MA'ADEN معادن
Saudi Arabian Mining Company شركة التعدين العربية السعودية

Annual Report 2015

Mining

for shareholder value and national development

Cover photo: Bulghah open pit gold mine

Al Sukhaybarat open pit mine

بسم الله الرحمن الرحيم

Custodian of the Two Holy Mosques

King Salman Bin Abdulaziz Al Saud

Crown Prince and Deputy Premier
and Minister of Interior

Prince Mohammad Bin Naif Bin Abdulaziz

Deputy Crown Prince and Second Deputy Premier
and Minister of Defense

Prince Mohammad Bin Salman Bin Abdulaziz

Contents

Section 01

Who we are

Ma’aden is coming of age, leading the development of the mining sector in Saudi Arabia and building a diverse portfolio of products that add value to the Kingdom’s mineral resources.

Our phosphate plant in Ras Al Khair

Introduction

Ma’aden: adding value to Saudi mineral resources

We are among the fastest growing mining companies in the world and the largest multi-commodity mining and metals company in the Middle East. In 2015, Ma’aden was ranked among the top 20 global mining companies in terms of market capitalization, based on its performance in 2014.

The value-creating impact of Ma’aden’s achievements and our contribution to national development in Saudi Arabia are far-reaching. This is the natural outcome of our role as the champion of the country’s mining industry, the third pillar of industrialization in Saudi Arabia (oil and petrochemicals being the first and second pillars respectively).

After investing significant effort, time and resources in building a world-class, unique and fully integrated mining value chain, we are now focused on marketing our products worldwide, improving the return on our investments and consolidating our resources and experience – even as we continue to develop new locations and build new industrial plants.

Ma’aden was established in 1997 with a mandate to develop Saudi Arabia’s minerals sector. In the 18 years since, we have done exactly that, focusing on gold, phosphate fertilizers, industrial minerals, aluminium and copper. In the process, we have:

- **built one new industrial city (Ras Al Khair), with work on building a second (Wa’ad Al Shamal) progressing rapidly, both in remote areas of Saudi Arabia;**
- **contributed significantly to the country’s non-oil GDP;**
- **created thousands of jobs and helped develop a new industry-specific workforce;**
- **extended support to local communities through health, education and other social initiatives;**
- **contributed to building new infrastructure facilities and**
- **brought in significant foreign direct investment and advanced technology.**

Today, Ma’aden holds great promise for the future: a promise that draws its strength from our success in building world-class industries, our operational and management experience in the mining sector and our contribution to economic and social development in the Kingdom.

As the leader of the Saudi mining industry, we are committed to embed sustainability across the Ma’aden enterprise. We are committed to act responsibly towards all our stakeholders: shareholders, customers, business partners, employees and the communities in which we operate, as well as the natural environment near our facilities.

Vision

To be a world class minerals enterprise.

Mission

Champion the responsible development of the mining sector as the third pillar of Saudi industry by maximizing the value of the mineral resources for our stakeholders and adopting best-in-class practices.

Values

Integrity

Honesty, fairness and the highest ethical and business standards in our relationships with each other and with our stakeholders

Care

Concern and respect for our people, the communities we touch and the environments we operate in

Ownership

Personal responsibility and empowerment of others for quality results in pursuit of our collective goals

Teamwork

Communication and collaboration with each other and with our partners to achieve success together

2015 Performance

Total assets
SAR 89.38 billion

Revenues
SAR 10.96 billion

Net income*
SAR 605 million

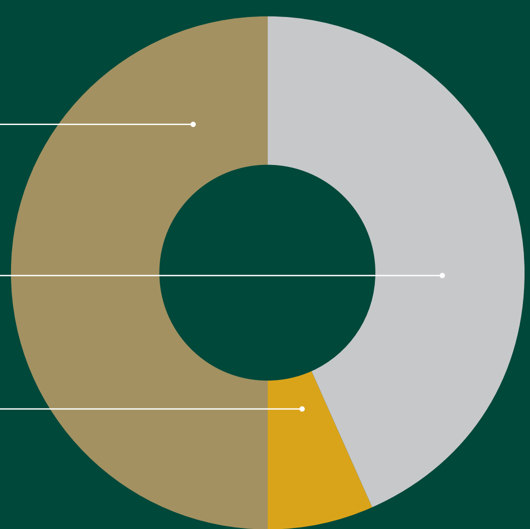
* Attributable to shareholders of the parent company

% Revenue contribution by Strategic Business Units

Phosphate and industrial minerals 50.1%

Aluminium 43.5%

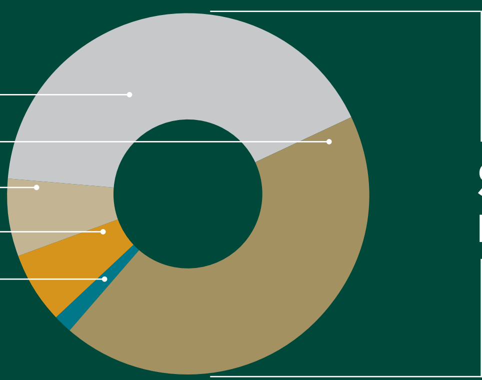
Precious and base metals 6.4%



Revenue excluding earnings from Ma'aden Infrastructure Company

2015 Revenue, key products

43.5%	Aluminium	**4,763**
41.5%	DAP	**4,543**
7.0%	Ammonia	**762**
6.4%	Gold	**705**
1.6%	Industrial minerals	**183**



SAR10,956 million

Revenue excluding earnings from Ma'aden Infrastructure Company

Production and sales

Production, tonnage	2015	2014	% change
DAP kmt	2,656	2,301	15
Ammonia kmt	1,068	1,135	(6)
Industrial minerals kmt	954	1,205	(21)
Aluminium kmt	839	668	26
Gold oz	163,618	153,984	6

Sales, tonnage	2015	2014	% change
DAP kmt	2,634	2,384	10
Ammonia kmt	461	660	(30)
Industrial minerals kmt	1,061	1,081	(1.8)
Aluminium kmt	681	531	29
Gold oz	164,937	151,581	9

Our locations

Milestones

2008
- Ma'aden Phosphate Company established in partnership with the Saudi Basic Industries Corporation (SABIC)
- Ma'aden Infrastructure Company established as a wholly owned subsidiary to provide residential and related services for staff in Ras Al Khair Industrial City
- Ma'aden becomes a listed company on Saudi Stock Exchange after a hugely successful IPO of 50 percent of equity
- Al Amar gold mine starts commercial production

2009
- Ma'aden signed an energy conversion agreement with the Saline Water Conversion Corporation (SWCC) and Saudi Electricity Company (SEC) to develop a joint power and desalination plant

2010
- Train services connect Al Jalamid and Ras Al Khair plants
- Commissioning of ammonia plant in Ras Al Khair
- Ma'aden Aluminium Company (MAC), Ma'aden Rolling Company (MRC) established in partnership with Alcoa

2011
- Sahara and Ma'aden Petrochemicals Company (SAMAPCO) established in partnership with Sahara Petrochemical Company
- Ma'aden Bauxite and Alumina Company (MBAC) established in partnership with Alcoa
- Board of Directors approves the construction of a pipeline from Taif to carry treated water to the new gold mines
- First export shipment from the ammonia plant in Ras Al Khair

2012
- Government approves the Wa'ad Al Shamal (Northern Promise) project to build a mining-based industrial city in the undeveloped north.
- Ma'aden Phosphate Company (MPC) starts production of DAP

2013
- Ma'aden signs contract to construct the Ad Duwayhi gold mine

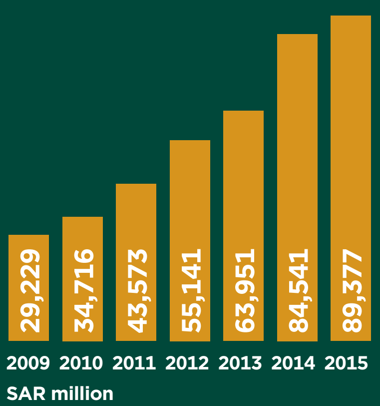
2014
- SAR5.6 billion raised through a special rights issue on the Saudi capital market
- Ma'aden Wa'ad Al Shamal Phosphate Company (MWASPC) established in partnership with Mosaic and SABIC
- SAR18.9 billion financing facilities signed to fund MWASPC projects
- As Suq mine starts commercial production
- Ma'aden Barrick Copper Company (MBCC) established as joint venture to produce copper
- Aluminium operations started up with the smelter commercial production
- SAR trains transport the first shipment of bauxite from Al Bai'tha mine in Al Qassim to Ras Al Khair

2015
- Ma'aden Rolling Company (MRC) in the commissioning phase
- Completion of a 430km pipeline to carry treated water from Taif to Ad Duwayhi
- The first cohort of students graduate from the Saudi Mining Polytechnic (SMP)
- Ad Duwayhi gold mine in the commissioning phase

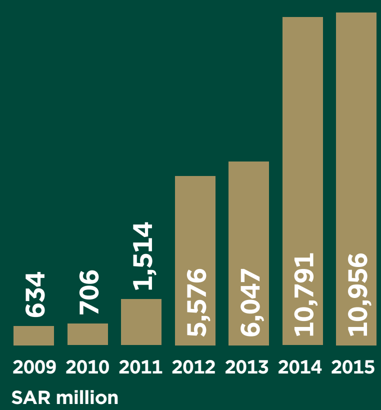
Note: Ma'aden was established in 1997 to operate and manage gold mines that operated under the Ministry of Petroleum and Mineral Resources. Ma'aden's diversification began in 2007, the initial public offering took place in 2008.

Growth over the years

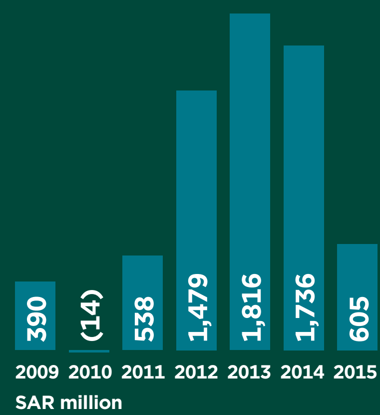
Total assets



Revenues



Net income*



* Attributable to shareholders of the parent company

Recognition

2015 Sa'afah Transparency Award for achieving significant progress in corporate governance, disclosure and transparency

2015, the Institute of Internal Audit (IIA), awarded Ma'aden with the 'Generally Conforms' rating, which is the highest rating of the IIA

2015 Top CEO Awards from Trends magazine and INSEAD Business School and Hawkamah

2014 Best Corporate Governance in Saudi Arabia award from the World Finance Magazine

Partnership award from Saudi Ministry of Petroleum and Mineral Resources

Ma'aden ranked at number 19 among top global mining companies by PwC based on market capitalization in 2014

2014 Industrial Deal of the Year Award for the Middle East and North Africa from Project Finance International magazine

Cited by SIDF as the "Best Saudi company investing in promising regions"

Board of Directors


1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1

Abdullah Bin Saif Al-Saif

Chairman

Abdullah Bin Saif Al-Saif was appointed Chairman on 25/10/2008. Al-Saif, worked for Saudi Aramco between 1960 and 2007. He holds a bachelor's degree in petroleum engineering and started his career as a petroleum engineer. He later headed several administrative positions in the field of engineering and operations. In 1982 he was appointed Saudi Aramco's Vice President, Production. Subsequently, he served as VP Manufacturing, VP Corporate Planning and VP Crude Oil Marketing and Sales. He served on the Board of Saudi Aramco between 1998 and 2007.

2

HE Mohammed Bin Abdullah Al-Kharashi

Non-executive Director

HE Mohammed Bin Abdullah Al-Kharashi was appointed member of the Board on 25/10/2008. Al-Kharashi, holds a master's degree in accounting and also serves as the Chairman of the Audit Committee. He joined the Public Pension Agency (PPA) in 1991, and has held several positions at the agency over the years. He has been serving as Governor of the PPA since 2000. Prior to joining the PPA, he held a number of senior positions at the Saudi Fund for Development, where he worked between 1981 and 1991. He served as Saudi Arabia's Deputy Representative in the OPEC Fund for International Development from 1991 to 2006.

3

HE Suleiman Bin Abdulrahman Al-Gwaiz

Non-executive Director

HE Suleiman Abdulrahman Al-Gwaiz was appointed member of the Board on 1/1/2014. He is a member of the Executive Committee. Al-Gwaiz, has been the Governor of the General Organization for Social Insurance (GOSI) since 2013. He secured his bachelor's degree in business administration from Portland University, US, in 1981. Prior to his appointment to the Board, he held several senior positions in the banking industry in the Kingdom, working at Samba (formerly Saudi American Bank) and Riyad Bank, gaining experience across diverse functions. He was the Deputy Chief Executive Officer of Riyad Bank from 2002 to 2013.

4

Mansour Bin Saleh Al-Maiman

Non-executive Director

Mansour Al-Maiman was appointed member of the Board on 25/10/2008. He is a member of the Nomination and Remuneration Committee. Al-Maiman, has held several positions at the Public Investment Fund (PIF), and was the Fund's Secretary General before retiring in 2012. He holds an MBA in accounting and business administration. Al-Maiman has also worked as Assistant Deputy Minister for Budgeting and Organization at the Ministry of Finance and Economy from 1993 to 1998. He is the Chairman of the Board of Directors of Saudi Arabia's leading bank, the NCB.

5

Khalid Bin Hamad Al-Sanani

Non-executive Director

Khalid Bin Hamad Al-Sanani was appointed member of the Board on 25/10/2008. He is a member of the Audit Committee. Al-Sanani, is the Director, Advisor and Supervisor of Gas Supply and Pricing at the Ministry of Petroleum and Mineral Resources (MPMR). He holds a master's degree in construction project management and a bachelor's degree in civil engineering. Prior to joining the MPMR in 2003, he held senior positions at Saudi Aramco between 1992 and 2003. He also worked at the Saudi National Guard as Director of Studies.

6

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6

Sultan Bin Jamal Shawli

Non-executive Director

Sultan Bin Jamal Shawli was appointed member of the Board in 2008. He is a member of the Executive Committee. Shawli, has held a number of senior positions at the Ministry of Petroleum and Mineral Resources (MPMR) and is currently the Undersecretary for Mineral Resources. He holds a master's degree in petrological studies and specialized in the sedimentary environment of phosphate rocks in Saudi Arabia. He is also a member of the Board of Directors of the Arab Mining Company in Jordan and the Chemical Industry Company in Tunis.

7

Dr Ziyad Abdulrahman Al-Sudairy

Independent Director

Dr Ziyad Abdulrahman Al-Sudairy was appointed to the Board on 19/10/1997, and sits on the Nomination and Remuneration Committee. Al-Sudairy, holds a doctorate in law and a bachelor's degree in political science. He has served as Director General of the Ziyad bin Abdulrahman Al-Sudairy Law Firm since 1988. He was Legal Consultant to the Office of the Minister of Interior from 1980 to 1983, Shoura Council member from 1993 to 2005 and Chairman of the Legal Committee for Foreign Litigation. Al-Sudairy was also a partner in Al-Sudairy and Fahad law firm from 1985 to 1989.

8

Abdulaziz Bin Abdullah Al-Suqair

Independent Director

Abdulaziz Bin Abdullah Al-Suqair was reappointed Independent Director of the Board on 20/1/2015, having previously served from 25/10/2011 to 25/10/2014. He is also a member of the Executive Committee. Al-Suqair, holds a bachelor's degree in electrical and electronics engineering from the University of London and a master's in electrical engineering from the University of California. He was the Chairman of the Saudi Telecom Company and previously served as the CEO of the Saudi Electricity Company and the Advanced Electronic Company.

9

Khalid Bin Saleh Al-Mudaifer

President and CEO

Khalid Bin Saleh Al-Mudaifer was appointed to the Board on 25/10/2011 and sits on the Executive Committee and the Nomination and Remuneration Committee. Al-Mudaifer, joined the company in March 2006 and served as VP of Industrial Affairs and VP of the Phosphate and New Business Development Unit. He holds an MBA and bachelor's degree in civil engineering. Al-Mudaifer served as the General Manager of Qassim Cement Company from 1993 to 2006 and VP and Director of Finance at Eastern Petrochemicals Company (SHARQ) from 1987 to 1993.

Management Committee

Front row from left: Khalil Bin Ibrahim Al-Watban, Majed Bin Youssef Al-Mugla, Khalid Bin Saleh Al-Mudaifer, Nabil Bin Abdulaziz Al-Fraih, Khaled Bin Salem Al-Rowais
Top row from left: Thomas Walpole, Stephen Bodley, Khaled Bin Solaiman Al-Ohali, Yahia Bin Mohammed Al-Shangiti, Bruce Kirk, Kobus Moolman.

Khalil Bin Ibrahim Al-Watban

Senior Vice President, Phosphate and IM SBU

Khalil Al-Watban has led the Phosphate and Industrial Minerals SBU since August 2013. Previously, he served as President of Ma'aden Phosphate Company (MPC), overseeing the company's start-up of commercial operations and implementation of key management practices and policies. Al-Watban earned his bachelor's degree in mechanical engineering from the University of Basrah in 1985.

He has been the Chairman of the Saudi Mining Polytechnic's Board of Directors since its establishment in 2012, and sits on the Board of Ma'aden Infrastructure Company (MIC) and the executive committees of Ma'aden Aluminium Company (MAC) and Ma'aden Wa'ad Al Shamal Phosphate Company (MWASPC).

Prior to joining Ma'aden, Al-Watban held leadership positions in several Saudi companies, such as IBN RUSHD and SAFCO (both SABIC subsidiaries) and Marafiq.

Majed Bin Youssef Al-Mugla

Senior Vice President, Engineering Projects and Procurement

Majed Youssef Al-Mugla graduated from King Fahd University of Petroleum and Minerals with a bachelor's degree in chemical engineering and subsequently earned his MBA. Besides being SVP, he is also Vice President of the Wa'ad Al Shamal phosphate company (MWASPC).

He began his career as an operations engineer at the Ras Tanura refinery in 1985, later becoming the director of the planning department. He served as President of the Saudi Aramco-Shell Refinery Company (SASREF) from 1998 to 2000.

Between 2001 and 2005, he held senior management positions in refining and distribution, and subsequently became Vice President for Project Management of Sadara in 2009. Al-Mugla has also served as a Board member of national and international joint venture companies.

Khalid Bin Saleh Al-Mudaifer

President and CEO

Khalid Bin Saleh Al-Mudaifer has been the President and Chief Executive Officer of Ma'aden since January 2011 and also sits on the Executive Committee and Nomination and Remuneration Committee. He joined Ma'aden in March 2006 as the Vice President of Industrial Affairs and subsequently served as Vice President of the Phosphate and New Business Development Unit from October 2007 to December 2010.

Al-Mudaifer secured a civil engineering degree in 1984 and MBA in 1986, both from the King Fahd University of Petroleum and Minerals in Saudi Arabia.

Before joining Ma'aden, Al-Mudaifer was the General Manager of Qassim Cement Company from 1993 to 2006. Prior to that, he served as Vice President and Director of Finance at Eastern Petrochemicals Company (SHARQ).

Nabil Bin Abdulaziz Al-Fraih

Senior Vice President, Human Resources and Sustainability

Nabil Al-Fraih has 30 years of experience in the fields of corporate and industrial project management and marketing. He holds a bachelor's degree in civil engineering from King Saud University in Riyadh.

Al-Fraih began his career at the Saudi Industrial Development Fund (SIDF). He joined Ma'aden in October 2005 as Executive Director for Human Resources and Industrial Security and sat on the Management Committee.

He moved to Al Rajhi Cement Holding Company in 2009 as Vice Chairman and Managing Director. Al-Fraih returned to Ma'aden in October 2011 as Vice President of the Precious Metals SBU, overseeing the expansion of its portfolio. In 2014, he was appointed Senior Vice President of Human Resources and Sustainability. He is also the Chairman of Board of Directors of the Ma'aden Gold and Base Metals Company (MGBM).

Khaled Bin Salem Al-Rowais

Senior Vice President, Finance and CFO

Khaled Al-Rowais began his career at the Banking Control Department of the Saudi Arabian Monetary Agency (SAMA) immediately after graduating in accountancy from King Saud University in 1984.

In 1996, he moved to Saudi Basic Industries Corporation (SABIC), where he became Director of Finance and had the opportunity to oversee project finance for several of the company's new and expansion projects and to be part of acquisition financing.

Al-Rowais joined Ma'aden in August 2002 as Treasurer, was promoted to the position of Executive Director of Corporate Planning in 2008 and became CFO and SVP, Finance in 2014. Al-Rowais is a member of the American Institute of Certified Public Accountants (AICPA).

Thomas Walpole

Senior Vice President, Aluminium SBU

Tom Walpole joined Ma'aden in February 2014 as the Vice President of the Aluminium Strategic Business Unit (SBU). Walpole has substantial experience in the global aluminium industry including 25 years with Alcan and nine years in Novelis where he held a number of key leadership positions including President of Can, Litho and Painted products in Europe, Vice President of the Global Can Products business unit, President and CEO of Novelis Asia and President of Novelis USA.

Walpole has served on the Board of Directors for Aluminium Company of Malaysia, Novelis Asia, Alunorf in Germany, the US Aluminium Association and the Can Manufacturers Institute. He holds an MBA from Case Western University and a bachelor's degree in accounting and finance from the State University of New York.

Stephen Bodley

Chief Legal Counsel

Stephen Bodley joined Ma'aden in September 2013. He has over 20 years legal and business leadership experience, primarily in the mining and energy sectors. Before joining Ma'aden, Bodley was the SVP, General Counsel and Corporate Secretary for Sherritt International Inc., a mining company with significant international assets.

Previously he worked with the North American subsidiary of Centrica plc., a UK-based FTSE 30 energy company, and was a partner in one of Canada's leading law firms. Bodley earned a bachelor's degree with honors in economics from the University of Western Ontario, and law degree from Osgoode Hall Law School, Toronto.

A member of the Law Society of Upper Canada since 1995, Bodley was identified as a 'Top 40 under 40' corporate counsel in Canada by LEXPERT in 2005.

Khaled Bin Sulaiman Al Ohali

Vice President, Strategy, Planning and Development

Khaled Al Ohali holds a master's degree in mechanical engineering with honors from King Fahd University of Petroleum and Minerals. He joined Ma'aden in September 2014 and oversees operational plans and keeps track of profitability and performance of Ma'aden and its affiliates through appropriate monitoring systems. He also plays a key role in strengthening Ma'aden's engagement with key national regulators.

In the 20 years prior to joining Ma'aden, Al-Ohali held several leadership positions in the public and private sectors. He was Vice President of the National Industrial Clusters Development Program, led the Project Management Office of Saudi Arabian Economic Balance Program and was a consultant for the Ministry of Petroleum and Mineral Resources. Al-Ohali was also the Head of the Saudi-Japanese industrial cooperation program and Vice President and Saudi CEO of CRA International.

Yahia Bin Mohammed Al-Shangiti

MGBM President /Vice President, Precious and Base Metals SBU

Yahia Al-Shangiti earned his master's degree in mineral industry and environmental management from the University of Leeds, United Kingdom in 1995 after obtaining a bachelor's degree in mining engineering from King Abdulaziz University in 1992.

He became President of Ma'aden Gold and Base Metals Company (MGBM) in 2011 after serving as the Director, Operations Division, overseeing mine and plant operations. He also served as Manager of Mahd Ad Dhahab mine and Mining Manager for Ma'aden's aluminium project and the Ad Duwayhi gold mine development project.

Al-Shangiti has also served as the Chairman of the Manpower Review Committee, Team Leader of the Ma'aden Restructuring Committee and Chairman of the Assets Disposal Committee. He sits on the Board of Directors of both Ma'aden Phosphate Company (MPC) and Saudi Mining Polytechnic.

Bruce Kirk

Senior Vice President, Exploration

Bruce Kirk is a geologist with over 40 years of experience. He joined Ma'aden in December 2011. He holds bachelor's degrees in geology and law from the University of Queensland and Master of Applied Science in Geology from the University of New South Wales.

Kirk is a Fellow of the Australasian Institute of Mining and Metallurgy. Prior to joining Ma'aden, he held senior roles in mineral exploration, project evaluation, mine geology and business development with leading global resource companies including BHP Billiton and Rio Tinto.

His international experience is extensive, having worked in Australia, Fiji, Papua New Guinea, Peru, Argentina, Ecuador, Chile, Canada, India, Sierra Leone and Oman.

Kobus Moolman

Chief Audit Executive

Kobus Moolman is a chartered accountant with over 37 years of experience – 29 of which as partner with international accounting and auditing firms. He joined Ma'aden in July 2010 after gaining a wealth of experience, working across mining, manufacturing, financial services, railway industries and government and quasi-government organizations.

Moolman earned his Master's degree in Commerce and professional chartered accountant qualifications in South Africa and completed independent non-executive directors' courses from INSEAD and the London Institute of Directors. Moolman has more than five years' experience as an independent non-executive director of a top 10 gold mining company, with a premium listing on the London Stock Exchange.

Moolman has led audit assignments of large listed multi-nationals and other types of companies in South Africa, Angola, Botswana, Lesotho, Mozambique, the Russian Federation and Bahrain. He was also involved in the transitioning from local accounting standards to International Financial Reporting Standards (IFRS).

Chairman's statement

Mining continues to deliver value in tough times

Caution reigns supreme as the world goes through another phase of economic uncertainty and low commodity prices. Ma'aden's status as a leading mining company supplying diverse commodities to the global market means that international price movements will have a major and direct impact on the company's financial performance.

Nevertheless, Ma'aden is delivering long-term shareholder value and contributing significantly to Saudi Arabia's socioeconomic development, in full alignment with Saudi Arabia's national economic development and diversification objectives.

To meet the challenges at all levels, the company has taken a number of strategic initiatives to rationalize expenses and raise production efficiency.

Shareholder value

Ma'aden's investments in the mining and downstream industries are of a long-term nature. Our high quality assets underpin shareholder value and lend credibility to Ma'aden as a borrower in the financial market.

My message to our shareholders is that today's Ma'aden – after completing the integrated aluminium value chain in 2014 – is in a strong position to deliver value and higher returns when commodity prices recover in the global markets. Our position will be even stronger when our new projects start up, such as the Ad Duwayhi gold mine, the Jabal Sayid, our copper mine and the Wa'ad Al Shamal phosphate fertilizer project currently under construction.

Strengthening competitiveness

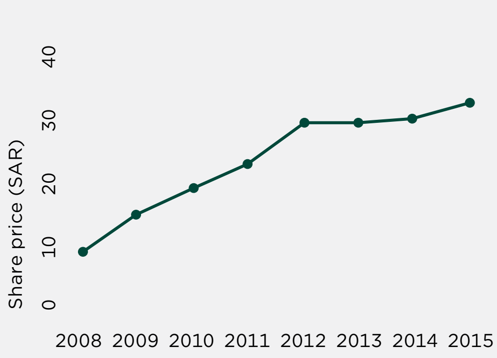
We will not let short and medium-term external factors dampen our long-term vision but we are responding to the external business environment. On behalf of the Board of Directors, I am pleased to report that Ma'aden is staying the course with its strategy, which has been revalidated in 2015 to accommodate current and emerging market conditions. This has led to Ma'aden making meaningful organizational adjustments and optimizations that will enable us to mitigate the risks posed by low commodity prices.

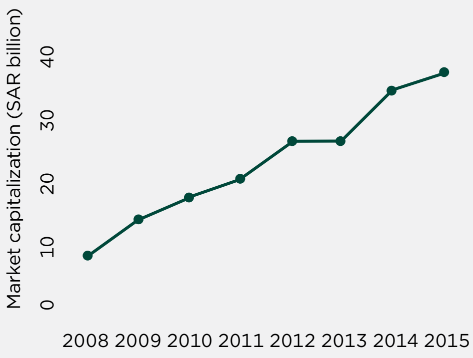
Moreover, I stress that Ma'aden, its board of directors, executive management and employees are working diligently and professionally to overcome this difficult period, and even use it to strengthen operational efficiency, control costs, increase market share, and continue to build a sustainable global mining business that will deliver world-class performance.

The changes we are making– explained in detail throughout this report – are led by internal consolidation and integration efforts. The introduction of a shared services model has already begun to contribute positively in rationalizing costs and enhancing efficiency. These initiatives will strengthen our competitiveness, operational excellence and efficiency levels, delivering improved performance and profitability over the coming years.

Ma'aden draws its strength from its licensed access to resources, from world-class infrastructure and human resources and from high quality assets built as part of a long term strategy. These continue to be the key elements enabling Ma'aden to become one of the world's most cost-competitive producers of aluminium and phosphate fertilizers. We are committed to retaining this competitive edge by ensuring that the performance of our upstream and downstream resources are consistently improved.

Ma'aden's share prices and market capitalization





Achievements

Ma'aden had much to celebrate as we closed the year of 2015. Our achievements in operational performance are spread across the corporate, operations and marketing functions.

Our excellent operational performance is evident in the record production that we achieved across our key product segments: phosphate, aluminum and gold. Although prices are an external factor and out of our control, our operational performance and success in achieving production efficiency and higher sales are a result of strategic and operational initiatives that will deliver even greater impact when commodity prices rebound.

Having attained success in diversifying our product portfolio, Ma'aden is focusing more on building and sustaining a solid global customer base. This has helped us meet our marketing goals for all our key products.

We have reported record output in 2015 of our key products aluminium, phosphate fertilizers and gold. It is unfortunate that Ma'aden's success in completing our 'mine-to-metal' aluminium value chain, and the marketing success that followed, coincided with the price collapse in the international market. We are confident that our success story as the first fully integrated aluminium value chain will yield matching financial gains when the market strengthens.

That applies to phosphate fertilizers as well. When our Wa'ad Al Shamal project is completed, Ma'aden will be among the top three producers of DAP fertilizer in the world. In gold, the start of production at Ad Duwayhi mine will significantly boost output. It is only a matter of time before we reap the additional benefits from our new projects.

Ma'aden's achievements in corporate governance, project finance and market capitalization have been recognized on various platforms in recent years. The awards and honours are a tribute to the hard work of all our workforce over the years.

Sustainability and governance

Ma'aden's position as a global minerals enterprise will become stronger in the coming years as we gradually increase market share for our diverse products, with a significant and positive impact on our revenues and earnings. Our status as a global company demands that we act responsibly towards all our stakeholders. We are strengthening our commitment to sustainability and corporate governance, two focus areas that touch almost every aspect of our organization, from strategic planning to marketing and sales.

In 2015 the Board approved a new Ma'aden Code of Conduct that is more in line with international standards and practice. The code lays the foundation to build a strong business culture and nurture professional conduct that is based on ethical values. The code of conduct is a major step forward as Ma'aden aims to achieve all-round excellence.

I want to take this opportunity to emphasize the Board's commitment and support to the executive management in these vital areas.

Many sections of this annual report draw our stakeholders' attention to Ma'aden's multi-fold socioeconomic contributions to national development. We have created direct and indirect jobs in the remote regions where the Ma'aden mines are located and in Ras Al Khair and Wa'ad Al Shamal, the industrial cities that we helped build. Ma'aden's Community Management System (CMS) forms the basis of a number of social responsibility programs, contributing to the sustainable development of the regions and the welfare of local communities.

I take this opportunity thank our shareholders for their ongoing support. I am sure that they share my sense of pride in the Ma'aden's achievements and confidence about its future.

Abdullah Bin Saif Al-Saif
Chairman

My message to our shareholders is that today's Ma'aden – after completing the integrated aluminium value chain in 2014 – is in a strong position to deliver value and higher returns when the commodity prices recover.

CEO's review

Focus on operational excellence will help us meet business environment challenges

Ma'aden continues to build new industries in a journey that began in 2008 when we became a publicly listed company. Ma'aden is now one of the largest and fastest growing mining companies in the world. We have made great strides in building the mining sector into the third pillar of Saudi industrialization and we continue to contribute significantly to the development and diversification of the Kingdom's economy.

Ma'aden achieved unprecedented operational success in 2015 and record revenues generated by increased volumes as we focused on maximizing the utilization of our world-class assets. In addition, we have sought to actively manage our costs to meet the challenges of lower commodity prices and various uncertainties surrounding the global economy.

However, even with these efforts our net income dropped year-on-year. Nonetheless, the progress we made, and continue to make, in improving the business at operational and organizational levels and our focus on reducing and controlling our costs will position us well to weather the current difficult market conditions and benefit when the commodity price cycle turns in our favor and the market becomes stable.

Through careful execution of our strategy and a continued focus on delivering the entire mining value chain within Saudi Arabia, we have built a newly emerging player in the global mining sector. After uninterrupted growth and diversification over the past eight years since our IPO, Ma'aden today owns world-class assets worth SAR89.38 billion, produces and markets a diverse portfolio of products and employs 7,125 people.

Although we continued to ramp up production at our phosphate and aluminium businesses, this growth was offset by weak market conditions, notably in the aluminium business, which meant that our revenues increased only marginally to SAR10.96 billion from SAR10.79 billion in 2014. As a business with high operating leverage our net income declined. Net income attributable to shareholders of the parent company declined 55 percent to SAR605 million from SAR1.36 billion in 2014. These results somewhat diminished our major achievements of 2015 which included the first full year of aluminium production and the successful opening of new markets for our aluminium, phosphate fertilizers and other products.

Ma'aden remains committed to our long-term strategy and business plan. We have taken many internal initiatives to help mitigate the significant impact of low commodity prices across our product portfolio and to strengthen our competitiveness whilst at all times preserving our commitment to the safety of our people and the communities and environment in which we operate. These initiatives have been made across our four strategic pillars: operational and capital excellence; marketing and sales; exploration and growth; and capability and capacity building.

Operational excellence

Our strategic emphasis on operational excellence gained further traction in 2015. This program achieved promising results as our mining and manufacturing facilities achieved higher production and a more diversified product portfolio. We also adopted the shared services approach, which aims to decrease costs and the integration and consolidation of a number of corporate and subsidiary functions.

We recently introduced the shared service concept across Human Resources (HR), Finance, Information and Communications Technology (ICT), Procurement and Administration. The consolidation of these shared services will help us deliver improved efficiency and performance, cost reduction and a leaner organization.

Our key businesses passed new milestones in 2015. Our record high production and sales tonnage of aluminium and phosphate fertilizers prove that Ma'aden's emphasis on operational excellence is yielding the expected results. After completing the mine-to-metal aluminium value chain in 2014, the past year saw Ma'aden Aluminium commissioning the mining operations at Al Ba'itha and the refinery at Ras Al Khair, scaling up its smelter, starting up the rolling mill to produce beverage can sheet and pre-commissioning the automobile sheet mill. We also registered our global product brand 'Yalma' on the London Metal Exchange.

We achieved higher production of DAP and also increased our storage capacity by building a new warehouse for granular products. Wa'ad Al Shamal, our second world-class fertilizer production facility, is on track to start up in a phased manner over 2016 and 2017.

In Gold and Base Metals, we commissioned two new operations over the past year: the Ad Duwayhi gold mine and the Jabal Sayid copper mine. Ad Duwayhi, our largest-ever gold mine, will lead to a significant increase in Ma'aden's gold production starting in 2016. Ma'aden Barrick Copper Company (MBCC) began shipping copper concentrate in December 2015.

Beyond operational excellence we also focused on capital efficiency throughout 2015. We reassessed our capital strategy in order to ensure that we are managing our debt commitments efficiently and increasing our focus on cash generation and utilization across the Group. We tightened up our investment criteria considerably to ensure that only projects that meet and exceed our higher internal rate of return will receive funding.

Greater emphasis has been placed on cash collection, cash management and working capital management to enhance our cash flows. Our procurement department revisited all contracts to maximize discounts and payment terms with our suppliers.

Marketing and sales success

With the completion of major projects and expansion of our production and product portfolio, marketing and sales have become paramount strategic priorities. The diversity of our product portfolio and the competitive production cost of our facilities from a global cost curve perspective, enabled us to strengthen our existing positions and access new markets. Ma'aden's SBUs have been adopting a customer-focused approach to strengthen our global market share for our key products.

The SBUs have reported major successes in expanding and diversifying their global customer bases. We have successfully tapped the demand for DAP in Oceania and Latin America in addition to the Indian subcontinent. Aluminium has achieved solid marketing and sales success with ingots, and has also reported early successes in marketing its beverage can sheets.

Exploration and growth

Exploration is central to Ma'aden's long term strategy of securing access to future mineral resources across all our commodities. In 2015, Ma'aden invested SAR116 million in greenfield and brownfield mineral exploration and completed over 158,000 meters of drilling of all types in target areas identified in regional geophysical and geochemical surveys. We also continued to conduct geological assessment and research of the different mineral belts to select prospective exploration areas for new license applications.

Capability and capacity building

In building our human capital and capacity, Ma'aden has been focusing on retention and skills building so that we may fill the gap in the availability of skilled local staff. Even as we focus on our internal initiative to consolidate and integrate support services, we will protect existing jobs at Ma'aden and support qualified and skilled Saudi mining job aspirants.

The graduation of the first group of students from the Saudi Mining Polytechnic (SMP) in Arar marked

We reassessed our capital strategy in order to ensure that we are managing our debt commitments efficiently and increasing our focus on cash generation and utilization across the Group.

a new beginning, both for Ma'aden and the mining industry in Saudi Arabia. The SMP will ensure that a steady flow of Saudi graduates joins the job market after learning the skills required in mining and related downstream industries. SMP became a reality after Ma'aden partnered with the Technical and Vocational Training Corporation (TVTC), Saudi Arabia's premier technical education organization. It will benefit our industry, which has suffered over the years from a lack of suitably qualified and trained local staff.

Taking care of our people remains a top priority. Ma'aden cannot achieve its mission and vision without the support and commitment of its people, and we will ensure that our high performing and hard working employees continue to enjoy excellent opportunities for personal growth in their careers.

Sustainability
We recognize that Ma'aden's long-term success as a global mining company depends on our ability to build strong internal programs and systems that address corporate governance, risk management, environmental health and safety (EHS), ethics and community engagement.

The Board of Directors and management are continually working together to strengthen corporate governance. Ma'aden's focus on ethics has resulted in a new Code of Conduct, and we have launched an ongoing campaign to embed the Code across the organization. We have made consistent progress in EHS and set clear and hurdle targets to be achieved over the coming years.

Ma'aden's mandate of building the third pillar of Saudi industrialization allows us to make significant contributions to the country's national development. Mining occurs in remote regions of the country where our industries have created thousands of direct jobs and many more thousands of indirect jobs; they are contributing to the sustainable development of undeveloped areas and the consequent distribution of wealth and prosperity in local communities.

Our industries are located in new, purpose-built cities that are shaping up in Ras Al Khair and Wa'ad Al Shamal. Ma'aden has been working very closely with other public and private stakeholders to deliver these industrial cities; Ras Al Khair has already become a center of mining industry excellence, whilst Wa'ad Al Shamal is in an advanced stage of development and construction.

Ma'aden has been working with the local communities near our mines for a long time. In recent years, we have sought to streamline our social performance through a Community Management System (CMS), making our investments more meaningful. In 2015, we established the Ma'aden Higher Community Initiatives Committee (MHCIC), chaired by myself and comprising of six other senior executives from the SBUs. The committee will ensure that we deliver positive social impacts, while maintaining alignment with our community initiative principles, business interests and the evolving needs of stakeholders.

Looking forward
While our earnings and revenues dropped as a direct result of lower commodity prices in global markets in 2015, we were nevertheless able to achieve significant operational goals, maintain high levels of productivity and deliver meaningful strategic value by adding aluminium to our portfolio and by opening new markets for our products. In this difficult year, very few of our global mining peers were able to match this level of success. We are currently in the downside of a commodity business cycle. This environment requires careful management and difficult decisions. The entire Ma'aden management team is focused on navigating the Group through these challenging times. Our aim is to protect and enhance shareholder value as we deliver an efficient, profitable and world-class minerals enterprise that can thrive through all parts of the cycle.

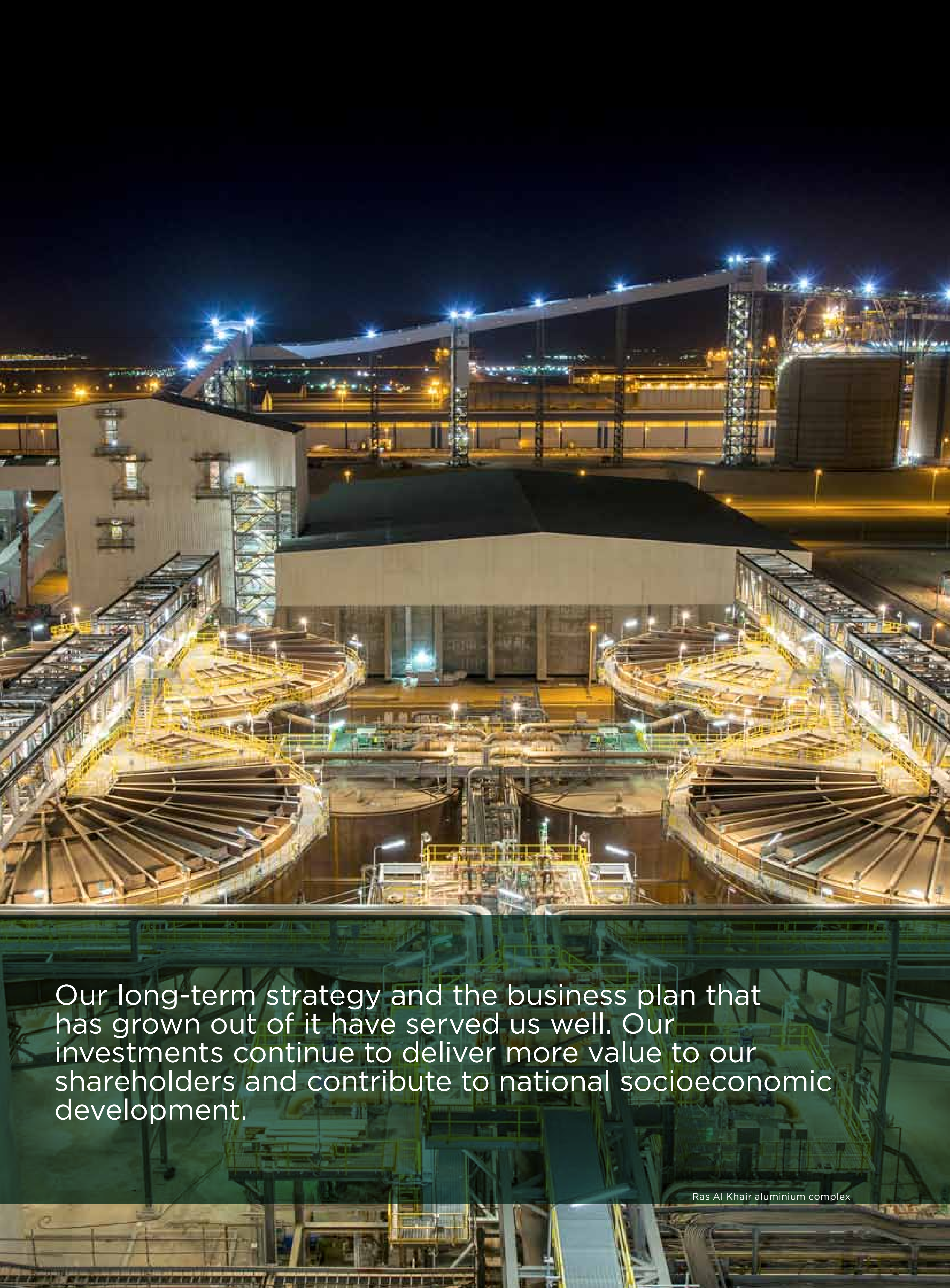
We will continue to focus on cost management and on maximizing cash generation through productivity improvements, optimizing working capital and a disciplined approach to capital expenditures. The operational and capital adjustments we are making in the way we manage our organization will strengthen the Group's long-term competitiveness, performance, profitability and sustainability.

Khalid Bin Saleh Al-Mudaifer
President and CEO

Our aim is to protect and enhance shareholder value as we deliver an efficient, profitable and world-class minerals enterprise that can thrive through all parts of the cycle.

Section 02

Strategy and analysis



Our long-term strategy and the business plan that has grown out of it have served us well. Our investments continue to deliver more value to our shareholders and contribute to national socioeconomic development.

Ras Al Khair aluminium complex

Consolidating our strengths and positioning for the future

Over the 18 years since Ma'aden's establishment, we have committed investments of over SAR100 billion in the development of high quality, long-term assets that constitute the foundation of the modern mining industry in Saudi Arabia. Beginning our journey with a few gold mines, we then expanded into phosphates and industrial minerals, aluminium and more recently, copper.

For our investors, the real value of their investment is in:

- **our cost competitive production,**
- **our diversified product portfolio,**
- **our growing access to global markets,**
- **our development of local human capital and**
- **our success in delivering an efficient, profitable and sustainable business.**

Our staff and the communities in which we operate are proud of the valuable contribution that Ma'aden is making to local employment and to the development of local Saudi businesses in remote areas.

Our business model

The competitiveness of global mining companies depends upon their success in building and integrating the value chain, starting with exploration and extraction of basic raw material that are processed to make the products that the world needs. Although these products are subject to the variables of demand and supply in international markets, the success of companies in integrating the production and value chain strengthens their efficiency, global competitiveness and financial standing.

The Government of the Kingdom of Saudi Arabia established Ma'aden for public and private investment through an investment model that positioned the company as the leader of the mining industry. This is being achieved by implementing an integrated model that leverages the diversity of the mining resources in the Kingdom by adding value to them after assessing the international industry situation. On this basis, our business model has been structured based on four basic elements:

- **Value addition: Our industries add value to natural resources, following Saudi Arabia's proven path to industrialization.**
- **Access to resources: We hold licenses to explore 47,000 square kilometers of land and build industries based on the ores that we extract.**
- **Access to technology: We acquire advanced technology to establish new industries and manufacture quality products.**
- **Partnerships: We establish joint ventures to help Ma'aden develop new areas and new products.**

A key feature of our business model is our focus on integration and the capture of the full mining value chain. Our operations consist of exploration, mining, processing and transportation, conversion into diverse products, and global marketing and sales of our products. Our business is managed through well-structured Strategic Business Units (SBUs) based at Ma'aden headquarters that actively coordinate with manufacturing subsidiaries to implement the company's business plans.

While building our business, we have faced many challenges. These include the remoteness of our locations and the logistics of accessing our mineral resources, the absence of a suitably qualified and skilled local workforce and the difficulties of hiring experienced expatriate staff at multiple levels in remote areas of Saudi Arabia.

Ras Al Khair port

Construction work at our Wa'ad Al Shamal phosphate project

Although we continue to face these challenges, they are of a long-term nature and we have strengthened our capability to manage them. Of particular importance is the challenge of developing the human capital needed to sustain and expand the mining sector. We have made considerable progress in meeting this challenge, both by developing our internal training and development programs, and through the Saudi Mining Polytechnic (SMP), which we developed with world-class education and vocational training organizations.

Response to global market weakness

As the world strives to achieve sustainable economic and industrial development, higher agricultural production and modern lifestyles, we believe our products will continue to be in demand as raw material and inputs for diverse downstream sectors and farming.

However, like most commodity sectors, the mining industry is known for its cyclical nature and the sustained decline in commodity prices during 2015 has led to concerns of a longer term slowdown. The global macro-economic conditions and the resulting fall in demand, combined with a strong supply, continue to work against price recovery and stability.

Strategy refresh

In these difficult times, Ma'aden has done what responsible companies do: acknowledge the issues, analyze the situation and adapt to the changing external environment to ensure the success of the business. Ma'aden is a relatively low-cost producer with access to high quality ore deposits. Nevertheless we have looked for ways to strengthen our internal efficiencies. During 2015, we revisited our 2022 strategy that rests on four broad pillars:

- **achieve operational and capital excellence,**
- **acquire stronger marketing and sales capabilities,**
- **meet exploration targets and**
- **strengthen capability and capacity building.**

Interconnected and interdependent, these four pillars are core to Ma'aden's business and cover the full spectrum of our value chain. The strategy refresh exercise that we undertook in 2015 revalidated our four-pillar approach. It emphasized the need to maximize value from our current assets and to continue investing in profitable ventures. However, in response to the continuing adverse effects of the weak global market, we launched a series of measures to strengthen productivity and performance. These measures are aimed at achieving five broad goals:

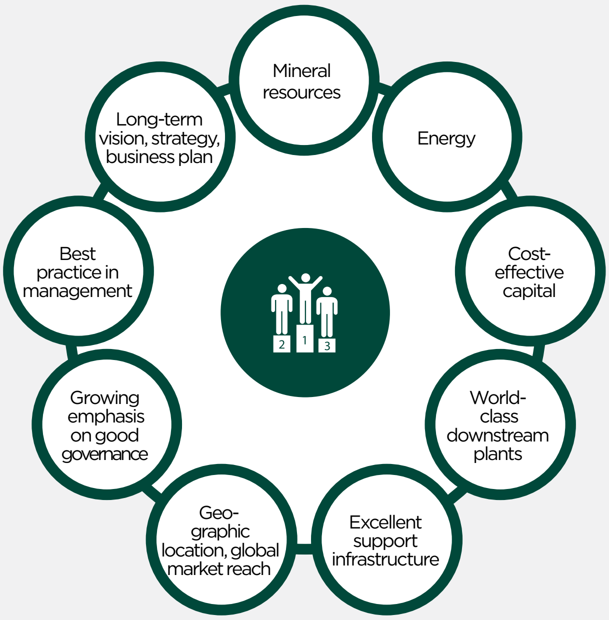
- **Increase production, reduce costs and strengthen profitability through cash maximization, consolidation of shared services and continuous process improvement.**
- **Enhance financial resilience through debt restructuring and robust capital discipline.**
- **Diversify our product portfolio.**
- **Pursue long-term brownfield growth opportunities, especially in phosphates and precious and base metals.**
- **Broaden the scope of Ma'aden's capability building programs to ensure that we develop leadership talent as well as acquire and retain world-class mine management expertise.**

The measures adopted as a result of the 2015 strategy refresh exercise represent a change of emphasis on short term priorities, rather than a deviation from our longer-term strategy.

In search of operational excellence, we launched the ETGAN Transformation Program in 2012 to

The strategy refresh exercise that we undertook in 2015 revalidated our four-pillar approach. It emphasized the need to maximize value from our current assets and to continue investing in profitable ventures.

Competitive advantages



Laboratory work at Ad Duwayhi gold mine

lead the company's internal transformational initiatives. ETGAN was conceived to pursue four clear objectives:

- **build capability,**
- **improve processes,**
- **build a performance culture and**
- **support business initiatives.**

During 2015, through ETGAN we launched new transformational programs that focused on consolidating and leveraging shared services and functions. Our aim is to achieve significant cost savings from the creation of a more efficient and leaner organization that ensures processes are consistently followed across Ma'aden.

We are pursuing synergies through the consolidation of diverse functions such as Information Technology and Communications (ICT), Human Resources (HR), Finance, Procurement, Medical and Administration services. Other significant transformational initiatives during the year related to resources and reserves, human capital management, our mine operating model and Environment, Health and Safety (EHS).

Furthermore, in 2015 we began implementing the new Automated Corporate Performance Management System based on best-in-class proprietary systems for performance monitoring and reporting. Through this system, key performance

Socioeconomic contributions

Contribution to GDP
Job creation and development of skilled workforce
Fiscal benefits
Infrastructure investments
Foreign Direct Investment (FDI) and transfer of technology
Social and community development

Development of a skilled workforce is among Ma'aden's key contributions to socioeconomic development indicators (KPIs) are defined, synchronized, monitored and managed in a central repository.

Outlook for the future
Our strategy, combined with the initiatives and programs resulting from the strategy refresh exercise of 2015, will help Ma'aden weather the current market cycle and take full advantage of the next upturn.

Our operational excellence programs are in place and the execution of some of those programs will continue well into 2016 and 2017. We are strengthening our organization and its capabilities to deliver development, growth and profit. As we shift our focus gradually from being a 'builder' of industries to being an efficient producer and marketer of diverse commodities, our strategic approach will continue to adapt and evolve to tackle changing external conditions.

Ma'aden is well positioned for the future – both as an agent of change and development within the country, and as a company that can effectively deliver on stakeholder expectations of higher profits, good governance, fiscal discipline and sustainable operations.

We are strengthening our organization and its capabilities to deliver development, growth and profit.

Challenges being effectively tackled

- **Human capital**
- **Exploration in remote desert regions**
- **Governance standards**
- **Sustainability**
- **Internal consolidation of shared services**
- **Product marketing**
- **Updating of management tools and practices**

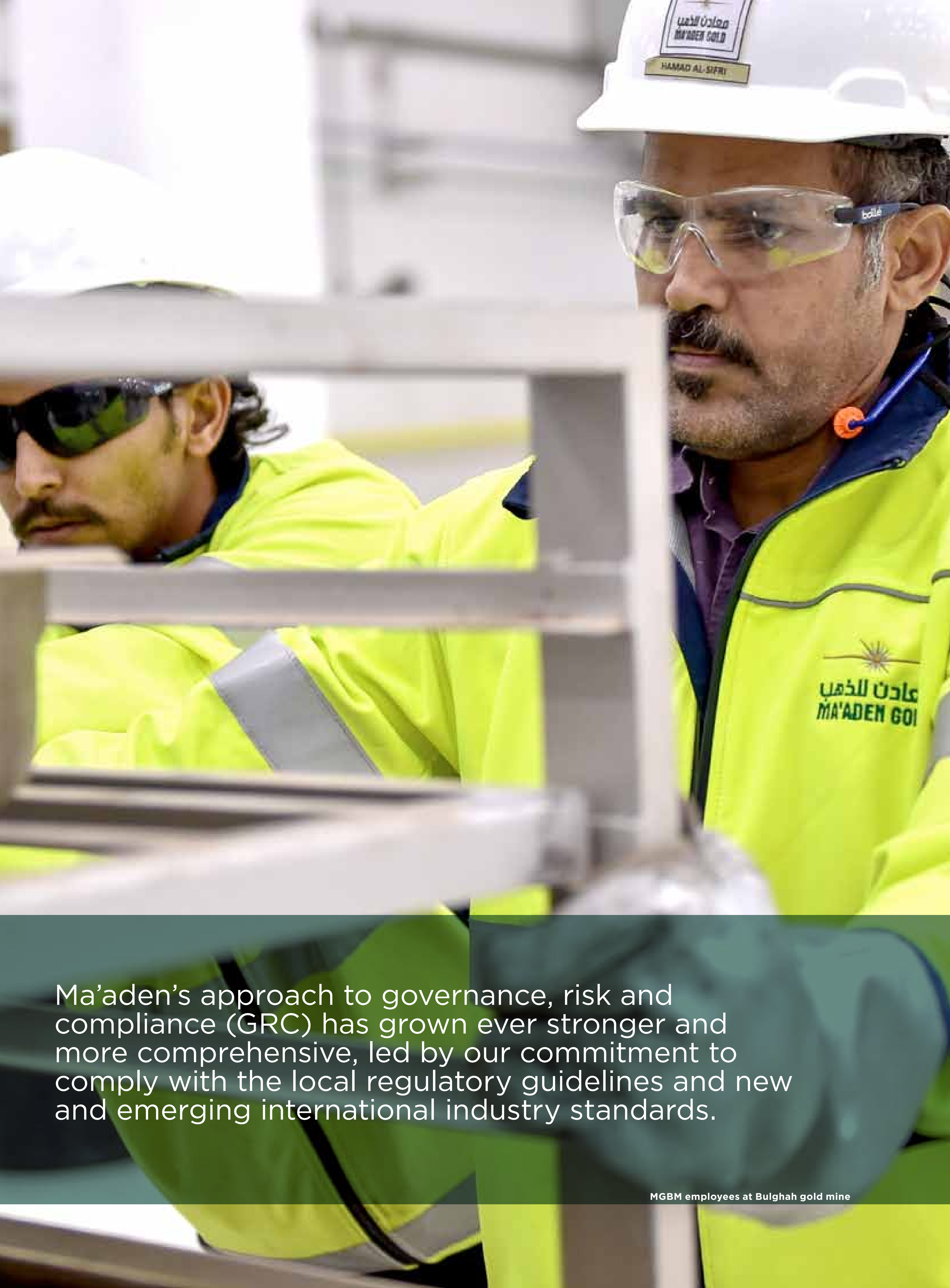
Stakeholders

- Shareholders
- Employees
- Customers
- Partners
- Communities
- Regulators
- Local government bodies
- NGOs and charitable bodies

The Ma'aden general assembly, left, operations at Sukhaybarat

Section 03

Governance, risk and compliance



Ma’aden’s approach to governance, risk and compliance (GRC) has grown ever stronger and more comprehensive, led by our commitment to comply with the local regulatory guidelines and new and emerging international industry standards.

MGBM employees at Bulghah gold mine

Growing commitment to the highest standards

Ma'aden's corporate governance framework is based on the provisions of regulations issued by the Capital Market Authority (CMA) of the Kingdom of Saudi Arabia, the Companies Law and Ma'aden's Articles of Association. Our vision of becoming a world-class minerals enterprise guides us in continually strengthening our governance, risk and compliance (GRC) framework.

Under this framework, Ma'aden's Board of Directors holds the ultimate authority and responsibility to establish an effective GRC regime. Overall risk management efforts and internal control measures that are aimed at protecting the rights of shareholders and other stakeholders are integral to GRC.

Corporate governance in Ma'aden has two major components:

- **strategic direction**
- **oversight.**

Strategic direction determines the business model, business objectives, risk management methodology (including risk appetite) and control of business conduct. The prime objectives of oversight are risk management and internal and external assurance activities.

The most important operating principles of corporate governance at Ma'aden are:

- **keep shareholders well-informed by providing them accurate and timely information;**
- **maintain an effective Board committed to represent and safeguard the interest of shareholders;**
- **deliver executive leadership led by the President and CEO ensuring that the organization works hard to achieve common goals and objectives;**
- **implement strong risk management measures and internal controls to help Ma'aden achieve its strategic and operational objectives and**
- **maintain total compliance with applicable laws and regulations.**

Company structure

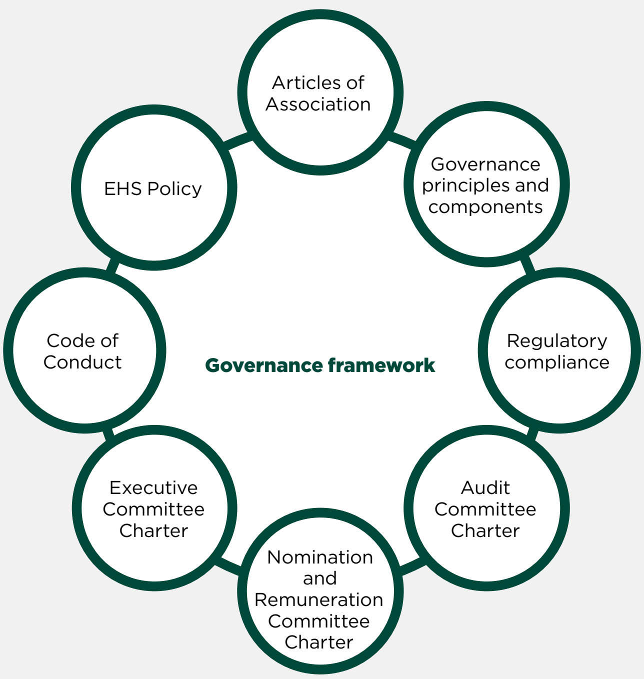
The Ma'aden organization today includes three wholly owned subsidiaries and seven joint venture companies *(Figure 1, overleaf)*. All of our subsidiaries except one – the Ma'aden Infrastructure Company (MIC), an internal services company supporting the requirements of other operating companies – are engaged in mining or manufacturing operations.

The Ma'aden Board of Directors

Figure.1 **Ma'aden operational structure: subsidiaries and jointly controlled entities**

Business segment	Company name	Type of company	Shareholders	Products	HQ Location
Holding					
Investment holding	Saudi Arabian Mining Company (Ma'aden)	Joint stock company	Publicly listed	Projects	Riyadh
Subsidiaries (Consolidated accounting)					
Gold	Ma'aden Gold and Base Metals Company (MGBM)	Limited liability company	Ma'aden 100%	Gold, zinc, copper, silver and lead	Jeddah
Infrastructure	Ma'aden Infrastructure Company (MIC)	Limited liability company	Ma'aden 100%	Infrastructure services and housing	Riyadh
Industrial minerals	Industrial Minerals Company (IMC)	Limited liability company	Ma'aden 100%	Bauxite, kaolin, and caustic calcined magnesia	Riyadh
Aluminium	Ma'aden Aluminium Company (MAC)	Limited liability company	Ma'aden 74.9% Alcoa 25.1%	Aluminium ingots, T-bars, slabs	Ras Al Khair
Aluminium	Ma'aden Rolling Company (MRC)	Limited liability company	Ma'aden 74.9% Alcoa 25.1%	Billets and aluminium sheets	Ras Al Khair
Aluminium	Ma'aden Bauxite and Alumina Company (MBAC)	Limited liability company	Ma'aden 74.9% Alcoa 25.1%	Aluminium ingots	Ras Al Khair
Phosphate	Ma'aden Phosphate Company (MPC)	Limited liability company	Ma'aden 70% SABIC 30%	DAP fertilizer, MAP fertilizer, sulphuric acid, phosphoric acid, and ammonia	Ras Al Khair
Phosphate	Ma'aden Wa'ad Al-Shamal Phosphate Company (MWASPC)	Limited liability company	Ma'aden 60% Mosaic 25% SABIC 15%	DAP fertilizer, MAP fertilizer, sulphuric acid, phosphoric acid, and ammonia (including downstream products)	Wa'ad Al Shamal
Jointly controlled entities (Equity accounted)					
Petrochemical	Sahara and Ma'aden Petrochemical Company (SAMAPCO)	Limited liability company	Ma'aden 50% Sahara 50%	Ethylene dichloride chlorine and caustic soda	Jubail
Copper	Ma'aden Barrick Copper Company (MBCC)	Limited liability company	Ma'aden 50% Barrick ME 50%	Copper, silver, zinc, nickel, gold, lead, sulphur and cobalt	Al Madinah Al Munawarah

Figure.2 **Key governance components**



The four main bodies overseeing the GRC framework are supported by the executive management, subsidiaries and staff to ensure effective implementation of its elements.

The Board and the Management Committee

GRC framework

Our GRC framework consists of four main bodies:

- **Shareholders**
- **Board of Directors and supporting sub-committees**
- **President and CEO**
- **Management Committee.**

As shown in the management structure chart *(Figure 3, overleaf)*, the four main bodies overseeing the GRC framework are supported by the executive management, subsidiaries, affiliates and staff to ensure effective implementation of its elements, as shown under 'key governance components' *(Figure 2)*.

Role of shareholders

Our General Assembly is the platform where shareholders exercise their voting rights. Shareholder consent is required for key decisions such as the approval of the annual financial statements, the Board of Directors' report on the group's activities, the review and approval of the Board of Directors' recommendations on dividend payments, the election of board members, amendments to the Articles of Association, appointment of external auditors and the raising of capital. Each shareholder owning more than 20 shares has the right to attend the General Assembly, where they are entitled to one vote per share as per the company's Article of Association. We hold the General Assembly of shareholders during the first three months following the end of the fiscal year. Extraordinary General Assembly meetings are held when necessary.

Board composition

In accordance with the Companies Law and Ma'aden's Article of Association, our Board of Directors consists of nine members, including the Chairman and the CEO.

The General Assembly of shareholders appoints the directors for a term of three years. The PIF, which represents the government and holds 50 percent of the company's shares, appoints four of the nine members. Eight of the current Board members were appointed during the meeting of the Extraordinary General Assembly held on September 25, 2014, and the ninth member was appointed at the meeting of the Extraordinary General Assembly held on November 13, 2014.

As an independent director Soliman Bin Saad Al-Humyyed tendered his resignation on December 9, 2014, the Board of Directors appointed Abdulaziz Bin Abdallah Al-Suqair as independent director on January 20, 2015. His appointment was approved by the General Assembly meeting on March 2, 2015. Independent directors do not have a material or pecuniary relationship with the company or related persons, except sitting fees and they do not own shares in the company.

Board meetings and attendance

The Board of Directors held seven meetings during the year, and the details of attendance are presented in Figure 4 *(overleaf)*.

Board of Directors' role

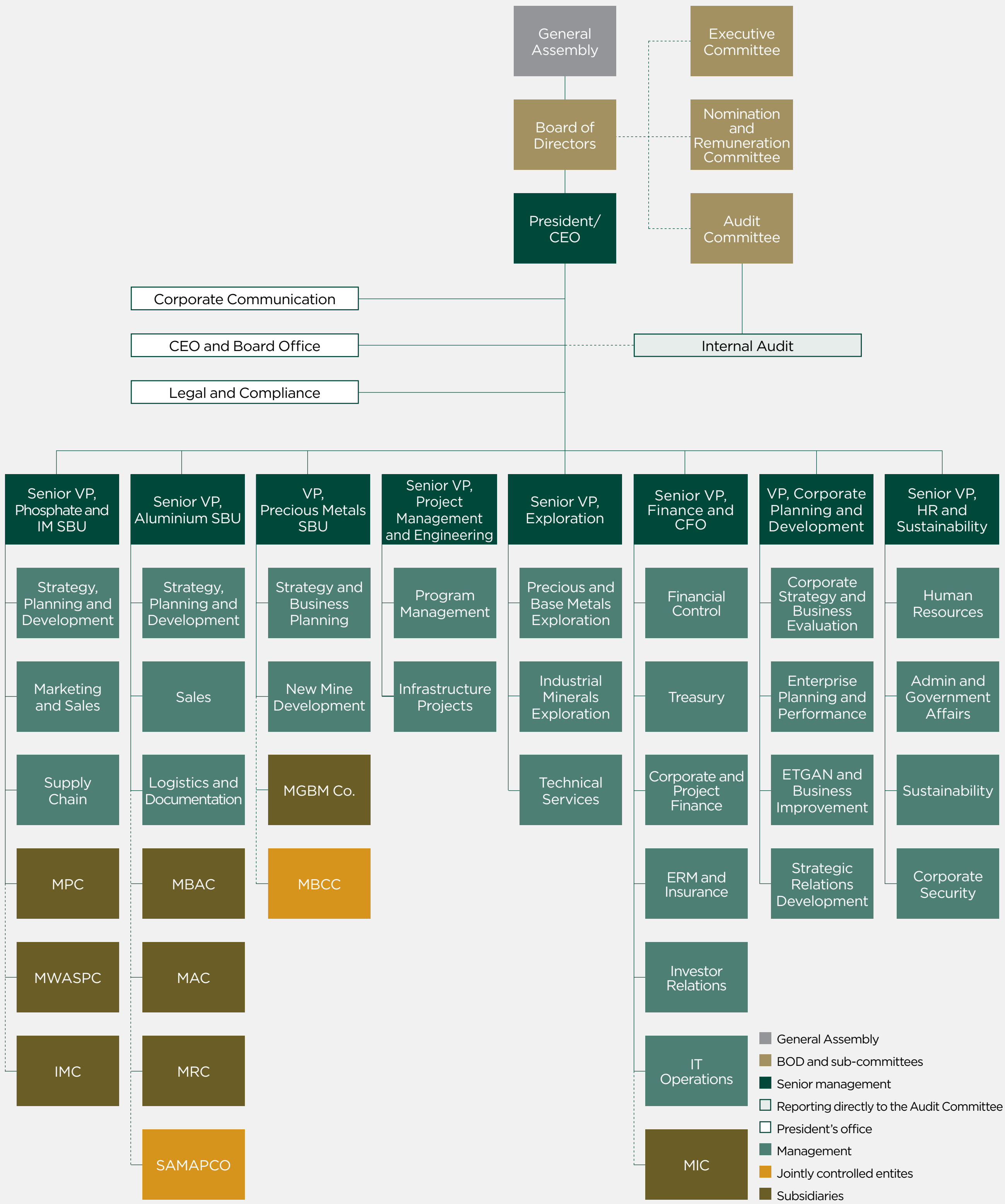
The Board holds key responsibilities related to governance, risk management and internal control. They include:

- **the approval of Ma'aden strategy, business plans and objectives of the Group;**
- **establish authority matrices across the Group to ensure consistency in decision-making;**
- **the general evaluation of performance against approved strategic goals;**
- **the approval of quarterly and annual financial statements;**
- **the establishment of the policies and guidelines related to internal control systems;**
- **the approval of policies and procedures to ensure compliance with laws and regulations and**
- **the appointment of the Chief Executive Officer and President.**

The Board exercises its responsibilities through several strategic tools:

- **the Board's sub-committees;**
- **a robust internal audit function;**

Figure.3 **Ma'aden's organizational structure**



The three Board sub-committees meet separately several times during the year. The Board has specified the roles and responsibilities of each committee.

7
Board of Directors meetings every year

- **independent annual audits performed by external auditors and**
- **an effective whistle blower program to enable staff and others to report wrongdoings and fraud-related risks.**

In order to help carry out its duties and responsibilities effectively, the Board has delegated important matters to its three sub-committees:

- **the Executive Committee;**
- **the Audit Committee;**
- **the Nomination and Remuneration Committee.**

Committee meetings

The three Board sub-committees meet separately several times during the year. The Board has specified the roles and responsibilities of each committee. The minutes of each Board committee meeting are reviewed and approved by the Board of Directors. Details of the functioning of each committee are given below.

Executive Committee

The Executive Committee comprises at least six members appointed by the Board *(Figure 5)*. The Executive Committee meets on a quarterly basis, and additional meetings are held if required. The quorum for the meeting is a majority of its members.

The main duties and responsibilities of the Executive Committee include, but are not limited to, the following:

- **review Ma'aden's strategies, business plans and make recommendations to the Board;**
- **review the workforce budget and operational and capital expenditure budgets;**
- **review proposed long-term (more than three years) business, operations and financial plans and provide recommendations to the Board;**
- **review all core projects and business**

Figure.4 **Board meetings and attendance**

			Attendance of meeting						
Name	Title	Status	20/01 2015	01/03 2015	22/05 2015	23/05 2015	30/08 2015	15/10 2015	20/12 2015
Abdullah Bin Saif Al-Saif	Chairman	Independent Director	✔	✔	✔	✔	✔	✔	✔
HE Mohammed Bin Abdullah Al-Kharashi	Director	Non-executive Director representing PIF	✔	✔	-	-	✔	✔	✔
HE Suleiman Bin Abdulrahman Al-Gwaiz	Director	Non-executive Director representing GOSI	✔	✔	✔	✔	✔	-	✔
Mansour Bin Saleh Al-Maiman	Director	Non-executive Director representing PIF	-	✔	✔	✔	✔	✔	✔
Khalid Bin Hamad Al-Sanani	Director	Non-executive Director, representing PIF	✔	✔	✔	✔	✔	✔	✔
Sultan Bin Jamal Shawli	Director	Non-executive Director representing PIF	-	✔	✔	✔	✔	-	✔
Dr Ziyad Bin Abdulrahman Al-Sudairy	Director	Independent Director	✔	✔	✔	✔	✔	✔	-
Abdulaziz Bin Abdullah Al-Suqair*	Director	Independent Director			✔	✔	✔	✔	✔
Khalid Bin Saleh Al-Mudaifer	President and CEO	Executive Director	✔	✔	✔	✔	✔	✔	✔
Baker Abdullatif Al-Haboob	Board Secretary	-	✔	✔	✔	✔	✔	✔	✔

**The Board recommended to appoint the ninth member on 20/01/2015 and the General Assembly approved this on 01/03/2015*

Figure.5 **Members of the Executive Committee, meetings and attendance (2015)**

Name	Title	Attendance of meeting 22/02 2015	01/07 2015	14/09 2015	29/11 2015
Abdullah Bin Saif Al-Saif	Chairman	✔	✔	✔	✔
HE Suleiman Bin Abdulrahman Al-Gwaiz	Non-executive Director	✔	✔	✔	✔
Sultan Bin Jamal Shawli	Independent Director	✔	✔	✔	✔
Khalid Bin Saleh Al-Mudaifer	Executive Director	✔	✔	✔	✔
Abdulaziz Bin Abdullah Al-Suqair*	Non-executive Director	✔	✔	-	✔
Prof Richard T. O'Brien**	Member	New appointment			✔

**Was appointed as an Executive Committee member on 15/10/2015*
***Non Board member was appointed as an Executive Committee member on 15/10/2015*

The Audit Committee has the right, without any restrictions, to access all information, data, reports, records, correspondence, and other matters as the Committee deems appropriate. The Audit Committee is also entitled to engage consultants, accountants or any other independent third parties.

expansions according to the approved strategies, business plans, operations and long-term financial plans and make recommendations to the Board and
- **oversee and monitor the implementation of Ma'aden and subsidiary expansion projects.**

The current Executive Committee was established in 2014. A new member – Professor Richard O'Brien – was appointed to the committee effective October 15, 2015.

All members of the Executive Committee, except O'Brien, sit on the Board of Directors. O'Brien is an accomplished executive with 30 years of experience at CEO, COO and CFO level with significant financial and operational experience in mining and mining services, energy and power and the electric and gas utility businesses. He has extensive experience with NYSE and Australian Stock Exchange listed companies in leadership positions covering strategic and business planning, finance and accounting, safety, domestic and international business mergers, acquisitions and divestitures and in identifying and mentoring "next generation" leaders. O'Brien has demonstrated leadership and communication capabilities and has experience as an independent non-executive director of public companies.

Audit Committee

The Audit Committee consists of five members who are appointed by the Board *(Figure 6)*. The Audit Committee met several times during the year 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 appropriate. 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 Ma'aden's proposed financial policies and procedures and recommend their adoption and approval to the Board;**
- **review the interim and annual standalone and consolidated financial statements of the company and all its subsidiaries;**
- **oversee the Group's internal audit department to ensure efficiency in performing its activities and tasks assigned by the Board;**
- **review and approve the internal audit plan for the ensuing year, procedures and recommendations to the Board on the appointment or termination of services and the fees of external auditors, taking their independence into account;**
- **review the procedures for the request for proposal for the external audit appointment and recommendations and**
- **conduct or authorize investigations related to any matter in the company's interest.**

Abdullah Bin Mohammed Al-Fayez was appointed to the Audit Committee in 2014. Al-Fayez joined the Arabian Oil Company in as an assistant supervisor of maintenance work in 1974. He moved to the Saudi Industrial Development Fund (SIDF) later, where he held various positions in project and portfolio management before his appointment as Director of Marketing.

Figure.6 **Members of the Audit Committee, meetings and attendance (2015)**

Name	Title	Attendance of meeting 18/01 2015	16/04 2015	14/07 2015	18/10 2015	14/12 2015
HE Mohammed Bin Abdullah Al-Khar-ashi	Chairman	✔	✔	✔	✔	✔
Khalid Bin Hamad Al-Sanani	Non-executive Director	✔	✔	✔	✔	✔
Abdullah Bin Mohammed Al-Fayez**	Member	✔	✔	✔	✔	✔
Dr Abdullah Bin Hassan Al-Abdulqader*	Member	✔	✔		Resigned	
Mazen Bin Abdullah Al-Furaih**	Member	✔	✔	✔	✔	✔
Walid Bin Ibrahim Shukri**	Member	✔	✔	-	✔	✔

**The member resigned on 30/04/2015*
***Non Board member*

In 1981 he joined the Saudi-Spanish Bank in Madrid as an assistant to the general manager prior to joining the United States-Saudi Arabian Joint Commission. From year 2000 to 2006, he served as the CEO of the Saudi Public Transport Company (SAPTCO).

Dr Abdullah Bin Hassan Al-Abdulqader was appointed to the Committee in 2011. He was a member of the CMA Board from the time it was formed in July 2004 for a period of five years. He was Provost of Graduate Studies and Research at King Fahd University of Petroleum and Minerals (KFUPM) from 1998 to 2003. Dr Al-Abdulqader provides consultation on corporate governance and business administration for a number of companies and organizations in Saudi Arabia and the Gulf region. He resigned from the Audit Committee on April 30, 2015.

Mazen Al-Furaih was appointed to the Committee in 2014. Since 2011, he has served as a Financial Analyst at the PIF, where he reviews commercial loan applications, prepares project appraisals, reviews financial statements and evaluates new investment opportunities.

Walid Bin Ibrahim Shukri was appointed to the Committee in 2014. He holds a bachelor's degree with honors in industrial management from KFUPM and is a US and Saudi Certified Public Accountant. He specializes in audit assurance, risk, compliance, corporate governance and financial reporting, with an academic and professional career spanning over 25 years. Shukri worked as an independent advisor to the Ernst and Young Oil and Gas Centre of Excellence in Bahrain and for over 12 years, he was with PricewaterhouseCoopers (PwC), where he spent four years as the country senior partner for the Saudi Arabian practice and was part of the Middle East Leadership Team. Prior to this he worked with Deloitte Touche Tohmatsu in both the United States of America and Saudi Arabia.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of four members who are appointed by the Board *(Figure 7)*. The committee meets on a

Figure.7 **Members of the Nomination and Remuneration Committee, meetings and attendance (2015)**

Name	Title	Attendance of meeting 22/02 2015	31/05 2015	14/09 2015	19/12 2015
Abdallah Bin Saif Al-Saif	Chairman	✔	✔	✔	✔
Mansour Bin Saleh Al-Maiman	Non-executive Director	✔	✔	✔	✔
Ziyad Abdulrahman Al-Sudairy	Non-executive Director	✔	-	-	-
Khalid Bin Saleh Al-Mudaifer	Executive Director	✔	✔	✔	✔

Figure.8 **Summary of Board and committee meetings (2015)**

Member	Board	Executive Committee	Audit Committee	Nomination and Remuneration Committee
	Attendance of meeting			
Independent Directors				
Abdullah Bin Saif Al-Saif	7/7	4/4	-	4/4
Abdulaziz Bin Abdullah Al-Suqair*	5/7	3/4	-	-
Dr Ziyad Bin Abdulrahman Al-Sudairy	6/7	-	-	1/4
Non-executive Directors				
HE Mohammed Bin Abdullah Al-Kharashi	5/7	-	5/5	-
HE Suleiman Bin Abdulrahman Al-Gwaiz	6/7	4/4	-	-
Mansour Bin Saleh Al-Maiman	6/7	-	-	4/4
Sultan Bin Jamal Shawli	5/7	4/4	-	-
Khalid Bin Hamad Al-Sanani	7/7	-	5/5	-
Executive Directors				
Khalid Bin Saleh Al-Mudaifer	7/7	4/4	-	4/4
Other committees members				
Prof Richard T. O'Brien**	-	1/4	-	-
Abdullah Bin Mohammed Al-Fayez**	-	-	5/5	-
Dr Abdullah Bin Hassan Al-Abdulqader***	-	-	2/5	-
Mazen Al-Furaih**	-	-	5/5	-
Walid Bin Ibrahim Shukri	-	-	4/5	-

**Was appointed as an Executive Committee member on 15/10/2015*
***Non Board member*
****The member resigned on 30/04/2015*

In line with the requirement of Article 10 (a) of the Capital Market Authority's corporate governance regulations, the Ma'aden Board takes full responsibility for the governance of risk.

quarterly basis and the quorum for the meeting is a majority of its members. The duties and responsibilities of the committee include the following:

- **annual review and recommendations of the skills, competencies and work experience needed to strengthen the capacity of the Board and make suitable recommendations;**
- **annual verification of independent members' credentials and to determine if there are any conflicts of interest if the member serves on the Board of another company;**
- **evaluation of candidates for Board membership, 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;**
- **assist the Board in preparation of a long-term succession plan when necessary;**
- **identify strengths and weaknesses in the Board and propose methods to address gaps if any;**
- **review and approve all compensation (salaries, allowances, shares) for all executives (CEO, deputies and executive directors) on an annual basis;**
- **review and approve human resources policies and procedures, administrative development programs and plans for succession of executives, evaluate objectives (including key performance indicators) to be achieved within the reward and incentive programs and**
- **consult with the CEO to review the succession plan and ensure the availability of a resource pool with sufficient qualifications, skills and experience to fill senior and leadership positions; identify opportunities and shortcomings in performance and subsequent steps as part of succession planning, including development of executive competencies.**

More details of the roles and responsibilities of the three committees are explained in their respective charters, which are available on our website: *www.maaden.com.sa/en/investor/governance*

Behavior forum in progress at one of our operational sites, left, and a weekly operational meeting at Ad Duwayhi mine

Management Committee

Our senior management is comprised of qualified and experienced senior executives with the knowledge and expertise necessary to lead Ma'aden's business. We have been largely successful in retaining our senior management team and in developing qualified employees and promoting them to senior positions in the company. The Management Committee performs a number of key functions. These include:

- **the setting of clear business objectives within an appropriate ethical framework;**
- **establishing efficient processes and mechanisms to ensure transparency and clear lines of responsibility and accountability;**
- **implementing sound business planning and integrating business risk management throughout the group;**
- **establishing clear boundaries for acceptable behavior and**
- **evaluating and driving performance.**

The President and CEO leads Ma'aden's Management Committee.

Risk management

Effective risk management is essential to ensure that Ma'aden remains a focused, high performance mining company. Risk is an integral and unavoidable component of Ma'aden's business and comprises both threats and opportunities. All employees across the company are responsible for the management of risks in accordance with our ISO 31000-based risk management framework, policies and procedures.

Board supervision

We are committed to the effective management of risks through proactive, competent risk management policy and practice. In line with the requirement of Article 10 (a) of the Capital Market Authority's corporate governance regulations, the Ma'aden Board takes full responsibility for the governance of risk. The Board achieves this by ensuring that an effective risk management process is embedded across all the operations and at all levels of management through the design, implementation and monitoring of a risk management strategy and plan. The Board has delegated the responsibility of developing and continually updating the risk management strategy and plan to the executive management.

Our strategy and plan are designed to take advantage of opportunities and protect capital, assets and income by mitigating the adverse impacts of risk. Ma'aden's Board of Directors and executive management conduct regular risk assessments relating to various dimensions and aspects of operations to verify that adequate risk management systems are in place.

Key business risks

We acknowledge that all risks cannot be eliminated. Ma'aden takes a comprehensive approach to understanding potential risks so that appropriate mitigation processes are put in place. The following were some of the key business risks reported in 2015:

- **Capital project execution**
- **Commodity price volatility**
- **Cyber security**
- **Skills shortage**
- **Access to infrastructure/water**
- **Interruptions in supply of power**
- **Social license to operate**
- **Environment**
- **Marketing**
- **Cost inflation**
- **Health and safety**

Risk monitoring

All the identified risks are monitored appropriately and adequate mitigation plans are in place to tackle the identified risks. A formal process to report on the implementation status of the mitigation plans against identified risks has also been designed and implemented. The Board is satisfied that Ma'aden has adopted an ongoing process to identify, evaluate and manage significant risks.

We acknowledge that all risks cannot be eliminated. Ma'aden takes a comprehensive approach to understanding potential risks so that appropriate responses are put in place.

1,087
staff attended Code of Conduct awareness sessions

Financial risk management

Please refer to the consolidated financial statements for information on financial risk management.

Compliance and ethics

The idea of regulatory compliance is central to our GRC framework. Our Board of Directors and senior management are fully committed and keen to promote a compliance and ethics culture within Ma'aden. We believe that compliance is closely related to ethics, which is one of the central pillars of our sustainability strategy. Ethics in turn closely reflects our values of:

- **integrity**
- **care**
- **teamwork**
- **ownership.**

It is this combination of compliance, ethics and values that led to Ma'aden's Board approving a new Code of Conduct in early 2015.

We work hard to ensure that Ma'aden puts in place proper culture, policies and procedures to ensure compliance. We provide our people with necessary awareness and training to meet our compliance standards, which ensures that our emphasis on following regulations, ethical considerations and values become an integral part of business strategies.

We continually identify, evaluate, control and monitor compliance risks and recommend appropriate controls and remedial actions when needed. Whenever there are changes in the laws and regulations, or when there are new laws, we ensure that corporate and all subsidiaries are briefed thoroughly to ensure compliance. During 2015, there were changes in Saudi Arabia's labor law that required Ma'aden to make policy adjustments to ensure compliance. We are also abreast of the comprehensive updates to Saudi Arabia's Companies Law.

Ma'aden has adopted a process to identify, evaluate and manage significant risks faced by the Group

Our emphasis on compliance, ethics and our values help entrench a value system within Ma'aden and its subsidiaries, creating awareness and commitment to 'do things right'. Our emphasis on compliance, ethics and values will continue to grow stronger as Ma'aden grows further as a business supplying valuable products to the domestic, regional and international markets.

New Code of Conduct

The enhanced Code of Conduct covers a wide range of activities such as:

- **employment practices;**
- **employee, customer and vendor information;**
- **communications;**
- **conflict of interest;**
- **relationship with business partners;**
- **EHS issues;**
- **ethical management practices.**

The Code is intended to guide our actions in conducting business in a socially responsible and ethical manner and distinguish Ma'aden in the eyes of our stakeholders. It reflects our commitment as a group and as individuals, in respecting the law, striving for a world-class

Board members with staff at aluminium plant in Ras Al Khair

workplace environment, protecting the environment, achieving operational excellence and benefiting the communities where we work. The Code has led to new policy initiatives within Ma'aden, such as an anti-corruption policy that complements our whistleblowing policy.

The corporate compliance team conducted a major campaign across Ma'aden to create awareness about the new Code of Conduct and its objectives, as well as the consequences of violating its provisions. The campaign, strongly supported by the CEO, enabled the compliance team to engage with subsidiary boards and managements and employees across Ma'aden. In 2015 we conducted 31 bilingual awareness sessions attended by a total of 1,087 staff, representing 18 percent of our employees. We have also issued an employee handbook on the Code in Arabic and English. The awareness campaign will continue in 2016.

The compliance team conducted a Ma'aden-wide employee survey to assess the impact of the Code and ethics, and to measure staff commitment to the five components of our compliance and ethics culture:

- **knowledge**
- **courage**
- **decision-making**
- **trust**
- **belief.**

At the end of 2015 all employees were required to complete an annual confirmation form that covers most of Ma'aden policies. The form enables staff to examine and assess their activities to ensure they are in line with the company's compliance, ethics and code of conduct.

ETGAN, Ma'aden's transformational initiative, launched a culture and values program in late 2014 that gathered momentum in 2015. Identifying four critical behaviors that will help embed our values across Ma'aden, the program is designed to enable staff to 'live' the values of integrity, care, ownership and teamwork. The campaign has already covered several operations sites and will strive to make an impact across the Group in 2016.

Internal audit

Internal audit plays a key role in governance as an independent, objective assurance and consulting function. Its mandate and centralized position helps Ma'aden to implement a systematic, disciplined approach to evaluate and improve the effectiveness of internal controls. During 2015, we completed 103 internal audits across Ma'aden. In 2015, we invited the External Quality Assessment (EQA) team of the Institute of Internal Auditors (IIA), the global association of internal audit professionals, to conduct an independent EQA review and benchmark us against global best practice. The outcome of the EQA validated our commitment towards quality by awarding us the highest ratings on conformance with the International Professional Practices Framework (IPPF) of the IIA.

Using IIA's Global Audit Information (GAIN) database, our internal audit function was benchmarked against 327 major global companies, and the results showed that Ma'aden's audit and risk assessment processes and systems are extensive, well-defined and ahead of others in many areas.

We maintained our focus on aligning audit and organizational strategies that have helped us and our subsidiaries improve the level of corporate governance. As a result, the Group continued to achieve considerable financial reporting stability and full compliance with the local regulatory framework, the lenders' requirements and the International Financial Reporting Standards (IFRS) recommended by the Saudi Organization of Certified Public Accountants (SOCPA).

In 2015, we invited the External Quality Assessment (EQA) team of the Institute of Internal Auditors (IIA), the global association of internal audit professionals, to conduct an independent EQA review and benchmark us with global best practice

*Our **Code of Conduct** reflects our **commitment** as a group and as individuals, in respecting the law, striving for a world-class workplace environment, protecting the environment, achieving operational excellence and benefiting the communities where we work.*

The scope of our activities represents a wide spectrum of key business dimensions, such as:

- **evaluating the reliability and integrity of financial information including the sources used to identify, measure, classify and report such information in quarterly and annual financial statements;**
- **evaluating the established systems of internal controls to ensure compliance with organizational policies, strategic plans, procedures, laws and regulations;**
- **assessing means to safeguarding Ma'aden's assets and verifying their existence;**
- **evaluating the effectiveness and efficient use of available resources;**
- **evaluating operations and strategic projects to ascertain whether results are consistent with established objectives and goals and whether they are being managed as intended in the overall Ma'aden strategy;**
- **evaluating specific areas of operations and strategic projects at the request of the Audit Committee or Management;**
- **monitoring and evaluating the effectiveness of the risk management process and**
- **evaluating the quality of performance of external auditors and calibrating the degree of coordination with internal audit to achieve maximum audit coverage.**

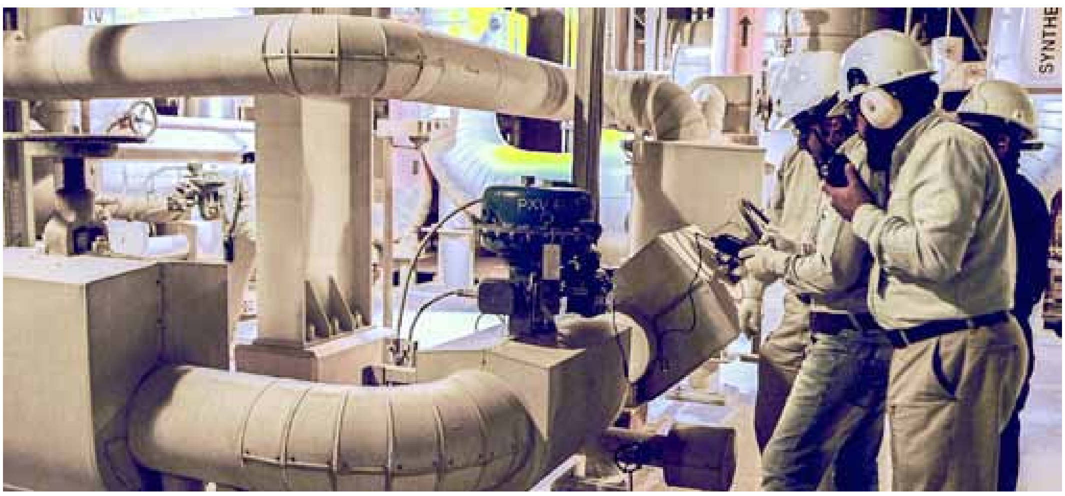
The 103 audit engagements represent 97 percent of our approved annual audit plan and covered a significant proportion of Ma'aden's risk universe. In addition, we supported Ma'aden's efficiency and effectiveness in financial reporting which has earned the company a place among the five percent of companies listed on Tadawul that manage to make early announcement of audited financial results. This has enabled Ma'aden to hold our annual General Assembly of shareholders before the end of the first quarter every year.

We have effectively moved from conventional auditing practice to modern risk-based audit methodology. Our current practice is aligned with the International Professional Practices Framework (IPPF), enabling internal audit to work closely with ERM and SBUs.

Our risk-based methodology allows the assessment of organizational performance along the lines of risk-rating criterion and our under-standing of the different risk profiles for each of Ma'aden's businesses enables us to tailor our audit plans that best suits the company's risk environment. The outcome of this process is a risk-based internal audit plan for every year, which is presented to the Audit Committee for approval.

103
internal audits conducted across Ma'aden

327
global companies benchmarked for our internal audit function



Environment, Health and Safety is a key component of Ma'aden's governance framework

Khalid Al-Mudaifer accepting the Top CEO Award 2015

Looking beyond the conventional internal audit role, we endeavor to build our capability and insights on key business issues related to risk management, cost optimization opportunities and assisting with deployment of new systems by reviewing relevant policies, procedures and plans before implementation.

The efficiency of our internal audit function will continue to improve, maintaining a constant vigil and by adopting emerging leading practices, upholding highest professional values with a focus on the control environment and business processes. We believe that effective and constantly improving governance will drive shareholder value while improving the risk management processes across all of Ma'aden to achieve our common goal to become a world-class minerals enterprise.

Investor relations

Over the years, Ma'aden has gained an excellent reputation as a reliable, responsible and transparent information resource for the financial community. Following the opening of the Saudi Stock Exchange (Tadawul) to foreign investors in the second half of 2015, we extended our approach to promote Ma'aden to international investors and respond to their enquiries.

Ma'aden Investor Relations (IR) participated in an investment summit organized by the Saudi Stock Exchange in London, where we organized a non-deal roadshow to present Ma'aden's strength and potential. We also attended several other conferences in Saudi Arabia to promote the company to foreign investors. Foreign investor interest in Ma'aden has been growing gradually over the year.

We conducted quarterly earnings conference calls, which proved very popular and successful. We also organized an Investor Day, including an operations site tour, enabling interested shareholders to grasp a better understanding of our business and our aluminium and fertilizer production facilities.

Our investor relations program ensures transparency in all communications while complying fully with the continuous and consistent disclosure obligations stipulated by the Kingdom's Capital Market Authority. We ensure timely flow of information through various channels such as the website, Tadawul announcements, and conference attendance. At the same time, we are reinforcing our IR function by introducing KPIs aimed at strengthening our services for investors and analysts.

Our IR website (part of our corporate website) was nominated for the Middle East Investor Relations Society (MEIRS) award in 2015. Though much appreciated, we are now in the process of revamping the site to make it more user-friendly and informative.

Corporate Governance disclosures

Dividend policy: As per the Company Articles of Association, Article 44 says that the company's annual net profits shall be distributed after deduction of all general expenditures and other costs as follows:

- **The Company shall annually withhold 10 percent of the net profits to build up the statutory reserve. The General Assembly may stop such withholding when the said reserve reaches half of the Company's capital. Preference shareholders shall receive the percentages allocated for such shares.**
- **Based on the Board of Directors' recommendation, the General Assembly may withhold a percentage of the company's annual profits to build up an additional agreed statutory reserve that shall be allocated for a certain purpose(s) as determined by the General Assembly.**
- **The first payment, out of the balance, equivalent to five percent of the paid capital shall then be distributed to the shareholders.**
- **The remunerations of Board members shall then be allocated.**
- **The balance shall be distributed to the shareholders as an additional dividend.**

Our investor relations program ensures transparency in all communications while complying fully with the continuous and consistent disclosure obligations stipulated by the Kingdom's Capital Market Authority.

We are migrating to the ***International Financial Reporting Standards*** *(IFRS) issued by the International Accounting Standards Board (IASB) effective from January 1, 2017.*

Ma'aden may, after satisfying the established controls made by the authorized agencies, distribute quarterly and half-yearly profits.

Ma'aden is in the process of developing and financing a number of major projects. 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.

Accounting policy: Ma'aden reports its financial accounts according to the standards set by the Saudi Organization for Certified Public Accountants (SOCPA). However, considering the changing landscape of international financial reporting, we are migrating to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) effective from January 1, 2017.

Related parties transaction: In line with the requirements of the CMA, Ma'aden declares that:

- **There is no interest in a class of voting shares held by persons (other than the Company's Directors, senior executives and their relatives) that have notified Ma'aden of their holdings pursuant to Article 45 of these Rules, together with any change to such interests during the last financial year.**
- **There are no interests, contractually based securities and subscription rights of Ma'aden's Directors, senior executives and their relatives in the shares or debt instruments of Ma'aden or any of its subsidiaries, together with any change to such interest or rights during the last financial year.**
- **There are no convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by Ma'aden during the financial year, together with the consideration received by Ma'aden in return.**
- **There are no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by Ma'aden.**
- **There are no redemptions, purchases or cancellations by Ma'aden of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by Ma'aden and those purchased by its subsidiaries.**
- **There are no transactions between the issuer and any related party.**
- **There is no business or contract to which Ma'aden is a party and in which a Director of Ma'aden, the CEO, the CFO or any person related to any of them is or was interested.**
- **There is no arrangement or agreement under which a Director or a senior executive of Ma'aden has waived any salary or compensation.**
- **There is no arrangement or agreement under which a shareholder of Ma'aden has waived any rights to dividends.**

Remuneration: Members of our Board and sub-committees of the Board are entitled to a payment for each committee meeting that they have attended, besides an annual compensation.

Board members who are resident outside Riyadh are entitled to all out of pocket expenses incurred by them to attend meetings. Such expenses include a return air ticket from their place of residence to the Company's head office or to the place where the meeting is held, as well as any accommodation and transportation expenses incurred.

The Board of Directors' report presented to the General Assembly states the remunerations and other payments made to Board members during the financial year.

Sa'afah transparency and integrity award

Non-compliance fines: In 2015, Ma'aden incurred two fines from the CMA.

- **On May 6, 2015 the CMA Board imposed a penalty of SAR20,000 on Ma'aden alleging violation of clause (40)(a) of the Listing Rules and clause (8) of the Instructions for Companies' Announcements regarding their financial results. The CMA alleged that Ma'aden's announcement of its interim financial results for the three months ended March 31, 2014 , which was published on the Saudi Stock Exchange website on April 14, 2014, was not clear as it did not mention all the reasons for the net profit increase in the quarter compared to the previous quarter. Ma'aden has paid the fine, but has submitted a grievance memorandum to the CMA Board as per the Capital Market Law (CML) process as we believe that the announcement did indeed include all material elements that helped the increase in profit.**
- **On June 2015, the CMA Board imposed a fine of SAR100,000 on Ma'aden alleging violation of clause (45)(c) of the Capital Market Law as the news about raising the company's capital was considered to have been leaked on March 15, 2014, before announcing the Ma'aden Board of Directors' recommendation to increase its share capital by way of a rights issue on the Saudi Stock Exchange (Tadawul) website. Ma'aden has paid the fine, but has submitted a grievance memorandum to the CMA Board as per the CML process as we believe that the company has fulfilled its lawful obligations by applying appropriate protective measures to control leaks.**

At Ma'aden, we are fully committed to the principles of disclosure and transparency. We have implemented all mandatory provisions that are part of the CMA's list of corporate governance regulations and the Articles of Association. The only exception is the guideline relating to the method of cumulative voting to elect the Board members, which Ma'aden aims to comply with in the future.

Figure.9 **Remuneration and compensation paid to the Board of Directors and Senior Executives**

	Executive member of the Board of Directors	Non-executive/independent Directors of the Board of Directors	Five highest earning senior executives including the CEO and the CFO
Salaries and compensation	--	--	10,479,825
Allowances	245,000	2,063,000	3,518,299
Regular and annual remunerations	--	--	765,800
Incentive plans	--	--	3,919,750
Any compensation or benefits in kind paid monthly or annually	--	--	236,925
Total	245,000	2,063,000	18,920,599

All numbers in Saudi Riyals

Major shareholders in Ma'aden and percentage change in shareholding as of December 31, 2015

Shareholder	January 1, 2015	% of ownership	December 31, 2015	% of ownership	Net change	% change
Public Investment Fund	584,239,128	50	584,239,128	50	-	-
General Organization for Social Insurance	112,209,414	9.6	93,342,010	7.99	(18,867,404)	(1.61)
Public Pension Agency	87,061,315	7.45	87,061,315	7.45	-	-
Total	783,509,857	67.05	764,642,453	65.44	(18,867,404)	(1.61)

Note: The remaining shares are held by the public.

Shares held by Ma'aden's Board members and their relatives in fiscal year ended on December 31, 2015

Beneficiary	January 1, 2015	December 31, 2015	Net change	% change
Abdullah Bin Saif Al-Saif	1,263	1,263	-	-
HE Mohammed Bin Abdullah Al-Kharashi	-	-	-	-
HE Suleiman Abdulrahman Al-Gwaiz	-	-	-	-
Dr Ziyad Bin Abdulrahman Al-Sudairy	30,596	9,333	(21,263)	(69)
Mansour Bin Saleh Al-Maiman	291	291	-	-
Sultan Bin Jamal Shawli	-	-	-	-
Khalid Bin Hamad Al-Sanani	-	-	-	-
Abdulaziz Bin Abdullah Al-Suqair	1,050	1,050	-	-
Khalid Bin Saleh Al-Mudaifer	7,579	7,579	-	-
Total	40,779	19,516	(21,263)	(52)

Shares held by Ma'aden's senior executives and their relatives in fiscal year ended on December 31, 2015

Beneficiary	January 1, 2015	December 31, 2015	Net change	% change
Khalid S. Al-Rowais	45,781	-	(45,781)	(100)
Nabil A. Al-Fraih	63,160	63,160	-	-
Bruce Kirk	-	-	-	-
Majid Y. Al-Mugla	-	-	-	-
Thomas Walpole	-	-	-	-
Khaled S. Alohali	-	-	-	-
Khalil Al-Watban	-	-	-	-
Total	108,941	63,160	(45,781)	(42)

All numbers in Saudi Riyals

Section 04

Exploration, mineral resources and ore reserves

Our exploration and resource management program is designed to deliver new mineral resources and ore reserves in a timely manner. It aims to achieve progressive conversion of mineral resources into ore reserves to build the Group's mineral asset base. The program is a combination of exploration, feasibility studies and drilling within the boundaries of the existing mining licenses of operating mines.

Collecting samples at As Suq gold mine

Exploration: building the foundation of Ma'aden's future growth

Core element of growth strategy
Our exploration program over the last three years has achieved success, helping Ma'aden build a pipeline of new mineral resources for the future across all its commodities.

Mineral exploration is a core element of Ma'aden's growth strategy because it is essential to maintain a pipeline of new mineral resources to sustain, grow and diversify our businesses. The role of Ma'aden's exploration division is to explore, discover and evaluate new mineral resources to replace or replenish current ore reserves that are consumed by our rapidly growing businesses.

Focus on EHS
We give our highest priority to Ma'aden's goal of zero harm to our people, the community and the environment. We continue to improve and strengthen our safety programs and conduct regular audits of our environmental, health and safety performance.

We have recently conducted a review of our safety and environmental procedures to align with Ma'aden's new EHS management system, leading to identification of further improvements that will be fully implemented in Exploration in 2016. In addition, we also continue to enhance our EHS standards and procedures specific to the Exploration's unique operational requirements in remote desert locations.

Our safety initiatives include real-time satellite tracking of all field vehicles operating in remote desert areas to allow rapid emergency response if ever needed.

We continue to make the utmost effort to reduce our environmental footprint at our exploration sites. Our exploration techniques have a low impact on the environment. Where drilling is required for testing, the drill sites are backfilled, rehabilitated and drill holes are capped as standard practice. Regular audits are done to confirm and maintain our full compliance with our rigorous environmental standards.

Achievements
At the end of 2015, we completed a three-year program of systematic greenfield and brown-field exploration over our 47,000 square kilometers of exploration licenses and to identify targets for testing. Greenfield exploration is the initial exploration phase during which geology, geochemistry and geophysics are integrated to identify anomalous areas for drilling while brownfield

116
million SAR invested in greenfield and brownfield exploration

Collecting samples at Bulghah gold mine

A rock sample from Sukhaybarat containing gold-bearing ore and traces of nickel, left, and exploration at Ad Duwayhi

exploration is a similar process around operating mines and advanced mine development projects. Brownfield exploration near our existing mines and advanced mine development projects offers the opportunity to exploit smaller resources at lower capital cost by leveraging our existing infrastructure.

In 2015, Ma'aden invested SAR116 million in greenfield and brownfield mineral exploration for phosphate, potash, bauxite, gold, copper, kaolin and magnesite. Our main focus was on gold and copper exploration in the Arabian Shield.

Ma'aden's Exploration team completed over 158,000 meters of drilling of all types in 2015 and collected over 200,000 geochemical and drilling samples in 2015. This included drilling of gold, copper and zinc targets identified from regional geophysical and geochemical surveys, and drilling for metallurgical bauxite resources near the Al Bai'tha and Az Zabirah mines.

Several new target areas of gold and bauxite mineralization were tested and some of these will progress to resource drilling in 2016 subject to the projects meeting our minimum economic thresholds.

During the year, we continued to conduct geological assessment and research of the different mineral belts to select new prospective exploration areas for new license applications. We applied for new exploration licenses over prospective target areas to sustain our project pipeline as exploration matures on our existing licenses.

We have prioritized drilling of our high potential new targets in gold and metallurgical bauxite. To improve cost effectiveness, we introduced new technical innovations including real time field chemical analysis to guide our drilling program, saving significant time and money. We will retain our focus on continuous improvement of the technical and cost-effectiveness of all our programs.

2015 highlights

- **Completion of greenfield screening of our gold and copper exploration licenses covering a large area of the Saudi Arabian Shield using geochemistry and geophysics.**
- **Drilling of the targets defined by the greenfield exploration program is continuing and several new mineralized prospects have been identified.**
- **Deep drilling near the Mansourah-Massarah project intersected depth extensions of gold mineralization.**
- **Exploration drilling of metallurgical bauxite targets near the Al Bai'tha mine confirmed potential for economic mineralization.**
- **Drilling of copper-zinc targets identified from regional geophysical and geochemical surveys intersected sub-economic mineralization, with further targets remaining to be tested.**
- **Geological assessment and research of the mineral belts of the Kingdom identified new target areas for which exploration license applications were lodged.**
- **Continued professional development of Exploration staff to ensure industry best practice in advanced exploration technology, environmental, health and safety best practice.**

Our continuous technical improvement program ensures that we use advanced exploration technology following industry best practice. Our Saudi staff work closely with our expert managers and leading industry consultants to maintain a high level of technical competence. We also conduct annual multi-disciplinary training workshops for our team, strengthening core competencies in geology, geophysics and geochemistry.

Challenges

It has been a year of challenges for the mining industry, with a global market downturn necessitating cutbacks in investments and spending. At Ma'aden, we have maintained our focus on resource growth without compromising on safety, quality and performance.

Ma'aden's continuing strong commitment to its mineral exploration program in Saudi Arabia reflects our long-term strategy to sustain the growth of the minerals industry in the Kingdom. We have built a highly competent Exploration team with the capability, capacity and the budget to deliver success.

158
thousand meters of drilling of all types in 2015

Mineral resources and ore reserves

Our approach to reporting mineral resources and ore reserves is to progressively align ourselves with industry best practice, befitting Ma'aden's status as a leading global minerals and metals enterprise. This has largely been achieved in having independent third parties provide estimates of our assets under JORC 2012, an internationally recognized reporting code.

JORC Code

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition (JORC 2012) is an internationally recognized professional code of practice that sets minimum standards for the public reporting of exploration results, mineral resources and ore reserves. It provides a mandatory system for the classification of mineral resources and ore reserves according to the existing level of confidence in geological knowledge and technical and economic factors. Reporting in compliance with JORC 2012 is mandatory for listed public companies in jurisdictions such as Australia and New Zealand, while very closely related standards apply in Canada and South Africa. The JORC Code was first published in 1989, and a sixth update was published in 2012.

Ma'aden's Resources and Reserves Committee assesses the quality of mineral resource and ore reserve estimates made by or provided to the company. Of the total of 20 assets reported, 17 have now been reviewed by independent third parties over the last two years and have the underlying data to meet JORC 2012. One asset (Jabal Sayid) is reported under the Canadian reporting convention (National Instrument 43-101) and three exploration assets (Ar Rjum: Waseemah and Ar Rjum: Naam) will be reported under JORC 2012 when the next round of exploration or evaluation is completed. We are now moving to align our annual reporting of each asset at the end of every year under JORC 2012.

In 2015, Ma'aden completed mineral resource and ore reserve updates that delivered significant increases in inventories at the Al Khabra phosphate operation and the Ad Duwayhi gold project. Significant increases in mineral resources were estimated at the Mansourah-Massarah, Bulghah and As Suq gold deposits. Both mineral resource and ore reserve estimates at the Az Zabirah (industrial grade bauxite and kaolin) were brought in line with JORC 2012. Improved reporting standards were also applied at Al Ghazalah (magnesite).

The mineral resources and ore reserves presented in this report are clearly stated as having the underlying documentation required for compliance with the public reporting standards of JORC 2012 or alternatively as non-compliant. The name and the identity of the employer of the Competent (JORC 2012) or Qualified (National Instrument 43-101) Person consenting to publication by Ma'aden of mineral resource and ore reserve estimates is stated for each mineral resource or ore reserve estimate reported. These Competent Person consents are valid at the stated date and there is no allowance for mining after this date. In cases where an external Competent Person does not report the underlying documentation for a mineral resources or ore reserve, allowances are made for depletion by mining to December 31, 2015.

Ore sampling at Bulghah mine

Mineral resources

	Ma'aden % ownership	Cut-off grade	Measured		Indicated		Inferred		Total	
Phosphate		% P_2O_5	Mt	% P_2O_5	Mt	% P_2O_5	Mt	% P_2O_5	Mt	% P_2O_5
Al Jalamid ML	70	12	418	20.2	-	-	-	-	418	20.2
Al Khabra ML	60	17	247	18.3	118	18.6		-	365	18.4
WAS Block B6 MLA	60	15	-	-	473	16.7	-	-	473	16.7
Umm Wu'al MLAs	100	15	177	16.9	150	16.8	328	16.8	655	16.8
Al Jalamid ELs	100	12	-	-	-	-	417	16.1	417	16.1
Metallurgical bauxite		% TAA[2]	Mt	% TAA[2]	Mt	% TAA[2]	Mt	% TAA[2]	Mt	% TAA[2]
Al Ba'itha ML	74.9	40	81.7	50.7	141.0	49.6	30.8	49.3	253.4	49.9
		% Al_2O_3	Mt	% Al_2O_3	Mt	% Al_2O_3	Mt	% Al_2O_3	Mt	% Al_2O_3
Az Zabirah ML[3]	100	52	1.4	55.4	4.3	56.8	12.7	57.0	18.4	56.9
Az Zabirah EL[3]	100	52	-	-	7.0	56.1	12.0	56.2	19.0	56.2
Gold		g/t Au	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au
Mahd Ad Dhahab ML	100	3.0	1.23	8.45	0.46	7.01	1.07	8.34	2.76	8.17
Al Amar ML[4]	100	2.0	2.5	5.60	3.3	4.70	0.56	4.20	6.35	5.01
Bulghah ML	100	0.4	-	-	75.9	0.92	18.8	1.01	94.7	0.94
Sukhaybarat ML	100	0.4	-	-	20.9	0.99	2.7	0.87	23.6	0.98
As Suq ML	100	0.4	4.8	1.45	7.0	0.95	2.3	0.96	14.0	1.12
Ad Duwayhi ML	100	0.4	19.5	2.66	14.9	1.67	7.3	1.08	41.7	2.03
Mansourah MLA	100	0.55[6]	14.4	2.35	27.9	2.00	4.5	2.31	46.8	2.14
Massarah MLA	100	0.55[6]	3.9	1.83	36.0	1.62	3.8	1.01	43.7	1.59
Ar Rjum Waseemah MLA	100	0.5	-	-	25.3	1.44	2.8	1.20	28.1	1.42
Ar Rjum Umm Naam MLA	100	0.5	-	-	32.9	1.25	0.8	1.10	33.7	1.25
Copper		% Cu	Mt	% Cu	Mt	% Cu	Mt	% Cu	Mt	% Cu
Jabal Sayid ML	50	1.42	-	-	0.04	1.38	0.49	2.75	0.53	2.65
Magnesite		% MgO	Mt	% MgO	Mt	% MgO	Mt	% MgO	Mt	% MgO
Al Ghazalah ML	100	42	0.96	46.1	1.26	45.0	0.62	44.4	2.84	45.2
Industrial bauxite[8]		Al_2O_3	Mt	Al_2O_3	Mt	Al_2O_3	Mt	Al_2O_3	Mt	Al_2O_3
Az Zabirah ML	100	38	23	53.6	25	52.7	31	53.5	79	53.3
Az Zabirah Central EL	100	38	-	-	41	50	72	49.6	113	49.7
Kaolin[9]										
Az Zabirah ML	100	33	37	36.6	65	37.9	92	37.9	194	37.7
Az Zabirah Central EL	100	38	-	-	86	36.7	106	36	192	36.3

Steady state mining operations in **bold**
All estimates show on a 100% basis
Ore reserves are stated at date of last estimate and are not adjusted for subsequent depletion
Ore reserves are contained within resources except for Jabal Sayid where mineral resources are additive to Ore reserves
All mining leases unless noted: ML - Mining License; MLA - Mining License Application; EL - Exploration License
[1] No update for Block B6 presented pending review
[2] Total Available Alumina
[3] Cut-off grade also includes various cut-off values for SiO_2, Fe_2O_3 and TiO_2. Further tests are ongoing to determine potential end uses

Ore reserves

Phosphate	Ma'aden % ownership	Cut-off grade % P_2O_5	Proven Mt	Proven % P_2O_5	Probable Mt	Probable % P_2O_5	Stockpiles Mt	Stockpiles % P_2O_5	Total Mt	Total % P_2O_5
Al Jalamid ML	70	12	249	20.3	30	15.8	1.2	18.7	280	19.8
Al Khabra ML	60	17	269	16.3	129	16.5	-	-	398	16.3
WAS Block B6 MLA[1]	60	-	-	-	-	-	-	-	-	-

Metallurgical bauxite		% TAA[2]	Mt	% TAA[2]	Mt	% TAA[2]			Mt	% TAA[2]
Al Ba'itha ML	74.9	40	77.1	50.7	134.7	48.6	-	-	211.8	49.4

Gold		g/t Au	Mt	g/t Au	Mt	g/t Au			Mt	g/t Au
Mahd Ad Dhahab ML	100	3.0	0.26	7.92	0.46	5.78	-	-	0.72	6.53
Al Amar ML[4]	100	2.39	2.1	5.25	0.39	4.87	0.06	4.26	2.58	5.08
Bulghah ML	100	0.4	-	-	48.1	0.77	-	-	48.1	0.77
Sukhaybarat ML	100	0.5	-	-	14.8	1.19	-	-	14.8	1.19
As Suq ML[5]	100	-	-	-	-	-	-	-	-	-
Ad Duwayhi ML	100	0.68	15.6	3.00	8.1	2.30	0.05	1.40	23.8	2.75

Copper		% Cu	Mt	% Cu	Mt	% Cu			Mt	% Cu
Jabal Sayid ML	50	1.42	0.45	2.25	24.4	2.56	-	-	24.8	2.55

Magnesite		% MgO	Mt	% MgO	Mt	% MgO			Mt	% MgO
Al Ghazalah ML[7]	100	42	1.61	95.7	0.7	92.08	-	-	2.32	94.6

Industrial bauxite		Al_2O_3	Mt	Al_2O_3	Mt	Al_2O_3			Mt	Al_2O_3
Az Zabirah ML	100	-	10.0	53.6	12	53.6	-	-	22	53.6

Kaolin										
Az Zabirah ML	100	-	1.1	41.3	2.5	41.7	-	-	3.6	41.6

[4] Totals combine oxide and sulphides reported separately by the Competent Person
[5] An ore reserve estimate for As Suq remains in progress at the reporting date, and will be publicly reported when completed.
[6] Variable cut-off grade applied to oxide (0.53g/t), transition (0.82g/t) and sulphide (0.68/tAu)
[7] Magnesite ore reserve shown as in-situ tonnes capable of making calcined equivalent grade
[8] Cut-off grade also includes <35% SiO_2 and <20% Fe_2O_3
[9] Cut-off grade also includes <15% Fe_2O_3

During the year, additional drilling at the Al Khabra deposit led to a 9 percent uplift in the ore reserve tonnage and a 2 percent uplift in grade relative to the prior period.

Estimates

There is a degree of uncertainty involved in the estimation and classification of mineral resources and ore reserves and the corresponding grades currently being mined or assigned to future production. Until mineral resources and ore reserves are actually mined and processed, quantities and grades must be considered as estimates only. The quantity of mineral resources and ore reserves also varies with metal prices, operating costs and other modifying factors and is therefore dynamic.

Ore reserve estimates have been determined based on the Group's long- term price forecasts, cut-off grades and costs. Any material change in the quantity of ore reserves, arising from a change in assumptions on waste removal, plant recoveries or other operational factors may affect the economic viability of the project. Extrapolation of operational performance from small scale laboratory tests or pilot plants to full scale production may not prove to be valid and may consequently impact ore reserves. The results of drilling, metallurgical testing, production and evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. Volumes, grades and recoveries of ore reserves mined and processed may not be the same as currently anticipated. Any material reductions in estimates of ore reserves or the company's ability to extract these could have adverse effects on the company's businesses, prospects, financial condition and operating results.

During 2015, global commodity prices generally declined. The commodity prices and other modifying factors used in the estimation of mineral resources and ore reserves have been reviewed and adjusted accordingly. For those operations in which Ma'aden operates an integrated production unit, based on a mine and a downstream processing facility e.g. phosphate, aluminium and magnesite, the mining operation is not directly exposed to the external price environment. For such operations, the estimated mineral resource and ore reserves are based on the specifications of a mine gate product required by the downstream plant. The same applies for industrial bauxite and kaolin operations where the product specifications are key determinants of saleability.

For the gold and copper operations, the mineral resource and ore reserve estimates are based on forward views of commodity prices. Mineral resource estimates are based on a range of prices (USD$1300-1465/oz) and ore reserves are estimated using an assumed price of USD$1100/oz.

With the exception of Jabal Sayid, Ma'aden's mineral resources are stated inclusive of ore reserves — reserves are contained within the larger volume of mineral resources. All tonnage and grade data have been rounded down and reported to appropriate significant figures relative to the accuracy of the estimate; so sums may not total exactly.

Mineral resources and ore reserves are stated on a 100 percent basis irrespective of Ma'aden's ownership interest in each project. However, Ma'aden's ownership interest in all projects is expressly stated. The stated grade represents the estimated metal or product content in the ground and has not been adjusted for metallurgical recovery. Material changes in mineral resources and ore reserves from the 2014 Annual Report are noted below.

Exploration Licenses (ELs) confer the right to explore and evaluate, but not to conduct mining operations. Unless specifically noted, ore reserves are reported within current Mining Licenses (MLs) for which the right to mine has been granted.

For a fuller explanation of terminology, please see the glossary.

Explanatory notes

Phosphate

At Al Jalamid mine, an independent update led to a downward revision to the ore reserve of 9 percent in tonnes and 2 percent in grade. Approximately 40 percent of the tonnage reduction is due to mining depletion of 10.8 million tonnes (Mt) during the year and the remainder arises from a more conservative approach to the future mining of the lower phosphate horizon in terms of tonnes and diluted

JORC Table

	Mineral resource				Ore reserve			Company[5]
Phosphate	Effective date	JORC 2012	JORC 2004	Competent Person	Effective date	JORC 2012	Competent Person	
Al Jalamid ML	Jun 2014	•	-	D Mariton	Dec 2015	•	H Ziehe	Sofreco
Al Jalamid MLAs	Jul 2014	•	-	D Mariton		NR		Sofreco
Al Khabra ML	Dec 2015	•	-	D Mariton	Dec 2015	•	JF Durand-Smet	Sofreco
Umm Wu'al B6 MLA	Jun 2014	•	-	D Mariton		NR		Sofreco
Umm Wu'al MLAs	Dec 2015	•	-	D Mariton		NR		Sofreco
Metallurgical bauxite								
Al Bai'tha ML	Dec 2015	•	-	A Al Ghamdi	Dec 2015	[1]		MAC
Az Zabirah	Jan 2015	•	-	M Campodonic	Dec 2015	•	F Orzechowski	SRK
Zabirah Central EL	Jan 2015	•	-	M Campodonic		NR		SRK
Gold								
Mahd Ad Dhahab ML	Dec 2015	[2]	-	F Golenya	Dec 2015	[2]		MGBM
Al Amar ML	Dec 2015	•	-	D Subramani	Dec 2015	[1]		Caracle Creek/ MGBM
Sukhaybarat ML	Oct 2015	•	-	N Szebor	Dec 2015	[1]		WAI/MGBM
Bulghah ML	Dec 2014	•	-	N Szebor	Dec 2015	[1]		WAI/MGBM
As Suq ML	Nov 2015	[3]	-		Dec 2015	[3]		Xstract
Ad Duwayhi ML	Feb 2015	•	-	M Readford	May 2015	•	A Keers	Xstract
Mansourah-Massarah MLA	Jun 2015	•	-	E Sides		NR		AMEC
Ar Rjum MLA	Nov 2012	-	•	E Sides		NR		AMEC
Base metals								
Jabal Sayid ML	Dec 2015	[4]	-	I Robertson	Dec 2015	[4]	M Tsafaras	MBCC
Magnesite								
Al Ghazalah ML	Sep 2015	•	-	M Holdstock	Dec 2015	NR		Aurum/IMC
Industrial bauxite and Kaolin								
Az Zabirah ML	Jan 2015	•	-	M Campodonic	Dec 2015	•	F Orzechowski	SRK
Zabirah Central EL	Jan 2015	•		M Campodonic	Dec 2015	NR		SRK

NR No reserve declared to date
• Underlying data to support JORC 2012 reporting
[1] Ma'aden's own internal estimate based on prior underlying independent third party JORC 2012 estimate
[2] Ma'aden's own internal estimate
[3] Mineral resources and ore reserve estimate for As Suq remains in progress at the reporting date and will be publicly reported when completed
[4] Controlled entity's estimates done under Canadian Code (CIM 2014)
[5] Where two entities are cited, first is mineral resource, second is ore reserve

grade. This horizon holds only 11 percent of the total ore reserve tonnage.

During the year, additional drilling at the Al Khabra deposit led to a 9 percent uplift in the ore reserve tonnage and a 2 percent uplift in grade relative to the prior period. This work also converted inferred resources to higher confidence mineral resources with total mineral resource tonnes decreasing by 19 percent but grade rising by 7 percent. The change in resource tonnage arises from the application of a higher cut-off grade (17 percent versus 12 percent P_2O_5).

The Umm Wu'al B6 area remains under a separate mining license application (MLA). All other titles outside Al Jalamid and Al Khabra mining licenses are either under application for mining licenses or re-application for exploration licenses as a result of a change in the regulations of the Mining Law effective May 27, 2015. This allows a further five-year extension to exploration licenses before relinquishment or conversion to mining license. Changes to the national border security cordon, effective February 17, 2015 may impact Umm Wu'al B6 MLA and we have deferred a restatement of ore reserves for that area.

Drilling on the Umm Wu'al exploration licenses identified thicker zones of mineralization and led to an improvement in both the quantity and the classification of the previously declared mineral resources.

Exploratory drilling at Al Bai'tha bauxite mine

Drilling at Ad Duwayhi led to a 13 percent uplift in contained gold in mineral resources to 2.4Moz. Ore reserves rose 18 percent to 1.78Moz.

As a result, the estimate of total mineral resources outside the Umm Wu'al joint venture rose by 205mt (currently 656Mt @ 16.8 percent P_2O_5 compared with 451Mt @ 16.6 percent P_2O_5 in the previous reporting period).

Metallurgical bauxite

The Al Ba'itha mine completed its first full year of production. There was no significant change in mineral resource and ore reserve estimates during the year with the ore reserve being depleted by the 2015 production of 1.60Mt (2.48Mt depletion since the last ore reserve estimate in 2014).

At Az Zabirah, a mineral resource of 19Mt of metallurgical bauxite was estimated on the Az Zabirah mining license and an additional 19Mt on the adjacent Zabirah Central exploration license. These mineral resources lie within, and are associated with the larger low grade bauxite resource described below.

Gold and base metals

Updated estimates during 2015 led to significant increases in contained gold in ore reserves, which rose 32 percent from 3.4Moz in 2014 to 4.4Moz (million ounces). Mineral resources increased 12 percent to 16.6Moz. These increases were mainly attributable to work at the Bulghah, Ad Duwayhi and As Suq mines plus significant mineral resource additions also arising from drilling at the Mansourah-Massarah project.

At Bulghah, important mineral resource additions (0.85Moz contained gold) should provide the basis for an uplift of ore reserves during 2016. At Sukhaybarat, ore reserves remained essentially unchanged but mineral resources declined by 32 percent (0.24Moz) due to a more conservative approach to grade dilution.

Drilling at Ad Duwayhi, led to a 13 percent uplift in contained gold in mineral resources to 2.4Moz. Ore reserves rose 18 percent to 1.78Moz.

Infill and deeper drilling at As Suq led to an uplift in mineral resource tonnes (59 percent). At the reporting date an independent ore reserve estimate under the JORC code was nearing completion.

At both Mahd Ad Dhahab and Al Amar underground mines, mineral resources and ore reserves declined broadly in line with mining depletion. Mahd Ad Dhahab ore reserves declined by 16 percent (28koz) and Al Amar by 14 percent (62koz).

At the Mansourah-Massarah project, resource development drilling added 0.83Moz contained gold, mainly at Massarah with the combined mineral resource rising to 90.5Mt @ 1.87 g/t Au.

For copper assets there was no material change to mineral resources and ore reserves at Jabal Sayid mine.

Magnesite, kaolin and low grade industrial bauxite

Maiden estimates under JORC 2012 for the Az Zabirah mining license were concluded during the year. This work outlined mineral resources of 79Mt of industrial (cement) grade bauxite and 194Mt of kaolin. Ore reserves are currently limited by the size of the local market and were estimated as 22Mt for industrial grade bauxite and 3.6Mt for kaolin. These represent significant uplifts in tonnage terms compared to prior estimates of 3.6Mt (+516 percent) and 2.6Mt (+38 percent) respectively.

In addition to the inventory within the current mining license, a total of 112Mt of industrial (cement) grade bauxite and 192Mt of kaolin mineral resources were estimated on the adjacent exploration license.

Ma'aden's industrial minerals business is actively seeking alternative end uses for the higher grade bauxite material, for example as metallurgical bauxite or in the ceramics sector, which may lead to conversion of a larger part of the mineral resource to ore reserves.

At Al Ghazalah, a maiden mineral resource estimate under JORC 2012 for the main zone of mineralization outlined 2.84Mt of magnesite at a grade of 45.5 percent MgO.

Section 05

Operations and business

Ma’aden is well on its way to become one of the world’s leading suppliers of phosphate fertilizers. Our competitive advantages, growing production capacity and global market reach come together to deliver value to our stakeholders and contribute to local development.

Ma’aden’s phosphate complex in Ras Al Khair

Phosphate fertilizers: from strength to strength

Ma'aden produces two of the most widely used phosphate fertilizers in modern agriculture, Di-Ammonium Phosphate (DAP) and Mono-Ammonium Phosphate (MAP). Higher phosphate production and sales in 2015 helped cushion the impact of other low commodity prices on Ma'aden's overall performance.

Ma'aden Phosphate and Industrial Minerals SBU manages two business segments: phosphate fertilizers and industrial minerals. Ma'aden Phosphate Company (MPC) is our well-established phosphate manufacturing affiliate and Ma'aden Wa'ad Al Shamal Phosphate Company (MWASPC), our second large-scale facility, is at an advanced stage of construction. Ma'aden is thus progressing well on its way to become one of the global suppliers of phosphate fertilizers.

We benefit significantly from several competitive advantages that enable us to succeed as a global supplier: access to quality phosphate rock and molten sulphur from Saudi Aramco as an oil and gas by-product, high product quality and our closeness to the main global markets.

In 2015, we continued implementing our phosphate marketing strategy program, strengthening the capabilities of our marketing, sales and logistics teams to manage the growth in volume. This transformation program, executed in partnership with ETGAN, is aimed at strengthening capabilities through learning and development.

Our phosphate operations are integrated production plants. The phosphate ore is mined and beneficiated to produce concentrated phosphate rock, which is processed with sulphuric acid to produce intermediary phosphoric acid, which is then combined with ammonia to produce DAP. The production of MAP follows a similar process, with different levels of phosphoric acid and ammonia inputs and resulting in a product containing more phosphorus and less nitrogen. Thus a typical integrated operation includes a mine, a beneficiation plant (where ore is converted into usable rock concentrates), a phosphoric acid plant, a sulphuric acid plant, an ammonia plant and the utilities.

MPC

MPC is one of the largest integrated ammonia phosphate fertilizer producers in the world with an annual production capacity of 2.9 million tons per

Our DAP plant in Ras Al Khair

During 2015, MPC continued to ramp up production in all its plants, overcoming challenges and achieving new production records.

year. It is Ma'aden's joint venture with Saudi Basic Industries Corporation (SABIC). MPC's phosphate mine and beneficiation plant are located in Al Jalamid in northern Saudi Arabia, and the downstream plants in Ras Al Khair Industrial City in the Eastern Province. The concentrate phosphate rock is transported to the processing site by rail and road.

MPC is a proven low-cost producer of phosphate fertilizers with consistent focus on productivity and efficiency. We continue to look at ways to strengthen our competitive advantages through operational excellence and cost optimization. MPC has diversified its product grades and currently produces two grades of phosphate fertilizers, DAP and MAP, and will continue to diversify our grades to meet customer needs.

During 2015, MPC continued to ramp up production in all its plants, overcoming challenges and achieving new production records. The year also saw the company renewing a range of ISO accreditations:

- **Quality (ISO: 9001),**
- **Occupational Health and Safety (ISO: 18001),**
- **Environment (ISO: 14001) and**
- **Energy (ISO: 5001).**

MPC has been focusing on developing a strong safety culture among its direct and contract employees both in Ras Al Khair and Al Jalamid, where the mine is located.

MPC achieved 8.2 million safe man-hours for the company's direct hire staff and 11.8 million safe man-hours for contract employees, resulting in a total of 19 million safe man-hours and three years without a lost-time injury.

Business performance

Despite the tough market conditions precipitated by the general economic slowdown, changes in weather patterns causing lower rainfall in India and the devaluation of currencies of major markets such as India and Brazil, we managed to boost our sales of DAP and MAP by 20 percent in 2015. Our competitive advantages and business strategy enabled us to produce more and remain resilient during a year in which several producers had to curtail output because of market conditions.

SAR's railway which connects Al Jalamid with Ras Al Khair

The MWASPC complex under construction n Wa'ad Al Shamal

Production and sales

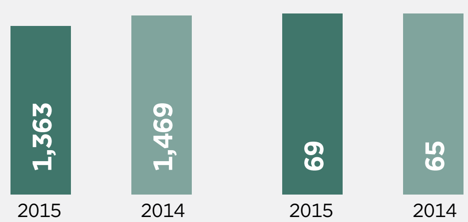
Production, kmt	2015	2014
DAP/MAP	2,656	2,301
Ammonia	1,068	1,135
Sales, kmt		
DAP/MAP	2,634	2,384
Ammonia	461	660

Markets

Ammonia

DAP

Employees



Total staff

Saudization, %

We achieved record annual sales of granular products to date with sales of 2,634 kmt of DAP and MAP in 2015. We also sold 461 kmt of ammonia.

We continued to expand our global market reach, extending our supplies to new countries and regions. Our marketing strategy has paid dividends in the form of strong customer bases in major international markets including the Indian subcontinent, Southeast Asia, Latin America, Africa and Oceania.

Our strong network of local representatives in major markets supported the expansion of global market presence. Ma'aden is also an active member in key global industry associations such as the International Fertilizer Association (IFA).

Short-term outlook

The IMF says that the global economy is poised for 3.6 percent year-on-year growth in 2016. Global fertilizer demand is expected to register growth of 1.9 percent in 2016-17 to touch 186.6 million tons, backed by economic growth in emerging economies, stable market fundamentals and continuity in subsidies at prevailing rates in India.

Fertilizer demand is forecast to rise in the rest of the world except Oceania where it is expected to remain depressed due to the potential effect of El Niño, and in Western and Central Europe where it is expected to remain stable. We may see a strong rebound in demand in Latin America following expected easing of economic conditions in Brazil and Argentina.

MWASPC

Ma'aden Wa'ad Al Shamal Phosphate Company (MWASPC), our second world- class production facility, is under construction and its plants are scheduled to start up in a phased manner by early 2017. MWASPC's mine and downstream plants are located at Umm Wu'al near Turaif in the Northern Border Province of Saudi Arabia and the ammonia, DAP, MAP and NPK fertilizer granulization plants are being built in Ras Al Khair. [NPK is named after nitrogen (chemical symbol N); phosphorus (P) and potassium (K) the three main components of plant nutrition]. MWASPC is a joint venture between Ma'aden, Mosaic and SABIC and will have the capacity to produce 2.9 million tons of DAP, MAP and NPK per year.

The construction of MWASPC plants in Umm Wu'al and Ras Al Khair was over 60 percent complete at the end of 2015.

2,634
kmt of annual DAP sales in 2015

Ma'aden's phosphate marketing strategy has paid dividends in the form of strong customer bases in major international markets including the Indian subcontinent, Southeast Asia, Latin America, Africa and Oceania.

2.9
million tons of DAP, MAP and NPK to be produced by MWASPC

The construction of MWASPC plants in Umm Wu'al and Ras Al Khair was over 60 percent completed at the end of 2015 and MWASPC is focused on implementing its operational readiness program. This involves recruitment, training, planning, development and implementation of the business processes that MWASPC will need to adopt prior to commissioning and operation.

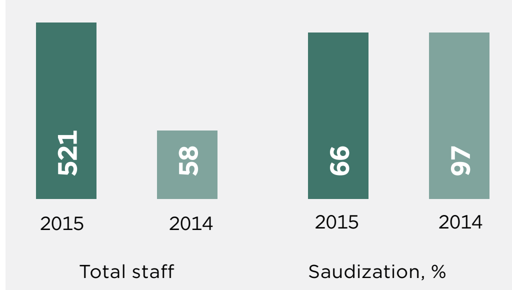
MWASPC has made considerable progress in overcoming the major challenge of talent acquisition. The number of staff has gone up from less than 100 at the beginning of the year to about 500 by the end of 2015 including trainees. This talent acquisition process will continue in 2016. MWASPC has achieved a Saudization level of 60 percent, exceeding national compliance requirements for a company under construction.

We are particularly proud that Ma'aden's focus on sustainability and benefiting the local economy is evident from our approach towards recruitments and the supply chain. Most Saudis on the MWASPC payroll are from the Northern region and we rely on local suppliers wherever possible to source our needs. In addition to emphasis on local employment, MWASPC has formed a partnership with local schools to sponsor and support career development for students.

MWASPC is already working to establish a strong culture of safety across all levels of the organization. Strict requirements in job descriptions, extensive training in safe practices and well-defined performance reviews are integral to our efforts to achieve a strong safety culture. MWASPC is working closely with Ma'aden corporate to implement the company-wide EHS management system, Hemaya.

On the operations side, our efforts in 2016 will focus on preparations for the commissioning of the new facilities and hiring and mobilization of more staff.

Employees



Work in progress at MWASPC site

Industrial minerals: new product grades help sustain growth

Our products serve 13 diverse industries in about 18 countries around the world, consistently achieving steady growth and an increase in production, sales and revenues.

Industrial minerals are naturally occurring rock or mineral materials that have significant commercial value and are widely used in modern life. While the more commonly used minerals are sources of either fuel (coal, for example) or metal (gold and aluminium), industrial minerals are used in a wide range of applications.

Ma'aden's Phosphate and Industrial Minerals SBU manages our industrial minerals business. Industrial Minerals Company (IMC), a wholly owned subsidiary of Ma'aden, was established in 2009 to explore and develop industrial minerals. IMC now produces low-grade bauxite (LGB), kaolin and caustic calcined magnesia (CCM). Our operations include:

- **a kaolin and low grade bauxite mine in the central zone of Az Zabirah deposit in Saudi Arabia's Hail province;**
- **a high grade magnesite mine at Al Ghazalah and**
- **its processing plant at Al Madinah Al Munawarah.**

Ma'aden's presence and growing capabilities in industrial minerals may be described as a strong indicator of our readiness to engage in new and technologically evolving industries and businesses.

Although industrial minerals make up a relatively small segment of our business, the versatility, specificity and newness of these resources and their applications require the most exacting efforts and challenge us to stay ahead of constantly evolving industries and emerging technologies.

Our industrial minerals business has grown steadily and consistently since its beginning with the start-up of LGB production in 2008. We added kaolin and CCM to our portfolio in 2011 and have posted year-on-year growth ever since. IMC now employs 113 people in operations and business, 66 percent of them being Saudi nationals.

We had a very successful 2015, in terms of operations and business performance. EHS remained a top priority for our operations IMC achieving over a million safe man-hours without any recordable incident. Although we worked hard on cost reduction in the wake of the global economic and market downturn, we posted higher earnings without compromising quality and safety. Our on-site achievements during the year include the completion of two projects: one state-of-the-art ore sorting facility at the magnesite mine and a fine milling line at the magnesite plant.

IMC focuses on producing kaolin, low grade bauxite and caustic-calcined magnesia

IMC products are used in a wide variety of industries, including industrial waste water treatment, production of paints, paper, pigments, plastics, glass and building materials

Applications
New value-added applications for current minerals helped us expand our product range. For example, LGB is primarily used in the cement industry as it is unsuitable for alumina production because of its poor ore quality. We have been exploring its potential as a raw material for other non-metallurgical applications, mainly with customers in Saudi Arabia. After successful trials with local industries, LGB is now sold for applications such as the manufacture of fireproofing products and refractory materials. Our new grades will thus make a small contribution to substituting imports.

CCM is used in a variety of applications. It is mixed with animal feed for better livestock health, plant fertilizers and for treatment of industrial wastewater. It is used in industrial applications including the production of abrasives, industrial floors, magnesium compounds, pulp and paper, glass, heating elements, plastics and rubber. It is also used for leather tanning and in hydrometallurgy.

Kaolin, also known as china clay, is valued for its whiteness and is primarily used as a filler and coating pigment in paper, paints and plastics, paper being the largest market. It is also used in ceramics (the second largest end-market), fiberglass, white

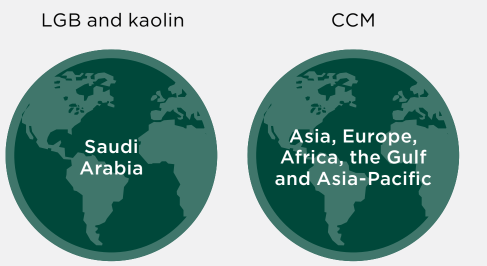
Production and sales

Production, kmt	**2015**	**2014**
LGB	797	1086
CCM	37	36
Kaolin	120	83
Sales, kmt		
LGB	922	967
CCM	33	37
Kaolin	106	77

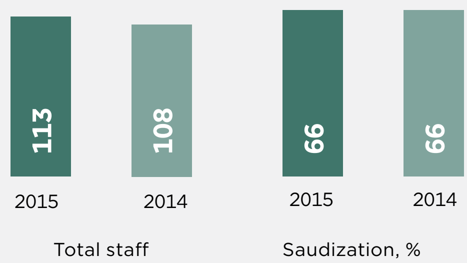
Our kaolin mine in Az Zabirah

Our current portfolio serves a variety of industries such as cement, abrasives, construction pulp and paper, glass, hydrometallurgy, steel, oil and well drilling, ceramics, plastics, animal feed, chemicals and refractories .

Markets



Employees



cement and refractories. It achieves its whiteness either naturally or through extensive processing. Ma'aden's kaolin is now being used in the phosphate industry in the production process for phosphoric acid. With kaolin too, we have conducted a number of trials and are developing applications in ceramics and white cement industries.

Business performance

Our products are supplied to Ma'aden affiliates as well as local and international customers. Within Ma'aden our kaolin is used in phosphate production, but elsewhere our current portfolio serves a variety of industries such as cement, abrasives, construction pulp and paper, glass, hydrometallurgy, steel, oil and well-drilling, ceramics, plastics, animal feed, chemicals and refractories. Our customer base now extends to countries in Asia, Europe, Africa, the Gulf and Asia-Pacific.

Cost reduction and operational excellence will continue to be the main focus areas. We will also work towards increasing our magnesite reserves and diversifying our CCM and kaolin grades and developing new product applications.

Our outlook remains stable and positive despite the fall in aluminium prices. We are cost-competitive and we work closely with our customers. Our mine-to-market success stands out as an excellent example of value creation and development.

Ma'aden's aluminium complex in Ras Al Khair

Aluminium: expanding product portfolio and market reach

For Ma'aden Aluminium, the first year after completing the mine-to-market value chain has been a time of achievements led by the ramping up of the alumina refinery and rolling mill. It has also been a year of learning as we prepared our local and global commercialization plans in the face of strong market headwinds.

Ma'aden Aluminium, our joint venture with Alcoa, consists of three operating companies:

- **Ma'aden Aluminium Company (MAC),**
- **Ma'aden Rolling Company (MRC) and**
- **Ma'aden Bauxite and Alumina Company (MBAC).**

We operate one of the most cost-competitive, fully integrated aluminium production value chains in the world. Ma'aden holds 74.9 percent share of the venture and Alcoa 25.1 percent. The partners have jointly invested over SAR40 billion to establish this new industry in Saudi Arabia, adding tremendous value to Saudi bauxite resources.

Our aluminium operations and business are a great example of value creation, socioeconomic development and the creation of a significant level of employment opportunities. The multi-plant operations have contributed immensely to the making of Ras Al Khair industrial city, generating more than 3,000 jobs in Saudi Arabia, with 64 percent of staff Saudi citizens.

Mine to market

The alumina refinery in Ras Al Khair takes in the bauxite transported by government rail services from our aluminium mine at Al Ba'itha, which is located about 600 km away from Ras Al Khair, where the integrated production complex is based. MAC's smelter produced its first hot metal in December 2012; the refinery started production in 2014; MRC started trial production in 2015, producing beverage can sheet; and the automotive mill is under commissioning.

Our operations boast high levels of efficiency. The smelter has been performing consistently and the refinery is on course to reach nameplate capacity. The rolling mill is one of the largest beverage can sheet facilities in the world and will become a leading supplier of can sheet in the region. It will produce the first automotive grade rolled sheet in the near future. Our rolling mill has been quick to establish its quality credentials in local and global markets.

We operate one of the most cost-competitive, fully integrated aluminium production value chains in the world.

Operational staff in Ras Al Khair

'Yalma', our global brand, registered with the LME

Ma'aden's high grade aluminium product brand 'Yalma' (above) is now registered with the prestigious London Metal Exchange (LME). Founded in 1877, the LME is the world-center for industrial metals trading, achieving a transaction value of over USD14 trillion a year. LME registration helps the brand win global recognition as it indicates that the product conforms to strict requirements on quality, shape and weight. The brand registration will support Ma'aden's efforts to market and sell its shaped aluminium products globally.

Cans and automobile body parts, above, two significant downstream products made from Ma'aden aluminium sheet

Our complex also includes an aluminium can reclamation facility, which is the largest and the only used beverage can recycling facility in the MENA region.

All of our aluminium facilities are new and technologically advanced, and have built-in key sustainability and operational efficiency features at the plant design stage, optimizing consumption of energy and water. Through the engineered wetlands wastewater management system implemented in Ras Al Khair, we succeeded in reducing fresh water demand by 1,825,000 cubic meters per year, resulting in savings running into millions of Saudi Riyals.

From the time our operations were conceived, we have given utmost consideration to EHS. Ma'aden Aluminium boasts a multinational workforce consisting of people from 30 countries, yet our standardized systems ensure that they speak one language when it comes to EHS.

Ma'aden Aluminium also benefits from its joint venture Sahara and Ma'aden Petrochemicals Company (SAMAPCO), which specializes in producing the caustic soda that goes into the aluminium refinery as feedstock. The SAMAPCO plant, based in Jubail Industrial City, also produces ethylene dichloride as a by-product of caustic soda output.

Business performance and outlook

Ma'aden Aluminium continues to focus on achieving higher production and making its operations more efficient and competitive regardless of the commodity price fluctuation in international markets and the world economic conditions that pushed down aluminium prices further in 2015 from 2014 levels. Leading international institutions such as the World Bank and IMF predict gradual recovery in aluminium prices in the medium term.

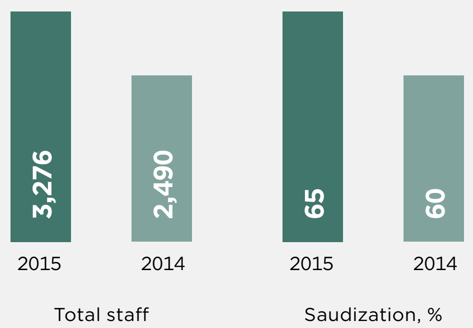
As aluminium is used widely for a broad range of applications — automotives and cans being just two key large-scale applications for Ma'aden products — the demand for the lightweight, high strength metal is likely to sustain and grow. However, higher production and capacity building in China and the slowdown in the Chinese economy has resulted in higher exports from the country, the two factors cited by analysts as key drivers of low aluminium demand. The recession in Japan and almost flat growth in European and emerging markets also affected the demand.

Our business focus in 2015 was on the commissioning of end products and the building of a customer base for beverage can and automotive sheets. We have been working on establishing a strong customer base for our products within Saudi Arabia and the region, as well as in Asia, North America and Brazil.

Al Bai'tha bauxite mine, above right, and aluminium operations in Ras Al Khair

Markets

Employees



The year also saw Ma'aden achieve the following ISO accreditations:

- **Smelter – ISO 9001 – for compliance with effective quality management systems in the production and casting of primary molten aluminium;**
- **Rolling mill – ISO 9001:2008 for quality management compliance in the manufacture of hot-rolled aluminium coils, cold rolled coils, slitted coil including can reclamation and dross processing.**

Production, kmt

Product	2015	2014
Alumina	846	23
Primary aluminium	839	662
Flat rolled product	59	Comissioning

Sales, kmt

Product		
Primary aluminium	629	531
Flat rolled product	52	0

Success stories

Our marketing efforts have been very successful, leading to a series of agreements with leading can manufacturing companies in the Kingdom and around the region. Under these agreements, MRC will be their preferred supplier of can stock for their operations in Saudi Arabia and across the Gulf region.

As a new entrant in the market, Ma'aden Aluminium has received extremely positive feedback from customers in the region. Several customers have been so pleased with the quality and performance of Ma'aden aluminium sheets that they have accelerated the qualification process for our products. Our customers are also reporting that the Ma'aden product has performed well in qualification audits, and in some cases, the quality of our product has enabled them to break production records.

As we close 2015, Ma'aden Aluminium is in a strong position to achieve growth and high profitability in the coming years, with cost competitiveness and product quality making a significant impact in the local, regional and global markets.

Gold is where it all began for Ma'aden. Even as the company has expanded and diversified, gold continues to achieve growth and excellence, contributing significantly to the enterprise. We are also scaling up our copper output.

Ad Duwayhi mine

Precious and base metals: poised for new growth

Our Precious and Base Metals SBU is poised for fresh growth in 2016 with the start-up of two new projects; Ad Duwayhi gold mine and Jabal Sayid copper mine. Ma'aden's Precious and Base Metals SBU manages the production and sale of gold, copper, silver and zinc, with gold accounting for the biggest share segment. Gold enjoys a special status in Ma'aden's journey as the company evolved from the legacy of this precious metal and the early focus of our growth was on expanding the already active gold business.

Ma'aden Gold and Base Metals Company (MGBM), our wholly owned subsidiary, is the backbone of our gold business, producing 163,618 ounces of the precious metal in 2015. MGBM also produces copper, silver and zinc as by-products. Gold accounts for 99 percent of MGBM's revenue, with copper, silver and zinc accounting for the remainder.

MGBM

MGBM operates five gold mines: Mahd Ad Dhahab, Al Amar, Bulghah, Sukhaybarat and As Suq.

Our biggest achievement in 2015 was the commissioning of the Ad Duwayhi mine in October 2015, which is under trial operation. Ad Duwayhi will account for 43 percent of our gold production over the next five years.

The feasibility study for Mansourah and Massarah projects are on track for completion in 2016. These sites offer strategic and sustainability advantages as they are located close to Ad Duwayhi mine, which will enable us to centralize operations and logistical support. The completed 430km pipeline project will supply treated water from a sewage treatment plant in Taif to Ad Duwayhi, Mansourah and Massarah. Construction of the pipeline was completed during the year.

During 2015, MGBM initiated an operational excellence project to develop efficiencies and throughput opportunities at the Bulghah and Sukhaybarat operations. This has identified several initiatives to increase gold production. Study and engineering work will proceed during 2016 and early 2017 to determine the feasibility of the project for implementation and commissioning.

ICMI certification

Al Amar mine received the International Cyanide Management Institute (ICMI) certification for full compliance with the technical and operational requirements under what is known within the mining industry as the 'Cyanide Code'. ICMI is a

5
gold mines
currently
in operation

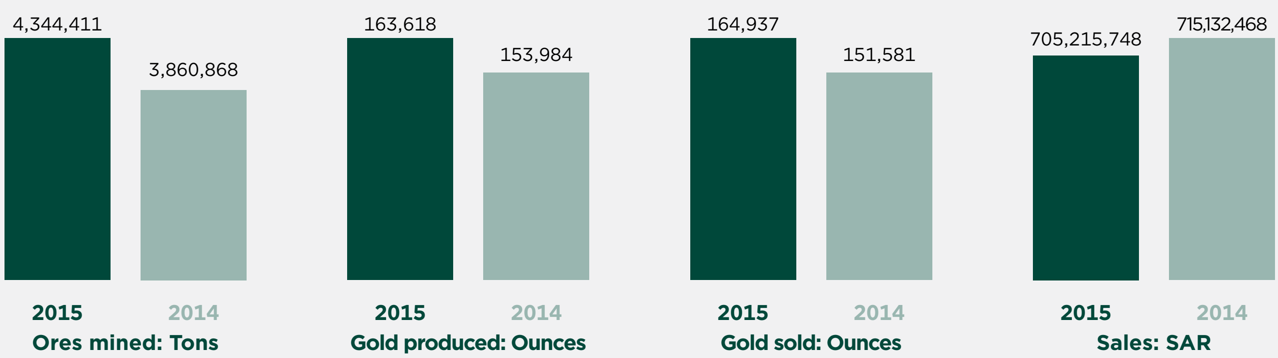
Gold assaying, and Ma'aden gold ingots

Gold production and sales by mine

	Mahd Ad Dhahab		Sukhaybarat		Bulghah	
	2015	2014	2015	2014	2015	2014
Tons mined	205,296	200,710	406,549	206,306	2,436,967	2,363,286
Tons milled	199,042	200,031	655,586	631,025	2,693,711	2,161,606
Grade (grams per tonne)	5.92	5.91	1.76	1.90	0.83	0.77
Recovery (%)	95.1	95.30	85.0	84.5	50.5	46.0
Gold ounces produced	34,417	34,280	9,004	2,687	53,929	54,179
Gold ounces sold	34,053	33,454	9,004	2,687	53,929	54,179
Gold sales (SAR)	144,262,105	156,183,094	39,220,887	12,438,003	230,951,093	256,338,177

	Al Amar		As Suq		Total	
	2015	2014	2015	2014	2015	2014
Tons mined	252,080	252,550	1,043,519	838,016	4,344,411	3,860,868
Tons milled	223,431	215,229	949,981	758,328	4,721,751	3,966,219
Grade (grams per tonne)	6.9	7.5	1.14	1.00	-	-
Recovery (%)	91.8	132.4	70.28	69.3	-	-
Gold ounces produced	44,029	48,411	22,239	14,427	163,618	153,984
Gold ounces sold	45,632	46,834	22,319	14,427	164,937	151,581
Gold sales (SAR)	194,298,292	221,840,228	96,483,371	68,332,966	705,215,748	715,132,468

Gold production and sales, consolidated



voluntary initiative for the gold mining industry, gold producers and transporters of cyanide used in gold mining. The Code focuses exclusively on the safe management of cyanide during production, transportation and its use for the recovery of gold during ore milling and leaching operations.

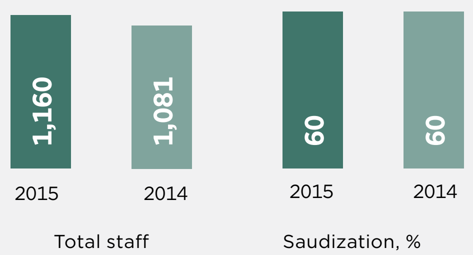
Al Amar received the certification after the ICMI accepted the detailed audit report findings prepared by independent third party auditors. The auditors evaluated the mine against the Institute's verification protocol and found it to be in full compliance with the Code's principles and standards of practice. MGBM has initiated the process to obtain certification for its other gold mines.

Ma'aden continues to explore for potential new mineral resources. Gold exploration is focused in the geological area known as the Arabian Shield, which is divided into three operational areas: Northern, Central and Southern Arabian Gold regions. Current exploration work is transitioning from target identification to target evaluation and this technical work is being aligned with the MGBM project pipeline, brownfield and near-mine opportunities to maximize capital utilization opportunities.

About 50 percent of global demand for gold comes from the jewelry industry, which in turn is influenced by several factors including economic developments and lifestyle choices

Mahd Ad Dhahab mine

Employees



Performance and outlook
While gold prices continued to decline during 2015, operational efficiency improvements led to a 6 percent increase in production

Market experts attribute gold's weakness to several factors such as:
- **the strength of the US dollar;**
- **the possibility of higher interest rates and**
- **relative financial stability compared with previous years.**

Private investors – largely individuals buying gold bars and coins plus professional investors via exchange traded funds – account for over 35 percent of gold demand. As gold does not earn – unlike currency and company share investments – it becomes less attractive as a pure investment option if interest rates rise.

About 50 percent of the global demand for gold comes from the jewelry industry, which in turn is influenced by several factors including economic developments and lifestyle choices. Industrial fabrication, including dentistry, electronics and other applications make up about 10 percent of the global demand. Government purchases for bullion and currency reserves account for the remainder.

We are anticipating higher revenues in 2016 on the strength of new production from Ad Duwayhi and the ongoing operational excellence initiatives.

Copper: excellent strategic fit

Our newly established joint venture, Maaden Barrick Copper Company (MBCC), has completed the construction and commissioning of its new copper mine in Jabal Sayid, enabling us to start selling copper concentrate in January 2016 as pre-commercial sales.

Ma'aden and Barrick Gold Corporation established MBCC in 2014, with both partners each investing USD220 million to develop and construct the new copper mine at Jabal Sayid. The venture offered an excellent strategic fit and value for Ma'aden's position as a leading minerals enterprise, with the joint venture partners coming together sharing resources and technology to produce low-cost copper concentrate.

Commissioning of the mine started in September 2015 and we began shipping copper concentrate to refineries in world markets in December 2015.

We expect to ramp-up the production over 2016 and 2018. When fully operational, the mine will produce an average 165,000 tons of copper concentrate per year containing 44,000 tons of copper.

Jabal Sayid has a mine life of 17 years with proven and probable reserves of 24.8 million tons at 2.55 percent grade. Further exploration work will be carried out within the mining license area and the exploration license area surrounding the mine.

Copper is used extensively for a wide range of applications in disciplines such as electrical, automotive, telecommunications and several other industries. The world's production and consumption of copper have increased dramatically in the past 25 years. As large developing countries have entered the global market, demand for mineral commodities, including copper, has increased. Yet, as in the case of other commodities, copper prices have declined recently in response to oversupply.

Copper is also one of the most widely recycled of all metals; approximately one-third of all copper consumed worldwide is recycled. Recycled copper and its alloys can be re-melted and used directly or further reprocessed to refined copper without losing any of the metal's chemical or physical properties.

In addition to Jabal Sayid, Ma'aden has been assessing the potential to produce copper at the Al Hajar gold mine, following the closure of the gold mine.

Jabal Sayid copper mine

Ras Al Khair residential village

Ma'aden Infrastructure Company: committed to the comfort and safety of Ma'aden staff

Among our operations, Ma'aden Infrastructure Company (MIC) stands out as an internal service provider. At the Ma'aden Village in Ras Al Khair, MIC provides residential and other services to Ma'aden and subsidiary employees who live in the remote industrial city. MIC makes a conscious effort to improve the social life of residents and in the process, also contributes to the social and economic development of the village.

2,500 residential units in Ras Al Khair

There are over 2,500 residential units in the village. At the end of 2015, these were home to more than 3,000 Ma'aden staff working for subsidiaries located in Ras Al Khair, located just over 12 km from the village. MIC also developed 256 family apartments in Jalmudah district of Jubail Industrial City, comprising 16 buildings with 16 apartments in each building, as part of Ma'aden's interim accommodation plan.

After completing the Jalmudah project in 2014, MIC embarked on another ambitious plan to construct 791 villas in Mutrafiah, Jubail, under Ma'aden's House Ownership Program (HOP). We are investing over SAR1 billion in the project, which boasts a unique design and 'green' and smart technology features. The program, scheduled for completion in 2016, is aimed at helping Saudi employees based in Ras Al Khair to plan their life and career on a long-term basis. It enables them to own their homes in the more developed Jubail Industrial City, which is just over 100km away. Commuting between the two industrial cities has become more convenient with the construction of a new highway.

In line with Ma'aden's consolidation strategy, MIC began functioning as a shared service with a more cost-effective, centralized network. The smooth transition into a shared service platform after merging the processes of serving various subsidiaries was an important achievement, leading to consistency in operations, cost and quality benefits. As part of the consolidation process, MIC's procurement activities were transferred to the centralized Ma'aden procurement function and all MIC staff were transferred to the centralized infrastructure management function in Ras Al Khair.

MIC earned SAR218 million in revenues in 2015, up from SAR208 million earned in 2014. Our performance both in terms of earnings and efficiency is expected to improve further in 2016 as the benefits of consolidation set in. Our upcoming priorities include the completion of the consolidation process and further strengthening safety and security in Ras Al Khair.

MIC operations have consistently scored more than 75 percent satisfaction levels in the regular customer service surveys. The MIC Board and management regularly monitor these surveys to ensure that the quality of services for staff is maintained at a high level. MIC organizes community events every quarter and has also facilitated staff participation in local and national sporting events.

Section 06

Enabling excellence

In the pursuit of excellence, we are adopting new programs and executing initiatives while consolidating resources across corporate functions. We are enabling ourselves to perform better and deliver more effectively. We have made good progress in developing our human capital and we are achieving new milestones in sustainability.

Smelting at Mahd Ad Dhahab gold mine

Human capital: focus on learning, development and consolidation

The concept of human capital recognizes that the quality of our workforce can be improved by investing in learning and development. We have made great strides in developing a local workforce for the Saudi mining industry. Ma'aden's sustainability depends on our success in developing, retaining and managing our human capital.

Our focus on talent development, continued learning and best practice in human resource management are key factors in our sustainability strategy, supporting Ma'aden's vision of becoming a world-class minerals enterprise.

Amongst our 2015 achievements were two particularly important developments:

- **The launch of a consolidation initiative aimed at enabling people from different Ma'aden organizations to learn, share and gain from each other's experiences;**
- **The graduation of the first cohort of 159 students from the Saudi Mining Polytechnic (SMP) who earned their diplomas in March 2015 and were subsequently placed at various Ma'aden subsidiaries to begin their careers starting with on-the-job training.**

Given that the mining sector was virtually non-existent in Saudi Arabia until Ma'aden was mandated to lead its development, these milestones are significant. Initially, Ma'aden's challenge was to recruit skilled and experienced professional and technical staff from overseas to work in the remote locations of Saudi Arabia. Subsequently, it was to develop local human capital that would reduce our operating costs and help sustain our industry in the long term.

Consolidation and restructuring

Having reached a critical phase of our portfolio diversification and recognizing the extensive but varying expertise within our organization, we embarked on a period of establishing shared services and reorganization of our talent pool. As a result consolidation initiatives were launched in February 2015 across Human Resources (HR), Procurement, Finance, Environment, Health and Safety (EHS) and Information and Communication Technology (ICT).

The HR consolidation delivers a shared service function, creating a common talent pool and harmonizing resourcing and implementation practices across Ma'aden.

Ma'aden HR matrix

Ma'aden has adopted ***an innovative approach to human capital development,*** *developing strategic long-term practices that can* ***deliver higher levels of employee satisfaction, retention and performance.***

The transition to the new model will be completed in 2016, delivering an agile, more efficient, responsive and leaner HR function.

It is based on an organizational architecture that is fully aligned with Ma'aden's needs and challenges as the Group continues to grow and diversify. It will streamline all support services while helping the SBUs and operations hire and retain the right talent they need to achieve excellence.

We have also formed a Talent Review Committee (TRC) as part of Ma'aden's HR governance structure. The committee, comprising corporate HR and executives representing all of Ma'aden's SBUs, assesses our talent needs and challenges and ensures that they are addressed effectively. Sub-committees formed across the Ma'aden group support TRC to develop and assign staff for corporate functions and operations.

Mentoring a mining workforce
Ma'aden and Saudi Arabia's Technical and Vocational Training Corporation (TVTC) established SMP in 2012 and entered into agreements with well known academic and vocational training providers. The partnership ensures that international standards are followed in developing a young Saudi workforce for the mining industry, both in terms of content and technology.

SMP offers diplomas in three disciplines:
- **underground mining;**
- **surface mining and**
- **operations.**

In addition to enabling students to gain core technical competencies, the courses emphasize topics such as health and safety, environmental management, IT, technical English and work culture.

The graduation of the first SMP cohort marks the beginning of a new chapter for the mining industry in Saudi Arabia. It was a milestone for Ma'aden, the government and the community at large. The Governor of the Northern Border Region, the Minister of Petroleum and Mineral Resources and leaders of Ma'aden and TVTC attended the graduation ceremony.

Ma'aden recruited 905 new employees in 2015, taking the total number of our employees to 7,125. Our staffing strategies were in direct support of our needs as well as manpower localization.

Talent retention
Retaining talented employees is a challenge as industries compete for skilled, experienced and trained people. Ma'aden has adopted an innovative approach to human capital development, developing strategic long-term practices that can deliver higher levels of employee satisfaction, retention and performance. These include:

Competency framework: A comprehensive competency framework covering all of Ma'aden's job requirements was piloted with engineers who have graduated from our professional development program over the last three years. The framework will be incorporated into the performance management system.

Staff and Saudization at headquarters and operations

Company	Employees	Saudization %
Ma'aden headquarters	639	71
Ma'aden Phosphate Company	1,363	69.2
Ma'aden Wa'ad Al Shamal Phosphate Company	521	65.5
Industrial Minerals Company	113	66.4
Ma'aden Aluminium Company (including Ma'aden Rolling Company and Ma'aden Bauxite and Alumina Company)	3,276	64.8
Ma'aden Gold and Base Metals Company	1,160	60.4
Ma'aden Infrastructure Company	53	91.4
Total employees	7,125	65.7

SMP graduation ceremony

Ma'aden recruited 905 new employees in 2015, taking the total number of our employees to 7,125. Our recruitment drives have been well received by professionals both in Saudi Arabia and around the world.

Leadership development: An integrated mechanism governed by best practice guidelines to assess talent, identify critical positions and high potential candidates and enable succession plans. We have also finalized a leadership development framework covering all levels of management.

Performance management: Our performance management system is the primary vehicle to create a performance-driven culture through the effective leadership of individuals and teams. We have made a substantial investment in the performance management process, facilitating compulsory training for all leadership levels and building capacity within our affiliates. The performance management system is built on the foundation of our values and leadership competencies. The program gained considerable momentum in 2015, which will be sustained in the coming years.

Career architecture: A career framework that focuses on long-term in-house capability building and sourcing local content. Ma'aden's career framework focuses on three streams:

- **a career architecture, which includes band, level, grades and progression;**
- **identification of job families, which involves grouping jobs into families in which the nature of work undertaken is similar and**
- **a dual career ladder for technical experts and management professionals.**

As we implement the Ma'aden career architecture in 2016, our people will be challenged to perform better, exert leadership and integrate with the business. Each job family will have an identified leader, who will carry the responsibility of developing capabilities in the corresponding stream across the company. In tandem with consolidation and shared services, the career architecture program will enhance efficiency and effectiveness.

Succession planning: We have designed and implemented a comprehensive succession planning framework, supported by programs to ensure the timely identification and development of the next generation of leaders. The current program has identified future leaders for the top two tiers of executive leadership.

Employee engagement survey: Over 4,000 staff participated in the 2015 employee engagement survey, providing HR with valuable feedback and insights on the Ma'aden work environment. The results showed that we have improved in all categories in comparison with 2013. Most notably, higher scores were recorded in: customer focus

The PDP aims to ***provide fresh graduates with soft and technical skills*** *that will enable them to perform better as they start their careers with Ma'aden. In 2015,* ***36 fresh college graduates participated in the program.***

Ma'aden staff attend the leadership training program, conducted by Ma'aden Academy in partnership with INSEAD

and quality, performance practices, team work and managerial effectiveness. Our engagement index moved up from 73 to 75 percent and the employee commitment index from 77 percent to 78 percent at a time when the entire mining sector was facing significant operational challenges and market volatility.

Talent development
The Ma'aden Academy continued to offer a number of learning and development programs in partnership with world-class leadership and management institutes. In 2015, the Academy partnered with INSEAD, one of the leading graduate business schools, to deliver a year-long leadership development program to 60 Ma'aden leaders. The program resulted in 39 leaders graduating in 2015.

The Academy also completed the design of a year-long Ma'aden Manager Certification Program which targets the 10 core competencies that our managers must master. The program, starting January 2016, has enrolled 30 Ma'aden managers. Supporting ETGAN, the Academy qualified 38 subject matter experts to serve as internal trainers and cascade technical training across the organization.

Ma'aden continued to attract fresh graduates who have excelled in various disciplines to our Professional Development Program (PDP). The program aims to provide fresh graduates with both technical and soft skills that will enable them to perform better as they start their careers with Ma'aden. In 2015, 36 fresh college graduates participated in the program.

During the year, Ma'aden also signed a memorandum of understanding to join Saudi Arabia's newly formed Energy Sector Training Board. The Board has been established by leading Saudi companies such as Saudi Aramco, SABIC and SEC in cooperation with TVTC and the Royal Commission to identify the talent gap in the energy sector and take measures to develop a well-trained workforce.

Education and training
Ma'aden signed a memorandum of understanding with the Ministry of Education to launch the Schools of Excellence project in the Northern Borders region, under which Ma'aden will work with expert service providers to operate and manage two schools in the north, modernizing and equipping them with enhanced learning and fitness facilities. This exemplary program may be replicated in other parts of Saudi Arabia, providing unique opportunities for students.

In partnership with the Royal Commission, Ma'aden sponsored Mubadarah as part of its corporate social responsibility initiative which aims to develop and equip high school graduates in the Northern Region of Saudi Arabia with English, computer and safety skills in order to enhance their employability and career success. A total of 174 participants completed the program successfully.

We signed a memorandum of understanding with the Technical and Vocational Training Corporation (TVTC) in May 2015 to provide vocational training to 500 young nationals, enabling them to join our contractors' workforce. By the end of the year, 200 trainees had already been employed after completing the program. By June 2016, 300 additional trainees are scheduled to complete the program.

Procurement focuses on savings, new business plan

Ma'aden procurement staff meet suppliers at a mining industry event

Ma'aden has developed a five-year procurement business plan that will be implemented over 2016-20 to transform our procurement function by applying industry best practice, maintaining high ethical standards and updated processes and systems in category management, supplier relationship management and material management.

Procurement plays an important role in supporting corporate functions and subsidiary operations by providing materials and services sourced from the open market. In line with the corporate strategy and values, Procurement is committed to a policy of fairness to all suppliers.

Cost, quality and delivery time are the most important factors that contribute to an efficient procurement function. It was a challenging year in which the department spared no efforts to reduce spending and save costs without compromising quality and efficiency.

Our role was in sharp focus during the year as we account for about 70 percent of Ma'aden's annual spend to buy materials and services. We practice category management as a strategic approach to Ma'aden's procurement needs, organizing our resources to focus on specific areas of spending. These initiatives target the development of frame agreements for a particular commodity and service that are applicable across all Ma'aden. The category management team negotiates agreements that not only provide significant cost savings, but also establish long-term relationships with Ma'aden's strategic partners.

By the end of the year, we had contributed significant savings of SAR378 million through negotiations and another SAR200 million in cost avoidance due to more efficient material management.

As cost savings result from both price negotiations and improved efficiencies, we continue to invest in technology and process improvements that will help make our supply chain more efficient and reduce waste. In 2015, we introduced new contract and payment process systems and e-invoicing. As we achieve higher levels of operational excellence and capability, the focus is on providing value-added services.

We have been making conscious efforts to strengthen the local content in the materials and services that we source (see page 92).

In 2016, as the new business plan kicks off, we will take a major step to streamline and consolidate the procurement function by bringing it under the shared services umbrella. All fully owned subsidiaries will be part of the consolidation process.

Performance in 2015

Category management	26%
Value of purchase orders/contracts issued	SAR7 billion
Savings achieved	SAR378 million
Savings in percentage of total	5.13%
Saudi market spend	70%

ICT: the first to adopt Shared Services model

President and CEO Al Mudaifer at the ICT-SS launch in March

Information and Communications Technology (ICT) was chosen as the first service area to move to a shared services (SS) platform as part of Ma'aden's global adoption of a shared services model for support functions. Our ICT-SS program was kicked off in March 2015 and the new consolidated model began operations on January 1, 2016. The ICT-SS program was conceived and executed as a precursor to introducing the SS concept to other support functions.

The new ICT-SS model will have a significant impact in four key areas:

- **Customer focus: Enhanced customer focus, including the introduction of a new service management platform and a Ma'aden-wide customer service desk to be used for all support functions.**
- **Competency-based organization: Ma'aden companies will benefit from combining our collective IT skill sets to achieve better focus. We will adopt a common set of ICT policies and procedures, and will benefit from improved IT security and structure, including the use of a more efficient operating model.**
- **Improved governance: Our new model will lead to more widespread use of existing ICT solution functionalities across Ma'aden and better management of investments in ICT solutions.**
- **Improved ICT infrastructure: Data centres, email servers, back-up, as well as voice and data communications are being consolidated and upgraded.**

In 2015, ICT invested time and resources preparing to migrate to the new model, aligning systems and processes and enhancing security. In August, ICT departments within the various Ma'aden companies merged to establish the new ICT-SS organization. The demand for process automation is managed through our active involvement in the 16 business functional track teams of the Ma'aden Business Process Transformation Council, facilitating coordination between and alignment with, business operations and support functions.

Benefits

Ma'aden is already benefitting from the consolidation of our services. We have achieved considerable progress in aligning ICT resources across Ma'aden, leading to stronger capabilities across the organization.

By looking at areas such as key vendor management, application support models and software license management, we are building capabilities to deliver more efficient cost-effective services. We have already achieved a 10 percent workforce reduction since 2014, while enhancing the services we provide to our internal customer base, which has grown 20 percent since the time the 2014 feasibility study for ICT-SS was prepared.

Our new ICT-SS organization is flat, focused and more efficient. Regardless of where our operations and offices are located, we are in a strong position to serve, leveraging modern technology to enable remote functioning and are ready for expansion into a full shared services environment.

Embedding sustainability: towards an integrated approach

Ma'aden's sustainability credentials are built upon our success in creating stakeholder value and achieving sustainable socioeconomic development. We are committed to embed sustainability in everything we do by adopting changes in the structure, policies and behavior of our organization and people.

Ma'aden has implemented a number of independent initiatives and programs related to social responsibility and community care. The fragmented approach of the past is giving way to an integrated approach, with our corporate sustainability strategy shifting to a model of coordinated engagement with our stakeholders and identifying issues that are material to our business.

Ma'aden aspires to be a sustainability leader in the region. As we embed sustainability practices across our operations, we are also taking care to ensure that sustainability issues become integral to our investments in grassroots projects and expansions including infrastructure development. Group-wide sustainability-related policies, processes and procedures are being aligned and

Sustainability is integral to our operations and new projects in Ras Al Khair industrial city

Embedding sustainability

We recognize that diverse internal stakeholders need to work together to embed sustainability

EHS staff, top, and operations control at Mahd Ad Dhahab

updated so that they are in line with international best practice.

We reviewed our sustainability strategy in 2015, redefining and endorsing its four pillars: people (human capital), EHS, ethics and social performance. Over 2015 and 2016, our sustainability priorities are in four key areas. They focus on:

- **strengthening the application of sustainability principles and practices across corporate functions and departments;**
- **enhancing the 'local content' in direct and indirect employment and procurements;**
- **making meaningful social investments that are based on community needs and aligned with Ma'aden's strategy and**
- **proactively engaging with local communities.**

Organization structure

Sustainability remains a top management concern and remains a key component on the CEO's KPI dashboard. At the operations level, company presidents are monitoring the progress in implementing key decisions and initiatives.

The corporate sustainability function is headed by a Senior Vice President, who is supported by the Corporate Sustainability Assurance (CSA) division.

The mission of the CSA, which oversees environment, health and safety (EHS), local empowerment and community care is also to ensure that all operations and corporate functions are aligned with Ma'aden's sustainability vision. The CSA provides senior management with a high level of assurance and confidence about Ma'aden's overall progress in achieving its sustainability vision.

The CSA works closely with other key functions such as strategy and planning, corporate governance, risk management, regulatory compliance, mining and manufacturing operations, marketing and sales. Our achievements in EHS, local empowerment and community care are discussed in the following chapters.

Ma'aden is committed to become a member of the International Council of Mining and Metals (ICMM) and will continue to work towards that goal after completing a gap analysis. We are also working towards meeting Global Reporting Initiative's G4 guidelines in reporting our progress on sustainability. In 2015, we became a signatory member of Responsible Care, the voluntary health, safety and environment standard of the global chemical industry.

الرعاية المسئولة
التزامنا نحو الاستدامة
RESPONSIBLE CARE®
OUR COMMITMENT TO SUSTAINABILITY

EHS: pursuing higher targets

Environment, health and safety are top values for us. We continually monitor our plant and machinery, upgrade work systems and processes and conduct effective internal campaigns to embed a work culture that promotes EHS as a value.

We have strengthened our commitment to reduce Ma'aden's environmental footprint, shifting from a compliance-led program to stewardship-based performance through a program that goes far beyond regulatory requirements.

Our comprehensive EHS policy is becoming stronger by the year, setting and achieving higher targets and standards. Our goal is to achieve excellence in EHS, which essentially means providing a work and living environment that is healthy and free of injury while properly managing our environmental footprint.

Identifying and managing risks associated with EHS, constantly improving internal procedures and systems, complying fully with – and exceeding where possible – regulatory requirements, continuously engaging with employees to embed and reinforce an EHS culture and conducting regular audits are the most important elements of our program. These apply to all our business units and operating companies.

Over the past three years, we have been streamlining our EHS policies, standards and practices, leading to a more efficient management system. In developing the EHS Integrated Management System over 2012-14, we worked closely with experts from Ma'aden and our aluminium joint venture partner Alcoa, identifying the policies, standards and practices to be implemented progressively at all Ma'aden operations.

EHS was adopted as a transformational project by ETGAN with the goal of streamlining and strengthening the system based on international best practice.

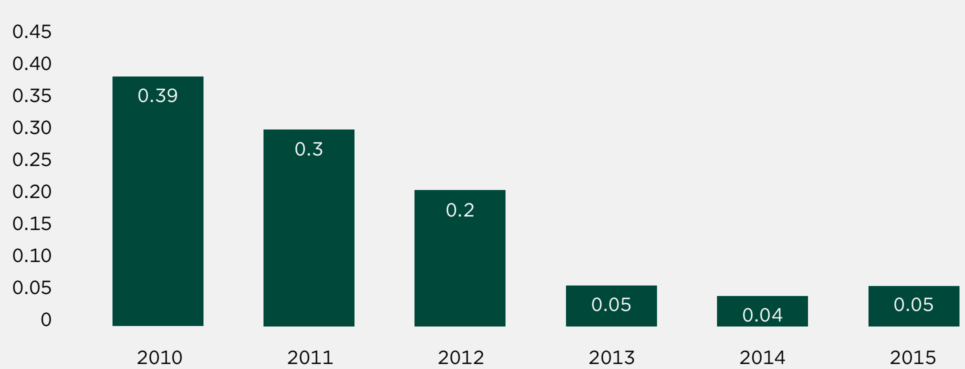
EHS1, the first phase of the program, was initiated in 2015, defining an assessment protocol, checklists and measurement tools. Simultaneously we also integrated the new system's implementation with Ma'aden's internal 5-diamond initiative adopted in 2012.

ZERO
fatalities for both Ma'aden & contractors' employees on sites

ZERO
environment violations

0.05
less than target LTIFR of 0.09

Average Lost Time Injury Frequency Rate (LTIFR)



Safety briefing, top, and the first aid clinic at Ad Duwayhi

Ma'aden's 5-diamond initiative

D5
EHS excellence and world-class performance
Superior EHS performance on par with the world's leading minerals industries with sustainable and prosperous work environment

D4
Towards EHS excellence
Stronger drive and momentum to embed, update and improve the EHS management system

D3
Successful EHS system
Progressive improvements upon achievements under D2 involving all levels of staff

D2
Assessed EHS system
Audited EHS system implemented to ensure adherence to higher EHS principles and standards, and ISO 14001 and OHSAS 18001

D1
Ground rules
Indicates that the company has achieved minimum required and acceptable standards and efficiency

Ma'aden strictly requires its suppliers to adopt proper EHS practices on our sites. The requirement is incorporated into all contracts via the Ma'aden Suppliers Code of Conduct and Ethics.

The initiative works as an enabler for Ma'aden subsidiaries to advance to higher levels of EHS standards and management. In 2015, our greatest achievement was the completion of EHS1 across all of Ma'aden and the transition to the next phase, EHS2, in which our focus will be on maintaining and improving the achievements of EHS1 while striving to bring about behavioral changes that promote a zero harm culture.

As part of EHS1, we implemented Hemaya, an enterprise software solution that enables logging and tracking of EHS issues at all stages of operations. The implementation of EHS1 involved a series of presentations and workshops for staff as well as specialized training for assessors. The new EHS system is geared toward the requirements of ISO 14001, OHSAS 18001, EN 16001, ISO 50001 and responsible care.

Ma'aden strictly requires its suppliers to adopt proper EHS practices on our sites. The requirement is incorporated into all contracts via the Ma'aden Suppliers Code of Conduct and Ethics.

Delivering stronger social performance

Our Community Management System (CMS) recognizes that local community trust and approval are essential for Ma'aden to succeed as a mining enterprise and to build and sustain its reputation as a group that cares. We are determined to ensure that the trust that Ma'aden has earned from its shareholders must be matched by the community-generated social license for us to operate.

CMS is closely aligned to international best practice approaches including the AA 1000 Stakeholder Engagement Standard and the International Finance Corporation Performance Standards.

Ma'aden expects the successful implementation of CMS to result in systematic delivery of improved social performance, better management of risks associated with community issues and improved group-wide learning and knowledge-sharing. It will also lead to group-wide consistency and continual improvement of community programs, which will benefit from performance efficiencies and new management systems.

Our community policy broadly defines Ma'aden's approach and includes key guidelines to maintaining our social license to operate. The policy's highlights are:

- **minimize adverse social and community impacts and maximize potential opportunities, in accordance with international best practice;**
- **contribute to the social and economic development of the communities in which we operate, and to the wider development of Saudi Arabia;**
- **support the development and enhancement of a national workforce;**
- **engage with all stakeholders in a fair, transparent and inclusive manner;**
- **implement an effective and transparent communication process across the business that informs and engages with internal and external stakeholders;**
- **conduct regular review and audit of community policies, processes and procedures and performance and**
- **undertake routine reporting to internal and external stakeholders on our community engagement and social performance activities.**

Our community focus received a major boost in 2015 with the launch of the Ma'aden Higher Community Initiatives Committee (MHCIC),

Under Ma'aden Higher Community Initiatives Committee, we will continue to foster excellent community relations and deliver on our conviction that local people should benefit from our activity.

Community initiatives in 2015

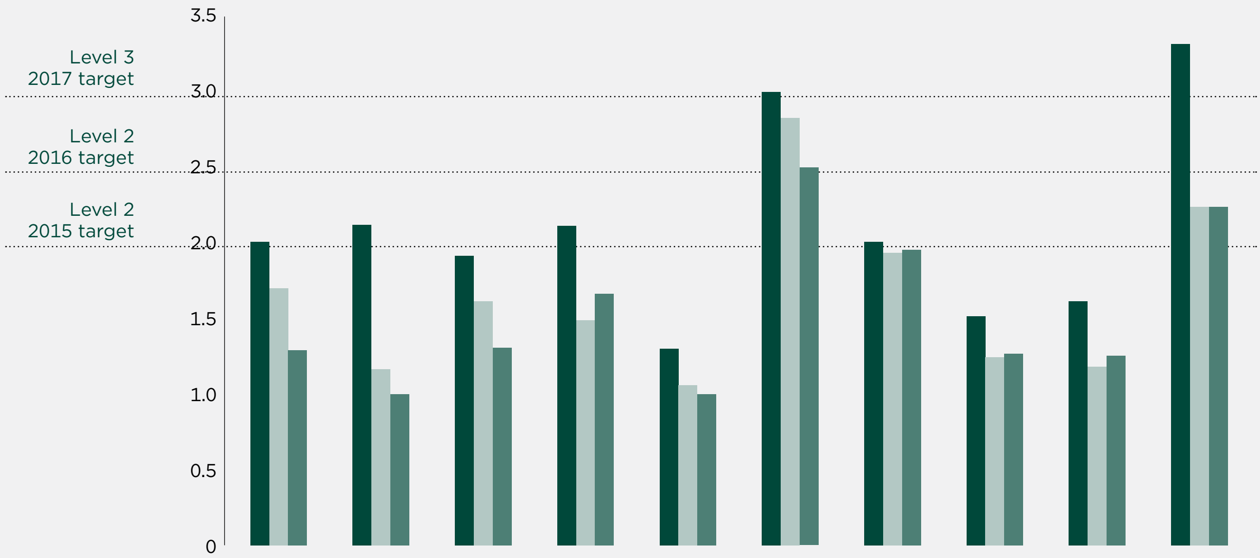
Number of initiatives approved	29
Value of investments in approved initiatives	SAR226,700,425
Number of initiatives implemented	14
Number of ongoing initiatives in 2015	12
Total community Investments in 2015	SAR26,533,144

Additional training investments in 2015

130 Ma'aden local staff trained at the Jubail Technical Institute	SAR9,631,842
180 Ma'aden local staff trained at the Jubail Industrial College	SAR11,960,550
367 Local youth trained at Saudi Mining Polytechnic	SAR23,226,506
58 Local youth trained under Mubadarah initiative, Wa'ad Al Shamal	SAR4,872,000

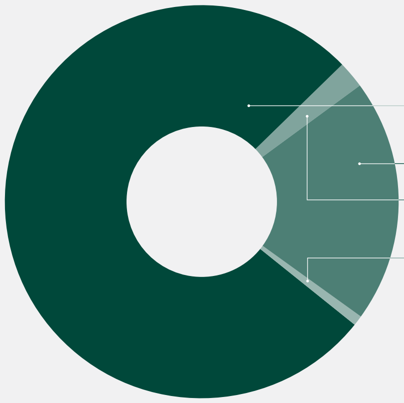
	01 Inform	02 Consult	03 Involve	04 Collaborate	05 Empower
Ma'aden's community goals	Provide local community with balanced and objective information to help them understand problems, choices, opportunities and/ or solutions	Get responses from the community to analysis, choices and/or decisions	Work directly with the community throughout the process to ensure that public concerns and aspirations are consistently understood and considered	Partner with the community in each aspect of the decision making including the development of alternatives and the identification of the preferred solution	Enable the local community to make the final decision
Ma'aden's promise to the community	We will keep you informed	We will keep you informed, listen to and acknowledge concerns and provide feedback on how community input influenced the decision making	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how community input influenced the decision	We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible	We will implement your decisions

KPI - Assured community framework scores



	Al Amar	As Suq	Mahd Ad Dhahab	Sukhay-barat and Bulghah	Ad Duwayhi	Al Bai'tha	Al Jalamid	Az Zabirah	Al Ghazalah	Wa'ad Al Shamal
KPI 2015	2.00	2.10	1.90	2.10	1.30	3.00	2.00	1.50	1.60	3.30
KPI 2014	1.70	1.16	1.61	1.48	1.06	2.81	1.93	1.25	1.18	2.23
KPI 2013	1.29	1.00	1.30	1.65	1.00	2.49	1.94	1.26	1.24	1.00

Spend on community initiatives by category - 2015



chaired by the CEO and comprising six other senior executives. Its mandate is to ensure that all Ma'aden community initiatives deliver highly positive social impacts while maintaining alignment with our community initiative principles, business interests and the evolving needs of stakeholders.

MHCIC is a major step forward in ensuring that Ma'aden has a unified approach to community initiatives. Under MHCIC, we will continue to foster excellent community relations and deliver on our conviction that local people should benefit from our activity.

The MHCIC charter declares that all community initiatives should be supported by a business case linked to Ma'aden's core business, identified social impacts and business risks. Our social responsibility programs will build on existing structures and capacities where possible, and align with national development plans and priorities.

We introduced CMS in 2013 based on a 'plan-do-check-act' approach, which stresses the need to adopt appropriate standards in managing social performance. We defined five levels of maturity to measure the progress made in community care and engagement (see table on page 90), since when we have been closely monitoring our social performance against these levels.

At our mining locations, we engage with local communities through regular meetings that promote mutual understanding. These meetings help us make a realistic assessment of local community needs that then become the starting point of our programs. Before the launch of a new project, we conduct a detailed social impact assessment (SIA) – an approach that will be applied even to the mines in operation before we adopted the SIA policy.

In each SIA, we lay down a full description of the hosting communities and their social processes, consult with them on the main issues, identify potential talent and a suppliers pool that we can integrate in our business.

In 2015 we achieved an average score of 2.1 against our target of achieving level 2. We are aiming to achieve level 2.5 in 2016 and level 3 by 2017.

The MHCIC has asked subsidiaries to develop larger initiatives over the next three to five years. Once conceived with the help of the hosting community, Ma'aden will champion the initiatives – with the participation of other third party businesses.

Our community initiatives include building two schools in Al Bai'tha, top, and vocational training for local youth

Community engagement level

2.0
2015 target

2.1
2015 average score

2.5
2016 target

3.0
2017 target

*From a total **full-time workforce of 1,804** in these 10 remote sites, **1,066** were **Saudi** nationals. Over **67 percent** of the nationals were from around the mine localities.*

Local empowerment
In 2015, we made considerable progress in moving forward with our commitment to strengthen local community empowerment, primarily by providing direct employment and facilitating indirect employment to people from around the areas of our operations and by aligning our procurement policies and practices to maximize local content.

As the accompanying illustrations show, most of our businesses have reported success in recruiting more local people at their remotely located mines. Our remote locations include nine mines — five gold, one bauxite, one phosphate and two industrial mineral mines — and the new industrial city of Wa'ad Al Shamal.

From a total full-time workforce of 1,799 in these 10 remote sites, 1,066 were Saudi nationals. Over 67 percent of the nationals were from around the mine localities.

Wa'ad Al Shamal, where a new industrial city is being built with Ma'aden's new phosphate complex as its centrepiece, accounts for 20,964 of the 22,554 indirectly employed across the 10 locations. This workforce includes people employed by main contractors in Wa'ad Al Shamal and as the focus is currently on engineering and construction, Saudization reached 12 percent to meet the agreed minimum level in the contract while 67 percent of Saudis are from local community.

We achieved remarkable success in making effective investments in developing local talent. Of the total spend on workforce training across the 10 sites, about 99 percent was invested in developing local talent. Most sites invested 100 percent of the training spend in local talent development.

Leveraging procurement
We have been making conscious efforts to strengthen the local content in the materials and services that we source. We have made local content an integral part of our contracts with suppliers. Where possible, we walk the extra mile in supporting and developing local suppliers and contractors.

Wa'ad Al Shamal is a good example of our commitment to strengthening local content. Here, we have taken the additional step of building a service center to help our contractors recruit local people. We also introduced local small businesses to our contractors.

Ma'aden is committed to empowering local youth through training and education, opposite page, operational staff welding vertical T-piece.

98.8%
of training budget spent on developing local talent

Direct employment at remote sites

Business/project	Total workforce	Saudi employees	Local Saudi employees	% of Local Saudis from total Saudis	% of Local Saudis from total workforce
Precious and base metals	804	415	288	69.40	35.82
Ma'aden aluminium	161	136	116	85.29	72.05
Phosphate and industrial minerals	387	257	130	50.58	33.59
Wa'ad Al Shamal	452	258	181	70.16	40.04
Total	1,804	1,066	715	67.07	39.63

National contractors assigned at remote sites

Business/project	Number of contractors	Saudi contractors	% of Saudi contractors	Local Saudi contractors	% of Local Saudi contractors from Saudi contractors	% of Local Saudis contractors from total no. of contractors
Precious and base metals	488	363	74.30	23	6.33	4.71
Ma'aden aluminium	150	80	53.33	70	87.50	46.66
Phosphate and industrial minerals	28	27	96.42	7	25.92	25
Wa'ad Al Shamal	176	165	93.75	156	94.54	88.63
Total	842	635	75.41	256	40.31	30.40

Local youth being trained in pipe-fitting work

Section 07

Financials

Chief Financial Officer's review

Ma'aden continues its successful transition from being a builder of new large-scale industries to a Group that is focused more on operations and marketing. In 2015, we faced challenges as the global economic climate adversely affected the prices of many commodities including those we produce. Aluminium was particularly badly affected with prices falling 9 percent over the course of the year whilst gold prices also declined. Phosphate prices held up relatively well.

It is against this backdrop that we experienced a sharp drop in net income for the year. While the impact of low commodity prices was one major factor that led to the fall in net income, the increases in depreciation and finance charges as the first phase of our aluminium business had its first year of commercial operations also contributed to the decline.

We strengthened our focus on operational excellence and on our costs across all of our businesses to ensure that Ma'aden's cost position is sustainably low. This approach enables Ma'aden to continue operating profitably in challenging environments such as the one we are experiencing now and to be well positioned to earn higher profit from an eventual recovery in prices.

In 2015, we also reassessed our capital strategy in the context of the increased focus on operations. Having successfully executed a very large fund raising program since 2008 we now move into an era where we need to effectively manage our large debt portfolio. A first step in this process was the securing commitment from banks for refinancing of the debt at Ma'aden Phosphate Company (MPC). The new and more flexible debt structure will replace the original project financing from 2008 and will be an important element in ensuring that our phosphate business remains resilient in tough market conditions.

We are also increasing our focus on efficient cash generation and utilization across the Ma'aden group of companies to ensure that we optimize our internal resources that can contribute towards our future investment needs.

Ma'aden already has a major global presence through its substantial exports. With the first steps taken in 2015 to open up the Saudi stock market to foreign investors, we are experiencing a higher level of international investor interest in the company and we are conscious of the need for Ma'aden to make every effort to meet international norms.

As part of this, we will continue our efforts to be a leader in transparency and to ensure that our investors have the information they expect in respect of our operations, performance and business plans. The migration of our financial reporting framework from Saudi Organization for Certified Public Accountants (SOCPA) to the International Financial Reporting Standards (IFRS) framework, with effect from January 2017, is an important event that will strengthen our position as a global company. Our internal preparations to achieve this are well advanced.

Although the current indications are that 2016 will be another challenging year, Ma'aden is well placed to continue its successful growth story. We have a sound strategy, the right focus on costs and efficiency and a sound capital base – a combination that enables us to look forward to a more promising future.

Consolidated statement of income for the year ended December 31, 2015

(in millions)	Explanatory notes	2015 SAR	2014 SAR	Variance SAR	Variance y-o-y %
Sales	1	**10,956**	10,792	164	2
Cost of sales	2	**(8,517)**	(7,677)	(840)	11
Gross profit		**2,439**	3,115	(676)	(22)
Operating expenses					
Selling, marketing and logistic expenses	3	**(532)**	(483)	(49)	10
General and administrative expenses		**(459)**	(445)	(14)	3
Exploration and technical services expenses		**(144)**	(190)	46	(24)
Operating income		**1,304**	1,997	(693)	(35)
Share in net loss of jointly controlled entities	4	**(92)**	(25)	(67)	268
Income from short-term investments		**36**	11	25	227
Finance charges	5	**(450)**	(304)	(146)	48
Other income, net	6	**56**	102	(46)	(45)
Income before provision for zakat		**854**	1,781	(927)	(52)
Provision for zakat		**(46)**	(44)	(2)	5
Net income for the year		**808**	1,737	(929)	(53)
Net income attributable to shareholders of the parent company		**605**	1,358	(753)	(55)
Non-controlling interest's share of current year's net income in subsidiaries		**203**	379	(176)	(46)
		808	1737	929	(53)

(in millions)	Explanatory notes	2015 SAR	2014 SAR	Variance SAR	Variance y-o-y %
Basic and diluted earnings per share (SAR)	7	**0.52**	1.38		
Weighted average number of ordinary shares in issue during the year (in millions)	7	**1,168**	987	-	-
Gross profit percentage		**22%**	29%	-	(24)
EBIT		**1,304**	1,997	(693)	(35)
EBIT margin		**12%**	19%	-	(37)
EBITDA	8	**3,644**	3,596	48	1
EBITDA margin		**33%**	33%	-	-
Net income percentage		**7%**	16%	-	(56)

The table above discloses the movement on a year-on-year (y-o-y) basis and only those movements that are significant in monetary terms (i.e. more than 10%) are being analyzed and discussed in the corresponding explanatory notes in the audited financial statements.

1. Sales

Components of sales

(in millions)	2015 SAR	2015 %	2014 SAR	2014 %	Variance SAR	Variance y-o-y %
Aluminium	**4,763**	**44**	4,498	42	265	6
Ammonium phosphate fertilizer	**4,543**	**41**	4,098	38	445	11
Ammonia	**762**	**7**	1,303	12	(541)	(42)
Gold	**705**	**6**	715	7	(10)	(1)
Industrial minerals	**183**	**2**	176	1	7	4
Infrastructure revenue	**-**	**-**	2	0	(2)	(100)
Total sales	**10,956**	**100**	10,792	100	164	2

The total consolidated sales revenue increased in 2015 by SAR164 million driven by an increase in quantity sold of all products (except ammonia) which offset the decrease in average realized prices of all products except DAP/MAP. Main contributions were from Aluminium which increased by SAR 265 million and DAP/MAP by SAR 445 million against a decrease in ammonia and gold sales by SAR 541 million and SAR 10 million respectively.

Sales breakdown between international and domestic sales

Geographical	2015 SAR (millions)	2015 Quantity (thousands)	2014 SAR (millions)	2014 Quantity (thousands)	Variance SAR (millions)	Variance Quantity (thousands)	Countries
International							
Aluminium (tonnes)	**4,250**	**611**	4,373	516	(123)	95	Asia, Brazil, GCC, MENA and North America
DAP/MAP (tonnes)	**4,543**	**2,634**	4,098	2,384	445	250	India subcontinent, South East Asia, Latin America, Africa and Oceania
Ammonia (tonnes)	**762**	**461**	1,303	660	(541)	(199)	India subcontinent and East Asia
Gold (ounces)	**698**	**164**	715	152	(17)	12	Switzerland, Singapore
Industrial minerals (tonnes)	**45**	**33**	50	32	(5)	1	Asia, Europe, Africa, Gulf and Asia-Pacific
Domestic							
Aluminium (tonnes)	**513**	**70**	125	15	388	55	KSA
Gold (ounces)	**7**	**1**	-	-	7	1	KSA
Industrial minerals (tonnes)	**138**	**1,028**	126	1,049	12	(19)	KSA
Infrastructure services	**-**	**-**	2	-	(2)	-	KSA
Total sales	**10,956**		10,792		164		

Aluminium sales
Aluminium sales contributed SAR 265 million due to an increase by 28 percent in quantity sold resulting from full year sales of MAC in 2015, compared to only four months in 2014. Corporate aluminium quantity sold in 2015, increased by 8 percent compared to 2014 whereas LME prices and premiums declined sharply in 2015, which impacted revenues and margins. The average LME price (US$/tonne) declined by 9 percent from $1,866 in 2014 to $1,698 in 2015. Aluminium sales are 44 percent of the total consolidated sales.

Ammonium phosphate fertilizer sales
DAP/MAP fertilizer sales for 2015 increased by 11 percent due to an increase in the quantity sold by 10 percent and also an increase in average realized prices by US$1/MT which resulted in an increase in sales of SAR 445 million. DAP sales represented 41 percent of total consolidated sales of 2015.

Ammonia sales
External sales of ammonia declined by SAR541 million due to increased consumption by the ammonium phosphate plant and shutdowns of the ammonia plant in 2015

Gold sales by mine

	2015 Ounces	2015 %	2014 Ounces	2014 %	Variance Ounces	Variance y-o-y %
Bulghah	**53,929**	**33**	54,179	36	(250)	-
Al Amar	**45,632**	**28**	46,834	31	(1,202)	(3)
Mahd Ad Dahab	**34,053**	**21**	33,454	22	599	2
As Suq	**22,319**	**13**	14,427	9	7,892	55
Sukhaybarat	**9,004**	**5**	2,687	2	6,317	235
Total gold ounces sold	**164,937**	**100**	151,581	100	13,356	9

The average realized price per ounce sold declined by 9 percent from $1,258 per ounce in 2014 to $1,140 per ounce in 2015

Industrial minerals sales
The increase in quantity sold and average realized prices of industrial minerals during 2015 resulted in sales revenue increase of SAR7 million.

2. Cost of sales

(in millions)	2015		2014		Variance	
	SAR	%	SAR	%	SAR	y-o-y %
Salaries and staff related benefits	**767**	**9**	465	6	302	65
Contracted services	**408**	**5**	261	3	147	56
Repairs and maintenance	**62**	**1**	68	1	(6)	(9)
Consumables	**105**	**1**	111	1	(6)	(5)
Overheads	**358**	**4**	104	1	254	244
Raw material and utilities consumed	**4,508**	**53**	5,224	68	(716)	(14)
Inventory losses	**121**	**1**	77	1	44	57
Addition / (reversal) of inventory obsolescence	**1**	**-**	(1)	-	2	(200)
Deferred stripping expense	**36**	**-**	2	-	34	1,700
Severance fees	**18**	**-**	35	-	(17)	(49)
Sale of by-products	**(8)**	**-**	(33)	-	25	(76)
Total cash operating costs	**6,376**	**75**	6,313	82	63	1
Depreciation	**2,171**	**25**	1,496	19	675	45
Amortization	**41**	**-**	24	-	17	71
Total operating costs	**8,588**	**101**	7,833	102	755	10
Increase in inventory	**(71)**	**(1)**	(156)	(2)	85	(55)
Total	**8,517**	**100**	7,677	100	840	11

Cost of sales increased by SAR840 million due to the increase in quantity sold of all products except ammonia. Main contributions are from aluminium and DAP/MAP cost of sales.

Aluminium cost of sales
Aluminium cost of sales increased by SAR688 million due to higher quantity sold by 28 percent compared to 2014 mainly resulting from the full year operations of MAC compared to only four months in 2014 and also due to an increase in aluminium quantity sold by corporate.

Ammonium phosphate fertilizer cost of sales
DAP/MAP cost of sales increased by SAR194 million due to increase in DAP/MAP quantity sold by 10 percent compared to 2014.

Ammonia cost of sales
During the year the unit cash cost of ammonium phosphate fertilizers and ammonia reduced by 5 percent versus 2014 on account of increased efficiencies and cost improvements

Gold produced by mine

	2015		2014		Variance	
	Ounces	%	Ounces	%	Ounces	y-o-y %
Bulghah	**53,929**	**33**	54,179	35	(250)	-
Al Amar	**44,029**	**27**	48,411	32	(4,382)	(9)
Mahd Ad Dhahab	**34,417**	**21**	34,280	22	137	0
As Suq	**22,239**	**13**	14,427	9	7,812	54
Sukhaybarat	**9,004**	**6**	2,687	2	6,317	235
Total gold ounces produced	**163,618**	**100**	153,984	100	9,634	6

The cash cost per ounce sold increased by 8% in 2015 versus 2014 due to higher on mine cost from As Suq, Sukhaybarat and Bulgah mines.

industrial minierals cost of sales
The cost of sales of industrial minerals decreased overall by 2% mainly due to the decrease in the quantity of CCM sold during 2015 compared to 2014

3. Selling, marketing and logistic expenses

The Increase of SAR49 million (10 percent) was mainly caused by increased freight and overhead charges of SAR44 million compared to 2014. This was due to increased in Aluminium quantity sold by MAC resulting from the full year operations of MAC compared to only four months in 2014.

4. Share in net loss of jointly controlled entities

Share in net loss of a jointly controlled entities represents Ma'aden share of 50 percent in the net loss of SAMAPCO which is a joint venture project between Ma'aden and Sahara Petrochemical Company.

5. Finance charges

Finance charges increased by 48 percent when compared to 2104. This is mainly due to MAC full year financial charges of SAR276 million compared to only four months financial charges of SAR 96 million in 2014. The increase in MAC financial charges was offset by decreased financial charges at MPC and Corporate by SAR 7 million and SAR28 million respectively.

6. Other income, net

Other income declined by SAR46 million (44 percent) when compared to 2014. This was mainly due to MAC and MPC insurance claims recorded in 2014.

7. Basic and diluted earnings per share

The basic and diluted earnings per 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 financial year under review.

The weighted average number of ordinary shares for 2015 total to 1,168,478,261 shares and for 2014 total to 986,920,191 shares due to the increase in Company's share capital resulting form rights issue offering during November 2014.

8. EBITDA

(in millions)	2015	2014	Variance	
	SAR	SAR	SAR	y-o-y %
Operating income for the year	**1,304**	1,997	(693)	(35)
Depreciation	**2,210**	1,527	683	45
Amortization of intangible assets	**74**	34	40	118
Provision for severance fees	**18**	35	(17)	(49)
Deferred stripping expenses	**37**	2	35	1,750
Other	**1**	1	-	-
EBITDA	**3,644**	3,596	48	1

Consolidated statement of financial position as at December 31, 2015

	Explanatory notes	2015 SAR	2014 SAR	Variance SAR	Variance y-o-y %
(in millions)					
Current assets	9	**10,418**	16,416	(5,998)	(37)
Non-current assets					
Property, plant and equipment	10	**36,682**	38,376	(1,694)	(4)
Capital work-in-progress	11	**40,403**	27,083	13,320	49
Exploration and evaluation assets		**233**	175	58	33
Deferred stripping expense		**44**	49	(5)	(10)
Intangible assets		**373**	410	(37)	(9)
Investment in jointly controlled entities	12	**527**	619	(92)	(15)
Due from joint venture partners		**-**	720	(720)	(100)
Long-term investment		**50**	50	-	-
Long-term loan		**626**	626	-	-
Advances and prepayments		**22**	17	5	29
Total assets		**89,378**	84,541	4,837	6
Current liabilities	13	**8,574**	6,267	2,307	37
Non-current libilities					
Other non-current liabilities	14	**2,141**	1,419	722	51
Long-term borrowings	15	**43,268**	43,338	(70)	(0)
Total liabilities		**53,983**	51,024	2,959	6
Equity attributable to shareholders' of the parent company		**27,298**	26,693	605	2
Non-controlling interest		**8,097**	6,824	1,273	19
Total equity		**35,395**	33,517	1,878	6
Total liabilities and equity		**89,378**	84,541	4,837	6

9. Current assets

Current assets decreased by SAR5,998 million in 2015. Current assets mainly comprises the following:
- Cash and cash equivalents in 2015 were SAR4,308 million compared to SAR11,974 million in 2014(decrease of SAR7,666 million). Decrease was mainly due to the repayment of the Corporate Syndicated Revolving loan facility of SAR4,430 million and also the utilization of funds for the development of ongoing projects such as MWASPC.
- Short-term investments in 2015 were SAR899 million compared to SAR523 million in 2014 (increase of SAR376million) mainly due to Corporate short term cash deposits.
- Trade and other receivables in 2015 were SAR1,297 million compared to SAR1,245 million in 2014(increase of SAR52 million) attributable to higher aluminium sales in 2015.
- Inventories in 2015 were SAR2,942 million compared to SAR2,441 million in 2014, higher by SAR501 million mainly resulting from an increase in spare parts and consumables materials of MPC due to scheduled maintenance requirements and in aluminium companies to support ramp-up of production.

10. Property. plant and equipment

During the year SAR322 million was transferred from capital work-in- progress to property, plant and equipment on the completion of capital expenditure projects i.e.:
- MAC contributed an increase of SAR170 million relating mainly to fixed plant, buildings and mobile workshop equipment.
- MBAC contributed an increase of SAR10 million. This cost related to Integrated Infrastructure Project cost
- MRC contributed an increase of SAR8 million. This cost related to Integrated Infrastructure Project cost
- MPC contributed an increase of SAR27 million relating mainly to fixed plant, buildings and mobile workshop equipments.
- MGBM contributed an increase of SAR85 million relating mainly to fixed plant, buildings and heavy equipments.
- Remaining increase of SAR22 million was accounted for by Corporate and MIC.

11. Capital work-in-progress

During the year the following movements occurred:
- SAR322 million was transferred from capital work-in- progress to property, plant and equipment on the completion of capital expenditure projects
- SAR14,023 million additions in 2015 were attributable to aluminium SAR1,857 million, SAR11,451 million to phosphate segment, SAR142 million to Corporate, SAR567 million to MGBM and SAR6 million to MIC
- SAR38 million transferred to intangible assets, advances to contractors utilized during the year amounted to a SAR373 million transfer from exploration and evaluation assets SAR2 million and provision for mine closure capitalized amounting to SAR26 million.

12. Investment in jointly controlled entities

Decrease of SAR92 million (15 percent) is attributable to Ma'aden's share of net loss in SAMAPCO. (see explanation in note 4)

13. Current liabilities

Current liabilities increased by SAR2,307 million in 2015. Current liabilities mainly comprises the following:
- Projects and other payables in 2015 were SAR1,857 million compared to SAR2,034 million in 2014 (decrease of SAR177 million). The decrease was mainly attributable to lower projects and other payables in MAC and MWASPC.
- Accrued expenses in 2015 were SAR4,506 million compared to SAR2,558 million in 2014 (increase of SAR1,948 million). The increase was mainly attributable to higher project accrual in MWASPC.
- Current portion of long-term borrowings in 2015 were SAR2,131 million compared to SAR1,574 million in 2014 (increase of SAR557 million). The increase was mainly attributable to MPC (SAR41 million), MAC (SAR425 million) and MRC (SAR91 million).
- Zakat and severance fees payable were SAR51 million and SAR16 million compared to SAR59 million and SAR30 million respectively in 2014 (decrease of SAR22 million)

14. Other non-currents liabilities

Other non-current liabilities increased by SAR722 million in 2015 mainly due to increase in project and other payables of MWASPC which represents the project retention payables amounting to SAR1,130 million in 2015 compared to SAR242 million in 2014.

15. Long term borrowings

Total borrowings (including current position) increased by SAR487 million as result of drawdowns amounting to SAR6,491 million and reduced by repayments of SAR 6,004 million. The following is the detail of drawdowns during the year by entity:
- SAR4,310 million drawdown by MWASPC
- SAR1,343 million drawdown by MBAC
- SAR603 million drawdown by MRC
- SAR235 million drawdown by MGBM

The following is the detail repayments during the year by entity:
- SAR4,430 million repayment of Corporate Syndicated Revolving Credit Facility by Maa'den.
- SAR1,048 million repayment by MPC
- SAR526 million repayment by MAC

Consolidated statement of cash flows for the year ended December 31, 2015.

(in millions)	**2015 SAR**	**2014 SAR**	**Variance SAR**	**Variance y-o-y %**
Cash and cash equivalents at the beginning of the year - unrestricted	**11,434**	3,854	7,580	197
Net cash generated from operating activities	**2,214**	2,751	(537)	(20)
Net cash utilized in investing activities	**(11,237)**	(14,221)	2,984	(21)
Net cash generated from financing activities	**1,304**	19,050	(17,746)	(93)
Net change in cash and cash equivalents for the year	**(7,719)**	7,580	(15,299)	(202)
Cash and cash equivalents at the end of the year - unrestricted	**3,715**	11,434	(7,719)	(68)

Khalid Bin Salem Al-Rowais
Senior Vice President, Finance and CFO

Saudi Arabian Mining Company (Ma'aden)
(A Saudi Arabian joint stock company)

Consolidated financial statements for the year ended December 31, 2015

Contents

Administration and contact details as at December 31,2015

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	
	Engr. Sultan Bin Jamal Shawli	
	Engr. Khalid Saleh Al-Mudaifer	
	Mr. Mansour Bin Saleh Al-Maiman	
	Engr. Khalid Bin Hamad Al-Senani	
	Engr. Abdulaziz Bin Abdallah 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, 3rd Floor King Fahad Road P.O. Box 2732 Riyadh 11461 Kingdom of Saudi Arabia	

Statement of Directors' responsibilities

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 5, 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, 2015, 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, 2015 set out on pages 6 to 57, were approved and authorized for issue by the Board of Directors on January 20, 2016 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

10 Rabi Thani 1437H
January 20, 2016
Riyadh
Kingdom of Saudi Arabia

EY
Building a better working world

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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 statement of financial position of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 December 2015 and the related consolidated statements of income, changes in equity and cash flows for the year then ended and the notes from 1 to 50 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:

- present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015 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.
- comply with the requirements of the Regulations for Companies and the Company's by-laws in so far as these affect the preparation and presentation of the consolidated financial statements.

For Ernst & Young

Rashid S. AlRashoud
Certified Public Accountant
Registration No. 366

Riyadh: 10 Rabi Thani 1437H
(20 January 2016)

ERNST & YOUNG
PROFESSIONAL LICENCE No. 45

Consolidated statement of financial position as at December 31, 2015

All amounts in Saudi Riyals unless otherwise stated

	Notes	December 31, 2015	December 31, 2014
Assets			
Current assets			
Cash and cash equivalents	7	**4,308,309,524**	11,973,968,055
Short-term investments	8	**899,052,989**	523,320,360
Trade and other receivables	9	**1,297,445,530**	1,245,127,333
Inventories	10	**2,941,847,487**	2,440,872,603
Advances and prepayments	11	**251,412,539**	232,711,854
Due from joint venture partners	12	**720,000,000**	-
		10,418,068,069	16,416,000,205
Non-current assets			
Property, plant and equipment	13	**36,682,188,547**	38,376,128,047
Capital work-in-progress	14	**40,402,433,837**	27,083,158,695
Exploration and evaluation assets	15	**233,233,575**	175,506,312
Deferred stripping expense	16	**44,172,991**	49,082,983
Intangible assets	17	**372,426,562**	409,876,545
Investment in jointly controlled entities	18	**527,258,466**	618,889,332
Long-term investment	19	**50,000,000**	50,000,000
Long-term loan	20	**626,197,939**	626,197,939
Advances and prepayments	11	**21,645,868**	16,541,800
Due from joint venture partners	12	**-**	720,000,000
		78,959,557,785	68,125,381,653
Total assets		**89,377,625,854**	84,541,381,858
Liabilities			
Current liabilities			
Projects and other payables	21	**1,857,265,666**	2,034,836,739
Accrued expenses	22	**4,505,852,821**	2,558,469,084
Zakat payable	23.2	**50,962,237**	58,735,918
Severance fees payable	24	**16,185,454**	29,727,477
Current portion of obligation under capital lease	26	**12,131,184**	10,948,977
Current portion of long-term borrowings	28.5	**2,131,319,904**	1,574,221,379
		8,573,717,266	6,266,939,574
Non-current liabilities			
Projects and other payables	21	**1,287,134,964**	400,794,841
Employees' benefits	25	**353,304,330**	290,375,429
Obligation under capital lease	26	**27,033,193**	39,164,376
Provision for mine closure and reclamation	27	**158,111,874**	131,295,730
Long-term borrowings	28.5	**43,267,718,094**	43,337,698,408
Due to joint venture partners	29	**315,686,823**	558,313,877
		45,408,989,278	44,757,642,661
Total liabilities		**53,982,706,544**	51,024,582,235
Equity			
Share capital	30	**11,684,782,610**	11,684,782,610
Statutory reserve			
Share premium	31	**8,391,351,697**	8,391,351,697
Transfer of net income	32	**757,911,634**	697,394,239
Retained earnings		**6,464,362,429**	5,919,705,879
Equity attributable to shareholders' of the parent company		**27,298,408,370**	26,693,234,425
Non-controlling interest	33.6	**8,096,510,940**	6,823,565,198
Total equity		**35,394,919,310**	33,516,799,623
Total liabilities and equity		**89,377,625,854**	84,541,381,858
Commitments and contingent liabilities	45		

Consolidated statement of income for the year ended December 31, 2015

All amounts in Saudi Riyals unless otherwise stated

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Sales	34	**10,956,125,938**	10,791,882,887
Cost of sales	35	**(8,517,081,736)**	(7,676,872,584)
Gross profit		**2,439,044,202**	3,115,010,303
Operating expenses			
Selling, marketing and logistic expenses	36	**(531,872,951)**	(482,841,815)
General and administrative expenses	37	**(458,873,756)**	(445,141,238)
Exploration and technical services expenses	38	**(143,756,853)**	(189,559,465)
Operating income		**1,304,540,642**	1,997,467,785
Other (expenses) / income			
Share in net loss of jointly controlled entities	18.1	**(91,630,866)**	(24,963,928)
Income from short-term investments	39	**35,583,877**	10,563,669
Finance charges	40	**(450,452,843)**	(303,537,973)
Other income, net	41	**56,410,062**	101,534,028
Income before provision for zakat		**854,450,872**	1,781,063,581
Provision for zakat	23.2	**(46,374,297)**	(44,434,257)
Net income for the year		**808,076,575**	1,736,629,324
Net income attributable to:			
Shareholders' of the parent company	6.1	**605,173,945**	1,357,341,201
Non-controlling interest	33.6	**202,902,630**	379,288,123
		808,076,575	1,736,629,324
Earnings per ordinary share (Saudi Riyals)			
Operating income per share inclusive of non-controlling interest's share		**1.12**	2.02
Basic and diluted earnings per share from continuing operations attributable to shareholders' of the parent company	42	**0.52**	1.38

Consolidated statement of changes in equity for the year ended December 31, 2015

All amounts in Saudi Riyals unless otherwise stated

	Notes	Equity attributable to shareholders'		
			Statutory reserve	
		Share capital	Share premium	Transfer of net income
January 1, 2014		9,250,000,000	5,250,000,000	561,660,119
Proceeds from the rights issue offering	30	2,434,782,610	3,165,217,434	-
Transaction costs of the rights issue offering		-	(23,865,737)	-
Net income for the year		-	-	-
Net income transferred to statutory reserve	32	-	-	135,734,120
Payments to increase share capital during the year*	33.6	-	-	-
Increase in non-controlling interest / share capital contributed during the year	33.6	-	-	-
December 31, 2014		11,684,782,610	8,391,351,697	697,394,239
Net income for the year		-	-	-
Net income transferred to statutory reserve	32	-	-	60,517,395
Dividends paid to non-controlling interest during the year	33.6	-	-	-
Payments to increase share capital during the year*	33.6	-	-	-
Increase in non-controlling interest / share capital contributed during the year	33.6	-	-	-
December 31, 2015		**11,684,782,610**	**8,391,351,697**	**757,911,634**

*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. These payments are converted to share capital once new shares are issued and the Commercial Registration certificate is amended.

of the parent company		Non-controlling interest				
Retained earnings	**Sub-total**	**Share capital**	**Payments to increase share capital***	**Net income attributable to non-controlling interest**	**Sub-total**	**Total equity**
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
-	5,600,000,044	-	-	-	-	5,600,000,044
-	(23,865,737)	-	-	-	-	(23,865,737)
1,357,341,201	1,357,341,201	-	-	379,288,123	379,288,123	1,736,629,324
(135,734,120)	-	-	-	-	-	-
-	-	-	344,584,817	-	344,584,817	344,584,817
-	-	1,154,928,470	(302,927,720)	-	852,000,750	852,000,750
5,919,705,879	26,693,234,425	6,102,482,067	156,088,568	564,994,563	6,823,565,198	33,516,799,623
605,173,945	605,173,945	-	-	202,902,630	202,902,630	808,076,575
(60,517,395)	-	-	-	-	-	-
-	-	-	-	(330,000,000)	(330,000,000)	(330,000,000)
-	-	-	50,043,112	-	50,043,112	50,043,112
-	-	1,433,278,002	(83,278,002)	-	1,350,000,000	1,350,000,000
6,464,362,429	**27,298,408,370**	**7,535,760,069**	**122,853,678**	**437,897,193**	**8,096,510,940**	**35,394,919,310**

Consolidated statement of cash flows for the year ended December 31, 2015

All amounts in Saudi Riyals unless otherwise stated

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Operating activities			
Income before provision for zakat		**854,450,872**	1,781,063,581
Adjustments for non-cash flow items:			
Addition/ (reversal) of allowance for inventory obsolescence	10	**625,666**	(1,046,546)
Depreciation	13	**2,209,631,051**	1,526,786,955
Adjustment / written-off property, plant and equipment	13	**36,045,096**	816,277
Impairment of exploration and evaluation asset	15	**20,306,493**	21,306,251
Deferred stripping expense	16	**36,589,184**	1,759,937
Amortization of intangible assets	17	**74,118,583**	34,307,746
Share in net loss of jointly controlled entity for the year	18.1	**91,630,866**	24,963,928
Provision for severance fees	24	**17,934,852**	35,068,957
Provision for employees' termination benefits	25.1	**79,567,555**	92,706,633
Contribution for the employees' savings plan	25.2	**23,582,534**	21,992,430
Accretion of provision for mine closure and reclamation	27.2	**1,394,847**	568,400
Inventory losses	35	**121,212,929**	76,849,341
Income from short term investments	39	**(35,583,877)**	(10,563,669)
Finance charges	40	**449,057,996**	302,969,573
Changes in working capital:			
Trade and other receivables	9	**(44,644,362)**	(483,419,008)
Inventories	10	**(622,813,479)**	(767,041,120)
Advances and prepayments	11	**(23,804,753)**	(84,234,847)
Projects and other payables – Trade	21	**49,311,794**	720,034,302
Accrued expenses – Trade	22	**(104,756,055)**	355,701,491
Zakat paid	23.2	**(54,147,978)**	(39,993,409)
Severance fees paid	24	**(31,476,875)**	(41,771,913)
Employees' termination benefits paid	25.1	**(29,513,887)**	(31,701,678)
Employees' savings plan withdrawal	25.2	**(10,707,301)**	(7,452,537)
Provision for mine closure and reclamation utilized	27.1	**(1,881,991)**	(5,529,621)
Finance charges paid		**(891,904,935)**	(773,595,196)
Net cash generated from operating activities		**2,214,224,825**	2,750,546,258
Investing activities			
Income received from short-term investments		**27,910,042**	11,739,129
Decrease in restricted cash	7	**(53,776,258)**	(56,664,893)
Short-term investments	8	**(375,732,629)**	(523,320,360)
Additions to property, plant and equipment	13	**(293,475,275)**	(120,213,102)
Additions to capital work-in-progress	14	**(13,137,751,416)**	(11,175,793,364)
Additions to exploration and evaluation assets	15	**(80,181,699)**	(50,928,746)
Additions to deferred stripping expense	16	**(31,679,192)**	(17,461,251)
Additions to intangible assets	17	**(3,992,516)**	(52,490,238)
Investment in a jointly controlled entity	18.2	**-**	(202,482,646)
Long-term loan to a jointly controlled entity	20	**-**	(626,197,939)
Projects and other payables – Projects	21	**659,457,256**	(335,683,987)
Accrued expenses – Projects	22	**2,051,976,780**	(1,071,027,418)
Net cash utilized in investing activities		**(11,237,244,907)**	(14,220,524,815)

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Financing activities			
Obligation under capital lease	26	**(10,948,976)**	(9,881,977)
Proceeds from long-term borrowings received	28.5	**6,491,339,790**	13,367,210,397
Repayment of long-term borrowings	28.5	**(6,004,221,579)**	(1,198,190,354)
Due to joint venture partners	29	**(242,627,054)**	118,780,789
Proceeds from rights issue offering	30,31	**-**	5,576,134,307
Payments to increase share capital by non-controlling interest, net	33.6	**50,043,112**	344,584,817
Increase in share capital of non-controlling interest	33.6	**1,350,000,000**	852,000,750
Dividend paid to non-controlling interest	33.6	**(330,000,000)**	-
Net cash generated from financing activities		**1,303,585,293**	19,050,638,729
Net change in cash and cash equivalents		**(7,719,434,789)**	7,580,660,172
Unrestricted cash and cash equivalents at beginning of the year	7	**11,434,381,057**	3,853,720,885
Unrestricted cash and cash equivalents at end of the year	7	**3,714,946,268**	11,434,381,057
Non-cash flow transactions			
Transfer of capital spares to property, plant and equipment from inventories	13,10	**-**	133,385,591
Transfer to property, plant and equipment from capital work-in-progress	13,14	**321,532,962**	21,514,836,134
Provision for mine closure capitalized as part of property, plant and equipment	13, 27.1, 27.2	**1,053,288**	34,478,197
Depreciation capitalized as part of capital-work-in-progress	14,13	**63,439,623**	27,508,167
Transfer to capital work-in-progress from exploration and evaluation assets	14.15	**2,147,943**	
Amortization capitalized as part of capital-work-in-progress	14,17	**5,729,831**	1,362,790
Provision for mine closure and reclamation capitalized as part of capital-work-in-progress	14, 27.2	**26,250,000**	18,288,131
Borrowing cost capitalized as part of capital work-in-progress	14, 40.1	**443,009,951**	483,398,891
Transfer to intangible assets from property, plant and equipment	17,13	**885,255**	16,819,855
Transfer to intangible assets from capital work-in-progress	17,14	**37,520,660**	102,052,990
Transfer from payments to increase share capital to share capital pertaining to non-controlling interest	33.6	**83,278,002**	302,927,720

Notes to the consolidated financial statements for the year ended December 31, 2015

All amounts in Saudi Riyals unless otherwise stated

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 and issued share capital of Saudi Riyals ("SAR") 11,684,782,610 divided into 1,168,478,261 ordinary shares with a nominal value of SAR 10 each (Note 30).

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, As Suq, Al Jalamid, Az Zabirah, Al-Ghazallah and Al Baitha mines. Currently the Group mainly mines gold, phosphate rock, bauxite, low-grade bauxite, kaolin and magnesite.

The Group is involved in the following aluminum project:

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 29) 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 entities, all incorporated in the Kingdom of Saudi Arabia**:**

Subsidiaries	**Type of company**	**Effective ownership as at December 31, 2015**	**2014**
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	**100%**	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	**100%**	100%
Industrial Minerals Company ("IMC")	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%**	74.9%
Ma'aden Phosphate Company ("MPC")	Limited liability company	**70%**	70%
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWASPC")	Limited liability company	**60%**	60%
Jointly controlled entities			
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Limited liability company	**50%**	50%
Ma'aden Barrick Copper Company ("MBCC")	Limited liability company	**50%**	50%

The financial year end of all the subsidiaries and jointly controlled entities coincide with that of the parent company

2.1 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.

2.2 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.

2.3 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 at Al Ghazallah and a processing plant at Al Madinah Al Munawarah which partially commenced operations during 2011 and the remaining project is still in development stage.

2.4 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.

2.5 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.

2.6 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 commissioning phase.

2.7 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.

2.8 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 the Netherlands wholly owned by The Mosaic Company ("Mosaic") which is accounted for as a non-controlling interest in these consolidated financial statements and
- 15% 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 the production of:

- Di-ammonium and Mono-ammonium phosphate,
- Di-calcium and Mono-calcium phosphate,
- ammonia,
- purified phosphoric acid,
- sulphuric acid and
- sulphate of potach

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
All amounts in Saudi Riyals unless otherwise stated

2.9 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 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.

2.10 MBCC

The company was incorporated in the Kingdom of Saudi Arabia on November 2, 2014 and is owned:

• 50% by Saudi Arabian Mining Company ("Ma'aden") and
• 50% by Barrick Middle East PTY Limited ("Barrick").

MBCC 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:

• copper;
• silver;
• zinc;
• nickel;
• gold;
• lead;
• sulphur and
• cobalt.

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 SAR which is both the functional and reporting currency of the Group.

The Group has carried out impairment assessments on its cash generating units " CGUs" i.e. MAC, MRC, MBAC, MGBM, Magnesia and SAMAPCO during the year ended December 31, 2015. The Group has used the undiscounted cash flow projections as per the accounting standards generally accepted in the Kingdom of Saudi Arabia that have shown no impairment in the values which were higher than the carrying amounts of the net assests involved in the CGUs. Effective from january 1, 2017, the Group is required to implement IFRS which require the Group to use the discounted cash flow projections. The use of the discounted cash flow projections is a more conservative approach to assess impairment on CGUs compared to the undiscounted cash flow projection.

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 acquisition 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. Costs directly related to the acquisition, other than those associated with the issue of debt or equity securities that the company incurs in connection with an acquisition, are expensed as incurred and included in general and administrative expenses. The excess of the aggregate of the consideration transferred and the fair value of the minority interest over the fair value 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 investments, 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 entities

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 jointly controlled entities 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 SAR 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 includes cash on hand, cash in banks and time deposits with an original maturity of three months or less at the date of acquisition, which are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents are excluded from cash and cash equivalents for the purpose of the consolidated statement of cash flows. Restricted cash and cash equivalents are related to the following:

- cash accumulated in the debt service reserve account for the next scheduled repayment of long-term borrowings, six months prior to the due date, as per the financing agreements and
- employees' savings plan obligation.

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

Finished goods are measured at the lower of unit cost of production or net realizable value. The unit 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 the amortization of any deferred stripping assets;
- production overheads and
- the revenue generated from the 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 unit cost of production for the period based on percentage of completion at the applicable stage and includes:

- 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 the amortization of any deferred stripping assets and
- production overheads.

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, the cost 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 is economically viable, it is valued at the lower of cost of production or net realizable value. Quantities and grades of stockpiles and work-in-process are assessed primarily through surveys and assays.

Spare parts, consumables and raw materials

Spare parts, consumable and raw 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 the net amount 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 carried at cost less accumulated depreciation. Land is not depreciated. Depreciation is charged to the consolidated statement of income, using the straight line method or on a unit of production basis for certain mining assets and processing plants where applicable, to allocate the costs of the related assets less their residual values over the following estimated economic useful lives:

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
All amounts in Saudi Riyals unless otherwise stated

	Number of years
• Buildings	9 – 40
• Heavy equipment	5 – 40
• Mobile and workshop equipment	5 – 10
• Laboratory and safety equipment	5
• Civil works	4 – 50
• Fixed plant and heap leaching facilities	4 – 20
• Other equipment	4 – 20
• Office equipment	4 – 10
• Furniture and fittings	4 – 10
• Computer equipment	4 – 5
• Motor vehicles	4
• Mining assets	Over life of mine

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 and the assets so replaced are retired.

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 until the commencement of commercial production.

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 a working condition for its intended use. Costs associated with commissioning the plant are capitalized net of proceeds from the sale of any production during the commissioning 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;
- topographical, geological, geochemical and geophysical studies;
- exploration drilling;
- trenching;
- sampling and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

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, metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements in relation to both production and shipping;
- permitting activities and
- economic evaluations to determine whether development of the mineralized 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 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 feasibility 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 final technical scope, receipt of mining license and commercial feasibility, if the economic benefit will be realized and management intends to develop and execute 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 statement of cash flow. Once the commercial production stage is reached, the capitalized capital work-in-progress is reclassified to “Property, plant and equipment”.

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 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 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, the entity performs impairment and reversal of impairment on exploration and evaluation assets as specified in Note 4.13.

4.11 Stripping ratio and deferred stripping expense

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 are measured at cost less accumulated amortization and accumulated impairment losses, where applicable. Intangible assets acquired as part of a business combination are capitalized where those assets are separable or arise from contractual or legal rights and their fair values can be measured reliably on initial recognition. Goodwill arising from a business combination and those intangible assets that are estimated to have indefinite lives are tested annually for impairment. Intangible assets are amortized over the shorter of their estimated economic / statutory useful lives using the straight-line method. Amortization methods, residual values and estimated economic useful lives are reviewed at least annually.

Pre-operating expenses and deferred charges deemed of having future economic benefits are capitalized as Intangible assets and are amortized when completed over seven years.

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. In assessing value-in-use, the estimated future cash flows are discounted to their net present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which estimates of future cash flows have not been adjusted.

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 / period in which such reversal is determined.

4.14 Projects, other payables and accrued expenses

Liabilities in respect of contract costs for capital projects, including trade payables, are recognized at amounts to be paid for goods and services received. The amount recognized is the present value of the future obligations; unless they are due in less than one year.

Liabilities in respect of other payables are recognized at amounts to be paid for goods and services received.

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 changes and shareholders equity.

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 the 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 35).

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 Employees' termination benefits

Employee termination benefits are payable as a lump sum to all employees employed under the terms and conditions of the Saudi Labor 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.

4.19 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 His Highness the 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 only 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 per month.

The Group will contribute an amount equaling 10% per year of the monthly savings of each member per annum for the first year and increase it by 10% per year the years thereafter until it reaches 100% in 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.

4.20 Provision for 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;
- developments in technology;
- the operating license conditions;
- the environment in which the mine operates and
- changes in economic sustainability.

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 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;
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation and changes in economic sustainability.

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 year.

Rentals payable under operating leases are charged to consolidated statement of income on a straight-line basis over the term of the operating lease.

4.22 Borrowings

Borrowings are initially recognized at the proceeds received, net of transaction costs incurred, if any. Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. 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 the consolidated 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 goods 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 all discounts and rebates 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 or post assay finalization. In such cases, sales revenue is initially recognized on a provisional basis using the current market price and adjusted subsequently within revenue at the market price when finalized.

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 comprise of all costs for selling and marketing the Group's products and include expenses for advertising, marketing fees and other sales related overheads. Basis of allocations between selling, marketing and logistic expenses, general and administrative 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 financial statements in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia, requires the Group's 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.

5.1 Critical judgements in applying accounting policies

The following critical judgements have the most significant effect on the amounts recognized in the financial statements:

• economic useful lives of property, plant and equipment;
• impairment and reversal of impairment of assets and
• zakat and income taxes

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.

Zakat and income taxes

During the year ended December 31, 2015 an amount of SAR 54,147,978 (December 31, 2014: SAR 39,993,409) was paid to DZIT pertaining to the year ended December 31, 2015 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.

5.2 Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year:

• ore reserve and mineral resource estimates;
• mine closure and environmental obligation;
• allowances 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.

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.

Allowances

The Group also creates an allowance for obsolete and slow-moving spare parts. At December 31, 2015, the allowance for obsolete slow-moving items amounted to SAR 15,984,849 (December 31, 2014: SAR 15,359,183) (Note 10). 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.

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 judgement and estimates of the outcome of future events.

6. Segmental information

Segment reporting

6.1 Business segment

A business segment is a 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:

Phosphate Strategic Business Unit Segment,

consist of operations related to:

- *MPC* - the mining and beneficiation of phosphate concentrated rock at Al Jalamid. The utilization of natural gas and sulphur to produce DAP and MAP fertilizers as well as ammonia products at Ras Al Khair.
- *IMC* - the mining of industrial minerals at a kaolin and low grade bauxite mine in the central zone of Az Zabirah, and a high grade magnesite mine at Al Ghazallah and a processing plant at Al Madinah Al Munawarah.
- *MWASPC* - the development of a mine to exploit the Al-Khabra and Umm Wu'al phosphate deposits. The project is in the development stage.
- *Phosphate and Industrial Minerals division under Corporate* – related cost and exploration expenses in Ma'aden Corporate has been allocated to this segment.
- *MIC* – is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a proportionate share of MIC's revenues, costs and assets have been allocated to this segment.

6.1 Business segment (continued)

Aluminum Strategic Business Unit Segment,

consists of the operations related to:

- *MAC* – operates the smelter at Ras Al Khair and it currently processes the alumina feedstock that it purchases from Alcoa and produces aluminum products. MAC started commercial production on September 1, 2014.
- *MRC* – in the process of constructing a rolling mill. The project is in the development stage.
- *MBAC* – the mining of bauxite at the Al Baitha mine and the transportation thereof to its refinery at Ras Al Khair. The refinery is in its commissioning phase. Once the refinery is in commercial production MAC will process alumina supplied by MBAC's Al Baitha mine.
- *SAMAPCO* – a jointly controlled entity that produces concentrated caustic soda, chlorine and ethylene dichloride and supply all the required feedstock for use in the alumina refinery at MBAC, any excess production is sold in the international and domestic market. SAMAPCO started commercial production on July 1, 2014.
- *Automotive sheet project* include automotive heat treated and non-treated sheet, building and construction sheet and foil stock sheet. The project is in the development stage (Note 1).
- *Aluminum division under Corporate* – related cost and external sales revenue have been allocated to this segment.
- *MIC* – is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a proportionate share of MIC's revenues, costs and assets have been allocated to this segment.

Precious and Base Metals Strategic Business Unit Segment,

consists of operations related to:

- *MGBM* – that operates four gold mines, i.e. Mahd Ad Dahab, Al Amar, Bulghah and As Suq (which came into commercial production on July 1, 2014) and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia. The segment also include the Ad Duwayhi mine project which is in the development stage.
- *MBCC* – a jointly controlled entity that produces copper, silver, zinc, nickel, gold, lead, sulphur and cobalt located in the southeast of Al Madinah Al Munawarah. This project is still in the development stage.
- *Precious and base metals division under Corporate* – related cost and exploration expenses in Ma'aden Corporate has been allocated to this segment.

Corporate

- Is responsible for effective management and governance including funding of subsidiaries and jointly controlled entities that carry out various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by products.

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
All amounts in Saudi Riyals unless otherwise stated

6.1 Business segment (continued)

	Notes
December 31, 2015	
Sales	34
Gross profit	-
Income from short-term investments	39
Net income attributable to shareholders' of the parent company	
Property, plant and equipment	13
Capital work-in-progress	14
Exploration and evaluation assets	15
Deferred stripping expense	16
Intangible assets	17
Investment in a jointly controlled entities	18
Total assets	-
Obligation under capital lease	26
Long-term borrowings	28.5
December 31, 2014	
Sales	34
Gross profit	-
Income from short-term investments	39
Net income attributable to shareholders' of the parent company	-
Property, plant and equipment	13
Capital work-in-progress	14
Exploration and evaluation assets	15
Deferred stripping expense	16
Intangible assets	17
Investment in a jointly controlled entity	18
Total assets	-
Obligation under capital lease	26
Long-term borrowings	28.5

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.

Phosphate	Aluminum	Precious and base metals	Corporate	Total
5,488,120,120	**4,762,790,070**	**705,215,748**	**-**	**10,956,125,938**
1,573,632,405	**633,938,596**	**231,473,201**	**-**	**2,439,044,202**
4,649,146	**1,308,870**	**204,583**	**29,421,278**	**35,583,877**
778,571,323	**95,350,777**	**29,693,379**	**(298,441,534)**	**605,173,945**
16,018,926,848	**20,096,644,324**	**394,163,343**	**172,454,032**	**36,682,188,547**
18,158,641,217	**19,985,250,415**	**2,221,964,021**	**36,578,184**	**40,402,433,837**
30,299,653	**-**	**202,933,922**	**-**	**233,233,575**
11,321,503	**-**	**32,851,488**	**-**	**44,172,991**
108,102,300	**237,527,524**	**10,993,133**	**15,803,605**	**372,426,562**
-	**324,775,820**	**202,482,646**	**-**	**527,258,466**
39,961,604,497	**43,841,700,223**	**4,068,524,729**	**1,505,796,405**	**89,377,625,854**
-	**39,164,377**	**-**	**-**	**39,164,377**
20,096,862,780	**25,066,983,321**	**235,191,897**	**-**	**45,399,037,998**
5,577,754,186	4,498,996,234	715,132,467	-	10,791,882,887
1,853,439,493	958,687,317	302,883,493	-	3,115,010,303
4,979,169	1,036,663	905,004	3,642,833	10,563,669
955,338,692	680,022,342	85,662,145	(363,681,978)	1,357,341,201
16,899,127,067	20,896,710,314	396,247,582	184,043,084	38,376,128,047
7,082,221,342	18,277,691,791	1,711,662,424	11,583,138	27,083,158,695
948,200	-	174,558,112	-	175,506,312
27,704,327	-	21,378,656	-	49,082,983
115,822,626	263,644,483	14,371,039	16,038,397	409,876,545
-	416,406,686	202,482,646	-	618,889,332
31,862,607,119	42,580,309,374	3,654,628,288	6,443,837,077	84,541,381,858
-	50,113,353	-	-	50,113,353
16,835,392,343	23,646,527,444	-	4,430,000,000	44,911,919,787

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
All amounts in Saudi Riyals unless otherwise stated

7. Cash and cash equivalents

	December 31, 2015	December 31, 2014
Term deposits with original maturities equal to or less than three months at the date of acquisition		
unrestricted	**3,397,121,398**	10,561,438,968
restricted	**544,554,663**	502,412,645
Sub-total	**3,941,676,061**	11,063,851,613
Cash and bank balances		
unrestricted	**317,824,870**	872,942,089
restricted	**48,808,593**	37,174,353
Sub-total	**366,633,463**	910,116,442
Total	**4,308,309,524**	11,973,968,055

Restricted cash and cash equivalents are related to the following:

Cash accumulated in the debt service reserve account for the next scheduled repayment of long-term borrowings, six months prior to the due date, as per the financing agreement (Note 28.6)	**1,539**	1,242,532
Employees' savings plan obligation (Note 4.19 and 25.2)	**48,807,054**	35,931,821
Sub-total	**48,808,593**	37,174,353
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 (Note 28.6)	**544,554,663**	502,412,645
Total restricted cash	**593,363,256**	539,586,998
Total unrestricted cash	**3,714,946,268**	11,434,381,057

8. Short-term investments

	December 31, 2015	December 31, 2014
Term deposits with original maturities of more than three months and less than a year at the date of acquisition	**899,052,989**	523,320,360

Short-term investments yield financial income at prevailing market rates.

9. Trade and other receivables

	December 31, 2015	December 31, 2014
Trade receivables		
Other	**657,438,173**	585,011,197
Due from Alcoa Inespal, S.A. (Note 43.2)	**87,897,065**	-
Due from SABIC (Note 43.2)	**407,155,456**	426,937,770
Sub-total	**1,152,490,694**	1,011,948,967
Due from SAMAPCO (Note 43.2)	**47,998,419**	47,998,419
Due from Saudi Mining Polytechnic ("SMP") (Note 43.2)	**2,166,504**	4,813,789
Insurance claims*	**13,304,480**	141,738,693
Withholding tax receivable	**31,850,982**	31,973,072
Investment income receivable	**8,936,151**	1,262,316
Other	**40,698,300**	5,392,077
Total	**1,297,445,530**	1,245,127,333

*Insurance claims relate 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 the second quarter of 2014	**9,892,253**	113,934,773
• an ammonia reformer and conveyor belt claim	**3,412,227**	27,803,920
Total	**13,304,480**	141,738,693

10. Inventories

	December 31, 2015	December 31, 2014
Finished goods – ready for sale	**243,049,951**	236,049,195
Work-in-process	**583,756,631**	497,089,525
Stockpile of mined ore	**173,176,988**	187,614,794
By-products	**710,227**	9,127,012
Sub-total	**1,000,693,797**	929,880,526
Spare parts and consumables materials	**1,312,816,035**	838,757,537
Allowance for obsolete slow-moving spare parts and consumable materials	**(15,984,849)**	(15,359,183)
	1,296,831,186	823,398,354
Raw materials	**644,322,504**	687,593,723
Sub-total	**1,941,153,690**	1,510,992,077
Total	**2,941,847,487**	2,440,872,603

The spare parts inventory primarily relates to plant and machinery.

Movement in the allowance for inventory obsolescence is as follows:	2015	2014
January 1	**15,359,183**	16,405,729
Addition/(reversal) of allowance for obsolescence (Note 35)	**625,666**	(1,046,546)
December 31	**15,984,849**	15,359,183

11. Advances and prepayments

	December 31, 2015	December 31, 2014
Current portion:		
Advances to contractors	**174,809,693**	158,811,879
Advances to employees	**12,889,197**	22,122,089
Prepaid rent	**14,396,416**	18,913,734
Prepaid insurance	**44,442,651**	15,356,641
Other prepayments	**4,874,582**	17,507,511
Sub-total	**251,412,539**	232,711,854
Non-current portion:		
Other prepayments	**21,645,868**	16,541,800
Sub-total	**21,645,868**	16,541,800
Total	**273,058,407**	249,253,654

12. Due from joint venture partners

	December 31, 2015	December 31, 2014
Current portion:		
Due from Mosaic (Note 43.2)	**450,000,000**	-
Due from SABIC (Note 43.2)	**270,000,000**	-
Sub-total (Note 43.2)	**720,000,000**	-
Non-current portion:		
Due from Mosaic (Note 43.2)	**-**	450,000,000
Due from SABIC (Note 43.2)	**-**	270,000,000
Sub-total (Note 43.2)	**-**	720,000,000
Total	**720,000,000**	720,000,000

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 2.8).

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, was received by Ma'aden during the year ended December 31, 2013 while due from joint venture partners represents the second installment of the remaining 50% of SAR 1.44 billion due on June 30, 2016.

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
All amounts in Saudi Riyals unless otherwise stated

13. Property, plant and equipment

	Notes	Land	Mining assets	Motor vehicles	Heavy equipment
Cost					
January 1, 2014		61,550,000	61,018,120	29,316,169	307,186,893
Additions during the year		-	-	-	-
Transfer of capital spares from inventory		-	-	-	-
Transfer from capital work-in-progress	14	-	397,660	28,700,930	44,908,531
Transfer to intangible assets	17	-	-	-	-
Provision for mine closure capitalized	27.1	-	34,478,197	-	-
Adjustments / write-offs		-	-	(2,692,117)	-
December 31, 2014		61,550,000	95,893,977	55,324,982	352,095,424
Additions during the year		-	-	-	-
Transfer from capital work-in-progress	14	-	-	7,997,306	31,683,966
Transfer to intangible assets	17	-	-	-	-
Provision for mine closure capitalized	27.1, 27.3	-	1,053,288	-	-
Adjustments / write-offs		-	(397,660)	(1,394,014)	(17,142,615)
December 31, 2015		**61,550,000**	**96,549,605**	**61,928,274**	**366,636,775**
Accumulated depreciation					
January 1, 2014		-	44,508,741	23,964,729	88,283,043
Charge for the year		-	8,064,018	4,967,314	19,513,849
Adjustments / write-offs		-	-	(2,692,117)	-
December 31, 2014		-	52,572,759	26,239,926	107,796,892
Charge for the year		-	5,931,366	11,564,978	28,994,254
Adjustments / write-offs		-	(397,660)	(2,080,869)	(15,243,040)
December 31, 2015		**-**	**58,106,465**	**35,724,035**	**121,548,106**
Net book value					
December 31, 2014		61,550,000	43,321,218	29,085,056	244,298,532
December 31, 2015		**61,550,000**	**38,443,140**	**26,204,239**	**245,088,669**

Property, plant and equipment of MPC, MAC, MRC, MBAC and MGBM with a net book value before consolidation elimination at December 31, 2015 of SAR 35,706,647,560 (December 31, 2014: SAR 37,117,483,423) are pledged as security to lenders under the Common Term Agreement (Note 28.8).

Property, plant and equipment of MBAC with a net book value at December 31, 2015 of SAR 44,947,425 (December 31, 2014: SAR 52,544,181) was acquired under a capital lease and are pledged as security to the lessor (Note 26).

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Allocation of depreciation charge for the year to:			
Capital work-in-progress	14	**63,439,623**	27,508,167
Cost of sales	35	**2,171,612,693**	1,496,498,745
General and administrative expenses	37	**34,748,428**	29,012,333
Exploration and technical services expenses	38	**3,269,930**	1,275,877
Total		**2,273,070,674**	1,554,295,122

Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
18,034,309,751	1,964,252,404	490,867,266	79,791,408	38,219,681	45,493,360	21,112,005,052
120,100,602	-	48,000	-	-	64,500	120,213,102
133,385,591	-	-	-	-	-	133,385,591
9,495,223,229	6,170,543,284	3,807,952,145	1,887,312,160	35,071,712	44,726,483	21,514,836,134
(16,819,855)	-	-	-	-	-	(16,819,855)
-	-	-	-	-	-	34,478,197
(3,179,387)	-	-	(927,591)	(33,960)	32,492	(6,800,563)
27,763,019,931	8,134,795,688	4,298,867,411	1,966,175,977	73,257,433	90,316,835	42,891,297,658
293,475,275	-	-	-	-	-	293,475,275
116,606,777	53,166,536	13,672,395	83,993,801	10,318,774	4,093,407	321,532,962
(885,255)	-	-	-	-	-	(885,255)
-	-	-	-	-	-	1,053,288
(91,543,971)	(8,277,332)	(9,615,767)	(36,893,640)	(1,076,432)	(674,017)	(167,015,448)
28,080,672,757	**8,179,684,892**	**4,302,924,039**	**2,013,276,138**	**82,499,775**	**93,736,225**	**43,339,458,480**
2,235,380,136	212,258,637	268,577,366	48,828,319	22,893,973	22,163,831	2,966,858,775
1,124,241,018	217,069,099	56,687,766	103,245,284	1,222,967	19,283,807	1,554,295,122
(2,326,141)	(180,621)	-	(790,898)	(873)	6,364	(5,984,286)
3,357,295,013	429,147,115	325,265,132	151,282,705	24,116,067	41,454,002	4,515,169,611
1,561,622,189	248,718,014	130,629,354	256,487,532	13,053,538	16,069,449	2,273,070,674
(13,469,956)	(94,349,659)	(609,931)	(6,097,486)	2,263,001	(984,752)	(130,970,352)
4,905,447,246	**583,515,470**	**455,284,555**	**401,672,751**	**39,432,606**	**56,538,699**	**6,657,269,933**
24,405,724,918	7,705,648,573	3,973,602,279	1,814,893,272	49,141,366	48,862,833	38,376,128,047
23,175,225,511	**7,596,169,422**	**3,847,639,484**	**1,611,603,387**	**43,067,169**	**37,197,526**	**36,682,188,547**

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14. Capital work-in-progress

	Notes	Phosphate	Industrial minerals
Cost			
January 1, 2014		1,306,087,885	86,094,284
Additions during the year		5,388,270,448	2,932,848
Transfer to property, plant and equipment	13	(367,949,799)	-
Transfer to intangible assets	17	(9,939,659)	-
Provision for mine closure capitalized	27.2	-	-
Advances to contractors, net		661,433,362	-
December 31, 2014		6,977,902,237	89,027,132
Additions during the year		11,435,440,779	16,188,982
Transfer to property, plant and equipment	13	(26,685,001)	(4,805,545)
Transfer from exploration and evaluation assets	15	-	-
Transfer to intangible assets	17	(14,429,805)	-
Provision for mine closure capitalized	27.1	-	-
Advances to contractors, net		(323,541,209)	-
December 31, 2015		**18,048,687,001**	**100,410,569**
Advances to contractors capitalized as part of additions to capital work-in-progress			
December 31, 2014		844,079,373	-
December 31, 2015		**520,538,164**	**-**
Depreciation capitalized as part of capital work-in-progress during the year			
December 31, 2014	13	-	-
December 31, 2015	13	**-**	**-**
Amortization capitalized as part of capital work-in-progress during the year			
December 31, 2014	17	-	-
December 31, 2015	17	**-**	**-**
Borrowing cost capitalized as part of capital work-in-progress during the year			
December 31, 2014	40.1	76,800,979	-
December 31, 2015	40.1	**211,518,555**	**-**

Capital work-in-progress includes borrowing cost relating to the qualifying assets of MRC, MBAC, MWASPC and MGBM.

The net book value of MPC, MAC, MRC, MBAC, MWASPC and MGBM before consolidation elimination at December 31, 2015 of SAR 37,197,115,376 (December 31, 2014: SAR 23,402,531,540) are pledged as security to the lenders (Note 28.8).

15. Exploration and evaluation assets

	Notes	Corporate	Precious and base metals	Total
January 1, 2014		40,268,139	105,615,678	145,883,817
Additions during the year		2,292,805	48,635,941	50,928,746
Impairment during the year	38	(21,306,251)	-	(21,306,251)
December 31, 2014		21,254,693	154,251,619	175,506,312
Additions during the year		29,351,453	50,830,246	80,181,699
Transfer to capital work-in-progress	14	-	(2,147,943)	(2,147,943)
Impairment during the year	38	(20,306,493)	-	(20,306,493)
December 31, 2015		**30,299,653**	**202,933,922**	**233,233,575**

Aluminum	Precious and base metals	Infra-structure	Corporate	Total
33,677,485,270	1,051,446,195	225,195,111	647,387,731	36,993,696,476
4,252,048,095	979,219,801	67,021,569	604,631,049	11,294,123,810
(20,571,307,229)	(302,600,769)	(213,764,716)	(59,213,621)	(21,514,836,134)
(75,710,528)	(16,402,803)	-	-	(102,052,990)
18,288,131	-	-	-	18,288,131
(213,977,794)	-	(32,576,041)	(20,940,125)	393,939,402
17,086,825,945	1,711,662,424	45,875,923	1,171,865,034	27,083,158,695
1,856,499,035	567,185,003	5,954,651	142,084,133	14,023,352,583
(187,734,216)	(85,281,349)	(9,306,019)	(7,720,832)	(321,532,962)
-	2,147,943	-	-	2,147,943
(22,798,085)	-	(292,770)	-	(37,520,660)
-	26,250,000	-	-	26,250,000
(21,218,078)	-	(13,600,845)	(15,061,630)	(373,421,762)
18,711,574,601	**2,221,964,021**	**28,630,940**	**1,291,166,705**	**40,402,433,837**
26,128,806	-	18,707,096	15,061,630	903,976,905
4,910,728	**-**	**5,106,251**	**-**	**530,555,143**
27,029,110	-	479,057	-	27,508,167
60,981,176	**-**	**2,458,447**	**-**	**63,439,623**
1,362,790	-	-	-	1,362,790
5,729,831	**-**	**-**	**-**	**5,729,831**
406,597,912	-	-	-	483,398,891
231,491,396	**-**	**-**	**-**	**443,009,951**

16. Deferred stripping expense

	Notes	Phosphate	Precious and base metals	Total
Cost				
January 1, 2014		75,666,881	11,227,159	86,894,040
Stripping cost incurred during the year		-	17,461,251	17,461,251
December 31, 2014		75,666,881	28,688,410	104,355,291
Stripping cost incurred during the year		18,704,693	12,974,499	31,679,192
December 31, 2015		**94,371,574**	**41,662,909**	**136,034,483**
Accumulated amortization				
January 1, 2014		47,110,864	6,401,507	53,512,371
Expensed to cost of sales during the year	35	851,690	908,247	1,759,937
December 31, 2014		47,962,554	7,309,754	55,272,308
Expensed to cost of sales during the year	35	35,087,517	1,501,667	36,589,184
December 31, 2015		**83,050,071**	**8,811,421**	**91,861,492**
Net book value				
December 31, 2014		27,704,327	21,378,656	49,082,983
December 31, 2015		**11,321,503**	**32,851,488**	**44,172,991**

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
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17. Intangible assets

	Notes	Phosphate	Aluminum
Cost			
January 1, 2014		23,929,635	-
Additions during the year		-	38,825,791
Transfer from property, plant and equipment	13	16,819,855	-
Transfer from capital work-in-progress	14	9,939,659	75,710,528
December 31, 2014		50,689,149	114,536,319
Additions during the year		-	-
Transfer from property, plant and equipment	13	885,255	-
Transfer from capital work-in-progress	14	14,429,805	22,798,085
December 31, 2015		**66,004,209**	**137,334,404**
Accumulated amortization			
January 1, 2014		9,173,027	-
Charge for the year		6,362,645	12,230,133
December 31, 2014		15,535,672	12,230,133
Charge for the year		18,442,934	39,730,141
December 31, 2015		**33,978,606**	**51,960,274**
Net book value			
December 31, 2014		35,153,477	102,306,186
December 31, 2015		**32,025,603**	**85,374,130**

Intangible assets of MAC, MRC and MBAC with a net book value at December 31, 2015 of SAR 85,374,130 (December 31, 2014: SAR 102,306,186) are pledged as security to lenders under the Common Term Financing Agreement (Note 28.8).

Intangible assets for infrastructure comprises the infrastructure and support services assets at Ras Al Khair that are transferred to the Royal Commission of Jubail and Yanbu ("RCJY") as stated in the Implementation Agreement signed between Ma'aden and the 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 the Land Usage and Service Agreement ("LUSA").

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Allocation of amortization charge for the year to:			
Capital work-in-progress	14	**5,729,831**	1,362,790
Cost of sales	35	**40,771,932**	23,951,854
Selling, marketing and logistic expenses	36	**29,119,343**	9,706,448
General and administrative expenses	37	**4,227,308**	649,444
Total		**79,848,414**	35,670,536

Precious and base metals	Infra-structure	Corporate	Total
6,641,494	297,876,390	3,983,955	332,431,474
-	-	13,664,447	52,490,238
-	-	-	16,819,855
16,402,803	-	-	102,052,990
23,044,297	297,876,390	17,648,402	503,794,557
-	-	3,992,516	3,992,516
-	-	-	885,255
-	292,770	-	37,520,660
23,044,297	**298,169,160**	**21,640,918**	**546,192,988**
6,419,072	41,694,816	960,561	58,247,476
2,254,186	14,174,128	649,444	35,670,536
8,673,258	55,868,944	1,610,005	93,918,012
3,377,906	14,070,125	4,227,308	79,848,414
12,051,164	**69,939,069**	**5,837,313**	**173,766,426**
14,371,039	242,007,446	16,038,397	409,876,545
10,993,133	**228,230,091**	**15,803,605**	**372,426,562**

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
All amounts in Saudi Riyals unless otherwise stated

18. Investment in jointly controlled entities

	December 31, 2015	December 31, 2014
SAMAPCO (Note 18.1)	**324,775,820**	416,406,686
MBCC (Note 18.2)	**202,482,646**	202,482,646
Total	**527,258,466**	618,889,332

18.1 SAMAPCO

The investment of 50% in the issued and paid-up share capital is as follows:

	December 31, 2015	December 31, 2014
Shares at cost (Note 50)	**450,000,000**	450,000,000
Share of the accumulated loss	**(125,224,180)**	(33,593,314)
Total	**324,775,820**	416,406,686

Share of the accumulated loss in SAMAPCO	2015	2014
January 1	**(33,593,314)**	(8,629,386)
Share in net loss for year	**(91,630,866)**	(24,963,928)
December 31	**(125,224,180)**	(33,593,314)

18.2 MBCC

The investment of 50% in the issued and paid-up share capital is as follows:

	December 31, 2015	December 31, 2014
Shares at cost (Note 50)	**202,482,646**	5,000,000
Payment to increase share capital	**-**	197,482,646
Total	**202,482,646**	202,482,646

19. Long-term investment

	December 31, 2015	December 31, 2014
Securities with original maturities of more than a year at the date of acquisition	**50,000,000**	50,000,000

20. Long-term loan

	December 31, 2015	December 31, 2014
Ma'aden Barrick Copper Company (Note 43.2)	**626,197,939**	626,197,939

During the year ended December 31, 2014, the Company entered into a loan agreements with MBCC. The purpose of this loan facility is to provide funding to MBCC for business. The loan is non-interest bearing with no fixed repayment date.

21. Projects and other payables

	December 31, 2015	December 31, 2014
Current portion:		
Projects	**828,002,449**	1,054,885,316
Trade	**649,763,200**	676,286,768
Retentions	**126,592,142**	134,696,029
Advances from customers	**232,969,329**	143,597,425
Other	**19,938,546**	25,371,201
Sub-total	**1,857,265,666**	2,034,836,739
Non-current portion:		
Retentions and other payables	**1,251,081,664**	362,794,841
Non-refundable contributions*	**36,053,300**	38,000,000
Sub-total	**1,287,134,964**	400,794,841
Total	**3,144,400,630**	2,435,631,580

Project payables mainly represents the liability in respect of contract cost arising from 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.

22. Accrued expenses

	December 31, 2015	December 31, 2014
Projects	**3,542,581,483**	1,452,648,671
Trade	**635,900,094**	789,400,136
Employees	**246,454,809**	198,710,822
Accrued expenses – Alcoa Inc. (Note 43.2)	**67,026,655**	103,982,687
Finance charges	**13,889,780**	13,726,768
Total	**4,505,852,821**	2,558,469,084

Accrued expenses for projects mainly represents the contract cost accruals in relation to 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.

23. Zakat

23.1 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 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 jointly controlled entities and
- other items.

Zakat is calculated at 2.5% of the higher of the zakat base or adjusted net income.

23.2 Zakat payable

	2015	2014
January 1	**58,735,918**	54,295,070
Provision for zakat	**46,374,297**	44,434,257
Current year	**50,962,237**	58,735,918
Prior year overprovision	**(4,587,940)**	(14,301,661)
Paid during the year to the authorities	**(54,147,978)**	(39,993,409)
December 31	**50,962,237**	58,735,918

23.3 Provision for zakat consist of:

	Year ended December 31, 2015	Year ended December 31, 2014
Saudi Arabian Mining Company	**19,789,600**	18,759,042
Ma'aden Phosphate Company (70% share)	**23,097,236**	25,728,204
Ma'aden Gold and Base Metals Company (Note 24.2)	**1,076,248**	2,463,124
Industrial Minerals Company	**3,010,998**	8,404,180
Ma'aden Infrastructure Company	**3,988,155**	3,381,368
Total (Note 23.2)	**50,962,237**	58,735,918

23.4 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates for period/years ended December 31, 2009 to December 31, 2014, however, no zakat assessments were finalized by the DZIT.

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
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24. Severance fees payable

	2015	2014
January 1	**29,727,477**	36,430,433
Provision for severance fee (Note 35)	**17,934,852**	35,068,957
Current year (Note 24.1)	**16,096,147**	29,638,171
Previous year under provision	**1,838,705**	5,430,786
Paid during the year to the authorities	**(31,476,875)**	(41,771,913)
December 31	**16,185,454**	29,727,477

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 net 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 fees are shown as part of cost of sales in the consolidated statement of income.

24.1 Provision for severance fees consists of:

	Year ended December 31, 2015	Year ended December 31, 2014
Gold mines (Note 24.2)	**14,323,021**	27,848,051
Low grade bauxite	**1,383,664**	1,450,961
Kaolin	**240,154**	173,620
Magnesia	**149,308**	165,539
Total (Note 24)	**16,096,147**	29,638,171

24.2 The provision for severance fees payable by gold mines is calculated as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Net income from operating mines before severance fee for the year	**72,914,394**	146,976,824
25% of the year's net income as defined	**18,228,599**	36,744,206
Hypothetical income tax based on year's taxable net income	**15,399,269**	30,311,175
Provision based on the lower of the above two computations	**15,399,269**	30,311,175
Provision for zakat (Note 23.3)	**(1,076,248)**	(2,463,124)
Net severance fee provision for the year (Note 24.1)	**14,323,021**	27,848,051

25. Employees' benefits

	December 31, 2015	December 31, 2014
Employees' termination benefits (Note 25.1)	**304,497,276**	254,443,608
Employees' savings plan (Note 7 and 25.2)	**48,807,054**	35,931,821
Total	**353,304,330**	290,375,429

25.1 Employees' termination benefits

	2015	2014
January 1	**254,443,608**	193,438,653
Provision for the year	**79,567,555**	92,706,633
Paid during the year	**(29,513,887)**	(31,701,678)
December 31	**304,497,276**	254,443,608

25.2 Employees' savings plan

	2015	2014
January 1	**35,931,821**	21,391,928
Contribution for the year	**23,582,534**	21,992,430
Withdrawals during the year	**(10,707,301)**	(7,452,537)
December 31 (Note 4.19 and 7)	**48,807,054**	35,931,821

26. 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:

	December 31, 2015	December 31, 2014
Future minimum lease payments	**45,506,127**	61,108,225
Less: Finance charges not yet due	**(6,341,750)**	(10,994,872)
Net present value of minimum lease payments	**39,164,377**	50,113,353
Less: Current portion shown under current liabilities	**(12,131,184)**	(10,948,977)
Long term portion of obligation under capital leases	**27,033,193**	39,164,376
Maturity profile		
Minimum lease payment falling due during the years ending December 31:		
2015	**-**	15,602,100
2016	**15,602,100**	15,602,100
2017	**15,602,100**	15,602,100
2018	**14,301,927**	14,301,925
Total	**45,506,127**	61,108,225

The present value of minimum lease payments has been discounted at an effective interest rate of approximately 0.858% per month. The leased assets as at December 31, 2015 of SAR 44,947,425 (December 31, 2014: SAR 52,544,181) are pledged as security to the lessor (Note 13).

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
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27. Provision for mine closure and reclamation

	December 31, 2015	December 31, 2014
Gold mines (Note 27.1)	**133,545,896**	110,389,199
Al-Baitha bauxite mine (Note 27.2)	**20,251,378**	18,856,531
Low grade bauxite, kaolin and magnesite mines (Note 27.3)	**4,314,600**	2,050,000
Total	**158,111,874**	131,295,730

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:

27.1 Gold mines

	Notes	Mahad mine	Al Hajar mine
January 1, 2014		20,715,231	5,531,810
Additions during the year	13	5,416,381	1,727,802
Utilization during the year		-	(5,377,621)
December 31, 2014		26,131,612	1,881,991
Additions during the year	14	-	-
Adjustment on provision during the year	13	-	-
Utilization during the year		-	(1,881,991)
December 31, 2015		**26,131,612**	**-**
Commenced commercial production in		1988	2001
Expected closure date in		2019	2014

27.2 Al-Baitha bauxite mine

	Notes	Total
January 1, 2014		-
Additions during the year	14	18,288,131
Accretion of provision during the year	40	568,400
December 31, 2014		18,856,531
Accretion of provision during the year	40	1,394,847
December 31, 2015		**20,251,378**
Commenced commercial production in		2014
Expected closure date in		2059

27.3 Low grade bauxite, kaolin and magnesite mines

	Note	Az Zabirah mine	Al-Ghazallah mine	Total
January 1, 2014		1,600,000	460,000	2,050,000
Additions during the year:		-	-	-
December 31, 2014		1,600,000	450,000	2,050,000
Additions during the year	13	2,264,600	-	2,264,600
December 31, 2015		**3,864,600**	**450,000**	**4,314,600**
Commenced commercial production in		2008	2011	
Expected closure date in		2026	2028	

	Sukhaybarat mine	Bulghah mine	Al Amar mine	As Suq mine	Ad Duwayhi mine	Total
	20,315,131	21,661,407	13,217,044	-	-	81,440,623
	4,457,752	3,286,600	2,611,812	16,977,850	-	34,478,197
	(152,000)	-	-	-	-	(5,529,621)
	24,620,883	24,948,007	15,828,856	16,977,850	-	110,389,199
	-	-	-	-	26,250,000	26,250,000
	-	-	-	(1,211,312)	-	(1,211,312)
	-	-	-	-	-	(1,881,991)
	24,620,883	**24,948,007**	**15,828,856**	**15,766,538**	**26,250,000**	**133,545,896**
	1991	2001	2008	2014	2016	
	2039	2018	2026	2021	2027	

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, bauxite, low grade bauxite, kaolin and magnesite mining activities. An updated 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.

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
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28. Long-term borrowings

28.1 Facilities approved

MPC, MAC, MRC, MBAC and MWASPC entered into Common Terms Agreements ("CTA") with the Public Investment Fund and consortiums of financial institutions, the Company (Ma'aden) entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement and MGBM entered into two secured loan arrangements with Saudi Industrial Development Fund ("SIDF").

The facilities granted to the Group comprise of the following as at December 31, 2015:

	MPC agreement signed on June 15, 2008	MAC agreement signed on Nov. 30, 2010	MRC agreement signed on Nov. 30, 2010
Public Investment Fund ("PIF")	4,000,001,250	4,875,000,000	3,078,750,000
Islamic and commercial banks			
Procurement*	4,269,892,500	5,047,500,000	1,041,000,000
Commercial*	1,491,562,500	900,000,000	-
Al-Rajhi Bank	2,343,750,000	-	-
The Export Import Bank of Korea	1,500,000,000	-	-
Korea Export Insurance Corporation	750,000,000	-	-
Wakala	-	787,500,000	-
Sub-total	10,355,205,000	6,735,000,000	1,041,000,000
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000	600,000,000
Riyal Murabaha facility	-	-	-
Riyal Murabaha facility (a working capital facility)	-	375,000,000	375,000,000
Sub-total	**14,955,206,250**	**12,585,000,000**	**5,094,750,000**
Syndicated Revolving Credit Facility Agreement	-	-	-
Total facilities granted	**14,955,206,250**	**12,585,000,000**	**5,094,750,000**

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, MAC, MRC, MBAC and MWASPC, unless specifically allowed under the CTA;
- financial ratio maintenance;
- maximum capital expenditures allowed;
- restriction on dividend distribution to shareholders and
- 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.

	MBAC agreement signed on Nov. 27, 2011	MWASPC agreement signed on June 30, 2014	Ma’aden agreement signed on Dec. 18, 2012	MGBM agreement signed on Mar. 24, 2015	MIC agreement signed on Dec. 30, 2015	Total
	3,750,000,000	7,500,000,000	-	-	-	23,203,751,250
	2,690,712,844	4,257,610,466	-	-	-	17,306,715,810
	258,750,000	5,439,889,534	-	-	-	8,090,202,034
	-	-	-	-	-	2,343,750,000
	-	-	-	-	-	1,500,000,000
	-	-	-	-	-	750,000,000
	768,750,000	1,650,000,000	-	-	-	3,206,250,000
	3,718,212,844	11,347,500,000	-	-	-	33,196,917,844
	900,000,000	-	-	1,379,000,000	-	4,079,000,000
	-	-	-		1,000,000,000	1,000,000,000
	-	-	-	-	-	750,000,000
	8,368,212,844	**18,847,500,000**	**-**	**1,379,000,000**	**1,000,000,000**	**62,229,669,094**
	-	-	9,000,000,000	-	-	9,000,000,000
	8,368,212,844	**18,847,500,000**	**9,000,000,000**	**1,379,000,000**	**1,000,000,000**	**71,229,669,094**

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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

*Islamic Development Bank and HSBC Saudi Arabia Limited 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. Final maturity for repayment of the loan is five years from the date of signing of the agreement. 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.

MGBM facilities

The company entered into two secured loan arrangements with Saudi industrial Development Funds (‘’SIDF’’) to provide funding for the production of semi alloy of gold at As Suq mine and also for the capital expenditures of the new gold mine at Ad-Duwayhi.

MIC facility

The company entered into a long-term Murabaha agreement to raise SAR 1 billion over the six months ending june 30, 2016 to repay the advance made by the sole shareholder of SAR 929 million with a surplus of SAR 71 million towards general corporate purposes.

The agreement was signed on December 30, 2015, the drawdown will happen in the first six months of the date of signing the agreement and the initial repayment of the long term borrowing will commence twelve months after the signing date, in equal principal repayments of SAR 39 million, on a semi-annual basis over a 10 year period with the final principal repayment of SAR 298 million on December 30, 2025.

28.2 Facilities utilized under the different CTAs

MPC facility

	December 31, 2015	December 31, 2014
PIF	**3,001,600,938**	3,334,401,042
Less: Repaid during the year	**332,800,103**	332,800,104
Sub-total (Note 43.2)	**2,668,800,835**	3,001,600,938

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 28.6).

Islamic and commercial banks		
Saudi Riyal procurement	**3,693,457,013**	3,906,951,637
Al-Rajhi Bank	**2,027,343,750**	2,144,531,250
The Export Import Bank of Korea	**1,230,000,000**	1,337,250,000
Commercial	**965,826,563**	1,021,654,688
Korea Export Insurance Corporation	**615,000,000**	668,625,000
	8,531,627,326	9,079,012,575
Less: Repaid during the year	**625,411,276**	547,385,250
Sub-total	**7,906,216,050**	8,531,627,325

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 this loan started on June 30, 2012, on a six monthly basis, starting at SAR 255.1 million and increasing over the term of the loan with the final repayment of SAR 1,285 million on December 31, 2023. (Note 28.6).

SIDF	**460,000,000**	540,000,000
Less: Repaid during the year	**90,000,000**	80,000,000
Sub-total	**370,000,000**	460,000,000

The project follow-up cost paid during the drawdown amounted to SAR 6.3 million.

Repayment of this loan started on February 26, 2013, on a six monthly basis, starting at SAR 40 million and increasing over the term of the loan with the final repayment of SAR 50 million on June 19, 2019. (Note 28.6).

Total MPC borrowings (Note 28.5)	**10,945,016,885**	11,993,228,263

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
All amounts in Saudi Riyals unless otherwise stated

28.2 Facilities utilized under the different CTAs (continued)

MAC facility

	December 31, 2015	December 31, 2014
PIF	**4,775,062,500**	4,875,000,000
Less: Repaid during the year	**199,875,000**	99,937,500
Sub-total (Note 43.2)	**4,575,187,500**	4,775,062,500

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 started on December 31, 2014, on a six monthly basis, starting at SAR 99.9 million and increasing over the term of the loan with the final repayment of SAR 1,218 billion on June 30, 2026.

Islamic and commercial banks		
Dollar procurement	**910,935,000**	930,000,000
Saudi Riyal procurement	**4,033,091,250**	4,117,500,000
Commercial	**881,550,000**	900,000,000
Wakala	**771,356,250**	787,500,000
	6,596,932,500	6,735,000,000
Less: Repaid during the year	**276,135,000**	138,067,500
Sub-total	**6,320,797,500**	6,596,932,500

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 loans started from December 31, 2014, starting at SAR 138 million and increasing over the term of the loan with the final repayment of SAR 1,684 billion on June 30, 2026.

SIDF	**570,000,000**	570,000,000
Less: Repaid during the year	**50,000,200**	-
Sub-total	**519,999,800**	570,000,000

Repayment of the SIDF facility started 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**	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 March 31, 2016.

Total MAC borrowings (Note 28.5)	**11,790,984,800**	12,316,995,000

MRC facility

	December 31, 2015	December 31, 2014
PIF (Note 43.2)	**3,078,750,000**	2,938,383,972

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	**1,041,000,000**	983,317,601

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.

SIDF	**570,000,000**	540,000,000

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.

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 0.95%.

The repayment of Murabaha facility is on August 31, 2017.

Total MRC borrowings (Note 28.5)	**5,064,750,000**	4,461,701,573

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
All amounts in Saudi Riyals unless otherwise stated

28.2 Facilities utilized under the different CTAs (continued)

MBAC facility

	December 31, 2015	December 31, 2014
PIF (Note 43.2)	**3,750,000,000**	3,220,543,013

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	**799,500,000**	678,624,769
Riyal procurement	**1,891,212,844**	1,605,283,155
Commercial	**258,750,000**	219,629,971
Wakala	**768,750,000**	768,749,963
Sub-total	**3,718,212,844**	3,272,287,858

The rate of commission on the principal amount (lease base amount in case of Wakala facility) 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 facility) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of Wakala facility) 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 facility) 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.

SIDF	**743,035,677**	375,000,000

SIDF has withheld loan processing and evaluation fee of SAR 75 million.

Repayment of the SIDF facility will start from July 2017. The repayments are starting at SAR 40 million and increasing over the term of the loan with the final repayment of SAR 80 million in April 2021.

Total MBAC borrowings (Note 28.5)	**8,211,248,521**	6,867,830,871

MWASPC facility

	December 31, 2015	December 31, 2014
PIF	**3,954,229,920**	2,222,806,144
Less: Transaction cost balance as of the year end	**71,307,385**	73,478,626
Sub-total (Note 43.2)	**3,882,922,535**	2,149,327,518

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 1.5% per annum.

The repayment of the principal amount of the loan will be in 24 installments on a six monthly basis starting from June 30, 2019. The repayments are starting at SAR 112.5 million and increasing over the term of the loan with the final repayment of SAR 606 million on December 31, 2030.

Islamic and commercial banks		
Dollar procurement facility	**174,565,346**	96,651,278
Saudi Riyal procurement facility	**1,502,683,523**	831,988,041
Wakala	**853,430,583**	472,517,352
Commercial facility	**2,847,314,693**	1,414,308,624
Sub-total	**5,377,994,145**	2,815,465,295
Less: Transaction cost balance as of the year end	**109,070,785**	122,628,733
Sub-total	**5,268,923,360**	2,692,836,562

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is LIBOR plus 1.25% to 2.10% per annum.

The repayment of the principal amounts of loans will start from June 30, 2019. The repayments are starting at SAR 171 million and increasing over the term of the loan with the final repayment of SAR 809 million on December 31, 2030.

Total MWASPC borrowings (Note 28.5)	**9,151,845,895**	4,842,164,080

28.3 Facilities utilized under the Syndicated Revolving Credit Facility

Ma'aden

	December 31, 2015	December 31, 2014
Syndicated Revolving Credit Facility (Note 28.5)	**-**	4,430,000,000

The rate of commission on the principal amount of the borrowing drawdown is SIBOR plus 0.85% per annum.

28.4 MGBM facility

	December 31, 2015	December 31, 2014
SIDF (Note 28.5)	**235,191,897**	-

The transaction cost paid upfront at the time of the first drawdown amounted to SAR 13.4 million. This amount will be amortized over the term of the loan. Repayment of this loan will start on July 20, 2016, on a six monthly basis, starting at SAR 8 million and increasing over the term of the loan until the final repayment of SAR 18 million on November 9, 2022.

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28.5 Total borrowings

	December 31, 2015	December 31, 2014
Facilities utilized under:		
CTAs (Note 28.2):		
MPC	**10,945,016,885**	11,993,228,263
MAC	**11,790,984,800**	12,316,995,000
MRC	**5,064,750,000**	4,461,701,573
MBAC	**8,211,248,521**	6,867,830,871
MWASPC	**9,151,845,895**	4,842,164,080
Syndicated Revolving Credit Facility (Note 28.3):		
Ma'aden	**-**	4,430,000,000
MGBM facility (Note 28.4)	**235,191,897**	-
Sub-total	**45,399,037,998**	44,911,919,787
Less: Current portion of borrowings shown under current liabilities		
MPC	**1,089,112,404**	1,048,211,379
MAC	**951,010,000**	526,010,000
MRC	**91,197,500**	-
Sub-total	**2,131,319,904**	1,574,221,379
Long-term portion of borrowings	**43,267,718,094**	43,337,698,408

28.6 Maturity profile of long-term borrowings

	December 31, 2015	December 31, 2014
2015	**-**	1,574,221,579
2016	**2,139,319,904**	2,131,319,904
2017	**2,554,245,922**	6,601,245,918
2018	**2,810,503,199**	2,465,652,068
2019	**3,347,766,713**	2,808,477,632
2020	**3,473,132,097**	3,058,232,847
2021 through 2031	**31,074,070,163**	26,272,769,839
Total	**45,399,037,998**	44,911,919,787

As of December 31, 2015, current portion of MPC's long-term borrowings of SAR 1,089,112,404 is included in the maturity profile due in the next 12 months. Out of this amount, SAR 544,556,202 (December 31, 2014: SAR 503,655,177) is restricted in the debt service reserve account for the next schedule repayment, six months prior to the due date, as per the facility agreement (Note 7).

28.7 Facilities' currency denomination

Essentially all of the Group's facilities have been contracted in United States Dollar (US$) and Saudi Riyals (SAR) and the drawdown balances in US$ are shown below:

	December 31, 2015 (US$)	December 31, 2014 (US$)
PIF	**4,788,176,231**	4,289,311,451
Islamic and commercial banks		
Procurement	**3,122,118,824**	2,957,627,895
Al-Rajhi Bank	**506,250,000**	540,625,000
The Export Import Bank of Korea	**292,400,000**	328,000,000
Korea Export Insurance Corporation	**146,200,000**	164,000,000
Commercial	**1,286,141,272**	918,726,501
US Dollar procurement	**490,955,406**	447,921,081
Wakala	**623,974,433**	530,300,015
Sub-total	**6,468,039,935**	5,887,200,492
SIDF	**650,193,966**	518,666,667
Riyal Murabaha facility (a working capital facility)	**200,000,000**	100,000,000
Syndicated Revolving Credit Facility	**-**	1,181,333,333
Total	**12,106,410,132**	11,976,511,943

28.8 Security

The following assets were pledged as security for these long-term borrowings in accordance with the applicable CTAs:

	December 31, 2015	December 31, 2014
Property, plant and equipment (Note 13)	**35,706,647,560**	37,117,483,423
Capital work-in-progress (Note 14)	**37,197,115,376**	23,402,531,540
Intangible assets (Note 17)	**85,374,130**	102,306,186
Total	**72,989,137,066**	60,622,321,149

29. Due to joint venture partners

	December 31, 2015	December 31, 2014
Due to Alcoa Inc.* (Note 43.2)	**300,703,363**	241,875,238
Due to Mosaic ** (Note 43.2)	**14,983,460**	203,949,242
Due to SABIC ** (Note 43.2)	**-**	112,489,397
Total	**315,686,823**	558,313,877

*Due to Alcoa Inc. represents their share of 25.1% in the joint venture project cost to extend the product mix of the 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).

**Due to Mosaic and SABIC represents their capital contribution to jointly develop a fully integrated phosphate production facility at Wa'ad Al Shamal Mineral Industrial City, such facility was incorporated in the Kingdom of Saudi Arabia under MWASPC.

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30. Share capital

		December 31, 2015	December 31, 2014
Authorized, issued and fully paid			
925,000,000	Ordinary shares with a nominal value of SAR 10 per share	**9,250,000,000**	9,250,000,000
243,478,261	Ordinary shares with a nominal value of SAR 10 per share, following a rights issue	**2,434,782,610**	2,434,782,610
1,168,478,261	**Total (Note 1)**	**11,684,782,610**	11,684,782,610

On 20 Rabi Awal 1436H (corresponding to November 13, 2014) in the Extraordinary General Assembly Meeting, the shareholders of the Company approved the Board of Directors' recommendation to increase the share capital of the Company by way of a rights issue offering, amounting to SAR 5,600,000,044. The rights issue offering resulted in the issuing of 243,478,261 ordinary shares at an exercise price of SAR 23 per share (SAR 10 nominal value plus premium of SAR 13 per share) thereby increasing the share capital by SAR 2,434,782,610 and share premium by SAR 3,165,217,434.

During December 2014, the Company completed the rights issue offering and received the proceeds from the offering.

31. Share premium

		December 31, 2015	December 31, 2014
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
243,478,261	Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 13 per share	**3,165,217,434**	3,165,217,434
	Less: Transaction cost	**23,865,737**	23,865,737
	Net increase in share premium	**3,141,351,697**	3,141,351,697
768,478,261	**Total**	**8,391,351,697**	8,391,351,697

32. Transfer of net income

	2015	2014
January 1	**697,394,239**	561,660,119
Transfer of 10% of net income for the year	**60,517,395**	135,734,120
December 31	**757,911,634**	697,394,239

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.

33. Non-controlling interest

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
33.1 Ma'aden Aluminum Company				
January 1, 2014	1,650,011,250	-	(7,170,225)	1,642,841,025
Share of net income for the year	-	-	17,240,749	17,240,749
December 31, 2014	1,650,011,250	-	10,070,524	1,660,081,774
Share of net loss for the year	-	-	(52,641,695)	(52,641,695)
December 31, 2015	**1,650,011,250**	**-**	**(42,571,171)**	**1,607,440,079**
33.2 Ma'aden Rolling Company				
January 1, 2014	482,453,375	67,955,695	(2,147,089)	548,261,981
Share of net loss for the year	-	-	(4,263,464)	(4,263,464)
Payments to increase share capital during the year	-	85,185,220	-	85,185,220
Increase in non-controlling interest during the year	132,247,720	(132,247,720)	-	-
December 31, 2014	614,701,095	20,893,195	(6,410,553)	629,183,737
Share of net loss for the year	-	-	(9,821,403)	(9,821,403)
Payments to increase share capital during the year	-	28,363,458	-	28,363,458
December 31, 2015	**614,701,095**	**49,256,653**	**(16,231,956)**	**647,725,792**

33.3 Ma'aden Bauxite and Alumina Company

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
January 1, 2014	952,544,972	46,475,776	(5,036,373)	993,984,375
Share of net loss for the year	-	-	(2,406,099)	(2,406,099)
Payments to increase share capital during the year	-	259,399,597	-	259,399,597
Increase in non-controlling interest during the year	170,680,000	(170,680,000)	-	-
December 31, 2014	1,123,224,972	135,195,373	(7,442,472)	1,250,977,873
Share of net loss for the year	-	-	(2,568,300)	(2,568,300)
Payments to increase share capital during the year	-	21,679,654	-	21,679,654
Increase in non-controlling interest during the year	83,278,002	(83,278,002)	-	-
December 31, 2015	**1,206,502,974**	**73,597,025**	**(10,010,772)**	**1,270,089,227**

33.4 Ma'aden Phosphate Company

January 1, 2014	1,862,544,000	-	200,060,127	2,062,604,127
Share of net income for the year	-	-	369,953,099	369,953,099
December 31, 2014	1,862,544,000	-	570,013,226	2,432,557,226
Dividend paid during the year (Note 43.1)	-	-	(330,000,000)	(330,000,000)
Share of net income for the year	-	-	270,315,026	270,315,026
December 31, 2015	**1,862,544,000**	**-**	**510,328,252**	**2,372,872,252**

33.5 Ma'aden Wa'ad Al Shamal Phosphate Company

January 27, 2014 – date of incorporation	600,750	-	-	600,750
Issuance of non-controlling interest during the period	851,400,000	-	-	851,400,000
Share of net loss for the period	-	-	(1,236,162)	(1,236,162)
December 31, 2014	852,000,750	-	(1,236,162)	850,764,588
Share of net loss for the year	-	-	(2,380,998)	(2,380,998)
Issuance of non-controlling interest during the year	1,350,000,000	-	-	1,350,000,000
December 31, 2015	**2,202,000,750**	**-**	**(3,617,160)**	**2,198,383,590**

33.6 Summary total

January 1, 2014	4,947,553,597	114,431,471	185,706,440	5,247,691,508
Share of net income for the period / year	-	-	379,288,123	379,288,123
Payments to increase share capital during the year (Note 43.1)	-	344,584,817	-	344,584,817
Increase in non-controlling interest during the period / year	1,154,928,470	(302,927,720)	-	852,000,750
December 31, 2014	6,102,482,067	156,088,568	564,994,563	6,823,565,198
Dividend paid during the year (Note 43.1)	-	-	(330,000,000)	(330,000,000)
Share of net income for the year	-	-	202,902,630	202,902,630
Payments to increase share capital during the year (Note 43.1)	-	50,043,112	-	50,043,112
Increase in non-controlling interest during the year	1,433,278,002	(83,278,002)	-	1,350,000,000
December 31, 2015	**7,535,760,069**	**122,853,678**	**437,897,193**	**8,096,510,940**

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
All amounts in Saudi Riyals unless otherwise stated

34. Sales

	Year ended December 31, 2015	Year ended December 31, 2014
Phosphate segment		
Diammonium phosphate fertilizer	**4,542,770,526**	4,098,250,476
Ammonia	**761,572,269**	1,302,796,696
Low grade bauxite	**96,837,110**	99,531,392
Caustic calcined magnesia	**48,532,148**	49,855,257
Kaolin	**38,388,067**	26,793,657
Sub-total	**5,488,100,120**	5,577,227,478
Aluminum segment		
Since commencement of commercial production September 1, 2014	**4,762,750,070**	2,376,424,767
Before commencement of commercial production	**-**	2,121,518,050
Sub-total	**4,762,750,070**	4,497,942,817
Precious and base metals segment		
Gold	**705,215,748**	715,132,467
Infrastructure		
Infrastructure revenue	**60,000**	1,580,125
Total	**10,956,125,938**	10,791,882,887
Gold sales analysis		
Quantity of gold ounces (Oz) sold	**164,938**	151,582
Average realized price per ounce (Oz) in:		
US$	**1,140**	1,258
Saudi Riyals (equivalent)	**4,276**	4,718

35. Cost of sales

	Year ended December 31, 2015	Year ended December 31, 2014
Salaries and staff related benefits	**766,935,805**	464,574,216
Contracted services	**407,524,000**	261,196,410
Repairs and maintenance	**61,641,329**	67,569,105
Consumables	**104,894,447**	110,504,633
Overheads	**358,339,102**	104,139,350
Raw material and utilities consumed	**4,507,871,792**	5,224,836,902
Inventory loss	**121,212,929**	76,849,341
Addition/(reversal) of inventory obsolescence (Note 10)	**625,666**	(1,046,546)
Deferred stripping expense (Note 16)	**36,589,184**	1,759,937
Severance fees (Note 24)	**17,934,852**	35,068,957
Sale of by-products (Note 35.1)	**(8,058,724)**	(32,611,346)
Total cash operating costs	**6,375,510,382**	6,312,840,959
Depreciation (Note 13)	**2,171,612,693**	1,496,498,745
Amortization (Note 17)	**40,771,932**	23,951,854
Total operating costs	**8,587,895,007**	7,833,291,558
Increase in inventory (Note 10)	**(70,813,271)**	(156,418,974)
Total	**8,517,081,736**	7,676,872,584

35.1 Sale of by-products comprise of the following commodities:

Copper	**4,066,547**	15,327,002
Zinc	**2,931,306**	13,339,033
Silver	**1,060,871**	3,945,311
Total	**8,058,724**	32,611,346

36. Selling, marketing and logistic expenses

	Year ended December 31, 2015	Year ended December 31, 2014
Salaries and staff related benefits	**33,908,210**	26,271,024
Contracted services	**20,076,668**	32,367,085
Freight and overheads	**156,026,900**	112,966,692
Consumables	**122,947**	234,946
Deductibles	**128,752,748**	144,417,478
Marketing fees	**125,843,044**	132,489,189
Other selling expenses	**38,023,091**	24,388,953
Amortization (Note 17)	**29,119,343**	9,706,448
Total	**531,872,951**	482,841,815

37. General and administrative expenses

	Year ended December 31, 2015	Year ended December 31, 2014
Salaries and staff related benefits	**306,316,781**	278,692,388
Contracted services	**52,519,186**	87,922,295
Overheads and other	**43,374,730**	44,300,370
Consumables	**3,284,681**	3,618,949
Repair parts	**707,717**	945,459
Allowance for doubtful debts	**3,200,000**	-
Impairment of property, plant and equipment	**10,494,925**	-
Depreciation (Note 13)	**34,748,428**	29,012,333
Amortization (Note 17)	**4,227,308**	649,444
Total	**458,873,756**	445,141,238

38. Exploration and technical services expenses

	Year ended December 31, 2015	Year ended December 31, 2014
Salaries and staff related benefits	**59,273,382**	61,667,647
Contracted services	**52,003,363**	88,945,684
Overheads and other	**6,164,744**	12,324,903
Consumables	**1,548,428**	3,407,632
Repair parts	**1,190,513**	631,471
Depreciation (Note 13)	**3,269,930**	1,275,877
Impairment of exploration and evaluation asset (Note 15)	**20,306,493**	21,306,251
Total	**143,756,853**	189,559,465

39. Income from short-term investments

	Year ended December 31, 2015	Year ended December 31, 2014
Income received and accrued on short-term investment	**35,583,877**	10,563,669

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
All amounts in Saudi Riyals unless otherwise stated

40. Finance charges

	Year ended December 31, 2015	Year ended December 31, 2014
Public Investment Fund	**117,755,419**	57,944,575
Saudi Riyal procurement	**152,174,784**	86,722,727
Al-Rajhi Bank	**26,552,371**	26,727,423
The Export Import Bank of Korea	**11,479,391**	11,739,610
Korea Export Insurance Corporation	**5,567,746**	6,194,535
Commercial	**34,243,013**	20,512,072
US Dollar procurement	**22,436,639**	7,404,592
Wakala	**22,555,454**	9,370,520
Saudi Industrial Development Fund	**6,266,101**	8,748,000
Riyal Murabaha Facility	**10,119,728**	3,474,935
Revolving Credit Facility	**34,247,548**	62,238,584
Others	**5,659,802**	1,892,000
Sub-total	**449,057,996**	302,969,573
Accretion of provision for mine closure and reclamation (Note 27.2)	**1,394,847**	568,400
Total (Note 40.1)	**450,452,843**	303,537,973

40.1 Summary of finance charges

	Year ended December 31, 2015	Year ended December 31, 2014
Expensed during the year (Note 40)	**450,452,843**	303,537,973
Capitalized as part of qualifying assets in capital work-in-progress during year (Note 14)	**443,009,951**	483,398,891
Total	**893,462,794**	786,936,864

41. Other income, net

	Year ended December 31, 2015	Year ended December 31, 2014
Other income, net	**56,410,062**	101,534,028

42. Earnings per ordinary share

	Year ended December 31, 2015	Year ended December 31, 2014
Net income attributable to the shareholders of the parent company	**605,173,945**	1,357,341,201
Weighted average number of ordinary shares in issue during the year (Note 30)	**1,168,478,261**	986,920,191
Basic and diluted earnings per ordinary share from continuing operations	**0.52**	1.38

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.

43. Related party transactions and balances

43.1 Related party transactions	Year ended December 31, 2015	Year ended December 31, 2014
Transactions with related parties carried out during the year, in the normal course of business, are summarized below:		
Sales through SABIC	**3,107,384,719**	3,364,576,725
Sales to Alcoa Inespal, S.A.		
Since commencement of commercial production September 1, 2014 (Note 6.2)	**1,110,685,573**	452,703,269
Before commencement of commercial production	**-**	640,408,942
Total	**1,110,685,573**	1,093,112,211
Cost of seconded employees, technology fee and other cost paid to Alcoa Inc. during the year	**530,834,985**	755,639,600
Raw material feedstock purchased from Alcoa Australia	**668,007,797**	1,729,072,713
Dividend paid to SABIC (Note 33.4 and 33.6)	**330,000,000**	-
Payments to increase share capital received from Alcoa Inc. (Note 33.6)	**50,043,112**	344,584,817
Long-term loan to MBCC (Note 20)	**-**	626,197,939

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
All amounts in Saudi Riyals unless otherwise stated

43.2 Related party balances

	December 31, 2015	December 31, 2014
Amount due from / (to) related parties arising from transaction with related parties are as follows:		
Receivables from related parties		
Due from Alcoa Inespal, S.A. (Note 9)	**87,897,065**	-
Due from SABIC (Note 9)	**407,155,456**	426,937,770
Due from SAMAPCO (Note 9)	**47,998,419**	47,998,419
Due from Saudi Mining Polytechnic (Note 9)	**2,166,504**	4,813,789
Total	**545,217,444**	479,749,978
Due from joint venture partners		
Current portion:		
Due from Mosaic (Note 12)	**450,000,000**	-
Due from SABIC (Note 12)	**270,000,000**	-
Sub-total (Note 12)	**720,000,000**	-
Non-current portion:		
Due from Mosaic (Note 12)	**-**	450,000,000
Due from SABIC (Note12)	**-**	270,000,000
Sub-total (Note 12)	**-**	720,000,000
Total	**720,000,000**	720,000,000
Long-term loan due from a related party:		
Due from MBCC (Note 20)	**626,197,939**	626,197,939
Payable to related parties		
Accrued expenses – Alcoa Inc. (Note 22)	**67,026,655**	103,982,687
Payments to increase share capital received from Alcoa Inc. (Note 33.6)	**122,853,678**	156,088,568
Long-term borrowings from PIF, a 50% shareholder in Ma'aden		
Due to PIF for the financing of the :		
MPC facility (Note 28.2)	**2,668,800,835**	3,001,600,938
MAC facility (Note 28.2)	**4,575,187,500**	4,775,062,500
MRC facility (Note 28.2)	**3,078,750,000**	2,938,383,972
MBAC facility (Note 28.2)	**3,750,000,000**	3,220,543,013
MWASPC facility (Note 28.2)	**3,882,922,535**	2,149,327,518
Total	**17,955,660,870**	16,084,917,941
Due to joint venture partners:		
Due to Alcoa Inc. (Note 29)	**300,703,363**	241,875,238
Due to Mosaic (Note 29)	**14,983,460**	203,949,242
Due to SABIC (Note 29)	**-**	112,489,397
Total	**315,686,823**	558,313,877

44. Operating lease agreements

	Year ended December 31, 2015	Year ended December 31, 2014
Payments under operating leases recognized as an expense during the year	**8,081,750**	8,860,006
Future minimum operating lease commitments due under these operating leases are as follows:		
2015	**-**	8,428,856
2016	**7,206,356**	7,206,356
2017	**3,718,856**	3,718,856
2018	**3,718,856**	3,718,856
2019	**3,718,856**	3,718,856
2020	**3,608,856**	3,608,856
2021 through 2041	**41,611,855**	42,826,311
Total	**63,583,635**	73,226,947

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.

45. Commitments and contingent liabilities

	December 31, 2015	December 31, 2014
Capital expenditures:		
Contracted for	**9,798,486,724**	15,228,351,512
Guarantees:		
Guarantees in favor of Saudi Aramco, for future diesel and gas feedstock supplies	**302,492,405**	276,293,968
Guarantee in favor of Ministry of Petroleum and Mineral Resources for the development of the aluminum project*	**-**	225,000,000
Guarantees in favor of Ministry of Petroleum and Mineral Resources, for the future purified phosphoric acid, fuel and feed stocks supplies	**262,500,000**	-
Guarantees in favor of SIDF and other financial institutions for the financing facilities available to:**		
MGBM	**1,379,000,000**	-
MAC	**449,400,000**	449,400,000
MRC	**449,400,000**	449,400,000
MBAC	**674,100,000**	674,100,000
MPC	**420,000,000**	420,000,000
SAMAPCO	**450,000,000**	450,000,000
MBCC	**375,000,000**	-
Sub-total	**4,196,900,000**	2,442,900,000
Guarantee in favor of Saudi Port	**18,162,608**	6,671,580
Others	**1,488,750**	157,080
Total	**4,781,543,763**	2,951,022,628

*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 the 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 making financing facilities available to:

- MAC, MRC and MBAC to the extent of its shareholding of 74.9% (Note 28.1 and 28.2),
- MPC to the extent of its shareholding of 70% (Note 28.1 and 28.2) and
- SAMAPCO and MBCC to the extent of its shareholding of 50%

Contingent liabilities

The Group has contingent liabilities with respect to certain disputed matters, including claims by and against contractors and lawsuits and arbitrations involving a variety of issues. These contingent liabilities arise out of the ordinary course courses of business. It is not anticipated that any material liabilities will be incured as a result of these contingent liabilities. There are no material environmental obligations or decommissioning liabilities.

Notes to the consolidated financial statements for the year ended December 31, 2015 (continued)
All amounts in Saudi Riyals unless otherwise stated

46. 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.

46.1 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.

46.2 Fair value risk

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.

46.3 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 rates.

Based on the Groups net debt outstanding as at December 31, 2015, the effect on net earnings of a 1% movement in the US Dollar LIBOR commission rate would be SAR 408 million (December 31, 2014: SAR 399 million). These balances will not remain consistent throughout 2016.

46.4 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.

46.5 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 three major customers which account for sales of approximately SAR 4,544 billion, representing 41% of the Group's sales for the year ended December 31, 2015 (December 31, 2014: SAR 2,493 billion representing 27% of Group's sales from three major customers). Trade receivables are carried net of allowance for doubtful debts, if needed.

50. Detailed information about the subsidiaries and jointly controlled entities

Subsidiary	Nature of business
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects
Industrial Minerals Company ("IMC")	Kaolin, low grade bauxite and magnesite mining
Ma'aden Aluminum Company ("MAC")	Manufacture aluminum ingots, t-bars, slabs and billets
Ma'aden Rolling Company ("MRC")	Aluminum sheets for can body and lids
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining
Ma'aden Phosphate Company ("MPC")	Phosphate mining and fertilizer producer
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWASPC")	Phosphate mining and fertilizer producer
Total	
Jointly controlled entities	
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride
Ma'aden Barrick Copper Company ("MBCC")	Mining of copper, silver, zinc, nickel, gold, lead, sulphur and cobalt
Total	

All the subsidiaries and jointly controlled entities listed above are incorporated in the Kingdom of Saudi Arabia.

46.6 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.

47. Events after the reporting date

No events have arisen subsequent to December 31, 2015 and before the date of signing the audit report, that could have a significant effect on the consolidated financial statements as at December 31, 2015.

48. 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.

49. 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 proposed industrial and,

- USD 200 million for the design and construction of the housing and required social facilities for the proposed industrial city.

An additional amount of USD 250 million has been received during the year ended December 31, 2014 and these amounts 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. Therefore the total amount received from the USD 700 million approved by the Council of Ministers, equals USD 390 million, with the remaining balance still to be received of USD 310 million. 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, 2015 amounted to SAR 1,462,500,000 (December 31, 2014: SAR 1,462,500,000).

Issued, paid-up and partly paid-up share capital		Effective group interest %		Cost of investment by parent company	
December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
867,000,000	867,000,000	100	100	**867,000,000**	867,000,000
500,000	500,000	100	100	**500,000**	500,000
344,855,200	344,855,200	100	100	**344,855,200**	344,855,200
6,573,750,000	6,573,750,000	74.9	74.9	**4,923,738,750**	4,923,738,750
2,449,008,348	2,449,008,348	74.9	74.9	**1,834,307,253**	1,834,307,253
4,806,784,758	4,474,999,888	74.9	74.9	**3,600,281,784**	3,351,774,916
6,208,480,000	6,208,480,000	70	70	**4,345,936,000**	4,345,936,000
5,505,001,875	2,130,001,875	60	60	**3,303,001,125**	1,278,001,125
				19,219,620,112	16,946,113,244
900,000,000	900,000,000	50	50	**450,000,000**	450,000,000
404,965,291	10,000,000	50	50	**202,482,646**	5,000,000
				652,482,646	455,000,000

Section 08

Appendix

JORC definitions

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition (JORC 2012), is an internationally recognized professional code of practice that sets minimum standards for the public reporting of exploration results, mineral resources and ore reserves. Below are the precise definitions of JORC terminology:

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 sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

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 applying to 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.

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 applying to a Measured mineral resource and may only be converted to a Probable ore reserve.

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 applying to either an Indicated mineral resource or an Inferred mineral resource. It may be converted to a Proved 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.

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

Pre-feasibility or feasibility level, as appropriate, that include application of Modifying factors. Such studies demonstrate that, at the time of reporting, extraction could 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 of a new or materially changed ore reserve. Ore reserves are sub-divided in order of increasing confidence into Probable and Proved.

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 Proved ore reserve. A Probable ore reserve has a lower level of confidence than a Proved ore reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.

Proved ore reserve is the economically mineable part of a Measured mineral resource. A Proved ore reserve implies a high degree of confidence in the Modifying Factors. A Proved ore reserve represents the highest confidence category of reserve estimate. The style of mineralization or other factors could mean that Proved ore reserves are not achievable in some deposits.

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 Recognized Professional Organization, as included in a list available on the JORC and Australian Stock Exchange websites. These organizations have enforceable disciplinary processes including the powers to suspend or expel a member. A Competent Person must have a minimum of five years relevant experience in the style of mineralization or type of deposit under consideration and in the activity which that person is undertaking.

Glossary of terms

Arabian Shield: an exposure of Precambrian crystalline rocks on the flanks of the Red Sea.

Bauxite: the most common ore of aluminium.

Beneficiation (occasionally spelled 'benefication'): a variety of processes whereby extracted ore from mining is separated into mineral and gangue, or waste material, the former suitable for further processing or direct use.

Brownfield exploration: also known as near-mine exploration, the term is used to describe exploration which occurs in the proximity of operating mines and an identified ore body.

CCM: caustic calcined magnesia.

CS: caustic soda.

DAP: diammonium phosphate, chemical formula: $(NH_4)_2HPO_4$, a water-soluble ammonium phosphate salt used as a crop fertilizer.

Direct employment: employment directly related to the production of products or services or when a person is employed directly by a firm as opposed to by a contractor working for the firm.

Downstream: refers to a stage in the industry value chain. For example, with reference to our aluminium value chain, downstream refers to the production plants that make the end products, where as the mine itself is 'upstream'.

EBITDA: earnings before interest, taxes, depreciation, and amoritization.

EDC: ethylene dichloride, also known as 1,2 dichloroethane ($CL_2C_2H_4$) is a chlorinated hydrocarbon commonly used as a solvent and in the production of PVC (polyvinyl chloride), a widely used plastic polymer.

EHS: environment, health and safety.

EL: exploration license.

ETGAN: Ma'aden's in-house training and behavioral initiative addressing engagement, talent, growth, ability and nurturing aimed at helping Ma'aden become a world class mining minerals.

Indirect employment: when a business generates employment in other organizations to supply or produce goods and services or when a firm contracts some work to a person or a company.

JORC: the Joint Ore Reserves Committee was established in 1971 to set out the minimum standards, recommendations and guidelines contained in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, which is a professional code of practice that sets minimum standards for public reporting of minerals exploration results, mineral resources and ore reserves.

KPI: key performance indicator.

Ma'aden Academy: Ma'aden's learning and development organization managed by corporate Human Resources.

MAP: mono-ammonium phosphate, chemical formula $NH_4H_2PO_4$, an ammonium phosphate compound used as a fertilizer.

ML: mining license.

MLA: mining license application

NPK: fertilizer named for nitrogen, N, phosphorous, P, and potassium, K, the main components of plant nutrition.

Oceanea: a region of the South Pacific Ocean consisting of 14 countries including Australia, New Zealand and 12 smaller islands.

Refinery: an industrial facility where a substance is refined, usually to convert raw material into products of value.

ROIC: return on investment capital

Rolling mill: in metalworking, rolling is a metal forming process in which metal stock is passed through one or more pairs of rolls to reduce the thickness and to make the thickness uniform, typically to produce metal sheets

SBU: Strategic Business Unit.

SIDF: Saudi Industrial Development Fund

Smelting: a form of extractive metallurgy used to produce metal from ore; silver, iron, copper and other base metals are produced by smelting the ores.

SMP: Saudi Mining Polytechnic

Sustainability: in business, sustainability often refers to triple bottomline management, with companies integrating financial, social and environmental risks, obligations and opportunities in the business plan.

Forward-looking statements: a note of caution

This annual report contains statements that are, or may be deemed to be, forward-looking statements, including statements about the beliefs and expectations of Ma'aden, the Saudi Arabian Mining Company (hereinafter the "Company", "we" or "Ma'aden") and its subsidiaries and entities under joint control (hereinafter referred to as the "Group").

We have prepared these statements based on the Group's current plans, estimates and projections, as well as its expectations of external conditions and events. We have made every effort to ensure the accuracy of those statements, which are valid at the time of their preparation and publication.

However, forward-looking statements involve inherent risks and uncertainties. As a result of these risks, uncertainties and assumptions, no individual, group or legal entity should unduly rely on these forward-looking statements. We have also included additional information about the risks we face in two other sections of this annual report, namely "Governance, risk and compliance" and the "Consolidated financial statements".

A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. We are not obliged to update or revise any forward-looking statements made in this annual report, whether as a result of new information, future events or otherwise, except when the provision of such information is a requirement under applicable laws. We do not accept any responsibility for any losses that may be incurred by any individual, group or entity resulting from their decisions based on our forward-looking statements.

Words such as "intends", "strives", "projects", "expects","estimates", "plans", "considers", "assumes", "may", "should", "will", "continues" and other words with similar meanings usually indicate the projected nature of the statement.

Acknowledgement

The management of Ma'aden and the annual report team acknowledge the contribution of our staff at the headquarters and at the Group companies in the compilation and publication of this annual report and in presenting Ma'aden's performance and achievements in 2015.

We welcome comments and feedback on this annual report from all our stakeholders. If you would like to share an opinion or feedback, you may email our Investor Relations (invest@maaden.com.sa) or Corporate Communications (media@maaden.com.sa).

www.maaden.com.sa

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MA'ADEN معادن

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