



Facing today's challenges

Preparing for tomorrow's opportunities

Annual Report
2016

Vision

Sustainable mining champion
with global presence

Mission

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

Values



Ownership

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



Integrity

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



Teamwork

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



Care

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

*Ma'aden is the mining and
metals industry leader in
Saudi Arabia and the
largest multi-commodity
mining and metals
company in the Middle
East region.*

*Ma'aden is amongst the
fastest growing mining
companies in the world.*

*Ma'aden is aligned with
Saudi Arabia's Vision
2030 and the National
Transformation Program.
We adopted a new vision
and realigned our
strategy in 2016.*

*We are focused on
building a resilient
business through
excellence and by
continuing to pursue
attractive growth
opportunities.*

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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

Mining for the world

Phosphate fertilizers

Saudi Arabia is rich in phosphate rocks that have proven their superior quality.

Phosphate rock is the collective name for commercially viable phosphorous found in ore bodies (typically with associated carbonates and silicates).

Most phosphate fertilizers are manufactured from phosphate rock. Diammonium Phosphate (DAP) and Monoammonium phosphate (MAP), a close alternative to DAP, are the primary phosphate fertilizers in the world today, and we produce both.

Our phosphate fertilizers play a vital role in boosting agricultural production around the world.

Industrial minerals

Industrial minerals are used as raw materials or additives in industries ranging from construction to ceramics and paint to plastics.

A large number of products that we use in our daily lives contain more industrial rocks and minerals than other metals. A typical house, for example, is said to contain about 150 tonnes of industrial minerals through its use of glass, cement, ceramics and paper. The average car uses between 100-150 kilograms, including rubber and plastic fillers and glass.

Our range of industrial minerals include low-grade bauxite, kaolin, caustic calcined magnesia, dead burn magnesia and monolithics.

Aluminium

Aluminium is the world's second largest metals industry.

Global aluminium consumption is typically driven by a wide range of end-use sectors such as construction, transportation, packaging and industrial engineering. The transportation and packaging industries have shown the strongest growth in demand, followed by the construction sector.

Our range of aluminium products include beverage cans and automotive sheets.

Copper

The oldest metal object found in the Middle East, dating back over 7,000 years, reportedly consisted of copper - the shiny, reddish metal. It is known as the first metal to be worked by humans.

For Ma'aden, copper was only a by-product of our gold mines until recently, but now our newly built copper production joint venture exports copper concentrates to world markets.

Gold

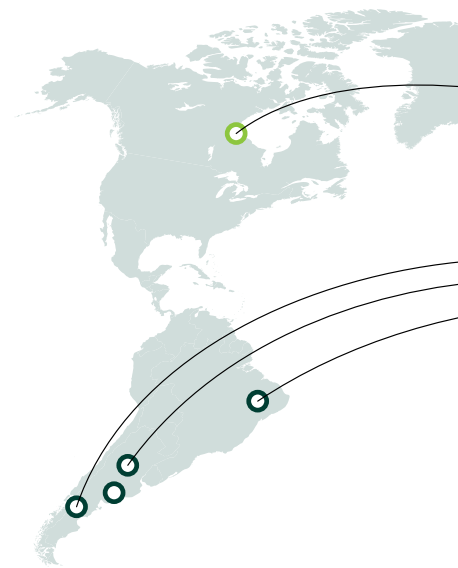
Gold enjoys a special position in our product portfolio — not only because of its status as a precious metal, but also because we started our business with gold.

Unlike other metals, gold is perceived as a store of wealth and has a value not entirely driven by its utility as a material.

Gold has been used in coinage, jewellery and in various other practical applications for thousands of years.

Gold prices are driven by factors that are distinct from those that determine the market value of other metals.

Our gold operations are on a new growth trajectory.

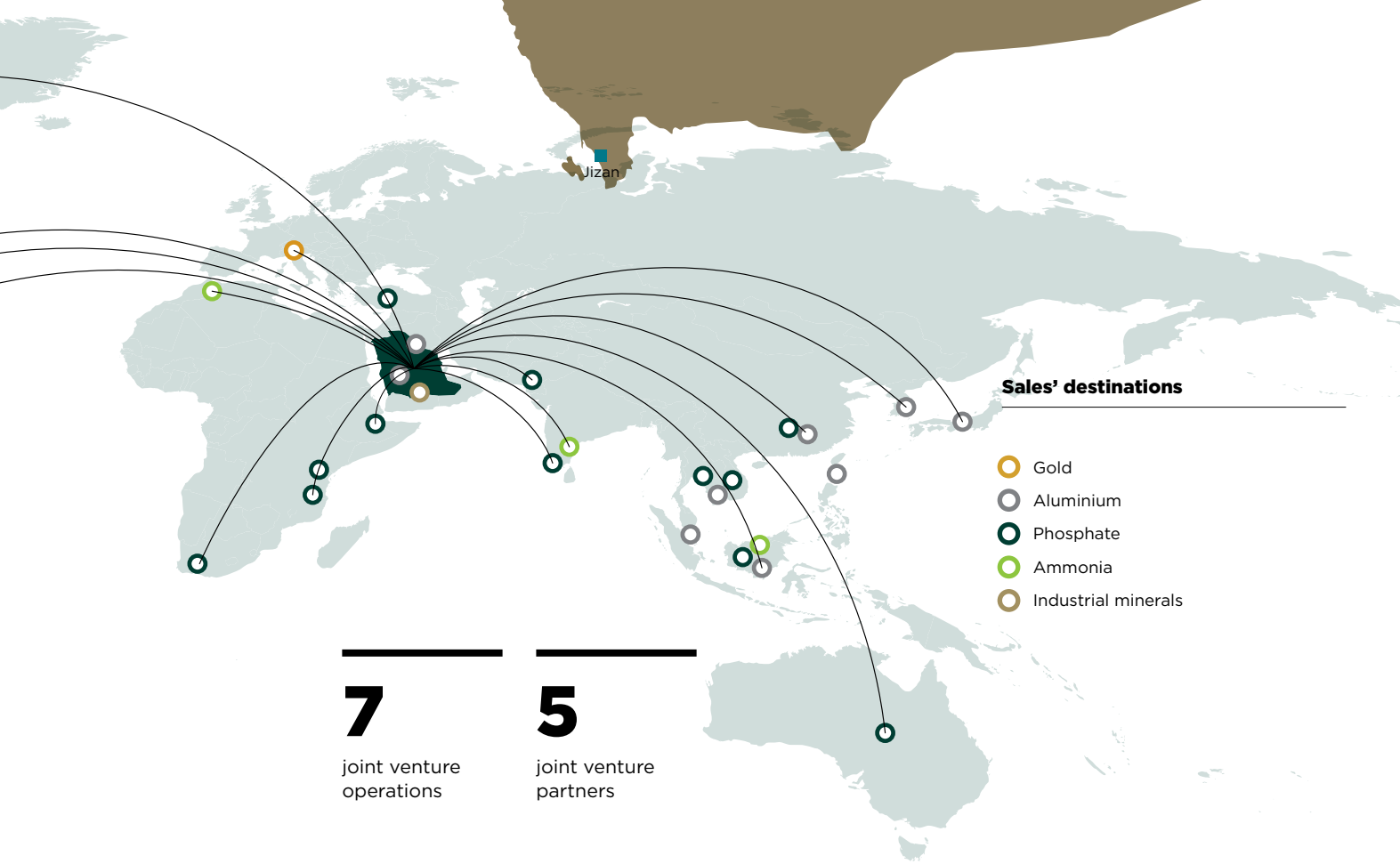


11

mines in Saudi Arabia

2

wholly-owned operations



7
joint venture operations

5
joint venture partners

Our rankings

1st

Fastest growing listed company in the GCC

10th

Largest mining company in the world based on market capitalization

31st

Amongst the top 100 companies in the Arab World 2016

For more about rankings see page 21.



09
2016 Highlights

- 10 Introduction
- 12 Key performance indicators
- 14 Commercial start-ups
- 18 Leaders' visits
- 21 Excellence and rankings

23
Leadership

- 25 Chairman's statement
- 28 Board of Directors
- 31 CEO's review
- 34 Management Committee

37
Strategy

- 38 2025 Strategy

Contents

43
**Governance,
risk and
compliance**

- 44 Governance, risk and compliance
- 46 Ma'aden organizational structure
- 47 Board and Board committees
- 51 Ma'aden's risk management
- 53 Internal audit
- 54 Compliance and ethics

57
**Exploration,
mineral resources
and ore reserves**

- 58 Exploration
- 61 Mineral resources and ore reserves

71
**Operations
and business**

- 72 Phosphate fertilizers
- 76 Industrial minerals
- 78 Aluminium
- 82 Gold
- 85 Copper
- 87 Ma'aden Infrastructure Company

89
**Embedded
excellence**

- 90 Sustainability
- 93 Our people
- 98 Environment, Health, Safety and Security
- 100 Procurement
- 102 Information and communications technology
- 104 Community care

109
**Financial
statements**

- 110 CFO's review
- 118 Consolidated financial statements

179
Appendices

- 180 JORC definitions
- 182 Glossary of terms
- 184 Forward-looking statements
- 185 Acknowledgement

Left
Aluminium plant in
Ras Al Khair

Pages 8-9
Phosphate plant in
Ras Al Khair



A high-angle, wide shot of an industrial refinery or chemical plant. The scene is dominated by a complex network of white pipes, metal walkways, and large cylindrical vessels. In the background, several large white storage tanks are visible, along with a tall distillation column on the right side. The sky is clear and blue. The overall image has a light blue-green tint.

2016 Highlights

Introduction

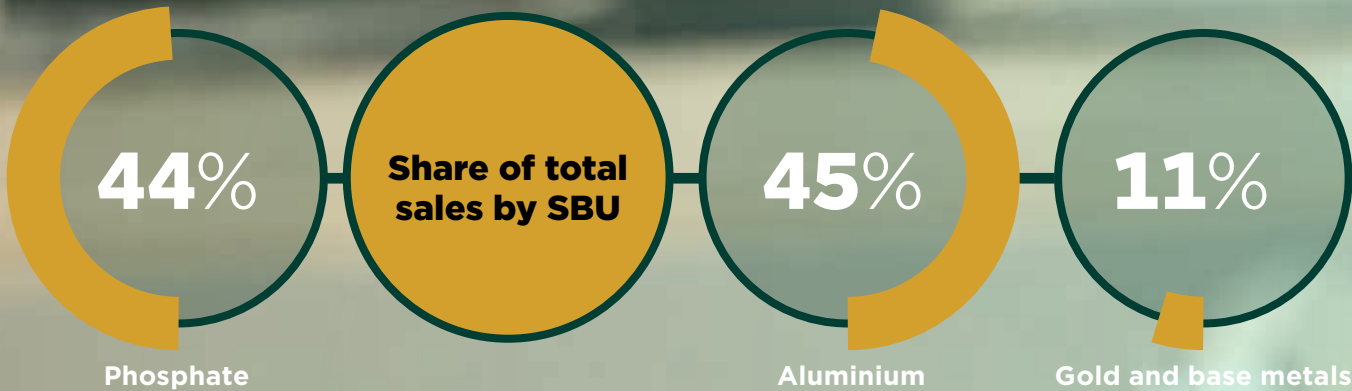
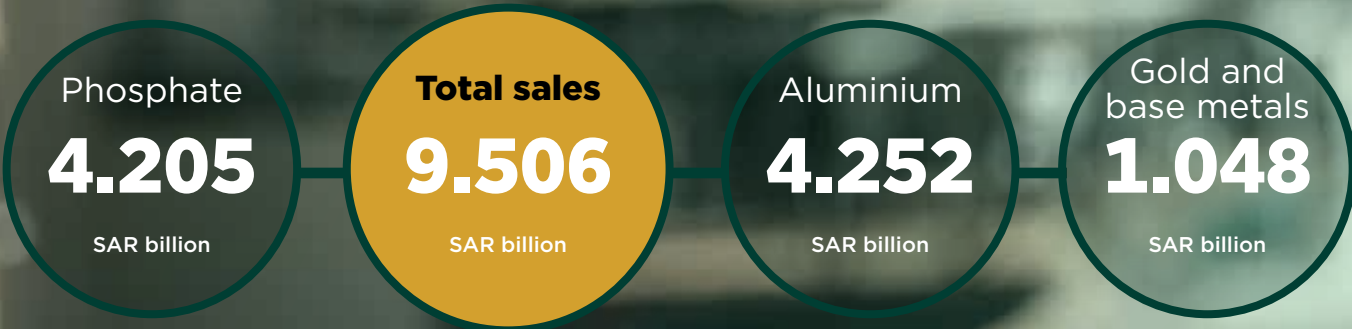
Ma'aden continued to deal with the impact of low commodity prices in 2016. Our earnings declined but our investments over recent years delivered a significant increase in production. Despite these market challenges, 2016 has been an eventful year for Ma'aden:

- with a historic visit of King Salman Bin Abdulaziz Al Saud, Custodian of the Two Holy Mosques, to Ras Al Khair industrial city
- a new Chairman and a reconstituted Board of Directors
- a restructured organization and management committee
- commercial start-up of new projects
- a number of programs to achieve operational excellence, resulting in significant cost reduction and higher productivity.

We also improved our industry ranking and won recognition for our achievement in sustainability.



Key performance indicators





Mohammed Ali

Commercial start-ups

Ad Duwayhi gold mine

Commercial startup: April 1, 2016



Jabal Sayid copper mine

Commercial startup: July 1, 2016





Al-Ba'itha bauxite mine

Commercial startup: October 1, 2016.

Alumina refinery in Ras Al Khair

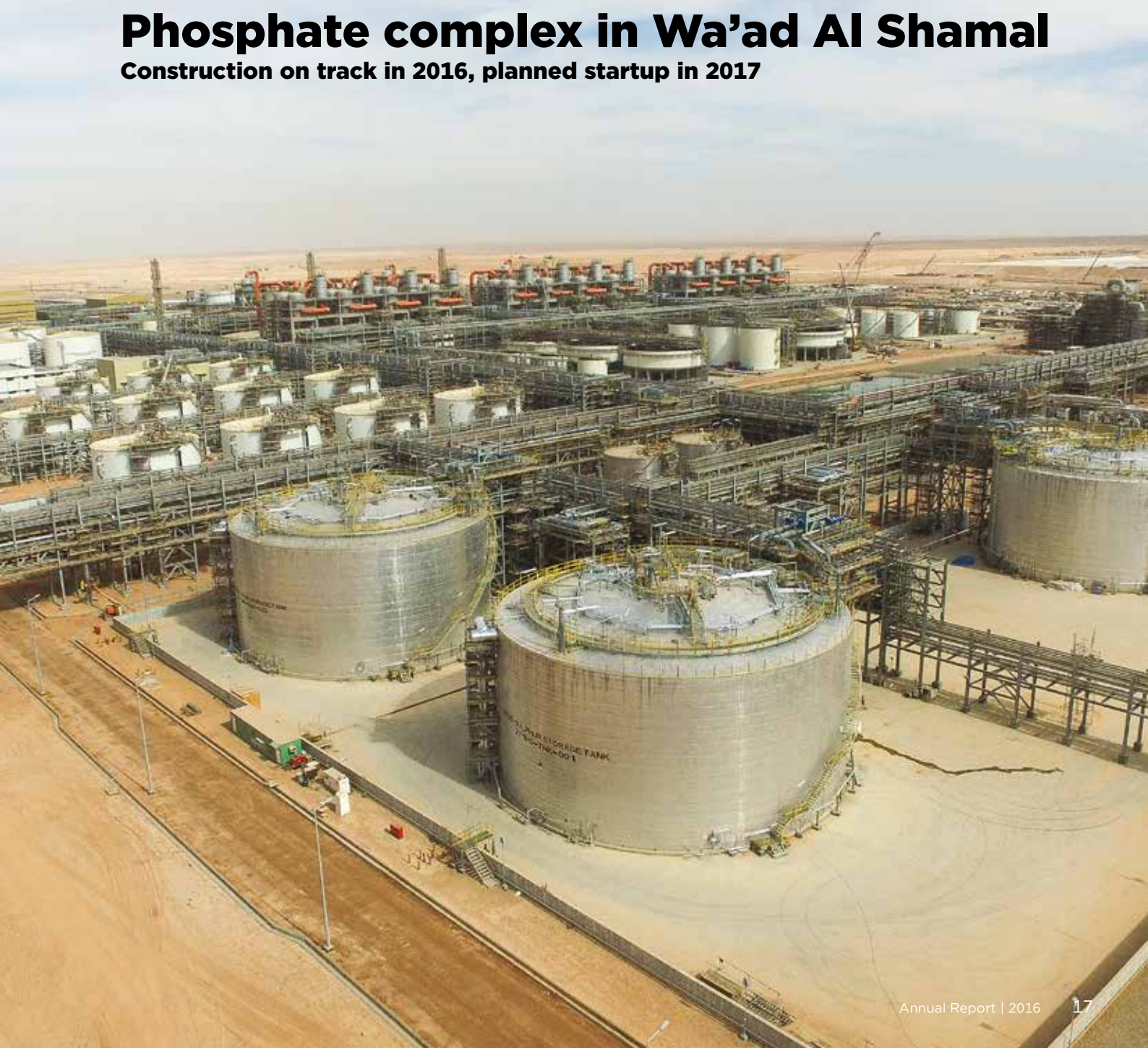
Commercial startup: October 1, 2016





Ammonia plant in Ras Al Khair

Commercial startup: January 1, 2017



Phosphate complex in Wa'ad Al Shamal

Construction on track in 2016, planned startup in 2017

Leaders' visits

King Salman inaugurates Ras Al Khair

Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al Saud inaugurated Ras Al Khair industrial city on November 29, 2016.

Ma'aden's role in developing world-class industrial infrastructure and production facilities and a skilled Saudi workforce for the mining industry was highlighted during the ceremonies marking the King's visit.

The event was the culmination of SAR130 billion investment and several years of development work by Ma'aden and other public and private sector partners. Ras Al Khair has provided 12,000 direct jobs and tens of thousands of indirect jobs while adding an estimated SAR35 billion to the GDP.

Ras Al Khair is Saudi Arabia's new mining hub, which hosts world-class aluminium and phosphate plants with critical infrastructure support. This includes a 1,450 km railway line connecting the industrial city to Ma'aden's mines in the north of the Kingdom, a state-of-the-art power and desalination plant and a port enabling Saudi metal and mineral products to reach global markets.

The city will play a major role in delivering the mining sector's contribution to economic diversification as projected by Saudi Vision 2030.

Top
King Salman with Ma'aden's young Saudi employees;

Second row
King Salman takes a closer look at a rock sample while inaugurating the Ras Al Khair project;

Third row
HE Khalid Bin Abdulaziz Al-Falih, Saudi Minister of Energy, Industry and Mineral Resources and Chairman of Ma'aden, and Khalid Bin Saleh Al-Mudaifer, CEO, address the gathering.



Madinah Governor tours Mahd Ad Dhahab mine

Prince Faisal Bin Salman, Governor of Madinah Al Munawarah Province, toured Ma'aden's Mahd Ad Dhahab mine on January 6, 2016. He was accompanied by senior officials from the Madinah region and Sultan Bin Jamal Shawli, Undersecretary of the Ministry of Petroleum and Mineral Resources. The region hosts our Mahd Ad Dhahab, Bulghah and Jabal Sayid mines and industrial minerals plants.



Ma'aden staff with Prince Faisal during his underground tour.

Northern Borders Governor visits Wa'ad Al Shamal

Prince Dr Mishaal Bin Abdullah Bin Abdulaziz Bin Musaed, Governor of the Northern Borders region, visited Ma'aden's projects in Wa'ad Al Shamal industrial city on March 31, 2016. He was received by Khalid Al Mudaifer, President and CEO, and other senior executives.



Majid Bin Youssef Al-Mugla, Executive Advisor to the CEO and Vice President of Third Party Projects, briefs Prince Mishaal about the Wa'ad Al Shamal project

Excellence and awards

Operational excellence and cash optimization

Ma'aden-wide cash saving and optimization of business and operational processes are a major part of our continuing focus on operational excellence. In 2016, we held a number of workshops, site visits and consultations with international experts to identify opportunities and initiatives to enhance efficiency, save resources and generate cash over the next five years.

The highlight of these engagements was the two-day senior-level workshop on April 23-24, 2016. The workshop was led by Khalid

Al-Mudaifer, President and CEO, and attended by senior executives and managers from across the group. It helped to identify the key initiatives for Ma'aden across diverse business functions:

- optimising marketing and sales
- maximising throughput
- procurement efficiency
- increased productivity
- more effective capital expenditure

These initiatives are coordinated under ETGAN, our business transformation program.

Awards and rankings

Ma'aden's achievements have won wide recognition, with the company appearing in regional and international rankings and winning awards at home.



Ma'aden was ranked as the fastest growing listed company in terms of revenue growth in the Gulf Cooperation Council region during 2011-15 in research conducted by Marmore Mena Intelligence.



PwC ranked Ma'aden as the 10th largest mining company in the world in terms of market capitalization in its 13th annual review of global trends in the mining industry, Mine 2016.



Forbes Middle East ranked Ma'aden the 31st amongst the top 100 companies in the Arab world based on four metrics: sales, net profits, assets and market value.



Leadership





Chairman's statement

Ma'aden is now a national mining champion with global ambitions



My fellow board members and I are honored to guide Ma'aden's Board at such a critical juncture of the company's very successful journey. As we start 2017, we are hopeful that we are past the lowest point of the long commodity price cycle. We are preparing to pursue our new vision and strategy as we manage the challenges posed by the global market conditions, capture the opportunities ahead and align ourselves with Saudi Vision 2030.

On my part, as someone familiar with the industrial landscape of the Kingdom of Saudi Arabia, I thought I knew Ma'aden well prior to my appointment as Chairman of the Board of Directors in April 2016. However, I have come to realize since then: that Ma'aden's achievements so far, its capabilities, its stature as a national champion and its potential to grow as a global industry leader are even better than I had expected.

Ras Al Khair, Saudi Arabia's new industrial city in the Eastern Province, is one symbol of Ma'aden's success. When the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al Saud visited Ras Al Khair on November 29, 2016 and inaugurated Ma'aden's major projects, it was a fitting recognition of the company's achievements and its prominent role in national development.

Meanwhile, work on Wa'ad Al Shamal, the new industrial and minerals city in the north of the Kingdom in which Ma'aden is a key stakeholder, is progressing well.

Ma'aden's impressive growth and achievements developing Saudi mineral resources deserve special praise for the scale of the integrated industries we have built, how they convert natural resources into diverse modern products and how they have opened up job opportunities for thousands of people in areas with great potential throughout our homeland. This has

not been easy; we have overcome great challenges to reach where we are now.

New vision and strategy

Ma'aden's new vision and the 2025 strategy invoke two key strategic shifts: first, we now see Ma'aden as the champion of the Saudi mining sector, and secondly, we are prepared to explore investment opportunities inside and outside the Kingdom building on our success. In 2017, we will develop these two thrusts further. We will also continue working hard on our basic goal: maximizing returns from our assets through operational excellence.

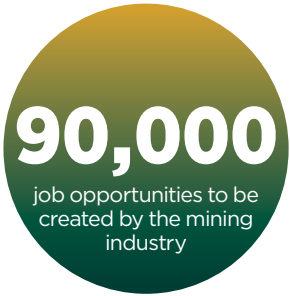
Ma'aden's aspiration to be the national mining champion is embedded in Saudi Vision 2030 and we take seriously our responsibilities as the leader of the Kingdom's mining industry that is reflected in our distinguished investments and operational performance.

As reflected throughout this annual report, operational excellence was a priority during 2016 and continues to remain so in 2017. Our success in executing operational excellence programs has resulted in higher productivity, optimization of financial and human capital and cash generation – all leading to significant financial optimization.

Our 2025 strategy foresees further growth across all three of our strategic business segments: Phosphate, Aluminium, and Gold and Base Metals.

Left
Ma'aden's aluminium production complex in Ras Al Khair

Pages 22-23
Ma'aden Board members visiting RAK aluminium plant



I salute my predecessor as Chairman and the previous Boards of Directors, the executive management, the staff of Ma'aden, our shareholders and joint venture partners, our local communities and all our other stakeholders for their contributions to Ma'aden's achievements.

Champion's role in Saudi Vision 2030

Saudi Arabia is pursuing a new path towards building a vibrant society and a thriving economy under Saudi Vision 2030. Healthy economic and social development, industrial diversification, localization and support of small and medium enterprises (SMEs), creation of new jobs, community service and environmental sustainability are some of the key national goals put forward by Saudi Vision 2030.

The Saudi Vision 2030 and the National Transformation Program (NTP) have assigned a major role for the mining sector. The NTP's immediate objective for the minerals and mining sector is to boost the industry's GDP contribution to SAR97 billion by 2020, creating 90,000 job opportunities in the process. Saudi Vision 2030 will further advance these goals with plans for structural reforms that will spur growth in the mining sector. These include steps to stimulate private sector investments by intensifying exploration, reviewing the licensing procedures for extraction and investing in infrastructure.

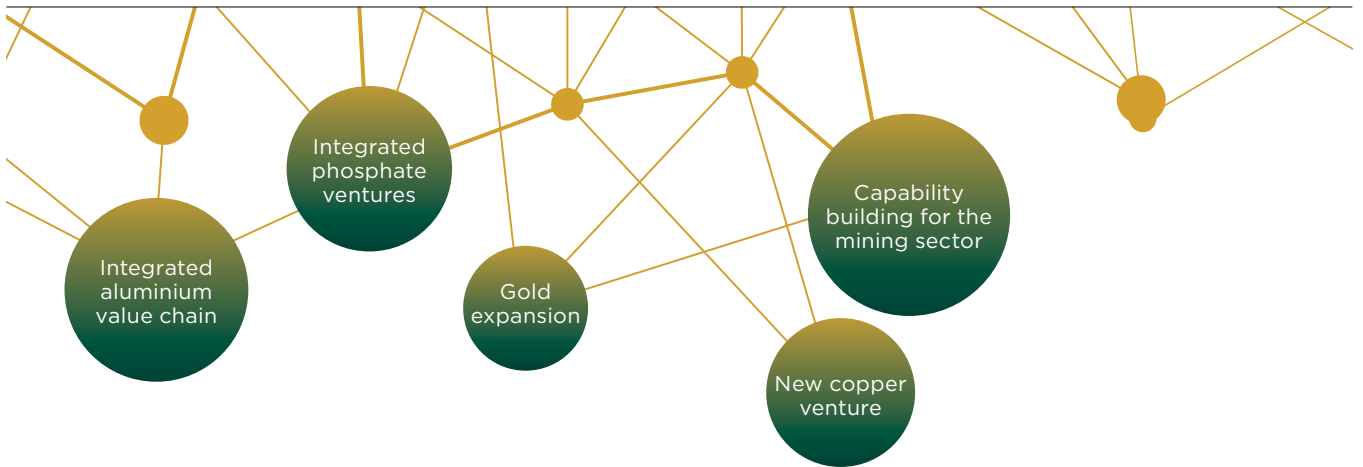
Clearly, as the leader of the sector, Ma'aden has a central role to play in championing the sector's growth. With our experience of building this vital industry after overcoming severe challenges such as the desert

environment, remote locations and difficulty accessing a trained workforce with relevant experience, Ma'aden is in a strong position to provide guidance and leadership for the country's private sector to be part of this growth story. The Board of Directors is confident that Ma'aden will be a responsible champion of the industry, effectively tackling the challenges and assuming the accountabilities that accompany the role.

Ma'aden's new vision and strategy complement the national goals of sustainability and social development. As a responsible industry leader, we are committed to further strengthening our investments in sustainability and social performance through our many community programs. We are also reviewing our supply chain practices with the goal of strengthening the local and SME content in our procurement activities.

Financial performance

Our financial performance in 2016 reflects the global commodity market slump. Throughout the current downcycle, and based on our approved investment program, Ma'aden has been building new large-scale integrated value chains within Saudi Arabia. Our investments have led to higher output of phosphate fertilizers, ammonia, aluminium and gold as

Ma'aden's major investments, 2011-16

well as the introduction of copper into our product portfolio.

As we start a new commodity cycle, we expect demand and commodity prices to rise as our projects exit their commissioning phase and enter the full production stage. It is obvious that we must wait for our new assets to yield the expected return on investments. This is particularly true in the case of our world-class mine-to-market aluminium value chain.

History also tells us that economic and industry downturns are followed by periods of recovery.

However, businesses must learn to live with market realities that include the changes in the investment environment and international competitiveness. More importantly, successful companies need to come up with creative plans to overcome challenges. Ma'aden's new vision and strategy do exactly that to complement and synergize with Saudi Vision 2030. We are confident that our 2025 strategy will enable us to be in a stronger position as market conditions change for the better.

Before I conclude, I salute my predecessor as Chairman and the previous Boards of Directors, the executive management, the staff of Ma'aden, our shareholders and joint venture partners, our local communities and all our other

stakeholders for their contributions to Ma'aden's achievements. Together, they have built a solid organization that is delivering on its promises and upholding the highest level of corporate governance and values.

In conclusion, on behalf of Ma'aden's Board of Directors I promise our partners that we will work hard to ensure that the company grows stronger, more profitable and sustainable. We will enhance the internal mechanisms of governance and good management as we continue to build a corporate culture built on integrity, productivity, partnership, ownership and teamwork.

Khalid Bin Abdulaziz Al-Falih
Chairman of the Board of Directors

Board of Directors

Ma'aden's Board of Directors was reconstituted on April 28, 2016. Our major shareholder, the Public Investment Fund (PIF), replaced its nominees on the Board in the context of Saudi Vision 2030, which assigns a major role for the mining sector in diversifying the national economy.



HE Khalid Bin Abdulaziz Al-Falih

Chairman

HE Khalid Bin Abdulaziz Al-Falih has been Ma'aden's Chairman of the Board since April 2016. He is Saudi Arabia's Minister of Energy, Industry and Mineral Resources and Chairman of Saudi Aramco. Al-Falih had a remarkable career at Saudi Aramco that culminated in his appointment as President and CEO from 2009 to 2015 and Chairman of its Board since then.

During the three decades he worked at Saudi Aramco, Al-Falih served in key leadership positions across the business lines of exploration, production, refining, marketing, international and operations services, and engineering and project management. He served as Senior Vice President, Gas Operations and Industrial Relations, and President of Petron Corporation, a past joint venture between Saudi Aramco and the Philippine National Oil Company. He also had the opportunity to guide the development of Saudi Arabia's natural gas strategy and lead the development of major projects such as Petro Rabigh, Sadara, Satorp and Yasref, with the goal of achieving refining and petrochemical integration in cooperation with leading global companies.

Al-Falih holds a bachelor's degree in mechanical engineering from the Agricultural and Mechanical College (Texas A & M University), USA and an MBA from King Fahd University of Petroleum and Minerals, Saudi Arabia.



Abdullah Bin Ibrahim Al-Saadon

Non-Executive Director

Abdullah Bin Ibrahim Al-Saadon was appointed to Ma'aden's board on April 28, 2016.

Having worked for more than 30 years at Saudi Aramco, his career provided him with unique experiences in several leadership positions. He is currently the Senior Vice President of Finance at Saudi Aramco. Previously, he was President and CEO of SAMREF and Vice President of Saudi Aramco Gas Operations.

Al-Saadon holds a bachelor's degree in chemical engineering from King Fahd University of Petroleum and Minerals and a master's degree in chemical engineering from the University of Louisiana at Lafayette, as well as an MBA from the Massachusetts Institute of Technology (MIT), USA.



Dr Ziyad Bin Abdulrahman Al-Sudairy

Independent Director

Dr Ziad Bin Abdulrahman Al-Sudairy was appointed to Ma'aden's Board on October 19, 1997 and sits on the Nomination and Remuneration Committee.

He has served as Principal of the Ziad bin Abdulrahman Al-Sudairy Law Firm since 1988. He was Legal Advisor 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.

Al-Sudairy holds a doctorate in law (JD) from the University of Virginia and a bachelor's degree in political science from the University of Arizona, in the USA.



HE Sulaiman Bin Abdulrahman Al-Gwaiz

Non-Executive Director

HE Sulaiman Abdulrahman Al-Gwaiz was appointed to Ma'aden's Board on January 1, 2014. Al-Gwaiz has been the Governor of the General Organization for Social Insurance (GOSI) since 2013.

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 Riyadh Bank, gaining experience across diverse functions. He was the Deputy Chief Executive Officer of Riyadh Bank from 1991 to 2012. Since October 1, 2010 he has been a member of the Board of Directors of the Saudi Industrial Investment Group.

Al-Gwaiz secured his bachelor's degree in business administration from Portland University, USA, in 1981.



Abdullah Bin Mohammed Al-Issa

Non-Executive Director

Abdullah Bin Mohammed Al-Issa was appointed to Ma'aden's Board on April 28, 2016. He has a unique and diversified portfolio of experience as a leading businessman.

He is the chairman of Abdullah Mohammed Al-Issa Consulting Engineering, Riyadh Bank and Dur Hospitality. He also sits on the boards of leading companies including SABIC and Etihad-Etisalat (Mobily).

Al-Issa holds a bachelor's degree in industrial engineering and a master's degree in engineering management from Southern Methodist University in the USA.



Lubna Bint Suliman Al-Olayan

Non-Executive Director

Mrs. Lubna Bint Suliman Al-Olayan joined the Ma'aden board in April 2016. She has built a distinguished local and international career, and in addition to being the Chief Executive Officer and deputy chairperson of the Olayan Financing Company, she is a board member of leading financial and industrial organizations including the Alawal Bank and Schlumberger. She also sits on several international advisory boards, including those of Rolls Royce, Akbank, Allianz SE, McKinsey & Co and Bank of America Merrill Lynch.

Al-Olayan holds a bachelor's degree in science from Cornell University and a master's degree in Business Administration from Indiana University. She also received an honorary Doctor of Laws (LLD) from Trinity College, Ireland.



Azzam Bin Yasser Shalabi

Independent Director

Azzam Bin Yasser Shalabi was appointed to Ma'aden's Board and its Audit Committee on April 28, 2016. Shalabi is the CEO of the Industrialization and Energy Services Company (TAQA). Prior to that, he participated in establishing the National Industrial Clusters Program and served as its first President from 2007 till 2015. The program is an autonomous government entity managed by the Ministry of Energy, Industry and Mineral Resources. Shalabi worked at Saudi Aramco for 25 years in the Kingdom and abroad, and held a variety of leadership positions in facilities planning, new business development, business analysis and corporate planning, development of a refining and petrochemical project in China, and in project management for the Shaybah oil and gas facilities and Central Arabia oil facilities.

Shalabi holds an MBA from the Massachusetts Institute of Technology (MIT) and a bachelor's degree in civil engineering from the Oklahoma State University, USA.



Dr Jean-Lou Chameau

Independent Director

Dr Jean-Lou Chameau was appointed to Ma'aden's Board on April 28, 2016. He has been President of King Abdullah University of Science & Technology (KAUST), Saudi Arabia since July 1, 2013. He is also President Emeritus of the California Institute of Technology (Caltech), the home of NASA's Jet Propulsion Laboratory.

Dr Chameau had a distinguished career as a professor and administrator at Purdue University where he led the geotechnical engineering program and the Georgia Institute of Technology (Georgia Tech) where he chaired the School of Civil and Environmental Engineering. He then served as President of Golder Associates, an international geotechnical consulting company, before returning to Georgia Tech where he became Dean of the College of Engineering, the largest in the United States, and then Provost and Vice President for Academic Affairs.

He has served on a number of public and industry boards, including the Council on Competitiveness, John Wiley & Sons, MTS, Safran and the Academic Research Council of Singapore. He is a member of both the US National Academy of Engineering and the French Académie des Technologies.

Dr. Chameau earned his PhD in civil engineering from Stanford University, USA after receiving his engineering degree in France.



Khalid Bin Saleh Al-Mudaifer

Executive Director

Khalid Bin Saleh Al-Mudaifer is the Executive Director, and President and CEO. He was appointed to the Board on October 25, 2011 and sits on the Executive Committee and the Nomination and Remuneration Committee.

Al-Mudaifer joined Ma'aden in March 2006 and served as Vice President of Industrial Affairs and Vice President of the Phosphate and New Business Development Unit. He served as the General Manager of Qassim Cement Company from 1993 to 2006 and Vice President and Director of Finance at Eastern Petrochemicals Company (SHARQ) from 1987 to 1993.

Al-Mudaifer holds an MBA and a bachelor's degree in civil engineering, both from the King Fahd University of Petroleum and Minerals in Saudi Arabia.



CEO's review

Year of achievements despite challenges



It is very rare that a company can look to the future with heightened optimism and confidence at a time when markets and profitability are suffering. At Ma'aden, we are experiencing exactly that as we close the 2016 financial year.

There are two reasons behind this optimism:

- The substantial newly commercialized business in 2016, which was recognized when the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al Saud inaugurated Ras Al Khair industrial city and Ma'aden's large-scale operations there on November 29, 2016.
- Ma'aden's adoption of new vision and 2025 strategy, building on our previous strategy, but revised to align our plans with Saudi Vision 2030 and potential opportunities for growth.

The King's visit is one of the most meaningful events in the history of our company because it signals the highest level of recognition for Ma'aden's role in industrial diversification and national economic development. Ras Al Khair is a symbol of our success as it has become the hub of Saudi Arabia's mining industry and hosts our phosphate, ammonia and aluminium plants.

Ma'aden's new vision is to be a sustainable Saudi mining champion with global presence and our new strategy seeks to integrate the two new elements in the vision with our business plans. The rationale to be the sustainable Saudi mining champion and the context of our global ambitions are explained in the Chairman's message as well as in a dedicated strategy chapter in this report. Our vision and strategy are

aligned with Saudi Vision 2030 and the NTP.

2016 achievements

Admittedly, the financial results for 2016 are lower than previous years, but not unexpected. The long-lasting commodity price downcycle and other global economic factors are driving our financial performance. Our net profit dropped to SAR401 million from SAR808 million and annual revenue declined by 13 percent to SAR9.51 billion from SAR10.96 billion.

Ma'aden has remained consistently profitable throughout the current global market downcycle that began in 2011, underlining our status as a low-cost producer. We proved our resilience during this period by completing the large-scale projects underway, focusing on operational excellence, and carefully managing our costs. Our total assets at the close of 2016 stood at SAR97.07 billion, up SAR7.69 billion from SAR89.38 billion at the end of 2015.

However, these figures do not tell the whole story of our achievements. During 2016, we achieved a number of successes and our determined efforts to manage the consequences of low commodity prices will have a long-term impact on Ma'aden's performance and profitability.

Four of our new production facilities reached commercial production during the year: Ad Duwayhi mine (gold), Jabal Sayid mine (copper), Al Ba'itha mine (bauxite) and Ras

Left
Ma'aden's phosphate plant in Wa'ad Al Shamal

2016 achievements



I am confident that Ma'aden's new vision and the 2025 strategy will take the Group to new heights.

Al Khair refinery (alumina). Just as the year ended, we announced the commercial startup of our ammonia plant at Ras Al Khair, which is part of our large-scale Wa'ad Al Shamal phosphate fertilizer value chain.

Construction work on other Wa'ad Al Shamal facilities has also progressed well. We overcame a number of challenges in Umm Wu'al, and will start seeing our Wa'ad Al Shamal plants start up in 2017.

Excellence and consolidation

Operational excellence, which remains a key pillar of our strategy, is the common theme in everything we have done over the past two years to mitigate the consequences of low commodity prices. Our emphasis on excellence is not limited to manufacturing operations, but includes the management of capital, marketing and sales, human resources and all other corporate functions.

In 2016, we made considerable progress in achieving higher levels of efficiency, cost reduction and productivity improvement. We also launched cash generation initiatives across the Group under ETGAN, our business transformation program. These were made possible partly through our initiative to consolidate resources with the specific goals of reducing costs and enhancing efficiency.

Our people worked hard throughout the year to ensure that we succeed in implementing Group-wide plans to

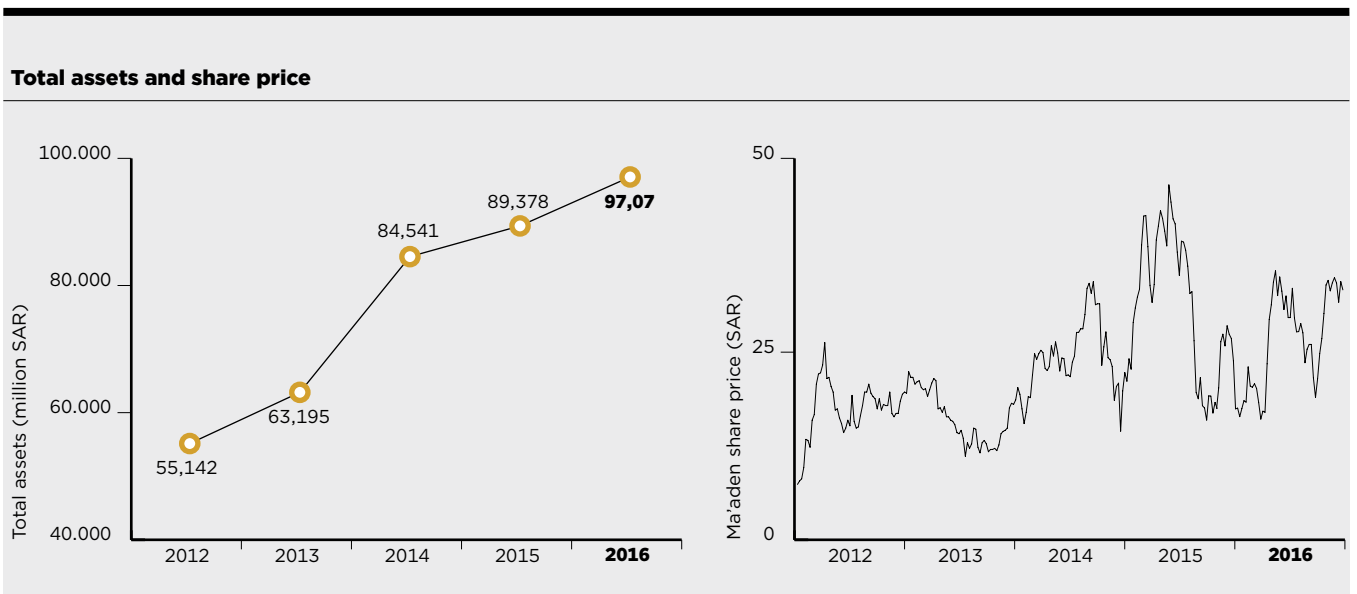
reduce costs and enhance efficiency. The results are heartening: we have achieved higher production and productivity and met higher Environment, Health, Safety and Security (EHSS) targets. We achieved significant cost reductions across general and administrative expenses (26 percent) exploration and technical services (65 percent), and marketing, sales and logistics (23 percent), while our cash cost of production fell 17 percent in phosphate fertilizer and 20 percent in aluminium. Our cash cost in gold increased by 36 percent due to the declaration of commercial production of Ad Duwayhi mine on April 1, 2016 and we are ramping up towards design capacity.

Ma'aden has adopted the goal of making the Group one of the top three employers of choice in Saudi Arabia. We will attain that position with our current focus on performance-based career progression, leadership development and employee engagement programs.

Sustainability

Sustainability is a key element in the 2025 strategy. We are committed to strengthening our sustainability program by adopting international mining industry standards at our operations as well as by reporting our progress in their implementation. In recent years, our sustainability efforts have focused on achieving consistently high results in Environment, Health, Safety and Security (EHSS), delivering community programs and

Our internal control mechanisms and risk oversight have grown stronger over the years, with the active supervision of the Board of Directors, both directly and through its committees.



optimizing the value from our assets and resources.

We have identified a number of initiatives under our sustainability strategy, each with clear objectives and investment criteria. These initiatives are broadly categorized under seven of the 17 United Nations Sustainable Development Goals (SDGs), and will together make up a cohesive Ma'aden sustainability program.

Governance and ethics

We are continually working to enhance Ma'aden's governance, risk and compliance systems. Our internal control mechanisms and risk oversight have grown stronger over the years, with the active supervision of the Board of Directors, both directly and through its committees.

Going beyond a step-by-step approach, our focus now is to build a strong compliance culture at Ma'aden. During the past year, we developed specific learning and engagement programs that are aimed at developing awareness and instilling stronger commitment to compliance and ethics. These programs include Ma'aden's values, Code of Conduct and our anti-corruption policy, which is based on the highest global standards, and came into effect across Ma'aden and its subsidiaries during 2016.

Looking forward

In conclusion, I want to emphasize that Ma'aden and the mining industry have a crucial role to play in Saudi Arabia's plans for the future. For Ma'aden, the aspiration to be the champion of the industry comes with major responsibilities to help

achieve the national vision for the sector. And over time our plans to explore global opportunities will offer exciting possibilities.

I am confident that Ma'aden's new vision and the 2025 strategy will take the Group to new heights. I am also optimistic that the global markets have found their floor and we can look forward to a better market environment and a financial performance in 2017 that will match our operational achievements.



Khalid Bin Saleh Al-Mudaifer
President and CEO

Management Committee

Ma'aden's Management Committee was reconstituted in the first quarter of 2016 as part of a major restructuring. The reconstitution involved reassignment of functions and nomination of new members.

Khalid Bin Saleh Al-Mudaifer

President and CEO



Khalid Bin Saleh Al-Mudaifer joined Ma'aden in March 2006 as Vice President of Industrial Affairs and has been the President and Chief Executive Officer since October 2011. He also sits on the Executive Committee and

Nomination and Remuneration Committee.

He has served as Vice President of the Phosphate and New Business Development Unit from October 2007 to December 2010. 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).

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

Yahia Bin Mohammed Al-Shangiti

Vice President, Gold and Base Metals SBU



Yahia Al-Shangiti joined Ma'aden in 1992 and 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 has been Vice President of Gold and Base Metals SBU since 2013.

He was Manager of Mahd Ad Dhahab mine and Mining Manager for Ma'aden's aluminium project and the Ad Duwayhi gold mine 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 and Saudi Mining Polytechnic.

Yahia 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.

Khaled Bin Salem Al-Rowais

Senior Vice President, Phosphate and Industrial Minerals SBU



Khaled Al-Rowais joined Ma'aden in 2002 as Treasurer, was promoted to the position of Executive Director of Corporate Planning in 2008 and became CFO and SVP,

Finance in 2014. He was appointed Vice President: Phosphate and Industrial Minerals SBU in 2016.

Khaled began his career at the Banking Control Department of the Saudi Arabian Monetary Agency (SAMA) in 1984. In 1996, he moved to Saudi Basic Industries Corporation (SABIC), where he became Director of Finance.

Khaled earned his degree in accountancy from King Saud University in 1984. He is a member of the American Institute of Certified Public Accountants (AICPA).

Darren Davis

Senior Vice President and Chief Financial Officer



Darren Davis joined Ma'aden in 2012 following a 20-year banking career. His financing experience has primarily been in the natural resources and energy sectors and he has lived and worked in the Middle East since 1999.

His experience includes mergers and acquisitions, strategic advisory, debt raising, project finance and debt restructuring. At Ma'aden, Darren has focused on managing the company's extensive fund raising program and has played lead roles in establishing joint ventures with Mosaic and Barrick Gold. He was appointed CFO in 2016. He is a Board member of Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC) and of Ma'aden Barrick Copper Company (MBCC). He is also chairman of Ma'aden Infrastructure Company.

Darren graduated in 1991 from Aston University, UK with a bachelor's degree in Business and Administration.

Thomas Walpole

Senior Vice President, Aluminium SBU



Thomas Walpole joined Ma'aden in 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 Aluminum Company of Malaysia, Novelis Asia, Alunorf in Germany, the US Aluminum Association and the Can Manufacturers Institute.

Thomas holds an MBA from Case Western University and a bachelor's degree in accounting and finance from the State University of New York.

Khalil Bin Ibrahim Al-Watban

Senior Vice President, Strategy and Development



Khalil Al-Watban joined Ma'aden in 2009. He was appointed Vice President, Strategy and Development in 2016.

Previously he headed the Phosphate and Industrial Minerals SBU and served as President of Ma'aden

Phosphate Company (MPC). He has been the Chairman of the Saudi Mining Polytechnic's Board of Directors since its establishment in 2012, and also sits on the Board of Directors of Ma'aden Infrastructure Company (MIC). Prior to joining Ma'aden, Al-Watban held leadership positions in several Saudi companies such as IBN RUSHD, Marafiq and SAFCO, a SABIC subsidiary.

Khalil earned his bachelors' degree in mechanical engineering from the University of Basrah in 1985.

Nabil Bin Abdulaziz Al-Fraih

Executive Advisor to the CEO and Senior Vice President, Industrial Security and Sustainability



Nabil Al-Fraih joined Ma'aden in 2005 as Executive Director for Human Resources and Industrial Security. He was appointed Executive Advisor to the

CEO and Vice President, Industrial Security and Sustainability in 2016.

He began his career at the Saudi Industrial Development Fund (SIDF) and has 30 years of experience in the fields of corporate and industrial project management and marketing. He moved to Al Rajhi Cement Holding Company in 2009 as Vice Chairman and Managing Director and returned to Ma'aden in October 2011 as Vice President of Precious Metals SBU. In 2014, he was appointed Senior Vice President of Human Resources and Sustainability. He is the Chairman of the Board of Directors of the Ma'aden Gold and Base Metals Company (MGBM).

Nabil holds a bachelor's degree in Civil Engineering from King Saud University in Riyadh.

Majid Bin Youssef Al-Mugla

Executive Advisor to the CEO and Senior Vice President of Third Party Projects



Majid Youssef Al-Mugla joined Ma'aden in 2012. He was appointed Executive Advisor to the CEO and Vice President of Third Party Projects in 2016. He is also Vice President of the Wa'ad

Al Shamal Phosphate Company (MWSPC).

He began his career as an operations engineer at the Ras Tanura refinery in 1985, later becoming the director of 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.

Majid graduated from King Fahd University of Petroleum and Minerals with a bachelor's degree in chemical engineering and subsequently earned his MBA.

Riyadh Bin Sa'ad Al-Nassar

Vice President, Project Management and Engineering



Riyadh Bin Sa'ad Al-Nassar joined Ma'aden Phosphate Company (MPC) in early 2013 as VP Technical, was promoted to President in mid-2014, and was appointed Ma'aden VP of Project Management and

Engineering in 2016.

He has more than 20 years of experience in engineering, project management, planning and maintenance. Riyadh worked as project engineer at Eastern Petrochemical Company (SHARQ), as project manager at SAFCO and later joined MARAFIQ as manager of the Design and Projects Department. In 2006, he joined the GCC Interconnection Authority as Director of Planning, Engineering and Project Management.

He holds a bachelor's degree in electrical engineering from King Fahd University of Petroleum and Minerals.

Emad Al-Saadawi

Vice President, Corporate Exploration (Acting)



Emad Bin Mahmoud Al-Saadawi joined Ma'aden in 1992 and was appointed VP, Exploration in 2016. He leads a team of geoscience specialists providing innovative solutions to mineral

exploration.

He has more than 24 years of extensive experience in mineral exploration in various senior roles as Chief Exploration Geologist, Chief Evaluation Geologist (Ore Resource Modeller) and Director, Exploration Technical Services. He was a Board Member of Industrial Minerals Company (IMC) and currently sits on the board of MGBM.

Emad earned a bachelor's degree in earth science from King Abdulaziz University, Jeddah, in 1992 and, a master's degree in mineral resources from the University of Wales, UK in 1996.

Fouzi Abdulrahman Bubshait

Vice President, Human Capital (Acting)



Fouzi Abdulrahman Bubshait joined Ma'aden in January 2012 as Senior Director of Talent Management, Organization Design and Change Management. In 2013 he was promoted as VP, Corporate Human Resources. He became

VP, Human Capital acting in 2016.

In a career spanning over three decades, he worked in HR managerial positions in leading oil and industry companies such as Saudi Aramco and Chevron. Bubshait is a member of the Board of Directors of the Saudi Mining Polytechnic (SMP).

Fouzi holds three master's degrees: in HR management from Texas A&M University, USA; in education from the University of Minnesota, USA; and in computer science as well as a bachelor's degree in computer engineering from King Fahd University of Petroleum and Minerals (KFUPM), Saudi Arabia.

Ali Bin Saeed Al-Qahtani

Vice President, Consolidated Support Services



Ali Saeed Al-Qahtani joined Ma'aden in 2011 and has been heading the Group's efforts to consolidate shared services.

He has over 23 years of work experience spanning manufacturing,

insurance, banking and finance sectors. He is a member of the Board of Managers of Ma'aden's wholly owned subsidiary Ma'aden Gold and Base Metals Company (MGBM).

Ali secured his bachelor's degree in accounting from King Saud University in Riyadh, Saudi Arabia. He secured his CPA (Certified Public Accountant) certification from the Saudi Organization for Certified Public Accountants (SOCPA).

Khaled Bin Sulaiman Alohal

Vice President, Aluminium SBU



Khaled Alohal joined Ma'aden in 2014. He leads Ma'aden Aluminum's strategy, planning and development functions and sits on the Board of several Ma'aden subsidiaries.

In the 20 years prior to joining Ma'aden, Alohal held leadership positions in the public and private sectors. He worked at the Project Management Office of Saudi Arabian Economic Offset Program, was a consultant for the Ministry of Petroleum and Mineral Resources and was the Vice President of the National Industrial Clusters Development Program. He led the Saudi side of the Saudi-Japan Industrial Cooperation Taskforce and also had a stint as the Vice President of Charles River Associates International (CRAI) and its Managing Director in Saudi Arabia.

Khaled holds a BS in Mechanical Engineering - Honors from King Fahd University of Petroleum and Minerals, Saudi Arabia.

Stephen Bodley

Chief Legal Counsel



Stephen Bodley joined Ma'aden in September 2013. He has over 20 years of legal and business leadership experience, much of it 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 assets in Canada, Cuba and Madagascar. 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.

Stephen earned his Honors BA Economics from the University of Western Ontario, London, Canada and law degree from Osgoode Hall Law School, Toronto.



2025

Strategy



Ready for the next step

Our revised strategy will take Ma'aden to its next logical phase of growth. Our new vision as the champion of the Saudi mining sector is to continue our rapid development of the Kingdom's rich mineral endowment whilst positioning ourselves to pursue global opportunities.

In October 2016, the Ma'aden board approved a new vision and 2025 strategy. Our new vision seeks to ensure that Ma'aden is well positioned to manage the opportunities and challenges it now faces.

Our new vision is: ***"a sustainable mining champion with global presence."***

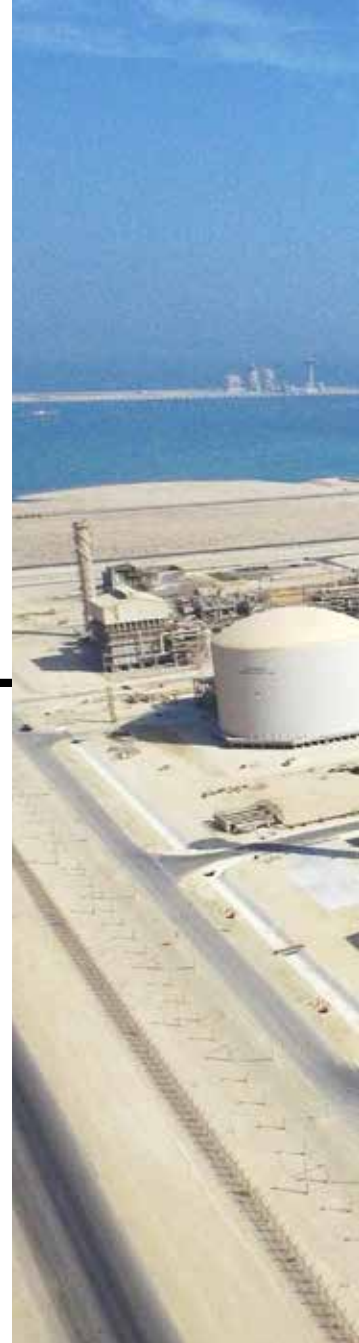
Saudi Vision 2030 and the National Transformation Program (NTP) will generate new challenges and offer new opportunities for the mining sector. These opportunities and challenges are driven largely by the changing national and global contexts. The global economic and mining realities have also been undergoing significant changes.

National context

Saudi Vision 2030 envisages a mining sector that will contribute more to the national economy by maximizing the value of the Kingdom's mineral resources.

Saudi Vision 2030 declares that this will be achieved through structural reforms and intensified exploration to facilitate more private sector investments, strategic international partnerships and enhanced competitiveness of national companies.

The NTP also identifies further development of the mining sector as a strategic objective to further diversify the Kingdom's economy and boost the number of job opportunities for Saudis. It has set a goal for the Kingdom's mining sector of contributing SAR97 billion to the



Left
Ras Al Khair, Saudi Arabia's mining industry hub

Pages 36-37
Wa'ad Al Shamal industrial city



GDP by 2020 and creating 90,000 job opportunities in the process.

This clearly signals increased growth and a stronger role for the private sector. The higher focus and expectation of the mining sector is coupled with considerable emphasis on sustainability – non-oil exports, environment, water, local content, talent, innovation and technology. It points to the need for a prioritized and comprehensive strategy and well defined initiatives to develop the Saudi industrial ecosystem to enable the mining industry to make a larger contribution towards job creation and GDP.

As the largest mining company in Saudi Arabia, Ma'aden has already played the role of a leader in devel-

oping the sector. We recognize that the ambitious targets for the sector as stated in Vision 2030, present an important opportunity to strengthen this role. As the champion of mining, we will do more to develop the industry for the benefit of the company's stakeholders and the Kingdom's economy.

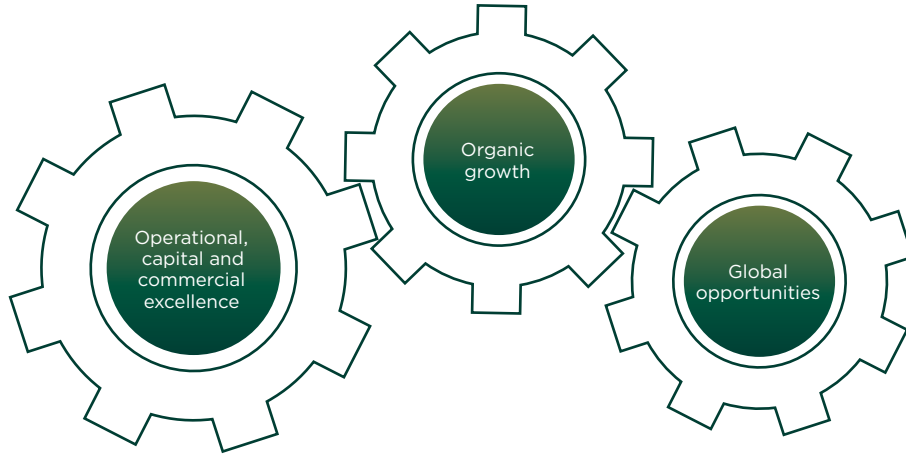
Global context

The global mining industry continued to suffer in 2016 from low commodity prices, which in some cases worsened during the year from 2015 levels. The industry did achieve growth and higher production levels primarily as a result of previously planned projects, but has been experiencing a sharp decline in revenues.

Despite the current global economic conditions and the commodity market situation, the long-term outlook for the mining industry remains strong, particularly in the commodities in which Ma'aden has focussed its investments. Demand for the products we produce have good long term growth characteristics and we remain confident that in time we will see a recovery from current relatively weak levels.

Leading mining companies, including Ma'aden, have taken action over the past two years to strengthen operational excellence and reduce costs across all aspects of the organization and operations. This is an ongoing process.

Key pillars of 2025 strategy



We have invested in recent years in building a world-class portfolio of mines and assets in the Kingdom and made it a priority to ensure that we extract the maximum value from these investments.

Key pillars

Our 2025 strategy is built on three key elements that are designed to address the changes in both the national and international context of our business:

- **Operational, capital and commercial excellence and the focus on sustainability** make up the foundation of our strategy.

Our emphasis on excellence is aimed at extracting optimum value from our current assets and maximizing efficiency. We have invested in building a world-class portfolio of mines and assets in the Kingdom and made it a priority to ensure that we extract the maximum value from these investments. We have launched a number of initiatives under the umbrella of excellence. These initiatives will result in qualitative and quantitative benefits, ensuring the safety of our people, protecting the environment and the communities in which we operate, and strengthening our cost

competitiveness. This, along with our commitment to sustainability, best-in-class capabilities and the use of advanced technology, will help Ma’aden cope better with current market trends and take advantage of the market upturn when it happens.

- **Organic growth of our industries in Saudi Arabia** is the second key element in the strategy.

Between now and 2025, we see opportunities to expand our existing capacity in phosphate, aluminium, gold, other base metals and industrial minerals. We will do so when market conditions are right and we have the capital to invest. Through this pillar of the strategy, Ma’aden will add more value to Saudi Arabia’s mineral resources for the benefit of our stakeholders. Through this role as champion of the mining sector, we will also make our contribution to the wider economy as our growth leads to the

Below
Our Al Khabra phosphate mine;

Opposite page
Ras Al Khair port; students at the Saudi Mining Polytechnic





We will make our contribution to the wider economy as our growth leads to development in new industries and remote regions of the country.

development in new industries and the remote regions of the country.

- **Global opportunities** make up the third element in our 2025 strategy.

We will look for opportunities that deliver investment value while furthering our goals as Saudi Arabia’s national mining champion, in particular where inorganic growth can directly benefit our business lines in the Kingdom.

Our existing businesses are sufficiently robust to withstand the current commodity price pressure across multiple scenarios. All of our corporate functions and business units have realigned their strategies in line with the 2025 strategy. These realignments are explained in the respective sections of this report.

Sustainability and local content

Sustainability is an important part of our vision and enhancing local content is an important part of sustainability and Saudi Vision 2030. We are committed to supporting the United Nations Sustainable Development Goals (SDGs) both by adopting sustainability standards across all our operations and through the strategic sourcing and strengthening of the local content in our supply chain.

We see our role as the Saudi mining champion as a major responsibility and unique opportunity to contribute to localization. Along with a higher contribution to the GDP and creation of thousands of new jobs, Saudi Vision 2030 also envisages growing the GDP share of small and medium enterprises (SMEs) from 20 percent to 35 percent.

We have set an ambitious target of:

- strengthening the local content in our procurements
- encouraging the creation of jobs in our supply chain for Saudi citizens and
- ensuring that a significant portion of our annual spend is allocated to Saudi-owned SMEs.

In strengthening the local content, we will adopt proven best practices and draw lessons from local content development initiatives elsewhere.

We have created a new department under Corporate Strategy to strengthen our sourcing and local content plans. More details of our supply chain achievements are presented in the procurement chapter of this report.





Governance, risk and compliance

Governance, risk and compliance

Stronger mechanisms lead to higher levels of performance in GRC

Ma'aden continues to strengthen its policies and programs related to Governance, Risk and Compliance (GRC). The regulatory guidelines of Saudi Arabia's Capital Market Authority (CMA), the Companies Law, Ma'aden's Articles of Association and the 10 Key Principles and five values adopted by the International Council of Mining and Metals (ICMM), form the basis of our GRC framework.

Ma'aden Group

The Ma'aden Group includes three wholly owned subsidiaries, five joint venture subsidiaries and two jointly controlled entities. All of our subsidiaries except one – Ma'aden Infrastructure Company (MIC) – are engaged in mining or manufacturing operations.

Ma'aden Corporate is responsible for the effective management and

Composition of Ma'aden Group

Name of the holding company, subsidiaries or jointly controlled entities	Type of company	Total Issued share capital SAR	Shareholders interest	Products
Holding company				
Saudi Arabian Mining Company (Ma'aden)	Joint stock company	11,688,782,610	Public Investment Fund 50.00% General Organisation for Social Insurance (GOSI) 9.60% Public Pension Agency 7.45% General public 32.95%	
Wholly owned subsidiaries				
Ma'aden Gold and Base Metals Company (MGBM)	Limited liability company	867,000,000	Ma'aden 100.00%	Gold, zinc, copper, silver and lead
Industrial Minerals Company (IMC)	Limited liability company	344,855,200	Ma'aden 100.00%	Low grade bauxite, kaolin and caustic calcined magnesia
Ma'aden Infrastructure Company (MIC)	Limited liability company	500,000	Ma'aden 100.00%	Infrastructure
Other subsidiaries				
Ma'aden Aluminium Company (MAC)	Limited liability company	6,573,750,000	Ma'aden 74.90% Alcoa 25.10%	Aluminium ingots, T-bars, slabs
Ma'aden Rolling Company (MRC)	Limited liability company	2,477,371,807	Ma'aden 74.90% Alcoa 25.10%	Billets and aluminium sheets
Ma'aden Bauxite and Alumina Company (MBAC)	Limited liability company	4,828,464,412	Ma'aden 74.90% Alcoa 25.10%	Bauxite and alumina
Ma'aden Phosphate Company (MPC)	Limited liability company	6,208,480,000	Ma'aden 70.00% SABIC 30.00%	Ammonia phosphate fertilizer and ammonia
Ma'aden Wa'ad Al-Shamal Phosphate Company (MWASPC)	Limited liability company	7,005,001,875	Ma'aden 60.00% Mosaic 25.00% SABIC 15.00%	DAP, MAP and ammonia
Jointly controlled entities				
Sahara and Ma'aden Petrochemical Company (SAMAPCO)	Limited liability company	900,000,000	Ma'aden 50.00% Sahara 50.00%	Ethylene dichloride, chlorine and caustic soda
Ma'aden Barrick Copper Company (MBCC)	Limited liability company	404,965,292	Ma'aden 50.00% Barrick ME 50.00%	Copper, silver, zinc, nickel, gold, lead, sulphur and cobalt



governance of the Group. This includes funding of subsidiaries and jointly controlled entities that carry out various projects related to all stages of the mining industry. The Group's operations and business are structured into three strategic business units (SBUs) for efficient management:

- Phosphate and industrial minerals
- Aluminium
- Gold and base metals

MIC is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al Khair area, principally the phosphate and aluminium operations.

The Ma'aden organizational structure shows how the business segments and corporate functions are structured.

Governance structure

The Board of Directors of Ma'aden sets the strategic direction for "the Group" and oversees its policies and practices. The Board has introduced and empowered effective internal GRC mechanisms with the goal of enhancing the Group's financial health and stakeholder relationships, reducing risks and protecting the rights of stakeholders. Integrity, transparency and ethics are the key principles that drive our commitment to GRC.

The General Assembly (GA) is the platform where shareholders exercise their voting rights. Shareholder consent is required for key decisions such as the approval of:

- The consolidated financial statements
- The Board of Directors' report

about the Group's activities and performance each year

- The Board of Directors' recommendations on dividend payments
- The election of Board and audit committee members
- Amendments to the Articles of Association
- Appointment of external auditors, and
- Raising of capital.

We hold the GA of shareholders in the first quarter of every year. Extraordinary General Assembly meetings are held when necessary.

Ma'aden fulfills all its obligations under the CMA's corporate governance guidelines and the company by-laws.

Reconstitution of Board in 2016

Ma'aden's Board of Directors consists of nine board members nominated by our shareholders. The tenure of Board members is three years. The Board includes the President and CEO of the Company appointed by the Saudi Government and four members representing the Saudi Government through the Public Investment Fund (PIF), which holds 50 percent of Ma'aden's issued shares.

Our Board was reconstituted on April 28, 2016 in the wake of the Saudi Government's announcement of Vision 2030 and NTP, which have assigned a major role for the mining industry in economic diversification and creation of new jobs.

The new Chairman of the Board is

HE Khalid Bin Abdulaziz Al-Falih, Saudi Arabia's Minister of Energy, Industry and Mineral Resources.

The new non-executive members of the Board are:

- Abdullah Bin Mohammed Al-Issa
- Lubna Bint Sulaiman Al-Olayan
- Abdullah Bin Ibrahim Al-Saadon.

The new independent members of the Board are:

- Azzam Bin Yasser Shalabi
- Dr Jean-Lou Chameau.

The new Board members replaced Mansour Bin Saleh Al-Maiman, HE Mohammed Bin Abdullah Al-Kharashi, Sultan Bin Jamal Shawli and Khalid Bin Hamad Al-Sanani, who represented PIF until April 28, 2016. The new Board members will complete the term of their predecessors.

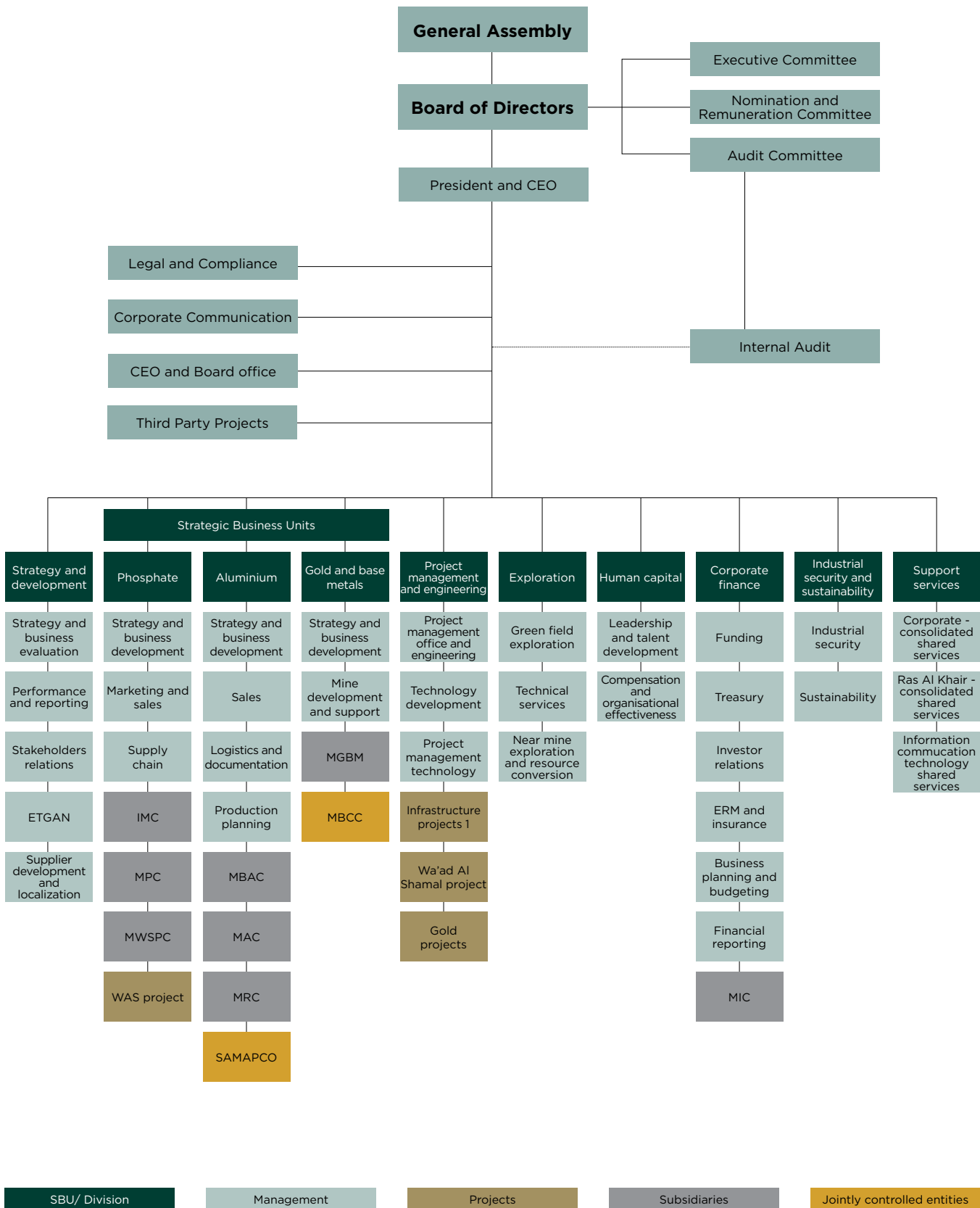
The Board approved the resignation of outgoing Chairman Abdullah Bin Saif Al-Saif and Abdulaziz Bin Abdullah Al-Suqair, both Independent members, effective April 28, 2016.

As per the Companies Law and Ma'aden's Articles of Association, the appointments of the Chairman and new Board members will be presented to the GA for shareholders' endorsement.

Above
Ma'aden shareholders' meeting in 2016

Pages 42-43
Ma'aden's headquarters in Riyadh

Ma'aden organization structure as at December 31, 2016



Board of Directors, Board Committee memberships and external Board memberships as at December 31, 2016

Member	Status on the Ma'aden Board	Ma'aden Board Committees Chairmen and members			Membership of other company boards
		Audit	Nomination and remuneration	Executive	
HE Khalid Bin Abdulaziz Al-Falih*	Non-executive	–	Chairman	Chairman	• Chairman of Saudi Arabian Oil Company (Saudi Aramco)
HE Sulaiman Bin Abdulrahman Al-Gwaiz	Non-executive	–	–	Member	• Banque Saudi Fransi • Hassana Investment Company • Saudi Arabian Industrial Investment Group • Etihad Etisalat (Mobily)
Abdullah Bin Mohammed Al-Issa*	Non-executive	–	Member	–	• Riyad Bank • Dur Hospitality Company • Arabian Cement Company • Etihad Etisalat (Mobily) • Saudi Basic Industries Corporation (SABIC)
Lubna Bint Suliman Al-Olayan*	Non-executive	–	Member	–	• Saudi Hollandi Bank • Schlumberger
Abdullah Bin Ibrahim Al-Saadani*	Non-executive	Chairman	–	Member	• Saudi Arabian Oil Company (Saudi Aramco) • Yanbu Aramco Sinopec Refining Co. • S-oil
Dr Ziyad Bin Abdulrahman Al-Sudairy	Independent member	–	Member	–	
Azzam Bin Yaser Shalabi*	Independent member	Member	–	–	• Arabian Drilling Co. • Sanejl International Co. • Taqa - Archer
Dr Jean-Lou Chameau*	Independent member	–	–	Member	• Safran Group
Khalid Bin Saleh Al-Mudaifer	Executive	–	Member	–	• Gulf International Bank
Abdullah Bin Saif Al-Saif**	Independent member	–	Chairman	Chairman	• Dhahran Emaar
Abdulaziz Bin Abdallah Al-Suqair**	Independent member	–	–	Member	–
HE Mohammed Bin Abdullah Al-Kharashi***	Non-executive	Chairman	–	–	• Saudi Basic Industries Corporation (SABIC) • Al Ra'idah Investment Company
Mansour Bin Saleh Al-Maiman***	Non-executive	–	Member	–	• The National Commercial Bank • NCBC • Saudi Arabian Investment Company (Sanabil)
Khalid Bin Hamad Al-Senani***	Non-executive	Member	–	–	–
Sultan Bin Jamal Shawli***	Non-executive	–	–	Member	–

* Appointed on April 28, 2016

** Resigned on April 28, 2016

*** Replaced on April 28, 2016

Board and Board Committees

The Board of Directors oversees Ma'aden's adherence to the governance standards and guidelines issued by the CMA. The Board's responsibilities include:

- the approval of Ma'aden strategy, business plans and objectives
- the establishment authority matrices across the Group to ensure consistency in decision-making
- the general evaluation of performance against approved strategic goals
- the approval of consolidated 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.

Three Board sub-committees: the Audit, the Nomination and Remuneration and the Executive Committees help the Board in fulfilling its role and responsibilities.

Each sub-committee has its own terms of reference, indicating its duties, duration and powers and is required to report its activities to the Board in a timely and transparent manner. Following the reconstitution of the Board, the three committees were also

reconstituted. The sub-committees are chaired by Board members.

The Board's secretariat works in close coordination with the Group and subsidiary executive managements to ensure that governance policies and practices are reviewed and updated continually, with the goal of further strengthening integrity and transparency.

Our Board met nine times during 2016. The former Board held two meetings in the first quarter of the year and the current Board held seven meetings.

The dates of our Board meetings and members' attendance are shown below:

Board of Directors' meetings in 2016

Member	1 20/01/2016	2 07/03/2016	3 28/04/2016	4 12/05/2016	5 13/05/2016	6 26/6/2016	7 05/10/2016	8 01/12/2016	9 21/12/2016
HE Eng Khalid Bin Abdulaziz Al-Falih*	-	-	√	√	√	√	√	√	√
HE Sulaiman Bin Abdulrahman Al-Gwaiz	√	√	√	√	√	√	√	√	√
Abdullah Bin Mohammed Al-Issa*	-	-	√	√	√	√	√	√	√
Lubna Bint Suliman Al-Olayan*	-	-	√	√	√	-	√	√	√
Abdullah Bin Ibrahim Al-Saadon*	-	-	√	√	√	√	√	√	-
Dr Ziyad Bin Abdulrahman Al-Sudairy	√	√	√	√	√	√	√	√	√
Azzam Bin Yaser Shalabi*	-	-	√	√	√	√	√	√	√
Dr Jean-Lou Chameau*	-	-	√	√	√	-	√	√	√
Khalid Bin Saleh Al-Mudaifer	√	√	√	√	√	√	√	√	√
Eng Abdullah Bin Saif Al-Saif**	√	√	-	-	-	-	-	-	-
HE Mohammed Bin Abdullah Al-Kharashi***	√	√	-	-	-	-	-	-	-
Mansour Bin Saleh Al-Mairan***	-	√	-	-	-	-	-	-	-
Khalid Bin Hamad Al-Senani***	√	√	-	-	-	-	-	-	-
Sultan Bin Jamal Shawli**	√	√	-	-	-	-	-	-	-
Abdulaziz Bin Abdallah Al-Suqair**	-	√	-	-	-	-	-	-	-

* Appointed on April 28, 2016

** Resigned on April 28, 2016

*** Replaced on April 28, 2016

Audit Committee

Ma'aden's Audit Committee was established on October 26, 2014. It has a term of three years and consists of five members appointed by the Board. The Audit Committee was reconstituted following the reconstitution of the Board on April 28, 2016.

The Board named Abdullah Bin Ibrahim Al-Saadon as the new Chairman of the Audit Committee and Azzam Bin Yaser Shalabi as a member.

Abdullah Bin Mohammed Al-Fayez was replaced by Khalid Bin Hamad Al-Senani. Walid Bin Ibrahim Shukri and Mazen Bin Abdullah Al-Furaih have retained their memberships

and will complete the current term of the committee.

All new members will complete the terms of their predecessors.

The duties and responsibilities of the Audit Committee include the following:

- review Ma'aden's adopted financial policies and procedures
- 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 and filing procedures and recommendations to the Board on the appointment or termination of services and the

fees of external auditors, taking their independence into account

- follow up on external auditors' work, approve any task assigned to them beyond the auditing task assigned to them and review their comments and recommendations on consolidated financial statements.

Nomination and Remuneration Committee

The current Nomination and Remuneration Committee was established on October 26, 2014 and has a term of three years. In 2016, the Board amended the terms of reference for the Nomination and Remuneration Committee to strengthen its membership from four to five.

Members of the Audit Committee and their attendance of meetings held during 2016

Member	1 18/01/2016	2 01/03/2016	3 17/04/2016	4 18/07/2016	5 17/10/2016	6 4/12/2016
Abdullah Bin Ibrahim Al-Saadon*	-	-	-	√	√	√
Azzam Bin Yaser Shalabi *	-	-	-	√	√	√
Khalid Bin Hamad Al-Senani**	√	√	√	√	√	√
Walid Bin Ibrahim Shukri	√	√	√	√	√	√
Mazen Bin Abdullah Al-Furaih	√	√	√	√	√	√
HE Mohammed Bin Abdullah Al-Kharashi***	√	√	√	-	-	-
Eng Abdullah Bin Mohammed Al-Fayez***	√	√	√	-	-	-

* Appointed on April 28, 2016

** Replaced on April 28, 2016 as a Board member, but retained as a member of the Audit Committee

*** Replaced on April 28, 2016

Remuneration and compensation paid to the Board members and senior executives during the year 2016

Amounts are in SAR	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	--	--	10,352,346
Allowances	245,000	2,271,876	3,161,068
Regular and annual remunerations	--	--	852,610
Incentive plans	--	--	3,355,296
Any compensation or benefits in kind paid monthly or annually	--	--	1,614,848
Total	245,000	2,271,876	19,336,168

Following the reconstitution of the Board, the committee was reconstituted with HE Khalid Bin Abdulaziz Al-Falih as Chairman and Abdullah Bin Mohammed Al-Issa and Lubna Bint Sulaiman Al-Olayan as new members. All new members will complete the terms of their predecessors.

Dr Ziyad Bin Abdulrahman Al-Sudairy and Khalid Bin Saleh Al-Mudaifer have retained their membership on the committee, and will complete the current term of the committee.

The duties and responsibilities of the committee include:

- 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 members
- 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, and evaluate objectives (including key performance indicators) to be achieved within the reward and incentive programs.

Executive Committee

The current Executive Committee was established on October 26, 2014 for a term of three years and is composed of six members. The Board reconstituted the committee with HE Khalid Bin Abdulaziz Al-Falih as Chairman and Abdullah Bin Ibrahim Al-Saadon and Dr Jean-Lou Chameau as new members. The new members on the committee will complete the terms of their predecessors.

The membership of HE Suleiman Bin Abdulrahman Al-Gwaiz, Khalid Bin Saleh Al-Mudaifer and Richard O'Brien remains unchanged until the end of the current term of the committee.

The 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 business, operations and financial plans and provide recommendations to the Board
- review all core projects and business expansions according to the approved strategies, business plans, operations and long-term financial plans
- oversee and monitor the implementation of Ma'aden's operational policies and procedures excluding those related to accounting.

Members of the Nomination and Remuneration Committee and their attendance of meetings held during 2016

Member	1 21/02/2016	2 07/06/2016	3 05/10/2016	4 21/12/2016
HE Khalid Bin Abdulaziz Al-Falih*	-	√	√	√
Abdullah Bin Mohammed Al-Issa*	-	√	√	√
Lubna Bint Suliman Al-Olayan*	-	√	√	√
Dr Ziyad Bin Abdulrahman Al-Sudairy	√	√	√	√
Khalid Bin Saleh Al-Mudaifer	√	√	√	√
Abdullah Bin Saif Al-Saif**	√	-	-	-
Mansour Bin Saleh Al-Maiman***	√	-	-	-

* Appointed on April 28, 2016

** Resigned on April 28, 2016

*** Replaced on April 28, 2016

Members of the Executive Committee and their attendance of meetings held during 2016

Member	1	2
	21/02/2016	30/08/2016
HE Khalid Bin Abdulaziz Al-Falih*	-	√
HE Sulaiman Bin Abdulrahman Al-Gwaiz	√	√
Abdullah Bin Ibrahim Al-Saadani*	-	√
Dr Jean-Lou Chameau*	-	√
Khalid Bin Saleh Al-Mudaifer	√	√
Richard O'Brien	√	√
Abdullah Bin Saif Al-Saif**	√	-
Abdulaziz Bin Abdallah Al-Suqair**	√	-
Sultan Bin Jamal Shawli***	-	-

* Appointed on April 28, 2016
** Resigned on April 28, 2016
*** Replaced on April 28, 2016

Ma'aden's compliance with governance articles of the CMA as of December 31, 2016

Article no.	Article contained in the governance by-law	Full compliance	Partial compliance	Remarks
3	Public rights of shareholders	•	-	-
4	Facilitating the shareholders' obtaining of their rights	•	-	-
5	Shareholders' rights of the general assembly meeting	•	-	-
6	Rights of voting	•	-	-
7	Rights of shareholders in shares' profits	-	•	Except for paragraph (b) of Article 6 relating to the accumulative voting. The company seeks to amend its by-law to protect the rights of shareholders
8	Policies and measures of disclosure	•	-	-
9	Disclosures in the Board of Directors' report	•	-	-
10	Main functions of the Board of Directors	•	-	-
11	Responsibilities of the members of the Board of Directors	•	-	-
12	Establishment of the Board of Directors	•	-	-
13	Sub-committees and their independence	•	-	-
14	Audit Committee	•	-	-
15	Nomination and Remuneration Committee	•	-	-
16	Board of Directors' meetings and agenda	•	-	-
17	Nomination and remuneration of the Board members	•	-	-
18	Board of Directors and conflict of interests	•	-	-

Shares held by the current and previous members of Ma'aden's Board of Directors and their relatives during the financial year ended December 31, 2016

Director	Beginning of the year	End of the year	Net change in shareholdings	% change
HE Khalid Bin Abdulaziz Al-Falih*	13,198	13,198	0.00	0.00%
HE Sulaiman Bin Abdulrahman Al-Gwaiz	0.00	0.00	0.00	0.00%
Abdullah Bin Mohammed Al-Issa*	0.00	100	100	0.00%
Lubna Bint Suliman Al-Olayan*	0.00	0.00	0.00	0.00%
Abdullah Bin Ibrahim Al-Saadani*	0.00	0.00	0.00	0.00%
Dr Ziyad Bin Abdulrahman Al-Sudairy	9,333	9,333	0.00	0.00%
Azzam Bin Yaser Shalabi*	6,686	6,686	0.00	0.00%
Dr Jean-Lou Chameau*	0.00	0.00	0.00	0.00%
Khalid Bin Saleh Al-Mudaifer	7,579	7,579	0.00	0.00%
Abdullah bin Saif Al-Saif**	1,263	1,263	0.00	0.00%
HE Mohammed Bin Abdullah Al-Kharashi***	0.00	0.00	0.00	0.00%
Mansour Bin Saleh Al-Maiman***	291	291	0.00	0.00%
Khalid Bin Hamad Al-Senani***	0.00	0.00	0.00	0.00%
Sultan Bin Jamal Shawli***	0.00	0.00	0.00	0.00%
Abdulaziz Bin Abdallah Al-Suqair**	1,050	50	(1,000)	(95.24)%
Total	39,400	38,500	(900)	(2.28)%

* Appointed on April 28, 2016

** Resigned on April 28, 2016

*** Replaced on April 28, 2016

Shares held by Ma'aden's senior executives and their relatives for the financial year ended on December 31, 2016

Shareholders	Beginning of the year	End of the year	Net change in shareholdings	% change
Khaled Bin Salem Al-Rowais	0	0	0	0
Tom Walpole	0	0	0	0
Yahia Bin Mohammed Al-Shangiti	0	0	0	0
Darren Davis	0	0	0	0
Khalil Bin Ibrahim Al-Watban	0	0	0	0
Nabil Bin Abdulaziz Al-Fraih	63,160	0	(63,160)	100%
Majed Bin Youssef Al-Mugla	0	0	0	0
Riyad Bin Sa'ad Al-Nassar	0	0	0	0
Ali Bin Saeed Al-Qahtani	0	0	0	0
Fouzi Abdulrahman Bubshait	0	0	0	0
Emad Al-Saadawi	0	0	0	0
Total	63,160	0	(63,160)	0

Ma'aden's risk management policy and its supervision

Ma'aden has adopted appropriate policies and processes to manage the operational, financial, market-related and other risks, making risk management an integral part of all our activities and decision-making. We aim to secure an acceptable balance between the risks and returns as we seek to achieve our business goals.

Our procedures provide a framework to determine, analyze, assess, treat, monitor and report the significant risks that are faced by Ma'aden and to take proper decisions and promptly respond to risks or potential opportunities that have an impact the company's competitiveness.

Our risk management approach is in accordance with ISO 31000:2009 risk management principles and guidelines. Accordingly, we assess our risks and organize our priorities using both a "top down" and a "bottom up" approach. The risks are rated by the management on the basis of their classification, our exposure to potential risks and their mitigation.

Risks by their nature can cause unforeseen outcomes and following a recognized ISO-based process is not in itself a guarantee that all risks can be managed to ensure that they do not have any impact on the business.

Main risks facing Ma'aden

The following section describes the principal risks facing Ma'aden and our efforts to mitigate them. It should be noted that there can be no assurance that these efforts will be successful in mitigating these risks, wholly or partly. It should also be noted that the below is intended to be only a summary and that there are numerous other risks which could materially affect the Company's financial condition and operating results adversely.

Commodity price fluctuations

Ma'aden cannot control the market prices for its products and significant shifts in commodity prices will directly affect revenues. This effect can be positive during times of rising commodity prices or negative when commodity prices fall, leading to a significant impact on profitability and cash flows.

Ma'aden generally does not hedge its market price exposure but instead seeks to mitigate this risk by endeavouring to be a low cost producer. In times of surplus supply and declining prices higher cost marginal players will tend to be driven out of the market whilst the lower cost producers are better positioned to continue producing with a positive cash margin.

Cyber security

Cyber attacks and security breaches may threaten the integrity of our intellectual property and other sensitive information, disrupt our business operations, and result in

physical damage, reputational harm and other negative consequences that could have a material adverse effect on our financial condition and results of operations.

This is a constantly evolving area of risk. Ma'aden uses third party expert companies to assist with protecting and securing its information technology environment and constantly reviews cyber threats, looking for opportunities to enhance cyber security.

Projects

Identification of new projects, their development and execution is another risk. Ineffective development and execution of key projects can compromise the capital expenditure budgets and schedule and consequently affect the company's profitability, growth prospects, reputation and overall financial health.

Development and investment decisions in respect of new projects are made using a "Stage Gate" system to ensure that new projects properly account for the costs, risks and expected returns of the investment. During execution, project managers, including third party expert companies, are used to manage progress to ensure project completion on budget and schedule.

This includes providing monthly completion reports and capital expenditure reports to the management to monitor progress, identify slippage and propose remedial action.



Railway services

Ma'aden is reliant on the services provided by Saudi Arabian Railways (SAR) to provide efficient and cost-effective services to transport raw materials, ore and intermediate products between its principal operating sites. Should SAR fail to meet our volume demand, Ma'aden will rely on transportation by trucks. However, this entails a higher cost and may not always be suitable for certain materials. An inability to move materials could result in the need to cease operations at certain facilities until supplies could be restarted, leading to a negative impact on the Group's profitability and cash flows.

Marketability

As a supplier of commodity products, there is a risk that we may be unable to find a market for all of our production particularly our flat rolled aluminium and fertilizer products during market downturns. Any failure to sell product would result in a negative impact on the Group's profitability and cash flow.

To mitigate this risk, the Group seeks to diversify its product portfolio as much as possible and expand its marketing and sales reach.

Power interruption

The curtailment of the aluminium smelter operations resulting from interruption or discontinuation of power supply due to equipment failure, issues with the connections to the Saline Water Conversion Corporation (SWCC) power plant or any other cause would have a material adverse effect on our operations and business results.

In order to mitigate this risk, Ma'aden maintains access to the Saudi Arabian power grid that can be activated in case of interruptions in the SWCC plant supply. This is despite the fact that Ma'aden Aluminium's SWCC plant generation capacity is significantly greater than its requirements.

Feedstock availability and prices

Limits on the availability and/or higher cost of key feedstock, including natural gas, sulfur, diesel and other fuel would have a negative impact on operations, profitability and cash flows.

Ma'aden depends on Saudi Aramco for the supply of natural gas, sulfur, diesel and other fuel. The natural gas is supplied from a reliable grid but in the event of an outage at Saudi Aramco there could be a shortage of supply.

Sulfur is readily available in Saudi Arabia from a number of Saudi Aramco facilities. However, sulfur supplies for MWSPC are reliant on access to the rail network ('railway services' risk above). The price of gas, sulfur and diesel are agreed with Saudi Aramco but may change as a result of market fluctuations or changes in the government's energy policy.

EHSS

Mining, metal and fertilizer production have inherent Environment, Health, Safety and Security (EHSS) risks that could result in serious personal injuries, casualties, operational disruptions and/or other operational and financial losses.

Ma'aden seeks to mitigate these risks through an integrated EHSS system at all locations using internationally recognized standards, policies and procedures. We have a system of Group-wide monthly EHSS reporting and all incidents are reviewed with the goal of drawing lessons and preventing recurrence.

Liquidity

Ma'aden's ability to meet its operating costs and make scheduled payments of the principal and commission on its debts depends on the future performance of the Company, which is subject to economic, financial, competitive and other factors not fully under its control. We may not continue to generate sufficient cash flow from operations in the future to service the debt and make necessary capital expenditures.

In order to enhance liquidity, Ma'aden has centralized treasury functions to optimize the use of cash generated by the businesses. In addition, Ma'aden has access to a significant revolving line of credit in order to meet short term cash needs if required.

Cost of funding

Cost of funding has been at historic lows in recent years. There can be no assurance that this situation will continue. Any significant increase in funding costs would have a negative impact on our profitability and cash flows. The Company seeks to ensure that its debt facilities are of an appropriate size and structure for the business and regularly monitors



Left
Ma'aden staff in WAS offices

Right
Cash Generation Program continuing efforts to eliminate waste and save cash

changes in the costs of funding. We may also seek to increase the portion of our debt that is at a fixed cost including potentially entering into derivative transactions to hedge floating rate exposures if appropriate.

Adverse environmental incidents

Exploration, mining and operational activities are subject to various environmental regulations administered by the Royal Commission for Jubail and Yanbu and the Presidency of Meteorology and Environment (PME). These concern the maintenance of air and water quality standards and land reclamation rules. They also set out limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation may change resulting in stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for Ma'aden, its management and employees.

Ma'aden's EHSS department monitors both the compliance with EHSS standards across the businesses and changes in the environmental regulatory landscape.

Capabilities and skills shortage

The availability of skilled manpower remains one of the key long-term challenges for Ma'aden. Succession challenges and the ability to attract, develop and retain top talent may limit our ability to complete projects, run our operations and deliver on our strategy.

Ma'aden runs its own in-house training academy to develop its staff and prepare them for succession roles. In addition, Ma'aden works closely with educational institutions in the Kingdom to develop young Saudi nationals for future roles in the industry.

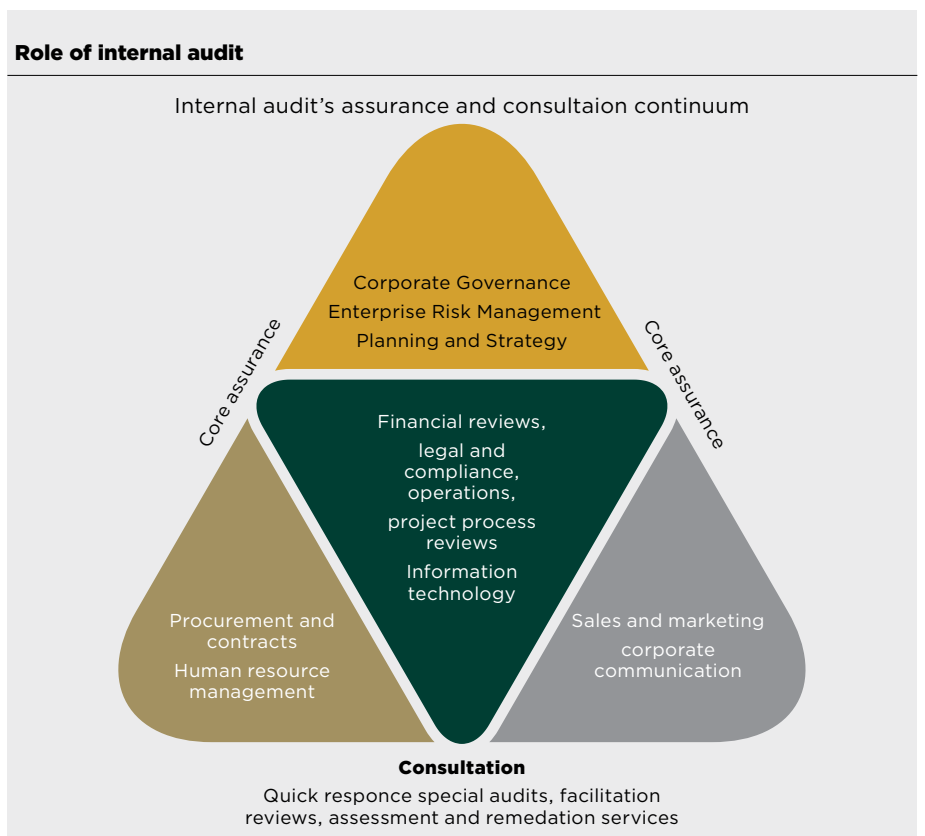
Changes in laws and regulations

Our operational results or financial position could be adversely affected by new or more stringent laws, regulatory requirements, interpretations or outcomes of significant

legal proceedings. Ma'aden actively monitors actual and potential changes in the laws and regulations so that we can address and manage the impact of those changes.

Internal audit

The internal audit function is an integral part of our GRC framework. We follow the International Professional Practices Framework (IPPF) of internal auditing. Independent external quality assessors from the Institute of Internal Auditors Inc., USA, the global standard setting



Compliance and ethics

Ma'aden continually works to identify, evaluate, control and monitor compliance risks and recommends 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 our departments and subsidiaries fully comply with those.

We are in the early stages of a new two-year program called SMART to strengthen our compliance culture. The program will rely on e-learning and face-to-face platforms to promote awareness, policy messaging and alignment, training and enhancements of the risk-based compliance platform and regulatory monitoring. The e-learning courses will cover Ma'aden's values, Code of Conduct and Anti-corruption and Trade control policies.

We have been working on developing effective policies that address matters of compliance and ethics. An approved Anti-Corruption Policy came into effect across Ma'aden and its subsidiaries. The policy is based on the relevant provisions in Ma'aden's Code of Conduct but expands upon them to address specific local legal and regulatory requirements and inter-

national standards. Under the policy, the most important addition to our compliance framework is the inclusion of specific procedures for dealing with third-party intermediaries.

It also includes a comprehensive definition of bribery and where it can arise in the context of gifts, hospitality, charitable donations, or other privileges. The policy explains to employees what they should do when they suspect wrongdoing by colleagues.

We are working on a number of policies covering disclosure and transparency, investigation and trade controls.

The corporate compliance team continued to engage employees and suppliers in 2016 with awareness and training programs and surveys. These engagements helped to create awareness about our values, Code of Conduct, conflict of interest issues and other relevant Ma'aden policies. They also helped us to identify potential gaps in our approach and policies. The top-level executive management support enabled the compliance team to engage with subsidiary boards, management and employees across the Group.

In 2016, we automated the process of annual compliance declaration, which enables staff to declare that they have complied with the key elements of our Code of Conduct, Anti-corruption and Conflict of interest policies.

A total of 42 Code of Conduct awareness and training sessions were completed, reaching out to about 30 percent of our employees. We will see this percentage going up significantly in 2017 with the rollout of our new e-learning platform.

Other key achievements in compliance during the year included:

- survey and engagement results, which validated the success of Ma'aden's efforts to embed a values-based culture of ethics
- the publication of Ma'aden's Code of Conduct Handbook for employees
- the development of a new electronic platform called e-compliance, enabling a paper-free communications between staff and the compliance team.

authority of the internal audit profession, have confirmed that Ma'aden internal audit function "generally conform" to IPPF.

Under the guidance of the Audit Committee, Ma'aden Internal Audit provides independent and objective assurance and consulting services to support the Group's operations. Internal Audit reports on the effectiveness of internal control systems are delivered to the Chairman of the Audit Committee on a quarterly basis.

Key objectives

The primary objectives of Ma'aden Internal Audit are to:

- assess the Group's GRC performance and benchmark with best practices to identify scope for improvement

- assess the effectiveness of the Enterprise Risk Management (ERM) processes
- provide assurance over adequacy of EHSS management systems
- evaluate the internal control systems established to ensure compliance with laws and regulations, company's bylaws, policies and procedures
- provide assurance over the reliability and integrity of disclosures of financial information
- evaluate the adequacy of controls for safeguarding of assets and ensure their effectiveness on an annual basis
- assess overall operations activities to ensure that their performance, directions are consistent with the strategic aspirations of the Group
- facilitate statutory (external audit) and regulatory (government

- agencies) audit requirements
- follow up with management on the implementation of corrective actions in response to audit findings related to internal controls.

We follow a risk-based audit methodology that works at three levels:

- planning
- field work
- recommendations to rectify weaknesses.

As a result of this risk-centric approach, we prepared a three-year internal audit plan, which is updated on an annual basis to ensure continued alignment with the organization's objectives and emerging risks.



Additionally, Internal Audit extended consultation support to senior management that enables informed decision-making on several matters of importance.

These included:

- pre-implementation assurance over Saudi Organization for Certified Public Accountants (SOCPA) to International Financial Reporting Standards (IFRS) transition;
- pre-implementation review of policies and procedures updates to eliminate major control gaps and
- non-routine issues and business situations to ensure consistency of practices.

In 2016, we conducted 80 audit engagements across Ma'aden ensuring better risk coverage and improved overall assurance curve. This covered all key business processes, major projects and strategic initiatives. Aside from assurance activities, we conducted 25 special assignments.

Based on the wide-ranging audit exercises conducted, we believe that Ma'aden has a reasonably effective system of internal controls. We have not come across any significant risk exposures and internal control issues, other than those highlighted to the Audit Committee.

Risk exposures and internal control issues highlighted to the Audit

Committee are not considered significant enough to adversely affect the completeness and accurate recording of transactions and operations of Ma'aden.

Dividend payment

Ma'aden has been developing and financing a number of major projects and believes that it continues to have sufficiently attractive investment opportunities in which to deploy all of its free cash flow. The Board has therefore recommended to the GA that no dividend shall be distributed to shareholders for the financial year ended December 31, 2016.

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.

Investor relations

Our investor relations (IR) program ensures transparency in all communications while complying fully with the continuous and consistent disclosure obligations stipulated by the CMA.

We follow a policy of proactively communicating with the market and informing our stakeholders of all key developments that will have an impact on the business. We hold periodic

dialogues with the investor community and share investor feedback to the company's senior management about market perceptions. Our dialogues with shareholders have become increasingly important as our individual and institutional investors are always looking for up-to-date information on company developments and our business plans and achievements and setbacks, if any.

To create and sustain a meaningful dialogue with the investment community we ensure that the investors have easy access to management. We also ensure timely flow of information through the company website and Tadawul announcements. We also participate in investor conferences, offer access to our IR team via phone and emails, and host special events for analysts and investors.

Above
HRH Prince Dr
Mishaal Bin Abdullah
Bin Abdulaziz Bin
Musaed, Governor of
the Northern Borders
region, visited Wa'ad
Al Shamal City on
Thursday, March 31,
2016





Exploration, mineral resources and ore reserves

Exploration

Adding value through discovery

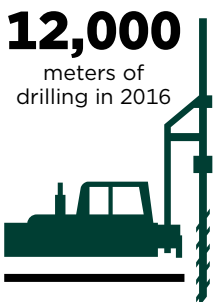
Our exploration and evaluation programs aim to discover new ore bodies, evaluate and quantify these new resources and reserves and to assess their economic viability in feasibility studies. This involves greenfield exploration on our regional exploration licenses or brownfield exploration in and around our operating mines and development projects.

Our exploration program over the last five years has helped Ma'aden build a pipeline of new mineral resources across gold, phosphate and metallurgical bauxite. Mineral exploration is a core element of Ma'aden's strategy. This is essential to sustain, grow and diversify our businesses.

The role of Ma'aden's exploration division is to explore, discover and evaluate new mineral resources and to replace current ore reserves that are consumed by our businesses.

Below and right
Drilling operations at Ad Duwayhi

Pages 56-57
Ad Duwayhi gold mine





Focus on EHSS

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 EHSS performance. We are fully aligned with the 51 high priority corporate EHSS standards, whilst still maintaining stronger standards for the unique challenges posed by exploration activities.

These challenges include EHSS procedures that are specific to Exploration's operational requirements in remote desert locations. Our safety initiatives include real-time satellite tracking of all field vehicles to allow rapid emergency response if needed.

We continue to make the utmost effort to reduce our environmental footprint at 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. We conduct regular audits to confirm and maintain our full compliance with rigorous environmental standards.

Our approach

Greenfields exploration is the initial exploration phase during which geology, geochemistry and geophysics are integrated to identify prospective areas and anomalies. During 2016, we conducted further analysis of the results from the previously completed three-year

program of systematic greenfield and brownfield exploration over more than 47,000km² of exploration licenses. This has resulted in many targets that will require drill testing in 2017.

Brownfields exploration near our existing mines and advanced mine development projects offers the opportunity to identify and potentially exploit smaller resources at lower capital cost by taking advantage of our existing infrastructure. The focus of our drilling and interpretation activity in exploration in 2016 occurred on primarily brownfields prospects.



Our achievements

During the year, Ma'aden allocated a budget of SAR73 million towards greenfield and brownfield mineral exploration for phosphate, potash, bauxite, gold and copper.

Our main focus was on brownfield gold and copper exploration in the Arabian Shield. This included drilling of gold, copper, bauxite and phosphate target, identified from earlier regional geophysical and geochemical surveys. Ma'aden's Exploration team completed over 12,000 meters of drilling in 2016 and collected over 20,000 geochemical and drilling samples.

We identified a large gold target at the Bir Tawilah prospect, located about 15km from the Mansourah-Massarrah project. A resource estimate and conceptual economic study for Bir Tawilah is at an advanced stage and is scheduled for completion in 2017.

Greenfield work primarily focused on desktop analysis of the three-year geochemical and geophysical airborne surveys carried out previously. This enabled us to discover new target areas of gold mineralization where test drills will be conducted in 2017.

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

Top
Grade control drilling at our Sukhaybarat mine site

During the year, Ma'aden allocated a budget of SAR73 million towards greenfields and brownfields mineral exploration for phosphate, potash, bauxite, gold and copper.

2016 Highlights

- Screening of our greenfield gold and copper exploration licenses covering a large area of the Saudi Arabian Shield using geochemistry and geophysics.
- Deep drilling near the Mansourah-Massarrah project tested depth extensions of gold mineralization; these results are still being evaluated.
- Resource estimation on a number of other gold prospects, a bauxite prospect and a potash prospect.
- Evaluation of a potash prospect that has yielded a significant pre-resource inventory, which will be tested further in 2017.
- Identification of a large gold target at the Bir Tawilah prospect, located about 15 kilometers from the Mansourah-Massarrah feasibility study project.
- Applications for exploration licenses after identifying new target areas based on geological assessment and research of the mineral belts of the Kingdom.
- Ongoing professional development and technical improvement programs for Exploration staff based on best practice in advanced exploration technology and EHSS.
- Multi-disciplinary training workshops for our team, strengthening core competencies in geology, geophysics, geochemistry and data management.

Mineral resources and ore reserves

Sustaining and growing the business

The mineral resources and ore reserves of a mining company are core assets forming the foundation of the business.

Ma'aden strives to create value by exploring and adding to our mineral resources and ore reserves to extend the operating life of our existing mines and to build new mines. We replenish and grow our ore reserves through exploration of our licenses and evaluation of new discoveries.

Global standards and JORC Code

Ma'aden is working to align our reporting with the standards and guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition (the JORC Code). JORC is the acronym for Australasian Joint Ore Reserves Committee

as described more fully in the Definitions section of this annual report.

The JORC Code is an internationally recognized professional code of practice that sets out the minimum standards and guidelines for the public reporting of mineral resources and ore reserves. In many overseas jurisdictions, the regulating authorities require mandatory compliance with the JORC Code or its local equivalent.

Ma'aden reporting

Ma'aden aspires to report all of our mineral resources and ore reserves

Bulghah gold mine in Al Madinah Province





in compliance with the JORC Code, so far as possible, using estimates by an independent third-party Competent Persons to provide the estimates.

A 'Competent Person' is a minerals industry professional who is a member of a professional organization which is recognized by the JORC Code and who has the required years of relevant experience in the type of mineralization being estimated and the appropriate level of competence in the activity being undertaken i.e. resource and reserve estimation and reporting. The Competent Person consents for public reporting by Ma'aden are valid at the stated effective date of the estimate.

The exceptions are:

- Estimates by Competent Persons which have been amended by Ma'aden employees who are not Competent Persons. These are usually estimates showing the progressive annual depletion of resources and reserves through mining, and are expressly not reported in compliance with the JORC Code.

- The Jabal Sayid mineral resource and ore reserve estimates are estimated by a 'Qualified Person' under the National Instrument 43-101, a Canadian reporting standard that is a near equivalent to the JORC Code.
- The Waseemah and Um Naam mineral resources at the Ar Rjum gold exploration project are reported in accordance with the obsolete 2004 edition of the JORC Code. A new mineral resource estimate in compliance with the JORC Code 2012 edition is in an advanced stage of preparation for completion in 2017.

Uncertainty of estimates

There is an inherent degree of uncertainty involved in the estimation and classification of estimated mineral resources and ore reserves compared with the actual mined tonnes and grades. Until mineral resources and ore reserves are mined and processed, the tonnes and grades in mineral resources and ore reserves must be considered as estimates only.

Mineral resources and ore reserves vary with changing metal prices, operating costs and other modifying factors, and are therefore dynamic. Ore reserve estimates have been determined based on long-term commodity price forecasts, capital expenditure and operating costs and economic cut-off grades. Where these assumptions change materially, the resource and the reserve must be updated and reported.

Extrapolation of operational performance from small-scale laboratory tests or pilot plants to full-scale production may not prove to be valid and may affect ore reserves. Changes in assumptions for overburden removal, process plant recoveries or other operational factors can influence the tonnage and grade of an ore reserve which then may affect the economic viability of a project.

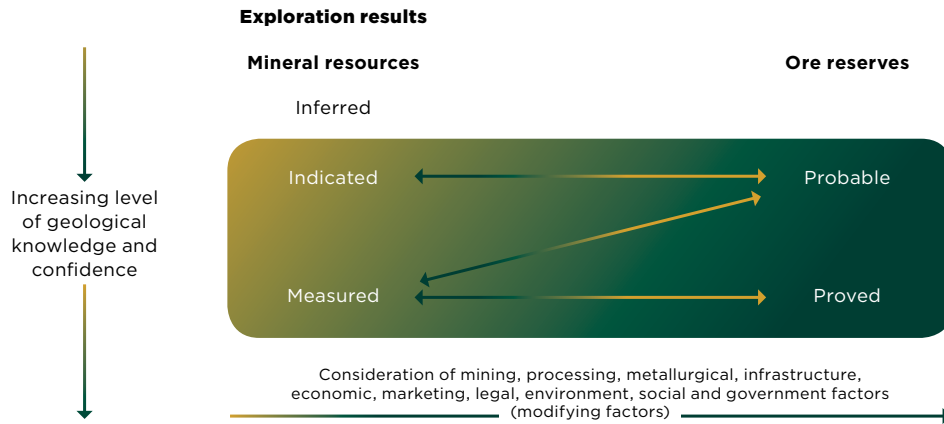
Volumes, grades and recoveries of ore reserves actually mined and processed may not be the same as currently anticipated. The results of further drilling, metallurgical testing, mine production and mine planning, may require a previous ore reserve estimate to be revised. Any material reductions in ore reserves could have adverse effects on the company's businesses, prospects, financial condition and operating results.

Prices used in estimate

The commodity prices and other modifying factors used in the estimation of mineral resources and ore reserves have been reviewed and adjusted where necessary in the annual reporting.

For gold, the mineral resource estimates are determined using a gold price of USD1,300 per troy ounce and ore reserves are estimated at a price of USD1,100 per troy ounce. The exceptions are the older mineral resources at Waseemah and Um Naam in the Ar Rjum exploration project, which are estimated at US1,465 per troy ounce.

General relationship between exploration results, mineral resources and ore reserves



Source: Jorc Code 2012 edition

For the Jabal Sayid copper ore reserve, a copper price of USD2.25 per pound is used for short term planning to the year 2020 while thereafter a price of USD2.75 per pound is applied for long term planning.

For those operations in which Ma'aden has a vertically integrated production enterprise, with an upstream mine supplying a downstream minerals processing facility, such as our phosphate, metallurgical bauxite and magnesite businesses, the mining operation is indirectly exposed to external market prices. For such operations, the estimated mineral resource and ore reserves are based on the specifications of a mine gate product supplied to a specification required by the downstream plant.

Ma'aden's mineral resources are stated inclusive of ore reserves. The exception is our Jabal Sayid copper mine, where the mineral resource is reported exclusive of the ore reserves to be consistent with the public reporting of our joint venture partner.

Ma'aden's mineral resources and ore reserves are stated on a 100 percent basis without allowance for Ma'aden's ownership interest in each project. However, Ma'aden's ownership interest in all projects is expressly stated for each mineral resource and ore reserve.

Ore reserves are defined at the point where the ore is delivered to the processing plant. The stated grade represents the estimated metal or product content as mined and has not been adjusted for metallurgical recovery in the processing plant.

Licenses to explore and mine

Exploration Licenses (ELs) confer the right to explore and evaluate, but not to develop and conduct mining operations.

Mining Licenses (MLs) confer the right to mine.

Mineral resource and ore reserve estimates on exploration licenses under renewal or new licenses pending grant are not reported in

compliance with the JORC Code. While we expect licence renewals and new license applications will be granted, there is no certainty.

Material changes from 2015

Material changes in mineral resources and ore reserves from the 2015 Ma'aden Annual Report are explained in the pages immediately after the mineral resource and ore reserves tables.

Opposite page

Our Al Khabra phosphate mine in northern Saudi Arabia

Below

Our staff engaged in discussions about phosphate rock samples



Mineral resources as at December 31, 2016 (effective date of reporting)^{1,2}

Phosphate	Cut-off grade	Measured resource		Indicated resource		Inferred resource		Measured + Indicated + Inferred resource		2016 Total	2015 Total	2016-2015 Difference	
	% P ₂ O ₅	Mt	% P ₂ O ₅	Mt	% P ₂ O ₅	Mt	% P ₂ O ₅	Mt	% P ₂ O ₅	Mt P ₂ O ₅	Mt P ₂ O ₅	Mt P ₂ O ₅	
Al Jalamid ML ²	12	380.5	20.2	-	-	2.3	18.2	382.8	20.1	77.1	84.4	-7.3	
Al Khabra ML ²	17	247.0	18.3	118.0	18.6	-	-	365.0	18.4	67.1	67.1	0.0	
Umm Wu'al B6 MLA ²	15	-	-	473.0	16.7	-	-	473.0	16.7	79.0	79.0	0.0	
Umm Wu'al UMW 4 & 5 MLA	15	177.2	16.9	150.4	16.8	96.1	16.3	423.7	16.7				
Umm Wu'al UMW 10 & 11 MLA	15	29.3	20.4	40.0	19.3	246.4	18.4	315.7	18.7	170.8	110.2	60.6	
Umm Wu'al ELA	15	-	-	-	-	242.7	16.9	242.7	16.9				
Al Jalamid ELA ²	15	-	-	-	-	417.0	16.1	417.0	16.1	67.1	67.1	0	
Total								2,620	17.6	461.2	407.9	53.3	
Metallurgical bauxite	% TAA	Mt	% TAA	Mt	% TAA	Mt	% TAA	Mt	% TAA	% SiO ₂	Mt	Mt	Mt
Al Ba'itha ML ²	40	79.5	50.8	140	49.6	30.8	49.3	250.3	49.9	7.8	250.3	253.5	-3.2
	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	% SiO ₂	Mt	Mt	Mt
Az Zabirah ML ⁴	52	1.4	55.4	4	56.1	13	57.1	18.4	56.8	12.1	18.4	18.4	0
Az Zabirah Central EL ⁴	52	-	-	7	56.1	12	56.2	19	56.2	11.5	19.0	19.0	0
Total								288			287.7	290.9	-3.2
Gold ³	g/t Au	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au	Moz Au	Moz Au	Moz Au	
Ad Duwayhi ML	0.4	22.7	2.46	10.6	1.83	4.1	0.98	37.3	2.12	2.54	2.72	-0.18	
Al Amar ML	2.0	2.8	5.80	3.4	4.70	0.6	4.20	6.8	5.11	1.12	1.02	0.09	
Bulghah ML	0.4	-	-	72.9	0.92	18.7	1.09	91.7	0.95	2.81	2.86	-0.04	
Sukhaybarat ML	0.4	-	-	20.2	1.00	2.7	0.87	22.9	0.98	0.72	0.74	-0.02	
Mahd Ad Dhahab ML	3.0	1.2	8.05	0.6	6.61	0.82	7.47	2.57	7.55	0.62	0.72	-0.10	
As Suq ML ⁴	0.6	4.0	1.93	6.2	1.12	2.3	1.19	12.6	1.39	0.56	0.51	0.05	
Mansourah ML ⁴	0.55	14.4	2.35	27.9	2.00	4.5	2.31	46.8	2.14	3.22	3.22	0	
Massarah ML ⁴	0.55	3.9	1.83	36.0	1.62	3.8	1.01	43.7	1.59	2.23	2.23	0	
Ar Rjum Waseemah ML ⁴	0.5	-	-	25.3	1.44	2.8	1.20	28.1	1.42	1.28	1.28	0	
Ar Rjum Umm Naam ML ⁴	0.5	-	-	32.9	1.25	0.8	1.10	33.7	1.25	1.35	1.35	0	
Total								326.1	1.57	16.5	16.7	-0.2	
Kaolin	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	% SiO ₂	Mt	Mt	Mt
Az Zabirah ML	33	36.8	36.6	65.0	37.9	92.0	37.9	193.8	37.7	42.0	194	194	0
Az Zabirah Central EL ⁴	33	-	-	86.0	36.7	106.0	36.0	192.0	36.3	40.3	192	192	0
Total								386	37.0	41.2	386	386	0
Industrial bauxite	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	% SiO ₂	Mt	Mt	Mt
Az Zabirah ML	38	22.8	53.6	25	52.7	31	53.5	78.8	53.3	17.1	78.8	78.8	0
Az Zabirah Central EL ⁴	38	-	-	41	50.0	72	49.6	113	49.7	15.8	113.0	113.0	0
Total								191.8	51.2	16.3	191.8	191.8	0
Magnesite	% MgO	Mt	% MgO	Mt	% MgO	Mt	% MgO	Mt	% MgO		Mt	Mt	Mt
Al Ghazalah ML	40	2.25	45.7	0.75	45.7	0	0	3.0	46		3.00	2.84	0.16
Copper	% Cu	Mt	% Cu	Mt	% Cu	Mt	% Cu	Mt	% Cu		kt Cu	kt Cu	kt Cu
Jabal Sayid ML ^{1,2}	1.2	0.11	1.34	5.13	2.17	3.53	2.45	8.77	2.18		199	14	185

Notes:

¹ Mineral resources are reported inclusive of ore reserves, except Jabal Sayid copper mine. Jabal Sayid resource is reported exclusive of the reserve in accordance with Barrick Gold's public reporting practice.

² Resources and reserve estimates are reported on a 100% basis irrespective of Ma'aden's ownership percentage. Resources and reserves are 100% owned by Ma'aden except for Al Baitha (74.9%), Al Jalamid (70%), Al Khabra and B6 (60%), and Jabal Sayid (50%).

³ Gold resources and reserves are reported as combined oxide and sulphide ore, which is not in line with JORC Code requirements for public reporting.

⁴ Some mineral resources have not been converted into ore reserves as feasibility studies to estimate ore reserves have not yet commenced and /or are not yet completed as at the date of reporting.

Ore reserves as at December 31, 2016 (effective date of reporting)^{1,2}

Phosphate	Cut-off grade	Proved ore reserve		Probable ore reserve		Stockpile		Proven and probable reserves		2016 Total	2015 Total	2016-2015 Difference
	% P ₂ O ₅	Mt	% P ₂ O ₅	Mt	% P ₂ O ₅	Mt	% P ₂ O ₅	Mt	% P ₂ O ₅	Mt P ₂ O ₅	Mt P ₂ O ₅	Mt P ₂ O ₅
Al Jalamid ML ²	12	236.0	20.3	30.0	15.8	4.0	19.5	270	19.8	53.4	55.2	-1.8
Al Khabra ML ²	17	269.0	16.3	129.0	16.5	-	-	398.0	16.4	65.1	65.1	0.0
Umm Wu'al B6 MLA ²	15	-	-	284.0	16.0	-	-	284.0	16.0	45.4	0	45.4
Umm Wu'al UMW 4 & 5 MLA	15	190.6	15.7	159.3	15.3	-	-	349.9	15.5	54.3	0	54.3
Umm Wu'al UMW 10 & 11 MLA	15	33.6	17.8	48.5	16.2	-	-	82.1	16.9	13.8	0	13.8

Total								1,384	16.8		232.1	120.3	111.8
--------------	--	--	--	--	--	--	--	--------------	-------------	--	--------------	--------------	--------------

Metallurgical bauxite	% TAA	Mt	% TAA	Mt	% TAA	Mt	% TAA	Mt	% TAA	% SiO ₂	Mt	Mt	Mt
Al Ba'itha ML ²	40	74.9	50.9	134.6	48.6	-	-	209.5	49.4	8.3	209.5	211.8	-2.30

Total								209.5	49.4	8.3	209.5	211.8	-2.30
--------------	--	--	--	--	--	--	--	--------------	-------------	------------	--------------	--------------	--------------

Gold ³	g/t Au	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au	Moz Au	Moz Au	Moz Au
Ad Duwayhi ML	0.68	14.1	3.15	5.1	2.86	4.0	1.1	23.2	2.73	2.04	2.10	-0.07
Al Amar ML	2.0	2.0	5.0	1.3	3.80	0.04	4.1	3.34	4.51	0.48	0.42	0.06
Bulghah ML	0.4	-	-	45.1	0.77	-	-	45.1	0.77	1.12	1.19	-0.07
Sukhaybarat ML	0.4	-	-	14.1	1.21	-	-	14.1	1.21	0.55	0.57	-0.02
Mahd Ad Dhahab ML	3.00	0.24	7.9	0.41	5.70	0.01	5.5	0.66	6.51	0.14	0.15	-0.01

Total								86.4	1.56		4.32	4.44	-0.11
--------------	--	--	--	--	--	--	--	-------------	-------------	--	-------------	-------------	--------------

Kaolin	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	% SiO ₂	Mt	Mt	Mt
Az Zabirah ML	25	0.88	41.3	2.5	41.7	-	-	3.38	41.6	34.0	3.38	3.6	-0.22

Total								3.38	41.6	34.0	3.38	3.6	-0.22
--------------	--	--	--	--	--	--	--	-------------	-------------	-------------	-------------	------------	--------------

Industrial bauxite	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	Mt	% Al ₂ O ₃	% SiO ₂	Mt	Mt	Mt
Az Zabirah ML	38	8.4	54	12.0	54	-	-	20.4	53.6	15.6	20.43	22.0	-1.6

Total								20.4	53.6	15.6	20.43	22.0	-1.6
--------------	--	--	--	--	--	--	--	-------------	-------------	-------------	--------------	-------------	-------------

Magnesite	% MgO	Mt	% MgO	Mt	% MgO	Mt	% MgO	Mt	% MgO	Mt	Mt	Mt	
Al Ghazalah ML	40	1.5	45.7	0.70	45.7	-	-	2.24	45.7		2.24	2.32	-0.09

Copper	% Cu	Mt	% Cu	Mt	% Cu	Mt	% Cu	Mt	% Cu	kt Cu	kt Cu	kt Cu
Jabal Sayid ML ^{1,2}	1.38	5.63	2.30	17.0	2.58	0.08	1.88	22.66	2.51	569	636	-67

Abbreviations:

ML - mining licence

MLA - mining licence application

EL - exploration licence

ELA - EL renewal application

% - indicate percentage of metal or compound contained in Mt.

P₂O₅ - phosphorus pentoxide

Mt - million tonnes

TAA - total available alumina

Al₂O₃ - aluminium oxideSiO₂ - silicon dioxide

g/t - grams per tonne

Au - gold

Moz - million troy ounces

MgO - magnesium oxide

Cu - copper

kt - kilotonne

Mineral resources estimated in accordance with JORC Code 2012^{1,2}

Phosphate	Effective date of estimate	Competent Person's name	Recognised professional organisation	Competent Person's employer	Comments
Al Jalamid ML ²	Dec 2016	Not estimated according to JORC Code; updated by Ma'aden employee from a Jun 2014 Competent Person estimate			
Al Khabra ML ²	Dec 2016	Daniel Mariton	Eur Geol	Sofreco	Granted licence
Umm Wu'al B6 MLA ²	Jun 2014	Daniel Mariton	Eur Geol	Sofreco	Licence application not yet granted
Umm Wu'al UMW 4 & 5 MLA	Dec 2016	Daniel Mariton	Eur Geol	Sofreco	Licence application not yet granted
Umm Wu'al UMW 10 & 11 MLA	Dec 2016	Daniel Mariton	Eur Geol	Sofreco	Licence application not yet granted
Umm Wu'al ELA	Dec 2016	Daniel Mariton	Eur Geol	Sofreco	Licence renewal application not yet granted
Al Jalamid ELA ²	July 2014	Daniel Mariton	Eur Geol	Sofreco	Licence renewal application not yet granted

Metallurgical bauxite

Al Ba'itha ML ²	Dec 2016	Ameen Al Ghamdi	MAusIMM, CP (Geo)	Ma'aden	Granted licence
Az Zabirah ML ⁴	Dec 2016	Not estimated according to JORC Code; updated by a Ma'aden employee from a Jun 2015 Competent Person estimate			
Az Zabirah Central EL ⁴	Jan 2015	Mark Campodonic	MAusIMM, CP (Geo)	SRK UK	Granted licence

Gold³

Ad Duwayhi ML	Dec 2016	Not estimated according to JORC Code; updated by a Ma'aden employee from a Feb 2015 Competent Person estimate			
Al Amar ML	Dec 2016	Not estimated according to JORC Code; updated by a Ma'aden employee from a Dec 2015 Competent Person estimate			
Bulghah ML	Dec 2016	Not estimated according to JORC Code; updated by a Ma'aden employee from Dec 2014 Competent Person estimate			
Sukhaybarat ML	Dec 2016	Not estimated according to JORC Code; updated by a Ma'aden employee from Oct 2015 Competent Person estimate			
Mahd Ad Dhahab ML	Dec 2016	Frank Golenya	MAusIMM	Ma'aden	-
As Suq ML ⁴	Dec 2016	Not estimated according to JORC Code; estimated by a Ma'aden employee			
Mansourah ML ⁴	Jun 2015	Edmund Sides	MIGI	Amec Foster Wheeler	Update in progress
Massarah ML ⁴	Jun 2015	Edmund Sides	MIGI	Amec Foster Wheeler	Update in progress
Ar Rjum Waseemah ML ⁴	Nov 2012	Edmund Sides	MIGI	Amec Foster Wheeler	Obsolete JORC 2004
Ar Rjum Umm Naam ML ⁴	Nov 2012	Edmund Sides	MIGI	Amec Foster Wheeler	Obsolete JORC 2004

Kaolin

Az Zabirah ML	Dec 2016	Not estimated according to JORC Code; updated by a Ma'aden employee from a Jan 2015 Competent Person estimate			
Az Zabirah Central EL ⁴	Jan 2015	Mark Campodonic	MAusIMM, CP (Geo)	SRK UK	Update in progress

Industrial bauxite

Az Zabirah ML	Dec 2016	Not estimated according to JORC Code; updated by a Ma'aden employee from Jan 2015 Competent Person estimate			
Az Zabirah Central EL ⁴	Jan 2015	Mark Campodonic	MAusIMM, CP (Geo)	SRK UK	Granted licence

Magnesite

Al Ghazalah ML	Dec 2016	Not estimated according to JORC Code; updated by a Ma'aden employee from Sep 2015 Competent Person estimate			
----------------	----------	---	--	--	--

Copper

Jabal Sayid ML ^{1,2}	Dec 2016	Not estimated according to JORC Code; updated by a Ma'aden JV employee from a Jun 2015 Qualified Person NI 43-101 estimate			
-------------------------------	----------	--	--	--	--

Notes:

¹ Mineral resources are reported inclusive of ore reserves, except Jabal Sayid copper mine. Jabal Sayid resource is reported exclusive of the reserve in accordance with Barrick Gold's public reporting practice.

² Resources and reserve estimates are reported on a 100% basis irrespective of Ma'aden's ownership percentage. Resources and reserves are 100% owned by Ma'aden except for Al Baitha (74.9%), Al Jalamid (70%), Al Khabra and B6 (60%), and Jabal Sayid (50%).

³ Gold resources and reserves are reported as combined oxide and sulphide ore, which is not in line with JORC Code requirements for public reporting.

⁴ Some mineral resources have not been converted into ore reserves as feasibility studies to estimate ore reserves have not yet commenced and /or are not yet completed as at the date of reporting.

Ore reserves estimated in accordance with JORC Code 2012^{1,2}

Phosphate	Effective date of estimate	Competent Person's name	Recognised professional organisation	Competent Person's employer	Comments
Al Jalamid ML ²	Dec 2016	Not reported according to JORC Code; updated by Ma'aden JV employee from a Jun 2014 Competent Person estimate			
Al Khabra ML ²	Dec 2016	J-F Durand-Smet	Eur Geol	Sofreco	Granted licence
Umm Wu'al B6 MLA ²	May 2014	John Miles	MIMMM	Sofreco	Licence application not yet granted
Umm Wu'al UMW 4 & 5 MLA	Dec 2016	John Knight	FGS, Eur Geol	Sofreco	Licence application not yet granted
Umm Wu'al UMW 10 & 11 MLA	Dec 2016	John Knight	FGS, Eur Geol	Sofreco	Licence application not yet granted

Metallurgical bauxite

Al Ba'itha ML ²	Dec 2016	Not reported according to JORC Code; updated by Ma'aden JV employee from a Dec 2015 Competent Person estimate			
----------------------------	----------	---	--	--	--

Gold³

Ad Duwayhi ML	Dec 2016	Not reported according to JORC Code; updated by a Ma'aden employee from a May 2015 Competent Person estimate			
Al Amar ML	Dec 2016	Not reported according to JORC Code; updated by a Ma'aden employee from a May 2013 Competent Person estimate			
Bulghah ML	Dec 2016	Not reported according to JORC Code; updated by a Ma'aden employee from a Dec 2014 Competent Person estimate			
Sukhaybarat ML	Dec 2016	Not reported according to JORC Code; updated by a Ma'aden employee from an Apr 2013 Competent Person estimate			
Mahd Ad Dhahab ML	Dec 2016	Not reported according to JORC Code; updated by a Ma'aden employee			

Kaolin

Az Zabirah ML	Dec 2016	Not reported according to JORC Code; updated by a Ma'aden employee from a Dec 2015 Competent Person estimate			
---------------	----------	--	--	--	--

Industrial bauxite

Az Zabirah ML	Dec 2016	Not reported according to JORC Code; updated by a Ma'aden employee from Dec 2015 Competent Person estimate			
---------------	----------	--	--	--	--

Magnesite

Al Ghazalah ML	Dec 2016	Not reported according to JORC Code; estimated by a Ma'aden employee not using an underlying Competent Person's estimate			
----------------	----------	--	--	--	--

Copper

Jabal Sayid ML ^{1,2}	Dec 2016	Not estimated according to JORC Code; updated by a Ma'aden JV employee from a Jun 2015 Qualified Person NI 43-101 estimate			
-------------------------------	----------	--	--	--	--

Abbreviations:

Eur Geol - European Geologist (European Federation of Geologists)

MAusIMM - Member of the Australasian Institute of Mining and Metallurgy

CP (Geo) - Chartered Professional AusIMM

MIGI - Member of the Institute of Geologists of Ireland

MIMMM - Member of the Institute of Materials, Mining and Metallurgy

FGS - Fellow of the Geological Society of London

2016 Highlights

- The doubling of reported phosphate ore reserves in 2016 is a major achievement, which underpins the long term future of our world class phosphate business.
- The large metallurgical bauxite reserves reported at our Al Ba'itha mine can sustain our current production rates for decades. An exploration program targeting additional new mineral resources is continuing in the area.
- The copper mineral resource at Jabal Sayid was increased by 8.8 million tonnes at an average grade of 2.2 percent copper, following 12,000 meters of drilling.
- Ore reserve estimation and detailed feasibility study is in progress over the large 5.4 million ounce mineral resources at the Mansourah and Massarah projects, with reporting expected in 2017.

Phosphate

Ma'aden's reported phosphate reserves doubled in 2016 following an evaluation program to convert mineral resources from exploration into new ore reserves.

In 2016, our total phosphate resources increased by 13% compared to December 2015, an increase of 53 million tonnes of contained phosphorus pentoxide (P₂O₅). Our successful phosphate exploration programs in the Jalamid and Umm Wu'al areas since 2011 have resulted in total phosphate mineral resources of 2.62 billion tonnes of phosphate rock containing 461 million tonnes of P₂O₅.

Following evaluation programs in 2015 and 2016, total ore reserves increased in 2016 to 1.38 billion tonnes of phosphate rock in 2016, which almost doubled our reported ore reserves to 232 million tonnes of P₂O₅. This reserve base provides future strategic options for our phosphate business.

Umm Wu'al project

The total ore reserves reported in the Umm Wu'al area increased by almost 100 million tonnes of P₂O₅ in 2016. Block 6 contains 45 million tonnes of reserves and Blocks 4, 5, 10 and 11 contain a further 68 million tonnes. These blocks fall partly within the border security zone but Ma'aden has a reasonable expectation that the mining license applications over these reserves will be granted. The remainder of the

area is covered by exploration licenses which are under application for renewal.

Al Khabra project

The resource and reserve for Al Khabra ML are unchanged from 2015. A drilling program of 400 drill holes totaling almost 9,000 meters was completed over the area containing the first five years of planned mine production. The objective was to provide increased confidence for mine planning. An updated resource and reserve estimate will be reported in 2017.

Al Jalamid mine

There were minor decreases in Al Jalamid mine resource and reserve in 2016 after depletion from planned mine production. Large resources have been defined on the adjacent exploration licenses, which are currently under application for renewal.

Metallurgical bauxite

Al Ba'itha mine

The large metallurgical bauxite reserve at Al Ba'itha mine can sustain our current production rates for decades. The reserve reduced by about 3 million tonnes in 2016 from planned annual mine production. Continuing grade control drilling program in 2016 at Al Ba'itha upgraded the confidence in the reserves for mine planning.

Az Zabirah licenses

Exploration is continuing in the Az Zabirah area to the northwest of Al

Ba'itha to add to the reported metallurgical resources of 37 million tonnes in the Az Zabirah area. A new resource at Az Zabirah North is in the estimation stage with reporting expected in 2017.

Gold

Total reported gold resources and reserves reduced slightly in 2016 after depletion from scheduled mine production.

The Ar Rjum resource which is estimated in accordance with JORC Code 2004 edition is currently under re-estimation for anticipated reporting in 2017 in accordance to JORC 2012.

Mansourah and Massarah project

A detailed feasibility study program is at an advanced stage of completion on the large 5.4 million ounce mineral resource at the Mansourah and Massarah project. It is expected that a new ore reserves will be reported in 2017. The mining licenses for this project were granted in 2016.

Ar Rjum project

The large gold resources totaling 2.6 million ounces in the Waseemah and Umm Naam licenses are presently being updated using the revised gold price and will be reported according to the JORC Code 2012 edition in 2017. The mining licenses for these two mineral resources were granted in 2016.



Ad Duwayhi, Bulghah Sukhaybarat, Mahd Ad Dhahab and Al Amar mines

There was a minor reduction in mineral resources and ore reserves at Ad Duwayhi, Bulghah, Sukhaybarat, Mahd Ad Dhahab and Al Amar mines following depletion from scheduled annual mine production.

As Suq mine

The mineral resource at As Suq was re-estimated by Ma'aden mine personnel. The resource tonnes decreased while the grade increased, but the contained gold inventory grew only marginally. The ore reserve estimate is in the review stage before public reporting.

Exploration projects

Resource estimation was conducted at the Bir Tawilah and Shabah gold prospects in 2016 with results expected to be reported in 2017.

Kaolin and low grade industrial bauxite

Az Zabirah mine

The Az Zabirah mine kaolin and industrial bauxite reserves reduced incrementally in 2016 due to depletion from planned mine production.

Az Zabirah exploration licenses

Exploration is continuing in the Az Zabirah exploration license area, east of the Az Zabirah mine and northwest of Al Ba'itha mine. The program objective is to add to the known resources of metallurgical bauxite, industrial bauxite and kaolin in the district. The Az Zabirah North is at the resource estimation stage for reporting in 2017.

Copper

Jabal Sayid mine

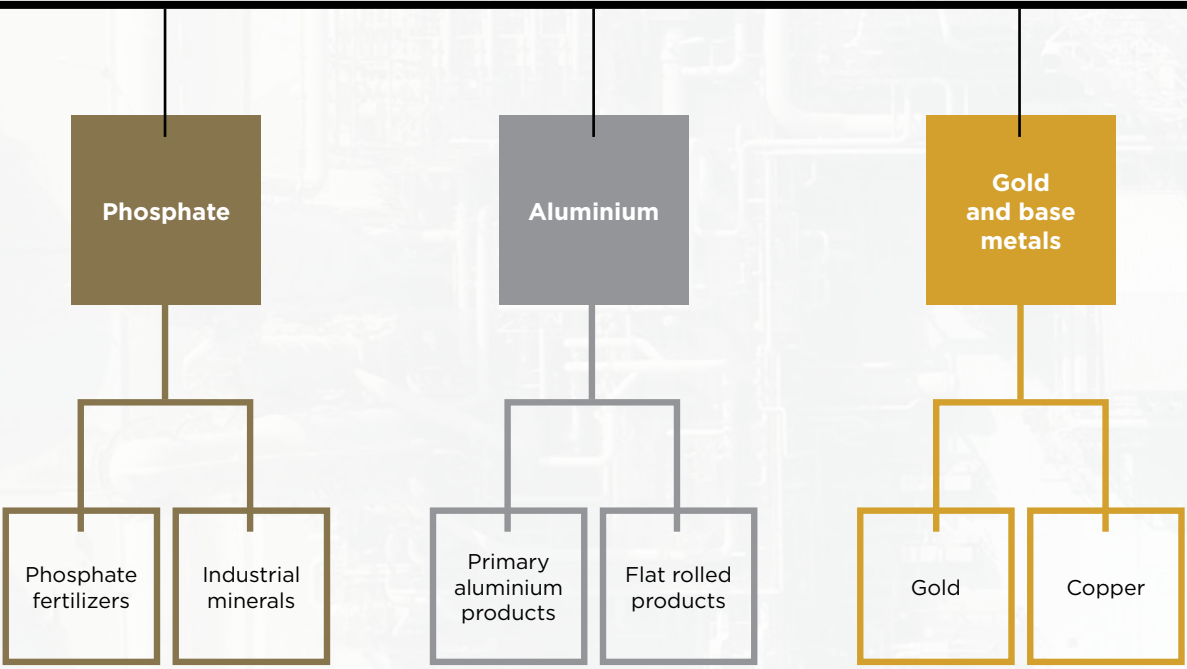
The Jabal Sayid mine ore reserve decreased slightly in 2016 after planned annual mine production. At the end of 2016, the reported ore reserve was 22.6 million tonnes at 2.5 percent copper.

Mineral resources for Jabal Sayid are reported exclusive of ore reserves, which is different to other Ma'aden mineral resources which are reported inclusive of ore reserves. This is done to ensure consistent public reporting with the reporting practice of our joint venture partner, Barrick Gold Corporation.

In 2014 and 2015, an underground drilling program of over 12,000 meters was conducted at Jabal Sayid. In 2016, these new data were used to estimate a new mineral resource employing modified estimation techniques and updated economic factors including copper price. This resulted in an additional 8.8 million tonnes of mineral resource at average grade of 2.2 percent copper reported in 2016. This new resource will be evaluated for conversion into ore reserve in a future project.

Above
Underground work in process at Mahd Ad Dhahab mine

Ma'aden Strategic Business Units (SBUs)



An aerial photograph of a large industrial facility, likely a refinery or chemical plant, featuring a complex network of pipes, towers, and storage tanks. The image is overlaid with a semi-transparent green filter. At the bottom, there is a white network diagram consisting of interconnected nodes and lines. The text "Operations and business" is prominently displayed in the center-right area.

Operations and business

Phosphate fertilizers

On track to be a world leader

The Phosphate SBU manages our operations and business for two groups of products: phosphate fertilizers and niche industrial minerals. With our current and planned integrated value chains, we are well on our way to becoming a world leader in phosphate fertilizers.

Our goal of attaining a global leadership position in the phosphate fertilizer industry is built on the solid combination of:

- rich resources
- high quality production facilities
- low production cost and
- our geographic proximity to key markets.

Our integrated phosphate fertilizer value chain makes us one of the lowest cost producers of ammonia, di-ammonium phosphate (DAP) and mono-ammonium phosphate (MAP) in the world.

Our 2025 phosphate strategy rests on three pillars:

- maximizing value from our existing assets through operational excellence,
- capturing a significant share of the anticipated global growth in demand over the coming years and
- achieving further growth in our production capacity.

It is this foundation that led Ma'aden to the decision to develop a third world-scale project for the production of phosphate fertilizers. The new project was announced in December 2016.

Our third production facility, to be implemented in phases, is expected to add 3 million tonnes per year of phosphate fertilizer products to our portfolio. According to current estimates, the project will cost SAR24 billion and will attain full production capacity in 2024. The new project will be executed after



Above
Our phosphate complex in Wa'ad Al Shamal includes a beneficiation plant and phosphoric and sulfuric acid plants

Left
Employees on site at Wa'ad Al Shamal

Pages 70-71
A partial aerial view of Ma'aden Wa'ad Al Shamal





completing feasibility studies and obtaining the required approvals.

The 2025 strategy and the newly announced project reaffirm Ma'aden's goal of becoming a world leader in the phosphate fertilizer industry. That goal is already well on track with the performance of our current assets and projects underway.

Our current assets include the production plants of Ma'aden Phosphate Company (MPC) and Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC).

MPC produced 2.723 million tonnes of phosphate fertilizers in 2016.

MWSPC has been building our second phosphate fertilizer production chain. This includes the Al Khabra mine, a

beneficiation plant and phosphoric and sulfuric acid plants in Wa'ad Al Shamal in northern Saudi Arabia and ammonia and DAP/MAP/NPK plants in Ras Al Khair in the Eastern Province.

MWSPC is scheduled to start up in 2017 with DAP, MAP and NPK production with design capacity of 3 million tonnes of DAP equivalent fertilizer. Our plants are designed to switch between production of diverse grades of DAP and MAP depending on market demand.

MWSPC's 1.1 million tonne ammonia plant, which started trial production in September 2016, began commercial production on January 1, 2017. As we produce ammonia in quantities higher than our feedstock requirements for DAP and MAP, we export the excess to world markets.

Our third production facility, to be implemented in phases, is expected to add 3 million tonnes per year of phosphate fertilizer products to our capacity by 2024.

Ma'aden phosphate subsidiaries

Subsidiary	Ownership	Products	Headquarters
Ma'aden Phosphate Company (MPC)	Ma'aden 70% SABIC 30%	DAP fertilizer, MAP fertilizer, sulfuric acid, phosphoric acid, ammonia and NP-S	Ras Al Khair
Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC)	Ma'aden 60% Mosaic 25% SABIC 15%	DAP fertilizer, MAP fertilizer, sulfuric acid, phosphoric acid, ammonia, NPK and NP-S	Wa'ad Al Shamal

MPC's ammonia plant is one of the largest single line ammonia plants in the world and received the ISO 50001 certification for efficient energy management in December 2016. The new standard is expected to yield higher levels of energy efficiency and reduce costs. MPC's achievement will enable Ma'aden to apply the standard in other production facilities as well, contributing further to operational excellence. MPC had already received other certifications including ISO 9001, ISO 14001 and OHSAS 19001 in previous years.

Drop in prices

In 2016, the global phosphate market was under strong pressure. Prices for DAP dropped by more than 30 percent from 2015 levels, reaching its lowest since 2009. Ammonia prices dropped 31 percent.

Factors such as low input costs, seasonally weak demand, new capacities and low demand in the Chinese market moved prices to their lowest. Imports by India reduced by over 20 percent in 2016. The addition of new production capacity by global players was another factor that hit the market.

These factors had a significant impact on our financial performance. Although our plants produced 15 percent more ammonia and three percent more DAP, the impact of lower prices pulled down our revenues for 2016 by 24 percent.

As the world population increases and the growing middle class adopts improved diet practices, the

In South America and East Africa, two of the world most promising markets, Ma'aden achieved a 200 percent year-on-year sales increase in 2016. We were also able to increase our market share in India, the largest DAP market, by 4 percent compared to 2015.

fertilizer industry is projected to grow annually at a rate of 1.8 percent over the next decade.

Despite the market challenges in 2016, Ma'aden was able to continue expanding its global presence. In South America and East Africa, two of the world's most promising markets, Ma'aden achieved a 200 percent year-on-year sales increase in 2016. We were also able to increase our market share in India, the largest DAP market.

Our 2025 strategy recognizes that Ma'aden is uniquely positioned to increase its global market share steadily because of the world-class ore deposits in the Kingdom and our cost leadership.

Safety is top priority at all our plants



Phosphate fertilizers and ammonia production and sales

Product	Production (Kmt)		Sales (Kmt)	
	2016	2015	2016	2015
Phosphate fertilizers	2,723	2,656	2,676	2,634
Ammonia	1,228	1,068	715	461

Operational development

The newly opened Al Khabra mine, which is located in Umm Wu'al adjacent to Wa'ad Al Shamal, will begin feeding the MWSPC beneficiation plants in 2017. We have applied the lessons learnt from the Al Jalamid mine operations to make Al Khabra a more cost-effective and efficient mine.

We are working hard to expand our product portfolio and the product development team at MPC produced the first trial batch of NP-S, a complex fertilizer containing nitrogen, phosphate and sulfur in 2016.

Affiliations and memberships

Ma'aden's phosphate business is

actively engaged in building strong relationships with international and regional trade bodies and industry associations such as:

- the International Fertilizer Association (IFA),
- the Arab Fertilizer Association (AFA), and
- the Gulf Petrochemicals and Chemicals Association (GPCA).

These affiliations and memberships help Ma'aden to be part of the global and regional industry efforts to adopt best practice in operations and sustainability and advocate measures that are important for the industry to serve its consumers and communities. They also offer diverse platforms for

the industry to share management and technical knowledge.

Our RAK complex includes the ammonia and DAP-MAP plants



Ma'aden industrial minerals subsidiary

Subsidiary	Ownership	Products	Headquarters
Industrial Minerals Company (IMC)	Ma'aden 100%	Kaolin, low-grade bauxite and caustic calcined magnesia	Riyadh

Industrial minerals

Industrial minerals hold further growth opportunities

Ma'aden's industrial minerals serve niche local, regional and global markets and we have earned a reputation over the years for consistent quality and delivery. Although the business represents a relatively small portion of Ma'aden's business, the range of products and the Saudi resource potential hold further growth opportunities.

Historically, industrial minerals and inorganic compounds offer robust margins, consistent demand and are less prone to wide cyclical price fluctuations. However, 2016 was an exceptional year as oversupply and lower demand affected our revenues.

Our 2025 strategy envisages continued growth into new industrial mineral products based on our anticipated success in exploring for promising minerals.

Industrial Minerals Company (IMC), our wholly owned subsidiary, produces:

- kaolin
- low-grade bauxite (LGB) 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.

Kaolin is valued for its whiteness and is primarily used as filler and coating pigment in paper, paints and plastics, with paper being the largest market. It is also used in ceramics (the second largest end-market), fiber-glass, white cement and refractories. It is also needed in the production of phosphate fertilizers.

LGB is used as an additive in the production of cement, fire-resistant insulation products, in refractory materials and ceramic proppants.

CCM is used in a variety of applications such as the production of abrasive stones, animal feed, fertilizer, magnesium chemicals, pulp and paper; it is also used in waste water treatment and metallurgy.



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.

Magnesite mined
(million tonnes)



0.10

Low grade
bauxite mined
(million tonnes)



0.62

Sales in SAR
million



149

Number of
mines



2

Workforce



107

Although Ma'aden's industrial minerals have gained a reputation for purity and quality, the worldwide slowdown in construction activities in 2016 led to a decline in demand from cement and steel industries for LGB and CCM respectively. Driven by a sluggish steel market, a number of producers converted part of their production from refractory applications in magnesite to CCM, leading to a glut in the market. We expect to see a slight recovery in the steel industry in 2017, but it is unlikely to be strong enough to recover previous price levels.

Though our revenues from industrial minerals declined 19 percent in 2016, our focus on excellence resulted in a number of achievements, both in marketing and operations. We expanded our customer base in the region during the year.

At our Al Ghazala mine, we introduced optical sorting technology to increase the utilization of low grades, leading to a 40 percent reduction in inventory. At the Az Zabirah mine, introduction of new self-mining and blending technology led to significant reduction in the cost of LGB ore mining.

Our technical studies on kaolin refining have identified the possibility of reducing impurities further. This will enable IMC to produce new value-added products.



Ma'aden industrial minerals production and sales

Product	Production (Kmt)		Sales (Kmt)	
	2016	2015	2016	2015
LGB	625	797	635	922
CCM	36	37	27	33
Kaolin	106	120	109	107

We improved our stripping ratio by upgrading lower grade resource through the development of low-cost processing methods. We have also identified cost saving initiatives at our plants.

Above
Our processing plant in Al Madinah Al Munawarah produces high quality grades of caustic calcined magnesite (CCM)

Left
Operations at one of our industrial minerals plants

Aluminium

Focus on production ramp-up, operational excellence and marketing

Our 'mine-to-market', low-cost aluminium value chain has enabled us to diversify and support the Kingdom's downstream development by launching new product lines such as beverage can and automotive sheets. Though low prices continue to have a major impact, our operations are robust and we are well-placed to overcome the current market challenges.



Our 2025 strategy for aluminium focuses on extracting maximum value from Ma'aden's new integrated aluminium operations. Our ongoing programs to achieve operational, capital and commercial excellence will help further reinforce our status as one of the lowest cost producers of aluminium, putting us in a strong position to capture global market opportunities.

Although the aluminium price slump in global markets continues, the long-term industry outlook remains strong, particularly for low-cost producers.

Ma'aden Aluminium SBU consists of three joint venture companies with Alcoa Corporation:

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

Bauxite tonnes mined (million tonnes)



3.843

Sales in SAR billion



4.252

Number of mines



1

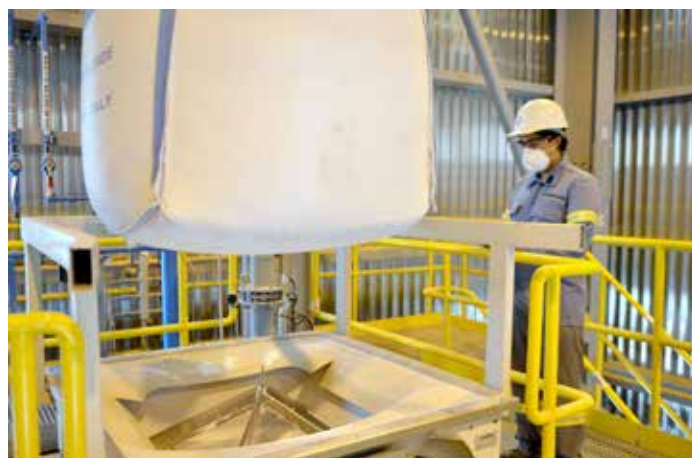
Workforce



3,245

Below
A night time view of our aluminium complex in Ras Al Khair

Right
An employee at work at the aluminium smelter in Ras Al Khair



Ma'aden aluminium subsidiaries and jointly controlled entity

Subsidiary	Ownership	Products	Headquarters
Ma'aden Bauxite and Alumina Company (MBAC)	Ma'aden 74.9% Alcoa 25.1%	Alumina	Ras Al Khair
Ma'aden Aluminium Company (MAC)	Ma'aden 74.9% Alcoa 25.1%	Primary aluminium products	Ras Al Khair
Ma'aden Rolling Company (MRC)	Ma'aden 74.9% Alcoa 25.1%	Flat rolled products	Ras Al Khair
Sahara and Ma'aden Petrochemicals Company (SAMAPCO)	Ma'aden 50% Sahara 50%	Ethylene dichloride, chlorine and caustic soda	Jubail



An inside view of our Ras Al Khair aluminium smelter

Ma'aden holds 74.9 percent and Alcoa Corporation holds 25.1 percent of these mining manufacturing subsidiaries.

On November 1, 2016 we announced the transfer of Alcoa Inc.'s interest in the three joint ventures to Alcoa Corporation. This followed Alcoa Inc.'s decision to split its upstream and downstream segments into two companies:

- Alcoa Corporation, which will operate in bauxite, alumina, energy, aluminium and cast product globally, and can sheet in North America
- Arconic Inc., which will operate in high performance multi-material products globally.

Ma'aden believes that its aluminium operations will benefit from the fact

that Alcoa Corporation's business lines are aligned with those of the joint venture companies.

Our Aluminium SBU also has a 50 percent stake in Sahara and Ma'aden Petrochemicals Company (SAMAPCO), which produces caustic soda (CS), a feedstock for alumina refineries, and ethylene dichloride (EDC), a key feedstock for the production of plastics.

The bauxite ore that feeds our aluminum complex in Ras Al Khair in Saudi Arabia's Eastern Province is transported by rail from the Al Ba'itha mine in the north. The Ras Al Khair complex includes an alumina refinery, smelter, rolling mill and one of the largest recycling facilities for beverage cans in the Middle East and North Africa region.

The construction of our mine-to-market integrated aluminium value chain was completed in 2014.

In 2016, we continued to focus on ramping up the alumina refinery, the first in the Middle East, leading to the announcement of its commercial startup on October 1, 2016. The production ramp up of the rolling mill too continued through 2016.

It has also been a year of capacity building elsewhere within the business as we prepared our local and global commercialization plans in the face of strong market headwinds. We have already been promoting our products in major aluminium-consuming regions and our technical and sales teams have made significant progress in reaching

In 2016, we continued to focus on ramping up the alumina refinery, the first in the Middle East, leading to the announcement of its commercial startup on October 1, 2016.

Ma'aden aluminium production and sales

Product	Production (Kmt)		Sales (Kmt)	
	2016	2015	2016	2015
Alumina	1,429	846	-	-
Primary aluminium	869	839	503	629
Flat rolled product	101	59	90	52



out to committed and prospective customers in these markets.

Ma'aden Aluminium's Flat Rolled Products (FRPs) – sheets to produce aluminium cans and automotive parts – took the lead in those commercialization plans, along with our shaped aluminium products.

During the year, we achieved several successes in qualifying our sheets with major beverage can producers. The automotive product is undergoing a qualification process with one of the pioneers in the usage of aluminium sheet in car manufacturing. Ma'aden's shaped aluminium product quality continues to win the endorsement of customers in highly competitive global markets.

Aluminium prices in global markets remained under severe pressure

because of oversupply. Thus, although our programs of excellence led to improved operations and business performance resulting in increased production and sales, cost reduction, higher efficiency levels, optimization of systems and processes as well as cash conservation and generation, these achievements are not reflected in our profits.

These initiatives will help us meet today's challenges, making us more resilient and better prepared for the long-term sustainability and competitiveness of our business.

Within Saudi Arabia, our aluminium operations have brought in new technology, created several thousand new jobs and will continue to contribute to achieving the industrialization and diversification goals of Saudi Vision 2030.

At our aluminium rolling mill, the ingots are processed into rolled sheets that together with recycled aluminium become the raw material for downstream manufacturers to produce beverage cans and automobile body parts.



Gold

Gold output up 38%, potential for further growth remains

Our Gold and base metals SBU manages our gold and copper businesses. Ma'aden's 2025 strategy identifies significant growth potential for gold and copper over the next decade through a combination of operational excellence programs and new projects. Our gold production target remains 500,000 ounces but we are working to identify opportunities to go beyond this.

Right
The Ad Duwayhi mine is the largest of our gold mines

Ma'aden Gold and Base Metals Company (MGBM), our wholly owned subsidiary, operates six gold mines: Ad Duwayhi, Mahd Ad Dhahab, Al Amar, Bulghah, Sukhaybarat and As Suq. We produced about 225,000 ounces of gold in 2016, up by 38 percent from 2015 levels.

In 2016, we continued to ramp up production at Ad Duwayhi which came into commercial production on April 1, 2016, overcoming operational challenges that are typically associated with a complex new plant of this size.

Ad Duwayhi is the largest of our gold mines, which will contribute 28 percent of our gold output over the next five years. Its reserves are estimated at 1.9 million ounces of gold and the mine occupies an area of around one square kilometer.



Gold production and sales by mine as of December 31

Gold production	Mahd Ad Dhahab		Sukhaybarat		Bulghah	
	2016	2015	2016	2015	2016	2015
Waste mined (tonnes)	161,618	126,715	2,399,395	2,865,589	4,429,822	3,217,515
Ore mined (tonnes)	206,733	205,296	685,422	406,549	2,837,949	2,436,967
Ore milled (tonnes)	205,247	199,042	677,234	655,586	2,795,148	2,693,711
Mill grade (grammes per tonne)	5.73	5.92	1.73	1.76	0.73	0.83
Net gold recovery (%)	87%	91%	32%	24%	85%	75%
Net gold ounces produced	32,891	34,417	12,126	9,004	56,069	53,929
Gold revenue (SAR)	150,481,958	144,262,105	56,023,926	39,220,887	263,158,908	230,951,094

¹ Ad Duwayhi less capitalized production

Ma'aden gold subsidiary

Company name	Ownership	Products	Headquarters
Ma'aden Gold and Base Metals Company (MGBM)	Ma'aden 100%	Gold, zinc, copper, silver and lead	Riyadh

Tonnes mined
thousands
(includes ore
and waste)**36,451**Sales in SAR
billions**1.048**Number of
mines**6**

Workforce

**1,039**

Al Amar		As Suq		Ad Duwayhi		Total	
2016	2015	2016	2015	2016	2015	2016	2015
84,680	72,240	3,713,121	3,743,372	16,173,096	-	26,961,732	10,025,431
250,060	252,080	1,020,188	1,043,519	4,489,793	0	9,490,145	4,344,411
255,987	223,431	1,100,672	949,981	1,311,615	0	6,345,903	4,721,751
5.90	6.86	1.15	1.14	1.85	0	-	-
90%	89%	59%	64%	72%	0	-	-
43,820	44,029	24,170	22,239	56,314 ¹	0	225,390	163,618
201,615,616	194,298,292	112,578,582	96,483,371	264,848,743	0	1,048,707,733	705,215,749

Ma'aden gold production and sales

Product	Production (ounces)		Sales (ounces)	
	2016	2015	2016	2015
Gold	225,389	163,618	224,576	164,938

Note: Although our gold mines produce other by-products such as copper, silver, zinc, lead, nickel, sulfur and cobalt, their output is not in sufficient quantities to be included in the report.

Our learning from Ad Duwayhi will enable smoother and more efficient execution and startup of Mansourah, Massarah and Ar Rjum projects.

The feasibility study for the Mansourah and Massarah projects is completed. Ar Rjum is currently being reviewed to refine economic parameters before going into the feasibility study stage.

Cash generation and optimization

The Gold and base metals business review has resulted in significant cash generation and production optimization initiatives that we expect to be implemented over the next five years. These initiatives

highlight the level of experience and expertise within Ma'aden, proving that our past investments in human capital development are paying off.

The initiatives to optimize production, combined with the anticipation of Mansourah, Massarah and Ar Rjum projects, have enabled us to revise our 2022 gold production target to more than 500,000 ounces.

Our learning from Ad Duwayhi will enable smoother and more efficient execution and startup of Mansourah, Massarah and Ar Rjum projects. Compared with our older small-scale mines, these new mines will be medium-scale operations yielding higher economies of scale.

After several years of decline, gold prices recovered in 2016 resulting in higher annual revenue. Up to 50 percent of gold consumption continues to be driven by the jewelry sector. Private investors in gold bars, coins and exchange traded funds, central banks and applications in technology are the other key sources of demand for gold.

We have also revised the zinc floatation circuit at Al Amar mine, targeting an increase of more than 30 percent in zinc recovery, which is expected to result in higher output in 2017.



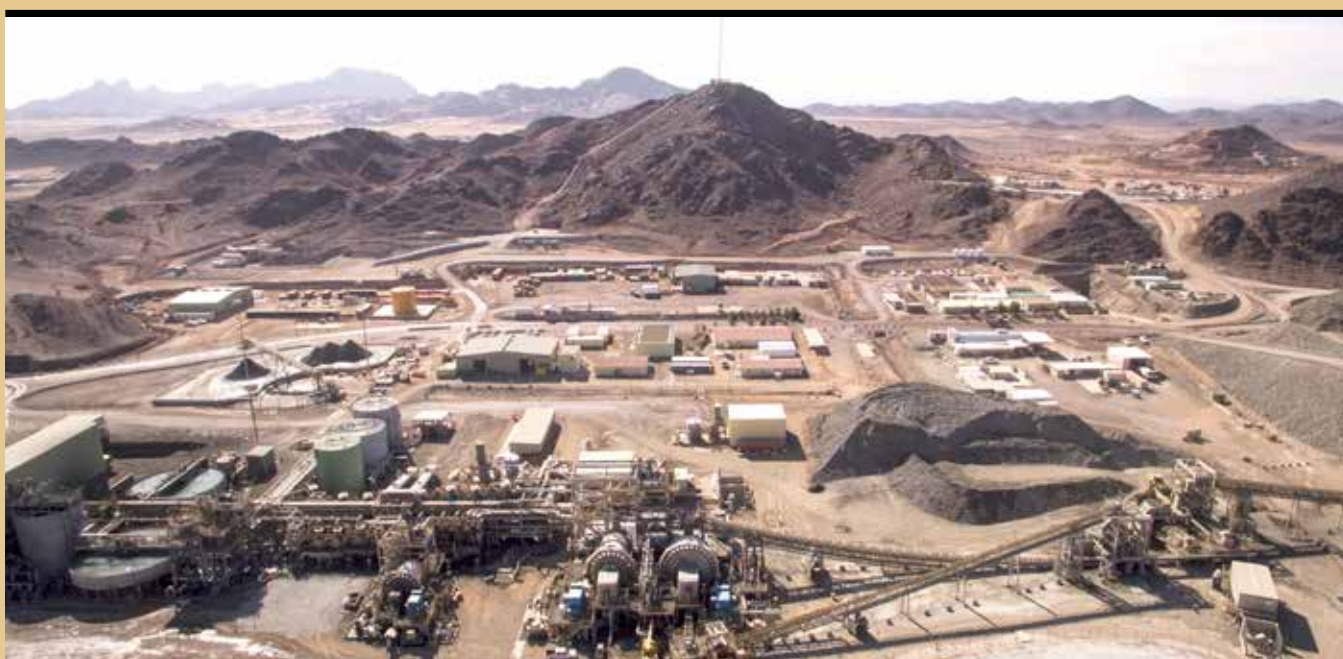
Pouring the hot metal to produce gold bars at our Mahd Ad Dhahab mine

Ma'aden copper joint venture

Company	Ownership	Products	Headquarters
Ma'aden Barrick Copper Company (MBCC)	Ma'aden 50% Barrick ME 50%	Copper, silver, zinc, nickel, gold, lead, sulfur and cobalt	Al Madinah al Munawarah

Copper

Success in copper opens new frontiers for growth



An aerial view of the Jabal Sayid mine

Copper is one of Ma'aden's new success stories. Our jointly controlled entity Ma'aden Barrick Copper Company (MBCC) started commercial production of copper concentrates on July 1, 2016.

Our 2025 strategy is to build on this success to develop our copper portfolio further. It acknowledges that base metals, especially copper and zinc, offer good potential in the global minerals market. Saudi Arabia has significant mineral deposits with the potential to

We believe that strategic international investments in copper will result in significant synergies for Ma'aden, leading to higher profitability and stronger exploration and mining capabilities

produce base metals, but these will take time to develop fully, from exploration through to production.

While we assess that potential and maintain focus on operational excellence, we will weigh global opportunities to expand our copper production. We believe that strategic international investments in copper would result in significant synergies for Ma'aden, leading to higher profitability and stronger exploration and mining capabilities

Ma'aden copper production, sales and realized price

Product	Production (tonnes)		Sales (tonnes)		Sales revenue (SAR)		Average price realized	
	2016	2015	2016	2015	2016	2015	2016	2015
Copper concentrates	26,898	2,495	24,766	2,395	481,162,500	3,149,600	\$5,181	\$4,602

Tonnes mined
thousands (ore
and waste)



1,031

Sales in SAR
million



481

Number of
mines



1

Workforce



983

that can be used to further develop the potential copper resources in Saudi Arabia.

We established the jointly controlled entity Ma'aden Barrick Copper Company (MBCC) with Barrick Gold Corporation in 2014 to develop and complete the construction of the new copper mine at Jabal Sayid. In the six months of operations since the commercial startup of the mine (July-December 2016), we exceeded our annual production target with output of 26,898 tonnes and brought down our cash costs.

Ma'aden's share of 2016 contained copper production was 13,449 metric tonnes. The mine is expected to ramp up to a production rate of about 31,633 metric tonnes (100%) per year in 2017 when additional underground development is completed.

MBCC sells the copper concentrates to smelters that produce copper cathodes and continuous cast copper rods that are used for the manufacture of diverse electrical products. Copper is also used extensively in automotive and telecommunication industries.

Aside from rolling out the operational excellence program, MBCC's priorities include the de-bottlenecking of mine constraints and the development of adjoining resources and new underground resources to extend the mine life. In 2016, we made considerable progress in



constructing a paste fill plant, which is due for completion in 2017.

Jabal Sayid, located over 300 km northeast of Jeddah, has a mine life of 17 years with proven and probable reserves of 24.8 million tonnes at 2.55 percent grade. MBCC will continue exploration work within the mining license area as part of its long-term growth strategy based on life of mine (LOM) assessment. During 2017, we will evaluate the target prospect of nearby Wadi Rafara.



Above
A section of our copper production plant at Jabal Sayid

Right
An MBCC employee at work in the plant laboratory

Ma'aden support services subsidiary

Company	Ownership	Services	Headquarter
Ma'aden Infrastructure Company (MIC)	Ma'aden 100%	Develop, build and deliver infrastructure services	Riyadh

Ma'aden Infrastructure Company

MIC gains from consolidation

Ma'aden Infrastructure Company (MIC) is unique among our operating companies: it builds and manages residential properties and offers a wide range of services to ensure that our staff in the new industrial city of Ras Al Khair lead comfortable lives and enjoy community amenities.

Over
3,000
employees live
in the Ma'aden
Village



Completed
359
villas in 2016



MIC residential facilities include community amenities such as the mosque and recreation center.

MIC, which was established in 2008, is responsible for the development, construction and delivery of services to our production and manufacturing operations in Ras Al Khair, which currently consist of phosphate fertilizer and aluminium complexes. Ma'aden Phosphate SBU shares 33 percent and Ma'aden Aluminium SBU 67 percent of MIC's costs.

Following Ma'aden's organizational restructuring, the assets of MIC are now operated by the Consolidated Shared Services (CSS), leading to a new business model that enabled us to reduce operating costs and achieve higher efficiency levels in 2016.

We began functioning as a shared service with a more cost-effective, centralized network in 2016. The smooth transition and merger of systems, procedures and logistic services were among our major successes of 2016. During the transition, we ensured that our costs, quality and services levels for our internal stakeholders, especially in facilities management and catering operations, remained consistent.

As part of the consolidation process, MIC's procurement activities were

transferred in 2016 to the centralized Ma'aden procurement function and all MIC staff were transferred to the centralized infrastructure management function in Ras Al Khair.

Over 3,000 employees live in the Ma'aden Village, which hosts about 2,500 residential units. These homes are located around 12 km away from the Ma'aden industrial facilities in the city. MIC has also been overseeing the construction of 789 villas in Mutrafiah, Jubail under Ma'aden's Home Ownership Program for Saudi employees working in Ras Al Khair. We have completed 359 units and handed over 187 of them in 2016 to the operating companies, with the remaining due for delivery in 2017.

MIC operations have consistently scored more than 75 percent satisfaction levels in the regular customer services 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 been facilitating staff participation in local and national sporting events.



Sustainability

Our people

Environment,
Health, Safety
and Security

Procurement

Information and
communication
technology

Community
care



A photograph of two industrial workers in safety gear (hard hats and high-visibility vests) reviewing documents on a construction site. The background shows large industrial structures under a clear sky. The image has a teal color cast. A white horizontal line is positioned above the text.

Embedded excellence

Sustainability

Specific initiatives and development goals drive our efforts to embed sustainability

Sustainable development is recognized as one of the most important national goals by governments around the world. There is a broad international consensus that governments and the private sector have to work together to achieve the United Nations' 17 Sustainable Development Goals (SDGs) by 2030. Saudi Arabia's Vision 2030 and the NTP are also about sustainable development in the Kingdom.

In the global mining industry, sustainability standards are evolving. The industry's current standards may be broadly presented in three categories:

- strong commitment to Environment, Health, Safety and Security (EHSS) programs,
- positive social impact delivered by businesses and operational excellence coupled with
- optimization of resources.

Creating sustainable value has been integral to Ma'aden's vision since its inception. As a company whose primary goal is to add value to Saudi Arabia's mineral resources, generate employment opportunities and contribute to socioeconomic development and community welfare in the process, sustainability is embedded in our mission.

Under our new vision and the 2025 strategy, Ma'aden is committed to

playing a stronger role in national sustainable development. Our sustainability strategy is being developed around four key aspirational themes that work across the Ma'aden Group, and is aligned with seven of the UN's SDGs:

- **Excellence in sustainable business:** to be internationally endorsed for being an innovation-led and value-focused business.
- **EHSS excellence:** to establish a performance- and culture-based EHSS system across Ma'aden, enabled by technology.
- **Social impact:** to be a welcomed neighbor in an empowered local ecosystem.
- **Economic and resource impact:** to achieve excellence in assets utilization and energy and water optimization across the organization.

The seven SDGs that we have identified are strategically important

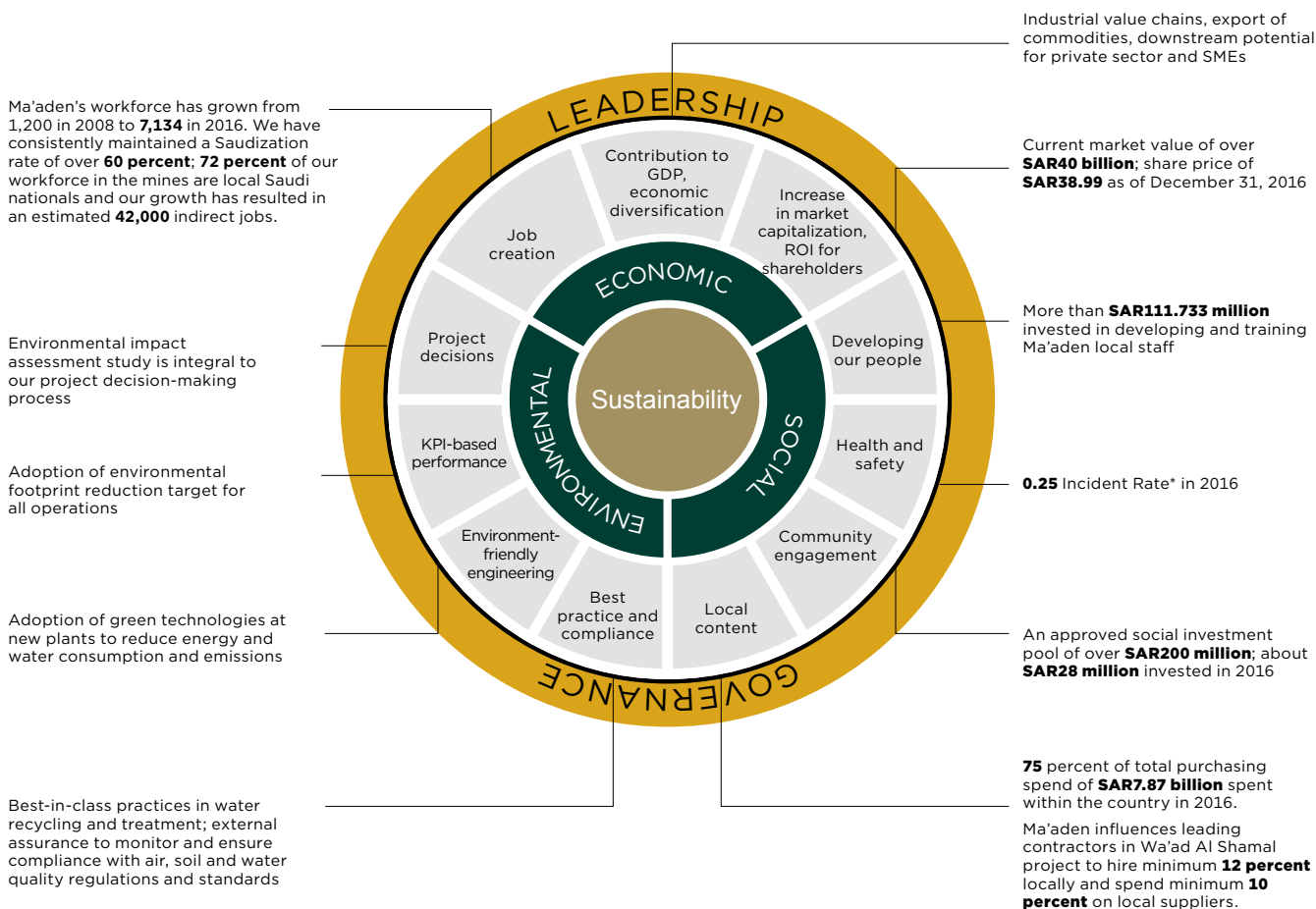
Right
Employees participate in Ma'aden's World Water Day campaign
Pages 88-89
Engineers in field





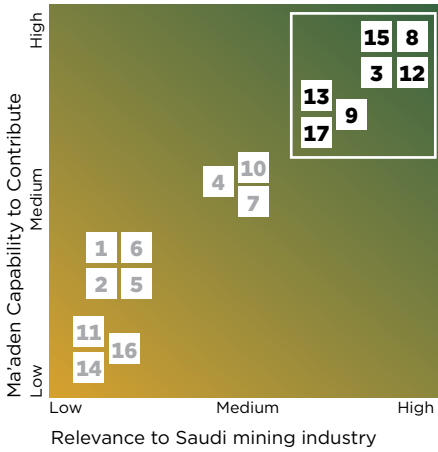
Above and page 92
Environmental impact assessment and footprint management are integral to our operations and business

Embedding sustainability: Ma'aden impact



* Incident Rates is a comprehensive metric that calculate all recordable injuries.

Ma'aden's sustainability goals aligned with seven SDGs



for Ma'aden and the Saudi mining sector in particular and the country in general. The new SDGs are so interlinked that our actions under the seven chosen goals will deliver a wider impact in reality. For example, our goal of “decent work and economic growth” will deliver a cascading impact in the communities where we operate.

Most of these goals are in spheres where Ma'aden is already making significant contributions to development and has adopted clear strategies to enhance those in the future: human resources, EHSS, procurement, social impact and community care and partnerships with the government and other diverse organizations.

We have identified 15 initiatives that are aligned both with our aspirational themes and the seven SDGs. These initiatives, and a number of ongoing programs that are already making a significant social impact in the remote areas where our industries are located, will together make up a cohesive Ma'aden sustainability program.

Going forward, we aspire to adopt the widely accepted Global Reporting Initiative (GRI) - G4 guidelines and the Mining and Metals Sectors disclosures as the framework to report our compliance with the sustainability standards of the global mining industry, which are also in line with the 10 Key Principles and their five values of the International Council on Mining and Metals (ICMM).

Ma'aden's 15 sustainability initiatives

Initiative	Objective
Develop sustainability practices	Achieve net positive handprints vs footprints and attain ICMM membership
Embed circular economy concept	Embed circular economy concept in all new businesses
Adopt GRI - G4 guidelines	Comply with GRI reporting standards
Establish cost/impact mechanism	Develop sustainability costs and impact tracking system
Embed EHSS culture	Fully embed EHSS culture in Ma'aden operations and stakeholders
Influence mining regulations	Ensure expert perspectives are embedded in all regulations by collaborating with key mining regulators
Manage footprint	3 percent reduction in footprint
Roll-out safety, security and fire systems technology	Introduce best-in-class technologies with emphasis on zero harm
Integrate emergency response	Integrated in all sites and achieve ISO 22320 certification
Mature social engagement	Level 4 assured by community
Promote social brand and fund	Establish fund and publish audited report annually
Integrate within the local ecosystems (internally and externally)	Improve stakeholder satisfaction
Develop local content	Develop local purchasing, supply chain, and businesses
Maximize asset utilization	Increase asset utilization by 3-5 percent through reliability program
Optimize raw materials	Exceed theoretical specific consumption

Our people

Building a culture of performance

Our goal is to be among the top three employers of choice in Saudi Arabia. We are not only developing a skilled and trained workforce for the Saudi mining industry, but also focusing on building leadership capabilities.

As the mining industry leader in Saudi Arabia, we are pleased to report that our success in developing human capital in diverse disciplines within the Group and our collaborative achievement in building new vocational institutes to educate and train a national mining workforce are perfectly aligned with Saudi Vision 2030 and National Transformation Program (NTP).

We are pursuing an ambitious goal to be recognized as one of the top three employers of choice in Saudi Arabia. We are working hard to establish a performance-oriented culture within the company based on a strategy that is built on five key focus areas:

Performance-oriented culture



- Attracting and retaining talent
- Evaluating and recognizing performance
- Growing and developing leaders and capabilities
- Engaging and connecting with employees
- Strengthening people's capabilities.

In line with this strategy, we continue to implement several programs within the company that are aimed at leadership development, capability building, performance management and organizational development. We continually review and update our policies related to compensation packages, work culture, home ownership, savings plan, medical insurance and employee recognition.

Over the past eight years of growth and expansion, we have overcome a number of challenges in locating and hiring experienced people for

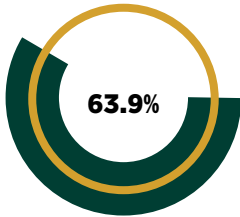
Ma'aden workforce as of December 31, 2016

6,041 directly recruited,
1,087 contract employees
69 non-employee trainees (NET)

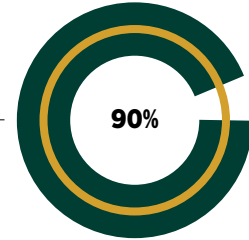
644 people recruited in 2016
368 Saudi nationals



Total: 7,197



Saudization level



Ma'aden employees
working in remote
locations



Ma'aden workforce distribution as of December 31, 2016

Division/ Company	Regular	Non- Employee Trainee (NET)	Contract	Total
Ma'aden Headquarters	368	-	37	405
CSS (Including ICT)	246	-	55	301
Ma'aden Gold and Base Metals Company (MGBM)	947	69	23	1,039
Ma'aden Aluminium (MAC)	2,518	-	727	3,245
Industrial Minerals Company (IMC)	102	-	5	107
Ma'aden Infrastructure Company (MIC)	31	-	-	31
Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC)	699	-	153	852
Ma'aden Phosphate Company (MPC)	1,130	-	87	1,217
Total	6,041	69	1087	7,197

our projects as well as developing, training and retaining staff. About 90 percent of our staff are located in remote regions of Saudi Arabia where our operations are based.

Consolidation

As part of our operational excellence initiative, Ma'aden launched the Consolidated Shared Services (CSS) program in 2015. We have made considerable progress in unifying the support functions of Group companies under the CSS umbrella, resulting in a 40 percent decrease in workforce requirements and 30 percent cost savings.

However, it must be noted that our consolidation move did not result in retrenchments of staff. It helped us reduce the number of new recruitments for our new projects and reassign our staff depending on various project requirements.

In the initial stage, we consolidated the shared services of Group companies that are owned 100 percent by Ma'aden. As of early 2016, we completed the consolidation of shared services for the headquarters, MGBM, MIC and IMC covering the administration, accounting, procurement and Human Resource (HR) functions.

This was followed by the consolidation of the Information Technology and Communications (ITC) resources.

In the third phase, we consolidated the resources of our phosphate and aluminium subsidiaries in Ras Al Khair, resulting in considerable savings and reduction of head count.



Top
Employees monitoring records at our Wa'ad Al Shamal phosphate complex

Left
An employee at our phosphate facility in Ras Al Khair

We have made considerable progress in unifying the support functions of Group companies under the CSS umbrella, resulting in a 40 percent decrease in workforce requirements and 30 percent cost savings.

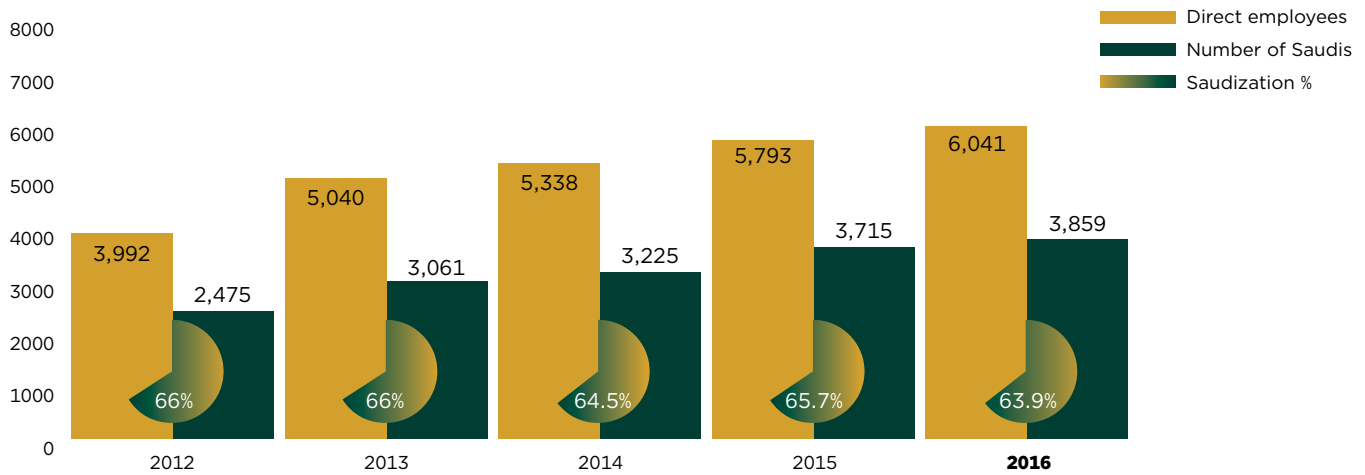
Strategic initiatives

In implementing the five-point strategy described earlier, we launched new initiatives and organized several programs in 2016 to promote leadership development, performance management, organizational development and capability building. The most important of these are:

Succession planning: Held a two-day off-site event to discuss and develop succession plans for senior positions. Leadership development plans were tailored on the basis of comprehensive analysis of individual needs, including coaching and mentoring.

Talent Review Sub-Committee: The Corporate Talent Review Sub-Committee was reconstituted and its functioning was realigned with that of other sub-committees to enable effective succession plans for key positions.

Growth of Ma'aden workforce, 2012-2016



360° leadership assessments: A new 360° assessment tool to guide and strengthen the leadership development program was developed with support from ITC.

Manager certification program: A certification program covering 10 internationally recognized managerial competencies was introduced as another leadership development initiative.

MBA and EMBA programs: Selected senior leaders were invited to enrol in reputable MBA and EMBA programs at selected universities.

Future Leaders Development Program: Thirty-two young Ma'aden potential leaders are enrolled in this program, which aims to develop action learning and problem solving skills.

Senior Leaders Development Program (SLDP): The flagship SLDP, which has 30 participants, was strengthened further by making it more relevant to Ma'aden's specific needs.

Performance management program: A Ma'aden-wide performance management program was launched to promote a performance-based culture and

bring about the behavioral changes to support that culture.

Career progression: A new career progression framework was developed for all Ma'aden job families.

Organizational development: A new organizational structure was designed, and developed to align Ma'aden's diverse operations.

Employee engagement: Findings from the 2015 engagement survey were analyzed and shared with all Ma'aden organizations and subsequently action plans were developed for implementation to enhance employee engagement.

HR policies: A number of HR policies were reviewed and updated to enhance employee benefits including home ownership, savings plan, medical insurance and service recognition.

Competency-based development plan: A competency-based assessment and Individual Development Plan (IDP) for leaders was developed. Awareness sessions were held across Ma'aden subsidiaries and sites to educate assessors about competency profiles and assessment mechanism.



Three management executives from Ma'aden Phosphate Company (MPC) -- Saud Al Otaibi (Director, Production Planning), Majed Al Sullaimani (Director, Field Maintenance) and Motalq Al Harbi, (Manager, Procurement and Supply Management) -- completed the Ma'aden Leadership Development Programme (LDP) from the University of Leicester in the UK in 2016. They are part of the first batch of promising young executives under the LDP initiative.

Competency and career path integration: Different frameworks related to career progression – talent, competency, career development – were integrated to ensure total alignment of the different paths and criteria.

Ma'aden Toastmasters Club: Launched three Toastmasters Clubs in Ras Al Khair, Ma'aden headquarters and Saudi Mining Polytechnic (SMP).

National Mining Institute

As we mentioned earlier, Ma'aden's collaboration with Saudi Arabia's Technical and Vocational Training Corporation (TVTC) in establishing the first Saudi Mining Polytechnic (SMP) in Arar, the first mining polytechnic in the Kingdom, was a great success, with the first batch of students graduated in 2015. We are planning to replicate that success by establishing the National Mining Institute in Wa'ad Al Shamal.



Employees head to a training session in Ras Al Khair



The polytechnic in Arar and the institute in Wa'ad Al Shamal will help make the Saudi mining industry more efficient and cost-effective by creating a qualified and trained local workforce.

Top
Ma'aden Aluminium inducted a batch of 58 newly trained staff after they completed the Maintenance Training Program at the Jubail Technical Institute.

As Saudi Arabia's northern region holds great potential to expand the mining sector – which is slated to grow stronger under the Saudi Vision 2030– the institute will serve to develop a local workforce to meet the emerging needs of the industry. It will be a major catalyst in delivering economic development in the north by providing local people with the education and skillsets required for the domestic mining industry, eventually leading to stable jobs and careers.

Our vision is that the institute will offer advanced technical education and training for students through a curriculum that is specially designed for the mining industry. By engaging

effectively with other national stakeholders such as TVTC, Ma'aden is fulfilling its responsibilities as Saudi Arabia's mining champion. The polytechnic in Arar and the institute in Wa'ad Al Shamal will help make the Saudi mining industry more efficient and cost-effective by creating a qualified and trained local workforce.

Ma'aden has already initiated a comprehensive review of SMP, identifying areas for improvement. This was followed by a quality assurance action plan that enhanced the quality of SMP's vocational programs. We have also introduced an international benchmark to ensure the language proficiency of the students.

Ma'aden staff training courses held in 2016

Training type	Headquarters, IMC and MGBM	
	Number of participants	Number of sessions
Management and soft skills development	461	30
English language program	60	5
Technical	248	65
Environment, Health, Safety and Security	150	8
Total	919	108

Training type	Ma'aden aluminium and phosphate subsidiaries in Ras Al Khair	
	Number of participants	Number of sessions
Management and soft skills development	380	73
English language program	299	25
Technical	367	73
Environment, Health, Safety and Security	543	50
Total	1,589	221

Environment, Health, Safety and Security

Towards an EHSS culture based on performance and behavior

Pursuing our goal of zero harm to people and the environment, we continued to strengthen our Environment, Health, Safety and Security (EHSS) practices and systems in 2016.

Zero
fatality



Zero
environment violations



Incident Rate of

0.25



The Ma'aden EHS Integrated Management System, which identified 114 standards for implementation, has been fully deployed across all our sites as part of our EHS1 initiative. We have already completed the internal assessment to ensure that all Ma'aden sites comply with these standards and achieve a D2 status under Ma'aden's 5-diamond initiative.

The system's criteria are in line with the requirements of ISO 14001, ISO 50001, OHSAS 18001 and Responsible Care's RC-140001.

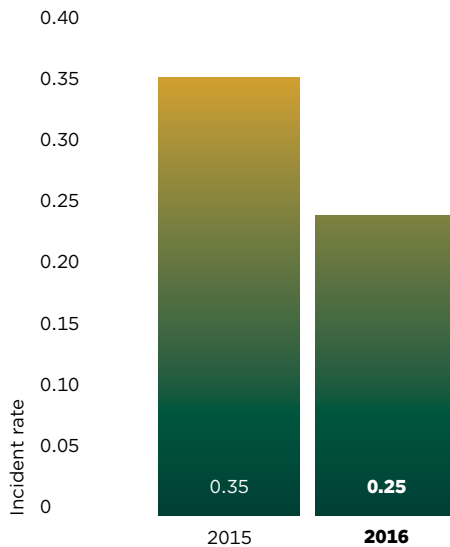
Under our EHS2 initiative, Ma'aden is transforming from a purely performance-based system to a performance and culture-based practice

that focuses on human behavior, training and performance. This is being driven through the E Color Human Performance (E-CHP) program, which combines two safety technologies into one: E-Colors understanding of human behavior and Fisher IT's Human Performance System.

During the year, we completed the ecological footprint assessment and baseline definitions for all our operating sites. EHS reporting and follow-ups are now completely automated through Ma'aden's Hemaya system.

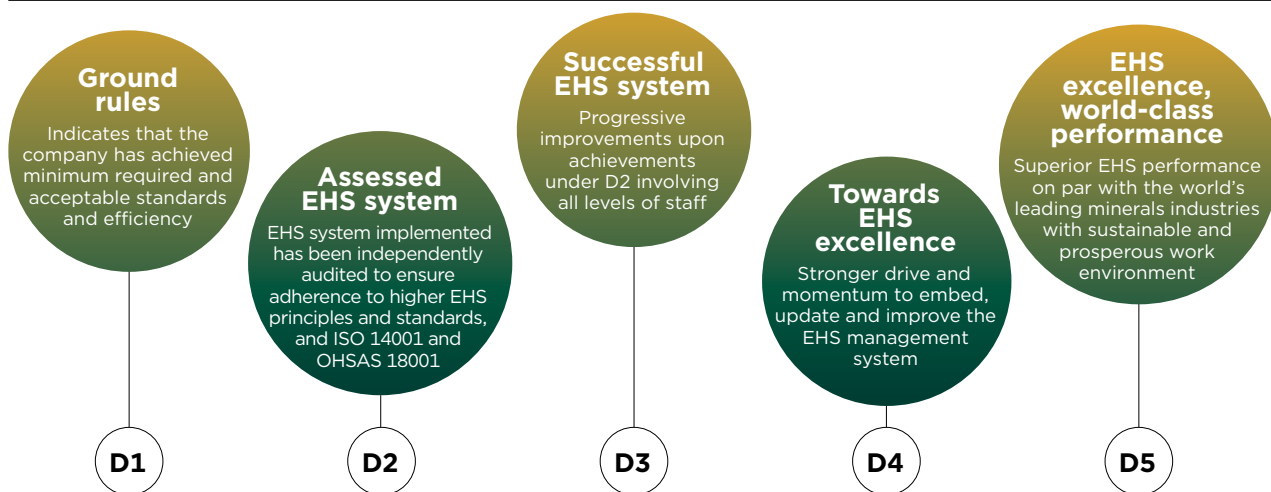
We have conducted extensive training courses for our staff, including senior executives, as part

Ma'aden Incident Rate (IR*) performance, 2015-2016



* IR is a comprehensive metric that calculates all recordable injuries

Ma'aden's 5-diamond initiative



of this transformation to strengthen awareness about the behavioral issues that have an impact on the environment and the health and safety of people.

Ma'aden's growing operations demand full preparedness to ensure the safety and security of our assets. During 2016, we approved and adopted a new Ma'aden Crisis Management Plan that focuses on industrial security. The engineering design of a new integrated security, safety and fire system, approved by the Higher Commission of Industrial Security (HCIS), is well underway. We have also completed the security and emergency response audit for most of our operating sites.

We continue to strengthen our environmental protection measures, strictly complying with regulatory requirements and continually monitoring our emission levels and air pollution. Most of Ma'aden's plants are equipped with Continuous Emission Monitoring Systems (CEMS) that are designed to issue early warnings when emissions exceed set limits.

We have hired a specialist company certified by the General Authority of Meteorological and Environmental Protection (GAMP). They will compile Ma'aden's environmental compliance reports to be submitted to GAMP.

Above
Security measures at our Bulghah site

2016 EHSS highlights

Achievement	Description
EHS2	EHS2 initiative, with emphasis on zero harm culture, deployed throughout operations
EHS1	EHS1 assessment of all operations sites completed to ensure that they have achieved the D2 status under Ma'aden's 5-Diamond Initiative
Integrated security, safety and fire systems	Ma'aden sites employ the latest technology in integrated security, safety and fire systems as part of the Group's asset protection program
Environmental permits	Environmental permits obtained from the authorities concerned for all of Ma'aden's operations
Hemaya	Ma'aden's IT-enabled EHS reporting and follow up system, Hemaya, is now fully implemented across all subsidiaries and operations
Ecological footprint	Completed the ecological footprint assessment and baselining for all operating sites
Security and Emergency Response audit	Audit completed at eight sites as per the internal audit plan: <ul style="list-style-type: none"> Industrial minerals plant at Madinah Al Munawarah, magnesite mine at Al Gazalah and kaolin and low grade bauxite mines at Az Zabirah MGBM gold mine sites at Al Amar, Mahd Ad Dhahab, Sukhaybarat, Bulghah and As Suq
Health and Safety standards	Five gold operations sites reassessed against 43 Health and Safety standards (classified as high priority standards)
Certifications	Aluminium smelter received ISO-140001 and OHSAS-18001 certifications; MPC's Ras Al Khair sites received ISO 50001:2011 certifications
Environment Impact Assessment (EIA)	All Ma'aden mines and plants have conducted EIA studies to comply with environmental permit requirements. In addition, ISO 14001 and OHSAS 18001 environmental management certificates have been renewed in addition to reducing the consumption of electricity, water and recycling of paper
Headquarters	Multiple awareness sessions on defensive driving, use of fire extinguishers and first aid conducted at the headquarters

Procurement

Boosting local content, leveraging buying power

Ma'aden's procurement spend in 2016 was SAR12.5 billion. Projects accounted for SAR7.9 billion, while the share of operations was SAR4.6 billion. Ma'aden's investments in new large-scale projects inevitably lead to a procurement budget that runs into billions of riyals but they also give us the opportunity to leverage our buying spend and adopt strategic priorities based on a larger vision.

The two most important goals driving Ma'aden's procurement now are:

- To leverage the combined buying power of the Ma'aden Group to deliver maximum savings while ensuring the best value for money and minimizing our inventory.
- To maximize the local content in our purchasing, serving the sustainable development goals of Ma'aden, which are aligned with Saudi Vision 2030 and the NTP.

In 2016, we established a Strategic Sourcing and Local Content function under the Corporate Strategy Department. Strategic Sourcing and Local Content will pursue a focused plan to achieve our goals in line with our localization priorities under the 2025 strategy and Ma'aden's cash generation program.

As Ma'aden continues to expand its industries and ventures into new projects, we believe that we have a unique opportunity to strengthen the local content in our buying, support

small and medium enterprises (SMEs) and reinforce our competitive advantages.

We have set an ambitious 2025 target of tripling local content in our procurement, quadrupling the number of jobs in our supply chain for Saudi citizens and ensuring that 35 percent of our annual spend is allocated to Saudi-owned SMEs. In strengthening local content, we will adopt proven best practices and draw lessons from local content development initiatives elsewhere. All Ma'aden mines are empowered to procure from the local community whenever possible.

Strategic approach

Ma'aden will follow a proven approach to localization, starting with an analysis of the portfolio to prioritize potential categories and establish targets. We will take the lead in the categories that directly apply to our industries but we will also collaborate with other local mining companies and institutions in identifying localization opportunities.



Procurement performance highlights

	2016	2015
Total procurement spent on projects	SAR7.9 billion	SAR 7billion
Percentage spend in Saudi	75%	66%
Savings (negotiations and cost avoidance)	SAR463.66 million (5.88%)*	SAR404.67 million (4.61%)*

* Category management is a strategic approach that organizes procurement resources to focus on specific areas of spends (Source: Chartered Institute of Procurement and Supply).

Strategic sourcing using category management will change our procurement function in a significant way. We are adopting world-class category management methods and negotiating framework agreements to support Ma'aden operation.

To accelerate this transformation, Procurement is collaborating with businesses to develop a program that weighs purchasing requirements over an 18-24 month period. The program will support our local content aspiration, yield significant savings and establish framework agreements that will be made available to other local smaller mining and metals companies.

We aim to implement this plan over four phases. In the first phase, Ma'aden will launch strategic category management for prioritized spending, identify the areas for local content and align with stakeholders, and also establish tracking and monitoring mechanisms to report progress. In the second phase, strategic sourcing will be institutionalized and a well-defined local content plan will be rolled out. The last two phases will be about sustaining and enhancing strategic sourcing and local content.

As part of Ma'aden's resource consolidation program, we reorganized the procurement functions of the headquarter and two fully owned subsidiaries, MGBM and IMC, under the shared services umbrella. The consolidation program was completed in 2016 resulting in cost savings of SAR152 million from a combined operational



We have set an ambitious 2025 target of tripling local content in our procurements, quadrupling the number of jobs in our supply chain for Saudi citizens and ensuring that 35 percent of our annual spend is allocated to Saudi-owned SMEs.

Left
One of Ma'aden's aluminium facilities at Ras Al Khair industrial city

Top
Excavator in action at one of our sites

spent of SAR785 million. We managed to reduce procurement workforce by 10 percent through consolidation, which also involved the smooth relocation of our staff from Jeddah to Riyadh.

Through negotiations with our suppliers we ensured that Ma'aden did not incur unwarranted additional costs because of the 2016 fuel price increase in Saudi Arabia. During the year, we also achieved substantial savings through negotiations. Additionally, we saved SAR209 million in cost avoidance through more efficient materials management by maximizing the use of existing inventories while maintaining high product availability.

As part of our focus on ethics and our improved Supplier Relationship Management (SRM) process, Ma'aden now requires all suppliers to sign our Supplier Code of Ethics. This is a pre-requisite for all suppliers applying to register with Ma'aden.

Information and communications technology

ICT shifts to a customer-focused model, delivers gains from consolidation

Our Information and Communications Technology (ICT) has transitioned to a customer-centric function. We have adopted major infrastructure upgrades, focusing on specific competencies that are needed for our operations, business conduct and corporate functions.

This transition, achieved on the strength of the shared services platform, has enabled us to proactively meet the planned needs of Ma'aden's businesses and quickly respond to their new and unanticipated challenges.

ICT was the first internal service function chosen to migrate to a shared services platform, and the new consolidated model began operations on January 1, 2016. A year later, the restructured ICT organization is in an excellent position to serve Ma'aden's needs of tomorrow as the Group further strengthens its focus on operational excellence and new growth.

Strategy and initiatives

Our strategy is built on three fundamental goals of ICT as a service organization:

- cost and service delivery,
- customer focus and
- connectivity, ICT infrastructure and security.

We launched eight strategic initiatives that are helping us deliver value across the three objectives:

- Shared services
- ICT outsourcing
- Culture change for business process transformation
- World-class communication at sites
- Information security
- Enterprise-wide business intelligence
- Post-modern ERP
- IT and automation

Each of these initiatives offer

significant benefits. The ICT shared services became a pilot project that others could draw lessons from. On outsourcing, we adopted a strategy that identified non-strategic ICT services to be outsourced in a cost-effective manner and strategic services to be retained within Ma'aden.

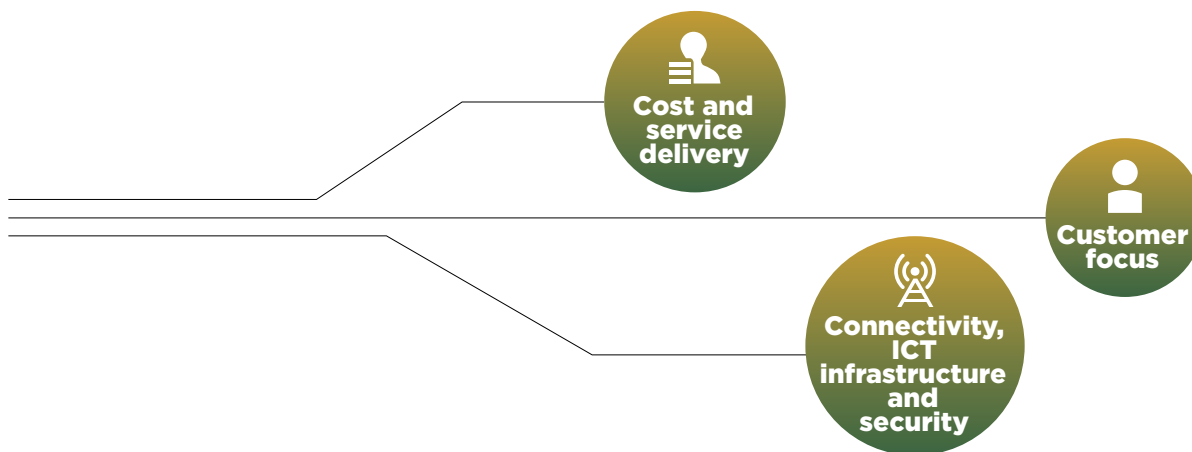
Business process transformation enables individuals to take ownership of their projects and manage data more efficiently. We helped streamline the business processes with common automation platforms that will enhance system utilization and offer more agility in realizing business improvements.

In ensuring that Ma'aden sites offer world-class communication capabilities, our focus in 2016 was on infrastructure consolidation. Our efforts are aimed at supporting the needs of workers living in remote areas to communicate better and to enable an increasingly mobile workforce to communicate securely. We are also identifying new and improved communications technology for the sites.

Information security is even more important. It involves protection of all of Ma'aden's application solutions and data on Ma'aden and external servers, as well as on employee devices, and shielding these valuable assets from cyber-attacks.

Based on a business intelligence strategy developed in 2016, we are migrating businesses from the old platform to the most recent. These will be supported by advanced analytics tools.

Key goals of ICT strategy



Looking at the future, we are aware that Ma'aden's Enterprise Resource Planning (ERP) practices will need to evolve with the times. A desire for both greater business agility and functional advantage is the key driver for emerging solutions such as cloud computing, and Ma'aden's priorities in ERP will align with these business requirements.

We are establishing an IT and automation strategy panel to support our three-phased approach:

- leverage and further strengthen the IT environment as a business advantage;
- develop advanced analytics and big data capability to improve business performance and
- explore advanced automation and robotics solutions on a business case basis.

Major achievements

Our key achievements in 2016 include a broad range of upgrades, provision of timely support to enable new operations, leveraging existing technology platforms, development of a new application in-house and cost control.

The recent infrastructure and information security upgrades include:

- improved network communications through a new strategic contract with our service provider and by fine-tuning our design;
- enhanced IP telephony, video and web conferencing capabilities;
- improved IT security and internet service by reducing our internet



gateways from 15 to 6 and
 • consolidation from four data centers to two.

We mobilized our staff to new operating locations, developed and configured new applications extensively and established the necessary ICT infrastructure at the new operations sites in Ad Duwayhi (gold mine) and the MWSPC facilities at Umm Wu'al in Wa'ad Al Shamal.

We are proud that Ma'aden ICT developed its first internally created application and implemented it for Human Resources to facilitate a 360 degree evaluation process for employees. This experience has built a solid foundation for similar developments in the future, some of which are already underway.

Savings

A key objective of the consolidation of ICT as shared services was to reduce cost. As we achieved the planned cost synergies, we managed to reduce ICT costs in 2016 by over SAR6 million when compared to 2015. With the active participation of our internal customers, we implemented a

cost-saving license management program for end user licenses. We also managed to save costs by leveraging internal capabilities more effectively without outside system integrator support.

We implemented a new service desk platform called ServiceNow, clearing the way to introduce additional shared service functions in the future. We also enhanced our Oracle stack of technology through the first phase of our implementation of Oracle Engineered Systems, resulting in significant improvements in system performance.

Ma'aden hosted a Technology Innovation Day on August 29, 2016 which was attended by senior executives, hundreds of employees and several leading ICT companies. The event included a conference and an exhibition where the participating companies presented their technological innovations.

Top
 Maaden holds first Technology Innovation Day

Community care

Growing social impact programs focus on community needs

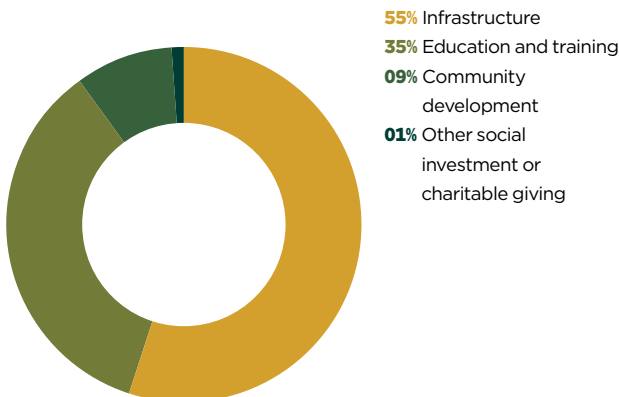
In 2016, the cumulative investment in Ma’aden’s community initiatives in our mining regions was SAR27.96 million – more than a 300 percent increase compared with the SAR8.53 million spent in 2015. The investments were spread across 24 initiatives.

The investments came from an approved social spend budget pool that stands at over SAR201 million at the end of 2016. Seven projects were completed during the year and the remaining 17 projects are in progress. New projects are approved each year, adding to the number of community initiatives and delivering more social impact.

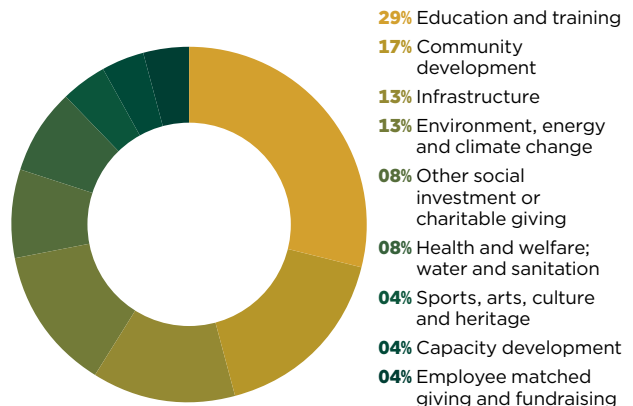


HRH Princess Fahda Bint Saud Bin Abdulaziz Al Saud, the President of Al Faisaliya Women's Welfare Society with Yahia Al Shangiti, Ma'aden gold and base metals VP sign the 'Golden Hand' initiative under which women are taught skills that enable them to be self-employed

Percentage of disbursement on initiatives by category, 2016



Percentage of programs approved in each category, 2016



Note
Some approved initiatives have made progress but no disbursement of funds have been implemented.

Ma'aden's major community projects						
Status	No. of initiatives	Average of completion %	Approved budget (SAR)	Sum of 2015 spend (SAR)	Sum of 2016 spend (SAR)	Sum of overall todate spend (SAR)
2016	24	49%	199,747,455	7,692,144	27,957,886	35,650,030
Completed	7	100%	20,470,000	4,801,264	13,996,936	18,793,200
Ongoing	17	28%	179,277,455	2,890,880	13,960,950	16,851,830

Our investments continue to address the diverse needs of the communities hosting our mines and neighboring areas. Infrastructure, education and training projects accounted for bulk of our social performance funds, followed by health and welfare, water and sanitation, sports, culture and heritage and donations to charities.

Our community investments are guided by the Ma'aden Community Management System (CMS), adopted in 2013. The CMS guidelines ensure that our investments deliver positive social impact and result in qualitative changes in people's lives. The

programs conceived under the system are monitored using clearly defined key performance indicators that help determine each operation's level of community engagement.

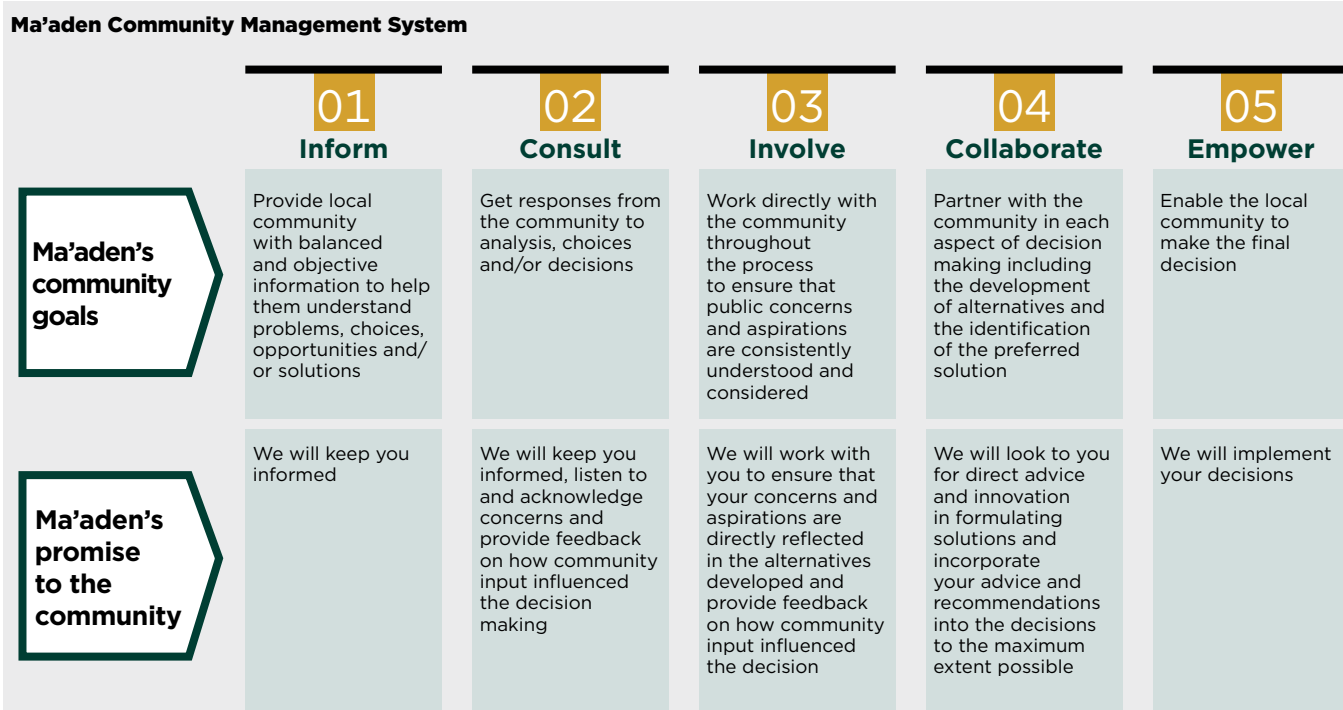
CMS is aligned with international best practice standards including those of AA 1000 and the International Finance Corporation (IFC).

Based on the CMS, we have built the Ma'aden community framework which includes multiple performance indicators related to community engagement, local hiring, local buying and social investment. We assess our sites' performance against

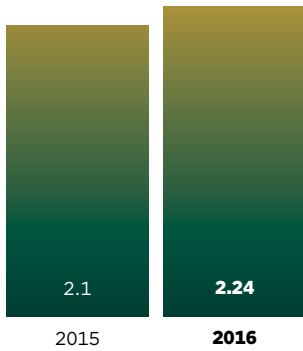
these indicators to arrive at the average annual community framework score, both at the corporate level and for each site.

As our aspirational theme states, Ma'aden makes a conscious effort to be a welcomed neighbor in an empowered local ecosystem – which means that we actively engage with the communities, listen to their concerns and requirements and take informed decisions on our social investments.

CMS recognizes that local community trust and approval are essential for us to grow as a mining enterprise. Before the launch of a



Ma'aden community framework score



Note: Sites focused more on community initiatives than community engagement. The Ma'aden community engagement framework is built to balance between community engagement, local content development and community Initiatives.

new project, we conduct a detailed social impact assessment (SIA) – an approach that we have been applying even to the mines that have been 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 established the Ma'den Higher Community Initiatives Committee (MHCIC), chaired by the CEO and comprising six other senior executives. It monitors our progress in delivering a strategic and empowered ecosystem to ensure that our initiatives deliver highly positive results for the communities that host our operations.

Opposite
One of the new schools sponsored by Ma'aden in Arar

Below
Mahd Ad Dhahab cultural center

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.

Mahd Ad Dhahab cultural center

In 2016, we completed the construction of the community cultural center building at Mahd Ad Dhahab, where our oldest gold mine is located. We have already handed over the SAR19 million facility to Namaa Al Munawara, which will manage the center. Namaa Al Munawara is a non-profit organization in charge of the Al Munawara Endowment and is headed by Prince Faisal Bin Salman, Governor of Madinah Province.

The Mahd cultural center has been recognized as one of the most modern buildings in the region. It is our single largest investment from amongst our many community initiatives. The complex will play a

major role in strengthening the local ecosystem supporting economic and social development in the region.

Namaa Al Munawara is planning to host a business incubation laboratory within the building. Ma'aden has already committed SAR5 million for the business incubation facility, which will encourage and enable local people to build new businesses using local resources. The development of local small and medium enterprises (SMEs) is one of the key focus areas of Namaa Al Munawara.

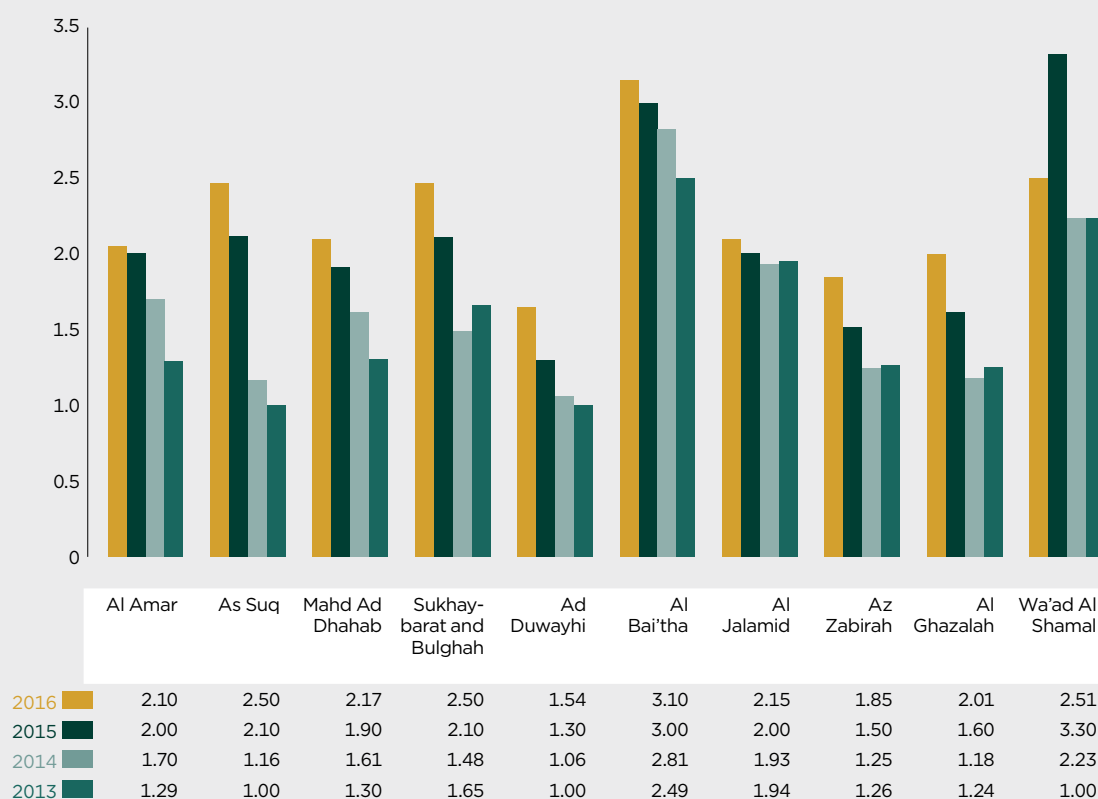
Focus on education

A significant part of our investments in ongoing community projects in remote regions is allocated to the education sector. We are collaborating with the Ministry of Education and a national education service provider to support the construction and management of two schools of excellence in Arar and Turaif. Besides investing capital, our Human Capital staff are involved in an enrichment program that targets high school students and





Ma'aden sites' community framework score



teachers in the northern region. The two schools will begin classes in the 2017-18 academic year.

In other programs in the education sector, Ma'aden has enrolled six top graduates of the Saudi Mining Polytechnic - born out of our collaboration with Technical and Vocational Training Corporation (TVTC) - at the King Abdulaziz University (KAU) in a bridging program that may lead to a bachelor's degree in geology.

Enabling rural women

Another Ma'aden community program that is making a significant social impact is the Golden Hand training program for rural women. The program was developed and implemented in partnership with the Al Faisaliya Women's Welfare Society and has the goal of enabling women in rural and developing regions to be self-employed and establish home-based businesses.

Under the Golden Hand initiative, 80 Saudi women in Mahd Ad

Dhahab province received training in sewing, cooking, computer use and beauty care. The program was launched on the basis of a joint study carried out by Ma'aden and Al-Faisaliya Women's Welfare Society, which identified the important role women play in building community prosperity when they acquire special skills. We invested a total of SAR770,700 in the program over 2015 and 2016.





Financial statements

Chief Financial Officer's review

Low commodity prices and higher financing costs contribute to a fall in net income



The considerable operational achievements across Ma'aden helped us to report a positive net income for 2016, despite the continued low – and in some cases deteriorating – prices for our key products.

Prices for aluminium averaged 9 percent lower in 2016 whilst prices for DAP and ammonia fell 30 percent and 31 percent respectively year-on-year.

However, as the year ended there were signs of recovery in commodity prices. We saw positive movements in aluminium and copper prices in the last quarter and the DAP market appeared to be stabilizing. The net effect of price movements in 2016 was such that despite increasing production across our business, we suffered a 13 percent drop in revenues.

EBITDA remains steady

We succeeded in offsetting the impact of this drop in revenues to a large degree through the realization of further cost savings throughout the year and maintained our EBITDA in line with 2015. Our focus on efficiency and efforts to identify further cost saving opportunities continue under a formal program that we adopted during the year. We are confident that this program will help us enhance our cashflow position further in 2017.

Our net income was also impacted by higher depreciation charges and increased finance charges. The higher depreciation charges were the result of the successful commercialization of major projects during the year: our largest gold mine, Ad Duwayhi, in April 2016, and our bauxite mine and alumina refinery in October 2016. The full impact of the depreciation charges

for these businesses will be felt in 2017.

Debt impact

The impact of the debt associated with these projects – particularly the bauxite mine and alumina refinery – also had a bearing on our income statement for the first time in 2016 when they entered commercial operation.

This was compounded by other market factors. The financial markets saw increased costs of borrowing during the year, particularly in the Kingdom. The Saudi Arabian Interbank Offered Rate (SIBOR) increased substantially during 2016 as liquidity tightened, and it contributed significantly to the increase in our financing costs.

The liquidity situation in the Kingdom started to ease in the fourth quarter and SIBOR has reduced. However, the outlook for interest rates appears to have increased upside risk, with markets expecting that US interest rates will rise further in 2017.

With a relatively high level of leverage, we continue to plan carefully to ensure that Ma'aden achieves an optimal debt structure and at the same time maintain our liquidity to manage the pressure on our cashflow in this low commodity price environment.

We also continue to explore means to optimize our debt portfolio through refinancing. We achieved this with one of our subsidiaries

- Ma'aden Phosphate Company - in early 2016, and we continue to look to develop new debt sources that can help to reduce our reliance on floating rate bank debt.

Transition to IFRS

An important step for Ma'aden in 2017 will be our transition to the International Financial Reporting Standards (IFRS) framework. This transition has led to a number of changes in our financial reporting practices. In particular, we are adopting a new methodology in respect of considering possible impairments to our assets.

This new approach has led to the impairment of some of our assets. This largely reflects current market conditions. We remain committed to realizing the fullest possible value from these assets and are working to ensure that they reach their full potential.

Our move to adopt IFRS reporting standards is an important part of ensuring that we meet global standards in achieving higher levels of transparency.

We continue to strengthen our investor relations activities by actively engaging with our existing

shareholders through direct interactions and by improving the access to information through new technology platforms.

There are signs of a market upturn as we enter 2017, but we expect any recovery to be gradual. In any case, our focus on sustaining operations efficiency and controlling operating and capital spending will remain as we continue to grow. Regardless of the market conditions, this will benefit us not only in 2017, but in the years ahead.

Consolidated statement of income for the year ended December 31, 2016

(in millions)	Explanatory notes	2016 SAR	2015 SAR	Variance SAR	y-o-y %
Sales	1	9,506	10,956	(1,450)	(13)
Cost of sales	2	(7,460)	(8,517)	1,057	(12)
Gross profit		2,046	2,439	(393)	(16)
Operating expenses					
Selling, marketing and logistic expenses	3	(410)	(532)	122	(23)
General and administrative expenses	4	(333)	(448)	115	(26)
Exploration and technical services expenses	5	(51)	(144)	93	(65)
Write-off of plant and equipment	6	(58)	(10)	(48)	480
Operating income		1,194	1,305	(111)	(9)
Share in net loss of jointly controlled entities	7	(74)	(92)	18	(20)
Income from short-term investments	8	152	36	116	322
Finance charges	9	(826)	(451)	(375)	83
Other income, net	10	33	56	(23)	(41)
Income before zakat		479	854	(375)	(44)
Zakat expense		(78)	(46)	(32)	70
Net income for the year		401	808	(407)	(50)
Net income attributable to shareholders of the parent company		401	605	(204)	(34)
Non-controlling interest's share of current year's net income in subsidiaries		-	203	(203)	(100)
		401	808	(407)	(50)
Basic and diluted earnings per share (SAR)	11	0.34	0.52	(0.18)	(35)
Weighted average number of ordinary shares in issue during the year (in millions)		1,168	1,168		
Gross profit percentage		22%	22%		
EBIT		1,194	1,305	(111)	(9)
EBIT margin		13%	12%		
EBITDA	12	3,683	3,644	37	1
EBITDA margin		39%	33%		
Net income percentage		4%	7%		

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 percent) are analyzed and discussed in the corresponding explanatory notes in the audited consolidated financial statements.

1. Sales

Components of sales

(in millions)	2016		2015		Variance	
	SAR	%	SAR	%	SAR	y-o-y %
Aluminium	4,252	45	4,763	43	(511)	(11)
Phosphate fertilizer	3,241	34	4,543	42	(1,302)	(29)
Ammonia	815	8	761	7	54	7
Gold	1,049	11	705	6	344	49
Industrial minerals	149	2	184	2	(35)	(19)
Total sales	9,506	100	10,956	100	(1,450)	(13)

The total consolidated sales decreased in 2016 by SAR1,450 million, driven by a decrease in average realized price of all products except gold despite an increase in volume sold of all products except aluminium and industrial minerals. The decrease in consolidated sales resulted mainly from the decrease in average realized prices of:

- aluminium (9%)
- phosphate fertilizer (30%),
- ammonia (31%).

Sales breakdown between international and domestic sales

Geographical	2016		2015		Variance		Countries
	SAR (millions)	Quantity (thousands)	SAR (millions)	Quantity (thousands)	SAR (millions)	Quantity (thousands)	
International							
Aluminium (tonnes)	3,453	552	4,250	612	(797)	(60)	Asia, Brazil, GCC, MENA (excluding GCC), Turkey, Europe and North America
Phosphate fertilizer (tonnes)	3,241	2,676	4,543	2,634	(1,302)	42	Indian subcontinent, Brazil, South East Asia, Latin America, Africa and Oceania
Ammonia (tonnes)	815	715	761	461	54	254	Indian subcontinent and East Asia
Gold (ounces)	1,045	224	698	163	347	61	Switzerland, Singapore
Industrial minerals (tonnes)	32	23	43	29	(11)	(6)	Asia, Europe, Africa, Gulf and Asia-Pacific
Sub-total sales	8,586	-	10,295	-	(1,709)	-	
Domestic							
Aluminium (tonnes)	799	122	513	70	286	52	Kingdom of Saudi Arabia
Gold (ounces)	4	1	7	2	(3)	(1)	Kingdom of Saudi Arabia
Industrial minerals (tonnes)	117	748	141	1,033	(24)	(285)	Kingdom of Saudi Arabia
Sub-total sales	920	-	661	-	259	-	
Total sales	9,506	-	10,956	-	(1,450)	-	

Aluminium sales

Aluminium sales representing 45 percent of the total consolidated sales for 2016 declined by 11 percent (SAR511 million) due to lower average realized price by US\$177/MT (equivalent to SAR664/MT) (price effect of SAR447 million) and also lower quantity sold by 8 KMT (volume effect of SAR64 million).

Phosphate fertilizer sales

Ammonium phosphate fertilizer sales representing 34 percent of the total consolidated sales for 2016 declined by 29 percent (SAR1,302 million) due to a lower average realized price by US\$137 /MT (equivalent to SAR514/MT) (price effect of SAR1,374 million) despite an increase in quantity sold by 42 KMT (volume effect of SAR72 million).

Ammonia sales

Ammonia sales representing 8 percent of the total consolidated sales for 2016 increased by 7 percent (SAR54 million) due to an increase in quantity sold by 254 KMT (volume effect of SAR420 million) set-off by the lower average realized price by US\$136 / MT (equivalent to SAR510/MT) (price effect of SAR366 million).

Gold sales by mine

	2016		2015		Variance	
	Ounces	%	Ounces	%	Ounces	y-o-y %
Bulghah	56,069	25	53,929	33	2,140	4
Al Amar	43,300	19	45,632	28	(2,332)	(5)
Mahd Ad Dahab	32,598	15	34,053	21	(1,455)	(4)
As Suq	24,170	11	22,319	13	1,851	8
Sukhaybarat	12,126	5	9,004	5	3,122	35
Ad Duwayhi	56,313	25	-	-	56,313	-
Total gold ounces sold	224,576	100	164,937	100	59,639	36

Gold sales representing 11 percent of the total consolidated sales for 2016 increased by 49 percent (SAR344 million) due to an increase in quantity sold by 59,639 ounces (volume effect of SAR255 million) resulting mainly from the commencement of commercial production and sales at Ad Duwayhi mine on April 1, 2016. Furthermore, the average realized price per ounce sold increased by US\$105 per ounce (equivalent to SAR394 per ounce) (price effect of SAR89 million).

Industrial minerals sales

Industrial mineral sales representing 2 percent of the total consolidated sales for 2016 declined by 19 percent (SAR35 million) mainly due to lower quantity sold by 291 KMT (volume effect of SAR38 million) set-off by an increase in average realized price of LGB and kaolin by US\$2 /MT (equivalent to SAR8/MT) (price effect of SAR3 million).

2. Cost of sales

(In millions)	2016		2015		Variance	
	SAR	%	SAR	%	SAR	y-o-y %
Salaries and staff related benefits	755	10	767	9	(12)	(2)
Contracted services	469	6	407	5	62	15
Repairs and maintenance	63	1	62	1	1	2
Consumables	144	2	105	2	39	37
Overheads	359	5	358	4	1	-
Raw material and utilities consumed	3,245	44	4,508	53	(1,263)	(28)
Inventory losses	-	-	121	1	(121)	(100)
Deferred stripping expense	11	-	37	-	(26)	(70)
Severance fees	8	-	18	-	(10)	(56)
Sale of by-products	(41)	(1)	(8)	-	(33)	413
Total cash operating costs	5,013	67	6,375	75	(1,362)	(21)
Depreciation	2,398	33	2,172	26	226	10
Amortization	31	-	41	-	(10)	(24)
Total operating costs	7,442	100	8,588	101	(1,146)	(13)
Decrease / (increase) in inventory	18	-	(71)	(1)	89	(125)
Total	7,460	100	8,517	100	(1,057)	(12)

Cost of sales decreased by SAR1,057 million year-on-year attributed to a decrease in average unit cost of production of all products, except gold and industrial minerals and also due to a favorable economies of scale volume effect for aluminium and ammonium phosphate fertilizer.

Aluminium cost of sales

Aluminium cost of sales decreased by SAR880 million mainly due to lower average unit cost per MT by US\$176 /MT (equivalent to SAR660/MT) resulting from increased efficiency and cost improvements and also due to lower quantity sold by 8KMT.

Phosphate fertilizer cost of sales

Phosphate fertilizer cost of sales decreased by SAR497 million mainly due to lower average unit cost per MT by US\$43 /MT (equivalent to SAR161/MT) resulting from increase efficiency and cost improvements.

Ammonia cost of sales

Ammonia cost of sales increased by SAR73 million mainly due to an increase in quantity sold by 254 KMT set-off by a decrease in average unit cost per MT by US\$20 /MT (equivalent to SAR75/MT).

Gold produced by mine

	2016		2015		Variance	
	Ounces	%	Ounces	%	Ounces	y-o-y%
Bulghah	56,069	25	53,929	33	2,140	4
Al Amar	43,820	19	44,029	27	(209)	-
Mahd Ad Dahab	32,891	15	34,417	21	(1,526)	(4)
As Suq	24,170	11	22,239	14	1,931	9
Sukhaybarat	12,126	5	9,004	5	3,122	35
Ad Duwayhi	56,313	25	-	-	56,313	-
Total gold ounces produced	225,389	100	163,618	100	61,771	38

Gold cost of sales increased by SAR254 million due to an increase in quantity sold by 59,639 ounces resulting from the commencement of commercial production and sales at Ad Duwayhi mine on April 1, 2016. Furthermore, the average cost per ounce sold increased by 17 percent due to higher on mine cost from Ad Duwayhi, Sukhaybarat and Mahad mines.

Industrial minerals cost of sales

Industrial minerals' cost of sales decreased by SAR7 million (12 percent) mainly due to due to lower quantity sold by 291 KMT in 2016.

3. Selling, marketing and logistic expenses

The decrease of SAR122 million (23 percent) was mainly caused by a decrease in contracted, freight and overhead expenses of aluminium sales, decrease in deductibles and marketing expenses of phosphate sales and also a decrease in MRC product development cost.

4. General and administrative expenses

The decrease of SAR115 million (26 percent) was mainly caused by reduction in personnel, contracted and overhead expenses.

5. Exploration and technical services expenses

The decrease of SAR93 million (65 percent) was mainly caused by reduction in personnel, contracted and overhead expenses and also due to a decrease of SAR20 million resulted from the impairment of exploration and evaluation assets that were charged during 2015.

6. Write-off of plant and equipments

The increase of SAR48 million mainly resulted from the write-off of certain assets in MGBM during 2016.

7. Share in net loss of jointly controlled entities

Share in net loss of jointly controlled entities represents Ma'aden's share of 50 percent in the net income / (loss) of joint venture entities namely:

- Sahara and Ma'aden Petrochemicals Company (SAMAPCO), a joint venture between Ma'aden and Sahara Petrochemicals Company
- Ma'aden Barrick Copper Company (MBCC), a joint venture between Ma'aden and Barrick Middle East PTY Limited

The decrease of SAR18 million (20 percent) was caused by a decrease in the share in net loss of SAMAPCO decreased by SAR14 million compared to 2015 and an increase in the share of net income of MBCC amounted to SAR4 million resulting from the commencement of commercial production on July 1, 2016.

8. Income from short-term investments

The increase of SAR116 million mainly resulted from an increased investment of excess fund in short-term deposits by Ma'aden Corporate during 2016.

9. Finance charges

The increase of SAR375 million (83 percent) mainly resulted from the repayment of loan in full by MPC under Common Term Agreement (CTA) with a consortium of financial institutions which was replaced by a Murabaha Financing Agreement (MFA) with Murabaha facility participants signed on February 25, 2016. Furthermore, increase in SIBOR/LIBOR rates and financial charges attributed to MBAC since the commencement of commercial operations on October 1, 2016 also contributed to increase in financial charges.

10. Other income, net

Other income declined by SAR23 million (41 percent) mainly due to MAC and MPC insurance claims recorded in 2015.

11. Basic and diluted earnings per share

The basic and diluted earnings per share is calculated by dividing the net 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 2016 and 2015 total to 1,168,478,261 shares.

12. EBITDA

(in millions)	2016	2015	Variance	
	SAR	SAR	SAR	y-o-y%
Operating income for the year	1,194	1,305	(111)	(9)
Depreciation*	2,433	2,209	222	10
Amortization of intangible assets*	36	74	(38)	(51)
Provision for severance fees	8	18	(10)	(56)
Deferred stripping expenses	11	37	(26)	(70)
Other	1	1	-	-
EBITDA	3,683	3,644	37	1

* Depreciation of property, plant and equipment and amortization of Intangible assets does not tie in with Note 2 since this represents the total depreciation and amortization which includes depreciation and amortization charged to cost of sales, general and administrative expenses and exploration and technical services expenses.

Consolidated statement of financial position as at December 31, 2016

(in millions)	Explanatory notes	2016	2015	Variance	
		SAR	SAR	SAR	y-o-y%
Current assets	13	11,625	10,370	1,255	12
Non-current assets					
Property, plant and equipment	14	48,887	36,682	12,205	32
Capital work-in-progress	15	34,637	40,402	(5,765)	(14)
Exploration and evaluation assets	16	270	233	37	16
Deferred stripping expense		77	44	33	75
Intangible assets		369	373	(4)	(1)
Investment in jointly controlled entities		1,128	1,201	(73)	(6)
Long-term investment		50	50	-	-
Advances and prepayments		30	22	8	36
Total assets		97,073	89,377	7,696	9
Current liabilities	17	6,897	8,541	(1,644)	(19)
Non-current liabilities					
Other non-current liabilities	18	2,999	2,173	826	38
Long-term borrowings	19	51,233	43,268	7,965	18
Total liabilities		61,129	53,982	7,147	13
Equity attributable to shareholders' of the parent company		27,699	27,298	401	1
Non-controlling interest		8,245	8,097	148	2
Total equity		35,944	35,395	549	2
Total liabilities and equity		97,073	89,377	7,696	9

13. Current assets

Current assets increased by SAR1,255 million in 2016 and comprises mainly the following:

- Cash and cash equivalents in 2016 were SAR4,370 million compared to SAR4,308 million in 2015 (an increase of SAR62 million) mainly due to an increase in Corporate short-term cash deposits, off-set by the utilization of funds by MRC and MBAC for the project development.
- Short-term investments in 2016 were SAR2,711 million compared to SAR899 million in 2015 (an increase of SAR1,812 million) mainly due to Corporate short-term cash deposits resulting from the receipt of contractual dues from joint venture partners during the year.
- Trade and other receivables in 2016 were SAR1,273 million compared to SAR1,252 million in 2015 (an increase of SAR21 million) attributable to increased sales of products and also due to an increase in other receivables of SAR29 million from SABIC, set-off by a reduction in withholding tax receivable by SAR32 million and reduction in insurance claims of MPC by SAR13 million .
- Inventories in 2016 were SAR3,116 million compared to SAR2,942 million in 2015 (an increase of SAR174 million) mainly resulting from an increase in raw materials of aluminium companies.

14. Property, plant and equipment

The increase of SAR12,205 million is mainly attributed to addition and transfer of assets from capital work-in-progress / inventory of SAR14,736 million reduced by assets written-off / adjusted during the year of SAR44 million and depreciation charge for the year of SAR2,487 million.

During the year addition and transfer of assets from capital work-in-progress / inventory of SAR14,736 million comprise of:

- MGBM contributed an increase of SAR2,100 million relating to the assets capitalised for Ad Duwayhi mine due to commencement of commercial production on April 1, 2016 and also for the water pipeline.
- MBAC contributed an increase of SAR12,240 million relating to the assets capitalised due to commencement of commercial production on October 1, 2016
- MPC contributed an increase of SAR323 million relating mainly to fixed plant and civil works.
- MAC contributed an increase of SAR54 million relating mainly to mobile workshop and laboratory equipments.
- Remaining increase of SAR19 million was accounted for by MIC pertaining to buildings and civil works.

15. Capital work-in-progress

During the year the following movements occurred:

- SAR14,457 million was transferred from capital work-in-progress to property, plant and equipment mainly due to commencement of commercial production at Ad Duwayhi gold mine and MBAC.
- SAR8,976 million additions, of which SAR7,650 million was attributed to phosphate segment, mainly MWSPC, SAR955 million to aluminum companies, SAR127 million to Corporate, SAR207 million to MGBM and SAR26 million to IMC and SAR11 million to MIC
- SAR40 million transferred to intangible assets, advances to contractors utilized during the year amounted to a SAR210 million and assets written-off amounted to SAR34 million for certain assets in MGBM.

16. Exploration and evaluation assets

The increase of SAR37 million is mainly attributed to additions in MGBM relating to Mansourah, Massarah and Ar Rujm gold projects amounting to SAR23 million and for the phosphate project 3, amounting to SAR14 million.

17. Current liabilities

Current liabilities decreased by SAR1,644 million in 2016 and comprise mainly of the following:

- Projects and other payables were SAR1,408 million compared to SAR1,810 million in 2015 (a decrease of SAR402 million). The decrease was mainly attributable to lower projects and other payables in aluminium companies and MWSPC.
- Accrued expenses were SAR2,629 million compared to SAR4,521 million in 2015 (a decrease of SAR1,892 million). The decrease was mainly attributable to lower project accrual in aluminum companies and MWSPC.
- Current portion of long-term borrowings were SAR2,753 million compared to SAR2,131 million in 2015 (an increase of SAR622 million). The increase was mainly attributable to MRC (SAR441 million), MBAC (SAR339 million), MGBM (SAR78 million), MIC (SAR78 million) and MPC (SAR60 million) whereas a reduction in MAC (SAR374 million).
- Zakat and severance fees payable were SAR85 million and SAR8 million compared to SAR51 million and SAR16 million respectively in 2015 (an increase of SAR26 million)

18. Other non-currents liabilities

Other non-current liabilities increased by SAR826 million mainly due to an increase in project and other payables of MWSPC which represents the project retention payables amounting to SAR1,907 million in 2016 compared to SAR1,130 million in 2015, an increase of SAR77 million.

19. Long-term borrowings

Total borrowings (including current position) increased by SAR8,577 million as result of drawdowns amounting to SAR22,636 million reduced by repayments of SAR14,059 million.

(in millions)	Balance at January 1, 2016	Withdrawals /drawdowns during the year	Repaid during the year	Balance at December 31, 2016
Saudi Arabian Mining Company Ma'aden	-	2,400	(2,400)	-
Ma'aden Gold and Base Metals Company	235	674	(8)	901
Ma'aden Infrastructure Company	-	991	(39)	952
Ma'aden Aluminium Company	11,791	30	(576)	11,245
Ma'aden Rolling Company	5,065	30	(91)	5,004
Ma'aden Bauxite and Alumina Company	8,211	98	(-)	8,309
Ma'aden Phosphate Company	10,945	11,395	(10,945)	11,395
Wa'ad Al Shamal Phosphate Company	9,152	7,018	(-)	16,170
Total	45,399	22,636	(14,059)	53,976

Consolidated statement of cash flows for the year ended December 31, 2016

(in millions)	2016 SAR	2015 SAR	Variance SAR	y-o-y%
Cash and cash equivalents at the beginning of the year - unrestricted	3,715	11,434	(7,719)	(68)
Net cash generated from operating activities	2,189	2,214	(25)	(1)
Net cash utilized in investing activities	(10,247)	(11,206)	959	(9)
Free cash flows	(8,058)	(8,992)	934	(10)
Net cash generated from financing activities	8,653	1,273	7,380	580
Net change in cash and cash equivalents for the year	595	(7,719)	8,314	(108)
Cash and cash equivalents at the end of the year - unrestricted	4,310	3,715	595	16



Darren C. Davis
Senior Vice President Finance
and Chief Financial Officer

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)

Consolidated financial statements for the year ended December 31, 2016

Contents	Page
Administration and contact details	119
Statement of Directors' responsibilities	120
Independent auditor's report	121
Consolidated statement of financial position	122
Consolidated statement of income	123
Consolidated statement of cash flows	124-125
Consolidated statement of changes in equity	126-127
Notes to the consolidated financial statements	128-177

Administration and contact details as at December 31, 2016

Commercial registration number	1010164391	
Directors	<p>H.E. Eng. Khalid Bin Abdulaziz Al-Faleh H.E. Sulaiman Bin Abdulrahman Al-Gwaiz Mr. Abdullah Bin Mohammed Al-Issa Ms. Lubna Bint Sulaiman Al-Olayan Engr. Abdullah Bin Ibrahim Al-Saadon Dr. Ziad Bin Abdulrahman Al-Sudairy Eng. Azzam Bin Yaser Shalabi Dr. Jean-Lou Chameau Engr. Khalid Saleh Al-Mudaifer Engr. Abdallah Bin Saif Al-Saif H.E. Mohammed Bin Abdullah Al-Kharashi Engr. Sultan Bin Jamal Shawli Mr. Mansour Bin Saleh Al-Maiman Engr. Khalid Bin Hamad Al-Senani Engr. Abdulaziz Bin Abdallah Al-Sugair</p>	<p>Chairman (Appointed April 28, 2016) (Appointed April 28, 2016) (Appointed April 28, 2016) (Appointed April 28, 2016) (Appointed April 28, 2016) (Appointed April 28, 2016) Past chairman (Resigned April 28, 2016) (Replaced April 28, 2016) (Replaced April 28, 2016) (Replaced April 28, 2016) (Replaced April 28, 2016) (Resigned April 28, 2016)</p>
Registered address	<p>Building number 395 Abi Bakr Asseddiq Road, South Exit 6, North Ring Road Riyadh 11537 Kingdom of Saudi Arabia</p>	
Postal address	<p>P.O. Box 68861 Riyadh 11537 Kingdom of Saudi Arabia</p>	
Banker	The Saudi British Bank (SABB)	
Auditors	<p>Ernst & Young Al Faisaliah Office Tower, 3rd Floor King Fahad Road P.O. Box 2732 Riyadh 11461 Kingdom of Saudi Arabia</p>	

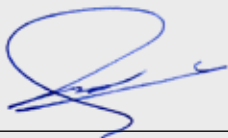
Statement of Directors' responsibilities

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 121, 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, 2016, the results of its operations, cash flows and changes in equity 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;



Engr. Abdullah Bin Ibrahim Al-Saadon
Authorized by the Board



Engr. Khalid Al-Mudaifer
President
and Chief Executive Officer



Mr. Darren C. Davis
Senior Vice President Finance
and Chief Financial Officer

- 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, 2016 set out on pages 118 to 173, were approved and authorized for issue by the Board of Directors on January 19, 2017 and signed on its behalf by:

21 Rabi' II 1438H
January 19, 2017
Riyadh
Kingdom of Saudi Arabia



Ernst & Young & Co. (Public Accountants)
 Al Faisaliah Office Tower
 PO Box 2732
 King Fahad Road
 Riyadh 11461
 Saudi Arabia
 Registration Number: 45

Tel: +966 11 273 4740
 Fax: +966 11 273 4730

www.ey.com

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 2016 and the related consolidated statements of income, cash flows and changes in equity for the year then ended and the notes from 1 to 49, 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 requirement 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 2016 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 the 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: 21 Rabi' II 1438H
 19 January 2017

Consolidated statement of financial position as at December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

	Notes	December 31, 2016	December 31, 2015
Assets			
Current assets			
Cash and cash equivalents	7	4,369,714,529	4,308,309,524
Short-term investments	8	2,711,000,000	899,052,989
Trade and other receivables	9	1,272,918,678	1,252,143,611
Inventories	10	3,116,373,317	2,941,847,487
Advances and prepayments	11	154,794,162	248,716,039
Due from joint venture partners	12	-	720,000,000
		11,624,800,686	10,370,069,650
Non-current assets			
Property, plant and equipment	13	48,887,551,021	36,682,188,547
Capital work-in-progress	14	34,637,282,390	40,402,433,837
Exploration and evaluation assets	15	269,803,530	233,233,575
Deferred stripping expense	16	77,344,276	44,172,991
Intangible assets	17	369,123,208	372,426,562
Investment in jointly controlled entities	18	1,127,666,676	1,201,454,824
Long-term investment	19	50,000,000	50,000,000
Advances and prepayments	11	29,730,480	21,645,868
		85,448,501,581	79,007,556,204
Total assets		97,073,302,267	89,377,625,854
Liabilities			
Current liabilities			
Projects and other payables	20	1,408,200,362	1,810,013,001
Accrued expenses	21	2,629,438,338	4,520,925,588
Zakat payable	22.2	85,308,278	50,962,237
Severance fees payable	23	8,270,636	16,096,147
Current portion of obligation under capital lease	25	13,441,040	12,131,184
Current portion of long-term borrowings	27.6	2,752,508,517	2,131,319,904
		6,897,167,171	8,541,448,061
Non-current liabilities			
Projects and other payables	20	2,106,338,263	1,334,387,629
Employees' benefits	24	425,133,069	353,304,330
Obligation under capital lease	25	13,342,081	27,033,193
Provision for mine closure and reclamation	26	157,077,029	158,111,874
Long-term borrowings	27.6	51,223,162,526	43,267,718,094
Due to joint venture partner	28	306,790,113	300,703,363
		54,231,843,081	45,441,258,483
Total liabilities		61,129,010,252	53,982,706,544
Equity			
Share capital	29	11,684,782,610	11,684,782,610
Statutory reserve			
Share premium	30	8,391,351,697	8,391,351,697
Transfer of net income	31	797,975,542	757,911,634
Retained earnings		6,824,937,601	6,464,362,429
Equity attributable to shareholders' of the parent company		27,699,047,450	27,298,408,370
Non-controlling interest	32.6	8,245,244,565	8,096,510,940
Total equity		35,944,292,015	35,394,919,310
Total liabilities and equity		97,073,302,267	89,377,625,854
Commitments and contingent liabilities	44		

Consolidated statement of income for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Sales	33	9,506,241,216	10,956,125,938
Cost of sales	34	(7,459,968,463)	(8,517,081,736)
Gross profit		2,046,272,753	2,439,044,202
Operating expenses			
Selling, marketing and logistic expenses	35	(410,054,943)	(531,872,951)
General and administrative expenses	36	(333,517,983)	(448,378,831)
Exploration and technical services expenses	37	(51,090,792)	(143,756,853)
Write-off of plant and equipment	13,14	(57,752,626)	(10,494,925)
Operating income		1,193,856,409	1,304,540,642
Other (expenses) / income			
Share in net loss of jointly controlled entities	18.1,18.2	(73,788,148)	(91,630,866)
Income from short-term investments	38	151,636,138	35,583,877
Finance charges	39	(825,853,491)	(450,452,843)
Other income, net	40	33,143,164	56,410,062
Income before zakat		478,994,072	854,450,872
Zakat expense	22.2	(78,428,404)	(46,374,297)
Net income for the year		400,565,668	808,076,575
Net income / (loss) attributable to:			
Shareholders' of the parent company	6.1,41	400,639,080	605,173,945
Non-controlling interest	32.6	(73,412)	202,902,630
		400,565,668	808,076,575
Earnings per ordinary share (Saudi Riyals)			
Operating income per share inclusive of non-controlling interest's share		1.02	1.12
Basic and diluted earnings per share from continuing operations attributable to shareholders' of the parent company	41	0.34	0.52

Consolidated statement of cash flows for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Operating activities			
Income before zakat and income tax		478,994,072	854,450,872
Adjustments for non-cash flow items			
Allowance for doubtful debts	9,36	312,475	3,200,000
(Reversal) / Increase in allowance for inventory obsolescence	10,34	(131,520)	625,666
Depreciation	13	2,431,733,140	2,209,631,051
Write-off of plant and equipment	13	23,661,182	10,494,925
Adjustment to plant and equipment	13	20,186,947	25,550,171
Write-off of capital work-in-progress	14	34,091,444	-
Impairment of exploration and evaluation asset	15	-	20,306,493
Deferred stripping expense	16	11,177,572	36,589,184
Amortization of intangible assets	17	35,728,426	74,118,583
Share in net loss of jointly controlled entities	18.1,18.2	73,788,148	91,630,866
Provision for severance fees	23	8,278,039	17,934,852
Provision for employees' termination benefits	24.1	80,095,845	79,567,555
Contribution for the employees' savings plan	24.2	26,408,207	23,582,534
Accretion of provision for mine closure and reclamation	26.2	1,465,156	1,394,847
Inventory loss	34	-	121,212,929
Income from short term investments	38	(151,636,138)	(35,583,877)
Finance charges	39	824,388,335	449,057,996
Changes in working capital			
Trade and other receivables	9	14,697,494	(45,997,665)
Inventories	10	(398,280,847)	(622,813,479)
Advances and prepayments	11	85,837,265	(25,651,450)
Projects and other payables - Trade	20	193,979,981	49,311,794
Accrued expenses - Trade	21	(43,782,164)	(104,756,055)
Zakat paid	22.2	(44,082,363)	(54,147,978)
Severance fees paid	23	(16,103,550)	(31,476,875)
Employee s' termination benefits paid	24.1	(18,801,273)	(29,513,887)
Employees' savings plan withdrawal	24.2	(15,874,040)	(10,707,301)
Provision for mine closure and reclamation utilized	26.1	(2,500,001)	(1,881,991)
Finance charges paid		(1,464,625,709)	(891,904,935)
Net cash generated from operating activities		2,189,006,123	2,214,224,825
Investing activities			
Income received from short-term investments		144,658,139	27,910,042
Decrease / (increase) in restricted cash	7	534,022,035	(53,776,258)
Short-term investments	8	(1,811,947,011)	(375,732,629)
Due from joint venture partners	12	720,000,000	-
Additions to property, plant and equipment	13	(55,461,920)	(293,475,275)
Additions to capital work-in-progress	14	(8,017,917,270)	(13,122,022,226)
Additions to exploration and evaluation assets	15	(36,569,955)	(80,181,699)
Additions to deferred stripping expense	16	(44,348,857)	(31,679,192)
Additions to intangible assets	17	(1,285,986)	(3,992,516)
Projects and other payables - Projects	20	176,158,014	659,457,256
Accrued expenses - Projects	21	(1,854,673,101)	2,066,960,240
Net cash utilized in investing activities		(10,247,365,912)	(11,206,532,257)

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Financing activities			
Due from SABIC	9	(28,807,037)	-
Obligation under capital lease	25	(12,381,256)	(10,948,976)
Proceeds from long-term borrowings received	27.6	22,599,305,720	6,475,610,600
Repayment of long-term borrowings	27.6	(14,059,224,385)	(6,004,221,579)
Due to joint venture partner	28	6,086,750	(257,610,514)
Payments to increase share capital by non-controlling interest, net	32.6	-	50,043,112
Increase in share capital of non-controlling interest	32.6	600,000,000	1,350,000,000
Dividend paid to non-controlling interest	32.6	(451,192,963)	(330,000,000)
Net cash generated from financing activities		8,653,786,829	1,272,872,643
Net change in cash and cash equivalents		595,427,040	(7,719,434,789)
Unrestricted cash and cash equivalents at beginning of the year	7	3,714,946,268	11,434,381,057
Unrestricted cash and cash equivalents at end of the year	7	4,310,373,308	3,714,946,268
Non-cash flow transactions			
Transfer of capital spares to property, plant & equipment from inventories	13,10	223,886,537	-
Transfer to property, plant and equipment from capital work-in-progress	13,14	14,457,146,382	321,532,962
Provision for mine closure capitalized as part of property, plant and equipment	13, 26.1, 26.3	-	1,053,288
Depreciation capitalized as part of capital-work-in-progress	14,13	55,551,096	63,439,623
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	9,576,144	5,729,831
Provision for mine closure and reclamation capitalized as part of capital-work-in-progress	14, 26.1	-	26,250,000
Amortization of transaction cost capitalized as part of capital work-in-progress	14, 27.2	36,551,710	15,729,190
Borrowing cost capitalized as part of capital work-in-progress	14, 39.1	647,205,389	443,009,951
Transfer to intangible assets from property, plant and equipment	17,13	-	885,255
Transfer to intangible assets from capital work-in-progress	17,14	40,715,230	37,520,660
Transfer from payments to increase share capital to share capital pertaining to non-controlling interest	32.6	-	83,278,002

Consolidated statement of changes in equity for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

Equity attributable to shareholders				
Statutory reserve				
	Notes	Share capital	Share premium	Transfer of net income
January 1, 2015		11,684,782,610	8,391,351,697	697,394,239
Net income for the year		-	-	-
Net income transferred to statutory reserve	31	-	-	60,517,395
Dividend paid to non-controlling interest during the year	32.6	-	-	-
Payments to increase share capital during the year*	32.6	-	-	-
Increase in non-controlling interest / share capital contributed during the year	32.6	-	-	-
December 31, 2015		11,684,782,610	8,391,351,697	757,911,634
Net income for the year		-	-	-
Net income transferred to statutory reserve	31	-	-	40,063,908
Dividend paid to non-controlling interest during the year	32.6	-	-	-
Increase in non-controlling interest / share capital contributed during the year	32.6	-	-	-
December 31, 2016		11,684,782,610	8,391,351,697	797,975,542

*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 opinion number 14/1 issued on March 14, 2012, although no shares have been issued yet and the Commercial Registration certificate has not yet been amended, but will be once these prepayments have been converted to share capital.

of the parent company		Non-controlling interest						
Retained earnings	Sub-total	Share capital	Payments to increase share capital*	Net income / (loss) attributable to non-controlling interest	Sub-total	Total equity		
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		
400,639,080	400,639,080	-	-	(73,412)	(73,412)	400,565,668		
(40,063,908)	-	-	-	-	-	-		
-	-	-	-	(451,192,963)	(451,192,963)	(451,192,963)		
-	-	612,560,821	(12,560,821)	-	600,000,000	600,000,000		
6,824,937,601	27,699,047,450	8,148,320,890	110,292,857	(13,369,182)	8,245,244,565	35,944,292,015		

Notes to the consolidated financial statements for the year ended December 31, 2016

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 the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to March 17, 1997) and Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to March 23, 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 29).

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, Bulghah, Al-Amar, Sukhaybarat, As Suq, Ad Duwayhi, Al-Jalamid, Az Zabirah, Al-Ghazallah and Al-Ba'itha mines. Currently the Group mainly mines gold, phosphate rock, bauxite, low-grade bauxite, kaolin and magnesite.

On February 14, 2012 the Board of Directors approved a plan, developed by the Company in collaboration with its joint venture partner Alcoa Corporation (previously Alcoa Incorporated) (Note 28), to extend the product mix of their aluminium 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,	
		2016	2015
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 Aluminium 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 ("MWSPC")	Limited liability company	60%	60%
Jointly controlled entities			
Sahara and Ma'aden Petrochemicals 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 on August 9, 1989 in the Kingdom of Saudi Arabia. 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.

On April 1, 2016, the company announced the commencement of commercial production at Ad Duwayhi mine.

2.2 MIC

The company was incorporated on August 18, 2008 in the Kingdom of Saudi Arabia. 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 on March 31, 2009 in the Kingdom of Saudi Arabia. The objectives of the company are:

- the exploitation of industrial minerals within the existing mining lease areas 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 a development stage.

2.4 MAC

The company was incorporated on October 10, 2010 in the Kingdom of Saudi Arabia 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 Corporation (previously Alcoa Incorporated), which is accounted for as a non-controlling interest in these consolidated financial statements (Note 32.1).

The objectives of the company are the production of primary aluminium products:

- ingots;
- T-shape ingots;
- slabs and
- billets.

2.5 MRC

The company was incorporated on October 10, 2010 in the Kingdom of Saudi Arabia 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 Corporation, which is accounted for as a non-controlling interest in these consolidated financial statements (Note 32.2).

The objectives of the company are the production of:

- can body sheets and
- can ends stock.

The company is currently in its commissioning phase.

2.6 MBAC

The company was incorporated on January 22, 2011 in the Kingdom of Saudi Arabia 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 Corporation and 40%

by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated financial statements (Note 32.3).

The objectives of the company are to:

- produce and refine bauxite and
- produce alumina.

The company started commercial production on October 1, 2016.

2.7 MPC

The company was incorporated on January 1, 2008 in the Kingdom of Saudi Arabia 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 (Note 32.4).

The objectives of the company are to:

- exploit the Al-Jalamid phosphate deposits;
- utilize local natural gas and sulphur resources to manufacture Phosphate fertilizers at the processing facilities at Ras Al-Khair and
- produce ammonia as a raw material feed stock for the production of fertilizer with the excess ammonia exported and sold domestically.

2.8 MWSPC

The company was incorporated on January 27, 2014 in the Kingdom of Saudi Arabia 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 (Note 32.5) and
- 15% by SABIC which is accounted for as a non-controlling interest in these consolidated financial statements (Note 32.5).

The objectives of the Company are the production of:

- Di-ammonium and Mono-ammonium phosphate fertilizer,
- ammonia,
- purified phosphoric acid,
- phosphoric acid,
- sulphuric acid and
- sulphate of potash.

Trial production of ammonia plant has commenced during the third quarter of 2016 and the company announced the commencement of commercial production of the ammonia plant with effect from January 1, 2017 (Note 46).

2.9 SAMAPCO

The company was incorporated on August 14, 2011 in the Kingdom of Saudi Arabia and is owned:

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

- 50% by Saudi Arabian Mining Company (“Ma’aden”) (Note 18.1) and
- 50% by Sahara Petrochemicals 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 (“CCS”) feed stock to the alumina refinery at MBAC and to sell any excess production in the local wholesale and retail markets and
- ethylene dichloride (“EDC”) in the international and local wholesale and retail markets.

SAMAPCO has started commercial production on July 1, 2014.

2.10 MBCC

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

- 50% by Saudi Arabian Mining Company (“Ma’aden”) (Note 18.2) 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 and associated minerals within their existing mining lease area by way of drilling, mining, concentrating, smelting and refining.

MBCC has started commercial production at the Jabal Sayid mine on July 1, 2016.

3. Basis of preparation

The accompanying consolidated financial statements have been prepared under the historical 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.

Effective from January 1, 2017, the Group is required to perform their financial reporting in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and adopted and endorsed by SOCPA which might require the Group to adopt certain accounting policies that are different from those currently being adopted.

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 an 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.

Inter-company investments, transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of all 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 of the consolidated statement of financial position date, adjusted to conform with the accounting policies 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 the 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. The cost of ore stockpiles is measured at the lower of unit cost of production or net realizable value. 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 unit cost of production or net realizable value. Recoverable 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 or net realized value.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

4.7 Financial assets and liabilities

Financial assets and liabilities carried on the consolidated statement of financial position principally include cash and cash equivalents, short-term investments, trade and other receivables, projects and other payables, accrued expenses and borrowings.

A financial asset and liability is offset and net 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 the historical 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:

	<u>Number of years</u>
• 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	Units of production method / over the life of the mine

Maintenance and normal repairs which do not materially extend the estimated economic useful life of an asset or increase its production capacity are charged to the

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

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 working condition for its intended use. Costs associated with commissioning the plant are capitalized net of the 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 and 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 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, only then is the exploration and evaluation asset 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 Group 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 Group 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 an impairment and the reversal of impairment on exploration and evaluation assets, as specified in note 4.13.

4.11 Stripping ratio and deferred stripping expense

The Group 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.

Stripping cost incurred during the development stage of an open pit mine in order to access the underlying ore deposit are capitalized prior to the commencement of commercial production. Such costs are then amortized over the remaining life of the component of the ore body (for which access has improved), using the unit of production method over proven and probable reserves.

Production stripping costs in an open pit mine is capitalized as deferred stripping expense to the extent that it is probable that the future economic benefits will flow to the company through improved access to the particular component of the ore body. The Deferred stripping expense asset is depreciated / amortized using the unit of production method, based on the proven and probable reserves contained in the component, which is expected to be shorter than the life-of-the mine. The depreciation / amortization of the deferred stripping expense is considered to be a period production cost and is recorded in inventory (and subsequently as a cost of sale when the inventory is sold).

4.12 Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, where applicable. 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 based on the estimated future undiscounted cash flows.

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 other income in the consolidated statement of income in the year 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 General Authority for Zakat and Tax (GAZT). A provision for zakat for the Company and zakat related to the Company's wholly owned subsidiaries is charged to the consolidated statement of income. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Foreign shareholders in subsidiaries are subject to income tax which is included in non-controlling interest in the consolidated statement of income.

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

4.16 Severance fees

Effective from year 2005 onwards, as per Article No. 71 of the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower. The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated statement of income (Note 34).

However, the minimum severance fee payable for a small mine license based on sales is:

Minerals	Basis	Rate per metric tonne
Low grade bauxite	Actual metric tonnes sold	SAR 1.50
Kaolin	Actual metric tonnes sold	SAR 2.25
Magnesia	Actual metric tonnes sold	SAR 4.50

The minimum severance fee payable is SAR 90,000 if the minimum mining capacity is not achieved. Provision for severance fees is charged to the cost of sales in the statement of income and not included in the valuation of inventory.

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 Saudi Labor and Workman Law on termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the consolidated statement of financial position date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia.

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

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 development, 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 and 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 Home owners plan

The interest cost associated with the funding of the acquisition or construction of the employees' house is borne by the Group in accordance with the approved Home owners plan, and expenses as part of finance cost.

4.21 Mine closure and reclamation

The mining, extraction and processing activities of the Group normally give rise to obligations for mine 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.

The full estimated costs are capitalized as part of mining assets under property, plant and equipment and then amortized 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 and
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation and
- changes in economic sustainability.

The costs for reclamation of ongoing site damage arise from rectifying work and are reported through the consolidated statement of income, as part of Cost of sales. Mine closure and reclamation costs should be provided at the present value

of the expenditures expected to settle the obligation, using estimate cash flows based on current prices, without any adjustment for inflation.

The appropriate discount rate to be used should be based on the company's weighted average cost of capital or if it's not available then the borrowing rate currently available to the entity for a long term loan for a similar period for which the provision is created. The provision for Mine closure and reclamation costs will accordingly increase over time, as the discount unwinds. The unwinding of the discount is recorded as a charge through financial charges within the consolidated statement of income.

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.

4.22 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 future 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 future 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 the consolidated statement of income on a straight-line basis over the term of the operating lease.

4.23 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.

Transaction costs incurred upfront which are amortized over the term of the loan, capitalized as part of the cost of the qualifying asset until the commencement of commercial production and then charged to the consolidated statement of income as an expense.

4.24 Revenue recognition

Revenue is recognized when all the following conditions are met:

- the significant risks and rewards of ownership of goods / services 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 Company's best estimate of the product at the current market price and adjusted subsequently within revenue at the quantity and 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.

4.25 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 and cost of sales, when required, are made on a consistent basis.

4.26 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 standards

The following critical judgements have the most significant effect on the amounts recognized in the consolidated 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 property, plant and equipment, are depreciated on a straight-line basis over the economic useful lives or on a unit of production basis for certain mining assets and processing plants over 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 the 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 depreciation 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 tax

During the year ended December 31, 2016 an amount of SAR 44,082,363 was paid to GAZT pertaining to the year ended December 31, 2015 (during the year ended December 31, 2015 an amount of SAR 54,147,978 was paid to GAZT pertaining to the year ended December 31, 2014).

No zakat assessments were finalized by the GAZT and where the final zakat outcome of these matters is different from the amounts that were initially paid, 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:

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

- 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-mine 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, 2016, the allowance for obsolete slow-moving items amounted to SAR 15,853,329 (December 31, 2015: SAR 15,984,849) (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 as 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

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 phosphate 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.
- **MWSPC** - the development of a mine to exploit the Al-Khabra phosphate deposit. The project is in the development stage, however, ammonia plant has commenced trial production during the third quarter of 2016 and the company announced commencement of commercial production of the ammonia plant with effect from January 1, 2017.
- **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 33% proportionate share of MIC's revenues, costs, assets and liabilities have been allocated to this segment.

• **Aluminium 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 MBAC and Alcoa and produces aluminium products. MAC started commercial production on September 1, 2014.
- **MRC** – the constructing of a rolling mill project is in the commissioning phase.
- **MBAC** – the mining of bauxite at the Al-Ba'itha mine and the transportation thereof to its refinery at Ras Al-Khair. MBAC started commercial production on October 1, 2016.
- **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).
- **Aluminium 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 67% proportionate share of MIC's revenues, costs, assets and liabilities have been allocated to this segment.

• **Gold and Base Metals Strategic Business Unit segment,**

consists of operations related to:

- MGBM** – that operates five gold mines, i.e. Mahd Ad Dahab, Al-Amar, Bulghah, As Suq and Ad Duwayhi (which came into commercial production on April 1, 2016) and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia.
- MBCC** – a jointly controlled entity that produces copper and associated minerals located in the southeast of Al-Madinah Al-Munawarah. MBCC started commercial production on July 1, 2016.
- Gold 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, 2016

All amounts in Saudi Riyals unless otherwise stated

6.1 Business segment (continued)

	Notes
December 31, 2016	
Sales	33
Gross profit	
Income from short-term investments	38
Net income / (loss) 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
Jointly controlled entities	18
Total assets	
Obligation under capital lease	25
Long-term borrowings	27.6
December 31, 2015	
Sales	33
Gross profit	
Income from short-term investments	38
Net income / (loss) 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
Jointly controlled entities	18
Total assets	
Obligation under capital lease	25
Long-term borrowings	27.6

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 and therefore all the non-current assets of the Group is located within the Kingdom of Saudi Arabia. All the subsidiaries and jointly controlled entities included in the above consolidated numbers are incorporated in the Kingdom of Saudi Arabia.

Phosphate	Aluminium	Gold and base metals	Corporate	Total
4,205,441,851	4,252,091,633	1,048,707,732	-	9,506,241,216
731,014,209	990,484,643	324,773,901	-	2,046,272,753
9,517,140	351	-	142,118,647	151,636,138
122,949,453	299,581,330	120,009,375	(141,901,078)	400,639,080
15,136,810,273	31,294,466,162	2,302,164,459	154,110,127	48,887,551,021
25,582,932,152	8,719,761,172	294,843,609	39,745,457	34,637,282,390
44,652,530	-	225,151,000	-	269,803,530
6,797,356	-	70,546,920	-	77,344,276
94,853,821	250,771,085	8,800,450	14,697,852	369,123,208
-	295,260,561	832,406,115	-	1,127,666,676
45,704,594,694	43,277,873,838	4,158,312,183	3,932,521,552	97,073,302,267
-	26,783,121	-	-	26,783,121
27,878,968,248	25,195,651,734	901,051,061	-	53,975,671,043
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
-	372,774,239	828,680,585	-	1,201,454,824
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

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

7. Cash and cash equivalents

	December 31, 2016	December 31, 2015
Term deposits with original maturities equal to or less than three months at the date of acquisition		
unrestricted	3,953,142,872	3,397,121,398
restricted	-	544,554,663
Sub-total	3,953,142,872	3,941,676,061
Cash and bank balances		
unrestricted	357,230,436	317,824,870
restricted	59,341,221	48,808,593
Sub-total	416,571,657	366,633,463
Total	4,369,714,529	4,308,309,524

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 27.7)	-	1,539
Employees' savings plan obligation (Note 4.19 and 24.2)	59,341,221	48,807,054
Sub-total	59,341,221	48,808,593
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 27.7)	-	544,554,663
Total restricted cash	59,341,221	593,363,256
Total unrestricted cash	4,310,373,308	3,714,946,268

8. Short-term investments

	December 31, 2016	December 31, 2015
Term deposits with original maturities of more than three months and less than a year at the date of acquisition	2,711,000,000	899,052,989

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

9. Trade and other receivables

	Notes	December 31, 2016	December 31, 2015
Trade receivables			
Other third party receivables		885,073,675	657,438,173
Due from Alcoa Inespal, S.A.	42.2	88,987,620	87,897,065
Due from SABIC	42.2	195,110,098	407,155,456
Sub-total		1,169,171,393	1,152,490,694
Due from Saudi Ports Authority		7,439,820	5,896,500
Allowance for doubtful debts*		(3,512,475)	(3,200,000)
Sub-total		3,927,345	2,696,500
Due from Saudi Mining Polytechnic ("SMP")	42.2	3,951,089	2,166,504
Insurance claims**		-	13,304,480
Withholding tax receivable		446,724	31,850,982
Investment income receivable		15,914,150	8,936,151
Due from SABIC	42.2	28,807,037	-
Other		50,700,940	40,698,300
Total		1,272,918,678	1,252,143,611

*Movement in the allowance for doubtful debts is as follows:

		2016	2015
January 1		3,200,000	-
Increase in allowance for doubtful debts	36	312,475	3,200,000
December 31		3,512,475	3,200,000

**Insurance claims relate to:

	December 31, 2016	December 31, 2015
• one of the aluminium pot lines on which the production was halted in October 2013. The temporary shutdown was undertaken after a period of pot instability. The pot line has been restored during second quarter of 2014	-	9,892,253
• an ammonia reformer and conveyor belt claim	-	3,412,227
Total	-	13,304,480

10. Inventories

	December 31, 2016	December 31, 2015
Finished goods – ready for sale	293,875,243	243,049,951
Work-in-process	496,309,809	583,756,631
Stockpile of mined ore	189,409,046	173,176,988
By-products	3,124,158	710,227
Sub-total	982,718,256	1,000,693,797
Spare parts and consumables materials	1,316,552,321	1,312,816,035
Allowance for obsolete slow-moving spare parts and consumable materials*	(15,853,329)	(15,984,849)
Sub-total	1,300,698,992	1,296,831,186
Raw materials	832,956,069	644,322,504
Sub-total	2,133,655,061	1,941,153,690
Total	3,116,373,317	2,941,847,487

The spare parts inventory primarily relates to plant and machinery.

*Movement in the allowance for obsolete slow-moving spare parts and consumables materials is as follows:

	2016	2015
January 1	15,984,849	15,359,183
Increase in allowance for obsolescence (Note 34)	(131,520)	625,666
December 31	15,853,329	15,984,849

11. Advances and prepayments

	December 31, 2016	December 31, 2015
Current portion		
Advances to contractors	119,463,370	172,113,193
Advances to employees	14,012,651	12,889,197
Prepaid rent	9,335,197	14,396,416
Prepaid insurance	8,060,774	44,442,651
Other prepayments	3,922,170	4,874,582
Sub-total	154,794,162	248,716,039
Non-current portion		
Other prepayments	29,730,480	21,645,868
Total	184,524,642	270,361,907

12. Due from joint venture partners

	Notes	December 31, 2016	December 31, 2015
Due from Mosaic	42.2	-	450,000,000
Due from SABIC	42.2	-	270,000,000
Total		-	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).

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

As per the agreement Mosaic and SABIC are liable to pay contractual dues to Ma'aden of SAR 1.44 billion in two installments for 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 and the remaining 50% of SAR 1.44 billion due on June 30, 2016 was received in full.

13. Property, plant and equipment

	Notes	Land	Mining assets	Motor vehicles	Heavy equipment
Cost					
January 1, 2015		61,550,000	156,675,127	55,324,982	291,314,274
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	26.1,26.3	-	1,053,288	-	-
Write-off during the year		-	-	-	-
Adjustments		-	(397,660)	(1,394,014)	(17,142,615)
December 31, 2015		61,550,000	157,330,755	61,928,274	305,855,625
Additions during the year		-	-	-	-
Transfer of capital spares from inventory		-	-	-	-
Transfer from capital work-in-progress	14	-	1,181,271,558	6,335,910	4,960,633,870
Write-off during the year		-	-	-	-
Adjustments		-	-	(32,836)	(2,572,467)
December 31, 2016		61,550,000	1,338,602,313	68,231,348	5,263,917,028
Accumulated depreciation					
January 1, 2015		-	60,809,728	26,239,926	101,861,353
Charge for the year		-	13,528,122	11,564,978	19,096,068
Write-off during the year		-	-	-	2,437,500
Adjustments		-	(397,660)	(2,080,869)	(17,680,540)
December 31, 2015		-	73,940,190	35,724,035	105,714,381
Charge for the year		-	20,584,564	11,918,300	80,123,490
Write-off during the year		-	-	-	-
Adjustments		-	-	(32,836)	(2,572,468)
December 31, 2016		-	94,524,754	47,609,499	183,265,403
Net book value					
December 31, 2015		61,550,000	83,390,565	26,204,239	200,141,244
December 31, 2016		61,550,000	1,244,077,559	20,621,849	5,080,651,625

Property, plant and equipment of MAC, MRC, MBAC and MGBM with a net book value before consolidation elimination at December 31, 2016 of SAR 33,283,863,678 (December 31, 2015: SAR 35,706,647,560) are pledged as security to SIDF and other lenders (Note 27.9).

Property, plant and equipment of MBAC with a net book value at December 31, 2016 of SAR 45,365,593 (December 31, 2015: SAR 45,947,425) was acquired under a capital lease and are pledged as security to the lessor (Note 25).

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Allocation of depreciation charge for the year to:			
Capital work-in-progress	14	55,551,096	63,439,623
Cost of sales	34	2,397,846,116	2,171,612,693
General and administrative expenses	36	31,348,323	34,748,428
Exploration and technical services expenses	37	2,538,701	3,269,930
Total		2,487,284,236	2,273,070,674

Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
27,741,519,931	8,134,795,688	4,299,367,411	1,985,675,977	74,757,433	90,316,835	42,891,297,658
293,475,275	-	-	-	-	-	293,475,275
127,527,082	53,166,536	13,172,395	75,073,497	8,818,773	4,093,407	321,532,962
(885,255)	-	-	-	-	-	(885,255)
-	-	-	-	-	-	1,053,288
-	-	-	(8,057,425)	-	-	(8,057,425)
(91,543,971)	(8,277,332)	(9,615,767)	(27,021,684)	(2,890,963)	(674,017)	(158,958,023)
28,070,093,062	8,179,684,892	4,302,924,039	2,025,670,365	80,685,243	93,736,225	43,339,458,480
55,440,154	-	-	-	21,766	-	55,461,920
223,886,537	-	-	-	-	-	223,886,537
993,940,155	5,425,122,004	1,175,975,755	690,922,863	8,048,142	14,896,125	14,457,146,382
-	-	-	(44,237,425)	-	-	(44,237,425)
(15,975,469)	-	(11,741,940)	(68,000)	(2,908,602)	(3,820,591)	(37,119,905)
29,327,384,439	13,604,806,896	5,467,157,854	2,672,287,803	85,846,549	104,811,759	57,994,595,989
3,357,412,853	429,147,115	323,093,944	151,035,969	24,114,721	41,454,002	4,515,169,611
1,561,622,189	248,718,014	132,800,542	256,617,774	13,053,538	16,069,449	2,273,070,674
-	-	-	-	-	-	2,437,500
(13,469,956)	(94,349,659)	(609,931)	(6,097,486)	2,263,001	(984,752)	(133,407,852)
4,905,565,086	583,515,470	455,284,555	401,556,257	39,431,260	56,538,699	6,657,269,933
1,552,696,410	360,523,819	154,310,817	280,420,355	9,184,844	17,521,637	2,487,284,236
-	-	-	(20,576,243)	-	-	(20,576,243)
-	-	(7,650,995)	(68,000)	(2,902,640)	(3,706,019)	(16,932,958)
6,458,261,496	944,039,289	601,944,377	661,332,369	45,713,464	70,354,317	9,107,044,968
23,164,527,976	7,596,169,422	3,847,639,484	1,624,114,108	41,253,983	37,197,526	36,682,188,547
22,869,122,943	12,660,767,607	4,865,213,477	2,010,955,434	40,133,085	34,457,442	48,887,551,021

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

14. Capital work-in-progress

	Notes	Phosphate	Industrial minerals
Cost			
January 1, 2015		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	26.1	-	-
Advances to contractors, net		(323,541,209)	-
December 31, 2015		18,048,687,001	100,410,569
Additions during the year		7,649,832,956	26,138,396
Transfer to property, plant and equipment	13	(43,611,313)	(492,660)
Transfer to intangible assets	17	-	-
Write-off during the year		-	-
Advances to contractors, net		(204,613,492)	-
December 31, 2016		25,450,295,152	126,056,305
Advances to contractors capitalized as part of additions to capital work-in-progress			
December 31, 2015		520,538,164	-
December 31, 2016		315,924,672	-
Depreciation capitalized as part of capital work-in-progress during the year			
December 31, 2015	13	-	-
December 31, 2016	13	-	-
Amortization capitalized as part of capital work-in-progress during the year			
December 31, 2015	17	-	-
December 31, 2016	17	-	-
Amortization of transaction cost capitalized as part of capital work-in-progress during the year			
December 31, 2015	27.2	15,729,190	-
December 31, 2016	27.2	36,551,710	-
Borrowing cost capitalized as part of capital work-in-progress during the year			
December 31, 2015	39.1	211,518,555	-
December 31, 2016	39.1	354,963,358	-

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

The net book value of MAC, MRC, MBAC, MWSPC and MGBM before consolidation elimination at December 31, 2016 of SAR 31,183,895,066 (December 31, 2015: SAR 37,197,115,376) are pledged as security to SIDF and other lenders (Note 27.9).

15. Exploration and evaluation assets

	Notes	Corporate	Gold and base metals	Total
January 1, 2015		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	37	(20,306,493)	-	(20,306,493)
December 31, 2015		30,299,653	202,933,922	233,233,575
Additions during the year		14,352,877	22,217,078	36,569,955
December 31, 2016		44,652,530	225,151,000	269,803,530

Aluminium	Gold and base metals	Infra-structure	Corporate	Total
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
954,890,798	207,134,104	11,919,021	126,565,032	8,976,480,307
(12,293,445,634)	(2,100,163,072)	(19,377,639)	(56,064)	(14,457,146,382)
(35,977,468)	-	(1,076,344)	(3,661,418)	(40,715,230)
-	(34,091,444)	-	-	(34,091,444)
(4,910,728)	-	(154,478)	-	(209,678,698)
7,332,131,569	294,843,609	19,941,500	1,414,014,255	34,637,282,390
4,910,728	-	5,106,251	-	530,555,143
-	-	4,951,773	-	320,876,445
60,981,176	-	2,458,447	-	63,439,623
52,052,474	-	3,498,622	-	55,551,096
5,729,831	-	-	-	5,729,831
9,032,051	-	544,093	-	9,576,144
-	-	-	-	15,729,190
-	-	-	-	36,551,710
231,491,396	-	-	-	443,009,951
292,242,031	-	-	-	647,205,389

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

16. Deferred stripping expense

	Notes	Phosphate	Gold and base metals	Total
Cost				
January 1, 2015		75,666,881	25,763,766	101,430,647
Stripping cost incurred during the year		18,704,693	12,974,499	31,679,192
December 31, 2015		94,371,574	38,738,265	133,109,839
Stripping cost incurred during the year		-	44,348,857	44,348,857
December 31, 2016		94,371,574	83,087,122	177,458,696
Accumulated amortization				
January 1, 2015		47,962,554	4,385,110	52,347,664
Expensed to cost of sales during the year	34	35,087,517	1,501,667	36,589,184
December 31, 2015		83,050,071	5,886,777	88,936,848
Expensed to cost of sales during the year	34	4,524,147	6,653,425	11,177,572
December 31, 2016		87,574,218	12,540,202	100,114,420
Net book value				
December 31, 2015		11,321,503	32,851,488	44,172,991
December 31, 2016		6,797,356	70,546,920	77,344,276

17. Intangible assets

	Notes	Phosphate	Aluminium
Cost			
January 1, 2015		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
Additions during the year		-	-
Transfer from capital work-in-progress	14	-	35,977,468
December 31, 2016		66,004,209	173,311,872
Accumulated amortization			
January 1, 2015		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
Charge for the year		9,902,348	18,245,602
December 31, 2016		43,880,954	70,205,876
Net book value			
December 31, 2015		32,025,603	85,374,130
December 31, 2016		22,123,255	103,105,996

Intangible assets of MAC, MRC and MBAC with a net book value at December 31, 2016 of SAR 103,105,996 (December 31, 2015: SAR 85,374,130) are pledged as security to SIDF and other lenders (Note 27.9).

Intangible assets for infrastructure comprises the infrastructure and support services assets at Ras Al Khair that were transferred to Royal Commission of Jubail and Yanbu ("RCJY") as stated in the Implementation Agreement signed between Ma'aden and RCJY. The cost of the intangible assets comprises its purchase price and any costs directly attributable to bringing such assets to working condition for their intended use. Such intangible assets are carried at historical cost less accumulated amortization. Amortization is provided over the remaining period of LUSA (Land Usage and Service Agreement) term.

	Gold and base metals	Infra- structure	Corporate	Total
	22,538,663	297,876,390	17,648,402	503,288,923
	-	-	3,992,516	3,992,516
	-	-	-	885,255
	-	292,770	-	37,520,660
	22,538,663	298,169,160	21,640,918	545,687,354
	1,285,986	-	-	1,285,986
	-	1,076,344	3,661,418	40,715,230
	23,824,649	299,245,504	25,302,336	587,688,570
	8,167,624	55,868,944	1,610,005	93,412,378
	3,377,906	14,070,125	4,227,308	79,848,414
	11,545,530	69,939,069	5,837,313	173,260,792
	3,478,669	8,910,780	4,767,171	45,304,570
	15,024,199	78,849,849	10,604,484	218,565,362
	10,993,133	228,230,091	15,803,605	372,426,562
	8,800,450	220,395,655	14,697,852	369,123,208

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Allocation of amortization charge for the year to:			
Capital work-in-progress	14	9,576,144	5,729,831
Cost of sales	34	30,869,399	40,771,932
Selling, marketing and logistic expenses	35	-	29,119,343
General and administrative expenses	36	4,859,027	4,227,308
Total		45,304,570	79,848,414

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

18. Investment in jointly controlled entities

	Notes	December 31, 2016	December 31, 2015
SAMAPCO	18.1	295,260,561	372,774,239
MBCC	18.2	832,406,115	828,680,585
Total		1,127,666,676	1,201,454,824

18.1 SAMAPCO

The investment of 50% in the issued and paid-up share capital (Note 2.9) is as follows:

	Notes	December 31, 2016	December 31, 2015
Shares at cost	49	450,000,000	450,000,000
Share of the accumulated loss		(202,737,858)	(125,224,180)
Carrying value of investment		247,262,142	324,775,820
Long-term loan	42.2	47,998,419	47,998,419
Total	18	295,260,561	372,774,239

Share of the accumulated loss in SAMAPCO

	2016	2015
January 1	(125,224,180)	(33,593,314)
Share in net loss for year	(77,513,678)	(91,630,866)
December 31	(202,737,858)	(125,224,180)

18.2 MBCC

The investment of 50% in the issued and paid-up share capital (Note 2.10) is as follows:

	Notes	December 31, 2016	December 31, 2015
Shares at cost	49	202,482,646	202,482,646
Share of the accumulated loss		3,725,530	-
Carrying value of investment		206,208,176	202,482,646
Long-term loan	42.2	626,197,939	626,197,939
Total	18	832,406,115	828,680,585

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.

Share of the accumulated loss in MBCC

	2016	2015
January 1	-	-
Share in net loss for year	3,725,530	-
December 31	3,725,530	-

19. Long-term investment

	December 31, 2016	December 31, 2015
Securities with original maturities of more than a year at the date of acquisition	50,000,000	50,000,000

20. Projects and other payables

	December 31, 2016	December 31, 2015
Current portion		
Projects	209,652,421	780,749,784
Trade	812,591,665	649,763,200
Retentions	101,896,885	126,592,142
Advances from customers	245,066,728	232,969,329
Other	38,992,663	19,938,546
Sub-total	1,408,200,362	1,810,013,001
Non-current portion		
Retentions and other payables	1,980,257,388	1,251,081,664
Non-refundable contributions*	126,080,875	83,305,965
Sub-total	2,106,338,263	1,334,387,629
Total	3,514,538,625	3,144,400,630

Project payables mainly represents the liability in respect of contracts cost arising from MRC, MBAC and MWSPC.

*Contributed by one of the MAC's and MWSPC's contractors to support the companies' objective to establish a social responsibility fund for the development of a community project.

21. Accrued expenses

	Notes	December 31, 2016	December 31, 2015
Projects		1,643,252,732	3,542,581,483
Trade		637,160,076	635,989,401
Employees		291,501,970	246,454,809
Accrued expenses - Alcoa Corporation	42.2	32,190,363	67,026,655
Accrued expenses - Mosaic	42.2	4,475,402	14,983,460
Finance charges		20,857,795	13,889,780
Total		2,629,438,338	4,520,925,588

Accrued expenses for projects mainly represents the contracts cost accruals in relation to MRC, MBAC and MWSPC.

Accrued expenses for Alcoa corporation, mainly represents the personnel and other cost accruals related to the Alcoa corporation, employees seconded to MAC, MRC and MBAC.

Accrued expenses for Mosaic mainly represents the personnel and other cost accruals related to the Mosaic employees seconded to MWSPC.

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

22. Zakat

22.1 Components of zakat base

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 a jointly controlled entity; and
- other items.

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

22.2 Zakat payable

	Notes	2016	2015
January 1		50,962,237	58,735,918
Provision for zakat		78,428,404	46,374,297
Current year	22.3	85,308,278	50,962,237
Prior year over provision		(6,879,874)	(4,587,940)
Paid during the year to GAZT		(44,082,363)	(54,147,978)
December 31	22	85,308,278	50,962,237

22.3 Provision for zakat consist of:

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Saudi Arabian Mining Company		79,345,905	19,789,600
Ma'aden Phosphate Company		2,748,153	23,097,236
Ma'aden Gold and Base Metals Company	23.2	-	1,076,248
Industrial Minerals Company		1,798,962	3,010,998
Ma'aden Infrastructure Company		1,415,258	3,988,155
Total	22.2	85,308,278	50,962,237

22.4 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates from the years ended December 31, 2008 to December 31, 2015, however, no zakat assessments were finalized by the GAZT.

23. Severance fees payable

	Notes	2016	2015
January 1		16,096,147	29,638,170
Provision for severance fee	34	8,278,039	17,934,852
Current year	23.1	8,270,636	16,096,147
Previous year under provision		7,403	1,838,705
Paid during the year to the authorities		(16,103,550)	(31,476,875)
December 31		8,270,636	16,096,147

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. Therefore the net income for each mining license registered in the name of MGBM, MPC and MBAC is subject to severance fees.

Severance fees are paid by IMC, the registered holder of a small mining license, at a fixed tariff per tonnes sold of low grade bauxite, kaolin and magnesia.

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

23.1 Provision for severance fees consists of:

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Gold mines	23.2	6,949,653	14,323,021
Low grade bauxite		952,382	1,383,664
Kaolin		246,268	240,154
Magnesia		122,333	149,308
Total	23	8,270,636	16,096,147

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

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Net income from operating mines before severance fee for the year		125,745,830	72,914,394
25% of the year's net income as defined		31,436,457	18,228,599
Hypothetical income tax based on year's taxable net income		6,949,653	15,399,269
Provision based on the lower of the above two computations		6,949,653	15,399,269
Provision for zakat	22.3	-	(1,076,248)
Net severance fee provision for the year	23.1	6,949,653	14,323,021

24. Employees' benefits

	Notes	December 31, 2016	December 31, 2015
Employees' termination benefits	24.1	365,791,848	304,497,276
Employees' savings plan	7, 24.2	59,341,221	48,807,054
Total		425,133,069	353,304,330

24.1 Employees' termination benefits

	2016	2015
January 1	304,497,276	254,443,608
Provision for the year	80,095,845	79,567,555
Paid during the year	(18,801,273)	(29,513,887)
December 31	365,791,848	304,497,276

24.2 Employees' savings plan

	Notes	2016	2015
January 1		48,807,054	35,931,821
Contribution for the year		26,408,207	23,582,534
Withdrawals during the year		(15,874,040)	(10,707,301)
December 31	4.19,7	59,341,221	48,807,054

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

25. Obligation under capital lease

During 2013, MAC on behalf of MBAC entered in a capital lease agreement with a financial institution. The lease payments under such agreements are due in monthly installments. The amounts of future payments under the leases are as follows:

	December 31, 2016	December 31, 2015
Future minimum lease payments	29,904,027	45,506,127
Less: Financial charges not yet due	(3,120,906)	(6,341,750)
Net present value of minimum lease payments	26,783,121	39,164,377
Less: Current portion shown under current liabilities	(13,441,040)	(12,131,184)
Long term portion of obligation under capital leases	13,342,081	27,033,193

Maturity profile

	December 31, 2016	December 31, 2015
Minimum lease payment falling due during years ending December 31:		
2016	-	15,602,100
2017	15,602,100	15,602,100
2018	14,301,927	14,301,927
Total	29,904,027	45,506,127

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, 2016 of SAR 45,365,593 (December 31, 2015: SAR 45,947,425) are pledged as security to the lessor (Note 13).

26. Provision for mine closure and reclamation

	Notes	December 31, 2016	December 31, 2015
Gold mines	26.1	131,045,895	133,545,896
Al-Ba'itha bauxite mine	26.2	21,716,534	20,251,378
Low grade bauxite, kaolin and magnesite mines	26.3	4,314,600	4,314,600
Total		157,077,029	158,111,874

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:

26.1 Gold mines

	Notes	Al Hajar mine	Bulghah mine
January 1, 2015		1,881,991	24,948,007
Adjustment on provision during the year	13	-	-
Additions during the year	14	-	-
Utilization during the year		(1,881,991)	-
December 31, 2015	26	-	24,948,007
Utilization during the year		-	-
December 31, 2016	26	-	24,948,007
Commenced commercial production in		2001	2001
Expected closure date in		2016	2018

Mahad Ad Dhahab mine	As Suq mine	Al Amar mine	Ad Duwayhi mine	Sukhaybarat mine	Total
26,131,612	16,977,850	15,828,856	-	24,620,883	110,389,199
-	(1,211,312)	-	-	-	(1,211,312)
-	-	-	26,250,000	-	26,250,000
-	-	-	-	-	(1,881,991)
26,131,612	15,766,538	15,828,856	26,250,000	24,620,883	133,545,896
(2,500,001)	-	-	-	-	(2,500,001)
23,631,611	15,766,538	15,828,856	26,250,000	24,620,883	131,045,895
1988	2014	2008	2016	1991	
2019	2021	2026	2027	2039	

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

26. Provision for mine closure and reclamation (continued)**26.2 Al-Ba'itha bauxite mine**

	Notes	Total
January 1, 2015		18,856,531
Accretion of provision during the year	39	1,394,847
December 31, 2015	26	20,251,378
Accretion of provision during the year	39	1,465,156
December 31, 2016	26	21,716,534

Commenced commercial production in	2014
Expected closure date in	2059

26.3 Low grade bauxite, kaolin and magnesite mines

	Notes	Az Zabirah mine	Al-Ghazallah mine	Total
January 1, 2015		1,600,000	450,000	2,050,000
Additions during the year	13	2,264,600	-	2,264,600
December 31, 2015	26	3,864,600	450,000	4,314,600
December 31, 2016	26	3,864,600	450,000	4,314,600

Commenced commercial production in	2008	2011
Expected closure date in	2026	2028

The provision for mine closure and reclamation represents the full amount of the estimated future closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when determined.

The provision for mine closure and reclamation relates to the Group's gold, bauxite, low grade bauxite, kaolin and magnesite mining activity. 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.

27. Long-term borrowings

27.1 Facilities approved

- MAC, MRC, MBAC and MWSPC entered into Common Terms Agreements (“CTA”) with the Public Investment Fund, Saudi Industrial Development Fund and consortiums of local financial institutions;
- the Company (Ma’aden) entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement;
- MGBM entered into two secured loan arrangements with Saudi Industrial Development Fund (“SIDF”) and
- MIC and MPC entered into Murabaha Facility Agreement (“MFA”) with Murabaha facility participants.

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

27.1 Facilities approved (continued)

The Group facilities granted comprise of the following as at December 31, 2016:

	MAC agreement signed on Nov. 30, 2010	MRC agreement signed on Nov. 30, 2010	MBAC agreement signed on Nov. 27, 2011
Public Investment Fund ("PIF")	4,875,000,000	3,078,750,000	3,750,000,000
Islamic and commercial banks			
Procurement*	5,047,500,000	1,041,000,000	2,690,712,844
Commercial*	900,000,000	-	258,750,000
Wakala	787,500,000	-	768,750,000
Sub-total	6,735,000,000	1,041,000,000	3,718,212,844
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000	900,000,000
Murabaha facility	-	-	-
Riyal Murabaha facility (a working capital facility)	375,000,000	375,000,000	-
Sub-total	12,585,000,000	5,094,750,000	8,368,212,844
Syndicated Revolving Credit Facility Agreement	-	-	-
Total facilities granted	12,585,000,000	5,094,750,000	8,368,212,844

The CTAs impose 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 the creation of additional liens and/or financing obligations by MAC, MRC, MBAC and MWSPC, 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.

The MFAs imposed certain conditions and special covenants which include:

- safeguarding the entities' existence as a limited liability company validly existing under the laws of the Kingdom of Saudi Arabia;
- restriction to substantial change in the general nature of company's business, unless specifically allowed under the MFA;
- restriction to enter into a single transaction or a series of transactions and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset, unless specifically allowed under the MFA;
- payment obligations under MFA at all times rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies;
- financial ratio maintenance and
- restriction on dividend distribution to shareholders.

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.

**Facility Agents:

- 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 Agents:

- Riyadh Bank acts as Inter-creditor agent
- Bank Al Jazira acts as Riyal procurement facility agent
- Banque Saudi Fransi acts as onshore security agent
- Riyadh Bank, London Branch acts as offshore security Trustee and Agent

Ma'aden agreement signed on Dec. 18, 2012	MWSPC agreement signed on Jun. 30, 2014	MGBM agreements signed on Mar. 24, 2015 and Apr. 26, 2015	MIC agreement signed on Dec. 30, 2015	MPC agreement signed on Feb. 26, 2016	Total facilities granted
-	7,500,000,000	-	-	-	19,203,750,000
-	4,257,610,466	-	-	-	13,036,823,310
-	5,439,889,534	-	-	-	6,598,639,534
-	1,650,000,000	-	-	-	3,206,250,000
-	11,347,500,000	-	-	-	22,841,712,844
-	-	1,379,000,000	-	-	3,479,000,000
-	-	-	1,000,000,000	11,493,750,000	12,493,750,000
-	-	-	-	-	750,000,000
-	18,847,500,000	1,379,000,000	1,000,000,000	11,493,750,000	58,768,212,844
9,000,000,000	-	-	-	-	9,000,000,000
9,000,000,000	18,847,500,000	1,379,000,000	1,000,000,000	11,493,750,000	67,768,212,844

MBAC facility

**Facility Agents:

- 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
- Riyadh Bank, London Branch acts as Offshore Security Trustee and Agent.

MWSPC facility

**Facility Agents:

- Islamic Development Bank and HSBC Saudi Arabia act as agents for procurement facility and
- Mizuho Corporate Bank Limited and Sumitomo Mitsui Banking Corporation act as agents for commercial facility.

Saudi Arabian Mining Company ("Ma'aden")

On December 18, 2012, the Company entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement ("Murabaha Facility Agreement") and other agreements (together referred to as "financing agreements") totaling to SAR 9 billion. 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
- Riyadh 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.

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

27.1 Facilities approved (continued)

MGBM facilities

The company entered into two secured loan arrangements with Saudi Industrial Development Fund ("SIDF"). The facilities granted to the company comprise of the following:

Date approved	Purpose	Facilities
March 24, 2015	To provide funding for the production of a semi alloy of gold at As Suq mine	179,000,000
April 26, 2015	To provide funding for the capital expenditure of the new gold mine at Ad-Duwayhi and water pipeline	1,200,000,000
Total facilities granted		1,379,000,000

The financing arrangements impose certain conditions and special covenants which include:

- the limitation of the creation of additional liens and/or financing obligations by the Company, unless specifically allowed under the loan agreement,
- 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.

MIC facility

On December 30, 2015 the company entered into a Murabaha Facility Agreement ("MFA") with HSBC Saudi Arabia Limited, comprising of:

Murabaha facility	Facility granted
HSBC Saudi Arabia Limited - as agent for the Murabaha facility participants	1,000,000,000

The facility was drawn down on February 17, 2016.

MPC facility

On June 15, 2008 the company had entered into a CTA with a consortium of financial institutions, however, the facility had been repaid in full from a drawing on March 30, 2016 under a new MFA signed by the company on February 25, 2016 with a Murabaha facility participants comprising of:

Murabaha facility	Total facilities granted
Riyad Bank - as agent for the Murabaha facility participants	11,493,750,000

The details of the CTA signed on June 15, 2008 were as follows:

Public Investment Fund ("PIF")	4,000,001,250
Islamic and commercial banks	
Banque Saudi Fransi - as agent for the procurement facility participants	4,269,892,500
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	1,491,562,500
Al-Rajhi Bank	2,343,750,000
The Export Import Bank of Korea	1,500,000,000
Korea Export Insurance corporation	750,000,000
Sub-total	10,355,205,000

Saudi Industrial Development Fund ("SIDF")	600,000,000
Total facilities granted	14,955,206,250

27.2 Facilities utilized under the different CTAs**MPC facility**

This loan was repaid in full on February 25, 2016

	December 31, 2016	December 31, 2015
Public Investment Fund	2,668,800,835	3,001,600,938
Less: Repaid during the year	2,668,800,835	332,800,103
Sub-total (Note 42.2)	-	2,668,800,835

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period was 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 over the term of the loan (Note 27.7).

Islamic and commercial banks

Saudi Riyal procurement	3,458,612,925	3,693,457,013
Al-Rajhi Bank	1,898,437,500	2,027,343,750
The Export Import Bank of Korea	1,096,500,000	1,230,000,000
Commercial	904,415,625	965,826,563
Korea Export Insurance Corporation	548,250,000	615,000,000
Sub-total	7,906,216,050	8,531,627,326
Less: Repaid during the year	7,906,216,050	625,411,276
Sub-total	-	7,906,216,050

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period was 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 (Note 27.7).

Saudi Industrial Development Fund	370,000,000	460,000,000
Less: Repaid during the year	370,000,000	90,000,000
Sub-total	-	370,000,000

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. (Note 27.7).

Total MPC borrowings (Note 27.6)	-	10,945,016,885
---	----------	-----------------------

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

27.2 Facilities utilized under the different CTAs (continued)*MAC facility*

	December 31, 2016	December 31, 2015
Public Investment Fund	4,575,187,500	4,775,062,500
Less: Repaid during the year	199,875,000	199,875,000
Sub-total (Note 42.2)	4,375,312,500	4,575,187,500

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 million on June 30, 2026 (Note 27.7).

Islamic and commercial banks

Dollar procurement	872,805,000	910,935,000
Saudi Riyal procurement	3,864,273,750	4,033,091,250
Commercial	844,650,000	881,550,000
Wakala	739,068,750	771,356,250
Sub-total	6,320,797,500	6,596,932,500
Less: Repaid during the year	276,135,000	276,135,000
Sub-total	6,044,662,500	6,320,797,500

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 million on June 30, 2026 (Note 27.7).

Saudi Industrial Development Fund	550,000,000	570,000,000
Less: Repaid during the year	100,000,000	50,000,200
Sub-total	450,000,000	519,999,800

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 (Note 27.7).

Riyal Murabaha facility	375,000,000	375,000,000
-------------------------	--------------------	-------------

During the quarter ended March 31, 2016, the rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is revised to SIBOR plus 1.25% from SIBOR plus 1.75%.

The repayment of the Murabaha facility is due on March 31, 2018 (Note 27.7).

Total MAC borrowings (Note 27.6)	11,244,975,000	11,790,984,800
---	-----------------------	----------------

27.2 Facilities utilized under the different CTAs (continues)**MRC facility**

	December 31, 2016	December 31, 2015
Public Investment Fund (Note 42.2)	3,078,750,000	3,078,750,000
Less: Repaid during the year	30,787,500	-
Sub-total (Note 42.2)	3,047,962,500	3,078,750,000

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 loan started on December 31, 2016, on a six monthly basis, 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 (Note 27.7).

Islamic and commercial banks

Riyal procurement	1,041,000,000	1,041,000,000
Less: Repaid during the year	10,410,000	-
Sub-total	1,030,590,000	1,041,000,000

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.

Repayment of the SIDF facility started from January 25, 2016, 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 (Note 27.7).

Saudi Industrial Development Fund	600,000,000	570,000,000
Less: Repaid during the year	50,000,000	-
Sub-total	550,000,000	570,000,000

Repayment of the SIDF facility started 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 (Note 27.7).

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 0.95%.

The repayment of Murabaha facility is due on August 31, 2017 (Note 27.7).

Total MRC borrowings (Note 27.6)	5,003,552,500	5,064,750,000
---	----------------------	---------------

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

27.2 Facilities utilized under the different CTAs (continues)**MBAC facility**

	December 31, 2016	December 31, 2015
Public Investment Fund (Note 42.2)	3,750,000,000	3,750,000,000

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, 2027 (Note 27.7).

Islamic and commercial banks

Dollar procurement	799,500,000	799,500,000
Riyal procurement	1,891,212,844	1,891,212,844
Commercial	258,750,000	258,750,000
Wakala	768,750,000	768,750,000
Sub-total	3,718,212,844	3,718,212,844

The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on the all the dollar facilities is LIBOR plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.45% to 2.4% per annum.

The repayment of the principal amounts of Islamic and commercial total approved facilities will start from June 30, 2017. The repayments are starting at SAR 74 million and increasing over the term of the loan with the final repayment of SAR 431 million on June 30, 2027 (Note 27.7).

Saudi Industrial Development Fund	841,071,390	743,035,677
-----------------------------------	--------------------	-------------

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 2024 (Note 27.7).

SIDF has withheld loan processing and evaluation fee of SAR 75 million. The fee will be amortized over the term of the loan and the unamortized fee is SAR 59 million as of December 31, 2016.

Total MBAC borrowings (Note 27.6)	8,309,284,234	8,211,248,521
--	----------------------	---------------

27.2 Facilities utilized under the different CTAs (continues)*MWSPC facility*

	December 31, 2016	December 31, 2015
Public Investment Fund	6,839,278,174	3,954,229,920
Less: Transaction cost balance as of the year	64,842,843	71,307,385
Sub-total (Note 42.2)	6,774,435,331	3,882,922,535

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is LIBOR plus 1.5% per annum.

The repayment of the principal amount of 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 (Note 27.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 6,464,542 (December 31, 2015: SAR 2,171,240) (Note 14).

Islamic and commercial banks

Dollar procurement facility	304,392,518	174,565,346
Saudi Riyal procurement facility	2,620,254,420	1,502,683,523
Wakala	1,488,141,198	853,430,583
Commercial facility	5,061,772,152	2,847,314,693
Sub-total	9,474,560,288	5,377,994,145
Less: Transaction cost balance as of the year	78,983,617	109,070,785
Sub-total	9,395,576,671	5,268,923,360

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 (Note 27.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 30,087,168 (December 31, 2015: SAR 13,557,950) (Note 14).

Total MWSPC borrowings (Note 27.6)

16,170,012,002	9,151,845,895
-----------------------	----------------------

27.3 Facility utilized under the Syndicated Revolving Credit facility*Ma'aden*

	December 31, 2016	December 31, 2015
Syndicated Revolving Credit Facility (Note 27.6)	-	-

The rate of commission on the principal amount of the borrowing drawdown is SIBOR plus 0.85% per annum.

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

27.4 MGBM facilities

	December 31, 2016	December 31, 2015
As Suq mine		
Saudi Industrial Development Fund	179,000,000	143,200,000
Less: Transaction cost balance as of the year	9,258,917	12,008,103
Sub-total	169,741,083	131,191,897
Less: Repaid during the year	8,000,000	12,008,103
Sub-total	161,741,083	131,191,897
<p>The repayment of this loan started on July 20, 2016, on a six monthly basis, starting at SAR 8 million and increasing over the term of the loan with the final repayment of SAR 18 million on November 9, 2022 (Note 27.7).</p> <p>Transaction incurred and is amortized over the term of the loan amounted to SAR 2,749,186 (December 31, 2015: SAR 1,391,897) (Note 39).</p>		
Ad-Duwayhi mine and water pipeline		
Saudi Industrial Development Fund	804,507,000	120,000,000
Less: Transaction cost balance as of the year	65,197,022	16,000,000
Sub-total	739,309,978	104,000,000
<p>The repayment of this loan will start on July 9, 2017, on a six monthly basis, starting at SAR 60 million and increasing over the term of the loan with the final repayment of SAR 100 million on October 30, 2022 (Note 27.7).</p> <p>Transaction incurred and is amortized over the term of the loan amounted to SAR 14,802,978 (December 31, 2015: Nil) (Note 39).</p>		
Total MGBM borrowings (Note 27.6)	901,051,061	235,191,897

27.5 Facilities utilized under the different MFAs

MIC facility

	December 31, 2016	December 31, 2015
HSBC Saudi Arabia Limited - as agent for the Murabaha facility participants	1,000,000,000	-
Less: Transaction cost balance at the year end	9,000,000	-
Sub-total	991,000,000	-
Less: Repaid during the year	39,000,000	-
Total MIC borrowings (Note 27.6)	952,000,000	-

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of SIBOR plus 1 % per annum.

The repayment of the principal amount of the loan will commence on December 30, 2016, in equal principal repayments of SAR 39 million, on a semi-annual over a 10 year period with the final principal repayment of SAR 298 million on December 30, 2025 (Note 27.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 1,185,000 (December 31, 2015: Nil) (Note 39).

27.5 Facilities utilized under the different MFAs (continued)*MPC facility*

	December 31, 2016	December 31, 2015
Riyad Bank – as agent for the Murabaha facility participants	11,493,750,000	-
Less: Transaction cost balance as of the year	98,953,754	-
Total MPC borrowings (Note 27.6)	11,394,796,246	-

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% per annum for SAR Murabaha facility and LIBOR plus 1.1% per annum for US Dollar Murabaha facility.

The repayment of this loan will start from February 25, 2017, starting at SAR 575 million and increasing over the term of the loan with the final repayment of SAR 3,448 million on February 25, 2023.

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 15,983,746 (December 31, 2015: Nil) (Note 39).

27.6 Total borrowings

	December 31, 2016	December 31, 2015
Facilities utilized under:		
CTAs (Note 27.2):		
MPC	-	10,945,016,885
MAC	11,244,975,000	11,790,984,800
MRC	5,003,552,500	5,064,750,000
MBAC	8,309,284,234	8,211,248,521
MWSPC	16,170,012,002	9,151,845,895
Syndicated Revolving Credit facility (Note 27.3):		
Ma'aden	-	-
MGBM facilities (Note 27.4)	901,051,061	235,191,897
MFAs (Note 27.5):		
MIC	952,000,000	-
MPC	11,394,796,246	-
Sub-total	53,975,671,043	45,399,037,998
Less: Current portion of borrowings shown under current liabilities		
MPC	1,149,375,000	1,089,112,404
MAC	576,010,000	951,010,000
MRC	532,395,000	91,197,500
MBAC	338,728,517	-
MGBM	78,000,000	-
MIC	78,000,000	-
Sub-total	2,752,508,517	2,131,319,904
Long-term portion of borrowings	51,223,162,526	43,267,718,094

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

27.7 Maturity profile of long-term borrowings

	December 31, 2016	December 31, 2015
2016	-	2,131,319,904
2017	2,752,508,518	2,562,245,922
2018	3,111,859,645	3,185,503,199
2019	3,634,171,943	3,347,766,713
2020	3,893,420,400	3,473,132,097
2021	4,621,562,506	3,945,767,134
2022	6,003,649,012	4,291,783,358
2023 through 2030	29,958,499,019	22,461,519,671
Total	53,975,671,043	45,399,037,998

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 was 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).

27.8 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, 2016 (US\$)	December 31, 2015 (US\$)
Public Investment Fund	4,786,056,088	4,788,176,231
Islamic and commercial banks		
Procurement	2,453,712,992	3,122,118,824
Al-Rajhi Bank	-	506,250,000
The Export Import Bank of Korea	-	292,400,000
Korea Export Insurance Corporation	-	146,200,000
Commercial	1,628,007,077	1,286,141,272
US Dollar procurement	515,833,718	490,955,406
Wakala	786,190,750	623,974,433
Sub-total	5,383,744,537	6,468,039,935
Saudi Industrial Development Fund	731,232,654	650,193,966
Murabaha facility	3,292,478,999	-
Riyal Murabaha facility (a working capital facility)	200,000,000	200,000,000
Syndicated Revolving Credit facility	-	-
Total	14,393,512,278	12,106,410,132

27.9 Security

The following assets were pledged as security for these long-term borrowings in accordance with the applicable CTAs and MGBM facility:

	Notes	December 31, 2016	December 31, 2015
Property, plant and equipment	13	33,283,863,678	35,706,647,560
Capital work-in-progress	14	31,183,895,066	37,197,115,376
Intangible assets	17	103,105,996	85,374,130
Total		64,570,864,740	72,989,137,066

28. Due to joint venture partner

	Note	December 31, 2016	December 31, 2015
Due to Alcoa Corporation	42.2	306,790,113	300,703,363

Due to Alcoa Corporation represents their share of 25.1% in the joint venture project cost to extend the product mix of the aluminium 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).

29. Share capital

	December 31, 2016	December 31, 2015
<i>Authorized, issued and fully paid</i>		
1,168,478,261 Ordinary shares with a nominal value of SAR 10 per share (Note 1 and 41)	11,684,782,610	11,684,782,610

30. Share premium

	December 31, 2016	December 31, 2015
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, net after transaction cost	3,141,351,697	3,141,351,697
768,478,261 Total	8,391,351,697	8,391,351,697

31. Transfer of net income

	2016	2015
January 1	757,911,634	697,394,239
Transfer of 10% of net income for the year	40,063,908	60,517,395
December 31	797,975,542	757,911,634

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.

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

32. Non-controlling interest

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
32.1 Ma'aden Aluminium Company				
January 1, 2015	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
Share of net income for the year	-	-	43,113,576	43,113,576
December 31, 2016	1,650,011,250	-	542,405	1,650,553,655

32.2 Ma'aden Rolling Company

January 1, 2015	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
Share of net loss for the year	-	-	(4,914,420)	(4,914,420)
Increase in non-controlling interest during the year	7,119,228	(7,119,228)	-	-
December 31, 2016	621,820,323	42,137,425	(21,146,376)	642,811,372

32.3 Ma'aden Bauxite and Alumina Company

January 1, 2015	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
Share of net loss for the year	-	-	(26,271,767)	(26,271,767)
Increase in non-controlling interest during the year	5,441,593	(5,441,593)	-	-
December 31, 2016	1,211,944,567	68,155,432	(36,282,539)	1,243,817,460

32.4 Ma'aden Phosphate Company

January 1, 2015	1,862,544,000	-	570,013,226	2,432,557,226
Dividend paid during the year (Note 42.1)	-	-	(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
Dividend paid during the year (Note 42.1)	-	-	(451,192,963)	(451,192,963)
Share of net income for the year	-	-	(7,056,627)	(7,056,627)
December 31, 2016	1,862,544,000	-	52,078,662	1,914,622,662

32.5 Ma'aden Wa'ad Al Shamal Phosphate Company

January 1, 2015	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
Share of net loss for the year	-	-	(4,944,174)	(4,944,174)
Issuance of non-controlling interest during the year	600,000,000	-	-	600,000,000
December 31, 2016	2,802,000,750	-	(8,561,334)	2,793,439,416

32.6 Summary total

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non- controlling interest	Total
January 1, 2015	6,102,482,067	156,088,568	564,994,563	6,823,565,198
Dividend paid during the year (Note 42.1)	-	-	(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 42.1)	-	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
Dividend paid during the year (Note 42.1)	-	-	(451,192,963)	(451,192,963)
Share of net income for the year	-	-	(73,412)	(73,412)
Increase in non-controlling interest during the year	612,560,821	(12,560,821)	-	600,000,000
December 31, 2016	8,148,320,890	110,292,857	(13,369,182)	8,245,244,565

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

33. Sales

	Year ended December 31, 2016	Year ended December 31, 2015
Phosphate segment		
Phosphate fertilizer	3,241,417,836	4,542,770,526
Ammonia	814,908,407	761,572,269
Low grade bauxite	70,497,397	96,837,110
Caustic calcined magnesia	38,224,871	48,532,148
Kaolin	40,386,328	38,388,067
Sub-total	4,205,434,839	5,488,100,120
Aluminium segment		
Primary aluminium	4,252,077,395	4,762,750,070
Gold and base metals segment		
Gold	1,048,707,732	705,215,748
Infrastructure		
Infrastructure revenue	21,250	60,000
Total	9,506,241,216	10,956,125,938
Gold sales analysis		
Quantity of gold ounces (Oz) sold	224,576	164,938
Average realized price per ounce (Oz) in:		
US\$	1,245	1,140
Saudi Riyals (equivalent)	4,670	4,276

34. Cost of sales

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and staff related benefits		754,733,708	766,935,805
Contracted services		469,568,072	407,524,000
Repairs and maintenance		62,732,179	61,641,329
Consumables		143,671,934	104,894,447
Overheads		359,225,698	358,339,102
Raw material and utilities consumed		3,244,737,027	4,507,871,792
Inventory losses		-	121,212,929
(Decrease) / Increase in allowance for inventory obsolescence	10	(131,520)	625,666
Deferred stripping expense	16	11,177,572	36,589,184
Severance fees	23	8,278,039	17,934,852
Sale of by-products	34.1	(40,715,302)	(8,058,724)
Total cash operating costs		5,013,277,407	6,375,510,382
Depreciation	13	2,397,846,116	2,171,612,693
Amortization	17	30,869,399	40,771,932
Total operating costs		7,441,992,922	8,587,895,007
Decrease / (increase) in inventory	10	17,975,541	(70,813,271)
Total		7,459,968,463	8,517,081,736

34.1 Sale of by-products comprise of the following commodities:

	Note	Year ended December 31, 2016	Year ended December 31, 2015
Copper		17,854,052	4,066,547
Zinc		17,599,494	2,931,306
Silver		5,261,756	1,060,871
Total	34	40,715,302	8,058,724

35. Selling, marketing and logistic expenses

	Note	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and staff related benefits		43,183,374	33,908,210
Contracted services		3,311,801	20,076,668
Freight and overheads		117,377,469	156,026,900
Consumables		63,942	122,947
Deductibles		151,350,159	128,752,748
Marketing fees		69,196,820	125,843,044
Other selling expenses		25,571,378	38,023,091
Amortization	17	-	29,119,343
Total		410,054,943	531,872,951

36. General and administrative expenses

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and staff related benefits		229,491,952	306,316,781
Contracted services		30,023,053	52,519,186
Overheads and other		34,918,046	43,374,730
Consumables		1,735,433	3,284,681
Repair parts		829,674	707,717
Allowance for doubtful debts	9	312,475	3,200,000
Depreciation	13	31,348,323	34,748,428
Amortization	17	4,859,027	4,227,308
Total		333,517,983	448,378,831

37. Exploration and technical services expenses

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and staff related benefits		35,736,710	59,273,382
Contracted services		8,813,299	52,003,363
Overheads and other		3,743,012	6,164,744
Consumables		248,258	1,548,428
Repair parts		10,812	1,190,513
Depreciation	13	2,538,701	3,269,930
Impairment of exploration and evaluation asset	15	-	20,306,493
Total		51,090,792	143,756,853

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

38. Income from short-term investments

	Year ended December 31, 2016	Year ended December 31, 2015
Income received and accrued on short-term investment	151,636,138	35,583,877

39. Finance charges

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Public Investment Fund		140,705,757	117,755,419
Saudi Riyal procurement		176,104,082	152,174,784
Al-Rajhi Bank		8,226,879	26,552,371
The Export Import Bank of Korea		2,194,015	11,479,391
Korea Export Insurance Corporation		5,728,642	5,567,746
Commercial		31,031,974	34,243,013
US Dollar procurement		31,179,532	22,436,639
Wakala		36,748,886	22,555,454
Saudi Industrial Development Fund		8,900,991	6,266,101
Riyal Murabaha Facility		274,871,707	10,119,728
Revolving Credit Facility		64,297,882	34,247,548
Amortization of transaction cost	27.4, 27.5	34,720,910	1,391,897
Others		9,677,078	4,267,905
Sub-total	39.1	824,388,335	449,057,996
Accretion of provision for mine closure and reclamation	26.2	1,465,156	1,394,847
Total		825,853,491	450,452,843

39.1 Summary of finance charges

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Expensed during the year	39	824,388,335	449,057,996
Capitalized as part of qualifying assets in capital work-in-progress during the year	14	647,205,389	443,009,951
Total		1,471,593,724	892,067,947

40. Other income, net

	Year ended December 31, 2016	Year ended December 31, 2015
Other income / (expenses), net	33,143,164	56,410,062

41. Earnings per ordinary share

	Note	Year ended December 31, 2016	Year ended December 31, 2015
Net income attributable to the shareholders of the parent company		400,639,080	605,173,945
Weighted average number of ordinary shares in issue during the year	29	1,168,478,261	1,168,478,261
Basic and diluted earnings per ordinary share from continuing operations		0.34	0.52

Basic earnings per ordinary share is calculated by dividing the net income attributable to the shareholders of the parent company by the weighted average number of ordinary shares in issue during the year.

42. Related party transactions and balances

42.1 Related party transactions

Transactions with related parties carried out during the year, in the normal course of business, are summarized below:

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Sales through SABIC during the year		1,805,740,941	3,107,384,719
Sales to Alcoa Inespal, S.A. during the year		1,012,405,329	1,110,685,573
Cost of seconded employees, technology fee and other cost paid to Alcoa Corporation during the year		194,440,171	530,834,985
Raw material feedstock purchased from Alcoa Australia		34,810,059	668,007,797
Dividend paid to SABIC	32.4,32.6	451,192,963	330,000,000
Payments to increase share capital received from Alcoa Corporation	32.6	-	50,043,112

42.2 Related party balances

Amount due from / (to) related parties arising from transaction with related parties are as follows:

	Notes	December 31, 2016	December 31, 2015
Receivables from related parties			
Trade receivables from Alcoa Inespal, S.A.	9	88,987,620	87,897,065
Trade receivables from SABIC	9	195,110,098	407,155,456
Other receivables from SABIC	9	28,807,037	-
Due from Saudi Mining Polytechnic	9	3,951,089	2,166,504
Sub-total		316,855,844	497,219,025
Due from joint venture partners			
Due from Mosaic	12	-	450,000,000
Due from SABIC	12	-	270,000,000
Sub-total		-	720,000,000
Total		316,855,844	1,217,219,025
Long-term loan due from a related party			
Due from SAMAPCO	18.1	47,998,419	47,998,419
Due from MBCC	18.2	626,197,939	626,197,939
Total		674,196,358	674,196,358
Payable to related party			
Accrued expenses - Alcoa Corporation	21	32,190,363	67,026,655
Payments to increase share capital received from Alcoa Corporation	32.6	110,292,857	122,853,678
Long-term borrowings from PIF, a 50% shareholder in Ma'aden			
Due to PIF for the financing of the :			
MPC facility	27.2	-	2,668,800,835
MAC facility	27.2	4,375,312,500	4,575,187,500
MRC facility	27.2	3,047,962,500	3,078,750,000
MBAC facility	27.2	3,750,000,000	3,750,000,000
MWSPC facility	27.2	6,774,435,331	3,882,922,535
Total		17,947,710,331	17,955,660,870

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

42.2 Related party balances (continued)

Due to joint venture partners:

	Notes	December 31, 2016	December 31, 2015
Due to Mosaic	21	4,475,402	14,983,460
Due to Alcoa Corporation	28	306,790,113	300,703,363
Total		311,265,515	315,686,823

43. Operating lease agreements

	Year ended December 31, 2016	Year ended December 31, 2015
Payments under operating leases recognized as an expense during the year	8,342,904	8,081,750
Future minimum operating lease commitments due under these operating leases are as follows:		
2016	-	7,206,356
2017	3,608,344	3,718,856
2018	2,264,096	3,718,856
2019	1,411,760	3,718,856
2020	1,267,200	3,608,856
2021	1,267,200	3,608,856
2022	1,267,200	3,608,856
2023 through 2041	10,759,111	34,394,143
Total	21,844,911	63,583,635

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.

44. Commitments and contingent liabilities

44.1 Commitments

	December 31, 2016	December 31, 2015
<i>Capital expenditures:</i>		
Contracted for	3,046,598,129	9,798,486,724
<i>Guarantees:</i>		
Guarantees in favor of Saudi Aramco, for future diesel and gas feedstock supplies	310,887,405	302,492,405
Guarantees in favor of Ministry of Energy, Industry and Mineral Resources for future purified phosphoric acid project, fuel and feed stocks supplies	262,500,000	262,500,000
Guarantees in favor of SIDF and other financial institutions for financing facilities available to:*		
SAMAPCO	450,000,000	450,000,000
MBCC	375,000,000	375,000,000
Sub-total	825,000,000	825,000,000
Guarantee in favor of Saudi Ports Authority	18,512,402	18,162,608
Others	39,617,412	41,106,162
Total	1,456,517,219	1,449,261,175

*Ma'aden guarantees to SIDF and other financial institutions for granting financing facilities to SAMAPCO and MBCC to the extent of its shareholding of 50% in the jointly controlled entities.

44.2 Contingent liabilities

The Group has contingent liabilities from time to time 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 of business. It is not anticipated that any material liabilities will be incurred as a result of these contingent liabilities. There are no material environmental obligations or decommissioning liabilities.

45. 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.

45.1 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 and US Dollars. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant.

45.2 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.

45.3 Commission rate risk

Is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. The Group's commission rate risks arise mainly from its short-term investments and long term-borrowings, which are at floating rate of commission and are subject to re-pricing on a regular basis. The Group monitors the fluctuations in commission rate.

Based on the Groups net debt outstanding as at December 31, 2016, the effect on its annual net earnings of a 1% movement in the US Dollar LIBOR and SAR SIBOR commission rate would be SAR 459 million (December 31, 2015: SAR 408 million). These effects will not remain consistent throughout 2017 due to drawdown and repayment of long-term borrowing facilities.

45.4 Commodity price risk

Most of the commodities sold by the Group are 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.

45.5 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 3,338 million, representing 35% of the Group's sales for the year ended December 31, 2016 (December 31, 2015: SAR 4,544 million representing 41% of Group's sales from three major customers). Trade receivables are carried net of allowance for doubtful debts, if needed.

45.6 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.

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts in Saudi Riyals unless otherwise stated

46. Events after the reporting date

On January 1, 2017, the Company announced the commencement of commercial production of the ammonia plant of its subsidiary MWSPC at Ras Al-Khair. The ammonia plant has achieved stable operations and has a designed production capacity of 1.1 million tonnes of ammonia per year. The financial impact of this event will be reflected from the first quarter of 2017 onwards.

47. 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.

48. Contingent assets held and liabilities incurred under fiduciary administration

On January 6, 2013 MIC, a wholly owned subsidiary of Ma'aden, received an amount of USD 140 million (in a fiduciary capacity) from the Ministry of Finance of the Kingdom of Saudi Arabia, in accordance with the Council of Ministers' Resolution No 87, dated 28 Rabi ul Awal 1433H (corresponding to February 20, 2012), for the purpose of establishing an industrial city in the Northern Borders Province, by the name of "Waad Al-Shamal City for Mining Industries". The aggregate amount represents part payment of the following two amounts approved by the Council of Ministers:

- USD 500 million for the design and construction of the basic infrastructure and required utilities of the industrial city, and
- USD 200 million for the design and construction of the housing and required social facilities for the proposed industrial city.

In 2014, an additional amount of USD 250 million has also been received and 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.

In 2016, the remaining balance of USD 310 million was received. These 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, 2016 amounted to SAR 2,625,000,000 (December 31, 2015: SAR 1,462,500,000).

49. Detailed information about the subsidiaries and jointly controlled entities

Subsidiaries	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 Aluminium Company ("MAC")	Aluminium ingots, T-shape ingots, slabs and billets
Ma'aden Rolling Company ("MRC")	Aluminium 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 ("MWSPC")	Phosphate mining and fertilizer producer
Total	
Jointly controlled entities	
Sahara and Ma'aden Petrochemicals Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride
Ma'aden Barrick Copper Company ("MBCC")	Production of copper and associated minerals
Total	

All the subsidiaries and jointly controlled entities listed above are incorporated in the Kingdom of Saudi Arabia and all their operations are within the Kingdom.

Issued, paid-up and partly paid-up share capital		Effective group interest %		Cost of investment by parent company	
December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
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
2,477,371,807	2,449,008,348	74.9	74.9	1,855,551,484	1,834,307,253
4,828,464,412	4,806,784,758	74.9	74.9	3,616,519,845	3,600,281,784
6,208,480,000	6,208,480,000	70	70	4,345,936,000	4,345,936,000
7,005,001,875	5,505,001,875	60	60	4,203,001,125	3,303,001,125
				20,157,102,404	19,219,620,112
900,000,000	900,000,000	50	50	450,000,000	450,000,000
404,965,292	404,965,292	50	50	202,482,646	202,482,646
				652,482,646	652,482,646



The background image shows an industrial plant with a prominent tall, cylindrical chimney in the center. The structure is composed of various pipes, walkways, and metal frameworks. A bright sun or light source is positioned behind the chimney, creating a starburst lens flare effect that radiates across the scene. In the foreground, a network of white lines connects several circular nodes, some of which are highlighted in a light blue color. A thin white horizontal line is positioned above the main title.

Appendices

JORC definitions

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition (JORC Code), 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:

The JORC Code provides a system for the classification and reporting of mineral resources and ore reserves according to the levels of confidence in geological knowledge and technical and economic considerations (as shown in the JORC Code 2012 visual, on page 63). The key principles governing the application of the JORC Code are transparency, materiality and competence.

Transparency requires that the reader of a report is provided with sufficient information, in a clear and unambiguous form, to understand the report. Materiality requires that it contains all the relevant information that investors would reasonably require in the reporting of mineral resources or ore reserves. Competence requires that the public reporting of mineral resources and ore reserves is prepared and certified by suitably qualified and experienced persons, called Competent Persons.

Mineral resources and ore reserves reported according to the JORC Code must accurately reflect the information and supporting documentation prepared by a Competent Person who is subject to an enforceable professional code of ethics by a recognized professional organization. A company issuing a public report prepared by a Competent Person is also required to identify the person, reveal if the person is a full-time employee, and if not, disclose the name of the person's employer.

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 occurring in the proximity of operating mines and identified ore bodies.

Direct employment: employment directly related to the production of products or services or when a person is employed directly by a firm, rather than 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, whereas the mine itself is 'upstream'.

EBITDA: earnings before interest, taxes, depreciation, and amortization.

EHSS: environment, health, safety and security.

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 enterprise.

Greenfields exploration: refers to exploration activities undertaken in unexplored or incompletely explored areas. The objective is to discover new mineral deposits in new areas distant from existing mines and advanced projects.

GRI: an independent international organization whose sustainability reporting standards are widely adopted by governments, businesses and other organizations.

Handprint: a concept and tool increasingly used in sustainability programs and discussions to measure, evaluate and communicate the positive contributions and impact of businesses, organizations and individuals.

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.

Inorganic growth: growth achieved through mergers, acquisitions or takeovers as against organic growth achieved through a company's existing business.

IR: Incident Rate is a comprehensive metric that calculates all recordable injuries

JORC Code: The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves is professional code of practice that minimum standards for public reporting of mineral exploration results, mineral resources and ore reserves established by the Joint Ore Reserves Committee.

Ma'aden Academy: Ma'aden's learning and development organization managed by corporate Human Resources.

NTP: National Transformation Program, a government program aimed at building the institutional capacity and capabilities needed to achieve Saudi Arabia's Vision 2030.

Refinery: an industrial facility where a substance is refined, usually to convert raw material into products of value.

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

Saudi Vision 2030: The Kingdom of Saudi Arabia's blueprint for long-term development to achieve a strong, thriving and stable country that provides opportunity for all.

SBU: Strategic Business Unit indicates how Ma'aden's businesses are segmented.

SDGs: Sustainability Development Goals, also known as Global Goals, are a set of 17 aspirational goals adopted by the UN as part of its 2030 Agenda for Sustainable Development.

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, established by Ma'aden in collaboration with the Technical and Vocational Training Corporation (TVTC) of Saudi Arabia to develop a skilled domestic workforce for the mining sector.

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.

Note of caution on forward-looking statements

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 other 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 2016.

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 Ma'aden Investor Relations (invest@maaden.com.sa) or Corporate Communications (cc@maaden.com.sa).





Pages 186-187
SAR train passing
rocky parts of Al Jawf
area to Ras Al Khair
industrial city



www.maaden.com.sa

