on the principal amount of the borrowing drawdown is SIBOR plus 0.85% per annum.

26.4 Total borrowings

	June 30, 2014	June 30, 2013	December 31, 2013
Facilities utilized under:			
CTA (Note 26.2):			
MPC	12,491,883,440	13,374,943,794	12,953,413,617
MAC	12,555,000,000	10,622,204,335	12,030,000,000
MRC	3,636,701,573	3,456,701,572	3,576,701,573
MBAC	6,469,404,749	3,464,721,225	4,182,784,554
Syndicated Revolving Credit Facility (Note 26.3):			
Ma'aden	3,420,000,000	350,000,000	-
Total	38,572,989,762	31,268,570,926	32,742,899,744
Current portion of borrowings			
MPC	1,002,310,354	913,060,354	960,185,354
MAC	501,010,000	-	238,005,000
Ma'aden	3,420,000,000	350,000,000	-
Total	4,923,320,354	1,263,060,354	1,198,190,354
Long-term portion of borrowings	33,887,674,408	30,005,510,572	31,544,709,390

26.5 Maturity profile of long-term borrowings

	June 30, 2014	June 30, 2013	December 31, 2013
2013	-	801,530,177	-
2014	4,181,660,177	1,198,190,354	1,198,190,354
2015	1,574,221,379	1,574,221,379	1,574,221,379
2016	2,131,319,904	1,731,319,904	1,756,319,904
2017	1,971,881,404	1,936,483,904	2,105,048,418
Thereafter	28,713,906,898	24,026,825,208	26,109,119,689
Total	38,572,989,762	31,268,570,926	32,742,899,744

26.6 Facilities' currency denomination

Essentially all of the Company's facilities have been contracted in United States Dollar (US$) and the drawdown balances in US$ are shown below:

	June 30, 2014 (US$)	June 30, 2013 (US$)	December 31, 2013 (US$)
Public Investment Fund	3,622,771,545	3,193,981,982	3,331,297,071
Islamic and commercial banks			
Procurement	2,746,090,603	2,357,220,712	2,605,180,630
Al-Rajhi Bank	556,250,000	587,500,000	571,875,000
The Export Import Bank of Korea	345,600,000	367,600,000	356,600,000
Korea Export Insurance Corporation	172,800,000	183,800,000	178,300,000
Commercial	563,565,492	529,691,426	547,835,742
US Dollar procurement	428,966,605	313,618,864	357,363,850
Wakala	408,753,024	359,539,261	398,987,639
Sub-total	5,222,025,724	4,698,970,263	5,016,142,861
Saudi Industrial Development Fund	429,333,333	352,000,000	384,000,000
Riyal Murabaha facility	100,000,000	-	-
Syndicated Revolving Credit Facility	912,000,000	93,333,333	-
Total	10,286,130,602	8,338,285,578	8,731,439,932

26.7 Security

The following assets were pledged as security for these long-term borrowings in accordance with the applicable CTAs:

	June 30, 2014	June 30, 2013	December 31, 2013
Property, plant and equipment (Note 12)	16,690,500,575	17,199,694,723	16,927,194,164
Capital work-in-progress (Note 13)	36,887,583,288	29,340,800,586	34,459,633,329
Total	53,578,083,863	46,540,495,309	51,386,827,493

27. Due to joint venture partners

	June 30, 2014	June 30, 2013	December 31, 2013
Due to Alcoa Inc.*	192,930,238	87,792,613	139,561,363
Due to Mosaic **	-	81,874,897	187,482,328
Due to SABIC **	-	49,124,938	112,489,397
Total	192,930,238	218,792,448	439,533,088

*Due to Alcoa Inc. represents their share of 25.1% in joint venture project cost to extend the product mix of their aluminum complex, currently under construction at Ras Al Khair, to include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet (Note 1).

**At year ended December 31, 2013, due to Mosaic and SABIC represented their capital contribution to develop jointly a fully integrated phosphate production facility known as the Umm Wu'al phosphate project (Note 1). On January 27, 2014, a new company - MWASPC was incorporated in the Kingdom of Saudi Arabia and accordingly the capital contributions are now presented in non-controlling interest as payment to increase share capital (Note 31.5).

28. Share capital

	June 30, 2014	June 30, 2013	December 31, 2013
Authorized, issued and fully paid			
925,000,000 Ordinary shares, with a nominal value of SR 10 per share (Note 40)	9,250,000,000	9,250,000,000	9,250,000,000

29. Share premium

	June 30, 2014	June 30, 2013	December 31, 2013
525,000,000 ordinary shares with a nominal value of SAR 10 per share issued at a premium of SAR 10 per share	5,250,000,000	5,250,000,000	5,250,000,000

30. Transfer of net income

	June 30, 2014	June 30, 2013	December 31, 2013
January 1	561,660,119	393,422,274	393,422,274
Transfer of 10% of net income for the year	-	-	168,237,845
June 30 / December 31	561,660,119	393,422,274	561,660,119

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of annual net income until such reserve equals 50% of the share capital. Such transfer is made on an annual basis and the reserve is not available for dividend distribution.

31. Non-controlling interest

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
31.1 Ma'aden Aluminum Company				
January 1, 2013	1,206,249,381	-	(2,608,941)	1,203,640,440
Share of net loss for the period	-	-	(1,435,226)	(1,435,226)
Payments to increase share capital during the period	-	181,190,625	-	181,190,625
Increase in non-controlling interest during the period	181,190,625	(181,190,625)	-	-
June 30, 2013	1,387,440,006	-	(4,044,167)	1,383,395,839
Share of net loss for the remainder of the year	-	-	(3,126,058)	(3,126,058)
Payments to increase share capital during the remainder of the year	-	262,571,244	-	262,571,244
Increase in non-controlling interest during the remainder of the year	262,571,244	(262,571,244)	-	-
December 31, 2013	1,650,011,250	-	(7,170,225)	1,642,841,025
Share of net loss for the period	-	-	(1,268,282)	(1,268,282)
June 30, 2014	1,650,011,250	-	(8,438,507)	1,641,572,743
31.2 Ma'aden Rolling Company				
January 1, 2013	482,453,375	67,955,695	(1,016,960)	549,392,110
Share of net loss for the period	-	-	(407,292)	(407,292)
June 30, 2013	482,453,375	67,955,695	(1,424,252)	548,984,818
Share of net loss for the remainder of the year	-	-	(722,837)	(722,837)
December 31, 2013	482,453,375	67,955,695	(2,147,089)	548,261,981
Share of net loss for the period	-	-	(741,191)	(741,191)
Payments to increase share capital during the period	-	85,185,220	-	85,185,220
Increase in non-controlling interest during the period	47,062,500	(47,062,500)	-	-
June 30, 2014	529,515,875	106,078,415	(2,888,280)	632,706,010

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
31.3 Ma'aden Bauxite and Alumina Company				
January 1, 2013	222,134,986	663,935,762	(1,536,772)	884,533,976
Share of net loss for the period	-	-	(459,204)	(459,204)
Payments to increase share capital during the period	-	112,950,000	-	112,950,000
Increase in non-controlling interest during the period	617,459,986	(617,459,986)	-	-
June 30, 2013	839,594,972	159,425,776	(1,995,976)	997,024,772
Share of net loss for the remainder of the year	-	-	(3,040,397)	(3,040,397)
Increase in non-controlling interest during the remainder of the year	112,950,000	(112,950,000)	-	-
December 31, 2013	952,544,972	46,475,776	(5,036,373)	993,984,375
Share of net loss for the period	-	-	(969,078)	(969,078)
Payments to increase share capital during the period	-	170,680,000	-	170,680,000
June 30, 2014	952,544,972	217,155,776	(6,005,451)	1,163,695,297
31.4 Ma'aden Phosphate Company				
January 1, 2013	1,862,544,000	-	507,172,016	2,369,716,016
Share of net income for the period	-	-	90,086,165	90,086,165
June 30, 2013	1,862,544,000	-	597,258,181	2,459,802,181
Dividend paid during the remainder of the year (Note 41.1)	-	-	(450,000,000)	(450,000,000)
Share of net income for the remainder of the year	-	-	52,801,946	52,801,946
December 31, 2013	1,862,544,000	-	200,060,127	2,062,604,127
Share of net income for the period	-	-	150,058,365	150,058,365
June 30, 2014	1,862,544,000	-	350,118,492	2,212,662,492
31.5 Ma'aden Wa'ad Al Shamal Phosphate Company				
January 27, 2014 – date of incorporation				
Issuance of non-controlling interest during the period	600,750	-	-	600,750
Payments to increase share capital during the period	-	1,176,673,383	-	1,176,673,383
June 30, 2014	600,750	1,176,673,383	-	1,177,274,133

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
31.6 Summary total				
January 1, 2013	3,773,381,742	731,891,457	502,009,343	5,007,282,542
Share of net income for the period	-	-	87,784,443	87,784,443
Payments to increase share capital during the period (Note 41.1)	-	294,140,625	-	294,140,625
Increase in non-controlling interest during the period	798,650,611	(798,650,611)	-	-
June 30, 2013	4,572,032,353	227,381,471	589,793,786	5,389,207,610
Dividend paid during the remainder of the year (Note 41.1)	-	-	(450,000,000)	(450,000,000)
Share of net income for the remainder of the year	-	-	45,912,654	45,912,654
Payments to increase share capital during the remainder of the year (Note 41.1)	-	262,571,244	-	262,571,244
Increase in non-controlling interest during the remainder of the year	375,521,244	(375,521,244)	-	-
December 31, 2013	4,947,553,597	114,431,471	185,706,440	5,247,691,508
Share of net income for the period	-	-	147,079,814	147,079,814
Payments to increase share capital during the period (Note 41.1)	-	1,432,538,603	-	1,432,538,603
Increase in non-controlling interest during the period	47,663,250	(47,062,500)	-	600,750
June 30, 2014	4,995,216,847	1,499,907,574	332,786,254	6,827,910,675

32. Sales

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June30,	December 31,
	2014	2013	2014	2013	2013
Phosphate segment					
Diammonium phosphate fertilizer	1,036,068,312	928,415,867	1,887,073,728	1,663,225,521	3,091,386,007
Ammonia	305,706,168	91,971,829	605,064,641	514,709,698	1,080,169,556
	1,341,774,480	1,020,387,696	2,492,138,369	2,177,935,219	4,171,555,563
Corporate					
Aluminum	817,302,294	250,080,444	1,227,565,063	396,228,653	1,015,155,686
Gold segment					
Gold revenue	180,660,849	184,352,888	355,641,407	350,364,460	709,253,627
Industrial minerals					
Low grade bauxite revenue	21,984,713	16,469,497	46,424,624	38,062,763	95,875,428
Caustic calcined magnesia	13,980,240	9,564,022	25,469,434	12,448,951	33,410,744
Kaolin revenue	10,380,558	5,896,698	14,251,815	7,858,304	21,265,319
	46,345,511	31,930,217	86,145,873	58,370,018	150,551,491
Infrastructure					
Infrastructure revenue	110,652	257,550	245,996	659,487	748,178
Total	2,386,193,786	1,487,008,795	4,161,736,708	2,983,557,837	6,047,264,545
Gold sales analysis					
Quantity of gold ounces (Oz) sold	37,533	33,553	73,845	61,430	138,512
Average realized price per ounce (Oz) in:					
US$	1,284	1,465	1,284	1,521	1,365
Saudi Riyals (equivalent)	4,813	5,494	4,816	5,703	5,121

33. Cost of sales

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June30,	December 31,
	2014	2013	2014	2013	2013
Salaries and staff related benefits	76,035,471	51,986,674	143,469,803	117,695,072	263,455,759
Contracted services	37,454,810	46,119,418	77,911,364	71,656,052	125,841,850
Repairs and maintenance	9,298,147	7,163,260	33,219,946	17,744,958	51,856,427
Consumables	30,496,803	26,959,243	57,335,696	60,707,435	110,807,050
Overheads	30,110,851	18,601,224	47,038,127	35,969,180	70,470,827
Raw material and utilities consumed	1,399,867,172	766,547,662	2,523,940,435	1,581,125,376	3,147,614,548
Provision for inventory loss	-	-	43,918,321	-	65,877,481
Reversal of inventory obsolescence (Note 10)	-	-	-	-	(2,265,620)
Severance fees (Note 22)	7,318,970	12,554,499	14,097,868	19,479,703	37,828,408
Sale of by-products (Note 33.1)	(13,462,005)	(9,392,070)	(22,182,876)	(19,919,426)	(31,550,694)
Total cash operating costs	1,577,120,219	920,539,910	2,918,748,684	1,884,458,350	3,839,936,036
Depreciation (Note 12)	276,028,264	261,569,947	537,065,795	519,095,276	1,004,164,132
Deferred stripping expense (Note 15)	11,744,612	20,659,189	25,671,855	37,366,742	71,975,210
Amortization (Note 16)	5,662,363	4,816,241	10,457,982	9,632,479	18,746,009
Total operating costs	1,870,555,458	1,207,585,287	3,491,944,316	2,450,552,847	4,934,821,387
(Increase) / decrease in inventory (Note 10)	(242,699,350)	21,847,343	(484,795,724)	(285,184,666)	(397,041,028)
Total	1,627,856,108	1,229,432,630	3,007,148,592	2,165,368,181	4,537,780,359

33.1 Sale of by-products comprise of the following commodities:

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June30,	December 31,
	2014	2013	2014	2013	2013
Copper	3,903,668	5,610,105	9,232,677	11,458,100	18,218,080
Zinc	8,203,559	2,821,451	10,314,582	5,464,247	9,571,533
Silver	1,354,778	960,514	2,635,617	2,997,079	3,761,081
Total	13,462,005	9,392,070	22,182,876	19,919,426	31,550,694

34. Selling, marketing and logistic expenses

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June30,	December 31,
	2014	2013	2014	2013	2013
Selling, marketing and logistic expense	107,779,837	54,357,575	179,438,628	125,681,791	282,354,440
Total	107,779,837	54,357,575	179,438,628	125,681,791	282,354,440

Selling, marketing and logistic expenses comprises of marketing fees and other sales related overheads that are not specifically part of cost of sales.

35. General and administrative expenses

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
Salaries and staff related benefits	75,205,776	53,267,146	134,795,853	110,630,420	241,184,415
Contracted services	16,992,750	6,157,766	25,274,272	14,454,202	140,560,114
Overheads and other	8,018,432	6,894,397	21,612,404	14,701,008	75,091,817
Consumables	887,849	463,247	1,882,311	1,165,493	4,335,954
Repair parts	159,956	49,949	267,319	275,798	531,727
Depreciation (Note 12)	7,274,457	3,806,504	11,523,547	7,667,663	14,628,286
Amortization (Note 16)	152,998	332,892	305,997	624,563	1,265,000
Total	108,692,218	70,971,901	195,661,703	149,519,147	477,597,313

36. Exploration and technical services expenses

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
Salaries and staff related benefits	14,973,939	12,030,333	26,892,221	23,848,789	45,570,625
Contracted services	23,643,458	30,884,085	52,188,749	42,018,207	71,694,410
Overheads and other	1,558,458	4,735,658	4,594,676	7,687,760	13,144,135
Consumables	93,411	2,527,326	1,618,188	4,945,399	9,821,878
Repair parts	84,640	131,863	649,236	319,696	1,604,016
Total	40,353,906	50,309,265	85,943,070	78,819,851	141,835,064

37. Income from short-term investments

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
Income received and accrued on short-term investment	2,787,216	6,161,810	5,309,934	16,890,691	26,627,550

38. Finance charges

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
Public Investment Fund	7,116,585	9,210,520	14,233,169	18,421,039	35,096,061
Banque Saudi Fransi – as agent for the procurement facility participants	12,806,294	11,921,482	25,190,712	23,044,403	50,691,813
Al-Rajhi Bank	6,686,532	6,659,469	13,467,001	13,291,250	28,432,241
The Export Import Bank of Korea	2,996,786	3,744,127	5,993,572	7,488,254	14,382,631
Korea Export Insurance Corporation	1,760,111	1,957,607	3,339,686	3,914,610	7,532,282
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	3,509,356	4,300,696	7,215,736	8,307,204	16,524,306
Saudi Industrial Development Fund	1,458,000	1,411,667	5,832,000	1,886,667	5,650,000
Revolving Credit Facility	16,292,198	6,598,394	24,291,688	10,679,184	24,275,816
Total	52,625,862	45,803,962	99,563,564	87,032,611	182,585,150

38.1 Summary of borrowing cost

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
Expensed during the quarter / period / year	52,625,862	45,803,962	99,563,564	87,032,611	182,585,150
Capitalized as part of qualifying assets in capital work-in-progress during the quarter / period / year (Note 13)	96,035,386	187,134,074	187,945,900	266,466,490	481,163,536
Total	148,661,248	232,938,036	287,509,464	353,499,101	663,748,686

39. Other income / (expenses), net

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
Other income / (expenses), net	44,668,417	(1,024,531)	45,249,670	(1,609,190)	1,423,265,192

On August 5, 2013, the Company entered into an agreement with Mosaic and SABIC to jointly develop a fully integrated phosphate production facility known as the Umm Wu'al phosphate project (Note 1).

As per the agreement Mosaic and SABIC are liable to pay contractual dues to Ma'aden of SAR 1.44 billion in two installments and thereby recorded as other income. This amount is in addition to the historical cost incurred by Ma'aden on the project. First installment, 50% of SAR 1.44 billion, is received by Ma'aden during the year ended December 31, 2013 while the second installment of remaining 50% of the amount is due on June 30, 2016 (Note 18).

40. Earnings per ordinary share

	Quarter ended		Six months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	December 31,
	2014	2013	2014	2013	2013
Net income attributable to the shareholders of the parent company	370,791,562	40,980,045	495,975,210	280,173,600	1,682,378,450
Weighted average number of ordinary shares in issue during the quarter / period / year (Note 28)	925,000,000	925,000,000	925,000,000	925,000,000	925,000,000
Basic and diluted earnings per ordinary share from continuing operations	0.40	0.04	0.54	0.30	1.82

Basic earnings per ordinary share is calculated by dividing the income attributable to the share-holders of the parent company by the weighted average number of ordinary shares in issue during the quarter / period / year.

41. Related party transactions and balances

41.1 Related party transactions

Transactions with a related party carried out during the period / year under review, in the normal course of business, is summarized below:

	June 30, 2014	June 30, 2013	December 31, 2013
Sales through SABIC	1,586,478,326	1,404,148,327	2,626,763,424
Sales to Alcoa	408,152,473	153,568,928	327,839,306
Cost of seconded employees from Alcoa Inc.	239,646,372	248,423,381	410,233,253
Dividend paid to SABIC (Note 31.4 and 31.6)	-	-	450,000,000
Payments to increase share capital received from:			
Alcoa Inc.	255,865,220	294,140,625	556,711,869
Mosaic	735,420,864	-	-
SABIC	441,252,519	-	-
Total (Note 31.6)	1,432,538,603	294,140,625	556,711,869

41.2 Related party balances

Amount due from / (to) related parties arising from transaction with related parties are as follows:			
Receivables from related parties			
Due from Alcoa Inc. (Note 9)	461,198	72,792,940	23,948,991
Due from SABIC (Note 9)	310,506,934	242,618,656	242,382,717
Due from SAMAPCO (Note 9)	47,998,419	47,998,419	47,998,419
Due from Saudi Mining Polytechnic (Note 9)	4,293,796	12,960,988	50,464,149
Total	363,260,347	376,371,003	364,794,276
	June 30, 2014	June 30, 2013	December 31, 2013

	June 30, 2014	June 30, 2013	December 31, 2013
Payable to related parties			
Accrued expenses – Alcoa Inc. (Note 20)	79,639,672	77,818,437	83,763,220
Payments to increase share capital received from:			
Alcoa Inc.	323,234,191	227,381,471	114,431,471
Mosaic	735,420,864	-	-
SABIC	441,252,519	-	-
Sub-total (Note 31.6)	1,499,907,574	227,381,471	114,431,471
Total	1,579,547,246	305,199,908	198,194,691
Long-term borrowings from PIF, a 50% shareholder in Ma'aden			
Due to PIF for the financing of the :			
MPC facility (Note 26.2)	3,168,000,990	3,500,801,094	3,334,401,042
MAC facility (Note 26.2)	4,875,000,000	4,529,516,186	4,875,000,000
MRC facility (Note 26.2)	2,321,849,292	2,321,849,291	2,321,849,292
MBAC facility (Note 26.2)	3,220,543,013	1,625,265,863	1,961,113,684
Total	13,585,393,295	11,977,432,434	12,492,364,018

42. Operating leases

	Quarter ended		Six months ended		Year ended
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	December 31, 2013
Payments under operating leases recognized as an expense during the quarter / period / year	4,718,375	3,536,989	9,876,683	7,137,510	19,782,551

Future minimum operating lease commitments due under these operating leases are as follows:

	June 30, 2014	June 30, 2013	December 31, 2013
2013	-	8,376,683	-
2014	7,725,696	15,996,083	20,088,856
2015	8,048,856	9,561,083	8,428,856
2016	8,048,856	4,336,083	8,428,856
2017	8,048,856	4,336,083	7,928,856
2018 through 2041	40,346,432	36,176,071	45,405,288
Total	72,218,696	78,782,086	90,280,712

Operating lease payments represent mainly rentals payable by the Group for mining lease areas. Leases are negotiated for an average term of 15 to 30 years.

43. Commitments and contingent liabilities

	June 30, 2014	June 30, 2013	December 31, 2013
Capital expenditures:			
Contracted for	17,148,555,189	12,062,736,455	12,717,132,437
Guarantees:			
Guarantees in favor of Saudi Aramco, for future diesel and gas feedstock supplies	220,962,362	220,962,362	220,962,362
Guarantees for the development of aluminum project*	225,000,000	225,000,000	225,000,000
Others	157,080	157,080	321,445
Total	446,119,442	446,119,442	446,283,807

*Ma'aden has received a back-to-back letter of credit, for the development of the aluminum project, from Alcoa for their proportionate share of 25.1% in aluminum companies, of the total amount of letter of credits submitted by Ma'aden to the Government.

Ma'aden has also provided guarantees to SIDF for financing facilities available to MAC, MRC and MBAC to the extent of its shareholding of 74.9% and to MPC to the extent of its shareholding of 70% (Note 26.1 and 26.2).

44. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value risk, commission rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

44.1 Currency risk

Is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group transactions are principally in Saudi Riyals, Euros and US Dollars. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant.

44.2 Fair value

Is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Group's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

44.3 Commission rate risk

Is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. The Group's commission rate risks arise mainly from its short-term investments and long term-borrowings, which are at floating rate of commission and are subject to re-pricing on a regular basis. The Group monitors the fluctuations in commission rate.

Based on the Groups net debt outstanding as at June 30, 2014, the effect on net earnings of a 1% movement in the US Dollar LIBOR commission rate would be SAR 331 million (June 30, 2013: SAR 235 million and December 31, 2013: SAR 284 million). These balances will not remain consistent throughout 2014.

44.4 Commodity price risk

Gold is priced in an active market in which prices respond to daily changes in quantities. The Group's normal policy is to sell its products at prevailing market prices. The Group does not generally believe commodity price hedging would provide long-term benefit to the shareholders.

44.5 Credit risk

Is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk from its operating activities (pertaining to trade receivables mainly). However, the cash collection is made at time of sales delivery and from its financing activities, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management. Cash and short-term investments are substantially placed with commercial banks with sound credit ratings.

The Group currently has two major customers which account for sales of approximately SAR 356 million, representing 9% of the Group's sales for the period ended June 30, 2014 (June 30, 2013: SAR 350 million representing 12% of the Group's sales and December 31, 2013: SAR 709 million representing 12% of Group's sales from two major customers). Trade receivables are carried net of allowance for doubtful debts, if needed.

44.6 Liquidity risk

Is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

45. Events after the reporting date

On July 13, 2014, Ma'aden announced entering into an agreement to form a joint venture with Barrick Gold Corporation ("Barrick") for the purpose of establishing a limited liability company to jointly develop and operate the Jabel Sayid copper project located in southeast of Al Madinah Al Munawarah. Ma'aden and Barrick will each own 50% of the joint venture. Ma'aden will invest approximately USD 210 million to acquire its 50% share in the project.

Other than the above mentioned, no events have arisen subsequent to June 30, 2014 and before the date of signing the review report, that could have a significant effect on the consolidated interim financial statements as at June 30, 2014.

46. Comparative figures

Certain comparative figures of the previous quarter / period / year have been reclassified, wherever necessary, to conform with the current quarter's / period's presentation. Such reclassifications did not affect either the net worth or the net income of the Group for the previous quarter / period / year.

47. Contingent assets held and liabilities incurred under fiduciary administration

On January 6, 2013 MIC, a wholly owned subsidiary of Ma'aden, received an amount of USD 140 million (in a fiduciary capacity) from the Ministry of Finance of the Kingdom of Saudi Arabia, in accordance with the Council of Ministers' Resolution No 87, dated 28 Rabi ul Awal 1433H (corresponding to February 20, 2012), for the purpose of establishing an industrial city in the Northern Borders Province, by the name of "Waad Al-Shamal City for Mining Industries". The aggregate amount represents part payment of the following two amounts approved by the Council of Ministers:

- USD 500 million for the design and construction of the basic infrastructure and required utilities of the industrial city, and
- USD 200 million for the design and construction of the housing and required social facilities for the proposed industrial city.

The amounts received have been deposited in a separate bank account and does not form part of MIC's available cash resources and has been accounted for in its own standalone accounting records and has not been integrated with MIC's accounting records. The amounts can only be utilized for the designated purpose in accordance with the Council of Ministers Resolution and replenished based on the presentation of supporting documents for the expenditures incurred, in accordance with the applicable Governments Regulations. Total net assets of the project as of June 30, 2014 amounted to SAR 525 million (June 30, 2013: SAR 525 million and December 31, 2013: SAR 525 million).

48. Detailed information about the subsidiaries and a jointly controlled entity

		Issued, paid-up and partly paid-up share capital			Effective group interest %			Cost of investment by parent company		
		June 30,	June 30,	December 31,	June 30,	June 30,	December 31,	June 30,	June 30,	December 31,
Subsidiary	Nature of business	2014	2013	2013	2014	2013	2013	2014	2013	2013
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining	300,000,000	300,000,000	300,000,000	100	100	100	300,000,000	300,000,000	300,000,000
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects	500,000	500,000	500,000	100	100	100	500,000	500,000	500,000
Industrial Minerals Company ("IMC")	Kaolin, low grade bauxite and magnesite mining	344,855,200	500,000	344,855,200	100	100	100	344,855,200	500,000	344,855,200
Ma'aden Aluminum Company ("MAC")	Aluminum ingots, t-bars, slabs and billets	6,573,750,000	5,527,649,426	6,573,750,000	74.9	74.9	74.9	4,923,738,750	4,140,209,420	4,923,738,750
Ma'aden Rolling Company ("MRC")	Aluminum sheets for can body and lids	2,109,625,000	1,922,125,000	1,922,125,000	74.9	74.9	74.9	1,580,109,125	1,439,671,625	1,439,671,625
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining	3,794,999,888	3,344,999,888	3,794,999,888	74.9	74.9	74.9	2,842,454,916	2,505,404,916	2,842,454,916
Ma'aden Phosphate Company ("MPC")	Phosphate mining and fertilizer producer	6,208,480,000	6,208,480,000	6,208,480,000	70	70	70	4,345,936,000	4,345,936,000	4,345,936,000
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWASPC")	Phosphate mining and fertilizer producer	1,501,875	-	-	60	-	-	901,125	-	-
								14,338,495,116	12,732,221,961	14,197,156,491
Jointly controlled entity										
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride	900,000,000	900,000,000	900,000,000	50	50	50	450,000,000	450,000,000	450,000,000

All the subsidiaries and jointly controlled entity listed above are incorporated in the Kingdom of Saudi Arabia.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated financial statements

for the year ended December 31, 2013

Commercial registration number	1010164391	
Directors	Engr. Abdallah Bin Saif Al-Saif	Chairman
	H.E. Soliman Bin Saad Al-Hamyyd	(Resigned December 31, 2013)
	H.E. Sulaiman Bin Abdulrahman Al Gwaiz	(Appointed January 1, 2014*)
	H.E. Mohammed Bin Abdullah Al-Kharashi	
	Dr. Ziad Bin Abdulrahman Al-Sudairy	
	Mr. Sultan Bin Jamal Shawli	
	Engr. Khalid Saleh Al Mudaifer	
	Mr. Mansour Bin Saleh Al-Maiman	
	Engr. Khalid Bin Hamad Al-Senani	
	Engr. Abdulaziz Bin Abdullah Al Sugair	
Registered address	Building number 395	
	Abi Bakr Asseddiq Road, South	
	Exit 6, North Ring Road	
	Riyadh	
	Kingdom of Saudi Arabia	
Postal address	P.O. Box 68861	
	Riyadh 11537	
	Kingdom of Saudi Arabia	
Banker	The Saudi British Bank (SABB)	
Auditors	Ernst & Young	
	Al Faisaliah Office Tower, 14th Floor	
	King Fahad Road	
	P.O. Box 2732	
	Riyadh 11461	
	Kingdom of Saudi Arabia	

*This appointment, at the request of the General Organization for Social Insurance to change its representative on Ma'aden Board, will be presented for endorsement at the upcoming General Assembly meeting.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Statement of Directors' responsibilities for the preparation and approval of the consolidated financial statements for the year ended December 31, 2013

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, set out on page 4, is made with a view to distinguish the responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (the "Group")

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of the Group as at December 31, 2013, the results of its operations, changes in equity and cash flows for the year then ended, in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

In preparing the consolidated financial statements, the management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether SOCPA accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- preparing and presenting the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue its business for the foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Group;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates;
- taking steps to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The consolidated financial statements for the year ended December 31, 2013 set out on pages 5 to 58, were approved and authorized for issue by the Board of Directors on 20 Rabi Awal 1435H (corresponding to January 21, 2014) and signed on its behalf by:

Engr. Khalid H. Al-Senani Authorized by the Board	Engr. Khalid Al Mudaifer President and Chief Executive Officer	Mr. Khalid Al-Rowais Chief Financial Officer

20 Rabi Awal 1435H
January 21, 2014
Riyadh
Kingdom of Saudi Arabia

Building a better working world

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Registration No. 45
C.R. 1010383821

Independent auditor's report

To the shareholders of Saudi Arabian Mining Company (Ma'aden)
(A Saudi Arabian Joint Stock Company)

Scope of audit

We have audited the accompanying consolidated statement of financial position of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at December 31, 2013 and the related consolidated statements of income, changes in equity and cash flows for the year then ended and the notes from 1 to 48 which form an integral part of the consolidated financial statements. These consolidated financial statements are the responsibility of the Group's management and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion on the consolidated financial statements.

Unqualified opinion

In our opinion, the consolidated financial statements taken as a whole:

i) present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

ii) comply with the requirements of the Regulations for Companies and the Company's by-laws in so far as they affect the preparation and presentation of the consolidated financial statements.

For Ernst & Young

Rashid S. AlRashoud
Certified Public Accountant
Registration No. 366

Riyadh: 20 Rabi Awal 1435H
(21 January 2014)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of financial position as at March 31, 2014

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	December 31, 2013	December 31, 2012
Assets			
Current assets			
Cash and cash equivalents	7	4,336,642,990	6,175,213,800
Short-term investments	8	52,437,776	3,071,348,447
Trade and other receivables	9	760,446,009	563,040,896
Inventories	10	1,883,019,869	1,089,934,377
Advances and prepayments	11	147,361,191	87,576,613
		7,179,907,835	10,987,114,133
Non-current assets			
Property, plant and equipment	12	18,130,467,596	18,589,867,952
Capital work-in-progress	13	36,993,696,476	24,383,213,964
Exploration and evaluation assets	14	145,883,817	347,290,326
Deferred stripping expense	15	33,381,669	42,353,138
Intangible assets	16	274,183,998	328,070,652
Investment in jointly a controlled entity	17	441,370,614	444,851,735
Due from joint venture partners	18	720,000,000	-
Advances and prepayments	11	32,336,297	19,187,081
		56,771,320,467	44,154,834,848
Total assets		63,951,228,302	55,141,948,981
Liabilities			
Current liabilities			
Projects and other payables	19	2,051,281,265	2,011,450,745
Accrued expenses	20	3,261,021,743	2,905,811,921
Zakat payable	21.2	54,295,070	63,600,191
Severance fees payable	22	36,430,433	91,516,753
Current portion of obligation under capital lease	23	9,881,978	-
Current portion of long-term borrowings	26.4	1,198,190,354	861,409,329
		6,611,100,843	5,933,788,939

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of financial position as at March 31, 2014

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	December 31, 2013	December 31, 2012
Non-current liabilities			
Obligation under capital lease	23	50,113,352	-
Provision for mine closure and reclamation	24	83,490,623	90,743,156
Employees' benefits	25	214,830,581	170,955,102
Long-term borrowings	26.4	31,544,709,390	25,809,386,783
Due to joint venture partners	27	439,533,088	52,411,992
		32,332,677,034	26,123,497,033
Total liabilities		38,943,777,877	32,057,285,972
Equity			
Share capital	28	9,250,000,000	9,250,000,000
Statutory reserve			
Share premium	29	5,250,000,000	5,250,000,000
Transfer of net income	30	561,660,119	393,422,274
Retained earnings		4,698,098,798	3,183,958,193
Equity attributable to shareholders' of the parent company		19,759,758,917	18,077,380,467
Non-controlling interest	31.5	5,247,691,508	5,007,282,542
Total equity		25,007,450,425	23,084,663,009
Total liabilities and equity		63,951,228,302	55,141,948,981
Commitments and contingent liabilities	43		

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of income for the year ended December 31, 2013

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended December 31, 2013	Year ended December 31, 2012
Sales	32	6,047,264,545	5,576,655,383
Cost of sales	33	(4,471,902,878)	(2,982,429,073)
Gross profit		1,575,361,667	2,594,226,310
Operating expenses			
Selling, marketing and logistic expenses	34	(246,008,083)	(384,810,033)
General and administrative expenses	35	(513,943,670)	(324,668,780)
Exploration and technical services expenses	36	(141,835,064)	(123,713,567)
Operating income		673,574,850	1,761,033,930
Other (expenses) / income			
Share in net loss of jointly controlled entity	17.2	(3,481,121)	(3,302,365)
Income from short-term investments	37	26,627,550	65,025,678
Finance charges	38	(182,585,150)	(285,776,406)
Other income / (expense), net	39	1,357,387,711	(5,440,429)
Income before zakat		1,871,523,840	1,531,540,408
Provision for zakat	21.2	(55,448,293)	(51,713,294)
Net income for the year		1,816,075,547	1,479,827,114
Net income attributable to:			
Shareholders' of the parent company	6.1	1,682,378,450	1,090,943,970
Non-controlling interest	31.5	133,697,097	388,883,144
		1,816,075,547	1,479,827,114
Earnings per ordinary share (Saudi Riyals)			
Operating income per share inclusive of non-controlling interest's share		0.73	1.90
Basic and diluted earnings per share from continuing operations	40	1.82	1.18

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated statement of changes in equity for the year ended December 31, 2013
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Equity attributable to shareholders' of the parent company					Non-controlling interest				Total equity
		Share capital	Statutory reserve			Sub-total	Share capital	Payments to increase share capital*	Net income attributable to non-controlling interest	Sub-total	
			Share premium	Transfer of net income	Retained earnings						
January 1, 2012		9,250,000,000	5,250,000,000	284,327,877	2,202,108,620	16,986,436,497	2,783,950,191	821,488,065	113,126,199	3,718,564,455	20,705,000,952
Net income for the year		-	-	-	1,090,943,970	1,090,943,970	-	-	388,883,144	388,883,144	1,479,827,114
Net income transferred to statutory reserve	30	-	-	109,094,397	(109,094,397)	-	-	-	-	-	-
Payments to increase share capital during the year *	31.5	-	-	-	-	-	-	899,834,943	-	899,834,943	899,834,943
Increase in non-controlling interest / share capital contributed during the year	31.5	-	-	-	-	-	989,431,551	(989,431,551)	-	-	-
December 31, 2012		9,250,000,000	5,250,000,000	393,422,274	3,183,958,193	18,077,380,467	3,773,381,742	731,891,457	502,009,343	5,007,282,542	23,084,663,009
Dividend paid to non-controlling interest during the year	31.5	-	-	-	-	-	-	-	(450,000,000)	(450,000,000)	(450,000,000)
Net income for the year		-	-	-	1,682,378,450	1,682,378,450	-	-	133,697,097	133,697,097	1,816,075,547
Net income transferred to statutory reserve	30	-	-	168,237,845	(168,237,845)	-	-	-	-	-	-
Payments to increase share capital during the remainder of the year*	31.5	-	-	-	-	-	-	556,711,869	-	556,711,869	556,711,869
Increase in non-controlling interest / share capital contributed during the year	31.5	-	-	-	-	-	1,174,171,855	(1,174,171,855)	-	-	-
December 31, 2013		9,250,000,000	5,250,000,000	561,660,119	4,698,098,798	19,759,758,917	4,947,553,597	114,431,471	185,706,440	5,247,691,508	25,007,450,425

*These payments, to ultimately increase share capital of the applicable subsidiaries over a period of time, are treated as part of the total equity in these subsidiaries in accordance with the SOCPA clarification number 14/1 issued on March 14, 2012, although no shares have been issued yet and the Commercial Registration certificate has not yet been amended, but will be once these prepayments have been converted to share capital.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of cash flows for the year ended December 31, 2013

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended December 31, 2013	Year ended December 31, 2012
Operating activities			
Income before zakat		1,871,523,840	1,531,540,408
Adjustments for non-cash flow items:			
Provision for inventory loss	10	65,877,481	-
Reversal of allowance for inventory obsolescence	10	(2,265,620)	(151,305)
Depreciation	12	1,018,792,418	1,002,437,569
Adjustment / written-off property, plant and equipment	12	(46,932)	2,243,151
Deferred stripping expense	15	71,975,210	41,616,258
Amortization of intangible assets	16	20,011,009	22,651,640
Adjustment / written-off intangible assets	16	59,648,530	-
Share in net loss of a jointly controlled entity	17.2	3,481,121	3,302,365
Provision for severance fees	22	37,828,408	92,603,068
Provision for employees' termination benefits	25.1	52,392,909	41,252,535
Contribution for the employees' savings plan	25.2	13,759,930	13,100,119
Income from short term investments	37	(26,627,550)	(65,025,678)
Changes in working capital:			
Trade and other receivables	9	(197,405,113)	(81,526,686)
Inventories	10	(1,007,678,445)	(527,986,400)
Advances and prepayments	11	(72,933,794)	(62,239,754)
Projects and other payables – Trade	19	(20,541,484)	188,594
Accrued expenses – Trade	20	113,255,547	398,783,554
Zakat paid	21.2	(64,753,414)	(129,221,227)
Severance fees paid	22	(92,914,728)	(84,520,304)
Provision for mine closure and reclamation paid	24.1	(7,252,533)	(1,691,643)
Employees' termination benefits paid	25.1	(14,903,351)	(15,114,502)
Employees' savings plan withdrawal	25.2	(7,374,009)	(7,798,074)
Net cash generated from operating activities		1,813,849,430	2,174,443,688

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of cash flows for the year ended December 31, 2013

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended December 31, 2013	Year ended December 31, 2012
Investing activities			
Income received from short-term investments		41,774,971	66,584,245
Short-term investments	8	3,003,763,250	3,108,178,493
Additions to property, plant and equipment	12	(62,688,826)	(40,756,214)
Additions to capital work-in-progress	13	(12,543,035,254)	(13,587,865,440)
Additions to exploration and evaluation assets	14	(236,749,472)	(228,062,545)
Additions to deferred stripping expense	15	(63,003,741)	(30,730,376)
Additions to intangible assets	16	(739,374)	(50,875,753)
Due from joint venture partners	18	(720,000,000)	-
Projects and other payables – Projects	19	60,372,004	678,767,106
Accrued expenses – Projects	20	241,954,275	995,870,906
Net cash utilized in investing activities		(10,278,352,167)	(9,088,889,578)
Financing activities			
Obligation under capital lease	23	59,995,330	-
Net proceeds from long-term borrowings received	26.4	6,072,103,632	7,092,934,574
Due to joint venture partners	27	387,121,096	52,411,992
Payments to increase share capital by non-controlling interest, net	31.5	556,711,869	899,834,943
Dividend paid to non-controlling interest	31.5	(450,000,000)	-
Net cash generated from financing activities		6,625,931,927	8,045,181,509
Net change in cash and cash equivalents		(1,838,570,810)	1,130,735,619
Cash and cash equivalents at beginning of the year	7	6,175,213,800	5,044,478,181
Cash and cash equivalents at end of the year	7	4,336,642,990	6,175,213,800
Non-cash flow transactions			
Transfer from inventory to capital work-in-progress	10,13	150,981,092	-
Transfer from property, plant and equipment to intangible assets, net	12,17	-	190,787,575
Provision for mine closure charged to property, plant and equipment	12, 24.2	-	1,550,000
Transfer from capital work-in-progress to property, plant and equipment	13,12	-	12,237,210,804
Transfer from capital work-in-progress to intangible assets	13,16	25,033,511	71,121,759
Transfer from exploration and evaluation assets to capital work-in-progress	14,13	438,155,981	24,102,527
Transfer from payments to increase share capital to non-controlling interest	31	1,174,171,855	989,431,551

1. General information

Saudi Arabian Mining Company ("Ma'aden" or the "Company") was formed as a Saudi joint stock company pursuant to Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to March 23, 1997) and the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to March 17, 1997), with Commercial Registration No. 1010164391 dated 10 Zul Qaida 1421H (corresponding to February 4, 2001). The Company has an authorized share capital of SR 9,250,000,000 (Nine billion and two hundred fifty million Saudi Riyals) divided into 925,000,000 (Nine hundred and twenty five million) ordinary shares with a nominal value of SR 10 each.

The objectives of the Company and its subsidiaries (the "Group") are to be engaged in various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by-products. These activities exclude:

- petroleum and natural gas and materials derived there from;
- any and all hydrocarbon substances, products, by-products and derivatives; and
- activities related to all stages of the oil industry and the industries associated therewith and supplementary thereto.

The Group's principal mining activities are at the Mahd Ad' Dahab, Al-Hajar, Bulghah, Al-Amar, Sukhaybarat, Al Jalamid, Az Zabirah and Al-Ghazallah mines. Currently the Group mainly mines gold, phosphate rock, low-grade bauxite, kaolin and magnesite.

The Group is involved in the following two major projects, both of which are in their development stages:

Aluminum project

The Group's objective with the aluminum project is to develop the bauxite mine, the alumina refinery, smelter and rolling mill as well as a power plant for the production of aluminum and related products in the Kingdom of Saudi Arabia. In December 2009, the Company entered into a joint venture agreement with Alcoa Incorporated, ("Alcoa Inc.") for the development of the aluminum project. The Company has a 74.9% interest in the aluminum project and Alcoa Inc. has a 25.1% interest. The capital cost of the project is estimated to be SR 40.5 billion. Alcoa Inc. has reimbursed the Company for 25.1% of the aluminum project's costs incurred by the Company before Alcoa Inc.'s participation.

On February 14, 2012 the Board of Directors approved a plan developed by Ma'aden in collaboration with their joint venture partner Alcoa Inc. (Note 27) to extend the product mix of their aluminum complex, currently under construction at Ras Al Khair, to include:

- automotive heat treated and non-heat treated sheet,
- building and construction sheet, and
- foil stock sheet

Phosphate production facility

On March 19, 2013, Ma'aden signed Heads of Agreement with The Mosaic Company ("Mosaic") and SABIC to jointly develop a fully integrated phosphate production facility located at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City, in the Northern Region, near the city of Turayf in the Kingdom of Saudi Arabia. Ma'aden, Mosaic and SABIC will own 60%, 25% and 15% of the joint venture respectively. On August 5, 2013, the shareholders agreement to jointly develop a fully integrated phosphate production facility was signed by Ma'aden, Mosaic and SABIC (Note 27 and 39).

This project is based on the exploitation of the Al-Khabra phosphate deposit for which Ma'aden owns the mining license and includes the utilization of captive national resources such as groundwater and sulfur, and taking advantage of the existing railway infrastructure, linking the Northern Borders Province to Ras Al Khair in the Eastern Province to have access to the port facilities at the Arabian Gulf. The project is in the development stage and the estimated capital cost of the project is SR 26 billion.

2. Group structure

The Company has the following subsidiaries and jointly controlled entity, all incorporated in the Kingdom of Saudi Arabia:

Subsidiaries	Type of company	Effective ownership as at December 31,	
		2013	2012
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	100%	100%
Industrial Minerals Company ("IMC")	Limited liability company	100%	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	100%	100%
Ma'aden Phosphate Company ("MPC")	Limited liability company	70%	70%
Ma'aden Aluminum Company ("MAC")	Limited liability company	74.9%	74.9%
Ma'aden Rolling Company ("MRC")	Limited liability company	74.9%	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	74.9%	74.9%
Jointly controlled entity			
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Limited liability company	50%	50%

The financial year end of all the subsidiaries and jointly controlled entity coincide with that of the parent company.

MGBM

The company was incorporated in the Kingdom of Saudi Arabia, on August 9, 1989. The objectives of the company are:

- the exploration and mining of gold and associated minerals within their existing mining lease area by way of drilling, mining, concentrating, smelting and refining;
- extract, refine, export and sell such minerals in their original or refined form; and
- construct, operate and maintain all mines, buildings, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the lease.

IMC

The company was incorporated in the Kingdom of Saudi Arabia on March 31, 2009. The objectives of the company are:

- the exploitation of industrial minerals within the existing mining lease area by way of drilling, mining, concentrating, smelting and refining; and
- extract, refine, export and sell such minerals in their original or refined form.

The company currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine and processing plant at Al Madinah Al Munawarah which partially commenced operations during 2011 and the remaining project is still in development stage.

MIC

The company was incorporated in the Kingdom of Saudi Arabia on August 17, 2008. The objectives of the company are to:

- manage the infrastructure project to develop, construct and operate the infrastructure; and
- provide services to Ras Al-Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia.

MPC

The company was incorporated in the Kingdom of Saudi Arabia on January 1, 2008 and is owned:

- 70% by Saudi Arabian Mining Company ("Ma'aden") and
- 30% by Saudi Basic Industries Corporation ("SABIC") which is accounted for as a non-controlling interest in these consolidated financial statements.

The objectives of the company are to:

- exploit the Al Jalamid phosphate deposits;
- utilize local natural gas and sulphur resources to manufacture Diammonium Phosphate ("DAP") fertilizers at the processing facilities at Ras Al-Khair; and
- produce ammonia as a raw material feed stock for the production of fertilizer and the excess ammonia is exported and sold domestically.

MAC

The company was incorporated in the Kingdom of Saudi Arabia on October 10, 2010 and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Smelting Inversiones S.L. ("ASSI"), a foreign shareholder, a company wholly owned by Alcoa Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated financial statements.

The objectives of the company are the production of:

- aluminum ingots;
- aluminum T shape ingots;
- aluminum slabs; and
- aluminum billets.

The company is currently in its project development phase.

MRC

The company was incorporated in the Kingdom of Saudi Arabia on October 10, 2010 and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Rolling Inversiones S.L. ("ASRI"), a foreign shareholder, a company wholly owned by Alcoa Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated financial statements.

The objectives of the company are the production of:

- can body stock; and
- can ends stock.

The company is currently in its project development phase.

MBAC

The company was incorporated in the Kingdom of Saudi Arabia on January 22, 2011 and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by AWA Saudi Limited ("AWA"), a foreign shareholder, which is owned 60% by Alcoa Inc. and 40% by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated financial statements.

The objectives of the company are to:

- produce and refine bauxite; and
- produce alumina.

The company is currently in its project development phase.

SAMAPCO

The company was incorporated in the Kingdom of Saudi Arabia on August 14, 2011 and is owned:

- 50% by Saudi Arabian Mining Company ("Ma'aden") and
- 50% by Sahara Petrochemicals.

SAMAPCO is a joint venture project and is accounted for as an investment in a jointly controlled entity under the equity method of accounting in these consolidated financial statements.

The objectives of the company are the production of:

- concentrated caustic soda;
- chlorine; and
- ethylene dichloride.

The operations of the company includes the production and supply of concentrated caustic soda feed stock to the alumina refinery at MBAC and to sell the excess production in the local wholesale and retail market. SAMAPCO is currently in its project development phase.

3. Basis of preparation

The accompanying consolidated financial statements have been prepared under the historic cost convention on the accrual basis of accounting and in compliance with the accounting standards promulgated by SOCPA.

These consolidated financial statements are presented in Saudi Riyals which is both the functional and reporting currency of the Group.

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

4.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "intangible assets" in the accompanying consolidated statement of financial position. Goodwill is tested annually for impairment and carried at cost, net of any accumulated amortization and impairment losses, if any.

Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Jointly controlled entity

A joint venture exists where the Group has a contractual arrangement with one or more parties to undertake activities typically, however not necessarily, through entities that are subject to joint control.

The Group recognises its interests in a jointly controlled entity using the equity method of accounting. The Group's share of the results of joint ventures is based on the financial statements prepared up to a date not earlier than three months before the consolidated statement of financial position date, adjusted to conform with the accounting polices of the Group, if any. Intragroup gains on transactions are eliminated to the extent of the Group's interest in the investee. Intragroup losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

4.2 Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

4.3 Cash and cash equivalents

Cash and cash equivalents balance includes cash on hand, cash in banks and time deposits with an original maturity of three months or less at the date of acquisition.

4.4 Short-term investments

Short-term investments include placements with banks and other short-term highly liquid investments with original maturities of more than three months but not more than one year from the date of acquisition.

4.5 Trade receivables

Trade receivables are carried at the original sales invoice amount less an allowance for doubtful debts (if any). An allowance for doubtful debts is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. Such allowances are charged to the consolidated statement of income and reported under "General and administrative expenses". When a trade receivable is uncollectible, it is written-off against the allowance for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the consolidated statement of income.

4.6 Inventories

Finished goods

Refined metals are measured at the lower of net cost of production or net realizable value. The net cost of production is determined as the total cost of production divided by the saleable unit output.

Production costs include:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore;
- production overheads; and
- revenue from sale of by-products is credited against production costs.

By-products are valued at net realizable value, with reference to the spot price of the commodities ruling at the reporting date.

Work-in-process

The cost of work-in-process is determined using weighted average basis.

Ore stockpiles

Ore stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence because it exceeds the mine's cut-off grade and due to economic viability, it is valued at the lower of net cost of production or net realizable value. Quantities of stockpiles and work-in-process are assessed primarily through surveys and assays.

Spare parts and consumable materials

Spare parts and consumable materials are valued at the weighted average cost basis less an allowance for obsolete and slow moving items.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

4.7 Financial assets and liabilities

Financial assets and liabilities carried on the consolidated statement of financial position principally include cash and cash equivalents, short-term investments, trade and other receivables, projects and other payables, accrued expenses and borrowings.

A financial asset and liability is offset and net amounts reported in the consolidated financial statements, when the Group has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

4.8 Property, plant and equipment

Property, plant and equipment are stated at the historical cost less accumulated depreciation. Depreciation is provided over the shorter of estimated economic useful lives of the applicable assets or the estimated life-of-mine using the straight-line method. The estimated useful lives of the principal classes of assets are as follows:

	Number of years
Buildings	9 – 33
Heavy equipment	5 – 20
Fixed plant and heap leaching facilities	4 – 20
Other equipment	4 – 20
Office equipment	4 – 10
Furniture and fittings	4 – 10
Mobile and workshop equipment	10
Computer equipment	4 – 5
Mining assets	2 - 8
Laboratory and safety equipment	5
Motor vehicles	4
Civil works	4

Maintenance and normal repairs which do not materially extend the estimated economic useful life of an asset are charged to the consolidated statement of income as and when incurred. Major renewals and improvements, if any, are capitalized.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated statement of income.

Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets.

4.9 Capital work-in-progress

Assets in the course of construction are capitalized in the capital work-in-progress account. On completion, the cost of the related asset is transferred to the appropriate category of property, plant and equipment. The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Costs associated with a start-up period are capitalized where the asset is available for use but incapable of operating at normal levels during the commissioning period net of the proceeds from the sale of any production during the development period. Capital work-in-progress is not depreciated.

4.10 Exploration and evaluation assets

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with:

- acquisition of exploration rights to explore a potentially mineralized;
- topographical, geological, geochemical and geophysical studies;
- exploration drilling;
- trenching;
- sampling; and
- other work involved in searching for ore.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibilities studies.

All exploration and evaluation costs are expensed until it is concluded that a future economic benefit is more likely to be realized than not, i.e. 'probable'. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body. Exploration and evaluation expenditures are capitalized if management determines that probable future economic benefits will be generated as a result of the expenditures.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralization of such mineral deposits, is capitalized as mine development cost following the completion of an economic evaluation equivalent to a feasibility study.

All exploration and evaluation costs incurred after it is concluded that economic benefit is more likely to be realized than not, i.e. 'probable' are capitalized as "Exploration and evaluation assets" only until the technical feasibility and commercial viability of extracting of mineral resource are demonstrable. Once the technical and commercial viability is demonstrable i.e. economic benefit will or will not be realized, the asset is tested for impairment and any impairment loss is recognized. Based on the technical and commercial feasibility, if the economic benefit will be realized and management intends to develop the mine, exploration and evaluation asset is reclassified to "Capital work-in progress". Cash flows attributable to capitalized exploration and evaluation expenditures are classified as investing activities in the statement of cash flow. Once the commercial production stage is reached, the capitalized capital work-in-progress is reclassified to "Property, plant and equipment".

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that

the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts

and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company measures, presents and discloses any resulting impairment loss.

For the purposes of exploration and evaluation assets only, one or more of the following facts and circumstances are considered for identifying that exploration and evaluation asset that may be impaired. These include the following:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once it has been identified that exploration and evaluation asset may be impaired, asset impairment policy as specified in note 4.13 is followed.

4.11 Intangible assets

Intangible assets comprise of purchased software and systems enhancements and transformation. These assets are carried at cost. Intangible assets are amortized on the straight-line basis over their anticipated useful lives and are reviewed at least at each financial year end. The amortization expense on the intangible assets is recognized in the consolidated statement of income consistent with the functions of the intangible assets.

Intangible assets for MIC comprises the infrastructure and support services assets at Ras Al Khair that are transferred to Royal Commission of Jubail and Yanbu ("RCJY") as stated in the Implementation Agreement signed between Ma'aden and RCJY. The cost of the intangible assets comprises its purchase price and any costs directly attributable to bringing such assets to working condition for their intended use. Such intangible assets are carried at historical cost less accumulated amortization. Amortization is provided over the remaining period of LUSA (Land Usage and Service Agreement) term.

4.12 Stripping ratio and deferred stripping costs

The Group also defers waste mining costs and has estimated the average of the waste-to-ore ratio for the quantities contained within the final pit design of the mine. This average is used to calculate the annual waste mining costs to be expensed as follows:

Average ratio of waste to ore mined	x	Quantity of ore mined	x	Average unit cost of total tonnes mined

In periods when the actual costs of waste are higher than the costs expensed according to this formula, the difference is deferred to be expensed in a future period when the actual costs are less than the amount to be expensed.

4.13 Asset impairment

The Group assesses its assets at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value-in-use.

Assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When it becomes evident that the circumstances which resulted in the impairment no longer exist, the impairment amount is reversed (with the exception of goodwill) and recorded as income in the consolidated statement of income in the year in which such reversal is determined.

4.14 Projects, other payable and accrued expenses

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

4.15 Zakat, income tax and withholding tax

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). A provision for zakat for the Company and zakat related to the Company's subsidiaries is charged to the consolidated statement of income. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined. Foreign shareholders in subsidiaries are subject to income tax which is included in non-controlling interest in the consolidated statement of income.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

4.16 Severance fees

Effective from year 2005 onwards, as per Article No. 71 of the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower.

The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated statement of income (Note 33).

4.17 Provisions

Provisions are recognized when the Group has:

- a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation in the future; and
- the amount can be reliably estimated.

4.18 Mine closure and reclamation

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure or reclamation. Mine closure and reclamation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of current laws and regulations.

Provisions for the cost of each closure and reclamation program are recognized at the time the mining activities occur. When the extent of the mining activities increases over the life-of-mine, the provision is increased accordingly.

Costs included in the provision encompass all closure and reclamation activity expected to occur progressively over the life-of-mine and at the time of closure in connection with the mining activities at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized 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 reclamation expenditure is dependent upon a number of factors such as:

- the life-of-mine;
- the operating license conditions; and
- the environment in which the mine operates.

The full estimated costs are capitalized as part of mining assets, under property, plant and equipment and then depreciated as an expense over the expected life-of-mine on straight-line basis. Adjustments to the estimated amount and timing of future closure and reclamation cash flows are a normal occurrence in light of the significant judgments and estimates involved. Factors influencing those changes include:

- revisions to estimated ore reserves, mineral resources and lives of mines;
- developments in technology;
- regulatory requirements and environmental management strategies; and
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation.

4.19 Employees' termination benefits

Employee termination benefits are payable as a lump sum to all employees employed under the terms and conditions of Saudi Labor and Workman Law on termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the consolidated statement of financial position date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia.

4.20 Employees' savings plan program

In accordance with clause 137 of the Labor Regulations, and in furtherance to clause 76 of the Company's Internal Work Regulation approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to July 19, 1999) issued by H.H. Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Group to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Group.

Participation in the Savings Plan Program is restricted to Saudi nationals and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SR 300. The Group will contribute an amount equaling 10% of the monthly savings of each member per annum for the first year and increase it by 10% in the year after it reaches 100% at the 10th year, which will in turn be credited to the savings accounts of the member. The Group's portion is charged to the consolidated statement of income on a monthly basis. The Group's portion will only be paid upon termination or resignation of the employee.

4.21 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. Other borrowing costs are charged to consolidated statement of income.

4.22 Revenue recognition

Revenue is recognized when all the following conditions are met:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Group; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Revenues are shown net of discounts and after eliminating sales within the Group.

Sales revenue is commonly subject to an adjustment based on an inspection of the product by the customer. In such cases, sales revenue is initially recognized on a provisional basis using the Group's best estimate of contained metal, and adjusted subsequently.

Revenue from the sale of by-products is credited against production costs.

Investment income consists of earnings on bank deposits and is recognized on an accrual basis.

4.23 Selling, marketing and logistic expenses

Selling, marketing and logistic expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between selling and marketing expenses and cost of sales, when required, are made on a consistent basis.

4.24 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

4.25 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to consolidated statement of income on a straight-line basis over the term of the operating lease.

5. Critical accounting estimates, assumptions and judgments

The preparation of consolidated financial statements in conformity with generally accepted accounting standards requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

The most significant areas requiring the use of management's assumptions, estimates and judgments relate to:

- ore reserve and mineral resource estimates;
- economic useful lives of property, plant and equipment;
- impairment and reversal of impairment of assets;
- allowances;
- mine closure and environmental obligation;
- zakat and income taxes; and
- contingencies.

Ore reserve and mineral resource estimates

There is a degree of uncertainty involved in the estimation and classification of ore reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, the quantity of ore reserve and mineral resource grades must be considered as estimates only. What is more, the quantity of ore reserves and mineral resources may vary depending on, amongst other things, metal prices and currency exchange rates.

The ore reserve estimates of the Group have been determined based on management long-term commodity price, forecasts cut-off grades and costs that may prove to be inaccurate. Any material change in the quantity of reserves, grades or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will give the same result in larger scale tests under on-site conditions or during production.

Fluctuation in commodity prices, the results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. The volume and grade of ore reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of ore reserves and mineral resources, or of the Group's ability to extract these ore reserves, could have a material adverse effect of the Group's business, prospects, financial condition and operating results.

Economic useful lives of property, plant and equipment

The Group's mining assets, classified within property, plant and equipment, are amortized on a straight-line basis over the lesser of their economic useful lives or the life-of-mine. When determining the life-of-mine, assumptions that were valid at the time of estimation, may change when new information becomes available.

The factors that could affect estimation of the life-of-mine include the following:

- changes in proven and probable ore reserves;
- the grade of ore reserves varying significantly from time to time;
- differences between actual commodity prices and commodity price assumptions used in the estimation and classification of ore reserves;
- unforeseen operational issues at mine sites; and
- changes in capital, operating, mining, processing and reclamation costs, discount rates could possibly adversely affect the economic viability of ore reserves.

Any of these changes could affect prospective depreciated of mining assets and their carrying value. The economic useful lives of non-mining property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Impairment and reversal of impairment of assets

The Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets are impaired or whether there is any indicator that an impairment loss recognized in previous years may no longer exist or may have decreased.

Allowances

The Group also creates an allowance for obsolete and slow-moving spare parts. At December 31, 2013, the allowance for obsolete slow-moving items amounted to SR 16 million (December 31, 2012: SR 19 million). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year.

Mine closure and environmental obligations

The Group's mining and exploration activities are subject to various environmental laws and regulations. The Group estimates environmental obligations based on management's understanding of the current legal requirements in the various jurisdictions in which it operates, terms of the license agreements and engineering estimates. Provision is made, for decommissioning and land restoration costs as soon as the obligation arises. Actual costs incurred in future years could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mime estimates could affect the carrying amount of this provision.

Zakat and income taxes

During the year ended December 31, 2013 an amount of SR 65 million was paid to DZIT pertaining to the year ended December 31, 2012 but no zakat assessments were finalized by the DZIT. Where the final zakat outcome of these matters is different from the amounts that were initially recorded, such differences will impact the zakat provisions in the year in which such determinations are made.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

6. Segmental information

Segment reporting

5.1 Business segment

A business segment is group of assets, operations or entities:

- engaged in revenue producing activities;
- results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- financial information is separately available.

The Group's operations consist of the following business segments:

- The corporate segment, includes the corporate operations and projects under development.

Automotive sheet project include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet. The project is in the development stage (Note 1).

Phosphate project at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City is based on the exploitation of the Al-Khabra and Umm Wu'al phosphate deposits. The project is in the development stage (Note 1).

- The gold segment, consists of operations related to the mining of gold and is carried out through MGBM. This segment currently operates Mahd Ad Dahab, Al-Hajar, Bulghah, Al Amar mines and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia.
- The phosphate segment, consist of operations related to mining of phosphate, the beneficiation of phosphate concentrate and utilization of national resources of natural gas and sulphur to manufacture DAP, MAP fertilizer and ammonia products and is carried out through MPC. This segment started commercial operation during first quarter of 2012, except for the ammonia plant for which commercial production was declared on October 1, 2011.
- The aluminum segment, consists of the operations related to the development of an aluminum mine, refinery, smelter, rolling mill and power plant for the production of aluminum and related products. This segment is currently in the development stage.

Chlor Alkali project consists of the operations related to the development of concentrated caustic soda and ethylene dichloride complex for the production of concentrated caustic soda, chlorine and ethylene dichloride and the supply of all the required feedstock for use in the alumina refinery at Ma'aden Bauxite and Alumina Company, any excess production is sold in the international and domestic market. This segment is currently in the development stage.

- The industrial minerals segment, consist of operations related to the mining of industrial minerals carried out through IMC, which currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine and processing plant at Al Madinah Al Munawarah which partially commenced operations during 2011.
- The infrastructure segment, relates to the development, construction and delivery of services in the Ras Al-Khair area, and other mining and industrial locations in the Kingdom of Saudi Arabia.

6.1 Business segment (continued)

	Note	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Consolidation adjustments and eliminations	Total
December 31, 2013									
Sales	32	-	709,253,627	4,171,555,563	1,015,155,686	150,551,491	165,886,373	(165,138,195)	6,047,264,545
Gross profit		-	353,241,837	1,030,988,716	122,314,302	97,101,906	61,797,936	(90,083,030)	1,575,361,667
Income from short-term investments	37	7,464,853	4,059,283	14,287,545	-	218,142	597,727	-	26,627,550
Net income / (loss) attributable to shareholders' of the parent company		1,818,998,770	171,727,657	333,405,591	(27,426,570)	83,219,524	59,748,494	(757,295,016)	1,682,378,450
Property, plant and equipment	12	142,221,152	134,495,123	16,924,662,606	62,677,113	234,063,888	714,638,313	(82,290,599)	18,130,467,596
Capital work-in-progress	13	1,477,998,081	1,051,446,195	475,477,535	33,984,155,794	86,094,284	225,195,111	(306,670,524)	36,993,696,476
Exploration and evaluation assets	14	40,268,139	105,615,678	-	-	-	-	-	145,883,817
Intangible assets	16	3,023,394	222,422	14,756,608	-	-	256,181,574	-	274,183,998
Investment in jointly a controlled entity	17	441,370,614	-	-	-	-	-	-	441,370,614
Total assets		21,352,382,403	1,636,856,389	20,520,148,656	37,012,274,156	559,971,303	1,454,220,051	(18,584,624,656)	63,951,228,302
December 31, 2012									
Sales	32	-	1,001,542,755	4,447,735,066	-	125,867,379	106,326,672	(104,816,489)	5,576,655,383
Gross profit		-	595,718,308	1,942,643,869	-	61,973,376	40,148,577	(46,257,820)	2,594,226,310
Income from short-term investments	37	33,353,175	8,894,264	22,652,599	-	70,981	54,659	-	65,025,678
Net income / (loss) attributable to shareholders' of the parent company		1,137,168,013	440,540,927	916,203,266	(11,266,032)	50,696,299	39,150,191	(1,481,548,694)	1,090,943,970
Property, plant and equipment	12	149,433,570	164,910,200	17,586,366,477	1,745,322	250,352,181	519,350,801	(82,290,599)	18,589,867,952
Capital work-in-progress	13	289,351,426	426,359,292	241,178,209	23,290,928,361	81,116,854	270,867,316	(216,587,494)	24,383,213,964
Exploration and evaluation assets	14	25,956,610	127,306,058	194,027,658	-	-	-	-	347,290,326
Intangible assets	16	63,936,924	456,996	19,542,535	-	-	244,134,197	-	328,070,652
Investment in jointly a controlled entity	17	444,851,735	-	-	-	-	-	-	444,851,735
Total assets		18,661,769,752	1,876,906,824	22,708,214,221	27,486,821,124	463,572,073	1,088,258,436	(17,143,593,449)	55,141,948,981

The corporate segment's net income amount excludes share in earnings of subsidiary companies. The corporate segment's total assets amount excludes investment balances with respect to subsidiary companies which have been eliminated on consolidation.

5.2 Geographical segment

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group's operation is conducted only in the Kingdom of Saudi Arabia.

7. Cash and cash equivalents

	December 31, 2013	December 31, 2012
Term deposits with original maturities equal to or less than three months at date of acquisition	3,828,089,649	4,328,500,000
Cash and bank balances – unrestricted	497,529,466	1,435,334,648
Cash and bank balances – restricted	11,023,875	411,379,152
Total	4,336,642,990	6,175,213,800

Cash and bank balance includes SR 21,391,928 (2012: SR 15,006,007) relating to employees' savings plan obligation (Note 25.2).

Restricted cash and bank balances is related to the cash accumulated in the debt service reserve account for the next schedule repayment of long-term borrowing of SR 461,530,177 (December 31, 2012: SR 411,379,152), six months prior to the due date, as per the facility agreement. Balance portion of SR 450,506,302 (December 31, 2012: Nil) of this restricted cash is invested and included in short-term deposits

8. Short-term investments

	December 31, 2013	December 31, 2012
Term deposits with original maturities of more than three months and less than a year at acquisition	50,000,000	3,053,763,250
Investment income receivable	2,437,776	17,585,197
	52,437,776	3,071,348,447

Short-term investments yield financial income at prevailing market rates.

9. Trade and other receivables

	December 31, 2013	December 31, 2012
Trade	611,889,000	507,061,628
Due from SAMAPCO (Note 41.2)	47,998,419	47,994,670
Other	100,558,590	7,984,598
Total	760,446,009	563,040,896

Trade receivables includes:

Due from Alcoa Inc. (Note 41.2)	23,948,991	-
Due from Saudi Mining Polytechnic (Note 41.2)	50,464,149	7,418,761
Due from SABIC (Note 41.2)	242,382,717	446,823,500

Other receivables include insurance claim of SR 98,300,773 related to one of the aluminum pot lines on which the production was halted in October 2013. The temporary shutdown was undertaken after a period of pot instability. MAC is actively working to restore the pot line which is expected to be completed during second quarter of 2014.

10. Inventories

	December 31, 2013	December 31, 2012
Finished goods – ready for sale	327,909,607	331,156,109
Work-in-progress at net production cost	401,906,829	140,764,639
Stockpile of mined ore	105,632,033	66,132,540
Raw materials	410,777,566	237,239,111
By-products	3,764,780	11,779,907
Provision for inventory loss	(65,877,481)	-
Sub-total	1,184,113,334	787,072,306
Spare parts and consumables materials	715,312,264	321,533,420
Allowance for obsolete slow-moving spare parts and consumable materials	(16,405,729)	(18,671,349)
Sub-total	698,906,535	302,862,071
Total	1,883,019,869	1,089,934,377

The spare parts inventory primarily relates to plant and machinery and, accordingly, this inventory is expected to be utilized over a period not exceeding one year.

Movement in the allowance for inventory obsolescence is as follows:

	2013	2012
January 1	18,671,349	18,822,654
Reversal of allowance for obsolescence (Note 33)	(2,265,620)	(151,305)
December 31	16,405,729	18,671,349

11. Advances and prepayments

	December 31, 2013	December 31, 2012
Current portion:		
Advances to vendors	77,482,678	31,550,553
Advances to employees	13,700,858	6,421,772
Prepaid housing	28,179,145	19,531,321
Prepaid insurance	19,774,522	23,483,608
Other prepayments	8,223,988	6,589,359
Sub-total	147,361,191	87,576,613
Non-current portion:		
Other prepayments	32,336,297	19,187,081
Sub-total	32,336,297	19,187,081
Total	179,697,488	106,763,694

Advances and prepaid expenses mainly represent advances paid by MAC, MRC and MBAC in relation to the development of their sites.

12. Property, plant and equipment

	Notes	Land	Mining assets	Motor vehicles	Heavy equipment	Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
Cost												
January 1, 2012		22,550,000	59,468,120	25,729,265	216,523,390	6,960,753,262	426,642,855	628,544,126	58,921,196	46,265,567	23,508,910	8,468,906,691
Additions during the year		39,000,000	-	-	-	-	-	-	-	1,756,214	-	40,756,214
Transfer from capital work-in-progress	13	-	-	1,655,314	9,299,225	11,042,608,915	1,127,919,455	34,550,802	4,666,080	2,432,378	14,078,635	12,237,210,804
Transfer to intangible assets *	16	-	-	-	-	-	-	(207,804,853)	-	-	-	(207,804,853)
Provision for mine closure and reclamation	24.2	-	1,550,000	-	-	-	-	-	-	-	-	1,550,000
Adjustments / write-offs		-	-	(1,747,389)	(7,246,655)	(760,440)	1,407,659	(76,545)	10,366,256	(15,200,723)	(4,061,299)	(17,319,136)
December 31, 2012		61,550,000	61,018,120	25,637,190	218,575,960	18,002,601,737	1,555,969,969	455,213,530	73,953,532	35,253,436	33,526,246	20,523,299,720
Additions during the year		-	-	60,781,150	-	-	-	-	-	1,907,676	-	62,688,826
Transfer from capital work-in-progress	13	-	-	3,678,979	28,549,783	1,086,952	408,282,435	35,653,736	4,711,102	2,107,429	12,585,888	496,656,304
Adjustments / write-offs		-	-	-	-	-	-	-	104,984	(27,070)	(618,774)	(540,860)
December 31, 2013		61,550,000	61,018,120	90,097,319	247,125,743	18,003,688,689	1,964,252,404	490,867,266	78,769,618	39,241,471	45,493,360	21,082,103,990
Accumulated depreciation												
January 1, 2012		-	36,200,564	20,320,193	51,414,708	460,729,074	73,378,832	253,871,433	30,371,478	29,750,555	11,536,927	967,573,764
Charge for the year		-	4,052,952	2,313,449	16,804,512	877,022,693	69,042,371	18,147,618	5,858,912	4,259,214	4,935,848	1,002,437,569
Transfer to intangible assets *	16	-	-	-	-	-	-	(17,017,278)	-	-	-	(17,017,278)
Adjustments / write-offs		-	-	(751,470)	(97,209)	-	1,407,659	(2,472,673)	(289,684)	(15,079,789)	(2,279,121)	(19,562,287)
December 31, 2012		-	40,253,516	21,882,172	68,122,011	1,337,751,767	143,828,862	252,529,100	35,940,706	18,929,980	14,193,654	1,933,431,768
Charge for the year		-	4,255,225	2,718,152	19,525,437	882,405,988	63,085,149	21,392,892	11,937,355	4,908,269	8,563,951	1,018,792,418
Adjustments / write-offs		-	-	-	-	-	-	-	10,531	(4,549)	(593,774)	(587,792)
December 31, 2013		-	44,508,741	24,600,324	87,647,448	2,220,157,755	206,914,011	273,921,992	47,888,592	23,833,700	22,163,831	2,951,636,394
Net book value												
December 31, 2012		61,550,000	20,764,604	3,755,018	150,453,949	16,664,849,970	1,412,141,107	202,684,430	38,012,826	16,323,456	19,332,592	18,589,867,952
December 31, 2013		61,550,000	16,509,379	65,496,995	159,478,295	15,783,530,934	1,757,338,393	216,945,274	30,881,026	15,407,771	23,329,529	18,130,467,596

12. Property, plant and equipment (continued)

* Transfer to intangible assets include civil works and essential equipment assets located in public areas outside of the Ma'aden projects which has been transferred, at net book value to the RCJY under the Implementation Agreement between MIC and RCJY. Under the Implementation Agreement paragraph, MIC retains its full unrestricted right of use of these designated assets for a period of 35 years, under the LUSA agreement the associated cost related to the right of use will be amortized over the remaining period of LUSA term.

Property, plant and equipment of MPC, MAC and MBAC with a net book value at December 31, 2013 of SR 16,987,339,719 (December 31, 2012: SR 17,588,111,799) are pledged as security to lenders under the Common Term Financing Agreement (Note 26.7).

	Notes	Year ended December 31,	
		2013	2012
Allocation of depreciation charge for the year to:			
Cost of sales	33	1,004,164,132	989,557,298
General and administrative expenses	35	14,628,286	12,880,271
Total		1,018,792,418	1,002,437,569

13. Capital work-in-progress

	Notes	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
Cost								
January 1, 2012		19,146,154	27,262,877	12,018,934,354	10,707,918,922	74,335,961	231,980,292	23,079,578,560
Additions during the year		214,934,257	410,044,283	356,517,577	12,144,932,391	6,780,893	278,769,001	13,411,978,402
Transfer to property, plant and equipment	12	(9,953,048)	(30,125,060)	(12,014,193,835)	-	-	(182,938,861)	(12,237,210,804)
Transfer from exploration and evaluation assets	14	4,925,335	19,177,192	-	-	-	-	24,102,527
Transfer to intangible assets	16	-	-	(6,083,733)	-	-	(65,038,026)	(71,121,759)
Credit for pre-commercial production revenue net of cost *	41.1	-	-	(46,523,650)	-	-	-	(46,523,650)
Advances to contractors, net		60,298,728	-	(67,472,504)	221,489,554	-	8,094,910	222,410,688
December 31, 2012		289,351,426	426,359,292	241,178,209	23,074,340,867	81,116,854	270,867,316	24,383,213,964
Additions during the year		680,695,789	562,184,996	324,317,694	10,792,799,836	4,977,430	188,684,006	12,553,659,751
Transferred from inventories during the year		-	-	150,981,092	-	-	-	150,981,092
Transfer to property, plant and equipment	12	(1,020,987)	(12,970,178)	(239,917,991)	-	-	(242,747,148)	(496,656,304)
Transfer from exploration and evaluation assets	14	362,283,896	75,872,085	-	-	-	-	438,155,981
Transfer to intangible assets	16	-	-	-	-	-	(25,033,511)	(25,033,511)
Advances to contractors, net		146,687,957	-	(1,081,469)	(189,655,433)	-	33,424,448	(10,624,497)
December 31, 2013		1,477,998,081	1,051,446,195	475,477,535	33,677,485,270	86,094,284	225,195,111	36,993,696,476
Advances to contractors capitalized as part of additions to capital work-in-progress								
December 31, 2012		62,841,809	-	10,199,469	682,126,349	-	17,858,690	773,026,317
December 31, 2013		209,529,766	-	9,118,000	492,470,916	-	51,283,138	762,401,820
Borrowing cost capitalized as part of additions to capital work-in-progress during the year								
December 31, 2012	38.1	-	-	10,686,829	481,062,901	-	-	491,749,730
December 31, 2013	38.1	-	-	-	481,163,536	-	-	481,163,536

Capital work-in-progress includes the borrowing cost relating to qualifying assets of MPC, MAC, MRC and MBAC with a book value before consolidation elimination at December 31, 2013 of SR 34,459,633,329 (December 31, 2012: SR 23,532,106,570) are pledged as security to the lenders under the Common Term Financing Agreement (Note 26.7).

	Year ended December 31,	
	2013	2012
* DAP pre-commercial production revenue net of production cost (Note 41.1)	-	46,523,650

14. Exploration and evaluation assets

	Notes	Corporate	Gold	Phosphate	Aluminum	Total
January 1, 2012		62,130	61,143,912	82,124,266	-	143,330,308
Additions during the year		25,894,480	85,339,338	111,903,392	4,925,335	228,062,545
Transfer to capital work-in-progress	13	-	(19,177,192)	-	(4,925,335)	(24,102,527)
December 31, 2012		25,956,610	127,306,058	194,027,658	-	347,290,326
Additions during the year		14,311,529	54,181,705	168,256,238	-	236,749,472
Transfer to capital work-in-progress	13	-	(75,872,085)	(362,283,896)	-	(438,155,981)
December 31, 2013		40,268,139	105,615,678	-	-	145,883,817

15. Deferred stripping expense

	Notes	Gold	Phosphate	Total
Cost				
January 1, 2012		23,269,389	32,894,275	56,163,664
Stripping cost incurred during the year		11,969,575	42,772,606	54,742,181
Adjustment		(24,011,805)	-	(24,011,805)
December 31, 2012		11,227,159	75,666,881	86,894,040
Stripping cost incurred during the year		-	63,003,741	63,003,741
December 31, 2013		11,227,159	138,670,622	149,897,781
Accumulated amortization				
January 1, 2012		2,924,644	-	2,924,644
Expensed to cost of sales during the year	33	2,778,203	38,838,055	41,616,258
December 31, 2012		5,702,847	38,838,055	44,540,902
Expensed to cost of sales during the year	33	698,660	71,276,550	71,975,210
December 31, 2013		6,401,507	110,114,605	116,516,112
Net book value				
December 31, 2012		5,524,312	36,828,826	42,353,138
December 31, 2013		4,825,652	28,556,017	33,381,669

16. Intangible assets

	Notes	Corporate	Gold	Phosphate	Infra-structure	Total
Cost						
January 1, 2012		24,964,036	5,902,120	12,334,823	-	43,200,979
Additions during the year		45,364,674	-	5,511,079	-	50,875,753
Transfer from property, plant and equipment	12	-	-	-	207,804,853	207,804,853
Transfer from capital work-in-progress	13	-	-	6,083,733	65,038,026	71,121,759
December 31, 2012		70,328,710	5,902,120	23,929,635	272,842,879	373,003,344
Additions during the year		-	739,374	-	-	739,374
Transfer from capital work-in-progress	13	-	-	-	25,033,511	25,033,511
Adjustments / write-offs		(66,344,755)	-	-	-	(66,344,755)
December 31, 2013		3,983,955	6,641,494	23,929,635	297,876,390	332,431,474
Accumulated amortization						
January 1, 2012		5,263,774	-	-	-	5,263,774
Transfer from property, plant and equipment	12	-	-	-	17,017,278	17,017,278
Charge for the year		1,128,012	5,445,124	4,387,100	11,691,404	22,651,640
December 31, 2012		6,391,786	5,445,124	4,387,100	28,708,682	44,932,692
Charge for the year		1,265,000	973,948	4,785,927	12,986,134	20,011,009
Adjustments / write-offs		(6,696,225)	-	-	-	(6,696,225)
December 31, 2013		960,561	6,419,072	9,173,027	41,694,816	58,247,476
Net book value						
December 31, 2012		63,936,924	456,996	19,542,535	244,134,197	328,070,652
December 31, 2013		3,023,394	222,422	14,756,608	256,181,574	274,183,998

16. Intangible assets (continued)

	Notes	Year ended December 31,	
		2013	2012
Allocation of amortization charge for the year to:			
Cost of sales	33	18,746,009	21,523,628
General and administrative expenses	35	1,265,000	1,128,012
Total		20,011,009	22,651,640

17. Investment in jointly a controlled entity

	December 31, 2013	December 31, 2012
Investment of 50% in the issued and paid-up share capital of SAMAPCO at cost (Note 17.1)	450,000,000	450,000,000
Share of the accumulated loss (Note 17.2)	(8,629,386)	(5,148,265)
Total	441,370,614	444,851,735

17.1 The investment of 50% in the issued and paid-up share capital of SAMAPCO

Contribution in kind	268,269,815
Cash paid	181,730,185
Total	450,000,000

17.2 Share of the accumulated loss in jointly controlled entity

	2013	2012
January 1	(5,148,265)	(1,845,900)
Share in net loss for year	(3,481,121)	(3,302,365)
December 31	(8,629,386)	(5,148,265)

18. Due from joint venture partners

	December 31, 2013	December 31, 2012
Due from Mosaic (Note 39)	450,000,000	-
Due from SABIC (Note 39)	270,000,000	-
Total	720,000,000	-

Due from joint venture partners represents the second installment of remaining 50% of SR 1.44 billion due on June 30, 2016 as per the Shareholders Agreement signed on August 5, 2013 (Note 1 and 39).

19. Projects and other payables

	December 31, 2013	December 31, 2012
Projects	1,753,364,144	1,692,992,140
Trade	234,551,557	254,808,261
Other	63,365,564	63,650,344
Total	2,051,281,265	2,011,450,745

Project payables mainly represents the liability in respect of contracts cost arising from MAC, MRC and MBAC.

Other payables as at December 31, 2013 include SR 38 million (December 31, 2012: SR 38 million) contributed by one of the MAC's contractors to support its objective to establish a social responsibility fund for the development of a community project. The amount received is non-refundable.

20. Accrued expenses

	December 31, 2013	December 31, 2012
Projects	2,543,895,556	2,224,323,712
Trade	447,109,110	412,058,437
Employees	185,300,357	107,095,483
Accrued expenses – Alcoa Inc. (Note 41.2)	83,763,220	72,646,789
Finance charges	953,500	89,687,500
Total	3,261,021,743	2,905,811,921

Accrued expenses for projects mainly represents the contracts cost accruals in relation to MAC, MRC, MBAC and MPC.

Accrued expenses for Alcoa Inc. mainly represents the personnel and other cost accruals related to the Alcoa Inc. employees seconded to MAC, MRC and MBAC.

21. Zakat

21.1 Components of zakat base

The significant components of the zakat base of each company under the zakat and income tax regulation are as follows:

- shareholders' equity at the beginning of the year;
- provisions at the beginning of the year;
- long term borrowings;
- adjusted net income;
- spare parts inventory not for resale:
- net book value of property, plant and equipment;
- net book value of capital work-in-progress;
- net book value of exploration and evaluation assets;
- net book value of intangible assets;
- carrying value of investment in jointly controlled entity; and
- other items.

Zakat is calculated at 2.5% of the higher of the zakat base or adjusted net income.

21.2 Zakat payable

	2013	2012
January 1	63,600,191	141,108,124
Provision for zakat	55,448,293	51,713,294
Current year	54,295,070	63,600,191
Prior year under / (over) provision	1,153,223	(11,886,897)
Paid during the year to the authorities	(64,753,414)	(129,221,227)
December 31	54,295,070	63,600,191

The provision for zakat for the year consist of:

	Year ended	
	December 31,	December 31,
	2013	2012
Saudi Arabian Mining Company	29,155,558	15,342,952
Ma'aden Phosphate Company	13,051,361	25,793,837
Ma'aden Gold and Base Metals Company (Note 22.2)	4,317,839	18,662,794
Industrial Minerals Company	5,125,202	1,010,423
Ma'aden Infrastructure Company	2,645,110	2,790,185
Total	54,295,070	63,600,191

21.3 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates from the years ended December 31, 2008 to December 31, 2012, however, no zakat assessments were finalized by the DZIT.

22. Severance fees payable

	2013	2012
January 1	91,516,753	83,433,989
Provision for severance fee (Note 33)	37,828,408	92,603,068
Current year (Note 22.1)	36,341,127	91,428,507
Previous year under provision	1,487,281	1,174,561
Paid during the year to the authorities	(92,914,728)	(84,520,304)
December 31	36,430,433	91,516,753

In accordance with the Saudi Mining Code based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fees, representing 25% of the annual net income per mining license, as defined, or the equivalent of a hypothetical income tax, based on the annual net income, whichever is lower. The zakat due shall be deducted from this amount. As a result of the above:

- the income for each mining license of MGBM is subject to severance fee,
- for low grade bauxite, kaolin and magnesia a fixed tariff per tonne is paid as severance fees,

Severance fee for both are shown as part of cost of sales in the consolidated statement of income.

22.1 Provision for severance fees consists of:

	Year ended December 31,	
	2013	2012
Gold mines (Note 22.2)	34,658,401	89,952,213
Low grade bauxite	1,410,647	1,252,414
Kaolin	136,440	102,740
Magnesia	135,639	121,140
Total (Note 22)	36,341,127	91,428,507

22.2 The provision for severance fees payable by gold mines is calculated as follows:

	Year ended December 31,	
	2013	2012
Net income from operating mines before severance fee for the year	210,962,881	549,947,699
25% of the year's net income as defined	52,740,720	137,486,925
Hypothetical income tax based on year's taxable net income	38,976,240	108,615,007
Provision based on the lower of the above two computations	38,976,240	108,615,007
Provision for zakat (Note 21.2)	(4,317,839)	(18,662,794)
Net severance fee provision for the year (Note 22.1)	34,658,401	89,952,213

23. Obligation under capital leases

During 2013, MAC entered in a capital lease agreement with a financial institution. The lease payments under such agreements are due in monthly installments. The amounts of future payments under the leases at December 31, were as follows:

	December 31,	December 31,
	2013	2012
Future minimum lease payments	76,710,325	-
Less: financial charges not yet due	(16,714,995)	-
Net present value of minimum lease payments	59,995,330	-
Current portion shown under current liabilities	(9,881,978)	-
Long term portion of obligation under capital leases	50,113,352	-

Maturity profile

Minimum lease payment falling due during years ending December 31:			
	2014	15,602,100	-
	2015	15,602,100	-
	2016	15,602,100	-
	2017	15,602,100	-
	2018	14,301,925	-
Total		76,710,325	-

The present value of minimum lease payments has been discounted at an effective interest rate of approximately 0.858% per month.

24. Provision for mine closure and reclamation

	December 31, 2013	December 31, 2012
Gold mines (Note 24.1)	81,440,623	88,693,156
Low grade bauxite, kaolin and magnesite mines (Note 24.2)	2,050,000	2,050,000
Total	83,490,623	90,743,156

The movement in the provision for mine closure and reclamation for each of the mines along with the year in which they commenced commercial production and expected date of closure is as follows:

24.1 Gold mines

	Mahad mine	Al Hajar mine	Sukhaybarat mine*	Bulghah mine	Al Amar mine	Total
January 1, 2012	23,756,911	11,282,216	20,467,221	21,661,407	13,217,044	90,384,799
Utilization during the year	(1,320,627)	(371,016)	-	-	-	(1,691,643)
December 31, 2012	22,436,284	10,911,200	20,467,221	21,661,407	13,217,044	88,693,156
Utilization during the year	(1,721,053)	(5,379,390)	(152,090)	-	-	(7,252,533)
December 31, 2013	20,715,231	5,531,810	20,315,131	21,661,407	13,217,044	81,440,623
Commenced commercial production in	1988	2001	1991	2001	2008	
Expected closure date in	2018	2014 **	2017	2017	2023	

* The Sukhaybarat mine ceased its mining activities and current operations are limited to the carbon in leach ("CIL") processing of ore transferred from Bulghah mine.

** The feasibility study of the Al Hajar copper project, focusing on the resources and reserves estimates was completed on May15, 2013 and the financial module of the project is currently under evaluation. After the finalization of evaluation, the expected date will be determined.

24.2 Low grade bauxite, kaolin and magnesite mines

	Note	Az Zabirah mine	Al-Ghazallah mine	Total
January 1, 2012		300,000	200,000	500,000
Provision for the year	12	1,300,000	250,000	1,550,000
December 31, 2012		1,600,000	450,000	2,050,000
December 31, 2013		1,600,000	450,000	2,050,000
Commenced commercial production in		2008	2011	
Expected closure date in		2026	2028	

The provision for mine closure and reclamation represents the full amount of the estimated future closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when determined. The provision for mine closure and reclamation relates to the Group's gold, low grade bauxite and kaolin mining activity only, as the aluminum project is currently in the development stage, and, an update estimation of the phosphate mine and plant closure and rehabilitation works including facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation is in progress.

25. Employees' benefits

	December 31, 2013	December 31, 2012
Employees' termination benefits (Note 25.1)	193,438,653	155,949,095
Employees' savings plan (Note 7 and 25.2)	21,391,928	15,006,007
Total	214,830,581	170,955,102

25.1 Employees' termination benefits

	2013	2012
January 1	155,949,095	129,811,062
Provision for the year	52,392,909	41,252,535
Paid during the year	(14,903,351)	(15,114,502)
December 31	193,438,653	155,949,095

25.2 Employees' savings plan

	2013	2012
January 1	15,006,007	9,703,962
Contribution for the year	13,759,930	13,100,119
Withdrawals during the year	(7,374,009)	(7,798,074)
December 31 (Note 4.20 and 7)	21,391,928	15,006,007

26. Long-term borrowings

26.1 Facilities approved

MPC, MAC, MRC and MBAC entered into Common Terms Agreements ("CTA") with the Public Investment Fund and consortiums of financial institutions and the Company (Ma'aden) entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement.

The Group facilities comprise of the following as at December 31, 2013:

	MPC facilities granted June 15, 2008	MAC facilities granted Nov. 30, 2010	MRC facilities granted Nov. 30, 2010	MBAC facilities granted Nov. 27, 2011	Ma'aden facilities granted Dec. 18, 2012	Total
Facilities under Common Term Agreement						
Public Investment Fund ("PIF")	4,000,001,250	4,875,000,000	3,078,750,000	3,750,000,000	-	15,703,751,250
Islamic and commercial banks						
Procurement*	4,269,892,500	5,047,500,000	1,041,000,000	2,690,712,844	-	13,049,105,344
Commercial*	1,491,562,500	900,000,000	-	258,750,000	-	2,650,312,500
Al-Rajhi Bank	2,343,750,000	-	-	-	-	2,343,750,000
The Export Import Bank of Korea	1,500,000,000	-	-	-	-	1,500,000,000
Korea Export Insurance Corporation	750,000,000	-	-	-	-	750,000,000
Wakala	-	787,500,000	-	768,750,000	-	1,556,250,000
	10,355,205,000	6,735,000,000	1,041,000,000	3,718,212,844	-	21,849,417,844
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000	600,000,000	900,000,000	-	2,700,000,000
Sub-total	14,955,206,250	12,210,000,000	4,719,750,000	8,368,212,844	-	40,253,169,094
Syndicated Revolving Credit Facility Agreement	-	-	-	-	9,000,000,000	9,000,000,000
Total facilities granted	14,955,206,250	12,210,000,000	4,719,750,000	8,368,212,844	9,000,000,000	49,253,169,094

The financing agreements imposed the following conditions and financial covenants on each of the borrowing legal entities of the Group and if the conditions are met, the financial institutions will provide the long-term borrowing:

- the limitation on creation of additional liens and/or financing obligations by MPC, unless specifically allowed under the CTA;
- financial ratio maintenance;
- maximum capital expenditures allowed; and
- restriction on dividend distribution to shareholders.

MPC facility

*Banque Saudi Fransi and Mizuho Corporate Bank Limited act as agents for procurement facility and commercial facility, respectively.

MAC facility

On November 26, 2012, the contracts for US Dollar procurement and Saudi Riyal procurement were revised to increase the respective facility amounts. Accordingly, the CTA was also revised to reflect the new facility arrangement.

*Standard Chartered Bank acts as inter-creditor agent and as commercial facility agent, Bank Al Jazira acts as US Dollar procurement facility agent, as Saudi Riyal procurement facility agent, as US Dollar Wakala facility agent and as Saudi Riyal Wakala facility agent, SABB Securities Limited acts as onshore security agent and Riyadh Bank, London Branch acts as offshore security trustee and agent.

MRC facility

Facility Agent, SABB Securities Limited acts as Onshore Security Agent and Riyadh Bank, London Branch acts as Offshore Security Trustee and Agent.

MBAC facility

SIDF has issued a letter of commitment amounting to US$ 240 million (SR 900 million). The Company initially decided to avail only US$ 160 million (SR 600 million), however, on October 1, 2013 it formally confirmed its acceptance to avail the entire facility of US$ 240 million (SR 900 million). A formal contract for the said facility has not been signed as of December 31, 2013.

Saudi Arabian Mining Company ("Ma'aden")

On December 18, 2012, the Company entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement ("Murabaha Facility Agreement") and other agreements (together referred to as "financing agreements") totaling to SR 9 billion. The facility is with a syndicate of local and international financial institutions, comprising of the following financial institutions:

Al-Rajhi Bank
Arab National Bank
Bank Al-Bilad
Bank AlJazira
Banque Saudi Fransi
J.P.Morgan Chase Bank, N.A., Riyadh Branch
Riyad Bank
Samba Financial Group
The National Commercial Bank
The Saudi British Bank
The Saudi Investment Bank

The financial covenants and conditions include the following with respect to standalone parent company only:

- EBITDA to Interest ratio shall not be less than three times otherwise dividend block will be triggered; and
- the total net debt to tangible net worth (parent company only) shall be less than or equal to three times otherwise an event of default will be triggered which is subject to a cure period of six months, or nine months if the Company has acted expeditiously to cure such breach by initiating the process for a rights issue.

26.2 Facilities utilized under the different CTAs

MPC facility

	December 31, 2013	December 31, 2012
Public Investment Fund	3,667,201,146	4,000,001,250
Less: Repaid during the year	332,800,104	332,800,104
Sub-total (Note 41.2)	3,334,401,042	3,667,201,146
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of LIBOR plus 0.5% per annum. Loan repayment started on June 30, 2012, on a six monthly basis, in equal principal repayments of SR 166.4 million, with the final repayment of SR 172.8 million on December 31, 2023 (Note 7).		
Islamic and commercial banks		
Banque Saudi Fransi – as agent for the procurement facility participants	4,099,096,800	4,269,892,500
Al-Rajhi Bank	2,250,000,000	2,343,750,000
The Export Import Bank of Korea	1,419,750,000	1,500,000,000
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	709,875,000	1,116,562,500
Korea Export Insurance Corporation	1,071,900,000	750,000,000
	9,550,621,800	9,980,205,000
Less: Repaid during the year	471,609,225	429,583,200
Sub-total	9,079,012,575	9,550,621,800
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is in the range of LIBOR plus 0.5% to 1.15% per annum. The repayment of facilities started on June 30, 2012. All the repayments of the above facilities will be on a six monthly basis, with the final repayment due on December 31, 2023 (Note 7).		
Saudi Industrial Development Fund	600,000,000	570,000,000
Less: Repaid during the year	60,000,000	-
Sub-total	540,000,000	570,000,000
The project follow-up cost paid during the drawdown amounted to SR 6.3 million. Repayment of this facility started on February 26, 2013, on a six monthly basis, with the final payment on June 19, 2019 (Note 7).		
Total MPC borrowings (Note 26.4)	12,953,413,617	13,787,822,946

26.2 Facilities utilized under the different CTAs (continued)

MAC facility

	December 31, 2013	December 31, 2012
Public Investment Fund (Note 41.2)	4,875,000,000	3,993,016,061
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is LIBOR plus 1.5%. The repayment of the loan will be in 24 installments on a six monthly basis starting from December 31, 2014. The repayments are starting at SR 99.9 million and increasing over the term of the loan with the final repayment of SR 1,218 million on June 30, 2026.		
Islamic and commercial banks		
Dollar procurement	930,000,000	737,274,310
Riyal procurement	4,117,500,000	2,861,109,923
Commercial	900,000,000	728,172,164
Wakala	787,500,000	717,486,636
Sub-total	6,735,000,000	5,044,043,033
The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the US Dollar facilities is LIBOR plus a margin (mark-up in case of Wakala facilities) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of Wakala facilities) that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.75% per annum. The repayment of the principal amounts of loans will start from December 31, 2014. The repayments are starting at SR 138 million and increasing over the term of the loan with the final repayment of SR 1,684 million on June 30, 2026.		
Saudi Industrial Development Fund	420,000,000	420,000,000
Repayment of the SIDF facility will start from February 4, 2015. The repayments are starting at SR 25 million and increasing over the term of the loan with the final repayment of SR 62.5 million on June 7, 2020.		
Total MAC borrowings (Note 26.4)	12,030,000,000	9,457,059,094

26.2 Facilities utilized under the different CTAs (continued)

MRC facility

	December 31, 2013	December 31, 2012
Public Investment Fund (Note 41.2)	2,321,849,292	2,291,061,791
The rate of commission on the principal amount of the loan draw for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%. The repayment of the principal amount of loan will be in 20 installments on a six monthly basis starting from December 31, 2016. The repayments are starting at SR 30.8 million and increasing over the term of the loan with the final repayment of SR 153.9 million on June 30, 2026.		
Islamic and commercial banks		
Riyal procurement	774,852,281	774,852,281
The rate of commission on the principal amount of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.45% per annum. The repayment of the principal amounts of loans will start from December 31, 2016. The repayments are starting at SR 10.4 million and increasing over the term of the loan with the final repayment of SR 13.5 million on June 30, 2026.		
Saudi Industrial Development Fund	480,000,000	360,000,000
Repayment of the SIDF facility will start from January 25, 2016. The repayments are starting at SR 25 million and increasing over the term of the loan with the final repayment of SR 62.5 million on July 19, 2021.		
Total MRC borrowings (Note 26.4)	3,576,701,573	3,425,914,072

MBAC facility

	December 31, 2013	December 31, 2012
Public Investment Fund (Note 41.2)	1,961,113,684	-
The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%. The repayment of the principal amount of PIF facility will be in 21 installments on a six monthly basis starting from June 30, 2017. The repayments are starting at SR 75 million and increasing over the term of the loan with the final repayment of SR 435 million on June 30, 2028.		
Islamic and commercial banks		
Dollar procurement	410,114,437	-
Riyal procurement	970,123,442	-
Commercial	96,180,686	-
Wakala	745,252,305	-
Sub-total	2,221,670,870	-
The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on the all the dollar facilities is LIBOR plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.45% to 2.4% per annum. The repayment of the principal amounts of Islamic and commercial total approved facilities will start from June 30, 2017. The repayments are starting at SR 74 million and increasing over the term of the loan with the final repayment of SR 431 million on June 30, 2027.		
Total MBAC borrowings	4,182,784,554	-

26.3 Facilities utilized under the Syndicated Revolving Credit Facility

Ma'aden

Syndicated Revolving Credit Facility	-	-

The rate of commission on the principal amount of the borrowing drawdown is SIBOR plus 0.85% per annum.

26.4 Total borrowings

	December 31, 2013	December 31, 2012
Facilities utilized under:		
CTA (Note 26.2):		
MPC	12,953,413,617	13,787,822,946
MAC	12,030,000,000	9,457,059,094
MRC	3,576,701,573	3,425,914,072
MBAC	4,182,784,554	-
Total	32,742,899,744	26,670,796,112
Current portion of borrowings		
MPC	960,185,354	861,409,329
MAC	238,005,000	-
Total	1,198,190,354	861,409,329
Long-term portion of borrowings	31,544,709,390	25,809,386,783

26.5 Maturity profile of long-term borrowings

	2013	-	861,409,329
	2014	1,198,190,354	1,194,190,354
	2015	1,574,221,379	1,569,721,379
	2016	1,706,319,904	1,701,819,904
Thereafter		28,264,168,107	21,343,655,146
Total		32,742,899,744	26,670,796,112

26.6 Facilities' currency denomination

Essentially all of the Company's facilities have been contracted in United States Dollar (US$) and the drawdown balances in US$ are shown below:

	December 31, 2013 (US$)	December 31, 2012 (US$)
Public Investment Fund	3,331,297,071	2,653,674,399
Islamic and commercial banks		
Procurement	2,605,180,630	2,062,682,401
Al-Rajhi Bank	571,875,000	600,000,000
The Export Import Bank of Korea	356,600,000	378,600,000
Korea Export Insurance Corporation	178,300,000	189,300,000
Commercial	547,835,742	480,019,244
US Dollar procurement	357,363,850	196,606,483
Wakala	398,987,639	191,329,770
Sub-total	5,016,142,861	4,098,537,898
Saudi Industrial Development Fund	384,000,000	360,000,000
Syndicated Revolving Credit Facility	-	-
Total	8,731,439,932	7,112,212,297

26.7 Security

The following assets were pledged as security for these long-term borrowings in accordance with the applicable CTAs:

	December 31, 2013	December 31, 2012
Property, plant and equipment (Note 12)	16,987,339,719	17,588,111,799
Capital work-in-progress (Note 13)	34,459,633,329	23,532,106,570
Total	51,446,973,048	41,120,218,369

27. Due to joint venture partners

	December 31, 2013	December 31, 2012
Due to Alcoa Inc.*	139,561,363	52,411,992
Due to Mosaic **	187,482,328	-
Due to SABIC **	112,489,397	-
Total	439,533,088	52,411,992

*Due to Alcoa Inc. represents the capital contribution to Ma'aden by its joint venture partner Alcoa Inc. to extend the product mix of their aluminum complex, currently under construction at Ras Al Khair (Note 1).

**Due to Mosaic and SABIC represents their capital contributions to develop jointly a fully integrated phosphate production facility known as the Umm Wu'al phosphate project (Note 1).

28. Share capital

	December 31, 2013	December 31, 2012
Authorized, issued and fully paid		
925,000,000 Ordinary shares, with a nominal value of SR 10 per share (Note 40)	9,250,000,000	9,250,000,000

29. Share premium

	December 31, 2013	December 31, 2012
525,000,000 ordinary shares with a nominal value of SAR 10 per share issued at a premium of SAR 10 per share	5,250,000,000	5,250,000,000

30. Transfer of net income

	2013	2012
January 1	393,422,274	284,327,877
Transfer of 10% of net income for the year	168,237,845	109,094,397
December 31	561,660,119	393,422,274

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until such reserve equals 50% of the share capital. Such transfer is made on an annual basis and the reserve is not available for dividend distribution.

31. Non-controlling interest

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
31.1 Ma'aden Phosphate Company				
January 1, 2012	1,862,544,000	-	114,513,473	1,977,057,473
Share of net income for the year	-	-	392,658,543	392,658,543
December 31, 2012	1,862,544,000	-	507,172,016	2,369,716,016
Dividend paid during the year (Note 41.1)	-	-	(450,000,000)	(450,000,000)
Share of net income for the year	-	-	142,888,111	142,888,111
December 31, 2013	1,862,544,000	-	200,060,127	2,062,604,127
31.2 Ma'aden Aluminum Company				
January 1, 2012	674,892,816	518,734,210	(721,383)	1,192,905,643
Share of net loss for the year	-	-	(1,887,558)	(1,887,558)
Payments to increase share capital during the year	-	12,622,355	-	12,622,355
Increase in non-controlling interest during the year	531,356,565	(531,356,565)	-	-
December 31, 2012	1,206,249,381	-	(2,608,941)	1,203,640,440
Share of net loss for the year	-	-	(4,561,284)	(4,561,284)
Payments to increase share capital during the year	-	443,761,869	-	443,761,869
Increase in non-controlling interest during the year	443,761,869	(443,761,869)	-	-
December 31, 2013	1,650,011,250	-	(7,170,225)	1,642,841,025

31. Non-controlling interest (continued)

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
31.3 Ma'aden Rolling Company				
January 1, 2012	118,503,375	256,278,050	(249,709)	374,531,716
Share of net loss for the year	-	-	(767,251)	(767,251)
Payments to increase share capital during the year	-	175,627,645	-	175,627,645
Increase in non-controlling interest during the year	363,950,000	(363,950,000)	-	-
December 31, 2012	482,453,375	67,955,695	(1,016,960)	549,392,110
Share of net loss for the year	-	-	(1,130,129)	(1,130,129)
December 31, 2013	482,453,375	67,955,695	(2,147,089)	548,261,981
31.4 Ma'aden Bauxite and Alumina Company				
January 1, 2012	128,010,000	46,475,805	(416,182)	174,069,623
Share of net loss for the year	-	-	(1,120,590)	(1,120,590)
Payments to increase share capital during the year	-	711,584,943	-	711,584,943
Increase in non-controlling interest during the year	94,124,986	(94,124,986)	-	-
December 31, 2012	222,134,986	663,935,762	(1,536,772)	884,533,976
Share of net loss for the year	-	-	(3,499,601)	(3,499,601)
Payments to increase share capital during the year	-	112,950,000	-	112,950,000
Increase in non-controlling interest during the year	730,409,986	(730,409,986)	-	-
December 31, 2013	952,544,972	46,475,776	(5,036,373)	993,984,375
31.5 Summary total				
January 1, 2012	2,783,950,191	821,488,065	113,126,199	3,718,564,455
Share of net income for the year	-	-	388,883,144	388,883,144
Payments to increase share capital during the year (Note 41.1)	-	899,834,943	-	899,834,943
Increase in non-controlling interest during the year	989,431,551	(989,431,551)	-	-
December 31, 2012	3,773,381,742	731,891,457	502,009,343	5,007,282,542
Dividend paid during the year (Note 41.1)	-	-	(450,000,000)	(450,000,000)
Share of net income for the year	-	-	133,697,097	133,697,097
Payments to increase share capital during the year (Note 41.1)	-	556,711,869	-	556,711,869
Increase in non-controlling interest during the year	1,174,171,855	(1,174,171,855)	-	-
December 31, 2013	4,947,553,597	114,431,471	185,706,440	5,247,691,508

32. Sales

	Year ended December 31,	
	2013	2012
Phosphate segment		
Diammonium phosphate fertilizer	3,091,386,007	2,877,956,038
Ammonia	1,080,169,556	1,569,779,028
	4,171,555,563	4,447,735,066
Corporate		
Aluminum	1,015,155,686	-
Gold segment		
Gold	709,253,627	1,001,542,755
Industrial minerals		
Low grade bauxite	95,875,428	84,749,607
Caustic calcined magnesia	33,410,744	27,463,795
Kaolin	21,265,319	13,653,977
	150,551,491	125,867,379
Infrastructure		
Infrastructure revenue	748,178	1,510,183
Total	6,047,264,545	5,576,655,383

Gold sales analysis		
Quantity of gold ounces (Oz) sold	138,512	160,433
Average realized price per ounce (Oz) in:		
US$	1,365	1,665
Saudi Riyals (equivalent)	5,121	6,243

33. Cost of sales

	Year ended December 31,	
	2013	2012
Salaries and staff related benefits	263,455,759	212,350,537
Contracted services	125,841,850	105,260,760
Repairs and maintenance	51,856,427	33,507,837
Consumables	110,807,050	92,040,878
Overheads	70,470,827	56,681,113
Raw materials and utilities consumed	3,147,614,548	1,708,155,273
Reversal of inventory obsolescence (Note 10)	(2,265,620)	(151,305)
Severance fees (Note 22)	37,828,408	92,603,068
Sale of by-products (Note 33.1)	(31,550,694)	(42,992,140)
Total cash operating costs	3,774,058,555	2,257,456,021
Depreciation (Note 12)	1,004,164,132	989,557,298
Deferred stripping expense (Note 15)	71,975,210	41,616,258
Amortization (Note 16)	18,746,009	21,523,628
Total operating costs	4,868,943,906	3,310,153,205
Increase in inventory (Note 10)	(397,041,028)	(327,724,132)
Total	4,471,902,878	2,982,429,073

33.1 Sale of by-products comprise of the following commodities:

Copper	18,218,080	27,021,740
Zinc	9,571,533	8,114,135
Silver	3,761,081	7,856,265
Total	31,550,694	42,992,140

34. Selling, marketing and logistic expenses

	Year ended December 31,	
	2013	2012
Selling, marketing and logistic expenses	246,008,083	384,810,033

Selling, marketing and logistic expenses comprises of marketing fees and other sales related overheads that are not specifically part of cost of sales.

35. General and administrative expenses

	Year ended December 31,	
	2013	2012
Salaries and staff related benefits	262,808,583	235,385,355
Contracted services	143,177,420	36,244,852
Overheads and other	87,008,705	35,891,402
Consumables	4,523,949	2,499,196
Repair parts	531,727	639,692
Depreciation (Note 12)	14,628,286	12,880,271
Amortization (Note 16)	1,265,000	1,128,012
Total	513,943,670	324,668,780

36. Exploration and technical services expenses

	Year ended December 31,	
	2013	2012
Salaries and staff related benefits	45,570,625	44,501,391
Contracted services	71,694,410	65,724,399
Overheads and other	13,144,135	9,121,788
Consumables	9,821,878	3,488,859
Repair parts	1,604,016	877,130
Total	141,835,064	123,713,567

37. Income from short-term investments

	Year ended December 31,	
	2013	2012
Income received and accrued on short-term investments	26,627,550	65,025,678

38. Finance charges

	Year ended December 31,	
	2013	2012
Public Investment Fund	35,096,061	48,029,945
Banque Saudi Fransi – as agent for the procurement facility participants	50,691,813	58,847,261
Al-Rajhi Bank	28,432,241	37,664,630
The Export Import Bank of Korea	14,382,631	19,052,039
Korea Export Insurance Corporation	7,532,282	8,804,106
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	16,524,306	17,384,618
Saudi Industrial Development Fund	5,650,000	6,306,307
Arrangement fee and administrative charges for Revolving Credit Facility	-	89,687,500
Murabaha fee for Revolving Credit Facility	24,275,816	-
Total	182,585,150	285,776,406

38.1 Summary of borrowing cost

	Year ended December 31,	
	2013	2012
Expensed during the year	182,585,150	285,776,406
Capitalized as part of qualifying assets in capital work-in-progress during the year (Note 13)	481,163,536	491,749,730
Total	663,748,686	777,526,136

39. Other income / (expenses), net

	Year ended December 31,	
	2013	2012
Other income / (expenses), net	1,357,387,711	(5,440,429)

On August 5, 2013, the Company entered into an agreement with Mosaic and SABIC to jointly develop a fully integrated phosphate production facility known as the Umm Wu'al phosphate project (Note 1).

As per the agreement Mosaic and SABIC are liable to pay contractual dues to Ma'aden of SR 1.44 billion in two installments and thereby recorded as other income. This amount is in addition to the historical cost incurred by Ma'aden on the project. First installment, 50% of SR 1.44 billion, is received by Ma'aden during the year ended December 31, 2013 while the second installment of remaining 50% of the amount is due on June 30, 2016 (Note 18).

40. Earnings per ordinary share

	Year ended December 31,	
	2013	2012
Net income attributable to the shareholders of the parent company	1,682,378,450	1,090,943,970
Weighted average number of ordinary shares in issue during the year (Note 28)	925,000,000	925,000,000
Basic and diluted earnings per ordinary share from continuing operations	1.82	1.18

Basic earnings per ordinary share is calculated by dividing the income attributable to the shareholders of the parent company by the weighted average number of ordinary shares in issue during the year.

41. Related party transactions and balances

41.1 Related party transactions

Transactions with a related party carried out during the year under audit, in the normal course of business, is summarized below:

	Year ended December 31,	
	2013	2012
Sales of MPC through SABIC during the year		
Since commencement of commercial production on October 1, 2011 for Ammonia and on February 1, 2012 for all other plants, disclosed in the income statement as part of sales	2,626,763,424	3,818,121,916
Before date of commencement of commercial production, the pre-commercial production revenue, net of cost of production during the year ended December 31, 2013 amounting to Nil (December 31, 2012: SR 46,523,650) has been credited against capital work-in-progress (Note 13)	-	154,560,262
Total	2,626,763,424	3,972,682,178
Sales to Alcoa Inc. during the year	327,839,306	-
Dividend paid to SABIC during the year (Note 31.1)	450,000,000	-
Payments to increase share capital received from Alcoa Inc. (Note 31.5)	556,711,869	899,834,943
Saudi Mining Polytechnic – contracted services and others	50,464,149	7,418,761

41.2 Related party balances

Amount due from / (to) related parties arising from transaction with related parties are as follows:

	December 31, 2013	December 31, 2012
Receivables from related party		
Due from Alcoa Inc. (Note 9)	23,948,991	-
Due from SABIC (Note 9)	242,382,717	446,823,500
Due from SAMAPCO (Note 9)	47,998,419	47,994,670
Due from Saudi Mining Polytechnic (Note 9)	50,464,149	7,418,761
Total	364,794,276	502,236,931
Payable to related party		
Accrued expenses – Alcoa Inc. (Note 20)	83,763,220	72,646,789
Payments to increase share capital received from Alcoa Inc. (Note 31.5)	114,431,471	731,891,457
Total	198,194,691	804,538,246
Long-term borrowings from PIF, a 50% shareholder in Ma'aden		
Due to PIF for the financing of the :		
MPC facility (Note 26.2)	3,334,401,042	3,667,201,146
MAC facility (Note 26.2)	4,875,000,000	3,993,016,061
MRC facility (Note 26.2)	2,321,849,292	2,291,061,791
MBAC facility (Note 26.2)	1,961,113,684	-
Total	12,492,364,018	9,951,278,998

42. Operating lease agreements

		Year ended December 31, 2013	Year ended December 31, 2012
Payments under operating leases recognized as an expense during the year		15,142,551	19,481,415
Future minimum operating lease commitments due under these operating leases are as follows:			
	2013	-	16,056,083
	2014	9,213,856	15,996,083
	2015	3,728,856	9,561,083
	2016	3,728,856	4,336,083
2017 through 2029		49,809,744	44,389,258
Total		66,481,312	90,338,590

Operating lease payments represent mainly rentals payable by the Group for mining lease areas. Leases are negotiated for an average term of 15 to 30 years.

43. Commitments and contingent liabilities

	Year ended December 31,	
	2013	2012
Capital expenditures:		
Contracted for	12,717,132,437	15,571,333,296
Guarantees:		
Guarantees in favor of Saudi Aramco, for future diesel and gas feedstock supplies	220,962,362	171,000,000
Guarantees for the development of aluminum project	225,000,000	225,000,000
Others	321,445	157,080
Total	446,283,807	396,157,080

Ma'aden has received a back-to-back letter of credit, for the development of the aluminum project, from Alcoa for their proportionate share of 25.1% in aluminum companies, of the total amount of letter of credits submitted by Ma'aden to the Government.

Ma'aden has also provided guarantees to SIDF for financing facilities available to MAC and MRC to the extent of its shareholding of 74.9% and to MPC to the extent of its shareholding of 70% (Note 26.1 and 26.2).

44. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value risk, commission rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

44.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group transactions are principally in Saudi Riyals, Euros and US Dollars. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant.

44.2 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Group's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

44.3 Commission rate risk

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. The Group's commission rate risks arise mainly from its short-term investments and long term-borrowings, which are at floating rate of commission and are subject to re-pricing on a regular basis. The Group monitors the fluctuations in commission rate.

The effect on net income of a 1% movement in the US Dollar LIBOR commission rate on the net debt outstanding would be SR 284 million (December 31, 2012: SR 174 million). These balances will not remain consistent throughout 2013.

44.4 Commodity price risk

Gold is priced in an active market in which prices respond to daily changes in quantities. The Group's normal policy is to sell its products at prevailing market prices. The Group does not generally believe commodity price hedging would provide long-term benefit to the shareholders.

44.5 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk from its operating activities (pertaining to trade receivables mainly). However, the cash collection is made at time of sales delivery and from its financing activities, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management. Cash and short-term investments are substantially placed with commercial banks with sound credit ratings.

The Group currently has two major customers which account for sales of approximately SR 709 million, representing 12% of the Group's sales for the year ended December 31, 2013 (December 31, 2012: SR 1,001 million representing 19% of Group's sales from two major customers). Trade receivables are carried net of allowance for doubtful debts, if needed.

44.6 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

45. Events after the reporting date

No events have arisen subsequent to December 31, 2013 and before the date of signing the audit report, that could have a significant effect on the consolidated financial statements as at December 31, 2013.

46. Comparative figures

Certain comparative figures of the previous year have been reclassified, wherever necessary, to conform with the current year's presentation. Such reclassifications did not affect either the net worth or the net income of the Group for the previous or current year.

47. Contingent assets held and liabilities incurred under fiduciary administration

On January 6, 2013 MIC, a wholly owned subsidiary of Ma'aden, received an amount of USD 140 million (in a fiduciary capacity) from the Ministry of Finance of the Kingdom of Saudi Arabia, in accordance with the Council of Ministers' Resolution No 87, dated 28 Rabi ul Awal 1433H (corresponding to February 20, 2012), for the purpose of establishing an industrial city in the Northern Borders Province, by the name of "Waad Al-Shamal City for Mining Industries". The aggregate amount represents part payment of the following two amounts approved by the Council of Ministers:

- USD 500 million for the design and construction of the basic infrastructure and required utilities of the industrial city, and
- USD 200 million for the design and construction of the housing and required social facilities for the proposed industrial city.

The amounts received have been deposited in a separate bank account and does not form part of MIC's available cash resources and has been accounted for in its own standalone accounting records and has not been integrated with MIC's accounting records. The amounts can only be utilized for the designated purpose in accordance with the Council of Ministers Resolution and replenished based on the presentation of supporting documents for the expenditures incurred, in accordance with the applicable Governments Regulations. Total net assets of the project as of December 31, 2013 amounted to SR 525 million (December 31, 2012: Nil).

48. Detailed information about the subsidiaries and a jointly controlled entity

Subsidiary	Nature of business	Issued and paid-up Share capital		Effective group interest %		Cost of investment by parent company	
		December 31,	December 31,			December 31,	December 31,
		2013	2012	2013	2012	2013	2012
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining	300,000,000	300,000,000	100	100	300,000,000	300,000,000
Industrial Minerals Company ("IMC")	Kaolin, low grade bauxite and magnesite mining	344,855,200	500,000	100	100	344,855,200	500,000
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects	500,000	500,000	100	100	500,000	500,000
Ma'aden Phosphate Company ("MPC")	Phosphate mining and fertilizer producer	6,208,480,000	6,208,480,000	70	70	4,345,936,000	4,345,936,000
Ma'aden Aluminum Company ("MAC")	Aluminum ingots, t-bars, slabs and billets	6,573,750,000	4,805,774,426	74.9	74.9	4,923,738,750	3,599,525,045
Ma'aden Rolling Company ("MRC")	Aluminum sheets for can body and lids	1,922,125,000	1,922,125,000	74.9	74.9	1,439,671,625	1,439,671,625
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining	3,794,999,888	884,999,944	74.9	74.9	2,842,454,916	662,864,958
						14,197,156,491	10,348,997,628
Jointly controlled entity							
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride	900,000,000	900,000,000	50	50	450,000,000	450,000,000

All the subsidiaries and jointly controlled entity listed above are incorporated in the Kingdom of Saudi Arabia.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated financial statements

for the year ended December 31, 2012

Commercial registration number 1010164391

Directors	Engr. Abdallah Bin Saif Al-Saif	Chairman
	H.E. Soliman Bin Saad Al-Hamyyd	
	H.E. Mohammed Bin Abdullah Al-Kharashi	
	Dr. Ziad Bin Abdulrahman Al-Sudairy	
	Mr. Sultan Bin Jamal Shawli	
	Engr. Khalid Al Mudaifer	
	Mr. Mansour Bin Saleh Al-Maiman	
	Engr. Khalid Bin Hamad Al-Senani	
	Engr. Abdulaziz Bin Abdullah Al Sugair	
Registered address	Building number 395	
	Abi Bakr Asseddiq Road, South	
	Exit 6, North Ring Road	
	Riyadh	
	Kingdom of Saudi Arabia	
	Postal address	
	P.O. Box 68861	
	Riyadh 11537	
	Kingdom of Saudi Arabia	
Bankers	The Saudi British Bank (SABB)	
Auditors	PricewaterhouseCoopers	
	Kingdom Tower, 21st Floor	
	King Fahad Road	
	P.O. Box 8282	
	Riyadh 11482	
	Kingdom of Saudi Arabia	

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Statement of directors' responsibilities for the preparation and approval of the consolidated financial statements for the year ended December 31, 2012

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, set out on page 4, is made with a view to distinguishing the responsibilities of the management and those of the independent auditors in relation to the consolidated financial statements of Saudi Arabian Mining Company (Ma'aden) and its subsidiaries (the "Group").

The management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of the Group as at December 31, 2012, the results of its operations, changes in shareholders' equity and cash flows for the year then ended, in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

In preparing the consolidated financial statements, management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether SOCPA standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- preparing and presenting the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue its business for the foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Group;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates;
- taking steps to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The consolidated financial statements for the year ended December 31, 2012 set out on pages 5 to 53, were approved and authorized for issue by the Board of Directors on January 20, 2013 (corresponding to 8 Rabi ul Awal 1434) and signed on its behalf by:

Engr. Khalid H. Al-Senani Authorized by the Board	Engr. Khalid Al Mudaifer President and Chief Executive Officer	Mr. Khalid Al-Rowais Chief Financial Officer

January 20, 2013
Riyadh
Kingdom of Saudi Arabia

Independent auditor's report to the shareholders of
Saudi Arabian Mining Company (Ma'aden)
(A Saudi Arabian joint stock company)

Scope of audit

We have audited the accompanying consolidated statement of financial position of Saudi Arabian Mining Company ("Ma'aden" or the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2012 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the notes from 1 to 45, which form an integral part of these consolidated financial statements. These consolidated financial statements, which were prepared by the Company in accordance with Article 123 of the Regulations for Companies and are presented to us with all information and explanations, are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified opinion

In our opinion, such consolidated financial statements taken as a whole:

- present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2012 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in Saudi Arabia, appropriate to the circumstances of the Group; and
- comply, in all material respects, with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of these consolidated financial statements.

PricewaterhouseCoopers

By: _____
Omar M. Al Sagga
License Number 369

January 20, 2013
Riyadh
Kingdom of Saudi Arabia

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License No. 25, Licensed Partners: Omar M. Al Sagga (369), Khalid A. Makkhar (368), Mohammed A. Al Obaidi (367), Ibrahim R. Habib (383)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of financial position as at December 31, 2012

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	December 31, 2012	December 31, 2011
Assets			
Current assets			
Cash and cash equivalents	7	6,175,213,800	5,044,478,181
Short-term investments	8	3,071,348,447	6,181,085,507
Trade and other receivables	9	563,040,896	481,514,210
Inventories	10	1,089,934,377	561,796,672
Advances and prepayments	11	94,110,375	41,873,687
		10,993,647,895	12,310,748,257
Non-current assets			
Property, plant and equipment	13	18,541,120,048	7,450,689,814
Pre-operating expenses and deferred charges	14	812,580,660	356,794,916
Capital work-in-progress	15	22,948,564,475	22,227,549,345
Exploration and evaluation assets	16	415,261,216	143,330,308
Intangible assets	17	263,676,732	12,334,823
Investment in jointly controlled entity	18	444,851,735	448,154,100
Advances and prepayments	11	722,246,220	624,123,837
		44,148,301,086	31,262,977,143
Total assets		55,141,948,981	43,573,725,400
Liabilities			
Current liabilities			
Projects and other payables	19	2,011,450,745	1,332,495,045
Accrued expenses	20	2,905,811,921	1,503,425,929
Zakat payable	21.2	63,600,191	141,108,124
Severance fees payable	22	91,516,753	83,433,989
Current portion of long-term borrowings	25.2	861,409,329	762,383,304
		5,933,788,939	3,822,846,391

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of financial position as at December 31, 2012

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	December 31, 2012	December 31, 2011
Non-current liabilities			
Provision for mine closure and reclamation	23	90,743,156	90,884,799
Employee benefits	24	170,955,102	139,515,024
Long-term borrowings	25.2	25,809,386,783	18,815,478,234
Due to related party	26	52,411,992	-
		26,123,497,033	19,045,878,057
Total liabilities		32,057,285,972	22,868,724,448
Equity			
Share capital	27	9,250,000,000	9,250,000,000
Statutory reserve			
Share premium	28	5,250,000,000	5,250,000,000
Transfer of net income	29	393,422,274	284,327,877
Retained earnings		3,183,958,193	2,202,108,620
Equity attributable to shareholders' of the parent company		18,077,380,467	16,986,436,497
Non-controlling interest	30	5,007,282,542	3,718,564,455
Total equity		23,084,663,009	20,705,000,952
Total liabilities and equity		55,141,948,981	43,573,725,400
Commitments and contingent liabilities	41		

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of income for the year ended December 31, 2012

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended December 31, 2012	Year ended December 31, 2011
Sales	31	5,576,655,383	1,533,026,381
Cost of sales	32	(2,982,429,073)	(531,711,939)
Gross profit		2,594,226,310	1,001,314,442
Operating expenses			
Selling, marketing and logistic expenses	33	(384,810,033)	(53,741,290)
General and administrative expenses	34	(324,668,780)	(235,455,326)
Exploration expenses	35	(114,293,922)	(116,056,918)
Technical services expenses		(9,419,645)	(14,188,139)
Operating income		1,761,033,930	581,872,769
Other (expenses) / income			
Share in net loss of jointly controlled entity	18.2	(3,302,365)	(1,845,900)
Income from short-term investments	36	65,025,678	75,155,805
Financial charges	37	(285,776,406)	(11,369,399)
Other income / (expenses)		(5,440,429)	13,813,569
Income before zakat		1,531,540,408	657,626,844
Provision for zakat	21.2	(51,713,294)	(119,547,535)
Net income for the year		1,479,827,114	538,079,309
Net income attributable to:			
Shareholders' of the parent company	6	1,090,943,970	413,314,804
Non-controlling interest's share of year's net income in subsidiary companies	30	388,883,144	124,764,505
		1,479,827,114	538,079,309
Earnings per ordinary share (Saudi Riyals)			
Operating income per share		1.90	0.63
Basic and diluted earnings per share from continuing operations	38	1.18	0.45

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated statement of changes in equity for the year ended December 31, 2012
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Equity attributable to shareholders of the parent company					Non-controlling interest				Total equity
		Share capital	Statutory reserve		Retained earnings	Sub-total	Share capital	Payments to increase share capital*	Net income attributable to non-controlling interest	Sub-total	
			Share premium	Transfer of net income							
January 1, 2011		9,250,000,000	5,250,000,000	242,996,397	1,830,125,296	16,573,121,693	2,146,048,500	432,193,040	(11,638,306)	2,566,603,234	19,139,724,927
Net income for the year		-	-	-	413,314,804	413,314,804	-	-	124,764,505	124,764,505	538,079,309
Net income transferred to statutory reserve	29	-	-	41,331,480	(41,331,480)	-	-	-	-	-	-
Increase in non-controlling interest / Share capital contributed during the year	30	-	-	-	-	-	637,901,691	(509,891,691)	-	128,010,000	128,010,000
Payments to increase share capital*	30	-	-	-	-	-	-	899,186,716	-	899,186,716	899,186,716
December 31, 2011		9,250,000,000	5,250,000,000	284,327,877	2,202,108,620	16,986,436,497	2,783,950,191	821,488,065	113,126,199	3,718,564,455	20,705,000,952
Net income for the year		-	-	-	1,090,943,970	1,090,943,970	-	-	388,883,144	388,883,144	1,479,827,114
Net income transferred to statutory reserve	29	-	-	109,094,397	(109,094,397)	-	-	-	-	-	-
Increase in non-controlling interest / Share capital contributed during the year	30	-	-	-	-	-	989,431,551	(989,431,551)	-	-	-
Payments to increase share capital*	30	-	-	-	-	-	-	899,834,943	-	899,834,943	899,834,943
December 31, 2012		9,250,000,000	5,250,000,000	393,422,274	3,183,958,193	18,077,380,467	3,773,381,742	731,891,457	502,009,343	5,007,282,542	23,084,663,009

*These payments, to ultimately increase share capital of the applicable subsidiaries over a period of time, are treated as part of the total equity in these subsidiaries in accordance with the SOCPA clarification number 14/1 issued on March 14, 2012, although no shares have been issued yet and the Commercial Registration certificate has not yet been amended, but will be once these prepayments have been converted to share capital. This accounting treatment resulted in the reclassification of a non-current liability to shareholders' equity in these subsidiaries and therefore the increase in the applicable subsidiaries net worth.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of cash flows for the year ended December 31, 2012

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended December 31, 2012	Year ended December 31, 2011
Operating activities			
Income before zakat		1,531,540,408	657,626,844
Adjustments for non-cash flow items:			
Reversal of allowance for inventory obsolescence	10	(151,305)	(4,222,018)
Depreciation	13	983,646,894	174,150,305
Adjustment / written-off property, plant and equipment	13	(36,503)	8,973,299
Amortization of pre-operating expenses and deferred charges (mine closure)	14	22,754,407	20,157,539
Amortization of intangible assets	17	16,078,504	-
Share in net loss of jointly controlled entity	18	3,302,365	1,845,900
Provision for severance fees	22	92,603,068	85,032,887
Provision for employee termination benefits	24.1	41,252,535	35,231,278
Contribution for the employees' savings plan	24.2	13,100,119	8,451,955
Deferred stripping expense	32	41,616,258	-
Income from short term investments	36	(65,025,678)	(75,155,805)
Changes in working capital:			
Trade and other receivables	9	(81,526,686)	(451,551,215)
Inventories	10	(527,986,400)	(251,927,256)
Advances and prepayments	11	(150,359,071)	(252,600,654)
Due from Government	12	-	61,045,987
Projects and other payables – Trade and other	19	188,594	232,707,795
Accrued expenses – Trade	20	424,519,378	19,286,175
Zakat paid	21.2	(129,221,227)	(185,781,592)
Severance fee paid	22	(84,520,304)	(56,053,178)
Provision for mine closure and reclamation utilized	23.1	(1,691,643)	(539,032)
Employee termination benefits paid	24.1	(15,114,502)	(10,027,788)
Employees' savings plan withdrawal	24.2	(7,798,074)	(3,484,725)
Net cash generated from operating activities		2,107,171,137	13,166,701
Investing activities			
Income received from short-term investments		66,584,245	99,361,855
Short-term investments	8	3,108,178,493	2,578,683,256
Additions to property, plant and equipment	13	(39,000,000)	(4,852,122)
Additions to pre-operating expenses and deferred charges	14	(528,914,374)	(230,237,627)
Additions to capital work-in-progress	15	(12,645,633,236)	(8,174,976,278)
Additions to exploration and evaluation assets	16	(633,954,796)	(49,015,097)
Additions to intangible assets	17	(5,511,079)	(1,991,698)
Investment in jointly controlled entity	18	-	(181,730,185)
Projects and other payables – Projects	19	678,767,106	768,496,584
Accrued expenses – Projects	20	977,866,614	217,448,497
Net cash utilized in investing activities		(9,021,617,027)	(4,978,812,815)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of cash flows for the year ended December 31, 2012

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended December 31, 2012	Year ended December 31, 2011
Financing activities			
Net proceeds from long-term borrowings received	25.2	7,092,934,574	6,060,774,199
Due to related party	26	52,411,992	
Changes in non-controlling interest	30	-	128,010,000
Payments to increase share capital by non-controlling interest	30	899,834,943	899,186,716
Net cash generated from financing activities		8,045,181,509	7,087,970,915
Net change in cash and cash equivalents		1,130,735,619	2,122,324,801
Cash and cash equivalents at beginning of the year	7	5,044,478,181	2,922,153,380
Cash and cash equivalents at end of the year	7	6,175,213,800	5,044,478,181
Non-cash flow transactions			
Depreciation capitalized to capital work-in-progress	13,15	-	27,161,818
Transfer from property, plant and equipment to intangible assets	13,17	190,787,575	-
Provision for mine closure charged to property, plant and equipment	13, 23	1,550,000	500,000
Transfer from pre-operating expenses and deferred charges to property, plant and equipment	14,13	-	24,133,649
Transfer from pre-operating expenses and deferred charges to capital work-in-progress	14,15	8,757,965	-
Transfer from pre-operating expenses and deferred charges to investment in jointly controlled entity	14,18	-	31,939,887
Transfer from capital work-in-progress to property, plant and equipment	15,13	12,224,278,200	7,418,903,021
Transfer from capital work-in-progress to intangible assets	15,17	71,121,759	-
Transfer from capital work-in-progress to investment in jointly controlled entity	15,18	-	236,329,928
Transfer from exploration and evaluation assets to capital work-in-progress	16,15	362,023,888	-
Transfer from payments to increase share capital to non-controlling interest	30	989,431,551	509,891,691

1. General information

Saudi Arabian Mining Company ("Ma'aden") (the "Company") was formed as a Saudi joint stock company pursuant to Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to March 23, 1997) and the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to March 17, 1997), with Commercial Registration No. 1010164391 dated 10 Zul Qaida 1421H (corresponding to February 4, 2001). The Company has an authorized share capital of SR 9,250,000,000 (Nine billion and two hundred fifty million Saudi Riyals) divided into 925,000,000 (Nine hundred and twenty five million) ordinary shares with a nominal value of SR 10 each.

The objectives of the Company and its subsidiaries (the "Group") are to be engaged in various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by-products. These activities exclude:

- petroleum and natural gas and materials derived there from;
- any and all hydrocarbon substances, products, by-products and derivatives; and
- activities related to all stages of the oil industry and the industries associated therewith and supplementary thereto.

The Group's principal mining activities are at the Mahd Ad' Dahab, Al-Hajar, Bulghah, Al-Amar, Sukhaybarat, Al Jalamid, Az Zabirah and Al-Ghazallah mines. Currently the Group mainly mines gold, phosphate rock, low-grade bauxite, kaolin and magnesite.

The Group's major projects are the Umm Wu'al phosphate and the aluminum projects and these are principally in the development stage.

The Group is proceeding with the development of another phosphate project, known as the Umm Wu'al phosphate project located at the Government announced "Waad Al-Shamal City for Mining Industries", in the Northern Region, near the city of Turayf in the Kingdom of Saudi Arabia. This project is based on the exploitation of the Al-Khabra phosphate deposits owned by Ma'aden, the utilization of captive national resources such as groundwater and sulfur, and is taking advantage of the existence of the railway infrastructure, linking the Northern Borders Province to Ras Al Khair in the Eastern Province to have access to the port facilities at the Arabian Gulf. Ma'aden has completed the pre-feasibility study of the project and it is proceeding to the feasibility and basic engineering stage.

The Group's objective with the aluminum project is to develop the bauxite mine, the alumina refinery, smelter and rolling mill as well as a power plant for the production of aluminum and related products in the Kingdom of Saudi Arabia. In December 2009, the Company entered into a joint venture agreement with Alcoa Incorporated, ("Alcoa Inc.") for the development of the aluminum project. The Company has a 74.9% interest in the aluminum project and Alcoa Inc. has a 25.1% interest. The capital cost of the project is estimated to be SR 40.5 billion. Alcoa Inc. has reimbursed the Company for 25.1% of the aluminum project's costs incurred by the Company before Alcoa Inc.'s participation.

On February 14, 2012 the Board of Directors approved a plan developed by Ma'aden in collaboration with their joint venture partner Alcoa Inc. (Note 26) to extend the product mix of their aluminum complex, currently under construction at Ras Al Khair, to include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet.

2. Group structure

The Company has the following subsidiaries and jointly controlled entity, all incorporated in the Kingdom of Saudi Arabia:

Subsidiary	Type of company	Effective ownership as at December 31,	
		2012	2011
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	100%	100%
Ma'aden Industrial Minerals Company ("MIMC")	Limited liability company	100%	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	100%	100%
Ma'aden Phosphate Company ("MPC")	Limited liability company	70%	70%
Ma'aden Aluminum Company ("MAC")	Limited liability company	74.9%	74.9%
Ma'aden Rolling Company ("MRC")	Limited liability company	74.9%	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	74.9%	74.9%
Jointly controlled entity			
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Limited liability company	50%	50%

MGBM

The company was incorporated in the Kingdom of Saudi Arabia, on August 9, 1989. The objectives of the company are:

- the exploration and mining of gold and associated minerals within their existing mining lease area by way of drilling, mining, concentrating, smelting and refining;
- extract, refine, export and sell such minerals in their original or refined form; and
- construct, operate and maintain all mines, buildings, railroads, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the lease.

MIMC

The company was incorporated in the Kingdom of Saudi Arabia on March 31, 2009. The objectives of the company are:

- the exploitation of industrial minerals within the existing mining lease area by way of drilling, mining, concentrating, smelting and refining;
- extract, refine, export and sell such minerals in their original or refined form; and
- construct, operate and maintain all mines, buildings, railroads, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the lease.

The company currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine and processing plant at Al Madinah Al Munawarah which partially commenced operations during 2011 and the remaining project is still in development stage.

MIC

The company was incorporated in the Kingdom of Saudi Arabia on August 17, 2008. The objectives of the company are to:

- manage the infrastructure project to develop, construct and operate the infrastructure; and
- provide services to Ras Al-Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia.

MPC

The company was incorporated in the Kingdom of Saudi Arabia on January 1, 2008 and is owned:

- 70% by Saudi Arabian Mining Company ("Ma'aden") and
- 30% by Saudi Basic Industries Corporation ("SABIC") which is accounted for as a non-controlling interest in these consolidated financial statements.

The objectives of the company are to:

- exploit the Al Jalamid phosphate deposits;
- utilize local natural gas and sulphur resources to manufacture Diammonium Phosphate ("DAP") fertilizers at the processing facilities at Ras Al-Khair; and
- produce ammonia as a raw material feed stock for the production of fertilizer and the excess ammonia is exported and sold domestically.

The processing facilities at Ras Al-Khair have been designed with the flexibility to also produce Mono-ammonium Phosphate ("MAP") fertilizer, should the production of MAP be considered more economically viable in the future.

MAC

The company was incorporated in the Kingdom of Saudi Arabia on October 10, 2010 and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Smelting Inversiones S.L. Company ("ASC"), a foreign shareholder, a company wholly owned by Alcoa Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated financial statements.

The objectives of the company are the production of:

- aluminum ingots;
- aluminum T shape ingots;
- aluminum slabs; and
- aluminum billets.

The company is currently in its project development phase.

MRC

The company was incorporated in the Kingdom of Saudi Arabia on October 10, 2010 and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Rolling Inversiones S.L. Company ("ARC") a company wholly owned by Alcoa Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated financial statements.

The objectives of the company are the production of:

- can body stock; and
- can ends stock.

The company is currently in its project development phase.

MBAC

The company was incorporated in the Kingdom of Saudi Arabia on January 22, 2011 and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by AWA Saudi Limited ("AWA"), a foreign shareholder, which is owned 60% by Alcoa Inc. and 40% by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated financial statements.

The objectives of the company are to:

- produce and refine bauxite; and
- produce alumina.

The company is currently in its project development phase.

SAMAPCO

The company was incorporated in the Kingdom of Saudi Arabia on August 14, 2011 and is owned:

- 50% by Saudi Arabian Mining Company ("Ma'aden") and
- 50% by Sahara Petrochemicals.

SAMAPCO is a joint venture project and is accounted for as an investment in a jointly controlled entity under the equity method of accounting in these consolidated financial statements.

The objectives of the company are the production of:

- concentrated caustic soda;
- chlorine; and
- ethylene dichloride.

The operations of the company includes the production and supply of concentrated caustic soda feed stock to the alumina refinery at MBAC and to sell the excess production in the local wholesale and retail market. SAMAPCO is currently in its project development phase.

The financial year end of all the subsidiaries and jointly controlled entity coincide with that of the parent company.

3. Basis of preparation

The accompanying consolidated financial statements have been prepared under the historic cost convention on the accrual basis of accounting and in compliance with the accounting standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA").

These consolidated financial statements are presented in Saudi Riyals which is both the functional and reporting currency of the Group.

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, except for the change in accounting policies mentioned in notes 4.8, 4.9, 4.11, 4.19 and 4.22.

Change in accounting policies

- The Group implemented a new accounting policy relating to "Exploration and evaluation assets" (see note 4.11) consistent with the Group's expanding operational activities and disclosure enhancement objectives. These amounts were previously shown under "Pre-operating expenses and deferred charges" in the consolidated statement of financial position and have now been transferred to "Exploration and evaluation assets". This change in accounting policy had no impact on net assets or net income previously reported. The effect of the reclassification due to the change in accounting policy amounted to a net book value of SR 415,261,216 for the year ended December 31, 2012 (December 31, 2011: SR 143,330,308) (Note 4.11 and 16).
- During the period ended September 30, 2012, the Group decided to reflect zinc revenue for the Al Amar mine under by-products, by considering MGBM's operations as a single gold producing unit instead of evaluating each mine's operations individually, resulting in a reduction in revenue and cost of sales correspondingly, with no change in the gross profit in the consolidated statement of income. The effect of the above mentioned reclassification due to change in accounting policy amounted to SR 8,114,135 for the year ended December 31, 2012 (December 31, 2011: SR 35,102,861) (Note 4.22).

4.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "intangible assets" in the accompanying consolidated statement of financial position. Goodwill is tested annually for impairment and carried at cost, net of any accumulated amortization and impairment losses, if any.

Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Jointly controlled entity

A joint venture exists where the Group has a contractual arrangement with one or more parties to undertake activities typically, however not necessarily, through entities that are subject to joint control.

The Group recognises its interests in a jointly controlled entity using the equity method of accounting. The Group's share of the results of joint ventures is based on the financial statements prepared up to a date not earlier than three months before the consolidated statement of financial position date, adjusted to conform with the accounting polices of the Group, if any. Intragroup gains on transactions are eliminated to the extent of the Group's interest in the investee. Intragroup losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

4.2 Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

4.3 Cash and cash equivalents

Cash and cash equivalents balance includes cash on hand, cash in banks and time deposits with an original maturity of three months or less at the date of acquisition.

4.4 Short-term investments

Short-term investments include placements with banks and other short-term highly liquid investments with original maturities of more than three months but not more than one year from the date of acquisition.

4.5 Trade receivables

Trade receivables are carried at the original sales invoice amount less an allowance for doubtful debts (if any). An allowance for doubtful debts is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. Such allowances are charged to the consolidated statement of income and reported under "General and administrative expenses". When a trade receivable is uncollectible, it is written-off against the allowance for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the consolidated statement of income.

4.6 Inventories

Refined metals

Refined metals are measured at the lower of net cost of production or net realizable value. The net cost of production is determined as the total cost of production divided by the saleable unit output.

Production costs include:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore;
- production overheads; and
- revenue from sale of by-products is credited against production costs.

By-products are valued at net realizable value, with reference to the spot price of the commodities ruling at the reporting date.

Work-in-process

The cost of work-in-process is determined using weighted average basis.

Ore stockpiles

Ore stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence because it exceeds the mine's cut-off grade and due to economic viability, it is valued at the lower of net cost of production or net realizable value. Quantities of stockpiles and work-in-process are assessed primarily through surveys and assays.

Stores and materials

Stores and spares are valued at the weighted average cost basis less an allowance for obsolete and slow moving items.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

4.7 Financial assets and liabilities

Financial assets and liabilities carried on the consolidated statement of financial position principally include cash and cash equivalents, short-term investments, trade and other receivables, projects and other payables, accrued expenses and borrowings.

A financial asset and liability is offset and net amounts reported in the consolidated financial statements, when the Group has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

4.8 Property, plant and equipment

Property, plant and equipment are stated at the historical cost less accumulated depreciation. Depreciation is provided over the shorter of estimated economic useful lives of the applicable assets or the estimated life-of-mine using the straight-line method. The estimated useful lives of the principal classes of assets are as follows:

	Number of years
Buildings	9 – 33
Heavy equipment	5 – 20
Fixed plant and heap leach facilities	4 – 20
Other equipment	4 – 20
Office equipment	4 – 10
Furniture and fixtures	4 – 10
Mobile and workshop equipment	10
Computer equipment	4 – 5
Mining assets	2 - 8
Laboratory and safety equipment	5
Motor vehicles	4
Civil works	4

During the quarter ended December 31, 2011, the Group decided to include the cost of mine closure and reclamation within Property, plant and equipment by classifying such cost in a new group of assets called "Mining assets" and transferred the historical cost and accumulated depreciation from Pre-operating expenses and deferred charges, where it was previously disclosed. Also see policy on "Mine closure and reclamation" in note 4.19.

The effect of the above mentioned change in accounting policy, in the accompanying consolidated financial statements, is not considered to be significant and pertains to prior year.

Maintenance and normal repairs which do not materially extend the estimated economic useful life of an asset are charged to the consolidated statement of income as and when incurred. Major renewals and improvements, if any, are capitalized.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated statement of income.

Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets.

4.9 Pre-operating expenses and deferred charges

Mining

Pre-operating expenses and deferred charges, other than specific exploration and evaluation expenditures covered in note 4.11, incurred prior to the development phase of the mine project and are expected to provide future benefits to the Group. The capitalized cost is amortized over a period of seven years or life of the mine, whichever is lower, commencing at the completion of the project. Cost that will not provide a benefit beyond the current period is charged to the consolidated statement of income.

Plants

Pre-operating expenses and deferred startup expenses relating to a new plant or expansion are amortized over a period of seven years or life of the plant, whichever is lower, starting from the date when the assets are determined to be ready for its intended use.

4.10 Capital work-in-progress

Assets in the course of construction are capitalized in the capital work-in-progress account. On completion, the cost of the related asset is transferred to the appropriate category of property, plant and equipment. The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Costs associated with a start-up period are capitalized where the asset is available for use but incapable of operating at normal levels during the commissioning period net of the proceeds from the sale of any production during the development period. Capital work-in-progress is not depreciated.

4.11 Exploration and evaluation assets

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits . Exploration expenditures typically include costs associated with:

- acquisition of exploration rights to explore a potentially mineralized;
- topographical, geological, geochemical and geophysical studies;
- exploration drilling;
- trenching;
- sampling; and
- other work involved in searching for ore.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibilities studies.

All exploration and evaluation costs are expensed until it is concluded that a future economic benefit is more likely to be realized than not, i.e. 'probable'. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body. Exploration and evaluation expenditures are capitalized if management determines that probable future economic benefits will be generated as a result of the expenditures.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralization of such mineral deposits, is capitalized as mine development cost following the completion of an economic evaluation equivalent to a feasibility study.

All exploration and evaluation costs incurred after it is concluded that economic benefit is more likely to be realized than not , i.e. 'probable' are capitalized as "Exploration and evaluation assets" only until the technical feasibility and commercial viability of extracting of mineral resource are demonstrable. Once the technical and commercial viability is demonstrable i.e. economic benefit will or will not be realized, the asset is tested for impairment and any impairment loss is recognized. Based on the technical and commercial feasibility, if the economic benefit will be realized and management intends to develop the mine, exploration and evaluation asset is reclassified to "Capital work-in progress". Cash flows attributable to capitalized exploration and evaluation expenditures are classified as investing activities in the statement of cash flow. Once the commercial production stage is reached, the capitalized capital work-in-progress is reclassified to "Property, plant and equipment".

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that

the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts

and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company measures, presents and discloses any resulting impairment loss.

For the purposes of exploration and evaluation assets only, one or more of the following facts and circumstances are considered for identifying that exploration and evaluation asset that may be impaired. These include the following:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once it has been identified that exploration and evaluation asset may be impaired, asset impairment policy as specified in note 4.14 is followed.

4.12 Intangible assets

Intangible assets comprise of purchased software and systems enhancements and transformation. These assets are carried at cost. Intangible assets are amortized on the straight-line basis over their anticipated useful lives and are reviewed at lease at each financial year end. The amortization expense on the intangible assets is recognized in the statement of income consistent with the functions of the intangible assets.

Intangible assets for MIC comprises the infrastructure and support services assets at Ras Al Khair that are transferred to Royal Commission of Jubail and Yanbu ("RCJY") as stated in the Implementation Agreement signed between Ma'aden and RCJY. The cost of the intangible assets comprises its purchase price and any costs directly attributable to bringing such assets to working condition for their intended use. Such intangible assets are carried at historical cost less accumulated amortization. Amortization is provided over the remaining period of LUSA (Land Usage and Service Agreement) term.

4.13 Stripping ratio and deferred stripping costs

The Group also defers waste mining costs and has estimated the average of the waste-to-ore ratio for the quantities contained within the final pit design of the mine. This average is used to calculate the annual waste mining costs to be expensed as follows:

Average ratio of waste to ore mined	x	Quantity of ore mined	x	Average unit cost of total tonnes mined

In periods when the actual costs of waste are higher than the costs expensed according to this formula, the difference is deferred to be expensed in a future period when the actual costs are less than the amount to be expensed.

4.14 Asset impairment

The Group assesses its assets at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value-in-use.

Assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When it becomes evident that the circumstances which resulted in the impairment no longer exist, the impairment amount is reversed (with the exception of goodwill) and recorded as income in the consolidated statement of income in the period in which such reversal is determined.

4.15 Trade payable and accruals

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

4.16 Zakat

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). A provision for zakat for the Company and zakat related to the Company's subsidiaries is charged to the consolidated statement of income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

4.17 Severance fees

Effective from year 2005 onwards, as per the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Company is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower.

The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated statement of income. (Note 32).

4.18 Provisions

Provisions are recognized when the Group has:

- a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation in the future; and
- the amount can be reliably estimated.

4.19 Mine closure and reclamation

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure or rehabilitation. Mine closure and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of current laws and regulations.

Provisions for the cost of each closure and rehabilitation program are recognized at the time the mining activities occur. When the extent of the mining activities increases over the life-of-mine, the provision is increased accordingly.

Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life-of-mine and at the time of closure in connection with the mining activities at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized 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 upon a number of factors such as:

- the life-of-mine;
- the operating license conditions; and
- the environment in which the mine operates.

The full estimated costs are capitalized as part of mining assets, under property, plant and equipment and then depreciated as an expense over the expected life-of-mine on straight-line basis. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgments and estimates involved. Factors influencing those changes include:

- revisions to estimated ore reserves, mineral resources and lives of mines;
- developments in technology;
- regulatory requirements and environmental management strategies; and
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation.

In prior years, the full estimated mine closure and reclamation costs capitalized were deferred (included within pre-operating expenses and deferred charges) and then amortized to expense over the expected life-of-mine on straight-line basis but not exceeding seven years. As a consequence of the change in accounting policy mentioned in note 4.8 during the quarter ended December 31, 2011 cost capitalized relating to mine closure and reclamation will now be depreciated over the expected life-of-the mine.

The effect of the above mentioned change in accounting policy, in the accompanying consolidated financial statements, is not considered to be significant and pertains to prior year.

4.20 Employee termination benefits

Employee termination benefits are payable as a lump sum to all employees employed under the terms and conditions of Saudi Labor and Workman Law on termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the consolidated statement of financial position date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia.

4.21 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. Other borrowing costs are charged to consolidated statement of income.

4.22 Revenue recognition

Revenue is recognized when all the following conditions are met:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Group; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Revenues are shown net of discounts and transportation expenses, and after eliminating sales within the Group.

Sales revenue is commonly subject to an adjustment based on an inspection of the product by the customer. In such cases, sales revenue is initially recognized on a provisional basis using the Group's best estimate of contained metal, and adjusted subsequently.

Revenue from the sale of by-products is credited against production costs.

Investment income consists of earnings on bank deposits and is recognized on an accrual basis.

4.23 Selling and marketing expenses

Selling and marketing expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between selling and marketing expenses and cost of sales, when required, are made on a consistent basis.

4.24 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

4.25 Employees' savings plan program

In accordance with clause 137 of the Labor Regulations, and in furtherance to clause 76 of the Company's Internal Work Regulation approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to July 19, 1999) issued by H.H. Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Group to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Company.

Participation in the Savings Plan Program is restricted to Saudi nationals and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SR 300. The Group will contribute an amount equaling 10% of the monthly savings of each member per annum for the first year and increase it by 10% in the year after it reaches 100% at the 10th year, which will in turn be credited to the savings accounts of the member. The Company's portion is charged to the consolidated statement of income on a monthly basis. The Company's portion will only be paid upon termination or resignation of the employee.

4.26 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to consolidated statement of income on a straight-line basis over the term of the operating lease.

5. Critical accounting estimates, assumptions and judgments

The preparation of consolidated financial statements in conformity with generally accepted accounting standards requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

The most significant areas requiring the use of management's assumptions, estimates and judgments relate to:

- reserve and resource estimates;
- economic useful lives of property, plant and equipment;
- impairment and reversal of impairment of assets;
- allowances;
- mine closure and environmental obligations;
- zakat; and
- contingencies.

Reserve and resource estimates

There is a degree of uncertainty involved in the estimation and classification of ore reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, the quantity of ore reserve and mineral resource grades must be considered as estimates only. What is more, the quantity of ore reserves and mineral resources may vary depending on, amongst other things, metal prices and currency exchange rates.

The ore reserve estimates of the Group have been determined based on management long-term commodity price, forecasts cut-off grades and costs that may prove to be inaccurate. Any material change in the quantity of reserves, grades or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will give the same result in larger scale tests under on-site conditions or during production.

Fluctuation in commodity prices, the results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. The volume and grade of ore reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of ore reserves and mineral resources, or of the Group's ability to extract these ore reserves, could have a material adverse effect of the Company's business, prospects, financial condition and operating results.

Economic useful lives of property, plant and equipment

The Group's mining assets, classified within property, plant and equipment, are amortized on a straight-line basis over the lesser of their economic useful lives or the life-of-mine. When determining the life-of-mine, assumptions that were valid at the time of estimation, may change when new information becomes available.

The factors that could affect estimation of the life-of-mine include the following:

- changes in proven and probable ore reserves;
- the grade of ore reserves varying significantly from time to time;
- differences between actual commodity prices and commodity price assumptions used in the estimation and classification of ore reserves;
- unforeseen operational issues at mine sites; and
- changes in capital, operating, mining, processing and reclamation costs, discount rates could possibly adversely affect the economic viability of ore reserves.

Any of these changes could affect prospective depreciated of mining assets and their carrying value. The economic useful lives of non-mining property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Impairment and reversal of impairment of assets

The Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets are impaired or whether there is any indicator that an impairment loss recognized in previous periods may no longer exist or may have decreased.

Allowances

The Group also creates an allowance for obsolete and slow-moving spare parts. At December 31, 2012, the allowance for obsolete slow-moving items amounted to SR 19 million (December 31, 2011: SR 19 million). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year.

Mine closure and environmental obligations

The Group's mining and exploration activities are subject to various environmental laws and regulations. The Group estimates environmental obligations based on management's understanding of the current legal requirements in the various jurisdictions in which it operates, terms of the license agreements and engineering estimates. Provision is made, for decommissioning and land restoration costs as soon as the obligation arises. Actual costs incurred in future periods could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mime estimates could affect the carrying amount of this provision.

Zakat

During the year ended December 31, 2012 and during the year ended December 31, 2011, an amount of SR 129 million and SR 186 million relating to year ended 2011 and 2010 respectively were paid to DZIT but no zakat assessments were finalized by the DZIT. Where the final zakat outcome of these matters is different from the amounts that were initially recorded, such differences will impact the zakat provisions in the period in which such determinations are made.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

6. Segmental information

Segment reporting

(a) Business segment

A business segment is group of assets, operations or entities:

- engaged in revenue producing activities;
- results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- financial information is separately available.

The Group's operations consist of the following business segments:

- The corporate segment, includes the corporate operations and projects under development.
- The gold segment, consists of operations related to the mining of gold and is carried out through MGBM. This segment currently operates Mahd Ad Dahab, Al-Hajar, Bulghah, Al Amar mines and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia.
- The phosphate segment, consist of operations related to mining of phosphate, the beneficiation of phosphate concentrate and utilization of national resources of natural gas and sulphur to manufacture DAP, MAP fertilizer and ammonia products and is carried out through MPC. This segment started commercial operation during first quarter of 2012, except for the ammonia plant for which commercial production was declared on October 1, 2011.

Umm Wu'al phosphate project is based on the exploitation of the Al-Khabra phosphate deposits. The project is in the feasibility and basic engineering stage.

- The aluminum segment, consists of the operations related to the development of an aluminum mine, refinery, smelter, rolling mill and power plant for the production of aluminum and related products. This segment is currently in the development stage.

Chlor Alkali project consists of the operations related to the development of concentrated caustic soda and ethylene dichloride complex for the production of concentrated caustic soda, chlorine and ethylene dichloride and the supply of all the required feedstock for use in the alumina refinery at Ma'aden Bauxite and Alumina Company, any excess production is sold in the international and domestic market. This segment is currently in the development stage.

Automotive sheet project include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet. The project is in the development stage.

- The industrial minerals segment, consist of operations related to the mining of industrial minerals carried out through MIMC, which currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine and processing plant at Al Madinah Al Munawarah which partially commenced operations during 2011.
- The infrastructure segment, relates to the development, construction and delivery of services in the Ras Al-Khair area, and other mining and industrial locations in the Kingdom of Saudi Arabia

6. Segmental information (continued)

	Note	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
December 31, 2012								
Sales	31	-	1,001,542,755	4,447,735,066	-	125,867,379	1,510,183	5,576,655,383
Gross profit/(loss)		-	595,718,308	1,974,602,994	-	61,973,376	(38,068,368)	2,594,226,310
Income from short-term investments		33,353,175	8,894,264	22,652,599	-	70,981	54,659	65,025,678
Net income/(loss) attributable to shareholders' of the parent company		(337,303,294)	440,540,927	987,342,823	(11,266,032)	50,696,299	(39,066,753)	1,090,943,970
Property, plant and equipment		149,433,570	128,430,478	17,503,721,878	1,757,954	238,425,366	519,350,802	18,541,120,048
Pre-operating expenses and deferred charges	14	63,936,924	60,705,472	51,018,836	624,992,615	11,926,813	-	812,580,660
Capital work-in-progress	15	158,318,384	406,709,436	218,795,508	21,830,613,308	81,119,213	253,008,626	22,948,564,475
Exploration and evaluation assets	16	25,956,610	127,306,058	194,027,658	67,970,890	-	-	415,261,216
Intangible assets	17	-	-	19,542,535	-	-	244,134,197	263,676,732
Investment in jointly controlled entity	18	-	-	-	444,851,735	-	-	444,851,735
Total assets		1,601,837,908	1,866,925,056	22,623,363,190	27,568,286,030	437,683,027	1,043,853,770	55,141,948,981
December 31, 2011								
Sales	31	-	865,751,039	594,429,030	-	70,523,183	2,323,129	1,533,026,381
Gross profit/(loss)		-	526,740,239	505,009,141	-	21,777,908	(52,212,846)	1,001,314,442
Income from short-term investments		71,043,144	3,896,593	-	-	7,880	208,188	75,155,805
Net income/(loss) attributable to shareholders' of the parent company		(234,550,176)	391,374,105	294,354,152	(4,139,716)	19,735,628	(53,459,189)	413,314,804
Property, plant and equipment		108,655,397	136,801,387	6,396,424,564	126,906	253,594,897	555,086,663	7,450,689,814
Pre-operating expenses and deferred charges	14	16,430,379	69,299,069	46,604,131	210,020,943	14,440,394	-	356,794,916
Capital work-in-progress	15	16,380,365	19,134,128	11,929,079,149	9,966,403,230	74,335,961	222,216,512	22,227,549,345
Exploration and evaluation assets	16	62,130	61,143,912	82,124,266	-	-	-	143,330,308
Intangible assets	17	-	-	12,334,823	-	-	-	12,334,823
Investment in jointly controlled entity	18	-	-	-	448,154,100	-	-	448,154,100
Total assets		4,751,093,751	1,310,426,260	21,749,632,574	14,550,923,434	391,648,376	820,001,005	43,573,725,400

The corporate segment's net loss amount excludes share in earnings of subsidiary companies. The corporate segment's total assets amount also excludes investment balances with respect to subsidiary companies.

The infra-structure segment's gross loss and net loss amounts are after consolidation elimination of the inter-company revenues from MPC and MAC under the LUSA agreement.

(b) Geographical segment

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group's operation is conducted only in the Kingdom of Saudi Arabia.

7. Cash and cash equivalents

	December 31, 2012	December 31, 2011
Term deposits with original maturities equal to or less than three months at date of acquisition	4,328,500,000	4,241,502,076
Cash and bank balances – unrestricted	1,420,328,641	413,767,991
Cash and bank balances – restricted	426,385,159	389,208,114
Total	6,175,213,800	5,044,478,181

Restricted cash and bank balances are related to the following:		
Cash accumulated under employees' savings plan program (Note 4.25 and 24.2)	15,006,007	9,703,962
Cash accumulated in the debt service reserve account for the scheduled repayment of the long-term borrowing, six months prior to due date as per the facility agreement) (Note 25.2)	411,379,152	379,504,152
Total	426,385,159	389,208,114

8. Short-term investments

	December 31, 2012	December 31, 2011
Term deposits with original maturities of more than three months at date of acquisition	3,053,763,250	6,161,941,743
Investment income receivable	17,585,197	19,143,764
	3,071,348,447	6,181,085,507

Short-term investments yield financial income at prevailing market rates.

9. Trade and other receivables

	December 31, 2012	December 31, 2011
Trade	555,056,298	470,757,985
Other	7,984,598	10,756,225
Total	563,040,896	481,514,210

Trade receivables includes:

Due from SABIC (Note 39.2)	446,823,500	280,596,018
Due from SAMAPCO (Note 39.2)	47,994,670	47,593,280

10. Inventories

	December 31, 2012	December 31, 2011
Work-in-progress at net production cost	140,764,639	167,678,842
Finished goods – ready for sale	331,156,109	136,744,262
Stockpile of mined ore	66,132,540	49,575,143
By-products	11,779,907	21,687,342
Total inventories	549,833,195	375,685,589
Spare parts and consumables materials	321,533,420	121,271,152
Allowance for obsolete slow-moving spare parts and consumable materials	(18,671,349)	(18,822,654)
Sub-total	302,862,071	102,448,498
Raw materials	237,239,111	83,662,585
Total spare parts, consumables and raw materials	540,101,182	186,111,083
Total	1,089,934,377	561,796,672

The spare parts inventory primarily relates to plant and machinery and, accordingly, this inventory is expected to be utilized over a period not exceeding one year.

Movement in the allowance for inventory obsolescence is as follows:

	December 31, 2012	December 31, 2011
January 1	18,822,654	23,044,672
Reversal of allowance for obsolescence (Note 32)	(151,305)	(4,222,018)
December 31	18,671,349	18,822,654

11. Advances and prepayments

	December 31, 2012	December 31, 2011
Current portion:		
Advances to vendors	30,350,815	16,883,477
Advances to employees	20,860,733	19,399,992
Other prepayments	42,898,827	5,590,218
Sub-total	94,110,375	41,873,687
Non-current portion:		
Advances to contractors	703,059,138	618,930,504
Other prepayments	19,187,082	5,193,333
Sub-total	722,246,220	624,123,837
Total	816,356,595	665,997,524

Advances and prepaid expenses mainly represent advances paid by MAC, MRC, MBAC and MPC in relation to the development of their sites.

Non-current portion of advances to contractors of MPC, MAC, MRC and MBAC as at December 31, 2012 of SR 628,892,401 (December 31, 2011: SR 609,166,722) are pledged as security to the lenders under the Common Term Financing Agreement (Note 25.5).

12. Due from Government

The balance of SR 61,045,987 appearing in the consolidated statement of cash flows represents cost incurred to finance the required feasibility studies for the Railway Line Project, linking the Northern Area (Al Jalamid) with the fertilizer plant at Ras Al-Khair. The amount was repaid in full on July 13, 2011.

13. Property, plant and equipment

	Notes	Land	Mining assets	Motor vehicles	Heavy equipment	Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
Cost												
January 1, 2011		22,550,000	-	24,840,012	66,203,746	356,052,604	106,348,548	221,811,152	31,404,423	28,970,334	15,890,412	874,071,231
Additions during the year		-	-	-	-	-	-	4,852,122	-	-	-	4,852,122
Transfer from pre-operating expenses and deferred charges	14	-	62,713,264	-	-	-	-	-	-	-	-	62,713,264
Transfer from capital work-in-progress	15	-	-	2,480,039	151,497,824	6,617,271,169	225,499,837	371,073,126	24,599,632	15,750,840	10,730,554	7,418,903,021
Provision for mine closure and reclamation	23	-	500,000	-	-	-	-	-	-	-	-	500,000
Adjustments / write-offs		-	-	(4,800,226)	(7,619,032)	(2,002,846)	(92,500)	(3,934,960)	(1,686,374)	(1,204,967)	(2,742,298)	(24,083,203)
December 31, 2011		22,550,000	63,213,264	22,519,825	210,082,538	6,971,320,927	331,755,885	593,801,440	54,317,681	43,516,207	23,878,668	8,336,956,435
Additions during the year		39,000,000	-	-	-	-	-	-	-	-	-	39,000,000
Transfer from capital work-in-progress	15	-	-	585,174	2,278,004	11,800,411,400	334,917,835	34,525,257	34,246,221	2,407,240	14,907,069	12,224,278,200
Transfer to intangible assets *	17	-	-	-	-	-	-	(207,804,853)	-	-	-	(207,804,853)
Provision for mine closure and reclamation	23	-	1,550,000	-	-	-	-	-	-	-	-	1,550,000
Adjustments / write-offs		-	-	(677,249)	(225,435)	(281,524)	1,407,659	(51,000)	(247,227)	(15,175,585)	(2,068,776)	(17,319,137)
December 31, 2012		61,550,000	64,763,264	22,427,750	212,135,107	18,771,450,803	668,081,379	420,470,844	88,316,675	30,747,862	36,716,961	20,376,660,645
Accumulated depreciation												
January 1, 2011		-	-	24,516,326	35,711,146	308,027,420	45,911,893	196,628,868	17,423,589	23,542,180	9,723,365	661,484,787
Charge for the year		-	-	2,518,880	13,627,424	110,879,166	20,682,785	35,990,749	9,786,238	5,059,420	2,767,461	201,312,123
Transfer from pre-operating expenses and deferred charges	14	-	38,579,615	-	-	-	-	-	-	-	-	38,579,615
Adjustments / write-offs		-	-	(6,289,625)	(2,942,296)	(254,814)	(92,500)	(3,066,098)	(604,726)	(1,283,966)	(575,879)	(15,109,904)
December 31, 2011		-	38,579,615	20,745,581	46,396,274	418,651,772	66,502,178	229,553,519	26,605,101	27,317,634	11,914,947	886,266,621
Charge for the year		-	4,052,952	1,420,490	14,817,093	895,376,714	30,137,948	14,491,590	13,167,760	4,987,910	5,194,437	983,646,894
Transfer to intangible assets *	17	-	-	-	-	-	-	(17,017,278)	-	-	-	(17,017,278)
Adjustments / write-offs		-	-	(751,467)	(197,209)	(273,708)	1,407,659	(1,063)	(221,762)	(15,038,966)	(2,279,124)	(17,355,640)
December 31, 2012		-	42,632,567	21,414,604	61,016,158	1,313,754,778	98,047,785	227,026,768	39,551,099	17,266,578	14,830,260	1,835,540,597
Net book value												
December 31, 2011		22,550,000	24,633,649	1,774,244	163,686,264	6,552,669,155	265,253,707	364,247,921	27,712,580	16,198,573	11,963,721	7,450,689,814
December 31, 2012		61,550,000	22,130,697	1,013,146	151,118,949	17,457,696,025	570,033,594	193,444,076	48,765,576	13,481,284	21,886,701	18,541,120,048

13. Property, plant and equipment (continued)

* Transfer to intangible assets include civil works and essential equipment assets located in public areas outside of the Ma'aden projects which has been transferred, at net book value to the RCJY under the Implementation Agreement between MIC and RCJY. Under the Implementation Agreement paragraph, MIC retains its full unrestricted right of use of these designated assets for a period of 35 years, under the LUSA agreement the associated cost related to the right of use will be amortized over the remaining period of LUSA term.

Property, plant and equipment of MPC and MAC with a net book value at December 31, 2012 of SR 17,503,721,878 and SR 1,745,322 respectively (December 31, 2011: SR 6,396,424,564 and SR 126,906) are pledged as security to lenders under the Common Term Financing Agreement (Note 25.5).

	Notes	Year ended December 31,	
		2012	2011
Allocation of depreciation charge for the year			
To capital work-in-progress	15	-	27,161,818
To cost of sales	32	971,177,233	167,185,259
To general and administrative expenses	34	12,469,661	6,965,046
Total		983,646,894	201,312,123

14. Pre-operating expenses and deferred charges

	Notes	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Total
Cost							
January 1, 2011		32,274,486	185,990,453	89,646,353	7,080,197	16,947,780	331,939,269
Additions during the year		10,278,721	25,649,769	-	234,880,633	734,592	271,543,715
Stripping cost incurred during the year				25,267,049			25,267,049
Transfer of deferred stripping to cost of production during the year		-	-	(27,003,183)	-	-	(27,003,183)
Transfer to property, plant and equipment (mining assets)	13	-	(62,713,264)	-	-	-	(62,713,264)
Transfer to SAMAPCO	18.1	-	-		(31,939,887)	-	(31,939,887)
Adjustments		-	-	(41,306,088)	-	-	(41,306,088)
December 31, 2011		42,553,207	148,926,958	46,604,131	210,020,943	17,682,372	465,787,611
Additions during the year		48,634,557	12,887,200	21,690,569	414,971,672	-	498,183,998
Stripping cost incurred / adjusted during the year			(12,042,230)	42,772,606			30,730,376
Transfer to capital work-in-progress	15	-	-	(8,757,965)	-	-	(8,757,965)
December 31, 2012		91,187,764	149,771,928	102,309,341	624,992,615	17,682,372	985,944,020
Amortization							
January 1, 2011		23,747,135	101,747,762	-	-	1,919,874	127,414,771
Charge for the year		2,375,693	16,459,742	-	-	1,322,104	20,157,539
Transfer to property, plant and equipment (mining assets)	13	-	(38,579,615)	-	-	-	(38,579,615)
December 31, 2011		26,122,828	79,627,889	-	-	3,241,978	108,992,695
Charge for the year		1,128,012	6,660,364	12,452,450	-	2,513,581	22,754,407
Transfer of deferred stripping to cost of sales during the year	32	-	2,778,203	38,838,055	-	-	41,616,258
December 31, 2012		27,250,840	89,066,456	51,290,505	-	5,755,559	173,363,360
Net book value							
December 31, 2011		16,430,379	69,299,069	46,604,131	210,020,943	14,440,394	356,794,916
December 31, 2012		63,936,924	60,705,472	51,018,836	624,992,615	11,926,813	812,580,660

14. Pre-operating expenses and deferred charges (continued)

Pre-operating expenses and deferred charges of MPC, MAC, MRC and MBAC with a net book value before consolidation elimination at December 31, 2012 of SR 860,896,962 (December 31, 2011: SR 399,184,316) are pledged as security to the lenders under the Common Term Agreement (Note 25.5).

Certain amounts included within pre-operating expenses and deferred charges, due to the development stage activities, have been reclassified to capital work-in-progress following the conclusion of the related engineering review process.

	Notes	Year ended December 31,	
		2012	2011
Allocation of amortization charge for the year			
To cost of sales	32	21,353,582	15,656,130
To general and administrative expenses	34	1,400,825	4,501,409
Total		22,754,407	20,157,539

15. Capital work-in-progress

	Notes	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
Cost								
January 1, 2011		60,546,550	21,792,745	18,064,157,668	2,493,825,789	307,327,968	732,993,478	21,680,644,198
Additions during the year		4,429,670	34,569,606	1,079,357,738	7,708,907,369	26,190,342	93,484,425	8,946,939,150
Transfer to property, plant and equipment	13	(48,595,855)	(37,228,223)	(6,475,270,753)	-	(253,546,799)	(604,261,391)	(7,418,903,021)
Depreciation capitalized during the year	13	-	-	27,161,818	-	-	-	27,161,818
Transfer to SAMAPCO	18.1	-	-	-	(236,329,928)	-	-	(236,329,928)
Credit for pre-commercial production revenue net of cost		-	-	(766,327,322)	-	(5,635,550)	-	(771,962,872)
December 31, 2011		16,380,365	19,134,128	11,929,079,149	9,966,403,230	74,335,961	222,216,512	22,227,549,345
Additions during the year		151,891,067	55,676,480	334,827,008	11,864,210,078	6,783,252	278,769,001	12,692,156,886
Transfer to property, plant and equipment	13	(9,953,048)	(30,125,060)	(12,001,261,231)	-	-	(182,938,861)	(12,224,278,200)
Transfer from pre-operating expenses and deferred charges	14	-	-	8,757,965	-	-	-	8,757,965
Transfer from exploration and evaluation assets	16	-	362,023,888	-	-	-	-	362,023,888
Transfer to intangible assets	17	-	-	(6,083,733)	-	-	(65,038,026)	(71,121,759)
Credit for pre-commercial production revenue net of cost		-	-	(46,523,650)	-	-	-	(46,523,650)
December 31, 2012		158,318,384	406,709,436	218,795,508	21,830,613,308	81,119,213	253,008,626	22,948,564,475
Borrowing cost capitalized as part of capital work-in-progress during the year								
December 31, 2011		-	-	185,253,260	381,898,232	-	-	567,151,492
December 31, 2012		-	-	10,686,829	748,207,331	-	-	758,894,160

The borrowing cost relates to qualifying assets. Capital work-in-progress of MPC, MAC, MRC and MBAC with a book value before consolidation elimination at December 31, 2012 of SR 22,124,961,806 (December 31, 2011: SR 21,970,996,357) are pledged as security to the lenders under the Common Term Financing Agreement (Note 25.5).

15. Capital work-in-progress (continued)

	Year ended December 31,	
	2012	2011
Pre-commercial production revenue net of production cost comprises of the following		
Phosphate (MPC)		
Ammonia sales through SABIC, net of production cost	-	655,956,984
DAP sales, net of production cost	46,523,650	110,370,338
Sub-total (Note 39.1)	46,523,650	766,327,322
Industrial minerals (MIMC)		
Caustic calcined magnesia sales, net of production cost	-	5,635,550
Total amount of pre-commercial production revenue, net of production cost	46,523,650	771,962,872

16. Exploration and evaluation assets

	Note	Corporate	Gold	Phosphate	Aluminum	Total
January 1, 2011		-	21,287,483	73,027,728	-	94,315,211
Additions during the year		62,130	39,856,429	9,096,538	-	49,015,097
December 31, 2011		62,130	61,143,912	82,124,266	-	143,330,308
Additions during the year		25,894,480	428,186,034	111,903,392	67,970,890	633,954,796
Transfer to capital work-in-progress	15	-	(362,023,888)	-	-	(362,023,888)
December 31, 2012		25,956,610	127,306,058	194,027,658	67,970,890	415,261,216

17. Intangible assets

	Notes	Phosphate	Infra-structure	Total
Cost				
January 1, 2011		10,343,125	-	10,343,125
Additions during the year		1,991,698	-	1,991,698
December 31, 2011		12,334,823	-	12,334,823
Additions during the year		5,511,079	-	5,511,079
Transferred from property, plant and equipment	13	-	207,804,853	207,804,853
Transferred from capital work-in-progress	15	6,083,733	65,038,026	71,121,759
December 31, 2012		23,929,635	272,842,879	296,772,514
Accumulated amortization				
January 1, 2011		-	-	-
Charge for the year		-	-	-
December 31, 2011		-	-	-
Transferred from property, plant and equipment	13	-	17,017,278	17,017,278
Charge for the year	32	4,387,100	11,691,404	16,078,504
December 31, 2012		4,387,100	28,708,682	33,095,782
Net book value				
December 31, 2011		12,334,823	-	12,334,823
December 31, 2012		19,542,535	244,134,197	263,676,732

18. Investment in jointly controlled entity

	December 31, 2012	December 31, 2011
Investment of 50% in the issued and paid-up share capital of SAMAPCO at cost (Note 18.1)	450,000,000	450,000,000
Share of the accumulated loss for the year / period since incorporation (August 14, 2011) (Note 18.2)	(5,148,265)	(1,845,900)
Total	444,851,735	448,154,100

18.1 The investment of 50% in the issued and paid-up share capital of SAMAPCO

Contribution in kind:	
Pre-operating and deferred charges (Note 14)	31,939,887
Capital work-in-progress (Note 15)	236,329,928
Cash paid	181,730,185
Total	450,000,000

18.2 Share of the accumulated income / (loss) in jointly controlled entity

	Year ended	Period ended
	December 31,	December 31,
	2012	2011
January 1 / August 14, 2011 – date of incorporation	(1,845,900)	-
Share in net loss for year / period since incorporation	(3,302,365)	(1,845,900)
Total	(5,148,265)	(1,845,900)

19. Projects and other payables

	December 31,	December 31,
	2012	2011
Projects	1,692,992,140	1,014,225,034
Trade	254,808,261	303,112,761
Other	63,650,344	15,157,250
Total	2,011,450,745	1,332,495,045

Project payables mainly represents the liability in respect of contracts cost arising from MAC, MRC, MBAC and MPC.

Other payables include SR 38 million contributed by one of the MAC's contractors to support its objective to establish a social responsibility fund for the development of a community project. The amount received is non-refundable.

20. Accrued expenses

	December 31,	December 31,
	2012	2011
Projects	2,224,323,712	1,383,055,563
Trade	412,058,437	46,043,704
Employees	107,095,483	48,590,838
Financial charges	89,687,500	-
Accrued expenses – Alcoa Inc. (Note 39.2)	72,646,789	25,735,824
Total	2,905,811,921	1,503,425,929

Accrued expenses for projects mainly represents the contracts cost accruals in relation to MAC, MRC, MBAC and MPC.

Accrued expenses for Alcoa Inc. mainly represents the personnel and other cost accruals related to the Alcoa Inc. employees seconded to MAC, MRC and MBAC.

21. Zakat

21.1 Components of zakat base

The significant components of the zakat base of each company under the zakat and income tax regulation are as follows:

- shareholders' equity at the beginning of the year;
- provisions at the beginning of the year;
- long term borrowings;
- adjusted net income;
- net book value of property, plant and equipment;
- net book value of pre-operating expenses and deferred charges;
- net book value of capital work-in-progress;
- net book value of exploration and evaluation assets;
- net book value of intangible assets;
- carrying value of investment in jointly controlled entity; and
- certain other items.

Zakat is calculated at 2.5% of the higher of the zakat base or adjusted net income.

21.2 Zakat payable

	December 31, 2012	December 31, 2011
January 1	141,108,124	207,342,181
Provision for zakat	51,713,294	119,547,535
Current year	63,600,191	141,108,124
Previous year over provision	(11,886,897)	(21,560,589)
Paid during the year to the authorities	(129,221,227)	(185,781,592)
December 31	63,600,191	141,108,124

The provision for zakat for the year consist of:

	Year ended	
	December 31, 2012	December 31, 2011
Saudi Arabian Mining Company	15,342,952	107,336,047
Ma'aden Phosphate Company	25,793,837	12,122,621
Ma'aden Gold and Base Metals Company (Note 22.2)	18,662,794	19,657,487
Ma'aden Industrial Minerals Company	1,010,423	757,055
Ma'aden Infrastructure Company	2,790,185	1,234,914
Total	63,600,191	141,108,124

21.3 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates through the year ended December 31, 2010, however, no zakat assessments were finalized by the DZIT.

22. Severance fees payable

	December 31, 2012	December 31, 2011
January 1	83,433,989	54,454,280
Provision for severance fee (Note 32)	92,603,068	85,032,887
Current year (Note 22.1)	91,428,507	83,810,743
Previous year under provision	1,174,561	1,222,144
Paid during the year to the authorities	(84,520,304)	(56,053,178)
December 31	91,516,753	83,433,989

In accordance with the Saudi Mining Code based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fees, representing 25% of the annual net income per mining license, as defined, or the equivalent of a hypothetical income tax, based on the annual net income, whichever is lower. The zakat due shall be deducted from this amount. As a result of the above:

- the income for each mining licenses of MGBM is subject to severance fee, which are shown as part of cost of sales in the consolidated statement of income; and
- for low grade bauxite, kaolin and magnesia a fixed tariff per tonne is paid as severance fees.

22.1 Provision for severance fees consists of:

	Year ended December 31, 2012	Year ended December 31, 2011
Gold mines (Note 22.2)	89,952,213	82,676,088
Low grade bauxite	1,252,414	1,120,869
Kaolin	102,740	13,786
Magnesia	121,140	-
December 31	91,428,507	83,810,743

22.2 The provision for severance fees payable by gold mines is calculated as follows:

	Year ended December 31, 2012	Year ended December 31, 2011
Net income from operating mines before severance fee and zakat for the year	549,947,699	494,301,675
25% of the year's net income as defined	137,486,925	123,575,419
Hypothetical income tax at 20% based on taxable net income for the year	108,615,007	102,333,575
Provision based on the lower of the above two computations	108,615,007	102,333,575
Provision for zakat (Note 21.2)	(18,662,794)	(19,657,487)
Net severance fee provision for the year	89,952,213	82,676,088

23. Provision for mine closure and reclamation

	December 31, 2012	December 31, 2011
Gold mines (Note 23.1)	88,693,156	90,384,799
Low grade bauxite, kaolin and magnesite mines (Note 23.2)	2,050,000	500,000
Total	90,743,156	90,884,799

The movement in the provision for mine closure and reclamation for each of the mines along with the year in which they commenced commercial production and expected date of closure is as follows:

23.1 Gold mines

	Mahad mine	Al Hajar mine	Sukhaybarat mine*	Bulghah mine	Al Amar mine	Total
January 1, 2011	24,197,336	11,380,823	20,467,221	21,661,407	13,217,044	90,923,831
Utilization during the year	(440,425)	(98,607)	-	-	-	(539,032)
December 31, 2011	23,756,911	11,282,216	20,467,221	21,661,407	13,217,044	90,384,799
Utilization during the year	(1,320,627)	(371,016)	-	-	-	(1,691,643)
December 31, 2012	22,436,284	10,911,200	20,467,221	21,661,407	13,217,044	88,693,156
Commenced commercial production in	1988	2001	*1991	2001	2008	
Expected closure date in	2016	2013	2015	2017	2018	

* The Sukhaybarat mine ceased its mining activities and current operations are limited to the carbon in leach ("CIL") processing of ore transferred from Bulghah mine.

23.2 Low grade bauxite, kaolin and magnesite mines

	Note	Az Zabirah mine	Al-Ghazallah mine	Total
January 1, 2011		-	-	-
Provision for the year	13	300,000	200,000	500,000
December 31, 2011		300,000	200,000	500,000
Provision for the year	13	1,300,000	250,000	1,550,000
December 31, 2012		1,600,000	450,000	2,050,000
Commenced commercial production in		2008	2011	
Expected closure date in		2026	2028	

The provision for mine closure and reclamation represents the full amount of the estimated future closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when determined. The provision for mine closure and reclamation relates to the Group's gold, low grade bauxite and kaolin mining activity only, as the aluminum project is currently in the development stage, and, an update estimation of the phosphate mine and plant closure and rehabilitation works including facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation is in progress.

24. Employee benefits

	December 31, 2012	December 31, 2011
Employee termination benefits (Note 24.1)	155,949,095	129,811,062
Employees' savings plan (Note 7 and 24.2)	15,006,007	9,703,962
Total	170,955,102	139,515,024

24.1 Employee termination benefits

	Year ended December 31, 2012	Year ended December 31, 2011
January 1	129,811,062	104,607,572
Provision for the year	41,252,535	35,231,278
Paid during the year	(15,114,502)	(10,027,788)
December 31	155,949,095	129,811,062

24.2 Employees' savings plan

	Year ended December 31, 2012	Year ended December 31, 2011
January 1	9,703,962	4,736,732
Contribution for the year	13,100,119	8,451,955
Withdrawals during the year	(7,798,074)	(3,484,725)
December 31	15,006,007	9,703,962

25. Long-term borrowings

25.1 Facilities approved

MPC, MAC, MRC and MBAC entered into Common Terms Agreements ("CTA") with the Public Investment Fund and consortiums of financial institutions, comprising of:

	MPC facilities granted June 15, 2008	MAC facilities granted Nov. 30, 2010	MRC facilities granted Nov. 30, 2010	MBAC facilities granted Nov. 27, 2011	Total
Public Investment Fund ("PIF")	4,000,001,250	4,875,000,000	3,078,750,000	3,750,000,000	15,703,751,250
Islamic and commercial banks					
Procurement*	4,269,892,500	5,047,500,000	1,041,000,000	2,690,700,000	13,049,092,500
Commercial*	1,491,562,500	900,000,000	-	258,750,000	2,650,312,500
Al-Rajhi facility	2,343,750,000	-	-	-	2,343,750,000
The Export Import Bank of Korea	1,500,000,000	-	-	-	1,500,000,000
Korea Export Insurance Corporation	750,000,000	-	-	-	750,000,000
Wakala	-	787,500,000	-	768,750,000	1,556,250,000
Sub-total	10,355,205,000	6,735,000,000	1,041,000,000	3,718,200,000	21,849,405,000
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000	*600,000,000	600,000,000	2,400,000,000
Total facilities granted	14,955,206,250	12,210,000,000	4,719,750,000	8,068,200,000	39,953,156,250

The financing agreements imposed the following conditions and financial covenants on each of the borrowing legal entities of the Group and if the conditions are met, the financial institutions will provide the long-term borrowing:

- the limitation on creation of additional liens and/or financing obligations by MPC, unless specifically allowed under the CTA;
- financial ratio maintenance;
- maximum capital expenditures allowed; and
- restriction on dividend distribution to shareholders.

MPC facility

*Banque Saudi Fransi and Mizuho Corporate Bank Limited act as agents for procurement facility and commercial facility, respectively.

MAC facility

On November 26, 2012, the contracts for dollar procurement and riyal procurement were revised to increase the respective facility amounts. Accordingly, the CTA was also revised to reflect the new facility arrangement.

*Standard Chartered Bank acts as inter-creditor agent and as commercial facility agent, Bank Al Jazira acts as Dollar procurement facility agent, as Riyal procurement facility agent, as Dollar wakala facility agent and as Riyal wakala facility agent, SABB Securities Limited acts as onshore security agent and Riyadh Bank, London Branch acts as offshore security trustee and agent.

*The SIDF facility was approved by its Board of Directors on August 16, 2011 subject to certain conditions precedent. The company is in process of finalizing the terms of those conditions with the SIDF.

MRC facility

Facility Agent, SABB Securities Limited acts as Onshore Security Agent and Riyadh Bank, London Branch acts as Offshore Security Trustee and Agent

MBAC facility

The company is in process of finalizing a facility amounting to US Dollar (US $) 160 million from Saudi Industrial Development Fund (SIDF). SIDF has issued a letter of commitment amounting to US$ 240 million, however, the company has not confirmed its acceptance of the said facility. The company expects to avail only US $ 160 million. A formal contract for the said facility will be signed once the company formally confirms the acceptance of facility from SIDF.

The facilities were not utilized as at December 31, 2012.

Saudi Arabian Mining Company ("Ma'aden")

On December 18, 2012, the Company entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement ("Murabaha Facility Agreement") and other agreements (together referred to as "financing agreements") totaling to SR 9 billion. The facility is with a syndicate of local and international financial institutions, comprising of the following financial institutions:

Al-Rajhi Banking & Investment Corporation
Arab National Bank
Bank Al-Bilad
Bank AlJazira
Banque Saudi Fransi
J.P.Morgan Chase Bank, N.A., Riyadh Branch
Riyad Bank
Samba Financial Group
The National Commercial Bank
The Saudi British Bank
The Saudi Investment Bank

This commercial financing facility is revolving in nature and was not utilized as at December 31, 2012.

The conditions and financial covenants include the following, with respect to Ma'aden stand alone financial statements:

- EBITDA to Interest ratio shall not be less than three times otherwise dividend block will be triggered.
- Total net debt to tangible net worth (parent company only) shall be less than or equal to three times otherwise an event of default will be triggered which is subject to a cure period of six months, or nine months if the Company has acted expeditiously to cure such breach by initiating the process for a rights issue.

Total facilities approved

	Year ended December 31,	
	2012	2011
Facilities under Common Term Agreements:		
MPC	14,955,206,250	14,955,206,250
MAC	12,210,000,000	12,210,000,000
MRC	4,719,750,000	4,719,750,000
MBAC	8,068,200,000	8,068,200,000
Syndicated Revolving Credit Facility:		
Ma'aden	9,000,000,000	-
Total	48,953,156,250	39,953,156,250

25.2 Facilities utilized under the different CTAs

MPC facility

	December 31,	December 31,
	2012	2011
Public Investment Fund	4,000,001,250	4,000,001,250
Less: Repaid during the year	332,800,104	-
Sub-total (Note 39.2)	3,667,201,146	4,000,001,250
The rate of commission on the principal amount of the loan draw down and outstanding for each commission period, is in the range of LIBOR plus 0.5% per annum. Loan repayment started on June 30, 2012, on a six monthly basis, in equal principal repayments of SR 166.4 million, with the final repayment of SR 172.8 million on December 31, 2023.		
Islamic and commercial banks		
Banque Saudi Fransi – as agent for the procurement facility participants	4,269,892,500	4,269,892,500
Al-Rajhi Bank	2,343,750,000	2,343,750,000
The Export Import Bank of Korea	1,500,000,000	1,500,000,000
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	1,116,562,500	1,116,562,500
Korea Export Insurance Corporation	750,000,000	750,000,000
	9,980,205,000	9,980,205,000
Less: Repaid during the year	429,583,200	-
Sub-total	9,550,621,800	9,980,205,000
The rate of commission on the principal amount of the loan draw down and outstanding for each commission period is in the range of LIBOR plus 0.5% to 1.15% per annum. The repayment of facilities started on June 30, 2012. All the repayments of the above facilities will be on a six monthly basis, with the final repayment due on December 31, 2023.		
Saudi Industrial Development Fund	570,000,000	570,000,000
The project follow-up cost paid during the drawdown amounted to SR 6.3 million. Repayment of this facility will start on February 26, 2013, on a six monthly basis, with the final payment on June 19, 2019.		
Total MPC borrowings	13,787,822,946	14,550,206,250

25.2 Facilities utilized under the different CTAs (continued)

MAC facility

	December 31, 2012	December 31, 2011
Public Investment Fund (Note 39.2)	3,993,016,061	2,248,712,948
The rate of commission on the principal amount of the loan draw down and outstanding for each commission period, is LIBOR plus 1.5% and the rate of commission on the outstanding amount for each commission period is 1% per annum. The repayment of the loan will be in 24 installments on a six monthly basis starting from December 31, 2014. The repayments are starting at SR 99.9 million and increasing over the term of the loan with the final repayment of SR 1,218 million on June 30, 2026.		
Islamic and commercial banks		
Dollar procurement	737,274,310	411,223,842
Riyal procurement	2,861,109,923	1,595,819,276
Commercial	728,172,164	406,147,010
Wakala	717,486,636	365,752,212
Sub-total	5,044,043,033	2,778,942,340
The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on all the dollar facilities is LIBOR plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on all the Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.75% per annum. The rate of commission on the outstanding amount for each commission period on wakala facilities is 0.3% per annum. The repayment of the principal amounts of loans will start from December 31, 2014. The repayments are starting at SR 138 million and increasing over the term of the loan with the final repayment of SR 1,684 million on June 30, 2026.		
Saudi Industrial Development Fund	420,000,000	-
Repayment of the SIDF facility will start from February 04, 2015. . The repayments are starting at SR 25 million and increasing over the term of the loan with the final repayment of SR 62.5 million on June 7, 2020.		
Total MAC borrowings	9,457,059,094	5,027,655,288

25.2 Facilities utilized under the different CTAs (continued)

MRC facility	December 31, 2012	December 31, 2011
Public Investment Fund (Note 39.2)	2,291,061,791	-
The rate of commission on the principal amount of the loan draw for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5% and the rate of commission on the outstanding amount for each commission period, is 1% per annum. The repayment of the principal amount of loan will be in 20 installments on a six monthly basis starting from December 31, 2016. The repayments are starting at SR 30.8 million and increasing over the term of the loan with the final repayment of SR 153.9 million on June 30, 2026		
Islamic and commercial banks		
Riyal procurement	774,852,281	-
The rate of commission on the principal amount of the loan drawn for each commission period on all the Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.45% per annum.		
The repayment of the principal amounts of loans will start from December 31, 2016. The repayments are starting at SR 10.4 million and increasing over the term of the loan with the final repayment of SR 13.5 million on June 30, 2026.		
Saudi Industrial Development Fund	360,000,000	-
Repayment of the SIDF facility will start from January 25, 2016. The repayments are starting at SR 25 million and increasing over the term of the loan with the final repayment of SR 62.5 million on July 19, 2021.		
Total MRC borrowings	3,425,914,072	-
MPC borrowings	13,787,822,946	14,550,206,250
MAC borrowings	9,457,059,094	5,027,655,288
MRC borrowings	3,425,914,072	-
Total	26,670,796,112	19,577,861,538
Less: Current portion of long-term borrowings relating to MPC borrowing	861,409,329	762,383,304
Non-current portion of long-term borrowings	25,809,386,783	18,815,478,234

25.3 Maturity profile of long-term borrowings

	December 31, 2012	December 31, 2011
2012	-	762,383,304
2013	861,409,329	864,409,329
2014	1,194,190,354	1,185,890,354
2015	1,519,721,379	1,499,621,379
Thereafter	23,095,475,050	15,265,557,172
Total	26,670,796,112	19,577,861,538

25.4 Facilities' currency denomination

Essentially all of the Company's facilities have been contracted in United States Dollar (US$) and the drawdown balances in US$ are shown below:

	December 31, 2012 (US$)	December 31, 2011 (US$)
Public Investment Fund	2,653,674,399	1,666,323,786
Islamic and commercial banks		
Procurement	2,062,682,401	1,564,189,807
Al-Rajhi Bank	600,000,000	625,000,000
The Export Import Bank of Korea	378,600,000	400,000,000
Korea Export Insurance Corporation	189,300,000	200,000,000
Commercial	480,019,244	406,055,869
Dollar procurement	196,606,483	109,659,691
Wakala	191,329,770	97,533,923
Sub-total	4,098,537,898	3,402,439,290
Saudi Industrial Development Fund	360,000,000	152,000,000
Total	7,112,212,297	5,220,763,076

25.5 Security

The following assets were pledged as security for these long-term borrowings in accordance with the applicable CTAs:

	December 31, 2012	December 31, 2011
Advances and prepayments (Note 10)	628,892,401	609,166,722
Property, plant and equipment (Note 13)	17,505,467,200	6,396,551,470
Pre-operating expenses and deferred charges (Note 14)	860,896,962	399,184,316
Capital work-in-progress (Note 15)	22,124,961,806	21,970,996,357
Total	41,120,218,369	29,375,898,865

26. Due to related party

	December 31, 2012	December 31, 2011
Due to Alcoa Inc. (Note 39.2)	52,411,992	-

The amount represents cash contributed to Ma'aden by its joint venture partner Alcoa Inc. to extend the product mix of their aluminum complex, currently under construction at Ras Al Khair, to include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet.

27. Share capital

	December 31, 2012	December 31, 2011
Authorized, issued and fully paid		
925,000,000 Ordinary shares, with a nominal value of SR 10 per share (Note 38)	9,250,000,000	9,250,000,000

28. Share premium

	December 31, 2012	December 31, 2011
525,000,000 Ordinary shares with a nominal value of SR 10 per share issued at a premium of SR 10 per share on July 5, 2008 at the time of the Initial Public Offering ("IPO")	5,250,000,000	5,250,000,000

29. Transfer of net income

	December 31, 2012	December 31, 2011
January 1	284,327,877	242,996,397
Transfer of 10% of net income for the year	109,094,397	41,331,480
December 31	393,422,274	284,327,877

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until such reserve equals 50% of the share capital. Such transfer is made on an annual basis and the reserve is not available for dividend distribution.

30. Non-controlling interest

	December 31, 2012	December 31, 2011
Share capital		
January 1	2,783,950,191	2,146,048,500
Increase in non-controlling interest's shareholding	989,431,551	637,901,691
December 31	3,773,381,742	2,783,950,191
Payments to increase share capital		
January 1	821,488,065	432,193,040
Payments to increase share capital (Note 39.2)	899,834,943	899,186,716
Share capital contributed during the year (Note 39.2)	(989,431,551)	(509,891,691)
December 31	731,891,457	821,488,065
Net income attributable to non-controlling interest		
January 1	113,126,199	(11,638,306)
Share of current year's net income	388,883,144	124,764,505
December 31	502,009,343	113,126,199
Total	5,007,282,542	3,718,564,455

31. Sales

	Year ended December 31,	
	2012	2011
Gold segment		
Gold	1,001,542,755	865,751,039
Phosphate segment		
Diammonium phosphate	2,877,956,038	-
Ammonia	1,569,779,028	594,429,030
	4,447,735,066	594,429,030
Industrial minerals		
Low grade bauxite revenue	84,749,607	63,743,696
Caustic calcined magnesia	27,463,795	4,980,909
Kaolin revenue	13,653,977	1,798,578
	125,867,379	70,523,183
Infrastructure		
Infrastructure revenue	1,510,183	2,323,129
Total	5,576,655,383	1,533,026,381
Gold sales analysis		
Quantity of gold ounces (Oz) sold	160,433	147,205
Average realized price per ounce (Oz) in:		
US$	1,665	1,568
Saudi Riyals (equivalent)	6,243	5,881

32. Cost of sales

	Year ended December 31,	
	2012	2011
Personnel cost	323,129,265	120,634,468
Contracted services	178,349,447	67,456,224
Repairs and maintenance	48,839,393	25,009,469
Consumables	105,302,279	83,342,569
Overheads	109,879,131	18,557,068
Raw material and utilities consumed	1,242,041,290	17,569,850
Reversal of inventory obsolescence (Note 10)	(151,305)	(4,222,018)
Severance fee (Note 22)	92,603,068	85,032,887
Sale of by-products (Note 32.1)	(42,992,140)	(85,637,734)
Total cash operating costs	2,057,000,428	327,742,783
Depreciation (Note 13)	971,177,233	167,185,259
Deferred stripping expense (Note 14)	41,616,258	-
Amortization of pre-operating expenses and deferred charges (Note 14)	21,353,582	15,656,130
Amortization of intangible assets (Note 17)	16,078,504	-
Total operating costs	3,107,226,005	510,584,172
(Increase) / decrease in inventory	(124,796,932)	21,127,767
Total	2,982,429,073	531,711,939

32.1 Sale of by-products comprise of the following commodities:

	Year ended December 31,	
	2012	2011
Zinc	8,114,135	38,884,171
Copper	27,021,740	28,810,453
Silver	7,856,265	16,268,040
Lead	-	1,675,070
Total	42,992,140	85,637,734

33. Selling, marketing and logistic expenses

	Year ended December 31,	
	2012	2011
Selling, marketing and logistic expense	384,810,033	53,741,290

Selling, marketing and logistic expenses comprises of marketing fees and other sales related overheads that are not specifically part of cost of sales.

34. General and administrative expenses

	Year ended December 31,	
	2012	2011
Salaries and staff related benefits	229,924,319	166,981,090
Contracted services	39,006,056	27,937,061
Overheads and other	35,800,884	19,901,452
Consumables	2,499,193	6,302,892
Directors' remuneration and allowances	2,928,150	2,375,194
Repair parts	639,692	491,182
Depreciation (Note 13)	12,469,661	6,965,046
Amortization of pre-operating expenses and deferred charges (Note 14)	1,400,825	4,501,409
Total	324,668,780	235,455,326

The Board of Directors' allowances represents accrual based on management's estimate and will be finalized upon approval by the Company's shareholders at the General Assembly Meeting.

35. Exploration expenses

	Year ended December 31,	
	2012	2011
Salaries and staff related benefits	37,231,358	41,024,132
Contracted services	64,581,344	65,770,782
Overheads and other	8,529,669	3,348,751
Consumables	3,403,525	3,053,086
Repair parts	548,026	2,860,167
Total	114,293,922	116,056,918

36. Income from short-term investments

	Year ended December 31,	
	2012	2011
Income received and accrued on short-term investments	65,025,678	75,155,805

37. Financial charges

	Year ended December 31,	
	2012	2011
Public Investment Fund	48,029,945	2,175,209
Banque Saudi Fransi – as agent for the procurement facility participants	58,847,261	2,647,607
Al-Rajhi Bank	37,664,630	4,352,643
The Export Import Bank of Korea	19,052,039	717,024
Korea Export Insurance Corporation	8,804,106	388,334
Mizuho Corporate Bank Limited – as agent for the commercial facility participants	17,384,618	810,514
Saudi Industrial Development Fund	6,306,307	278,068
Arrangement fee and administrative charges for Revolving Credit Facility	89,687,500	-
Total	285,776,406	11,369,399

37.1 Summary of borrowing cost

	Year ended December 31,	
	2012	2011
Expensed during the year	285,776,406	11,369,399
Capitalized as part of qualifying assets in capital work-in-progress (Note 15)	758,894,160	567,151,492
Total	1,044,670,566	578,520,891

38. Earnings per ordinary share

	Year ended December 31,	
	2012	2011
Net income attributable to the shareholders' of the parent company	1,090,943,970	413,314,804
Weighted average number of ordinary shares in issue during the year (Note 27)	925,000,000	925,000,000
Basic and diluted earnings per ordinary share from continuing operations	1.18	0.45

Basic earnings per ordinary share is calculated by dividing the income attributable to the shareholders of the parent company by the weighted average number of ordinary shares in issue during the year.

39. Related party transactions and balances

39.1 Related party transactions

Transactions with a related party carried out during the year under audit, in the normal course of business, is summarized below:

	Year ended December 31,	
	2012	2011
Sales of MPC through SABIC during the year		
Since commencement of commercial production on October 1, 2011 for Ammonia and on February 1, 2012 for all other plants, disclosed in the income statement as part of sales	3,818,121,916	594,429,030
Before date of commencement of commercial production, the pre-commercial production revenue, net of cost of production and selling and marketing expenses during the year ended December 31, 2012 amounting to SR 46,523,650 (December 31, 2011: SR 766,327,322) has been credited against capital work-in-progress (Note 15)	154,560,262	1,227,916,669
Total	3,972,682,178	1,822,345,699
Payments to increase share capital received from Alcoa Inc. (Note 30)	899,834,943	899,186,716

39.2 Related party balances

Amount due from / (to) related parties arising from transaction with related parties are as follows:		
Receivables from related party		
Due from SABIC (Note 9)	446,823,500	280,596,018
Due from SAMAPCO (Note 9)	47,994,670	47,593,280
Payable to shareholder		
Accrued expenses – Alcoa Inc. (Note 20)	72,646,789	25,735,824
Due to Alcoa Inc. in respect of automotive sheet project (Note 26)	52,411,992	-
Payments to increase share capital received from Alcoa Inc. (Note 30)	731,891,457	821,488,065
Total	856,950,238	847,223,889
Long-term borrowings from a 50% shareholder in Ma'aden		
Due to PIF for the financing of the :		
MPC facility (Note 25.2)	3,667,201,146	4,000,001,250
MAC facility (Note 25.2)	3,993,016,061	2,248,712,948
MRC facility (Note 25.2)	2,291,061,791	-
Total	9,951,278,998	6,248,714,198

40. Operating lease agreements

	Year ended December 31,	
	2012	2011
Payments under operating leases recognized as an expense during the year	19,481,415	15,016,083
Future minimum operating lease commitments due under these operating leases are as follows:		
2012	-	15,016,083
2013	14,234,400	14,956,083
2014	14,174,400	14,956,083
2015	7,739,400	8,021,083
2016	2,514,400	2,796,083
2017 through 2029	21,922,800	28,364,693
Total	60,585,400	84,110,108

Operating lease payments represent mainly rentals payable by the Group for mining lease areas. Leases are negotiated for an average term of 15 to 30 years.

41. Commitments and contingent liabilities

	Year ended December 31,	
	2012	2011
Capital expenditures:		
Contracted for	15,571,333,296	14,701,023,625
Guarantees:		
Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies	171,000,000	171,000,000
Guarantee for the development of the aluminum project	225,000,000	1,537,500,000
Others	157,080	-
Total	396,157,080	1,708,500,000

Ma'aden has received a back-to-back letter of credit, for the development of the aluminum project, from Alcoa Inc. for their proportionate share of 25.1% in aluminum companies, of the total amount of letter of guarantees submitted by Ma'aden to the Government of Saudi Arabia.

42. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value risk, commission rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

42.1 Currency risk

Is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group transactions are principally in Saudi Riyals, Euros and U.S. dollars. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant.

42.2 Fair value

Is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Group's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

42.3 Commission rate risk

Is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. The Group's commission rate risks arise mainly from its short-term investments and long term-borrowings, which are at floating rate of commission and are subject to re-pricing on a regular basis. The Group monitors the fluctuations in commission rate.

Based on the Groups net debt outstanding at December 31, 2012, the effect on net earnings of a 1% movement in the US Dollar LIBOR commission rate would be SR 174 million (December 31, 2011: SR 84 million). These balances will not remain consistent throughout 2013.

42.4 Commodity price risk

Gold is priced in an active market in which prices respond to daily changes in quantities. The Group's normal policy is to sell its products at prevailing market prices. The Group does not generally believe commodity price hedging would provide long-term benefit to the shareholders.

42.5 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk from its operating activities (pertaining to trade receivables mainly). However, the cash collection is made at time of sales delivery and from its financing activities, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management. Cash and short-term investments are substantially placed with commercial banks with sound credit ratings.

The Group currently has two major customers which account for sales of approximately SR 1,045 million, representing 19% of the Group's sales for the year ended December 31, 2012 (December 31, 2011: SR 951 million representing 62% of Group's sales from two major customers). Trade receivables are carried net of allowance for doubtful debts, if needed.

42.6 Liquidity risk

Is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

43. Events after the reporting period

On January 6, 2013 MIC, a wholly owned subsidiary of the Saudi Arabian Mining Company (Ma'aden), received an amount of USD 140 million (in a fiduciary capacity) from the Ministry of Finance of the Kingdom of Saudi Arabia, in accordance with the Council of Ministers' Resolution No. 87, dated 28 Rabi ul Awal 1433H (corresponding to February 20, 2012), regarding the establishment of an industrial city in the Northern Borders Province by the name of "Waad Al-Shamal City for Mining Industries". The amount represents a partial payment of the amounts approved by the Council of Ministers for the establishment of the proposed industrial city.

The amount has been deposited in a separate bank account which will be accounted for in its own standalone accounting books. The amounts will be utilized in accordance with the Council of Ministers Resolution and replenished based on the presentation of supporting documents for the expenditures incurred, in accordance with Government's Regulations.

No other events have arisen subsequent to December 31, 2012 and before the date of signing the audit report, that could have a significant effect on the consolidated financial statements as at December 31, 2012.

44. Comparative figures

Certain comparative figures of the previous year have been reclassified, wherever necessary, to conform with the current year presentation and principally relates to the reclassification of the following balances:

- Advances received from Alcoa Inc. relating to project funding previously reflected under non-current liabilities has now been reclassified to non-controlling interest resulting in an increase in the net worth of the Group. Also refer note 30;
- Severance fees paid to the Government, previously shown as "Other (expenses) / income" is now being disclosed as part of "Cost of sales", in the statement of income, resulting in a decrease in gross profit and the operating income per share. Net income previously reported is unchanged;
- Intangible assets were previously included under "Pre-operating expenses and deferred charges" on the consolidated statement of financial position has now been transferred to a separate category of assets under non-current assets. The net book value of the assets transferred to intangible assets amounted to SR 12,334,823. The net assets of the Group remained unchanged due to this reclassification. Also refer note 17;
- Advances and prepayments amounting to SR 282,477,971 relating to the projects in progress are reclassified from current assets to the non-current assets. The net assets of the Group remained unchanged due to this reclassification. Also refer note 11;
- Employees' saving plan amounting to SR 9,703,962 was previously reflected under "Project and other payables" on the consolidated statement of financial position has now been reclassified to "Employee benefits" under the non-current liabilities. The net worth of the Group remained unchanged due to this reclassification. Also refer note 24; and
- Selling, marketing and logistic expenses amounting to SR 53,741,290 were previously netted off from "Sales" and are now being shown under operating expenses. The gross profit of the Group, previously reported, increased by SR 53,741,290, however, the net income previously reported is unchanged.

45. Detailed information about the subsidiaries and a jointly controlled entity

Subsidiary	Nature of business	Issued and paid-up Share capital		Effective group interest		Cost of investment by parent company	
		December 31,	December 31,			December 31,	December 31,
		2012	2011	2012	2011	2012	2011
				%	%		
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining	300,000,000	300,000,000	100	100	300,000,000	300,000,000
Ma'aden Industrial Minerals Company ("MIMC")	Kaolin, low grade bauxite and magnesite mining	500,000	500,000	100	100	500,000	500,000
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects	500,000	500,000	100	100	500,000	500,000
Ma'aden Phosphate Company ("MPC")	Phosphate mining and fertilizer producer	6,208,480,000	6,208,480,000	70	70	4,345,936,000	4,345,936,000
Ma'aden Aluminum Company ("MAC")	Aluminum ingots, t-bars, slabs and billets	4,805,774,426	2,688,816,000	74.9	74.9	3,599,525,045	2,013,923,184
Ma'aden Rolling Company ("MRC")	Aluminum sheets for can body and lids	1,922,125,000	472,125,000	74.9	74.9	1,439,671,625	353,621,625
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining	884,999,944	510,000,000	74.9	74.9	662,864,958	381,990,000
		14,122,379,370	10,180,421,000			10,348,997,628	7,396,470,809
Jointly controlled entity							
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride	900,000,000	900,000,000	50	50	450,000,000	450,000,000
Total		15,022,379,370	11,080,421,000			10,798,997,628	7,846,470,809

All the subsidiaries and jointly controlled entity listed above are incorporated in the Kingdom of Saudi Arabia.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated financial statements

for the year ended December 31, 2011

Commercial registration number 1010164391

Directors	Engr. Abdallah Bin Saif Al-Saif	Chairman
	H.E. Soliman Bin Saad Al-Hamyyd	
	H.E. Mohammed Bin Abdullah Al-Kharashi	
	Dr. Ziad Bin Abdulrahman Al-Sudairy	
	Mr. Sultan Bin Jamal Shawli	
	Engr. Khalid Al Mudaifer	
	Mr. Mansour Bin Saleh Al-Maiman	
	Engr. Khalid Bin Hamad Al-Senani	
	Mr. Abdulaziz bin Abdullah Al Sugair	

Registered address	Building number 395
	Abi bakr Asseddiq Road, South
	Exit 6, North Ring Road,
	Riyadh
	Kingdom of Saudi Arabia
Postal address	P.O. Box 68861
	Riyadh 11537
	Kingdom of Saudi Arabia

Bankers	The Saudi British Bank (SABB)

Auditors	PricewaterhouseCoopers
	King Faisal Foundation Building,
	North Tower, 10th Floor
	P.O. Box 8282
	Riyadh 11482
	Kingdom of Saudi Arabia

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Statement of Directors' responsibilities for the preparation and approval of the consolidated financial statements for the year ended December 31, 2011

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, set out on page 4, is made with a view to distinguishing the responsibilities of the management and those of the independent auditors in relation to the consolidated financial statements of Saudi Arabian Mining Company (Ma'aden) and its subsidiaries ("the Group")

The management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of the Group as at December 31, 2011, the results of its operations, changes in shareholders' equity and cash flows for the year then ended, in accordance with accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

In preparing the consolidated financial statements, the management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether SOCPA standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- preparing and presenting the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Group;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates;
- taking steps to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The consolidated financial statements for the year ended December 31, 2011 set out on pages 5 to 40, were approved and authorized for issue by the Board of Directors on February 14, 2012 and signed on its behalf by:

Engr. Khalid H. Al-Senani Authorized by the Board	Engr. Khalid Al Mudaifer President and Chief Executive Officer	Mr. Khalid Al-Rowais Chief Financial Officer

February 14, 2012
Riyadh
Kingdom of Saudi Arabia

PRICEWATERHOUSECOOPERS

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Independent auditor's report to the shareholders of Saudi Arabian Mining Company (Ma'aden) (A Saudi Arabian joint stock company)

Scope of audit

We have audited the accompanying consolidated balance sheet of Saudi Arabian Mining Company ("Ma'aden" or the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2011 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the notes from 1 to 40, which form an integral part of these consolidated financial statements. These consolidated financial statements, which were prepared by the Company in accordance with Article 123 of the Regulations for Companies and are presented to us with all information and explanations, are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified opinion

In our opinion, such consolidated financial statements taken as a whole:

- Present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2011 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in Saudi Arabia, appropriate to the circumstances of the Group; and
- Comply, in all material respects, with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of these financial statements.

PricewaterhouseCoopers

By: _____
Omar M. Al Sagga
License Number 369

بدايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص رقم ٢٥
PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTANTS
LICENSE NO. 25

February 14, 2012
Riyadh
Kingdom of Saudi Arabia

PricewaterhouseCoopers, License No. 25
Licensed Partners: Sami E. Farah (168), Omar M. Al Sagga (369), Khalid A. Mahdhar (368), Mohammed A. Al Obaidi (367), Abdulhamid M. S. Bushnaq (155), Ibrahim R. Habib (383)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated balance sheet as at December 31, 2011

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2011	2010
Assets			
Current assets			
Cash and cash equivalents	7	5,044,478,181	2,922,153,380
Short-term investments	8	6,181,085,507	8,783,974,813
Trade and other receivables	9	481,514,210	29,962,995
Inventories	10	561,796,672	303,911,264
Advances and prepayments	11	324,351,658	327,637,445
Due from Government	12	-	61,045,987
		12,593,226,228	12,428,685,884
Non-current assets			
Advances and prepayments	11	341,645,866	85,759,425
Investment in jointly controlled entity	13	448,154,100	-
Property, plant and equipment	14	7,450,689,814	212,586,444
Pre-operating expenses and deferred charges	15	500,125,224	298,839,709
Capital work-in-progress	16	22,239,884,168	21,690,987,323
		30,980,499,172	22,288,172,901
Total assets		43,573,725,400	34,716,858,785
Liabilities			
Current liabilities			
Projects and other payables	17	1,342,199,007	768,220,438
Accrued expenses	18	1,503,425,929	1,266,691,257
Zakat payable	19.2	141,108,124	207,342,181
Severance fees payable	20	83,433,989	54,454,280
Current portion of long-term borrowings	23.2	762,383,304	-
		3,832,550,353	2,296,708,156

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated balance sheet as at December 31, 2011
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2011	2010
Non-current liabilities			
Projects and other payables	17	821,488,065	-
Provision for mine closure and reclamation	21	90,884,799	90,923,831
Employee termination benefits	22	129,811,062	104,607,572
Long-term borrowings	23.2	18,815,478,234	13,517,087,339
		19,857,662,160	13,712,618,742
Total liabilities		23,690,212,513	16,009,326,898
Shareholders' equity			
Share capital	24	9,250,000,000	9,250,000,000
Statutory reserve			
Share premium	25	5,250,000,000	5,250,000,000
Transfer of net income	26	284,327,877	242,996,397
Retained earnings		2,202,108,620	1,830,125,296
Equity attributable to shareholders' of the parent company		16,986,436,497	16,573,121,693
Non-controlling interest	27	2,897,076,390	2,134,410,194
Total equity		19,883,512,887	18,707,531,887
Total liabilities and equity		43,573,725,400	34,716,858,785
Commitments and contingent liabilities	36		

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of income for the year ended December 31, 2011

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2011	2010
Sales	28	1,514,387,952	706,512,774
Cost of sales	29	(481,781,913)	(321,174,545)
Gross profit		1,032,606,039	385,338,229
Operating expenses			
General and administrative expenses	30	(235,455,326)	(214,156,213)
Exploration expenses	31	(116,056,918)	(78,156,089)
Technical services expenses		(14,188,139)	(14,050,195)
Operating income		666,905,656	78,975,732
Other (expenses) / income			
Share in net loss of jointly controlled entity	13	(1,845,900)	-
Provision for severance fees	20	(85,032,887)	(54,543,721)
Income from short-term investments	32	75,155,805	168,259,012
Financial charges		(11,369,399)	-
Other income / (expenses)		13,813,569	247,295
Income before zakat		657,626,844	192,938,318
Provision for zakat	19.2	(119,547,535)	(207,317,723)
Net income / (loss) for the year		538,079,309	(14,379,405)
Net income / (loss) attributable to:			
Shareholders' of the parent company	6	413,314,804	(9,187,814)
Non-controlling interest's share of year's net income / (loss) in subsidiary companies	27	124,764,505	(5,191,591)
		538,079,309	(14,379,405)
Earnings per ordinary share (Saudi Riyals)			
Operating income per share		0.72	0.09
Basic and diluted earnings / (loss) per share from continuing operations	33	0.45	(0.01)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of changes in shareholders' equity for the year ended December 31, 2011

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Equity attributable to shareholders of the parent company					Non-controlling interest	Total
		Share capital	Statutory reserve		Retained earnings	Total		
			Share premium	Transfer of net income				
January 1, 2010		9,250,000,000	5,250,000,000	242,996,397	1,839,313,110	16,582,309,507	1,782,303,285	18,364,612,792
Net loss for the year		-	-	-	(9,187,814)	(9,187,814)	(5,191,591)	(14,379,405)
Increase in non-controlling interest	27	-	-	-	-	-	357,298,500	357,298,500
December 31, 2010		9,250,000,000	5,250,000,000	242,996,397	1,830,125,296	16,573,121,693	2,134,410,194	18,707,531,887
Net income for the year		-	-	-	413,314,804	413,314,804	124,764,505	538,079,309
Net income transferred to statutory reserve	26	-	-	41,331,480	(41,331,480)	-	-	-
Increase in non-controlling interest	27	-	-	-	-	-	637,901,691	637,901,691
December 31, 2011		9,250,000,000	5,250,000,000	284,327,877	2,202,108,620	16,986,436,497	2,897,076,390	19,883,512,887

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of cash flows for the year ended December 31, 2011

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2011	2010
Operating activities			
Income before zakat		657,626,844	192,938,318
Adjustments for non-cash flow items:			
(Reversal) / increase of allowance for inventory obsolescence	10	(4,222,018)	8,447,524
Share in net loss of jointly controlled entity	13	1,845,900	-
Depreciation	14	174,150,305	77,850,130
Adjustment / written-off property, plant and equipment	14	8,973,299	106,432
Amortization of pre-operating expenses and deferred charges (mine closure)	15	20,157,539	20,648,567
Written-off pre-operating expenses and deferred charges	15	-	1,165,457
Provision for severance fees	20	85,032,887	54,543,721
Provision for employee termination benefits	22	35,231,278	27,413,350
Income from short term investments	32	(75,155,805)	(168,259,012)
Changes in working capital:			
Trade and other receivables	9	(451,551,215)	1,597,742
Inventories	10	(253,663,390)	(106,599,938)
Advances and prepayments	11	(252,600,654)	(102,716,757)
Due from Government	12	61,045,987	-
Projects and other payables – Trade	17	237,675,025	(5,488,839)
Accrued expenses – Trade	18	19,286,175	(79,817,974)
Zakat paid	19.2	(185,781,592)	(268,536,042)
Severance fee paid	20	(56,053,178)	(45,232,356)
Provision for mine closure and reclamation paid	21	(539,092)	-
Employee termination benefits paid	22	(10,027,788)	(7,793,601)
Net cash generated from / (utilized in) operating activities		11,430,507	(399,733,278)
Investing activities			
Income received from short-term investments		99,361,855	146,637,549
Short-term investments	8	2,578,683,256	(592,279,490)
Investment in jointly controlled entity	13	(181,730,185)	-
Additions to pre-operating expenses and deferred charges	15	(277,516,590)	(17,733,746)
Additions to capital work-in-progress / property, plant and equipment	16	(8,181,820,038)	(5,201,855,097)
Projects and other payables – Projects	17	1,157,791,609	146,722,963
Accrued expenses – Projects	18	217,448,497	377,868,875
Net cash utilized in investing activities		(4,587,781,596)	(5,140,638,946)
Financing activities			
Proceeds from long-term borrowings received	23.2	6,060,774,199	4,734,089,167
Changes in non-controlling interest	27	637,901,691	357,298,500
Net cash generated from financing activities		6,698,675,890	5,091,387,667

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

Consolidated statement of cash flows for the year ended December 31, 2011

(All amounts in Saudi Riyals unless otherwise stated)

Continued	Notes	2011	2010
Net change in cash and cash equivalents		2,122,324,801	(448,984,557)
Cash and cash equivalents at beginning of year		2,922,153,380	3,371,137,937
Cash and cash equivalents at the end of the year	7	5,044,478,181	2,922,153,380
Non-cash flow transactions			
Transfer from pre-operating expenses and deferred charges to investment in jointly controlled entity	13,15	31,939,887	-
Transfer from capital work-in-progress to investment in jointly controlled entity	13,16	236,329,928	-
Transfer from pre-operating expenses and deferred charges to property, plant and equipment	14,15	24,133,649	-
Depreciation capitalized in capital work-in-progress	14, 16	27,161,818	-
Transfer from capital work-in-progress to property, plant and equipment	14,16	7,418,903,021	39,708,413
Provision for mine closure charged to property, plant and equipment	14, 21	500,000	3,156,073
Utilization of mines closure provision	21	-	3,525,813

1. General information

Saudi Arabian Mining Company ("Ma'aden) (the "Company") was formed as a Saudi joint stock company pursuant to Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to March 23, 1997) and the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to March 17, 1997), with Commercial Registration No. 1010164391 dated 10 Zul Qaida 1421H (corresponding to February 4, 2001). The Company has an authorized share capital of SR 9,250,000,000 (Nine billion and two hundred fifty million Saudi Riyals) divided into 925,000,000 (Nine hundred and twenty five million) ordinary shares with a nominal value of SR 10 each.

The objectives of the Company and its subsidiaries (the "Group") are to be engaged in various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by-products. These activities exclude petroleum and natural gas and materials derived therefrom; any and all hydrocarbon substances, products, by-products and derivatives; and activities related to all stages of the oil industry and the industries associated therewith and supplementary thereto.

The Group's principal mining activities are at the Mahd Ad' Dahab, Al-Hajar, Bulghah, Al-Amar, Sukhaybarat, Az Zabirah and Al Zarghatt mines. Currently the Group mainly mines gold, low-grade bauxite, kaolin and magnesite.

The Group's major projects are phosphate, aluminum, and infrastructure and these are principally in the development stage.

The objective of the phosphate project is to exploit the Al Jalamid phosphate deposits in the Kingdom of Saudi Arabia and to manufacture diammonium phosphate ("DAP"), monoammonium phosphate ("MAP") and ammonia fertilizer products. The capital cost of the project is estimated to be SR 21 billion.

The objective of the aluminum project is to develop the bauxite mine, the alumina refinery, smelter and rolling mill as well as a power plant for the production of aluminum and related products in the Kingdom of Saudi Arabia. In December 2009, the Company entered into an agreement with Alcoa Inc. Incorporated, ("Alcoa Inc.") for the development of the aluminum project. The Company has a 74.9% interest in the aluminum project, and Alcoa Inc. has a 25.1% interest. The total cost of the project is estimated to be SR 40.5 billion. Alcoa Inc. also agreed to reimburse the Company for 25.1% of the aluminum project's costs incurred by the Company before Alcoa Inc.'s participation. As of December 31, 2011, an amount of SR 212 million has been received from Alcoa Inc. in respect of its agreed portion of the aluminum project's costs.

The infrastructure project relates to the development, construction and delivery of services in the Ras Al-Khair area, and other mining and industrial locations of the Company as required.

2. Group structure

The Company has the following subsidiaries and jointly controlled entity, all incorporated in the Kingdom of Saudi Arabia:

Subsidiary	Type of company	Effective ownership at December 31,	
		2011	2010
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	100%	100%
Ma'aden Phosphate Company ("MPC")	Limited liability company	70%	70%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	100%	100%
Ma'aden Industrial Minerals Company ("MIMC")	Limited liability company	100%	100%
Ma'aden Aluminum Company ("MAC")	Limited liability company	74.9%	74.9%
Ma'aden Rolling Company ("MRC")	Limited liability company	74.9%	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	74.9%	-
Jointly controlled entity			
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Limited liability company	50%	-

MGBM was incorporated on August 9, 1989, which was then managed by Petromin and thereafter its assets were transferred to Ma'aden as a part of its capital. MGBM's activities are mainly related to the production and exploration of gold and associated minerals existing within their mining lease area by way of drilling, mining, concentrating, smelting to than extract, refine, export and sell such minerals in their original or refined form.

MPC was incorporated on January 1, 2008 to be a phosphate fertilizer producer and is currently in the development stage. Saudi Basic Industries Corporation ("SABIC") holds a 30% interest in MPC, and it is accounted for as a non-controlling interest in these consolidated financial statements. Accordingly, the non-controlling interest in the consolidated balance sheet, and their share of profit / loss attributable to the non-controlling interest in these consolidated statement of income, represent SABIC's share in the net assets and profit / loss of MPC. During March 2010, the shareholders of MPC passed a resolution to increase the share capital of MPC by issuing 24,598 ordinary shares at a nominal value of SR 245,980,000. The Company and SABIC paid their proportionate share of the increase in share capital amounting to SR 245,980,000 during the year ended December 31, 2010.

MIC was incorporated on August 17, 2008 to manage the infrastructure project to develop, construct and operate the infrastructure and provide services to Ras Al-Khair Area, and other mining and industrial locations of the Group.

MIMC was incorporated on March 31, 2009 to manage the industrial minerals sector of the Group. Its activities are mainly related to exploring and developing industrial minerals.

MAC was incorporated on October 10, 2010 and is currently in the development stage. Its activities are mainly related to the production of aluminum ingots, t-bars, slabs and billets. Alcoa Inc., through its subsidiary Alcoa Smelting Inversiones S.L Company ("ASC") holds a 25.1% interest in MAC, which is accounted for as a non-controlling interest in these consolidated financial statements. MAC is a company incorporated in Saudi Arabia and is a subsidiary of Ma'aden.

MRC was incorporated on October 10, 2010 and is currently in the development stage. Its activities are mainly related to the production of aluminum sheets for can body and lids. Alcoa Inc., through its subsidiary Alcoa Saudi Rolling Inversiones S.L Company ("ARC") holds a 25.1% interest in MRC, which is accounted for as non-controlling interest in these consolidated financial statements. MRC is a company incorporated in Saudi Arabia and is a subsidiary of Ma'aden.

MBAC was incorporated on January 22, 2011 and is currently in the development stage. Its activities are mainly related to the production and refining of bauxite and the production of alumina. Alcoa Inc., through its subsidiary AWA Saudi Limited holds a 25.1% interest in MBAC, which is accounted for as a non-controlling interest in these consolidated financial statements. MBAC is a company incorporated in Saudi Arabia and is a subsidiary of Ma'aden.

SAMAPCO was incorporated on August 14, 2011 and is currently in the development phase. Its activities are mainly related to the production of concentrated caustic soda and ethylene dichloride and to the supply of the entire production of concentrated caustic soda to the alumina refinery at MBAC. The project is a 50:50% joint venture between Ma'aden and Sahara Petrochemicals, which is accounted for as an investment in a jointly controlled entity under the equity method of accounting in these consolidated financial statements. SAMAPCO is a company incorporated in Saudi Arabia and is a joint venture company of Ma'aden.

The financial year ends of all the subsidiaries and joint venture coincide with that of the parent company.

3. Basis of preparation

The accompanying consolidated financial statements have been prepared under the historic cost convention on the accrual basis of accounting and in compliance with the accounting standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA").

These consolidated financial statements are presented in Saudi Riyals which is both the functional and reporting currency of the Group.

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, except for the change in accounting policies mentioned in Notes 4.8 and 4.17.

4.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "intangible assets" in the accompanying balance sheet. Goodwill is tested annually for impairment and carried at cost, net of any accumulated amortization and impairment losses, if any.

Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Jointly controlled entity

A joint venture exists where the Group has a contractual arrangement with one or more parties to undertake activities typically, however not necessarily, through entities that are subject to joint control.

The Group recognises its interests in a jointly controlled entity using the equity method of accounting. The Group's share of the results of joint ventures is based on the financial statements prepared up to a date not earlier than three months before the consolidated balance sheet date, adjusted to conform with the accounting polices of the Group, if any. Intragroup gains on transactions are eliminated to the extent of the Group's interest in the investee. Intragroup losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

4.2 Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

4.3 Cash and cash equivalents

Cash and cash equivalents balance includes cash on hand, cash in banks and time deposits with an original maturity of three months or less at the date of acquisition.

4.4 Short-term investments

Short term investments include placements with banks and other short-term highly liquid investments with original maturities of more than three months but not more than one year from the date of acquisition.

4.5 Trade receivables

Trade receivables are carried at the original sales invoice amount less an allowance for doubtful debts (if any). An allowance for doubtful debts is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. Such allowances are charged to the consolidated statement of income and reported under "General and administrative expenses". When a trade receivable is uncollectible, it is written-off against the allowance for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the consolidated statement of income.

4.6 Inventories

Refined metals

Refined metals are measured at the lower of net cost of production or net realizable value. The net cost of production is determined as the total cost of production divided by the saleable unit output.

Production costs include:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore; and
- production overheads.

Work-in-process

The cost of work-in-process is determined using weighted average basis.

Ore stockpiles

Ore stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence because it exceeds the mine's cut-off grade and due to economic viability, it is valued at the lower of net cost of production or net realizable value. Quantities of stockpiles and work-in-process are assessed primarily through surveys and assays.

Stores and materials

Stores and spares are valued at the weighted average cost basis less an allowance for obsolete and slow moving items.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

4.7 Financial assets and liabilities

Financial assets and liabilities carried on the consolidated balance sheet principally include cash and cash equivalents, short-term investments, trade and other receivables, projects and other payables, accrued expenses and borrowings.

A financial asset and liability is offset and net amounts reported in the consolidated financial statements, when the Group has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

4.8 Property, plant and equipment

Property, plant and equipment are stated at the historical cost less accumulated depreciation. Depreciation is provided over the shorter of estimated economic useful lives of the applicable assets or the estimated life-of-mine using the straight-line method. The estimated useful lives of the principal classes of assets are as follows:

	Number of years
Buildings	9 – 33
Heavy equipment	5 – 20
Fixed plant and heap leach facilities	4 – 20
Other equipment	4 – 20
Office equipment	4 – 10
Furniture and fixtures	4 – 10
Mobile and workshop equipment	10
Mining assets	2 - 8
Laboratory and safety equipment	5
Computer equipment	5
Motor vehicles	4
Civil works	4

During the year ended December 31, 2011, the Group decided to include the cost of mine closure and reclamation within Property, plant and equipment by classifying such cost in a new group of assets called "Mining assets" and transferred the historical cost and accumulated depreciation from Pre-operating expenses and deferred charges, where it was previously disclosed. Also see policy on "Mine closure and reclamation" in Note 4.17.

The effect of the above mentioned change in accounting policy, in the accompanying financial statements, is not considered to be significant and hence, comparative figures are not restated.

Maintenance and normal repairs which do not materially extend the estimated economic useful life of an asset are charged to the consolidated statement of income as and when incurred. Major renewals and improvements, if any, are capitalized.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated statement of income.

Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets.

4.9 Pre-operating expenses and deferred charges

Exploration, evaluation, development and pre-operating expenses are expensed in the year incurred until a prospective exploration project or mine is identified as having economic development potential. Once a prospective exploration project or mine has been determined to have economic development potential, the subsequent development and pre-operating expenses incurred on the project or mine are deferred and then amortized over the expected life-of-mine or a period of seven years whichever is lower. If a project or mine is no longer considered economical, the accumulated project costs are charged to consolidated statement of income in the year in which the determination is made.

Technical services expenditure arises from detailed assessment of deposits or other projects that have been identified as having economic potential. Technical services are charged to the statement of income. However, when there is a high degree of confidence in the project's viability and hence it is probable that future economic benefits will flow to the Company such expenditures are capitalized.

4.10 Striping ratio

The Group also defers waste mining costs and has estimated the average of the waste-to-ore ratio for the quantities contained within the final pit design of the mine. This average is used to calculate the annual waste mining costs to be expensed as follows:

Average ratio of waste to ore mined	x	Quantity of ore mined	x	Average unit cost of total tonnes mined

In years when the actual costs of waste are higher than the costs expensed according to this formula, the difference is deferred to be expensed in a future year when the actual costs are less than the amount to be expensed.

4.11 Capital work-in-progress

Assets in the course of construction are capitalized in the capital work-in-progress account. On completion, the cost of the related asset is transferred to the appropriate category of property, plant and equipment. The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Costs associated with a start-up period are capitalized where the asset is available for use but incapable of operating at normal levels during the commissioning period net of the proceeds from the sale of any production during the development period. Capital work-in-progress is not depreciated.

4.12 Asset impairment

The Group assesses its assets at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value-in-use.

Assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When it becomes evident that the circumstances which resulted in the impairment no longer exist, the impairment amount is reversed (with the exception of goodwill) and recorded as income in the consolidated statement of income in the year in which such reversal is determined.

4.13 Trade payable and accruals

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

4.14 Zakat

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). A provision for zakat for the Company and zakat related to the Company's subsidiaries is charged to the consolidated statement of income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

4.15 Severance fees

Effective from period 2005 onwards, as per the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Company is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income or the equivalent of the hypothetical income tax, whichever is the lower. Severance fee is charged to income on a monthly basis and is adjusted at the end of each quarter. The Zakat due shall be deducted from the amount.

4.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation in the future; and the amount can be reliably estimated.

4.17 Mine closure and reclamation

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure or rehabilitation. Mine closure and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of current laws and regulations.

Provisions for the cost of each closure and rehabilitation program are recognized at the time the mining activities occur. When the extent of the mining activities increases over the life-of-mine, the provision is increased accordingly.

Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life-of-mine and at the time of closure in connection with the mining activities at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized 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 upon a number of factors such as:

- the life-of-mine,
- the operating license conditions, and
- the environment in which the mine operates.

The full estimated costs are capitalized as part of mining assets, under property, plant and equipment and then depreciated as an expense over the expected life-of-mine on straight-line basis. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgments and estimates involved. Factors influencing those changes include:

- revisions to estimated ore reserves, mineral resources and lives of mines;
- developments in technology;
- regulatory requirements and environmental management strategies; and
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation.

In prior years, the full estimated mine closure and reclamation costs capitalized were deferred (included within pre-operating expenses and deferred charges) and then amortized to expense over the expected life-of-mine on straight-line basis but not exceeding seven years. As a consequence of the change in accounting policy mentioned in Note 4.8 during the year ended December 31, 2011 cost capitalized relating to mine closure and reclamation will now be depreciated over the expected life-of-the mine.

The effect of the above mentioned change in accounting policy, in the accompanying financial statements, is not considered to be significant and hence, comparative figures are not restated.

4.18 Employees termination benefits

Employees' end-of-service benefits are payable as a lump sum to all employees employed under the terms and conditions of Saudi Labor and Workman Law on termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia.

4.19 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. Other borrowing costs are charged to consolidated statement of income.

4.20 Revenue recognition

Revenue is recognized when all the following conditions are met:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Company; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Revenues are shown net of discounts and transportation expenses, and after eliminating sales within the Group.

Sales revenue is commonly subject to an adjustment based on an inspection of the product by the customer. In such cases, sales revenue is initially recognized on a provisional basis using the Company's best estimate of contained metal, and adjusted subsequently.

Investment income consists of earnings on bank deposits and is recognized on an accrual basis.

4.21 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

4.22 Savings plan program

In accordance with clause 137 of the Labor Regulations, and in furtherance to clause 76 of the Company's Internal Work Regulation approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to July 19, 1999) issued by H.H. Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Company to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Company.

Participation in the Savings Plan Program is restricted to Saudi nationals and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SR 300. The Company will contribute an amount equaling 10% of the monthly savings of each member per annum for the first year and increase it by 10% in the year after it reaches 100% at the 10th year, which will in turn be credited to the savings accounts of the member. The Company's portion is charged to the consolidated statement of income on a monthly basis. The Company's portion will only be paid upon termination or resignation of the employee.

4.23 Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to consolidated statement of income on a straight-line basis over the term of the operating lease.

5. Critical accounting estimates, assumptions and judgments

The preparation of consolidated financial statements in conformity with generally accepted accounting standards requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

The most significant areas requiring the use of management's assumptions, estimates and judgments relate to:

- reserve and resource estimates;
- economic useful lives of property, plant and equipment;
- impairment and reversal of impairment of assets;
- allowances;
- mine closure and environmental obligations;
- zakat; and
- contingencies.

Reserve and resource estimates

There is a degree of uncertainty involved in the estimation and classification of ore reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, the quantity of ore reserve and mineral resource grades must be considered as estimates only. What is more, the quantity of ore reserves and mineral resources may vary depending on, among other things, metal prices and currency exchange rates. The ore reserve estimates of the Company have been determined based on assumed gold prices, cut-off grades and costs that may prove to be inaccurate. Any material change in the quantity of reserves, mineral resources, grade or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will give the same result in larger scale tests under on-site conditions or during production.

Fluctuation in gold prices, the results of drilling, metallurgical testing and production, and the evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. The volume and grade of ore reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of ore reserves and mineral resources, or of the Company's ability to extract these ore reserves, could have a material adverse effect of the Company's business, prospects, financial condition and operating results.

Economic useful lives of property, plant and equipment

The Group's mining assets, classified within property, plant and equipment, are amortized on a straight-line basis over the lesser of their economic useful lives or the life-of-mine. When determining the life-of-mine, assumptions that were valid at the time of estimation, may change when new information becomes available.

The factors that could affect estimation of the life-of-mine include the following:

- changes in proven and probable ore reserves;
- the grade of ore reserves varying significantly from time to time;
- differences between actual commodity prices and commodity price assumptions used in the estimation and classification of ore reserves;
- unforeseen operational issues at mine sites; and
- changes in capital, operating, mining, processing and reclamation costs, discount rates could possibly adversely affect the economic viability of ore reserves.

Any of these changes could affect prospective depreciated of mining assets and their carrying value. The economic useful lives of non-mining property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Impairment and reversal of impairment of assets

The Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets are impaired or whether there is any indicator that an impairment loss recognized in previous years may no longer exist or may have decreased.

Allowances

The Group also creates an allowance for obsolete and slow-moving spare parts. At December 31, 2011, the allowance for obsolete slow-moving items amounted to SR 19 million (December 31, 2010: SR 23 million). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated balance sheet date to the extent that such events confirm conditions existing at the end of the year.

Mine closure and environmental obligations

The Group's mining and exploration activities are subject to various environmental laws and regulations. The Group estimates environmental obligations based on management's understanding of the current legal requirements in the various jurisdictions in which it operates, terms of the license agreements and engineering estimates. Provision is made, for decommissioning and land restoration costs as soon as the obligation arises. Actual costs incurred in future years could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mime estimates could affect the carrying amount of this provision.

Zakat

During the year ended December 31, 2011, an amount of SR 186 million relating to year ended 2010 was paid to DZIT but no zakat assessments were finalized by the DZIT. Where the final zakat outcome of these matters is different from the amounts that were initially recorded, such differences will impact the zakat provisions in the year in which such determinations are made.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

6. Segmental information

Segment reporting

(a) Business segment

A business segment is group of assets, operations or entities:

(i) engaged in revenue producing activities;

(ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and

(iii) financial information is separately available.

The Group's operations consist of the following business segments:

- The corporate segment, includes the corporate operations, and projects under development.
- The gold segment, consists of operations related to the mining of gold and is carried out through MGBM. This segment currently operates Mahd Ad Dahab, Al-Hajar, Bulghah, Sukhaybarat and Al Amar mines which are located in different geographical areas in the Kingdom of Saudi Arabia.
- The phosphate segment, consist of operations related to the mining of phosphate and utilization of national resources of natural gas and sulphur to manufacture DAP, MAP and ammonia fertilizer products and is carried out through MPC. This segment is currently in its development stage and has commenced trial run testing in the last quarter of 2010 and is expected to start commercial operation during 2012, except for ammonia plant for which commercial production was declared on October 1, 2011.
- The aluminum segment, consists of the operations related to the development of an aluminum mine, refinery, smelter, rolling mill and power plant for the production of aluminum and related products. This segment is currently in the development stage and is expected to commence commercial operation during 2013 and 2014. Chlor alkali segment consists of the operations related to the development of concentrated caustic soda and ethylene dichloride complex for the production of concentrated caustic soda, chlorine and ethylene dichloride and the supply of entire production for use in alumina refinery at Ma'aden Bauxite and Alumina Company. This segment is currently in the development stage and is expected to commence commercial operation during 2013.
- The industrial minerals segment, consist of operations related to the mining of industrial minerals carried out through MIMC, which currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and is in the final stage of developing a high grade magnesite mine and processing plant at Al Madinah Al Munawarah operations commenced partially during 2011.
- The infrastructure segment, relates to the development, construction and delivery of services in the Ras Al-Khair Area, and other mining and industrial locations of the Group as required. This segment is currently in its development stage.

There are no significant inter-segment revenues

	Note	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
December 31, 2011								
Sales	28	-	900,853,900	540,687,740	-	70,523,183	2,323,129	1,514,387,952
Gross profit		-	610,638,471	451,267,851	-	22,912,563	(52,212,846)	1,032,606,039
Income from short-term investments	32	71,043,144	3,896,593	-	-	7,880	208,188	75,155,805
Net income / (loss) attributable to shareholders' of the parent company		(234,550,176)	391,374,105	294,354,152	(4,139,716)	19,735,628	(53,459,189)	413,314,804
Investment in jointly controlled entity	13	-	-	-	448,154,100	-	-	448,154,100
Property, plant and equipment	14	108,655,397	136,801,387	6,396,424,564	126,906	253,594,897	555,086,663	7,450,689,814
Pre-operating expenses and deferred charges	15	16,492,509	130,442,981	128,728,397	210,020,943	14,440,394	-	500,125,224
Capital work-in-progress	16	16,380,365	19,134,128	11,941,413,972	9,966,403,230	74,335,961	222,216,512	22,239,884,168
Total assets		4,751,093,751	1,310,426,260	21,749,632,574	14,550,923,434	391,648,376	820,001,005	43,573,725,400
December 31, 2010								
Sales	28	-	676,381,347	-	-	30,131,427	-	706,512,774
Gross profit		-	371,255,322	-	-	14,082,907	-	385,338,229
Income from short-term investments	32	166,276,472	1,982,540	-	-	-	-	168,259,012
Net income / (loss) attributable to shareholders' of the parent company		(220,848,539)	215,837,507	(17,305,305)	-	13,128,523	-	(9,187,814)
Property, plant and equipment	14	70,506,067	138,316,059	3,764,318	-	-	-	212,586,444
Pre-operating expenses and deferred charges	15	8,527,351	105,530,174	162,674,081	7,080,197	15,027,906	-	298,839,709
Capital work-in-progress	16	60,546,550	21,792,745	18,074,500,793	2,493,825,789	307,327,968	732,993,478	21,690,987,323
Total assets		8,196,439,526	871,745,514	20,616,692,431	4,004,761,199	361,730,427	665,489,688	34,716,858,785

The net income amount of the corporate segment excludes share in earnings of subsidiary companies. Also, the total assets amount in this segment excludes investment balances with respect to subsidiary companies.

b) Geographical segment

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group's operation is conducted only in Saudi Arabia.

7. Cash and cash equivalents

	2011	2010
Term deposits with original maturities equal to or less than three months at acquisition	4,241,502,076	2,248,600,000
Cash and bank balances	802,976,105	673,553,380
Total	5,044,478,181	2,922,153,380

8. Short-term investments

	2011	2010
Short-term deposits placed with commercial banks	6,181,085,507	8,783,974,813

Short-term investments yield financial income at prevailing market rates.

9. Trade and other receivables

	2011	2010
Trade	470,757,985	20,469,398
Other	10,756,225	9,493,597
Total	481,514,210	29,962,995

Trade receivables as of December 31, 2011 includes:

Due from SABIC (Note 34.2)	280,596,018	-
Due from SAMAPCO (Note 34.2)	47,593,280	-

10. Inventories

	2011	2010
Finished goods – ready for sale	136,556,423	86,296,731
By-products	21,687,342	21,002,116
Work-in-progress at net production cost	180,041,210	97,132,154
Raw materials	83,662,590	11,459,884
Stockpile of mined ore	37,400,735	8,066,838
Total inventories	459,348,300	223,957,723
Spare parts and consumables materials	121,271,026	102,998,213
Allowance for obsolete slow-moving spare parts and consumable materials	(18,822,654)	(23,044,672)
Total spare parts and consumables	102,448,372	79,953,541
Total	561,796,672	303,911,264

The spare parts inventory primarily relates to plant and machinery and, accordingly, this inventory is expected to be utilized over a period exceeding one year.

Movement in the allowance for inventory obsolescence is as follows:

	2011	2010
January 1	23,044,672	14,597,148
(Reversal) / increase of allowance for obsolescence	(4,222,018)	8,447,524
December 31	18,822,654	23,044,672

11. Advances and prepayments

	2011	2010
Current portion:		
Advances to contractors	273,980,028	295,361,176
Advances to employees	3,519,124	2,074,284
Other prepayments	46,852,506	30,201,985
Total	324,351,658	327,637,445
Non-current portion:		
Advances to contractors	336,452,533	81,009,425
Other prepayments	5,193,333	4,750,000
Total	341,645,866	85,759,425

Advances and prepaid expenses mainly represent advances paid by MAC, MRC, MBAC and MPC in relation to the development of their sites.

12. Due from Government

The balance represented cost incurred to finance the required feasibility studies for the Railway Line Project, linking the Northern Area (Al Jalamid) with the fertilizer plant at Ras Al-Khair (Note 34.2). The amount has been repaid in full on July 13, 2011.

13. Investment in jointly controlled entity

	2011	2010
Investment of 50% in the issued share capital of SAMAPCO, at cost	450,000,000	-
Share in net loss for the period since incorporation	(1,845,900)	-
Total	448,154,100	-

The investment in SAMAPCO comprises of:

Contribution in kind:	
Pre-operating and deferred charges (Note 15)	31,939,887
Capital work-in-progress (Note 16)	236,329,928
Cash paid	181,730,185
Total	450,000,000

14. Property, plant and equipment

	Notes	Land	Mining assets	Motor vehicles	Heavy equipment	Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
Cost												
January 1, 2010		22,550,000	-	23,933,387	55,847,670	352,957,344	101,681,944	216,378,789	24,891,216	23,826,672	12,445,447	834,512,469
Transfer from capital work-in-progress	16	-	-	1,044,925	10,356,076	3,095,260	4,666,604	5,432,363	6,513,207	5,155,013	3,444,965	39,708,413
Adjustments / write-offs		-	-	(138,300)	-	-	-	-	-	(11,351)	-	(149,651)
December 31, 2010		22,550,000	-	24,840,012	66,203,746	356,052,604	106,348,548	221,811,152	31,404,423	28,970,334	15,890,412	874,071,231
Additions		-	-	-	-	-	-	4,852,122	-	-	-	4,852,122
Transfer from capital work-in-progress	16	-	-	2,480,039	151,497,824	6,617,271,169	225,499,837	371,073,126	24,599,632	15,750,840	10,730,554	7,418,903,021
Transfer from pre-operating expenses and deferred charges	15	-	62,713,264	-	-	-	-	-	-	-	-	62,713,264
Deferred cost of mine closure and reclamation	21	-	500,000	-	-	-	-	-	-	-	-	500,000
Adjustments / write-offs		-	-	(4,800,226)	(7,619,032)	(2,002,846)	(92,500)	(3,934,960)	(1,686,374)	(1,204,967)	(2,742,298)	(24,083,203)
December 31, 2011		22,550,000	63,213,264	22,519,825	210,082,538	6,971,320,927	331,755,885	593,801,440	54,317,681	43,516,207	23,878,668	8,336,956,435
Accumulated depreciation												
January 1, 2010		-	-	23,145,186	28,397,111	268,573,976	37,291,133	182,583,635	13,279,948	21,485,984	8,920,903	583,677,876
Charge for the year		-	-	1,414,359	7,314,035	39,453,444	8,620,760	14,045,233	4,143,641	2,056,196	802,462	77,850,130
Adjustments / write-offs		-	-	(43,219)	-	-	-	-	-	-	-	(43,219)
December 31, 2010		-	-	24,516,326	35,711,146	308,027,420	45,911,893	196,628,868	17,423,589	23,542,180	9,723,365	661,484,787
Charge for the year		-	-	2,518,880	13,627,424	110,879,166	20,682,785	35,990,749	9,786,238	5,059,420	2,767,461	201,312,123
Transfer from pre-operating expenses and deferred charges	15	-	38,579,615	-	-	-	-	-	-	-	-	38,579,615
Adjustments / write-offs		-	-	(6,289,625)	(2,942,296)	(254,814)	(92,500)	(3,066,098)	(604,726)	(1,283,966)	(575,879)	(15,109,904)
December 31, 2011		-	38,579,615	20,745,581	46,396,274	418,651,772	66,502,178	229,553,519	26,605,101	27,317,634	11,914,947	886,266,621
Net book value												
December 31, 2010		22,550,000	-	323,686	30,492,600	48,025,184	60,436,655	25,182,284	13,980,834	5,428,154	6,167,047	212,586,444
December 31, 2011		22,550,000	24,633,649	1,774,244	163,686,264	6,552,669,155	265,253,707	364,247,921	27,712,580	16,198,573	11,963,721	7,450,689,814

Property, plant and equipment of MPC with a net book value at December 31, 2011 of SR 6,396,424,564 (2010: SR 3,764,318) are pledged as security to lenders under the Common Term Financing Agreement (Note 23.5).

14. Property, plant and equipment (continued)

	Notes	Year ended December 31	
		2011	2010
Allocation of depreciation charge for the year			
To capital work-in-progress	16	27,161,818	-
To cost of sales	29	167,185,259	73,779,722
To general and administration expenses	30	6,965,046	4,070,408
Total		201,312,123	77,850,130

15. Pre-operating expenses and deferred charges

	Notes	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Total
Cost							
January 1, 2010		27,898,608	178,728,373	121,498,507	65,252,596	16,234,380	409,612,464
Additions during the year		4,375,878	25,393,490	41,175,574	56,577,601	713,400	128,235,943
Deferred cost of mine closure and reclamation, net	21	-	3,156,073	-	-	-	3,156,073
Adjustments/written off		-	-	-	(114,750,000)	-	(114,750,000)
December 31, 2010		32,274,486	207,277,936	162,674,081	7,080,197	16,947,780	426,254,480
Additions during the year		10,340,851	65,506,198	9,096,538	234,880,633	734,592	320,558,812
Transfer to property, plant and equipment (mining assets)	14	-	(62,713,264)	-	-	-	(62,713,264)
Adjustments/written off		-	-	(41,306,088)	-	-	(41,306,088)
Transfer to inventory during the year		-	-	(1,736,134)	-	-	(1,736,134)
Transfer to SAMAPCO	13	-	-	-	(31,939,887)	-	(31,939,887)
December 31 , 2011		42,615,337	210,070,870	128,728,397	210,020,943	17,682,372	609,117,919
Amortization							
January 1, 2010		19,261,313	89,657,317	-	-	929,920	109,848,550
Charge for the year		4,485,822	15,172,791	-	-	989,954	20,648,567
Reversal of provision		-	(3,082,346)	-	-	-	(3,082,346)
December 31, 2010		23,747,135	101,747,762	-	-	1,919,874	127,414,771
Charge for the year		2,375,693	16,459,742	-	-	1,322,104	20,157,539
Transfer to property, plant and equipment (mining assets)	14	-	(38,579,615)	-	-	-	(38,579,615)
December 31, 2011		26,122,828	79,627,889	-	-	3,241,978	108,992,695
Net book value							
December 31, 2010		8,527,351	105,530,174	162,674,081	7,080,197	15,027,906	298,839,709
December 31, 2011		16,492,509	130,442,981	128,728,397	210,020,943	14,440,394	500,125,224

Pre-operating expenses and deferred charges of MPC, MAC, MRC and MBAC with a net book value, before consolidation elimination at December 31, 2011, of SR 432,078,591 (2010: SR 169,754,278) are pledged as security to the lenders under the Common Term Agreement (Note 23.5).

Certain amounts included within pre-operating expenses and deferred charges, due to the development stage activities, have been reclassified to capital work-in-progress following the conclusion of the related engineering review process.

15. Pre-operating expenses and deferred charges (continued)

	Notes	Year ended December 31	
		2011	2010
Allocation of amortization charge for the year			
To cost of sales	29	15,656,130	16,134,349
To general and administration expenses	30	4,501,409	4,514,218
Total		20,157,539	20,648,567

16. Capital work-in-progress

	Notes	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	2011
Cost								
January 1, 2010		60,047,900	21,295,817	14,993,111,448	811,527,784	170,002,910	452,352,069	16,508,337,928
Additions during the year		5,792,085	30,548,406	3,085,430,649	1,695,303,401	137,530,158	280,641,409	5,235,246,108
Transfer to property, plant and equipment	14	(5,293,435)	(30,051,478)	(4,041,304)	(117,096)	(205,100)	-	(39,708,413)
Adjustments		-	-	-	(12,888,300)	-	-	(12,888,300)
December 31, 2010		60,546,550	21,792,745	18,074,500,793	2,493,825,789	307,327,968	732,993,478	21,690,987,323
Additions during the year		4,429,670	34,569,606	1,081,349,436	7,708,907,369	26,190,342	93,484,425	8,948,930,848
Transfer to property, plant and equipment	14	(48,595,855)	(37,228,223)	(6,475,270,753)	-	(253,546,799)	(604,261,391)	(7,418,903,021)
Depreciation capitalized during the year	14	-	-	27,161,818	-	-	-	27,161,818
Credit for pre-commercial production revenue, net of cost		-	-	(766,327,322)	-	(5,635,550)	-	(771,962,872)
Transfer to SAMAPCO	13	-	-	-	(236,329,928)	-	-	(236,329,928)
December 31, 2011		16,380,365	19,134,128	11,941,413,972	9,966,403,230	74,335,961	222,216,512	22,239,884,168

During the year ended December 31, 2011, MPC capitalized an additional SR 185 million (2010: SR 259 million) and MAC capitalized SR 287 million of net finance costs. The borrowing relates to qualifying assets.

Capital work-in-progress of MPC, MAC, MRC and MBAC with a net book value, before consolidation elimination at December 31, 2011, of SR 21,983,618,181 (2010: 19,557,241,626) are pledged as security to the lenders under the Common Term Agreement (Note 23.5).

16. Capital work-in-progress (continued)

	Year ended December 31
	2011
Pre-commercial production revenue net of production cost comprises of the following	
Phosphate (MPC)	
Ammonia sales through SABIC, net of production cost (Note 34.1)	655,956,984
DAP sales, net of production cost	110,370,338
	766,327,322
Industrial minerals (MIMC)	
Caustic calcined magnesia sales, net of production cost	5,635,550
Total amount of pre-commercial production revenue, net of production cost	771,962,872

17. Projects and other payables

	2011	2010
Current portion:		
Projects	1,014,225,034	677,921,490
Trade	303,112,761	61,803,994
Savings plan	8,144,214	4,979,880
Other	16,716,998	23,515,074
Total	1,342,199,007	768,220,438
Non-current portion		
Advances from Alcoa Inc. (Note 34.2)	821,488,065	-
Total	821,488,065	-

Project payables mainly represents the liability in respect of contracts cost arising from MAC, MRC, MBAC and MPC.

Advances received from Alcoa Inc. are for the development of MAC, MRC and MBAC.

18. Accrued expenses

	2011	2010
Projects	1,408,791,387	1,191,342,890
Trade	46,043,704	36,113,922
Employees	48,590,838	39,234,445
Total	1,503,425,929	1,266,691,257

Accrued expenses for projects mainly represents the contracts cost accruals in relation to MAC, MRC, MBAC and MPC.

19. Zakat

19.1 Components of zakat base

The significant components of the Zakat base of each company under the zakat and income tax regulation are comprised of

- shareholders' equity,
- provisions at the beginning of the year,
- long term borrowings,
- adjusted net income,
- net book value of property, plant and equipment,
- net book value of pre-operating expenses and deferred charges, and
- certain other items

Zakat is calculated at 2.5% of the greater of the zakat base or adjusted net income

19.2 Zakat payable

	Year ended December 31	
	2011	2010
January 1	207,342,181	268,560,500
Provision for zakat	119,547,535	207,317,723
Current year	141,108,124	207,342,181
Previous year (over) / under provision	(21,560,589)	(24,458)
Paid during the year to the authorities	(185,781,592)	(268,536,042)
December 31	141,108,124	207,342,181

The provision for zakat consist of:

	Year ended December 31	
	2011	2010
Saudi Arabian Mining Company	107,336,047	196,834,815
Ma'aden Gold and Base Metals Company (Note 20)	19,657,487	10,507,366
Ma'aden Phosphate Company	12,122,621	-
Ma'aden Infrastructure Company	1,234,914	-
Ma'aden Industrial Minerals Company	757,055	-
December 31	141,108,124	207,342,181

19.3 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates for the year ended December 2010, however, no zakat assessments were finalized by the DZIT.

20. Severance fees payable

	Year ended December 31	
	2011	2010
January 1	54,454,280	45,142,915
Provision for severance fee	85,032,887	54,543,721
Current year	83,810,743	54,364,970
Previous year (over) / under provision	1,222,144	178,751
Paid during the year to the authorities	(56,053,178)	(45,232,356)
December 31	83,433,989	54,454,280

In accordance with the Saudi Mining Code based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fees, representing 25% of the annual net income, as defined, or the equivalent of the actual of a hypothetical income tax, based on the annual net income, whichever is lower. The zakat due shall be deducted from this amount. As a result of the above, the income from the gold mines and kaolin mine is subject to severance fees.

Provision for severance fees consists of:

	Year ended December 31	
	2011	2010
Gold mines	82,676,088	53,849,796
Low grade bauxite, kaolin and magnesite mines	1,134,655	515,174
December 31	83,810,743	54,364,970

The provision for severance fees payable by gold mines is calculated as follows:

	Year ended December 31	
	2011	2010
Net income from operating mines before severance fee for the year	484,575,401	281,127,318
25% of the year's net income as defined	121,143,850	70,281,830
Hypothetical income tax based on year's taxable net income	102,333,575	64,357,162
Provision based on the lower of the above two computations	102,333,575	64,357,162
Provision for zakat (Note 19.2)	(19,657,487)	(10,507,366)
Net severance fee provision for the year	82,676,088	53,849,796

21. Provision for mine closure and reclamation

	2011	2010
Gold mines	90,384,799	90,923,831
Low grade bauxite and kaolin mines	500,000	-
Total	90,884,799	90,923,831

The movement in the provision for mine closure and reclamation for each of the mines along with the year in which they commenced commercial production and expected date of closure is as follows.

21.1 Gold mines

	Note	Mahad mine	Al Hajar mine	Sukhaybarat mine*	Bulghah mine	Al Amar mine	Total
January 1, 2010		27,723,149	15,195,759	20,467,221	14,658,102	13,249,340	91,293,571
(Reversal) / provision for the year	15	-	(3,814,936)	-	7,003,305	(32,296)	3,156,073
Utilization		(3,525,813)	-	-	-	-	(3,525,813)
December 31, 2010		24,197,336	11,380,823	20,467,221	21,661,407	13,217,044	90,923,831
Utilization		(440,425)	(98,607)	-	-	-	(539,032)
December 31, 2011		23,756,911	11,282,216	20,467,221	21,661,407	13,217,044	90,384,799
Commenced commercial production in		1988	2001	*1991	2001	2008	
Expected closure date in		2016	2013	2015	2017	2018	

* The Sukhaybarat mine ceased its mining activities and current operations are limited to the carbon in leach ("CIL") processing of ore transferred from Bulghah mine

21.2 Low grade bauxite and kaolin mines

	Note	Az Zabirah mine	Al Zarghatt mine	Total
December 31,2010		-	-	-
Provision for the year	14	300,000	200,000	500,000
December 31, 2011		300,000	200,000	500,000
Commenced commercial production in		2008	2011	
Expected closure date in		2026	2028	

The provision for mine closure and reclamation represents the full amount of the estimated future closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when determined. The provision for mine closure and reclamation relates to the Group's gold, low grade bauxite, magnesite and kaolin mining activity only, as phosphate and the aluminum mines are currently in the development stage.

22. Employee termination benefits

	Year ended December 31	
	2011	2010
January 1	104,607,572	84,987,823
Provision for the year	35,231,278	27,413,350
Paid during the year	(10,027,788)	(7,793,601)
December 31	129,811,062	104,607,572

23. Long-term borrowings

23.1 Facilities approved

MPC, MAC, MRC and MBAC entered into Common Terms Agreements ("CTA") with the Public Investment Fund and consortiums of financial institutions, comprising of:

	MPC Facilities granted June 15, 2008	MAC Facilities granted Nov. 10, 2010	MRC Facilities granted Nov. 30, 2010	MBAC Facilities granted Nov. 30, 2011	Total
Public Investment Fund ("PIF")	4,000,001,250	4,875,000,000	3,078,750,000	3,750,000,000	15,703,751,250
Islamic and commercial banks					
Procurement*	4,269,892,500	4,447,500,000	1,041,000,000	2,690,700,000	12,449,092,500
Commercial*	1,491,562,500	900,000,000	-	258,750,000	2,650,312,500
Al-Rajhi facility	2,343,750,000	-	-	-	2,343,750,000
The Export Import Bank of Korea	1,500,000,000	-	-	-	1,500,000,000
Korea Export Insurance Corporation	750,000,000	-	-	-	750,000,000
Wakala	-	787,500,000	-	768,750,000	1,556,250,000
	10,355,205,000	6,135,000,000	1,041,000,000	3,718,200,000	21,249,405,000
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000	600,000,000	-	1,800,000,000
Total facilities granted	14,955,206,250	11,610,000,000	4,719,750,000	7,468,200,000	38,753,156,250

MPC facility

These financing agreements with financial institutions subject to special conditions and covenants provided long-term borrowing totaling to SR 15 billion for financing the construction and operation of MPC. Special covenants imposed include the limit of creation of additional liens and/or financing obligations by MPC, unless specifically allowed under the CTA. Other covenants include financial ratio maintenance, maximum capital expenditures allowed and restriction on dividend distribution to shareholders.

*Banque Saudi Fransi and Mizuho Corporate Bank Limited act as agents for procurement facility and commercial facility, respectively.

MAC facility

The financing agreement imposed special conditions and covenants and if the conditions are met, the financial institutions will provide long-term borrowing totaling to SR 11.6 billion for financing the construction and operation of MAC. Special covenants imposed include the limit of creation of additional liens and/or financing obligations by MAC, unless specifically allowed under the CTA. Other covenants include financial ratio maintenance, maximum capital expenditures allowed and restriction on dividend distribution to shareholders.

Riyadh Bank, Saudi Hollandi Bank, Standard Chartered Bank, APICORP, National Commercial Bank, Banque Saudi Fransi, SAMBA, Arab National Bank and Bank Al Jazira act as agents for procurement facility and Al Rajhi Bank and Alinma Bank act as agents for wakala facility, respectively.

MRC facility

The consortium of financial institutions and PIF, subject to certain conditions precedent, approved a facility of SR 4.7 billion for MRC. This facility was not utilized as at December 31, 2011.

MBAC facility

The consortium of financial institutions and PIF, subject to certain conditions precedent, approved a facility of SR 7.5 billion for MBAC. This facility was not utilized as at December 31, 2011.

23.2 Facilities utilized under the different CTAs

MPC facility

	2011	2010
Public Investment Fund		
July 14, 2008 arrangement fees charged in respect of the facility	20,000,000	20,000,000
November 18, 2008 first draw down	800,000,256	800,000,256
January 15, 2009 second draw down	870,000,000	870,000,000
April 30, 2009 third draw down	543,483,656	543,483,656
March 8, 2010 fourth draw down	928,188,694	928,188,694
December 29, 2010 fifth draw down	475,761,503	475,761,503
July 26, 2011 final drawdown	362,567,141	-
Sub-total (Note 34.2)	4,000,001,250	3,637,434,109
The rate of commission on the principal amount of the loan draw down and outstanding for each commission period, is in the range of LIBOR plus 0.5% per annum. Loan repayments will start from June 30, 2012, on a six monthly basis, in equal principal repayments of SR 166.4 million, with the final repayment of SR 172.8 million on December 31, 2023.		
Islamic and commercial banks		
Procurement	4,269,892,500	3,878,480,095
Commercial	1,116,562,500	1,014,209,474
Al-Rajhi facility	2,343,750,000	2,338,094,785
The Export Import Bank of Korea	1,500,000,000	1,358,868,876
Korea Export Insurance Corporation	750,000,000	750,000,000
Sub-total	9,980,205,000	9,339,653,230
The rate of commission on the principal amount of the loan draw down and outstanding for each commission period is in the range of LIBOR plus 0.5% to 1.15% per annum. The repayment of facilities will start from June 30, 2012. All the repayments of the above facilities will be on a six monthly basis, with the final repayment due on December 31, 2023.		
Saudi Industrial Development Fund		
April 26, 2010 first draw down	300,000,000	300,000,000
December 10, 2010 second draw down	240,000,000	240,000,000
September 26, 2011 third draw down	30,000,000	-
Sub-total	570,000,000	540,000,000
The project follow-up cost paid during the drawdown amounted to SR 6.3 million. Repayment of this facility will start on February 26, 2013, on a six monthly basis, with the final payment on June 19, 2019.		
Total MPC borrowings	14,550,206,250	13,517,087,339

MAC facility

	2011	2010
Public Investment Fund	2,248,712,948	-
The rate of commission on the principal amount of the loan draw down and outstanding for each commission period, is LIBOR plus 0.5% per annum. The repayment of the loan will be in 24 installments on a six monthly basis starting from December 31, 2014. The repayments starting at SR 99.9 million and increasing over the term of the loan with the final repayment of SR 1,218 million on June 30, 2026. (Note 34.2)		
Islamic and commercial banks		
Dollar procurement	411,223,842	-
Riyal procurement	1,595,819,276	-
Commercial	406,147,010	-
Wakala	365,752,212	-
Sub-total	2,778,942,340	-
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is in the range of LIBOR plus 0.5% to 1.15% per annum. The repayment of the loan will start from December 31, 2014. The repayments starting at SR 125.8 million and increasing over the term of the loan with the final repayment of SR 1,534 million on June 30, 2026.		
Total MAC borrowings	5,027,655,288	-
Total borrowings	19,577,861,538	13,517,087,339
Less: Current portion of long-term borrowings relating to MPC borrowing	762,383,304	-
Long term portion	18,815,478,234	13,517,087,339

23.3 Maturity profile of long-term borrowings

2012	762,383,304	704,690,377
2013	864,409,329	804,007,602
2014	1,185,890,354	894,957,860
2015	1,499,621,379	978,016,987
Thereafter	15,265,557,172	10,135,414,513
Total	19,577,861,538	13,517,087,339

23.4 Facilities' currency denomination

Essentially all of the Company's facilities have been contracted in United States Dollar (US$) and the drawdown balances in US$ are shown below:

	2011 (US$)	2010 (US$)
Public Investment Fund	1,666,323,786	969,982,429
Islamic and commercial banks		
Procurement	1,564,189,807	1,034,261,358
Al-Rajhi Bank	625,000,000	623,491,943
The Export Import Bank of Korea	400,000,000	362,365,034
Korea Export Insurance Corporation	200,000,000	200,000,000
Commercial	406,055,869	270,455,860
Dollar procurement	109,659,691	-
Wakala	97,533,923	-
Saudi Industrial Development Fund	152,000,000	144,000,000
Total	5,220,763,076	3,604,556,624

23.5 Security

The following assets were pledged as security for these long-term borrowings in accordance with the applicable CTAs:

	2011	2010
Property, plant and equipment (Note 14)	6,396,424,564	3,764,318
Pre-operating expenses and deferred charges (Note 15)	432,078,591	169,754,278
Capital work-in-progress (Note 16)	21,983,618,181	19,557,241,626
Total	28,812,121,336	19,730,760,222

24. Share capital

	2011	2010
Authorized, issued and fully paid		
925,000,000 Ordinary shares, with a nominal value of SR 10 per share	9,250,000,000	9,250,000,000

25. Share premium

	2011	2010
Share premium balance	5,250,000,000	5,250,000,000

26. Transfer of net income

	2011	2010
January 1	242,996,397	242,996,397
Transfer of 10% of net income for the year	41,331,480	-
December 31	284,327,877	242,996,397

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until such reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

27. Non-controlling interest

	Year ended December 31	
	2011	2010
January 1	2,134,410,194	1,782,303,285
Increase in non- controlling interest (Note 2)	637,901,691	357,298,500
Share of current year's net income / (loss)	124,764,505	(5,191,591)
December 31	2,897,076,390	2,134,410,194

28. Sales

	Year ended December 31	
	2011	2010
Gold segment		
Gold revenue	865,751,039	642,068,377
Zinc revenue	35,102,861	34,312,970
	900,853,900	676,381,347
Phosphate segment		
Ammonia revenue (Note 34.1)	540,687,740	-
Industrial minerals		
Low grade bauxite revenue	63,743,696	30,131,427
Kaolin revenue	1,798,578	-
Caustic calcined magnesia	4,980,909	-
	70,523,183	30,131,427
Infrastructure		
Infrastructure revenue	2,323,129	-
Total	1,514,387,952	706,512,774
Gold sales analysis		
Value of gold sales	865,751,039	642,068,377
Quantity of gold sold in ounces (Oz)	147,205	140,028
Average realized price per ounce (Oz) in:		
US$	1,568	1,223
Saudi Riyals (equivalent)	5,881	4,585

29. Cost of sales

	Year ended December 31	
	2011	2010
Personnel cost	120,634,468	95,628,545
Contracted services	67,456,224	48,461,887
Repairs and maintenance	25,009,469	21,352,866
Consumables	83,342,569	82,778,560
Overheads	36,148,897	17,722,568
Provision / (reversal) of inventory obsolescence	(4,243,997)	8,447,524
Sale of by-products	(50,534,873)	(36,180,302)
Total cash operating costs	277,812,757	238,211,648
Depreciation (Note 14)	167,185,259	73,779,722
Amortization (Note 15)	15,656,130	16,134,349
Total operating costs	460,654,146	328,125,719
Decrease / (increase) in inventory	21,127,767	(6,951,174)
Total	481,781,913	321,174,545

30. General and administrative expenses

	Year ended December 31	
	2011	2010
Salaries and staff related benefits	166,981,090	148,730,043
Contracted services	27,937,061	33,120,717
Overheads and other	19,901,452	14,756,721
Consumables	6,302,892	5,445,589
Directors' allowances	2,375,194	3,269,368
Repair parts	491,182	249,149
Depreciation (Note 14)	6,965,046	4,070,408
Amortization (Note 15)	4,501,409	4,514,218
Total	235,455,326	214,156,213

The Board of Directors' allowances represents accrual based on management's estimate and will be finalized upon approval by the Company's shareholders at the General Assembly Meeting.

31. Exploration expenses

	Year ended December 31	
	2011	2010
Salary and staff related benefits	41,024,132	28,737,841
Contracted services	65,770,782	41,265,059
Overheads and other	3,348,751	4,086,994
Consumables	3,053,086	3,217,666
Repair parts	2,860,167	848,529
Total	116,056,918	78,156,089

32. Income from short-term investments

	Year ended December 31	
	2011	2010
Income received and accrued on short-term investments	75,155,805	168,259,012

33. Earnings per ordinary share

	Year ended December 31	
	2011	2010
Net income / (loss) attributable to the shareholders of the parent company	413,314,804	(9,187,814)
Weighted average number of ordinary shares in issue during the year	925,000,000	925,000,000
Basic and diluted earnings / (loss) per ordinary share from continuing operations	0.45	(0.01)

Basic earnings per ordinary share is calculated by dividing the income / (loss) attributable to the shareholders of the parent company by the weighted average number of ordinary shares in issue during the year.

34. Related party transactions and balances

34.1 Related party transactions

Transactions with a related party carried out during the year, in the normal course of business, are summarized below:

	2011	2010
Sales through SABIC during the year		
Since commencement of commercial production on October 1, 2011, disclosed in the income statement as part of sales. (Note 28)	540,687,740	-
Before date of commencement of commercial production on October 1, 2011, the pre-commercial production revenue, net of cost of production amounting to SR 655,956,984 has been credited against capital work-in-progress. (Note 16)	1,227,916,669	-
Total	1,768,604,409	-

34.2 Related party balances

Amounts due from / (to) related parties arising from transaction with related parties are as follows:		
Payable to shareholder		
Advances from Alcoa Inc. (Note 17)	821,488,065	-
Long-term borrowings from a 50% shareholder in Ma'aden		
Due to PIF for:		
Financing of the MPC facility (Note 23.2)	4,000,001,250	3,637,434,109
Financing of the MAC facility (Note 23.2)	2,248,712,948	-
Total	6,248,714,198	3,637,434,109
Receivables from related party		
Due from SABIC (Note 9)	280,596,018	-
Due from SAMAPCO (Note 9)	47,593,280	-
Due from Government (Note 12)	-	61,045,987

35. Operating lease agreements

	2011	2010
Payments under operating leases recognized as an expense during the year	15,016,083	7,285,000
Future minimum operating lease commitments due under these operating leases are as follows:		
	2011	2010
2011	-	15,016,083
2012	15,016,083	15,016,083
2013	14,956,083	14,956,083
2014	14,956,083	14,956,083
2015	8,021,083	8,021,083
2016	2,796,083	2,796,083
2017 through 2029	28,364,693	28,364,693
Total	84,110,108	99,126,191

Operating lease payments represent mainly rentals payable by the Group for mining lease areas. Leases are negotiated for an average term of 15 to 30 years.

36. Commitments and contingent liabilities

	2011	2010
Capital expenditures:		
Contracted for	14,701,023,625	10,246,508,913
Guarantees:		
Guarantees in favor of Saudi Aramco, for future diesel and gas feedstock supplies	171,000,000	170,962,000
Guarantees for the development of aluminum project	1,312,975,908	1,312,975,908
Total	1,483,975,908	1,483,937,908
Letters of credit:		
For the development of the aluminum project	1,537,500,000	509,419,932

Ma'aden has received a back-to-back letter of credit, for the development of the aluminum project, from Alcoa for their proportionate share of 25.1% in aluminum companies, of the total amount of letter of credits submitted by Ma'aden to the Government.

37. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value risk, commission rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

37.1 Currency risk

Is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group transactions are principally in Saudi Riyals, Euros and U.S. dollars. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant.

37.2 Fair value

Is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Group's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

37.3 Commission rate risk

Is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. The Group's commission rate risks arise mainly from its short-term investments and long term-borrowings, which are at floating rate of commission and are subject to re-pricing on a regular basis. The Group monitors the fluctuations in commission rate.

Based on the Groups net debt outstanding at December 31, 2011, the effect on net earnings of a 1% movement in the US Dollar LIBOR commission rate would be SR 84 million (2010: SR 18 million). These balances will not remain consistent throughout 2012.

Further, seeing that the long-term borrowings are used to finance qualifying assets the movement in the commission rate would be capitalized as part of the cost of the qualifying assets.

37.4 Commodity price risk

Gold is priced in an active market in which prices respond to daily changes in quantities. The Group's normal policy is to sell its products at prevailing market prices. The Group does not generally believe commodity price hedging would provide long-term benefit to shareholders.

37.5 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk from its operating activities (pertaining to trade receivables mainly). However, the cash collection is made at time of sales delivery and from its financing activities, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management. Cash and short-term investments are substantially placed with commercial banks with sound credit ratings.

The Group currently has two major customers which account for sales of approximately SR 856 million, representing 57% of the Group's sales for the year ended December 31, 2011 (December 31, 2010: SR 636 million representing 90% of Group's sales from two major customers). Trade receivables are carried net of provision for doubtful debts, if needed.

37.6 Liquidity risk

Is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

38. Post balance sheet events

No events have arisen subsequent to December 31, 2011 and before the date of signing the audit report, that could have a significant effect on the consolidated financial statements as at December 31, 2011.

39. Comparative figures

Certain comparative figures of the previous year have been reclassified, wherever necessary, to conform with the current year's presentation. Such reclassifications did not affect either the net worth or the net income of the Group for the previous or current year.

40. Detailed information about subsidiaries and jointly controlled entity

Subsidiary	Nature of business	Issued and paid-up share capital	Effective group interest		Cost of investment by parent company	
			2011	2010	2011	2010
			%	%		
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining	300,000,000	100	100	300,000,000	300,000,000
Ma'aden Phosphate Company ("MPC")	Phosphate mining and fertilizer producer	6,208,480,000	70	70	4,345,936,000	4,345,936,000
Ma'aden Industrial Minerals Company ("MIMC")	Kaolin, low grade bauxite and magnesite mining	500,000	100	100	500,000	500,000
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects	500,000	100	100	500,000	500,000
Ma'aden Aluminum Company ("MAC")	Aluminum ingots, t-bars, slabs and billets	2,688,816,000	74.9	74.9	2,013,923,184	492,373,875
Ma'aden Rolling Company ("MRC")	Aluminum sheets for can body and lids	472,125,000	74.9	74.9	353,621,625	353,621,625
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining	510,000,000	74.9	-	381,990,000	-
Sub-total					7,396,470,809	5,492,931,500
Jointly controlled entity						
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride	900,000,000	50	-	450,000,000	-
Total					7,846,470,809	5,492,931,500

All the subsidiaries and jointly controlled entity listed above are incorporated in the Kingdom of Saudi Arabia.

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MA'ADEN معادن
Saudi Arabian Mining Company شركة التعدين العربية السعودية