Building a sustainable future

pursuing global prospects

Annual Report 2017

MA'ADEN معادن

Saudi Arabian Mining Company شركة التعدين العربية السعودية

Ma’aden receives King Khalid Responsible Competitiveness Award for 2017

Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al Saud presented the prestigious King Khalid Responsible Competitiveness Award to Ma’aden President and CEO Khalid Bin Saleh Al-Mudaifer in Riyadh on 11 December 2017. Ma’aden received the award for delivering exceptional projects, developing local and national human resources, commitment to sustainability, safety and environment and for making a positive social impact through community engagement and support programmes.

بسم الله الرحمن الرحيم

Custodian of the Two Holy Mosques
King Salman Bin Abdulaziz Al Saud

Crown Prince and Deputy Premier
and Minister of Defense
Prince Mohammad Bin Salman Bin Abdulaziz

Ma'aden is among the fastest growing mining and metals companies in the world. We are pioneers of the industry in Saudi Arabia and the largest multi-commodity mining company in the Middle East.

We are vigorously pursuing a strategy of further growth, both organic and inorganic. Within Saudi Arabia, we will continue to add value to the nation's natural mineral resources. Globally, we are looking at investment opportunities to grow our international presence.

Our strategic initiatives have made Ma'aden a more resilient business and organisation, enabling us to manage the impact of low commodity prices in recent years.

In 2018, we will continue to build our growth on a solid foundation of sustainability and capability building, and pillars of excellence, national championship and global presence.

The conveyor belt at our phosphate complex in Wa'ad Al Shamal

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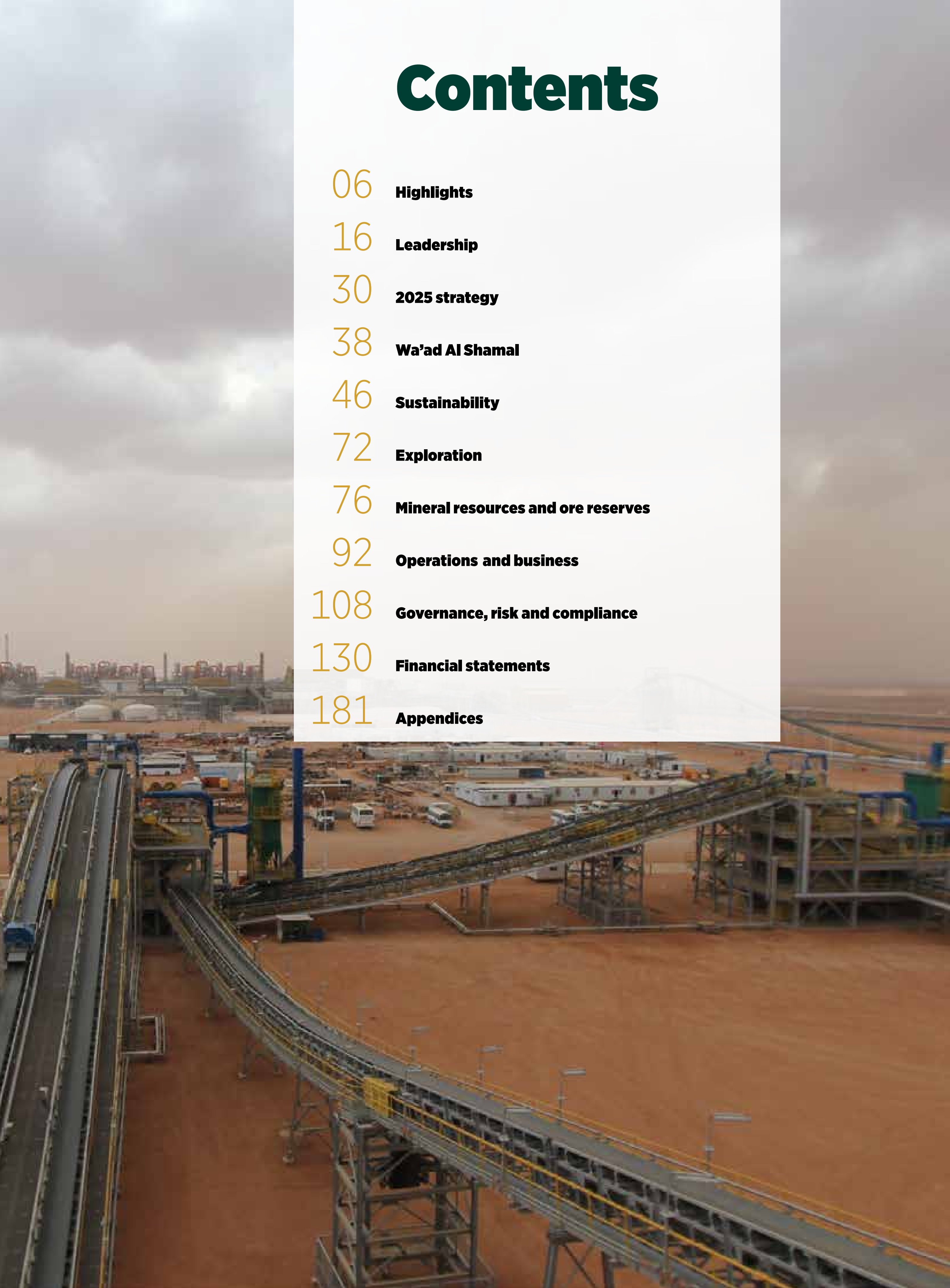


Highlights

A section of our ammonium plant in Wa'ad Al Shamal

Vision

A 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.

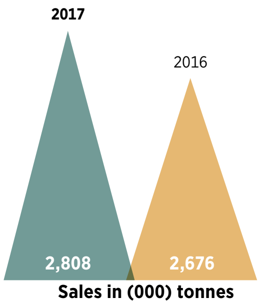
Integrity
Honesty, fairness and the highest ethical and business standards in our relationships with each other and with our stakeholders.

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

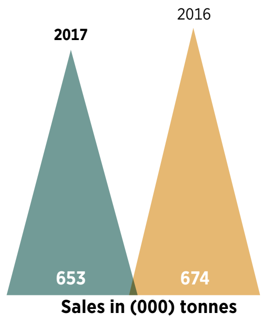
Care
Concern and respect for our people, the communities we touch and the environments we operate in.

Performance highlights

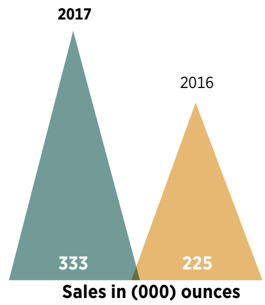
Ammonia phosphate fertiliser

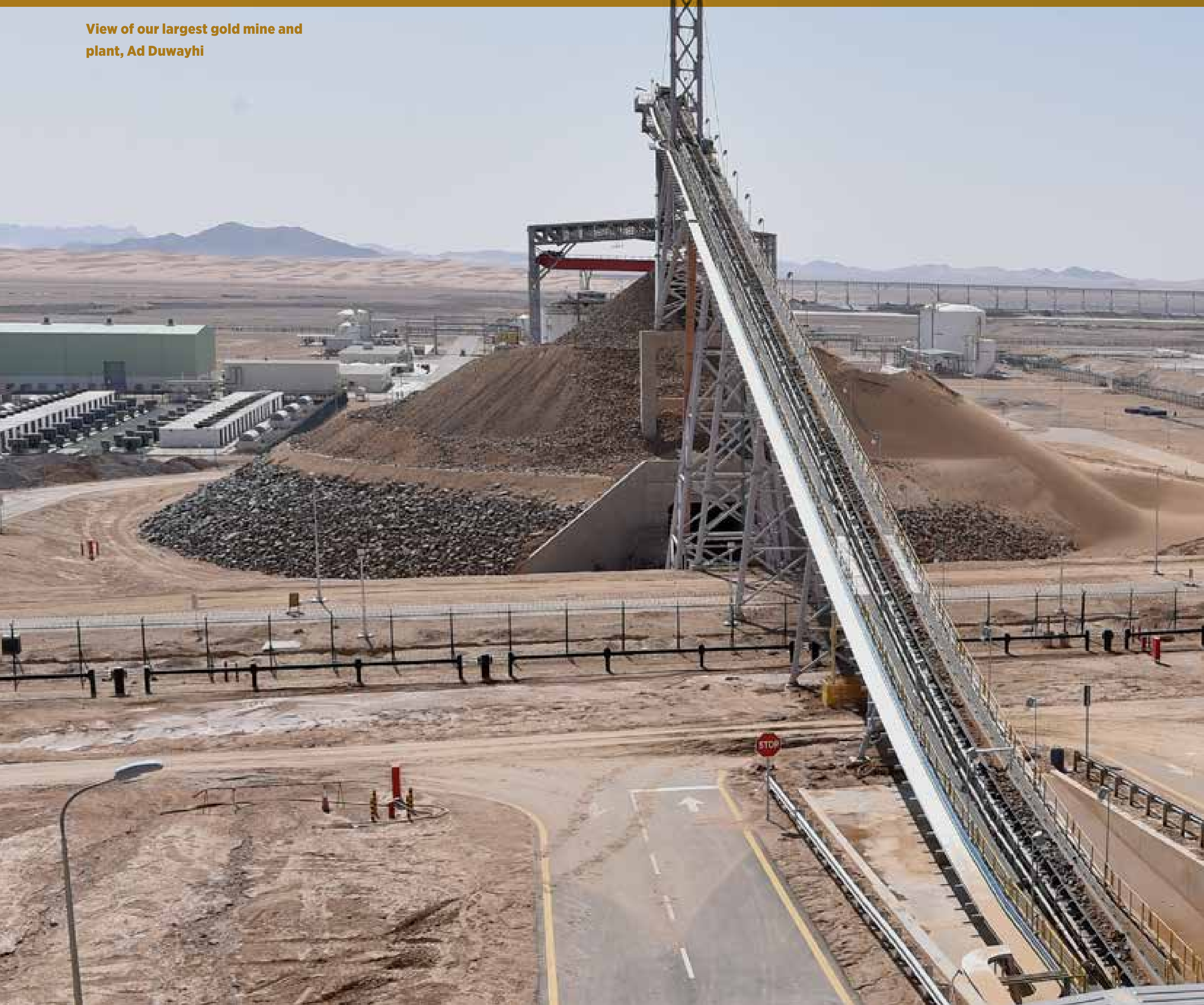


Aluminium



Gold and base metals

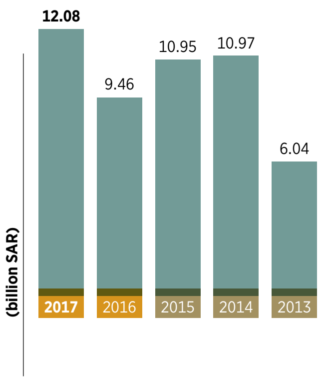




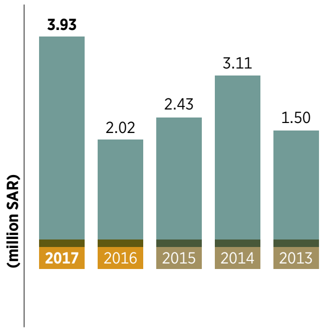
View of our largest gold mine and plant, Ad Duwayhi

Financial highlights

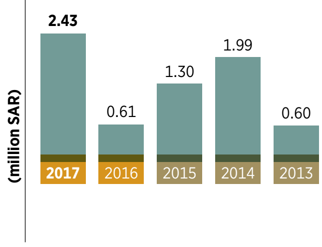
Sales



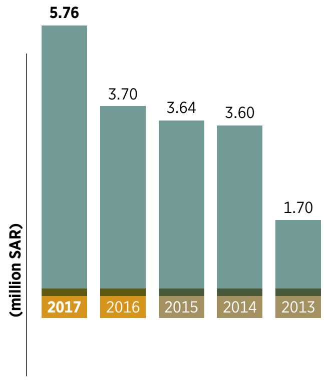
Gross profit



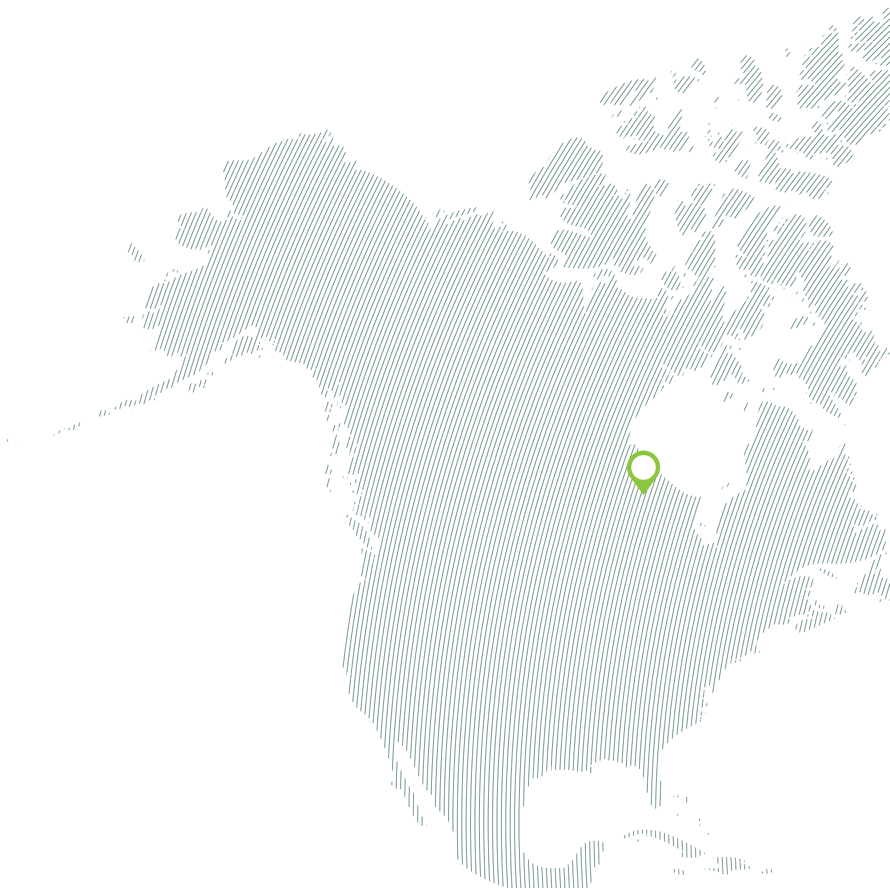
Operating income



EBITDA



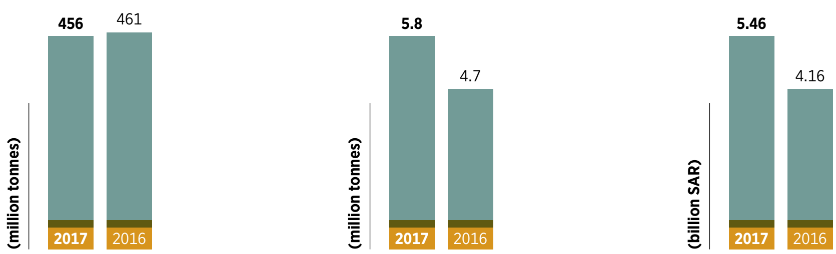
2016-2017 As reported under IFRS
2013-2015 As reported under SOCPA



Ma'aden today

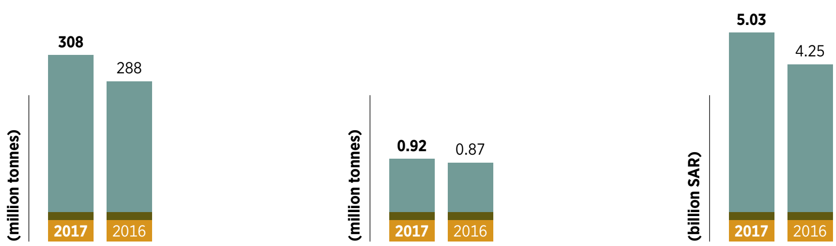
Phosphate segment

Ownership: MPC 70% , MWSPC 60%
Mines: Al Jalamid and Al Khabra
Product: Ammonium phosphate fertilizer and ammonia



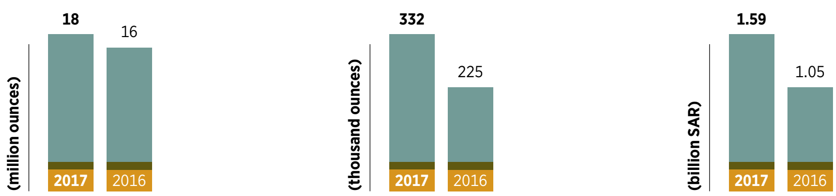
Aluminium segment

Ownership: 74.9%
Mine: Az Zabirah
Product: Bauxite, alumina, aluminium ingots, billets and flat rolled aluminium sheet



Gold and base metals segment

Ownership: 100% owned
Mines: Ad Duwayhi, Al Amar, As Suq, Bulghah, Mahd Ad Dhahab, Sukhaybarat,
Product: Gold in dore and concentrate



Consolidated revenue
(billion SAR)

	2017	2016
Consolidated revenue (billion SAR)	12.08	9.46

Our markets

Gold

Aluminium

Phosphate

Ammonia

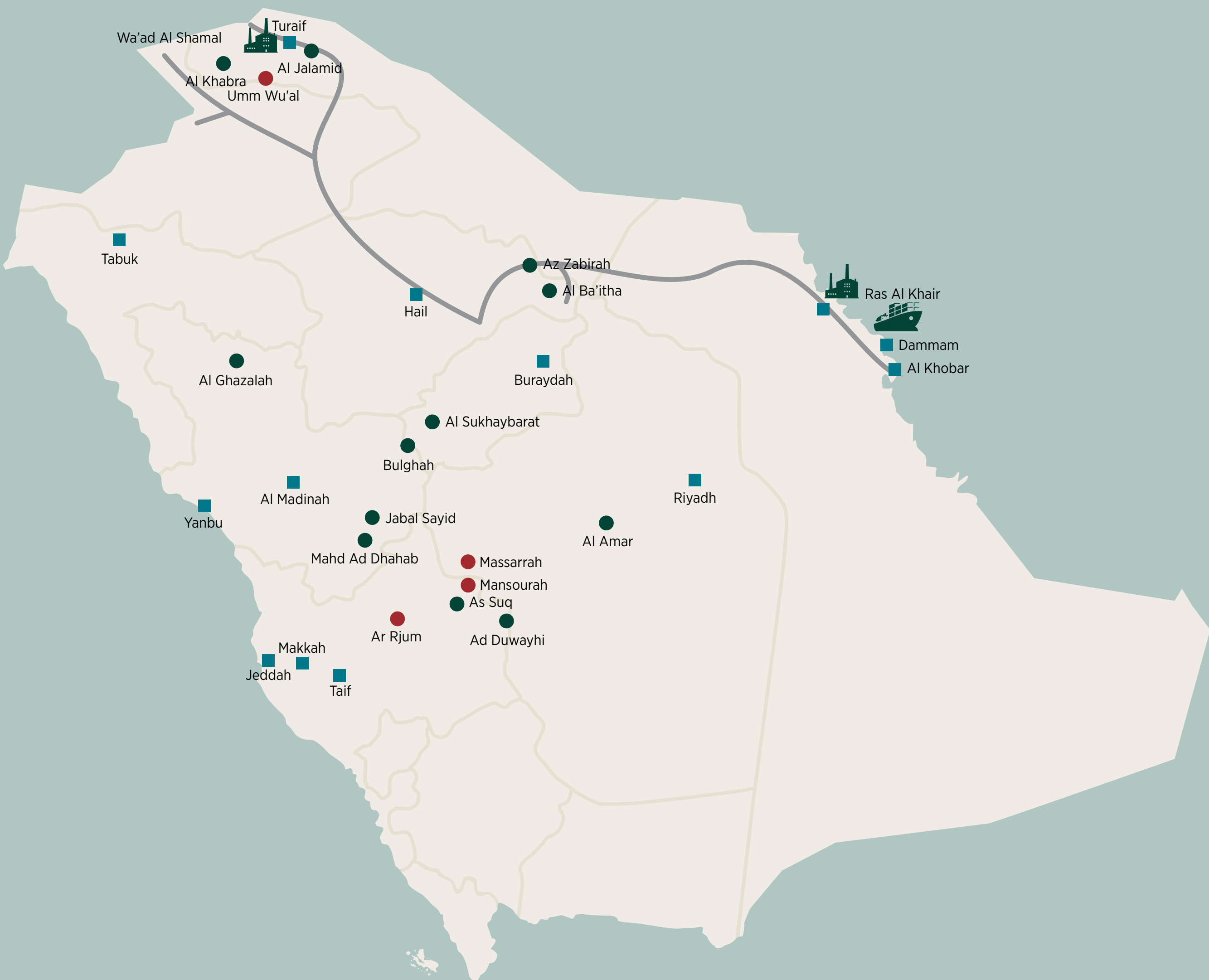
Industrial minerals

Prince Khalid Al-Faisal inaugurates Ad Duwayhi gold mine and plant

Prince Khalid Al-Faisal, Advisor to the Custodian of the Two Holy Mosques and Governor of Makkah region, inaugurated our Ad Duwayhi gold mine and plant on 24 April 2017. The ceremony was attended by Prince Faisal Bin Turki Bin Abdulaziz, Advisor to the Ministry of Energy, Industry and Mineral Resources, Sultan Shawli, Deputy Minister for Mineral Resources, senior provincial officials, and Khalid Al-Mudaifer, Ma'aden President and CEO. Ad Duwayhi mine is the largest gold mine in the Kingdom with an annual production capacity of 180,000 ounces.

New Governor of the Northern Borders region visits Wa'ad Al Shamal

Prince Faisal Bin Khalid Bin Sultan Bin Abdulaziz, the new Governor of the Northern Borders region, visited Wa'ad Al Shamal Industrial City on 2 May 2017 where he was briefed on the on-going development projects at the city. Ma'aden President and CEO Khalid Al-Mudaifer and leaders from Saudi Electricity Company, Saudi Aramco, Saudi Railways and Saudi Industrial Property Authority (MODON) received the Governor. Prince Faisal's tour covered the Investment and Local Development Center (ILDC), which was established to promote local investment and provide employment opportunities for local people, Ma'aden Wa'ad Al Shamal Phosphate Company (MWSPC) and other industrial projects as well as the residential quarters of the city.



Cities | Industrial complexes | Mines | Advanced exploration projects | Railway line | Port

2
Industrial complexes

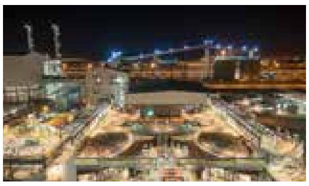
12
Operating mines

4
Exploration projects

Ma'aden mines and facilities

Wa'ad Al Shamal Industrial City

Wa'ad Al Shamal is a SAR30 billion project including a mine and processing plants producing phosphate concentrate and phosphoric acid.



Ras Al Khair Industrial City

Our plants in Ras Al Khair are linked to Al Jalamid and Al Ba'itha mines and Wa'ad Al Shamal Industrial City by railway. The plants produce ammonia and process phosphate concentrate into ammonium phosphate fertilisers and convert bauxite into alumina and aluminium.

Al Jalamid phosphate mine

Al Jalamid is an open pit mine producing about 10Mt ore /year and a beneficiation plant with annual production capacity of about 5 Mt of phosphate concentrate, which is transported by rail to Ras Al Khair for processing into ammonium phosphate fertiliser.

Al Khabra phosphate mine

Al Khabra is an open pit mine producing 12 Mt of phosphate ore per year for processing into phosphate concentrate at Wa'ad Al Shamal.

Al Ba'itha bauxite mine

Al Ba'itha is the only bauxite mine in the Middle East. It is an open pit mine with an annual capacity of over 4Mt of bauxite ore. The bauxite ore is refined in the GCC's first alumina refinery at Ras Al Khair to produce 1.8 million tonnes of alumina per year, which is processed in the smelter to produce aluminium.

Al Madinah Al Munawarah magnesite calcination plant

The Al Madinah Al Munawarah plant began operations in 2010. It produces caustic calcined magnesia with an annual capacity of 39,000 tonnes and dead burned magnesia with a plant capacity of 32,000 tonnes per year. These products are used for refractories, environmental, agricultural and construction purposes.

Al Ghazalah magnesite mine

Al Ghazalah is an open pit mine currently producing high grade magnesite ore, which is transported to the Al Madinah Al Munawarah magnesite calcination plant. The annual ore production at Al-Ghazalah mine is currently about 90,000 tonnes.

Az Zabirah bauxite and kaolin mine

Az Zabirah mine is an open pit operation producing low grade bauxite sold to cement plants to improve cement quality. It also produces kaolin clay, which is sold to Ma'aden Phosphate Company as a reagent in fertiliser production.

Ad Duwayhi gold mine

With production beginning in 2016, Ad Duwayhi is our newest open pit gold mine with a carbon-in-leach (CIL) processing plant. The mine is also our largest gold producer with 163,000 ounces from 2.1 Mt of ore in 2017. Gold production will increase further in 2018.

Al Amar gold mine

Al Amar underground mine with a CIL processing plant commenced production in 2009. It produces a high grade gold rich polymetallic ore, which is processed into gold in dore and in copper and zinc sulphide concentrates, which are sold to overseas smelters.

Bulghah mine

Bulghah open pit gold mine was commissioned in 2002. Low grade ore is processed by heap leaching to extract gold. Higher grade ore is transported by truck to the Sukhaybarat CIL processing plant. In both cases, gold is produced and sold as dore bars.

Sukhaybarat mine

Sukhaybarat is an open pit gold mine with a CIL processing plant. High grade ore from the mine is processed on site. Low grade ore is transported by truck to Bulghah mine for heap leach processing. Gold is produced and sold as dore bars.

As Suq mine

As Suq is an open pit gold mine that commenced production in 2014. The low grade ore is mined and processed on site using heap leach technology. The gold is produced and sold as dore bars.

Mahd Ad Dhahab mine

Mahd Ad Dhahab is an ancient gold mine dating back 3000 years. Modern production commenced in 1988. The underground mine has over 60km of tunnels, and is mined over a vertical depth of 300 metres from the surface. The CIL process plant on the mine site recovers gold, silver and copper from the mined ore producing gold in dore.

Mansourah-Massarah project

Mansourah - Massarah is a large new gold mine project currently in the feasibility study stage, which will be the basis for a final decision to proceed with development. The project involves two separate mines at Mansourah and Massarah producing gold ore feeding a central CIL and pressure oxidation (POX) processing plant. A development decision is expected in 2018.

Jabal Sayid mine

Jabal Sayid is a large underground copper mine developed by Ma'aden in joint venture with Barrick Gold Corporation of Canada. The mine was commissioned in mid-2016. The process plant on site produces copper sulphide concentrate which is sold to overseas smelters to produce copper.

Leadership

Ma'aden is led by the Chairman of the nine-member unitary Board of Directors, the Chief Executive Officer and the Management Committee comprising 11 senior executives.

18 Chairman's statement

22 Board of Directors

24 CEO's message

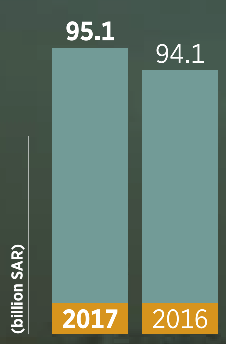
28 Management Committee


MAADEN
معادن

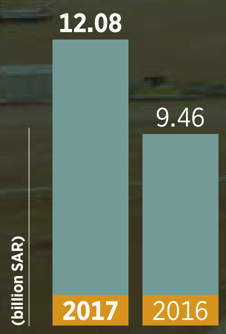
“Ma’aden is a prime example of how a leading national enterprise can execute a commercially driven strategy successfully whilst also making a major contribution to national development, job creation and social welfare.”

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

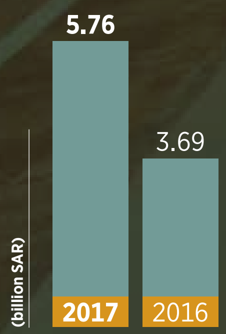
Assets



Sales



EBIDTA



Ever since the launch of Saudi Vision 2030 and the National Transformation Program, the industrial sector of Saudi Arabia has been infused with a renewed sense of ambition.

Living up to the expectations of Vision 2030

Leading Saudi companies and businesses are playing a major role in the transformation of the Kingdom's economy even while they themselves are undergoing major changes. Ma'aden is a prime example of how a leading national enterprise can execute a commercially driven strategy successfully whilst also making a major contribution to national development, job creation and social welfare.

Vision 2030 is particularly relevant to Ma'aden as it recognises the significant potential that mineral resources and the mining industry can contribute to the national economy. An important element of realising this potential is the Kingdom's commitment to build a comprehensive database of the country's mineral resources. We also need to update the licensing procedures for exploration and extraction to encourage further activity in the sector. As the champion of the domestic mining industry, Ma'aden is ideally placed to strengthen and develop the mining sector ecosystem and draw benefit from it.

Wa'ad Al Shamal

The Board of Directors is proud of Ma'aden's achievements and performance in 2017. The startup of the new phosphate complex in Wa'ad Al Shamal, bringing to life a modern industrial city that will stimulate significant economic and social development in the Kingdom's remote northern region, is perhaps the most outstanding achievement of the year.

Wa'ad Al Shamal, which literally means 'Northern Promise', represents the aspirations both to develop the northern region and expand the mineral resources industry in Saudi Arabia. The start of operations in Wa'ad Al Shamal Industrial City comes only a few years after the start-up of operations at the first industrial city developed by Ma'aden in Ras Al Khair. These cities now form a vital part of the infrastructure in place to support further development of the mining sector, just as the building of Jubail Industrial City began a new era for the country's petrochemical industry in the late 1970s.

I have visited Wa'ad Al Shamal on a number of occasions and it is appropriate to describe what has been achieved as truly outstanding. The advanced large-scale integrated site was completed in such a short time despite considerable challenges on multiple fronts. The challenges mainly related to the deployment of people and the development of infrastructure in this remote area. I salute the passion and commitment shown by Ma'aden teams at all levels. Without their dedication we could not have delivered this world-class project in a timely and efficient manner.

That said, I do want to take this opportunity also to recognise

" Wa'ad Al Shamal, which literally means 'Northern Promise', represents the aspirations both to develop the northern region and expand the mineral resources industry in Saudi Arabia. "

the spirit of cooperation from the many public and private sector stakeholders, which has ensured that the development of Wa'ad Al Shamal is a success. This achievement would not have been possible without the support and cooperation of Saudi Aramco, Saudi Railway Company, Saudi Electricity Company, Saudi Ports Authority, the provincial and local government, the local community and the many contractors.

Sustainability

Wa'ad Al Shamal is another example of Ma'aden's focus and success in meeting expectations within the national vision of sustainable development. From its conception until startup, Ma'aden has consistently addressed the most important aspects of sustainability in Wa'ad Al Shamal: social impact and local content, environment, energy, water and waste disposal.

Particularly heartening has been the accomplishments in supporting social development and strengthening local content. Ma'aden's success in recruiting, training and employing Saudi youth from the region, and their subsequent participation in the construction, and now the operation, of the project are remarkable. We are also sponsoring the construction and management of new schools in nearby Ar'ar and Turaif and have instituted awards for students in the region in cooperation with the Ministry of Education. Local content efforts in Wa'ad Al Shamal have focused on supporting small and medium enterprises in the region, both directly and through provisions applied to contract jobs.

These efforts in the northern region continue Ma'aden's long track record and commitment to sustainability across all of its operations throughout Saudi Arabia.

Our efforts and achievements have not gone unnoticed. The King Khalid Foundation recently awarded Ma'aden the prestigious 'Responsible Competitiveness' award which honours our ability to build competitive advantage through commitment to sustainability and corporate social responsibility. Earlier in the year, we also received the Makkah Award for Economic Excellence for our contribution to the local economy.

SAR**60.6**billion

market capitalisation as on 31 December 2017

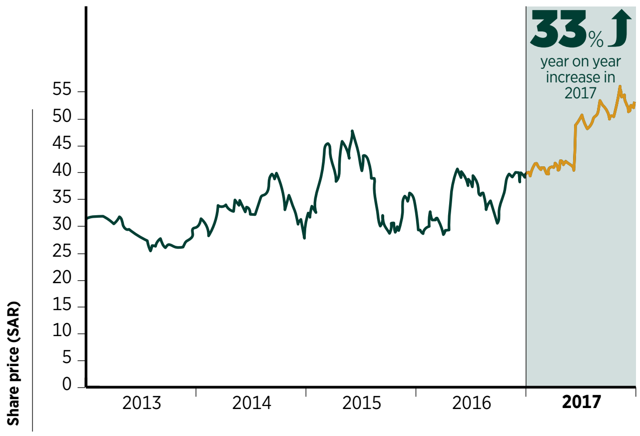
2025 strategy

In 2017 we continued to progress in execution of the 2025 strategy. First and foremost, we have focused our attention on the foundation of our strategy: sustainability and capability building. Meeting these objectives is essential to the successful pursuit of the actions within the three strategic pillars that will deliver measurable results for our investors and other stakeholders. The pillars are:

- Operational, capital and commercial excellence, directly resulting in significant cash savings, higher productivity and profitability.
- Building on our status as the

A section of our new phosphate complex in Wa'ad Al Shamal

Ma'aden share price



"I salute the passion and commitment shown by Ma'aden teams at all levels. Without their dedication we could not have delivered this world-class project in a timely and efficient manner."

national mining champion, fulfilling the role by achieving further organic growth in Saudi Arabia and supporting further development of the mining industry.
- Global presence, whereby we are actively looking to expand some of our key business lines beyond the borders of the Kingdom.

The progress in implementing business strategy has been supported by important changes in our organisation structure and governance, which are aimed at enabling Ma'aden to achieve its strategic goals and enhance its global reputation.

Our Board of Directors was reconstituted in October upon the expiry of the previous Board's term. On the new Board, two of the four representatives of our largest shareholder, the Public Investment Fund (PIF), are seasoned industry executives. I am very confident that the industry expertise they bring will enhance the already considerable array of skills and experience that our Board members bring to Ma'aden.

I must take this opportunity to thank the outgoing Board members for their services.

Financial performance

While the 2017 turnaround in global commodity prices is an important factor in our improved financial performance, the startup of Wa'ad Al Shamal also contributed as did the first full year of production from plants that began operations in 2016. In addition, the internal focus on operational, capital and commercial excellence contributed significantly as the company exceeded its targets to increase cash generated from operations. This focus is essential and will continue to be the first of our strategic pillars; global commodity prices will remain volatile and a continued commitment to competitiveness will ensure that the company can maximise the benefit of rising commodity prices but also withstand the inevitable downturns which are a feature of the mining industry.

It is heartening to note that the investment community continues to demonstrate its trust in Ma'aden and its future. Our share price rose 33 percent during 2017. Market analysts have pointed out that Ma'aden's improving fundamentals were a key factor driving investor confidence in the company. The expectation that Ma'aden will benefit as Vision 2030 programmes are implemented also supports investor confidence in Ma'aden.

We will continue to work hard to ensure that Ma'aden grows stronger, more profitable and sustainable as a national champion for the mining sector and a global company. We will also continue to strengthen the internal mechanisms for governance and good management. With each passing year, we are one step closer to achieving our vision of making Ma'aden a 'sustainable mining champion with global presence'.

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

Ma'aden's Board of Directors was reconstituted on 25 October, 2017 upon the expiry of the previous Board's three-year term.

Board of Directors

From left to right

Row 1

HE Khalid Bin Abdulaziz Al-Falih

HE Sulaiman Bin Abdulrahman Al-Gwaiz

Abdullah Bin Ibrahim Al-Saadan

Row 2

Richard O'Brien

Dr Klaus Kleinfeld

Abdullah Bin Mohammed Al-Issa

Row 3

Lubna Bint Suliman Al-Olayan

Azzam Bin Yasser Shalabi

Khalid Bin Saleh Al-Mudaifer









The appointment of the new Board was approved by the Ordinary General Assembly of shareholders at Ma'aden headquarters on 22 October, 2017. The new Board consists of four representatives of the Public Investment Fund (PIF) including the Chairman, the Vice Chairman (representative of the General Organization for Social Insurance, GOSI), three Independent Directors and the CEO as the Executive Director.

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 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.

Richard O'Brien

Non-Executive Director

Richard O'Brien was appointed to Ma'aden's Board effective 25 October, 2017. He was Chief Financial Officer and later CEO of Newmont Mining Corporation, one of the world's largest gold mining companies, during 2005-13.

During 1984-2000, he held several positions including that of Operations Manager and CFO at PacifiCorp, working in coal mining, power generation, distribution and transportation. He is a non-executive member of the Board of Directors of electricity company Xcel Energy, where he also chairs the Audit Committee and is member of the Operations Committee and Environment and Safety Committee. He sits on the Board of Directors of Vulcan Materials Company, which produces construction materials, and chairs the Audit and Environment and Safety committees.

O'Brien secured his bachelor's degree in Economy from Chicago University, USA and professional doctorate in law from Lewis & Clark Law School, USA.

Lubna Bint Suliman Al-Olayan

Independent Director

Lubna Bint Suliman Al-Olayan joined the Ma'aden Board on 28 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 Alawwal Bank and Schlumberger. She also sits on several international advisory boards, including those of Rolls-Royce Group plc, Akbank, Allianz SE, McKinsey & Co and Bank of America Merrill Lynch.

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

HE Sulaiman Bin Abdulrahman Al-Gwaiz

Vice Chairman, Non-Executive Director

HE Sulaiman Abdulrahman Al-Gwaiz was appointed to Ma'aden's Board on 1 January 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 Riyad Bank, gaining experience across diverse functions. He was the Deputy CEO of Riyad Bank from 1991 to 2012. Since 1 October 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.

Dr Klaus Kleinfeld

Non-Executive Director

Dr Klaus Kleinfeld was appointed to Ma'aden's Board effective 25 October, 2017. He was Chairman and CEO of Arconic (a leading multi-material, precision-engineered products and solutions company spun off from aluminium major Alcoa), during 2016-17.

During 2007-16, Kleinfeld held several positions in Alcoa, eventually becoming the CEO and Chairman of the Board (Mining, Building and Construction). Between 1986 and 2007, he worked at Siemens in several positions, leading to his appointment as CEO (Telecommunications, Energy, Pharmaceuticals, Medical Devices, Technology, Transportation). Prior to that he was consultant and product manager in the pharmaceutical industry in SGURD SNC.

He is an Independent member of the Board of Directors of Fero Labs and founded his own company K2Elevation. He has previously sat on the Boards of Bayer AG (10 years), Morgan Stanley (six years) and Hewlett Packard (three years).

Kleinfeld holds a PhD in strategic management from Würzburg University and an MBA from Göttingen University, both in Germany.

Azzam Bin Yasser Shalabi

Independent Director

Azzam Bin Yasser Shalabi was appointed to Ma'aden's Board and its Audit Committee on 28 April 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 untill 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, 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.

Abdullah Bin Ibrahim Al-Saadan

Non-Executive Director

Abdullah Bin Ibrahim Al-Saadan was appointed to Ma'aden's Board on 28 April 2016.

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

Al-Saadan 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.

Abdullah Bin Mohammed Al-Issa

Independent Director

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

He is the chairman of Abdullah Mohammed Al-Issa Consulting Engineering, Riyad 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, USA.

Khalid Bin Saleh Al-Mudaifer

Executive Director

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

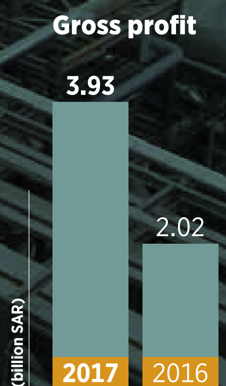
Al-Mudaifer joined Ma'aden in March 2006 and served as Vice President of Industrial Affairs and Vice President of the Phosphate and New Business Development Unit.

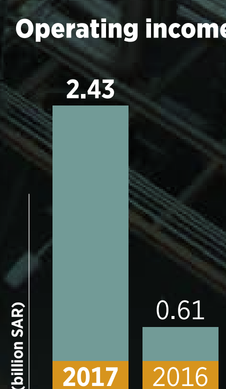
He served as the General Manager of Qassim Cement Company from 1993 to 2006 and Vice President and Director of Finance at Eastern Petrochemicals Company (SHARQ) from 1987 to 1993.

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.

"The improvement in our operational performance and financial results was recognised by investors in the Saudi stock market and our shares closed the year at SAR52.1, up from SAR39 at the end of 2016."

Khalid Bin Saleh Al-Mudaifer, CEO





It has been 20 years since Ma'aden was established and a decade since our flotation on the stock market.

Preparing for a global future as mining champion

SAR**830**million

total comprehensive income

The past decade has been one of unprecedented growth. We have achieved much to celebrate, but as we look to the future we remain focused, as we have always been, on building Ma'aden into a highly competitive leader in the global mining sector.

We are pleased to report another record year of production. With the partial recovery of commodity prices during the year, notably in aluminium and copper, we have been able to capitalise on this production growth and report our highest ever sales revenues of SAR12 billion. The recovery in aluminium prices, particularly towards the latter part of the year, has been a major relief after a number of years of extremely low prices. There are signs that this recovery will continue at least for the near term but it is not yet clear what the longer term outlook will be given the uncertainty around the growth in supply in the aluminium industry.

Average phosphate prices were broadly flat in 2017 against 2016 although we did see a pick up late in the year. Again, due to the supply situation, it has yet to be seen if this recovery in phosphate prices will last or whether it will take time to consolidate. Both gold and copper had a strong year with the latter in particular showing a remarkable recovery.

Profitability also reached a new peak with EBITDA for the year reaching SAR5.7 billion. We earned a total comprehensive income of SAR830 million in 2017.

Although higher production and improved commodity prices were important factors in our higher profits in 2017, our internal focus on efficiency, productivity, cost reduction, cash generation and savings also played a major role in increasing our profitability.

The improvement in our operational performance and financial results was recognised by investors in the Saudi stock market and our shares closed the year at SAR52.1, up from SAR39 at the end of 2016. The Ma'aden share has gained 148 percent in value since the company's floatation 10 years ago, which is a remarkable performance. Ma'aden continues to offer a compelling investment case: the strong fundamentals of the commodities in which we operate, the competitiveness of our operations, and the continued opportunities for further growth. In addition, the strong expectation that the mining sector in Saudi Arabia will grow as part of the transformation of the national economy is another major factor supporting investor sentiment.

"We are pleased to report another record year of production. With the partial recovery of commodity prices during the year, notably in aluminium and copper, we have been able to capitalise on this production growth and report our highest ever sales revenues in 2017 of SAR12 billion."

We work hard to live up to the expectations of all of our investors and continue to build trust through an open and transparent approach to engaging with the investor community. This reflects Ma'aden's overall commitment to transparency, which has now been recognised with Ma'aden receiving the prestigious Saafah transparency award.

Safety

Mining is an industry which involves operations that can pose many dangers to life and the environment. As with all leading mining companies, Ma'aden has a strong safety culture built around the belief that the safety of our people and the communities around us are of paramount importance. It was therefore deeply saddening that two of our staff lost their lives from on-site accidents in 2017, our first fatalities since 2012. In response to these incidents we have immediately renewed our efforts and embarked on a major review of all our safety practices across the company. Our goal remains 'zero harm' and I will continue to ensure that every member of our team remains vigilant to the dangers inherent in our business and that every employee understands that safety is a shared responsibility.

Strategic achievements

During the year, we have continued to progress the implementation of Ma'aden's 2025 strategy approved by our Board at the end of 2016. The 2025 strategy is aligned with international mining industry trends and the aspirations of Saudi Vision 2030 and seeks to build on the successes of the past years.

During 2017, we achieved success on a number of fronts:

- **Excellence and cash generation:** We continued to focus on operational excellence, and the cash generation programme. The programme, conceived as a response to the market challenges since 2015, has delivered tangible results from our existing production assets. It has also enabled us to achieve effective cost reductions on projects under development. We exceeded our target for the cash generation programme and this has provided us with the momentum to continue and build on the existing programme in the coming years. We recognise the importance of maintaining this commitment even as commodity prices recover and relieve the pressure on our finances.

- **Wa'ad Al Shamal:** We completed the first phase of the Wa'ad Al Shamal industrial city as planned, delivering economic and social development in the remote north of Saudi Arabia. We overcame significant challenges in implementing such a major and complex project in a remote region. Ma'aden Wa'ad Al Shamal Phosphate Company (MWSPC) is the first major industrial project in the northern region with investment of over SAR30 billion. The Wa'ad Al Shamal industrial city marks the beginning of a new phase for the mineral and mining industry in the context of the Vision 2030 goal of boosting the sector's contribution to the country's gross domestic product (GDP). MWSPC will enable us to double our share of the global phosphate fertiliser market.

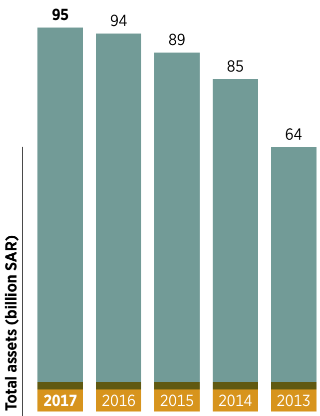
"Our cash resources have been stretched over recent years as we faced a combination of very low commodity prices and an ongoing investment programme of significant scale. Over the last 18 months we have made major progress in bringing into operation projects built as part of this programme: the bauxite mine and refinery, the Ad-Duwayhi gold mine, the Jabal Sayid copper mine, and our second ammonia plant."

- **Stronger organisation:** Ma'aden is still a relatively young company. We continued to make meaningful progress in strengthening the organisation and transforming ourselves into a company driven by best practice goals. This means that we are adopting new business processes, practices related to employment, sustainability and corporate governance and advanced technology across all of our business lines. Our success as a global company depends so much on the strength and reputation of Ma'aden as an organisation that follows international best practice in the conduct of its business and the quality of its governance. At the end of 2017, we introduced changes to the organisation aimed at strengthening our operating model and our ability to execute our strategy. These changes will help us to strengthen our efforts to achieve operational excellence and leverage technology. The strategic business units are being made more autonomous and our people will have more professional development opportunities. We are also creating a dedicated Mergers and Acquisition team to support our global aspirations.

- **Growth projects:** During 2017 we have been optimising and finalising two major projects. The Mansourrah and Massarah gold deposit is an attractive opportunity and we have now completed the bankable feasibility study to mine this deposit. Development of the first phases of the Phosphate 3 project has also been further progressed in 2017 and the bankable feasibility study for this will be completed shortly.

We remain on track to achieve our strategic objectives and continue the successful growth we have been able to deliver since 2008.

Ma'aden total assets



2016-2017 As reported under IFRS
2013-2015 As reported under SOCPA

Tackling challenges

As much as we strive to ensure that we position ourselves to be as operationally and commercially resilient as possible in the face of commodity prices that will remain volatile, we also need to deal with the other challenges we face.

Our cash resources have been stretched over recent years as we faced a combination of very low commodity prices and an ongoing investment programme of significant scale. Over the last 18 months we have made major progress in bringing into operation projects built as part of this programme: the bauxite mine and refinery, the Ad-Duwayhi gold mine, the Jabal Sayid copper mine, and our second ammonia plant.

As can be seen in our financial performance, the contribution of these facilities is now starting to impact our cash flows positively and this is being further supported by the improvement in commodity prices, in particular aluminium. In 2018, we also expect to see the phosphate complex at Wa'ad Al Shamal enter commercial operations. This improved environment will enable us to continue with our new growth projects whilst ensuring our financial stability.

In growing a large-scale mining company in such a short period of time, Ma'aden has naturally had to deal with a steep learning curve as we have had to build knowledge and experience in operations and in global markets. This is more so when a company is based in a country with no mining ecosystem in place. We have achieved much in overcoming the challenges of finding qualified and experienced staff. Now our focus is on the establishment of an effective system to educate and train technical staff for the industry as a whole, and educating and training our key suppliers. As the national mining champion, we will continue to invest in strengthening the local mining industry ecosystem for the benefit of Ma'aden and the sector as a whole.

An important element of this is addressing the challenge of building a Saudi supply chain for the mining industry. We are keen to support and grow small and medium enterprises (SMEs) that can fill the many gaps in this chain. We have created a strategic sourcing function which has been working closely with operations and our procurement teams to find ways of creating a sustainable local supply chain through SMEs. We are committed to increasing the proportion of local content in our supplies.

Recognition

We received the prestigious Responsible Competitiveness Award from King Khalid Foundation in 2017. I want to dedicate this award to our people and their commitment to making Ma'aden a company distinguished in every aspect. I would also like to thank all our partners and stakeholders for supporting our desire to be a sustainable and responsible mining business.

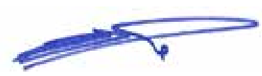
Looking forward

We have plenty to look forward to in 2018 and beyond. Sustainability will continue to be at the centre of everything we do. As we work to reinforce the foundation of our strategy, we will spare no efforts to strengthen our EHSS, human resources, local content and social impact programmes.

Operational excellence will continue to drive our teams and our focus will be on improving the productivity and efficiency of all of our businesses. We have an opportunity to further optimise the supply chain from pit to port through integrated planning, improved productivity, increased operational efficiency and to build commercial efficiency throughout our portfolio.

We are committed to seize the opportunities of digitalisation and technology and build a culture that supports a continuously learning organisation. We will invest in pioneering technologies in order to remain ahead of the curve and establish Ma'aden as a global leader in our industries. Technology has the potential to change the face of mining and we want to embrace that change.

I want to thank our shareholders for investing their trust in us, and our Board of Directors for guiding us on strategy and future direction. We are proud of our people, without whose dedication and commitment, none of Ma'aden's achievements would have been possible. We will continue to rely on our people's commitment to our values of integrity, care, teamwork and accountability to perform better and achieve more.



Khalid Bin Saleh Al-Mudaifer
President and CEO

Ma'aden's Management Committee was reconstituted in the fourth quarter of 2017 as part of an organisational restructuring. The reconstitution involved reassignment of functions and nomination of new members.

Management Committee

From left to right

Row 1

Khalid Bin Saleh Al-Mudaifer

Khaled Bin Salem Al-Rowais

Nabil Bin Abdulaziz Al-Fraih

Darren Davis

Row 2

Yahia Bin Mohammed Al-Shangiti

Riyadh Bin Sa'ad Al-Nassar

Abdulaziz Asker Al-Harbi

Khaled Bin Sulaiman Alohali

Row 3

Abdulaziz Nasser Al-Najim

Emad Mahmoud Al-Saadawi

Stephen Bodley

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 CEO since October 2011. He also sits on the Executive Committee.

He 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).

Al-Mudaifer secured a civil engineering degree in 1984 and an 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.

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

Abdulaziz Nasser Al-Najim

Vice President, PME and Business Improvement

Al-Najim has solid project management experience both within and outside Ma'aden. He joined Ma'aden at the beginning of 2009 as a Director, Project Management and Engineering. He has since occupied other senior roles, such as, Director, Transformation Program (ETGAN), Vice President, Technical within MPC, and Vice President, PMO and Engineering.

Before joining Ma'aden, Al-Najim worked for SABIC where he had a solid track record in both Engineering and Project Management. During his tenure he led key business projects.

Al-Najim obtained a Bachelor's degree in system engineering/ automation from King Fahd University of Petroleum and Minerals.

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 Vice President, Finance in 2011. He became CFO and SVP, Finance in 2014. He was appointed Vice President, Phosphate and Industrial Minerals SBU in 2016.

Al-Rowais 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.

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

Riyadh Bin Sa'ad Al-Nassar

President, Ma'aden Bauxite and Aluminum Company and Ma'aden Aluminium (MBAC and MA) and Acting Senior Vice President, Aluminium SBU

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 in 2016 was appointed Ma'aden VP of Project Management and Engineering with added responsibility of leading the Consolidated Support Services (CSS) in an acting capacity. He is the Board member of Ma'aden Wa'ad Al Shamal Phosphate Company.

He has more than 20 years experience in engineering, project management, planning and maintenance. Al-Nassar 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 Gulf Cooperative Council (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 Mahmoud 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.

Al-Saadawi 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.

Nabil Bin Abdulaziz Al-Fraih

Executive Advisor to the CEO and Senior Vice President, Human Capital

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 experience in 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).

Al-Fraih holds a bachelor's degree in civil engineering from King Saud University in Riyadh.

Abdulaziz Asker Al-Harbi

VP, Industrial Security and Support Services

AlHarbi has 30 years experience in project management, planning and operations.

Prior to his current role, he was the President for Ma'aden Bauxite and Aluminum and Ma'aden Aluminium Company (MBAC and MAC), USA which he led from project phase until they became operational.

AlHarbi joined Ma'aden on 16 January, 2007 as President of Ma'aden Phosphate Company (MPC).

Before joining Ma'aden, he worked for SAFCO (SABIC affiliate) as Director General, Operation, Technical and Expansion from 2002-2007.

Earlier to that from 1998-2002 he held the position of General Manager, Planning and Operation in SABIC.

AlHarbi is a member of the MBAC and MAC Board of Directors and its Executive Committee, and an alternate member of Ma'aden Rolling Company (MRC) Board of Directors. He is the Chairman of the ERADH Board (Saudi Youth Development and Engagement Programs) and a member of Jubail City Council.

He holds a Bachelor's degree in chemical engineering from King Saud University, and a crettificate in Advanced Management and leadership program from Oxford.

Stephen Bodley

Chief Legal Counsel

Stephen Bodley joined Ma'aden in September 2013. He has over 20 years 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.

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

Darren Davis

Senior Vice President and Chief Financial Officer

Following a 20-year banking career, Darren Davis joined Ma'aden in 2012 as Director of Corporate Finance before being elevated to Vice President, Corporate Finance later in 2013. 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, Davis has focused on managing the company's extensive fund raising program and has played leading 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.

Davis graduated in 1991 from Aston University, UK with a bachelor's degree in business and administration. He is an Associate of the Association of Corporate Treasurers (UK).

Khaled Bin Sulaiman Alohali

Vice President, Corporate Strategic Affairs

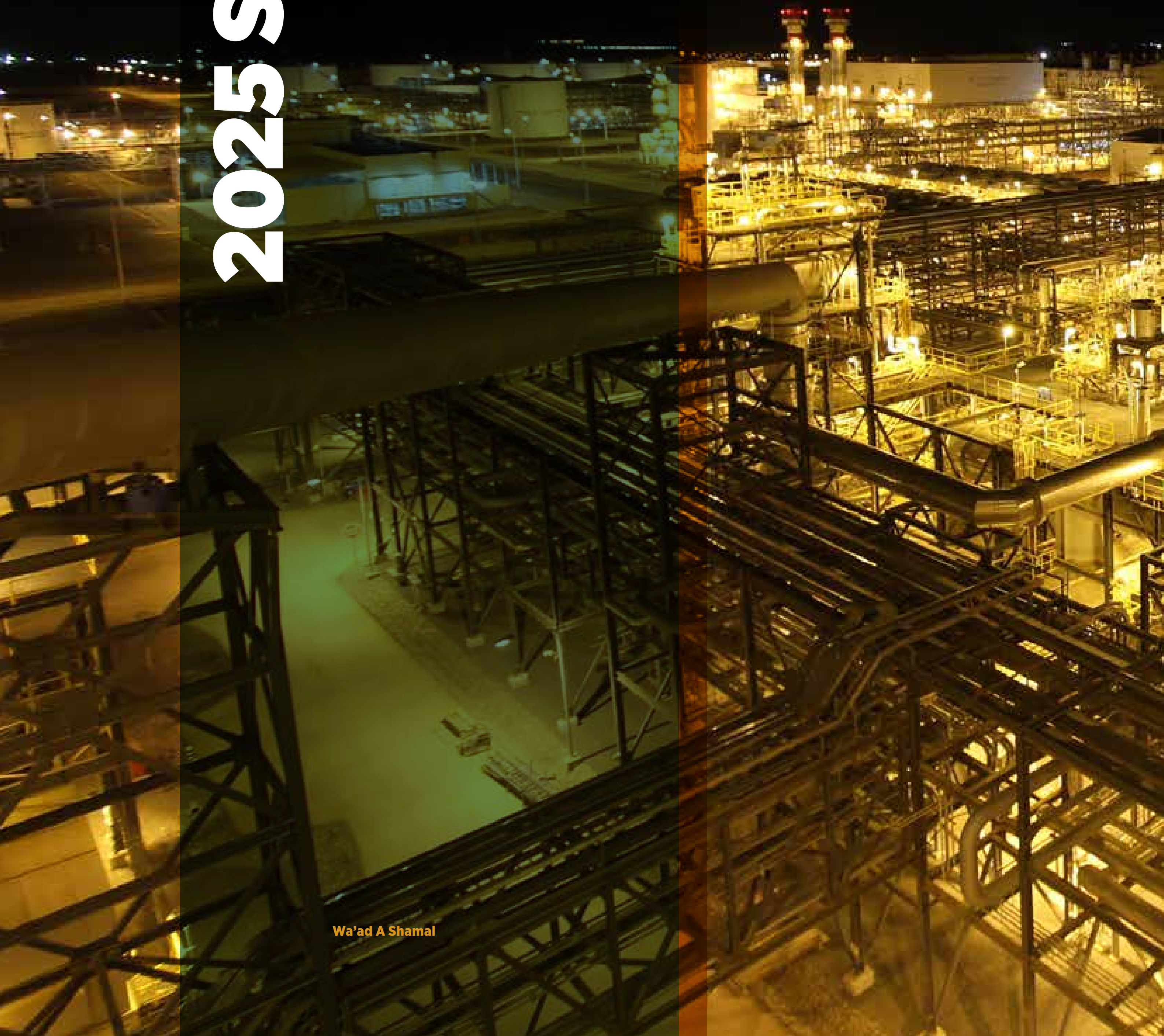
Khaled Alohali joined Ma'aden in 2014 as a Vice President of Strategy, Planning and Development. He also led the Ma'aden Aluminum's strategy until he was appointed into his current role. He is an alternate member of the MBAC and MAC Board of Directors, and a member of MRC Board of Directors.

In the 20 years prior to joining Ma'aden, Khaled 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 was the Managing Director in Saudi Arabia.

Alohali holds a BSc in mechanical engineering from King Fahd University of Petroleum and Minerals, Saudi Arabia.

2025 Strategy

Our 2025 strategy is to build excellence, strengthen our role as the national mining champion and pursue global growth – on a strong foundation of sustainability and capability building.



Wa’ad A Shamal

Approved in 2016, our 2025 strategy is making a significant impact on the way we approach the future. Key strategic initiatives have already delivered results and we are well-positioned to pursue our ambitious domestic and international strategic goals over the coming years.

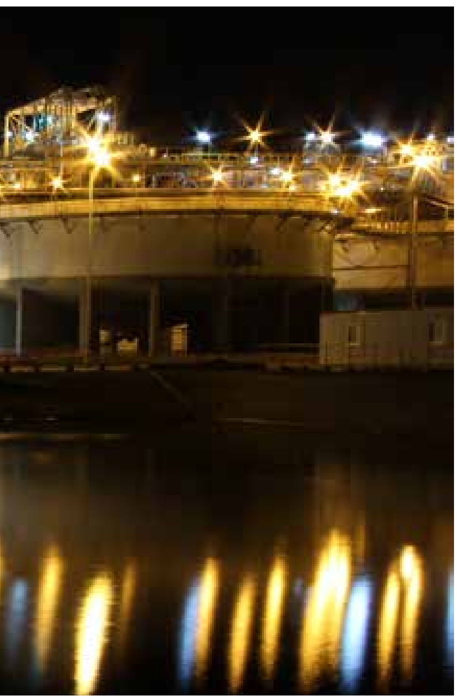
Delivering results, setting higher goals for the future

2017 saw the implementation of the strategy through clearly identified strategic initiatives. The Board of Directors adopted the new vision and 2025 strategy in October 2016.

Ma'aden's vision is to be a 'sustainable mining champion with global presence,' built on three strategic pillars and the foundation that will help achieve that vision. We have made significant progress implementing the strategy, launching many strategic initiatives across the Group, with positive outcomes under each pillar and a further strengthening of the foundation of sustainability and capability building.

We have translated the 10-year strategy into a five-year business plan with more detailed programmes to implement the strategic goals. In 2017, we made significant progress in strengthening two of our three pillars—firstly, operational, capital and commercial excellence and secondly, Ma'aden's status as the national mining champion. We continue to focus on organic growth opportunities and have been preparing the ground to enhance our global

Our phosphate project in Wa'ad Al Shamal takes us to a stronger position in the global phosphate fertiliser market



presence, the third pillar of our strategy.

We are confident that our achievements will deliver significant results for the national economy and boost Ma'aden's profile as an international mining company through new domestic projects and strategic investments overseas.

Embedding excellence

Operational, capital and commercial excellence has become the motto that drives the entire organisation forward. By focusing on all-round excellence, we continuously seek to strengthen our cost competitiveness and profitability, ensuring that returns on investments match or exceed global industry standards. The excellence initiatives touch every part of our Group across corporate functions and operations.

In 2016, we adopted the Ma'aden cash generation programme designed to improve our focus on cashflow through enhanced operational and functional excellence and cost efficiency programmes.

In 2017, the cash generation programme delivered us a saving 20 percent higher than the target we had set for the year. We achieved a 4 percent throughput increase across our operations during the year and a 2.8 percent cash cost reduction across the organisation.

The programme is being led by ETGAN, our business transformation programme. Working closely with our strategic business units and corporate functions, ETGAN is helping implement nearly 125 initiatives across the organisation to deliver cash generation targets and achieve organisational transformation. ETGAN and the business units have also worked together to define clear cash generation and savings targets in the 2018-22 business plan.

Moving forward, we are taking steps to take our excellence programme to a higher level. We are preparing to embrace a lean management culture and we have already initiated capability building for a pilot

Our phosphate plant in Wa'ad Al Shamal

project as a precursor to an enterprise-wide lean management programme.

National mining champion

Our 2025 strategy must be seen in the context of Saudi Vision 2030, which has identified a major role in economic development for the mining sector. The national ambition for the mining sector is to boost production, leading to significant value addition in terms of GDP contribution as well as the generation of up to 60,000 direct and indirect jobs.

Changes in the domestic environment offer both opportunities and challenges. As part of Vision 2030, the Saudi government announced a series of vision realisation programmes (VRPs), including a fiscal balance initiative leading to higher costs for utility, water, energy, raw materials and labour as well as the introduction of value added tax. Our focus on operational, capital and commercial excellence will help us absorb the impact of these changes.

The VRPs include other initiatives geared to promote national companies, support strategic partnerships, industrial development and logistics facilities. These, combined with the national mining strategy, offer us organic and inorganic growth opportunities which will ensure that Ma'aden continues to play a leadership role in the mining sector.

Our success in building a large-scale, modern mining industry and our focus on building a robust organisation have enabled us to attain a unique position to champion the further development of the sector.

Ma'aden has led the way in

“ Our 2025 strategy must be seen in the context of Saudi Vision 2030, which have assigned a major role in national economic development for the mining sector. ”

Construction work at Wa'ad Al Shamal Industrial City (right)

developing new industrial mining cities such as Ras Al Khair and Wa'ad Al Shamal. These, along with other Ma'aden investments, have had a direct impact on developing remote areas, by generating employment and providing education and vocational training support to develop the workforce.

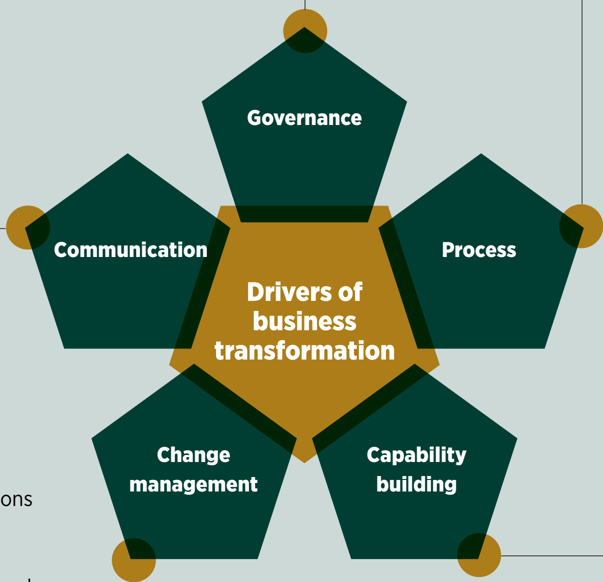
The domestic impact of Ma'aden's strategy will be a significantly higher contribution by the mining sector to the GDP and local community development through employment and infrastructure development.

In championing the further development of the mining sector, Ma'aden is also helping to strengthen Saudi Arabia's mining standards and regulations. Besides, we will leverage our experience to lead research and development

Organisational transformation diagram

Governance: clear governance structure that ensures ownership and accountability; standard templates, escalation procedures, tracking and measurement mechanism; central and business project management offices across subsidiaries and affiliates to drive, manage, track and report cash generation initiatives.

Process: robust stage gate approach standardized with bespoke tools and reporting system; cash generation impact tracking system; financial impact validation process.



Communication: extensive interactions across the Group through regular meetings and internal councils to sustain momentum and to assess status, risks and issues.

Capability building: talent and leadership grooming through Ma'aden Academy.

Change management: drive change management and effective role modelling.

activities in the mining sector.

We have clear plans to grow our portfolio of phosphates, aluminium, gold, base metals and industrial minerals over the coming years. In 2017, Ad Duwayhi, our largest gold mine, completed its first full year of operations, boosting our gold output to the highest in our history. Our new phosphate facility in Wa'ad Al Shamal began operations during the year.

We will continue to assess organic growth opportunities in gold and base metals, including Mansourah, Massarah and Ar Rjum projects and we have invested more in exploration as our goal is to continually grow our production between now and 2025.

In 2016, we announced our intent to build a third large-scale phosphate plant in the Kingdom and have moved ahead with feasibility studies for this. We will also look at strategic investments in the sales and distribution chain to support our growing production.

In aluminium, our focus will be on operational, capital and commercial excellence but we will study the possibility of expanding smelting capacity.

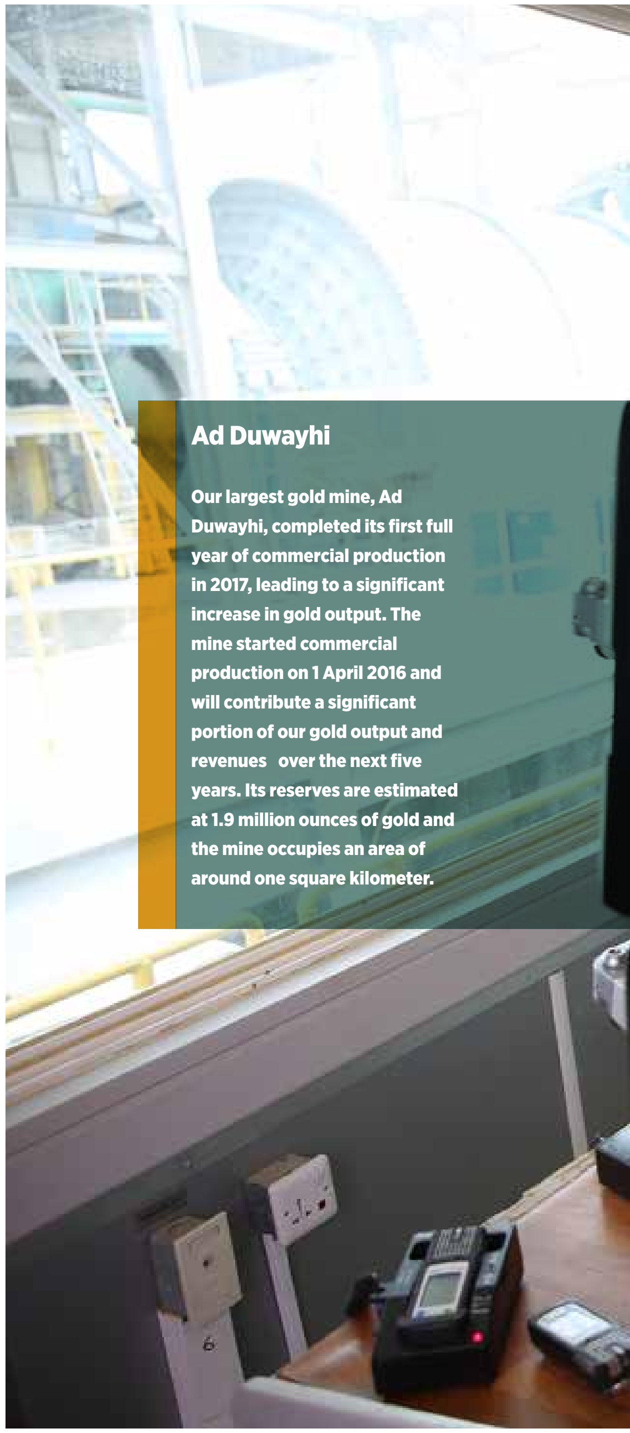
Global aspirations
Ma'aden's global ambitions are based on our intent to establish ourselves as a globally relevant producer in the commodities we have developed to date and for which we consider the long term outlook to be positive. In particular we see opportunities in the fertiliser sector in which we are already a major player, and in gold and base metals.

The welcome trend in the global market in 2017 was a turnaround in the prices of many commodities. Notably, the price of aluminium and copper increased by 19.64% and 21.2% respectively. The global mining industry saw more investment, leading to an increase in mergers and acquisitions (M&A) activity in 2017.

These trends are in line with our aspirations. The market turnaround has brought the growth agenda back for the industry in general and the M&A trend supports our target of achieving a global presence through inorganic growth.

During the year, we evaluated a number of international growth options. We see potential to acquire operations or enter into investment partnerships in businesses and projects outside Saudi Arabia.

Sustainability and capability
Our organisation has evolved considerably over recent years with several restructuring measures, the leadership of a new Board, an increasing emphasis on governance, implementation of shared services, keener focus on sustainability and innovation, adoption of best practices, staff-related programmes to enhance efficiency and capabilities, and the introduction of automation and new technologies.



Ad Duwayhi

Our largest gold mine, Ad Duwayhi, completed its first full year of commercial production in 2017, leading to a significant increase in gold output. The mine started commercial production on 1 April 2016 and will contribute a significant portion of our gold output and revenues 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.

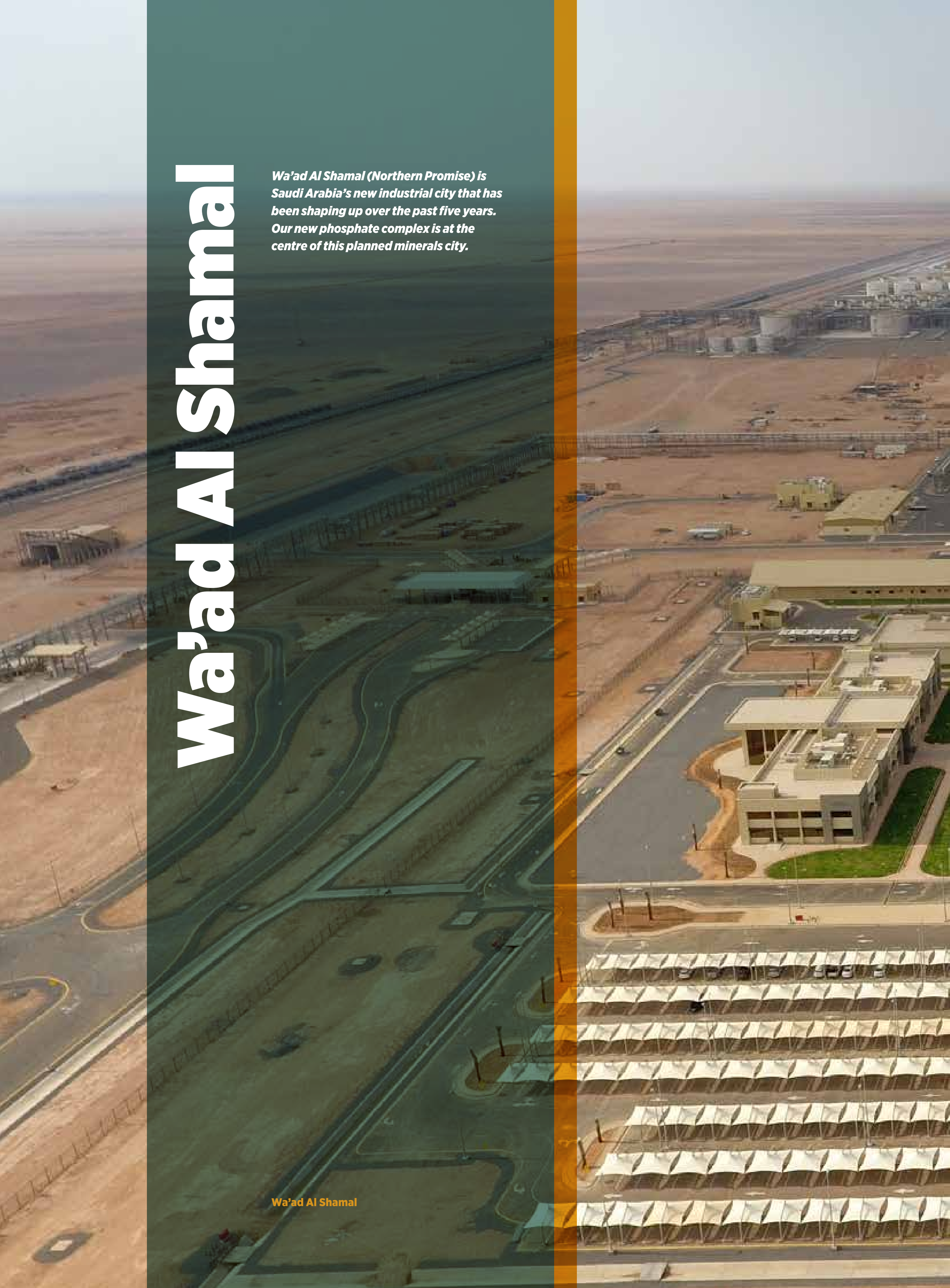
"The welcome trend in the global market in 2017 was a turnaround in the prices of many commodities. Notably, the price of aluminium and copper increased by 19.64% and 21.1% respectively."

Operations control room at Ad Duwayhi mine

These constitute the foundation of sustainability and capability-building on which our strategic pillars are built. As we move forward, we continue to strengthen our commitment to sustainability and environment, health, safety and security (EHSS) and develop our people through continuous learning and training programmes. We also continue to invest in automation and technology and we are committed to the goal of increasing the local content in existing and future projects. These topics are presented in more detail in subsequent chapters.

Wa’ad Al Shamal

Wa’ad Al Shamal (Northern Promise) is Saudi Arabia’s new industrial city that has been shaping up over the past five years. Our new phosphate complex is at the centre of this planned minerals city.



Wa'ad Al Shamal, Saudi Arabia's new industrial city in the north, is an excellent model that shows how Ma'aden is contributing to the generation of national wealth, stakeholder value and socioeconomic development.

Icon of sustainable development

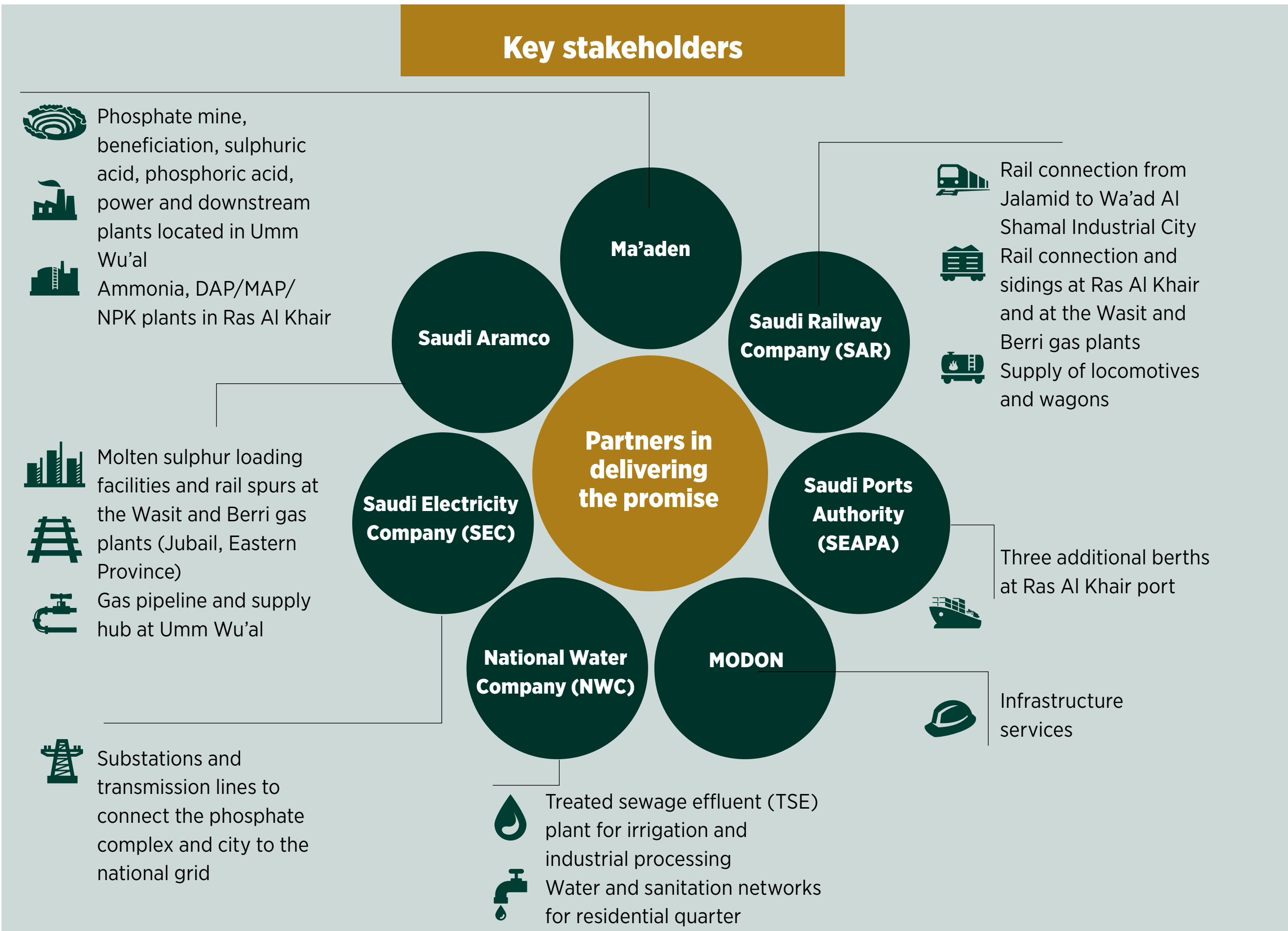
159 million

safe man hours completed during construction

Wa'ad Al Shamal Industrial City was conceived as a doorway through which to exploit the mineral riches of the Northern Borders within the framework of an ambitious plan to deliver balanced and sustainable development across the Kingdom. The first phase of the development of the city's key infrastructure of the city was entrusted to Ma'aden and proceeded in parallel with the establishment of Ma'adan Wa'ad Al Shamal Phosphate Company, the phosphate complex which sits at the heart of the development.

Constructing an industrial city of this scale in such a remote, inland location was a challenging prospect, but one that was answered in full by the close cooperation of the Ministry of Energy, Industry and Mineral Resources and its key partners in the project, Ma'aden, Saudi Aramco, the Saudi Railway Company (SAR), the Saudi Electricity Company (SEC), the Saudi Ports Authority (SAPE, the Saudi Industrial Property Authority (MODON), and the National Water Company (NWC).

These stakeholders have now completed their respective responsibilities in the first phase of development. SEC has begun operation at the city's



Below and left: sections of our phosphate complex in Wa'ad Al Shamal

power station and completed construction of the majority of transmission towers. SAR has laid track connecting the city the with its national rail network interconnecting the Northern Borders and the Eastern Province. The main road network is up and running, MWSPC has reached production readiness, while the Ministry of Environment, Water and Agriculture through the NWC is delivering treated water for irrigation and planting and industrial and mining processes. At Ras Al Khair on the Gulf Coast, the Saudi Ports Authority has constructed three dedicated berths to serve MWSPC, while Saudi Aramco has begun the transport of molten sulphur from its facilities at Wasit.

Our plants in Wa'ad Al Shamal (left and above) started up operations in 2017

Infrastructure
The initial infrastructure constructed at Wa'ad al Shamal includes 483 residential units, 39km of roadways, service and ancillary facilities, the MWSPC industrial facilities and the railway connection to SAR's North-South Railway.

The transition of this desert region into a new industrial city opens up tremendous opportunities for the private sector to establish local companies, train local people and develop new businesses. Ma'aden's new strategic thrust to enhance local content will also help the region's further development.

The nearest sizeable population center to Wa'ad Al Shamal is Turaif city, about 40km to the southwest of Umm Wu'al, which has a population of around 90,000.

Phosphate complex
The Saudi government assigned Ma'aden to lead the development and implementation of the project and work closely with other stakeholders to manage the city. Ma'aden has invested a total of SAR30 billion in Wa'ad Al Shamal.

The centerpiece of the city is the Ma'aden Wa'ad Al Shamal Phosphate Company (MWSPC), which includes a phosphate mine, beneficiation, phosphoric acid, sulphuric acid, power and downstream plants located in Umm Wu'al and the ammonia and DAP/MAP/NPK plants in Ras Al Khair. All the facilities are at various stages of commissioning and production.

> The Saudi government assigned Ma'aden to lead the implementation of the project and work closely with other stakeholders to manage the city.

A partial, night time view of our complex

Ma'aden Wa'ad Al Shamal Phosphate Company

Products and capacity

Product	Nameplate annual capacity Tonnage (000)
Ammonia	1,100
Mined ore	15,300
Benefication	5,300
Sulphuric acid plant	5,000
Phosphoric acid plant	1,500
Di-ammonia phosphate fertiliser	3,000

At MWSPC, our priorities were clearly laid out from the outset: safety, quality equipment and installations and excellence in plant performance. Our teams worked hard to ensure that there was no compromise on these goals through the construction and commissioning of the project, and we continue to work with contractors to ensure that the project will sustain the highest industry standards.

Production and sales chain
We mine phosphate ore at Al Khabra mine, beneficiate and then react with sulphuric acid produced from molten sulphur supplied by Saudi Aramco to produce phosphoric acid. The phosphoric acid is shipped from Wa'ad Al Shamal to Ras Al Khair, where it is processed with ammonia to produce DAP/MAP and NPKs.

The products are shipped from Ras Al Khair port to global markets.

Project support facilities include gas pipeline, rail loading facilities, tailings and gypsum plant, raw water pipeline and treatment facilities, and power plant.

Health and safety
26,000 people worked over nearly four years to deliver the phosphate facilities – 17,695 at Umm Wual and 8,151 at Ras Al Khair. We completed 159 million safe manhours from 2013 to 2017 with a lost-time incident rate of 0.006 against a target of 0.3 and a total recordable incident rate of 0.102 against a target of 0.9.

Umm Wu'al

We mine phosphate ore at Al Khabra mine, beneficiate and then react with sulphuric acid produced from molten sulphur supplied by Saudi Aramco to produce phosphoric acid. The acid is shipped from Wa'ad Al Shamal to Ras Al Khair, where it is processed with ammonia to produce DAP/MAP and NPKs.

What was a barren desert just five years ago now hosts a world scale new industrial complex

“We have made special efforts to bring local businesses on board with Ma'aden's procurement process by inviting them to register with us.”

We are committed to ensuring excellent healthcare support. We have a 24-hour primary care facility on site and standby transportation arrangements to reach the nearest hospital.

Environmental, social impact

A grassroots project of this scale demands that its impact on the environment and community be addressed early on. Regulatory requirements also demand that an Environment and Social Impact Assessment (ESIA) is conducted on sites before the project is built. We commissioned ESIAs for both Umm Wu'al and Ras Al Khair at the time the project was conceived. The Umm Wu'al ESIA was submitted to the Presidency of Meteorology and Environment (PME) and the Ras Al Khair ESIA to the Royal Commission of Jubail Environmental Regulations (RCER).

This was followed by the implementation of the Construction Environmental and Social Monitoring Plan (CESMP) during the construction, startup and commissioning activities for both facilities and Operational Environmental and Social Management Plan (OESMP) during operations.

The plans took into consideration guidelines of the World Bank, International Finance Corporation (IFC) and Equator Principles. In practice, this meant weekly inspection of construction facilities and workers' camps and developing mechanisms for social reporting as well as addressing employee grievances.

Local content

We have done everything possible to ensure a higher level of local content in our projects, both in terms of contracts and employment. We stipulated to contractors and suppliers that:

- 12 percent of the supplier's employees should be from the region
- 10 percent of the contract price should be spent on goods and services from the region, around SAR2 billion in total
- One percent of the contract price should be earmarked for local community development programs (eg SME development, scholarships, recycling, restoration, local community infrastructure and ecological projects).

We have made special efforts to bring local businesses on board with Ma'aden's procurement process by inviting them to register with us. We are supporting them with safety training, proposal preparation, warehouse management and other skills to help them meet our procurement requirements. We believe that the Saudi private sector has an important role to play and will benefit immensely from Wa'ad Al Shamal.

Sustainability

Our new sustainability strategy focuses on four broad initiatives and aspirations around each of them, which are aligned with seven Sustainability Development Goals (SDGs). In 2017, we finalsed a multi-point sustainability action plan.

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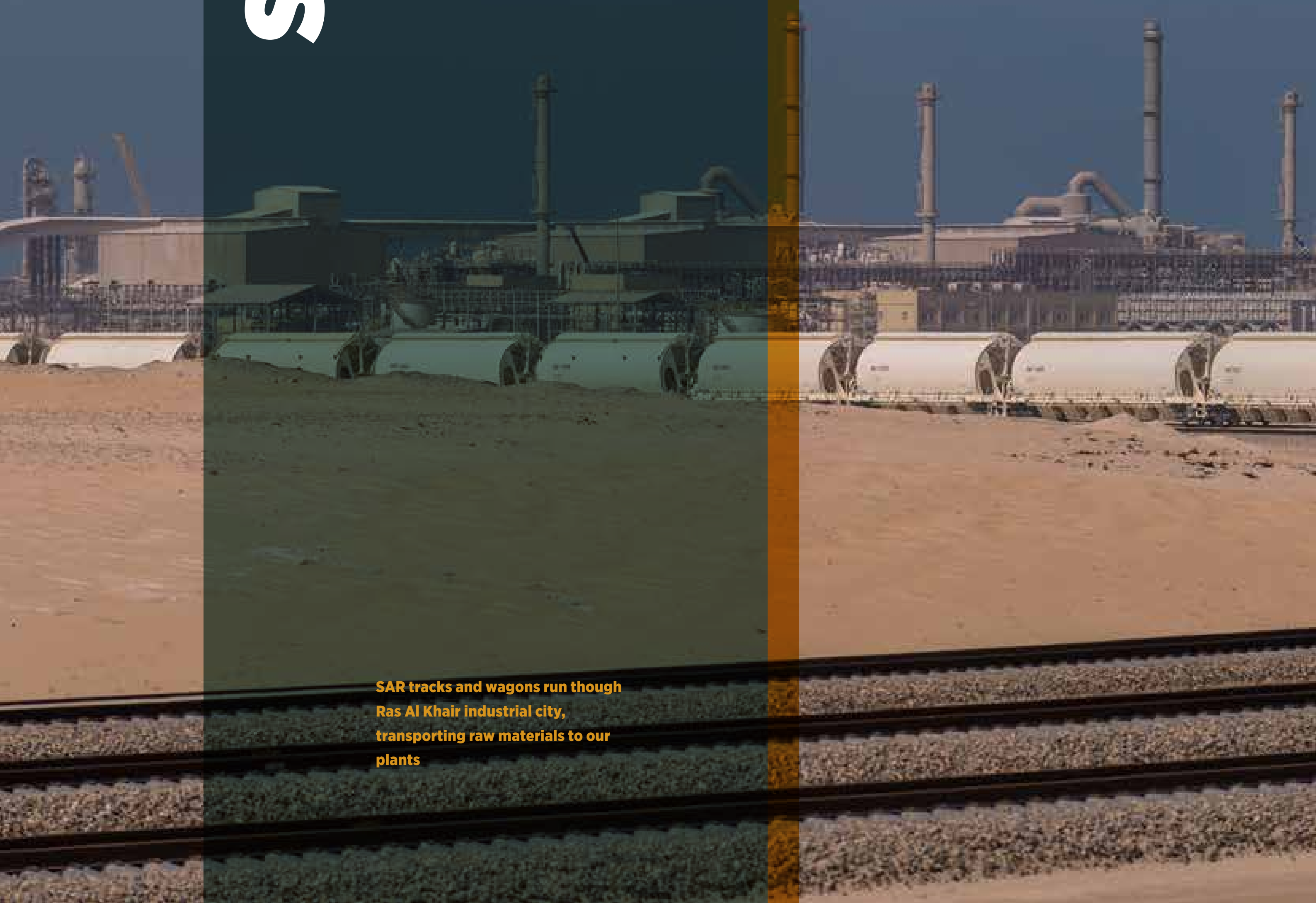


SAR tracks and wagons run though Ras Al Khair industrial city, transporting raw materials to our plants

Sustainability and capability building make up the foundation of our 2025 strategy.

Action plan aims to strengthen the foundation of sustainability

15

sustainability initiatives

We have developed a sustainability strategy that focuses on taking care of our people and environment, and ensuring that Ma'aden's business future is secure.

Around the world, wider stakeholder engagement on major issues facing humanity – from climate change and environment to health and safety – is at the heart of sustainability. The 17 UN Sustainable Development Goals (SDGs) are playing a key role in driving the sustainability agenda for governments and businesses worldwide.

In Saudi Arabia, Vision 2030 and the National Transformation Programme (NTP) have given great importance to social and environmental care. Besides, there is increasing national regulatory focus on environmental performance of businesses, health and safety of communities, and growing commitment to corporate social responsibility (CSR). Industrial

Ma'aden's sustainability goals aligned with seven SDGs

Our sustainability initiatives

Initiatives	Aspiration	15 Sub-initiatives	Objective
Excellence in sustainable business	To be internationally endorsed for being an innovation-led and value-focused business	**1.** Develop sustainability practices	Achieve net positive handprints vs footprints and attain ICMM membership
		2. Embed circular economy concept	Embed circular economy concept in all new businesses
		3. Adopt GRI reporting	Achieve GRI reporting standards
		4. Establish cost impact mechanism	Develop sustainability costs and impact tracking system
EHSS excellence	To establish a performance- and culture-based EHSS system across Ma'aden enabled by the latest technology	**5.** Embeded EHSS culture	Fully embedded EHSS culture in Ma'aden operations and stakeholders
		6. Influence mining regulations	Ensure expert perspectives are embedded in all regulations by collaborating with key mining regulators
		7. Manage footprint	3% reduction in footprint
		8. Roll-out safety, security and fire systems technology	Introduce best-in-class technologies with emphasis on zero harm
		9. Integrate emergency response	Integrated in all sites and achieve ISO 22320 certification
Social impact	To be a welcomed neighbor in an empowered ecosystem	**10.** Mature social engagement	Level 4 assured by community
		11. Promote social brand and fund	Establish fund and publish audited report annually
		12. Integrate within the local ecosystems	Improve stakeholder satisfaction (internally and externally)
		13. Develop local content	Develop local purchasing, supply chain, and businesses
Economic and resource impact	To achieve excellence in assets utilisation and utilities optimisation across the organisation	**14.** Maximise asset utilisation	Increase asset utilisation by 3-5% through reliability program
		15. Optimise raw materials	Exceed theoretical specific consumption

"Our sustainability strategy is in conformity with these international and national trends. More importantly, it is strategically tied to Ma'aden's growth as a mining company and its global aspirations, as well as our determination to play a stronger role in achieving sustainable development in the country."

50

action plan points

security and safety are considered top priority, with the Saudi government planning to introduce stricter policies and oversight.

Our sustainability strategy is in conformity with these international and national trends. More importantly, it is strategically tied to Ma'aden's growth as a mining company and its global aspirations, as well as our determination to play a stronger role in achieving sustainable development in the country.

Regionally, we have shown our commitment to sustainability by signing the charter of responsible care through the Gulf Petrochemicals and Chemicals Association (GPCA). Our focus on compliance has earned us a strong and positive reputation among Saudi government agencies.

Our new sustainability strategy focuses on four broad initiatives, and aspirations around each of them.

1. Sustainable business: our goal is to be globally endorsed for being an innovation-led and value-focused business.
2. EHSS: we are already working hard to establish a performance- and culture-based EHSS system across Ma'aden, enabled by new technology.
3. Social impact: we have been engaging with the communities around our operations through a broad range of programmes and our goal is to become a welcomed neighbor in an empowered ecosystem.

Key milestones of our 5-Diamond EHSS initiative

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

D2 – Assessed EHSS system
EHS system implemented has been independently audited to ensure adherence to higher EHS principles and standards, and ISO 14001 and OHSAS 18001

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

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

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

Ma'aden team with the Responsible Competitiveness Award

4. Economic and resource impact: we will ensure that we derive optimum benefits from our assets.

We have adopted 15 sub-initiatives, targeting specific performance goals under each of the four initiatives (previous page). We have drawn up a detailed plan comprising over 50 action points to deliver specific goals over the next few years (next page).

Our sustainability programme and initiatives are aligned with seven SDGs that are strategically important for Ma'aden, the Saudi mining sector and the Kingdom. The new SDGs are so interlinked that our actions will deliver a wider impact in reality.

"Materiality is at the heart of sustainability reporting. Building on the earlier internal materiality analysis we conducted, we have launched a full-fledged materiality analysis process based on best practice, particularly related to the latest Global Reporting Initiative (GRI) 4 sustainability reporting guidelines."

For example, our goal of (decent work and economic growth) will deliver a multiplier impact in the communities where we operate.

As is clear from our sustainability action plan, the SDGs we have adopted 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 several other organizations.

Risk mitigation mesasures are integral to our sustainability strategy and action plan. This is particularly so with regard to EHSS, our social licence to operate and cyber threats.

Materiality is at the heart of sustainability reporting. Building on an earlier internal materiality analysis, we have launched a fully-fledged materiality analysis process based on best practice, related to the latest Global Reporting Initiative (GRI) 4 sustainability reporting guidelines. In November 2017, we held a workshop to get internal business perspectives on Ma'aden's material issues and analysis, which offered a number of insights. We intend to complete our materiality analysis and its internal and external validation in 2018.

جائزة الملك خالد
King Khalid Award
بناء الإنسان _ تنمية المجتمع

Responsible Competitiveness Award recognises sustainability efforts

Ma'aden was ranked among the top three private sector companies in the Responsible Competitiveness awards announced by King Khalid Foundation in December 2017. The prestigious award recognises our efforts in business sustainability.

The Foundation's awards are supported by AccountAbility, a global consulting and standards firm that works with businesses, governments and multilateral organisations to advance responsible business practices and improve long term performance. The Foundation established the Responsible Competitiveness branch in Saudi Arabia with the introduction of a Saudi Responsible Competitiveness Index (RCI) in collaboration with AccountAbility.

It defines responsible competitiveness as a company's ability to gain competitive advantage and apply best practices in sustainable development. It also takes into consideration a company's commitment to corporate social responsibility (CSR) and the role it plays in achieving Saudi Arabia's social, economic and environmental developmental goals, according to the King Khalid Foundation.

The Saudi RCI is based on considering elements that go beyond charitable initiatives. The index classifies partners according to the extent to which they embrace initiatives and best practices of sustainable development and social responsibility, and incorporate them into their strategies. The questionnaire, evaluation and analysis are based on a responsible competitiveness framework and an internationally-established methodology, which has been developed over recent years to be more representative of the business environment of sustainable partnerships in Saudi Arabia.

Our sustainability action plan, 2017-21

01

Develop sustainability practices
- Conduct gap analysis and bridging plan to meet ICMM and Responsible Care standards
- Work closely with ICMM and Responsible Care to attain their certifications
- Study, assess and map Ma'aden handprints
- Develop stakeholder communications programme for handprints

02

Embed circular economy
- Develop the KPIs for circular economy programme
- Deliver circular economy KPIs

03

GRI reporting standards
- Conduct stakeholder engagement survey
- Materiality mapping
- Training of certified reporting staff
- Develop reporting process to facilitate GRI G4 reporting
- Generate Ma'aden G4 Sustainability Report
- GRI reporting assurance

09

Integrate emergency response
- Integrate the approved emergency response plan throughout Ma'aden

10

Social engagement
- Ensure that all operating sites reach and maintain level 3 of Ma'aden's Community Management System (CMS) by 2019
- Develop level four programmes together with subsidiaries and operation sites
- Gap analysis, site readiness and bridging plan
- Establish assurance process for the programmes
- Leverage IT and emerging technology to optimise social performance and automation in programme implementation

11

Promote Ma'aden's social brand and fund
- Review international funding models and best practice
- Develop strategic plan for a Ma'aden fund to support social programmes
- Develop partnerships with potential collaborators
- Develop flagship initiatives

12

Integrate within local ecosystems
- Review global industry experience and best practice
- Develop the Ma'aden local ecosystems programme
- Embed the local ecosystem in Ma'aden's strategy and business plans

04

Cost benefit analysis

- Establish the reporting model
- Capture sustainability investments in financial reporting
- Embed all sustainability investments in corporate accounting systems

05

Embed EHSS culture

- Crisis management plans in place (2017)
- Conduct gap analysis for each operational unit against Ma'aden's EHS system
- Achieve and sustain Ma'aden's EHS excellence level
- Achieve 30 percent completion in Diamond 5 by 2020

06

Stewardship role in setting mining standards

- Ensure that management of all operations and projects meets local and international standards
- Take the lead in proposing mining standards to be added to Saudi regulations

07

Environmental footprint

- Measure footprint baseline
- Determine reduction targets
- Set target for five years
- Report on progress

08

Safety, security and fire systems

- Review and update security policies and procedures (2017)
- Monitor and implement new directives from Saudi High Commission for Industrial Security (HCIS)
- Provide project technical support to comply with HCIS and other directives

13

Develop local content

- Review global experience and best practice
- Fine tune and continue strengthening Ma'aden's local content programme
- Embed local content in Ma'aden's strategy and business plans

14

Asset utilisation and reliability programme

- Develop and implement reliability-based maintenance programme to maximise asset utilisation and prevent disruptions
- Collect and validate corrective and preventive maintenance data
- Develop inventory of critical components
- Leverage technology to monitor and ensure the effectiveness of maintenance work

15

Consumption check

- Develop raw materials and resources optimisation programme
- Monitor and report consumption of resources (water, energy and raw material) per unit of production and benchmark against industry standards and theoretical data
- Report cost analysis for resources and production

Our people are our most important asset. In 2017, we continued to focus on wide-ranging people development programmes and employee initiatives that take us closer to our goal of becoming one of the top three employers of choice in Saudi Arabia.

Focus on talent and leadership development

81%

participation in engagement survey

We have been consistently strengthening and expanding the scope of our people development programmes and employee welfare initiatives in recent years. As Ma'aden continues to invest in expanding its operations and marketing, we focus on acquiring new talent and offering staff opportunities to grow in their careers and learn and develop technical, leadership and management skills.

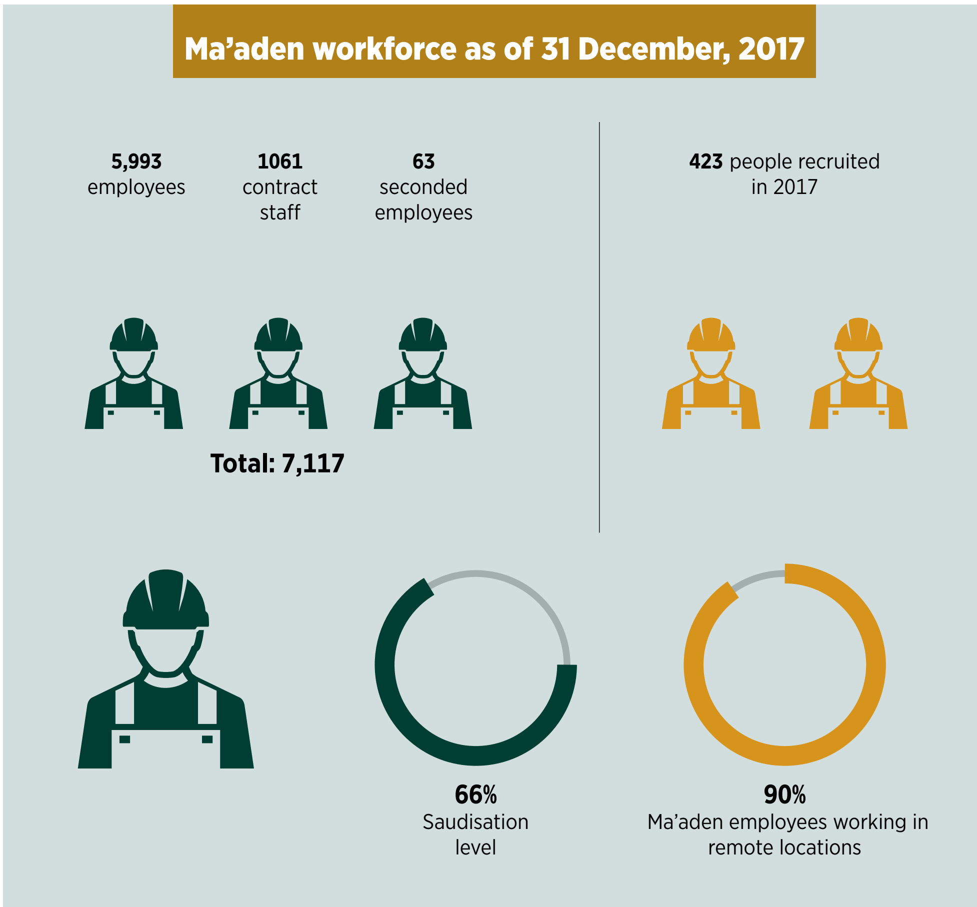
In 2017, we completed the development of a talent identification and development process. The development of a talent pipeline is another major achievement. Our 2017 employee engagement survey was a great success with 81 percent participation, drawing valuable opinions and feedback on staff experience. It showed that our Employee Engagement Index and Performance Enablement Index have steadily improved since we began in 2013 and our latest score of 76 percent in both categories is 3 percent higher than both the global and Saudi average.

Our people development programmes are broadly categorised under strategic human capital and organisational effectiveness. We initiated and implemented a number of Strategic Human Capital Programmes (SHCPs) in 2017.

1. Revised PDP
The Professional Development Programme (PDP) was re-designed to achieve two key objectives: enhance the quality and diversity of candidates. The screening criteria have been made more competitive, while the selection of candidates took

into consideration the need to hire new employees who graduated from different parts of the world. This will ensure that Ma'aden's workforce will have a diversity of thinking styles and different problem solving skills. In 2017 we separated execution from quality assurance review and evaluation.

2. Scholarships
We signed a five-year agreement between Ma'aden and the Ministry of Education (MoE). The ministry sponsors high calibre school graduates and enrolls them in highly competitive universities in key subjects required by Ma'aden. Ma'aden will hire the graduates who meet the company's hiring requirements. This programme will provide a supply of quality graduates from reputable universities in key subjects that are core to Ma'aden's operations.



In-house training plays a key role in our people development programmes.

Maintenance staff at work at one of our plants

3. MBA and EMBA
Several senior managers were sponsored by Ma'aden to pursue MBA and EMBA programs in 2017. A new criteria for screening and selection was developed and approved for this programme.

4. Schools of Excellence
The Schools of Excellence in Ar'ar and Turaif started their first academic year in September 2017 with enrollment of an 115 students in each school. The Schools of Excellence project is part of Ma'aden's commitment to community development. The schools aim to become symbols of educational excellence in the northern region and the Kingdom at large.

5. Award of excellence
We also supported the quest for excellence in education by sponsoring an award of excellence for exemplary performance in the Northern Borders. We collaborated with the MoE in the development of selection criteria for excellent performance of students, educational administration and the management of schools. The award will be administered for three years starting from 2017.

6. E-learning
Ma'aden collaborated with LinkedIn and piloted an e-learning program with 100 PDP candidates and other "Generation Y" (millennials) employees. The e-learning targets diverse skills including communication, problem solving, project management, learning cultures, team work, and IT. The participants made the best use of learning utilities: 51,210 videos were viewed, 1,735 certificates issued and 3,000 hours of learning were logged.

7. Bridging programme
Ma'aden signed an agreement with King Abdulaziz University (KAU) to enable six graduates from the Saudi Mining Polytechnic to pursue a one-year bridging programme at the university towards a BSc in geology. The first batch of students is expected to complete their degree in June 2018.

"We are benefitting from our investments and partnerships with other institutions in Saudi Arabia. They have enabled us to start educational and training institutes to develop a work force that will meet the needs of Saudi Arabia's mining industry for years to come."

Tackling HR challenges
As our mining and production operations are based in the remote regions of Saudi Arabia, people deployment has been a challenge for us. We have overcome this challenge to a large extent through a number of strategic employee-friendly initiatives and packages. In addition, the remote regions are more accessible and livable now with better infrastructure and technology enabling people to stay in touch and

Our direct hire employees, 2012-2017

Year	Direct hires	No. of Saudis	Saudisation
2012	3,992	2,475	66%
2013	5,040	3,061	66%
2014	5,338	3,225	64%
2015	5,793	3,715	66%
2016	6,041	3,859	64%
2017	5,993	3,876	66%

Our contract employees 2017 and 2016

	2017	2016
Total number of contract employees	1061	625
Newly hired during the year	165	265

Note: Contract employees include administrative and technical staff

overcome the feeling of being isolated.

We are also benefitting from our investments and partnerships with other institutions in Saudi Arabia that have enabled us to start educational and training institutes to develop a work force that will meet the needs of Saudi Arabia's mining industry for years to come.

The National Mining Institute in Wa'ad Al Shamal is the latest such initiative. The institute will be a major training hub in the Northern Borders region. It will have a capacity of 2,500 students, and will deliver high quality training in the most important vocational majors. The foundation has been laid for the institute, which is slated for opening by the end of 2019.

Our challenges today are more complex in some ways because of the evolving needs of our industry and business. Our programmes under organisational effectiveness are geared to meeting the challenges of Ma'aden today and tomorrow.

Leadership and Succession
We have made significant progress in identifying and developing talent. This is done through an integrated talent identification and development process. The programme's goal is to establish talent and succession pools at various levels across the organisation. The candidates go through a credible screening process, followed by tailored coaching

Our subsidiaries host a number of recreational activities on site

Over the past two years, consolidation has led to significant cost reduction and efficiency improvements in across the Ma'aden Group. In 2017, we achieved further consolidation primarily across human resources, administration and healthcare functions.

Staff at work inside a plant laboratory

Our workforce distribution

Company	2017
Corporate	587
Ma'aden Aluminium	3,233
Ma'aden Phosphate Company	1,206
Ma'aden Wa'ad Al Shamal Phosphate Company	1,052
Ma'aden Gold and Base Metals Company	935
Industrial Minerals Company	104
Total Ma'aden	**7,117**

(The figures include direct hires, contractor employees and seconded staff from partner companies)

Ma'aden staff training courses held in 2017

Type of training	No. of participants	No. of sessions
Management and soft skill	2,131	100
English language programme	88	5
Request-based training - Internal	66	5
Request-based training - external	110	110
General awareness (First Aid, Ma'aden Business System, Total Quality Management, Enterprise Resource Planning and Oracle Business Management)	558	73
Total	**2,953**	**293**

sessions and comprehensive individual development plans.

Performance Management

The individual performance management process continues to be enhanced. We are working closely with line managers to embed the overall process and position it as a key enabler in career development and engaging with employees, giving our work force a higher level of confidence in their future with Ma'aden.

At a training workshop in one of our plants. Bottom right: relaxing at sunset time at one of our gold mines

Ma'aden Academy
The Ma'aden Academy is a key tool in fostering our unique culture through the delivery of a number of functional capability and leadership development programmes.

The first cohort of 25 Ma'aden managers completed the Manager Certification programme. The Future Leaders Development Programme (FLDP) was launched in February 2017 and is scheduled for completion by March 2018.

The third cohort of senior leaders completed their learning journey with INSEAD in May 2017.

Consolidation impact
The launch of our consolidated shared services (CSS) in 2015 was an important milestone. Over the past two years, consolidation has led to significant cost reduction and improvements efficiency across Ma'aden. In 2017, we achieved further consolidation primarily across human resources, administration and healthcare functions.

Consolidation has delivered savings of SAR68 million over the past two years. The savings primarily came from efficient redeployment of our people.

CSS has led to much better utilisation of resources and creation of a common pool of experts in major knowledge areas relevant to our operations and business. We were also able to harmonise resource allocation and HR implementation practices across our Ras Al Khair affiliates and associated locations. We are now moving ahead to implement a new initiative to automate the business processes in support services, taking us a step closer to achieving operational excellence.

Our EHSS policies and programmes are aimed at fulfilling our goal of zero incidents at our operations.

Embedding safety in our work culture

Hemaya is Ma'aden's state-of-the-art safety management software. The CEO getting a hands-on experience of the software.

Environment, Health, Safety and Security (EHSS) is the top priority at all our operations. We are working hard to achieve the zero incident goal by identifying and mitigating related risks to strengthen our EHSS systems and performance.

We have also been focusing on bringing the safety standards and practices of our contractors on par with those of Ma'aden and proactively integrate EHSS objectives into our management system at all levels.

Vigilance

The loss of two colleagues in work place incidents during 2017, our first fatalities since 2012, was a sad reminder of the inherent dangers in our industry and of the critical importance of safety.

This year, we continued the audit that began in 2016 to assess our sites against the Ma'aden EHS initiative which is designed to ensure that safety becomes integral to our work culture across the Group through various programmes and campaigns.

Our new safety culture programme builds upon the solid safety foundation built over previous years. The programme is designed to stimulate a major shift in safety culture and provide our people with an incident-free environment. It will win Ma'aden recognition for creating a culture in which safety is accepted as the number one priority.

We recognise that embedding safety in the workplace is a

Incident type	2017	2016
LTIFR	**0.06**	0.03
TRIR	**0.25**	0.25
Fatalities	**2**	0
Environmental	**0**	0

LTIFR - Lost time injury frequency rate
TRIR - Total recordable incident rate

"To manage internal incident reporting and investigation, we have put in place the Hemaya incident express notification system which enables users to report EHS incidents and events that need to be addressed immediately."

challenge that applies not only to Ma'aden staff, but also to our many contractors who undertake construction and maintenance work at our sites. We have implemented the Ma'aden contractor management system. The system ensures that all contractors comply with our strict health and safety standards.

Security of our employees and assets has always been a top priority. We ensure that qualified and skilled staff and advanced technologies are deployed to protect our people and assets. We work closely with the Saudi High Commission for Industrial Security (HCIS), complying with national industrial security standards and regulations on safety, security and fire systems. We are proud of our achievement of zero security incidents over the past two years, and we will continue to adopt international best practice.

In 2017, we completed a crisis preparedness programme and developed localised plans for all sites. A crisis readiness test drill proved the effectiveness of the programme. An automated crisis management notification programme was launched to ensure rapid response to any unfortunate incident.

During the year, we also launched a process to unify all contracts related to EHSS with the goal of optimising the quality and cost of services. The initiative resulted in cash generation amounting to 30 percent of existing spending. We will continue to leverage these services to generate more savings.

Incident reporting

All of Ma'aden was saddened when we lost the lives of two staff ,embers in 2017 to separate incidents at our gold mines. The first happened at Bulghah mine and the second at Mahd Ad Dhahab.

We immediately launched a thorough investigation at both sites using international root cause analysis guidelines and took a series of remedial actions. Across all our operations, we reinforced our existing fatality prevention programme and conducted an exhaustive review of all equipment and machinery at our facilities. In addition, we reviewed all engineering measures to ensure the physical separation of our employees from heavy equipment.

Our incidents are classified in line with international best practice, ranging in severity from class 1 to class 4. We have put in place procedures to ensure that all incidents are reported to relevant stake-holders and investigated thoroughly. To manage the internal incident reporting and investigation, we have put in place the Hemaya incident express notification system which enables users to report EHS incidents that need to be addressed immediately.

Ma'aden has already achieved international certification in EHSS through ISO 14001, OHSAS 19001, EN 16001, ISO 50001 and Responsible Care. However, we continuously update our EHS system to include revised standards and guidelines.

Staff engaged in a routine safety inspection at one of our plants

We are committed to supporting Vision 2030 by developing a local supply chain for the mining sector.

Local content gets new thrust

SAR **1.5** billion

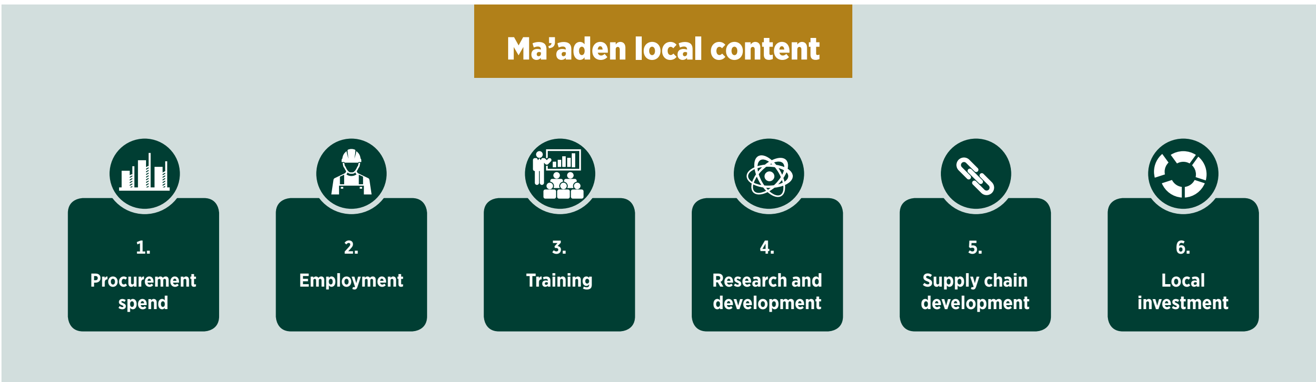
anticipated savings in procurement over five years

Our local content strategy is now aligned with the goals and aspirations of Vision 2030. Our approach recognises Ma'aden's role as champion of the Saudi mining sector and our ability to influence the domestic mining industry supply chain.

We define local content as the total contribution of Ma'aden, its suppliers and contractors to national economic and social development. Our focus on local content will help national and local business grow, leading to improvements in the capabilities of the local community to establish and manage businesses.

Ma'aden's local content key performance indicators (KPIs) take into consideration metrics such as procurement spend, employment, training and research and development including supplier development and local investment.

Our main objective is to develop and enhance local content in the short, medium and long-term by making it a core part of Ma'aden's growth strategy. Through our newly developed local content operating model, we will achieve this by integrating local content principles across our business decisions and



> **In 2017, Ma'aden's procurement function continued to focus on cost and process improvement initiatives in order to maximise market levers and avoid inefficiencies.**

Ma'aden staff in discussions at one of our gold mines

processes and work closely with our stakeholders to attract investmentsand technology, while creating specialized jobs for Saudis.

We have taken a series of measures to analyse our current local content performance across the supply chain and begin monitoring improvements. We are in the processes of calculating the local content baseline to develop performance targets for the coming years.

We plan to deploy an automated local content solution to establish monitoring and reporting across all our suppliers, track progress against targets and identify key successes and achievements.

We will ensure that value for money remains a key driver in all decisions and build a robust local content strategy and programme that reduces costs and risk exposure across our international supply chains.

Procurement achievements

In 2017, Ma'aden's procurement function continued to focus on cost and process improvement initiatives in order to maximise market levers and avoid inefficiencies.

Under the cash generation programme, we continue to rely on procurement through category management practice. Over 64 percent of our five-year operational expenditure on procurements have been analysed, and we expect a saving of SAR1.5 billion over the same period.

We have implemented the Consolidated Shared Services (CSS) programme across the corporate, gold and industrial mineral businesses over the past two years. We have also integrated the phosphate business procurement team. We continue to work on improving our sourcing practices and have signed global frame agreements to reduce supply risks across affiliates.

We are working towards building a world-class supplier relationship management practice and building strong and sustainable relationships with contractors and vendors with three primary criteria: strategic fit, optimum price and on-time delivery.

We have also developed a new vendor registration and qualification process to support our vendors in remote areas with minimum purchase requirements. We conducted training for local teams and continue developing local vendors in line with the local content strategy.

Procurement systems have also been upgraded with new functionalities and system suites, enhancing automation and improving process efficiency to better serve our operations.

We invested more than SAR45 million in community development and support programmes during 2017. Our investments are largely in the remote regions of Saudi Arabia where our mining and manufacturing operations are based.

Focus on education and community development programmes

61

approved initiatives

Since the inception of the Ma'aden Higher Community Initiative Committee (MHCIC) in 2015, we have committed more than SAR200 million to social investments, out of which SAR81 million has been invested in various projects. In 2017, 75 percent of our investments went into education and training, with 23 percent in community development.

However, the bulk of these investments – over 90 percent – have come from our new operations in Wa'ad Al Shamal, while Ma'aden Aluminium, Ma'aden Gold and Base Metals and MPC account for the remainder.

Our social engagement strategy and social investments are designed to meet the needs of the communities that host our operations. They are led by three key factors:

- risk
- opportunities
- stakeholder engagement.

Our Community Management System (CMS) guides our efforts to deliver positive social impact and enable us to be a welcome neighbour.

Our social performance policy asserts our commitment to continue supporting the communities. During the year we continued to engage with communities around our operations through our involvement in a number of social impact projects.

We apply the highest social

Saudi Mining Polytechnic

Ma’aden Community Management System

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

Assurance aspects	Engagement	Local hiring	Local buying	Social investment

performance standards throughout the design, construction, operations and maintenance and decommissioning stages of Ma’aden’s industrial projects. Our five-point policy declares that we will:

- engage with all stakeholders internally and externally in a fair, transparent and inclusive manner
- contribute to the social and economic development of the communities in which we operate and support community-based initiatives that meet the company’s community investment standard
- commit to the tenets of this policy and to the implementation of the Ma’aden Community Management System (CMS) by providing the necessary resources
- undertake routine reporting to both external and internal stakeholders on the performance of our community engagement and social performance activities
- continuously improve the effectiveness of CMS.

SAR200million
allocated for social investments

Governor of Qassim Prince Faisal bin Mishaal inaugurates Ma’aden social initiatives

Spend by subsidiaries (SAR)

Affiliate	2017	2016	2015	Total
MGBM	975,000	16,912,436	5,361,264	23,248,700
MWSPC	40,986,238	6,200,000	-	47,186,238
MA	2,703,200	5,030,920	3,010,880	10,745,000
MPC	330,000	220,030	-	550,030
IMC	56,000	10,000	161,000	227,000
Grand total	**45,050,438**	**28,373,386**	**8,533,144**	**81,956,968**

Number of initiatives by subsidiaries

Affiliate	2017	2016	2015	Total
MGBM	13	2	16	31
MWSPC	4	0	1	5
MA	1	2	5	8
MPC	1	3	1	5
IMC	1	0	6	7
Project	0	0	1	1
HQ	0	4	0	4
Grand total	**20**	**11**	**30**	**61**

CMS is a comprehensive approach to what we do with and for the communities that host our operations. From a well-defined baseline, the system enables us to think and act in an effective way to boost local content, strengthen stakeholder engagement, monitor compliance to our own standards and policies as well as local regulations and guidelines – guiding us to making meaningful social investments.

Every mine, business unit and subsidiary of Ma'aden develops its own social baseline, impact assessment and engagement plan in consultation with local communities and non-profit organisations to build long-term social impact partnerships.

"Every Ma'aden mine, business unit and subsidiary of Ma'aden develops its own social baseline, impact assessment and engagement plan in consultation with local communities and non-profit organisations to build long-term social impact partnerships."

Number of community investments by category, 2017

75% Education and training
23% Community development
01% Sports, arts, culture and heritage
01% Other social investment or charitable giving

Spend by subsidiaries (SAR) 2017

91% MWSPC
06% MA
02% MGBM
01% MPC

Qassim's Governor Prince Faisal bin Mishaal and local community representatives attended the celebration of Ma'aden's social initiatives at Sukhaybarat and Bulghah mines

The CMS, which is our framework for delivering social impact, includes our social investment standards and practical tools that enable our operations to manage the programmes.

We have identified 10 categories for social investment, but our focus is on education and community infrastructure. We invest primarily in programmes that will deliver medium-to-high social impact and medium-to-high business interest.

Ma'aden programmes having a significant impact on communities include:

- Development of two 'schools of excellence' in Ara'ar and Turaif and a students award, sponsored by Ma'aden Wa'ad Al Shamal Phosphate Company (MWSPC);
- Development of two schools and support of the new Dates Academy in Al Bai'tha, sponsored by Ma'aden Aluminium (MA);
- Programmes designed to train and enable families and youth to earn sustainable income through home-based and other businesses, sponsored by Ma'aden Gold and Base Metals Company (MGBM);
- Breast cancer awareness programme supported by MGBM; and
- Artificial grass football ground project, supported by Ma'aden Phosphate Company (MPC).

During the year, Ma'aden and the Islamic Development Bank signed a MoU to develop a fund with mandates to support the local businesses around our operating mines and in the mining sector.

Ma'aden has also entered into a collaboration with two other organisations – Ensan, and Tadweeer – to support electronic and electrical waste recycling.

In ICT, our primary role is that of enablement: empower the organisation by making the best of advancements in information and communications technology.

Empowerment through automation and business process culture

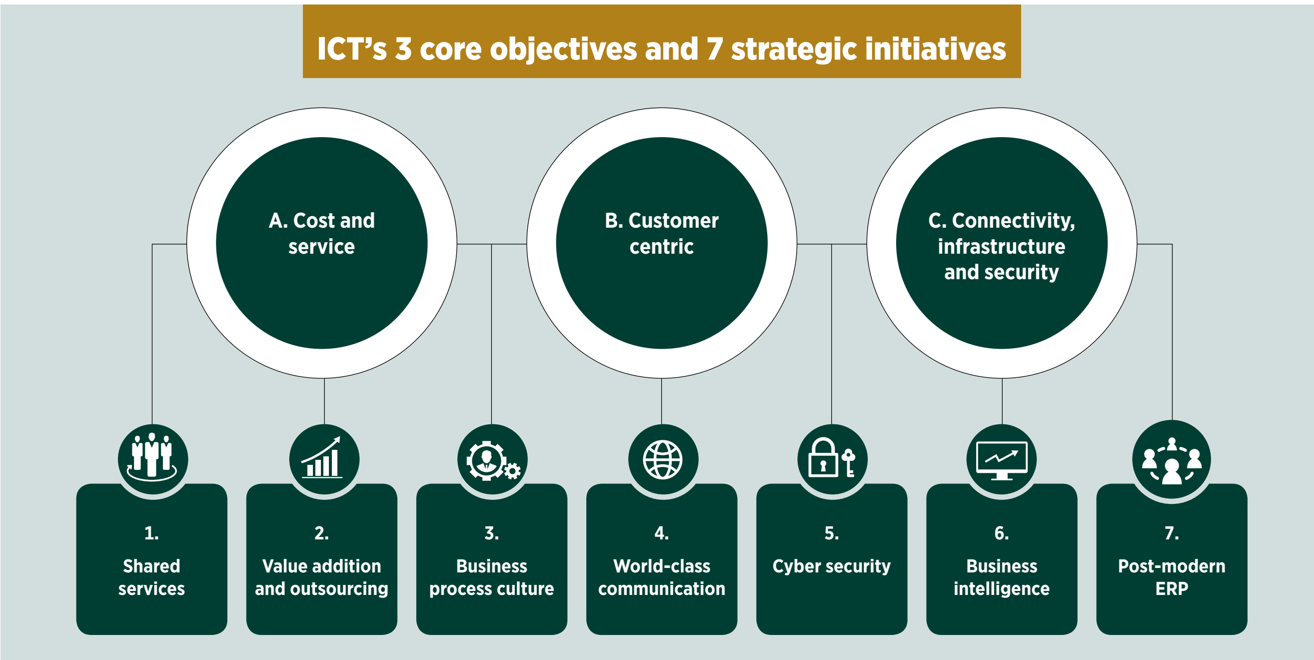
Automation will remain a major theme as Ma'aden continues to implement new ICT initiatives

We are focussing on bringing additional value across the Group and helping the business become more efficient and cost-effective. We are also preparing for the future, assessing how ICT can support Ma'aden's plans to achieve further organic and inorganic growth, within Saudi Arabia and overseas.

Our seven ICT strategic initiatives, driven by Ma'aden's expanding operational, administrative and business needs, are contributing effectively to our 2025 strategy, especially operational, capital and commercial excellence, and sustainability and capability building.

1. Shared services: Since restructuring ICT under a shared services delivery model at the beginning of 2016, significant improvements and savings have been achieved. For example, the consolidation of the databases licenses in 2017 resulted in avoiding an additional licence cost of SAR6 million, as well as additional annual maintenance cost of 12 percent. Significant additional savings have resulted from leveraging internal resources to work on business automation and ICT infra-structure projects.

With the implementation of the Ma'aden infrastructure private cloud, server acquisition cycle-time has reduced from two months to an average of four hours, and lowered server annual maintenance costs by 10 percent, with zero downtime



> **With the implementation of the Ma'aden infrastructure private cloud, server acquisition cycle-time has reduced from two months to an average of four hours, and lowered server annual maintenance cost by 10 percent.**

and cost for server movement between data centers.

2. Value enhancements and outsourcing: We are identifying the strategic ICT services that Ma'aden should retain, with a view to outsourcing the non-strategic value-added ICT services.

3. Business process culture: We are helping Ma'aden transition to a culture driven by business process by institutionalising the approach and providing training sessions across the Group.

4. World-class communications infrastructure: We have replaced all satellite connections with microwave, resulting in more stability and reliability, cost savings of more than 50 percent amounting to SAR1.2 million, and increasing the bandwidth by more than 500 percent, from 8mbps to 40mbps. With the implementation of inter-company calling functionality covering all Ma'aden sites, we have reduced main call centre hardware from 30 to six servers, reducing annual maintenance cost from SAR0.6 million to SAR0.12 million.

With internet consolidation, the number of gateways came down from 15 to four and Internet speed went up from 210mbps to 280mbps. We reduced internet subscription fees by SAR1.4 million.

We have completed the initial design for significantly improving Internet connectivity at our remote residential camps.

5. Cyber security: We have implemented an advanced threat protection system for email and network traffic. We continue to assign a third-party security monitoring agent to ensure network security and monitor traffic. We have adopted multi-factor authentication for remote access services and other technology to enable us to detect, analyse and respond to targeted attacks in real time. We have improved the emergency response and cyber security intelligence through partnerships with IBM and other technology providers.

6. Business Intelligence: We have developed and rolled out business-critical data marts for all Ma'aden affiliates in the areas of cost center spending and procurement. We have introduced the self-service BI concept in Ma'aden, helping businesses create their own reports and dashboards. We increased utilisation of existing BI technology by 170 per cent compared with 2016 by enhancing the solution, fixing

issues and delivering more training.

7. Post-modern ERP: We are developing a post-modern ERP platform strategy and associated technology roadmap. We are migrating to cloud services from invest-to-subscribe mode based on approved business cases. We are eliminating ageing technology and establishing a subscription plan for new platforms.

Supporting our business

ICT conducted multiple awareness sessions for end users, managers and cross-application teams. Over 100 sessions were delivered to application users resulting in reduced incidents and escalations and better utilisation of ICT resources. ICT also conducted more than 130 customer engagements unrelated to ongoing projects, reported problems or incidents. We fulfilled almost 14,000 service requests and resolved nearly 33,000 incidents.

For Ma'aden Wa'ad Al Shamal Phosphate Company (MWSPC), we had launched a focussed programme named ZORA in 2015 to deliver 45 ICT-related projects, most of which have now been completed. For example, in May 2017, we celebrated the go-live of Oracle Process Manufacturing (OPM) for the new process plants at MWSPC. OPM is part of an e-business suite consisting of modules that interface business data such as inventory, purchasing, enterprise asset management and finance.

Our teams worked closely with other internal stakeholders to ensure that Ma'aden's transition in financial reporting, from Saudi Organisation of Certified Public Accountants (SOCPA) to the International Financial Reporting Standards (IFRS), received the required IT support.

We enabled our systems for the finance and accounting teams across Ma`aden to support the 1 January 2018 introduction of Value Added Tax (VAT).

In July, we launched MyMaaden, a new web-based platform for the automation of staff related services. The application was developed in-house by Ma'aden ICT team using K2 technology, a leading workflow engine helping in the automation of the business process. It has been integrated with Oracle and we are planning to make it accessible outside Ma'aden through user's mobile devices. The platform is now being used to build a new culture of reliance on business process automation throughout our corporate functions and subsidiaries, and we expect this momentum to continue in 2018.

Together with ETGAN, we launched the cash generation programme mobile application, Ma`aden`s first internally developed mobile application using Microsoft Office 365. It is used for tracking the progress of the cash generation programme across the Group.

We also launched RASEL, a system developed in-house to automate the complete cycle of business correspondence. The application is mobile responsive and enables staff to manage and track action on correspondence more efficiently.

Another major achievement was the building of a business Intelligence (BI) platform and the formation of an analytics and reporting function within ICT. The platform enables users

"Improving our cyber security capabilities was a top priority in 2017. When Saudi Arabia experienced several major cyber-attacks during the year, our ICT team and business teams collaborated with speed and efficiency to contain the threats."

Digitalisation workshop arranged by ICT for Ma'aden Gold with IBM, Dassault System, Cisco and ABB

ICT spending in 2017

Period	Operating expenditure* (SAR million)	Number of staff served	Cost per employee served (SAR)
2016	59	7,197	8,200
2017	61	7,117	8,500

* excluding customer direct ICT charges

to find data from multiple sources and conduct analysis using self-service BI tools. We have created a series of data-marts, dashboards and other tools across Ma'aden, and are training our people to use those, benefiting the business. We are currently developing another platform to unify human resource practices across the Group.

Improving our cyber security capabilities was a top priority in 2017. When Saudi Arabia experienced several major cyber-attacks during the year, our ICT team and business teams collaborated with speed and efficiency to contain the threats.

Despite the expanding geographic footprint and complexity of our business, we were able to manage ICT departmental spending to almost SAR6 million under budgeted levels in 2017.

Staff at work at our data centre in Ras Al Khair

Exploration

Our exploration and evaluation programme is being fine-tuned to deliver the demands of Ma'aden's 2025 strategy, which foresees significant growth in production across all commodities.

One of our staff taking a closer look at a sample at the Ad Duwayhi mine

As we look forward to investing more in exploration, our 2017 activities centred on brownfield drilling, potential greenfield targets and continued drilling at 28 prospects.

Focus on meeting 2025 expectations

SAR55million
invested in 2017

Our 2025 strategy proposes to reach sustainable annual gold production of one million ounces. Ma'aden is committed to making continued major investment in greenfield and brownfield exploration to deliver the additional new mineral resources needed to build new gold mines.

Exploration is addressing these requirements through a number of initiatives:
- focusing on key target areas adjacent to existing operations
- expanding the available exploration footprint by lodging exploration licence applications over fertile mineralised belts
- Implementing sophisticated prospectivity mapping technology to fast track the exploration process and expand the delivery of discovered ounces and tonnes.

In 2017, we invested SAR55 million in exploration activities in Saudi Arabia. In 2018, we expect a significant portion of our budget to be spent on exploring for gold and base metals.

Our key activities in 2017 included brownfield drilling, assessment of potential greenfield targets and continued drilling at over 28 prospects.

Key achievements
Environment, health, safety and security (EHSS) are top priorities at all our exploration sites. Our goal of zero harm to people and the environment means that we continue to assess and strengthen our safety programmes on an ongoing basis and conduct regular audits of EHSS performance.

Our exploration activities in 2017 were successful in identifying additional new

Our sites

Our exploration sites are mostly in remote desert locations that pose unique challenges. Our teams' dedication and commitment, our focus on EHSS and use of advanced technology have helped us overcome and manage those challenges.

mineral deposits and increasing our confidence in the tonnage and grade of previously discovered targets.

The exploration team is presently evaluating the Bir Tawilah, Jabal Ghadarah and Um Salaam prospects close to our Mansourah-Massarah gold project, the As Siham prospect in the Central Arabian Shield, and the Shabah prospect in the Northern Arabian Shield north of the Sukhaybarat and Bulghah mines. Resource estimation and preliminary technical and economic studies to establish the economic viability of these targets are in progress.

Highlights from the exploration team's work during the year include:

- JORC compliant mineral resources estimates totalling 1.3 million ounces at Bir Tawilah (37 million tonnes at 0.9 g/t Au) and Jabal Ghadarah (7 million tonnes at 1g/t Au), are being evaluated as a heap leach project near Mansourah- Massarah, which is in the feasibility study stage.
- Identification of gold exploration targets of between 12 – 18 million tonnes at a grade of 1 - 2 g/t gold totalling between 0.5 - 1.1 million ounces at Jabal Ghadrah, As Siham and Umm Salam.

We evaluated 28 gold targets during the year and completed over 50,000 metres of diamond core and RC drilling. Other key exploration achievements during the year were:

- Identification of several new gold exploration prospects in the area north of Sukhaybarat mine in the northern Arabian Shield.
- Implementation of 2D IP Geophysics in the Mansourah belt.
- Successfully completed test drilling and pump testing for the evaluation of the Hazawaza Potash brine prospect near our phosphate mines in northern Saudi Arabia. Resource estimation and financial evaluation is in progress.

During the year, we identified new high priority areas in the northern region, which are now under exploration licence application.

Portfolio expansion

The Ma'aden 2025 strategy lays considerable emphasis on diversification of our industrial minerals portfolio. In line with this we are assessing bentonite, graphite, kyanite and diatomite to be included in our portfolio.

In 2018, copper and zinc will receive greater focus in line with our growth strategy. Exploration work will also focus on upgrading resource estimation categories on existing mineral inventories adjacent to existing mining licences. Ma'aden Exploration will invest over SAR100 million in the 2018 exploration programme.

Historically, Ma'aden Exploration has invested heavily in technology, such as regional airborne surveys, geochemical surveys and remote sensing data to fully evaluate existing and new exploration licenses. Building on this technical excellence, Ma'aden Exploration is currently investigating the use of airborne gravity, extensive ground IP surveys in brownfields areas and the use of mineral prospectivity mapping in the target generation phase of exploration.

All images: show exploration activities at various locations: Al Bai'tha (previous page), Wa'ad Al Shamal (top left), As Suq (above) and Al Khabra (below)

Mineral resources and ore reserves

This section reports Ma'aden's mineral resources and ore reserves for operating businesses, estimated by Competent Persons in accordance with the JORC Code 2012.

78 Resources and reserves – core assets

80 JORC Code definitions

82 Ore reserve estimates

84 Mineral resources estimates

88 Explanatory notes

90 Competent Persons

Sukhaybarat open pit mine

Ma'aden is committed to continued major investment in mineral exploration in Saudi Arabia.

Mineral resources and ore reserves are core assets of all our businesses

Our considerable investment in mineral exploration in Saudi Arabia over several years has created signficant value for our shareholders through the discovery of large mineral resources in a diverse range of commodities. These discoveries are evaluated to assess the technical and economic feasibility of mining and processing to convert mineral resources into ore reserves. The ore reserves are developed into new operating mines or extend the life or expand the scale of production of existing mines.

International reporting standard

The regulatory authorities and stock exchanges in most countries, require mandatory compliance by companies with internationally recognised standards for the public reporting of mineral resources and ore reserves to protect the interests of the company's shareholders.

The ore reserves and mineral resources presented in this annual report are estimated in accordance with the JORC Code, a widely adopted international reporting standard.

JORC Code

The JORC Code is an internationally recognized professional code of reporting practice prescribing minimum standards and guidelines for the public reporting of mineral resources and ore reserves.

JORC is the acronym for the Australasian Joint Ore Reserves Committee and the JORC Code is a set of standards and guidelines, more fully described as the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition. The JORC Code classification of resource and reserves used in this annual report is described more fully in the following definitions on page 80.

Competent Persons

A fundamental requirement of the JORC Code is that estimates are done by or under the supervision of a Competent Person who must be a member of a recognised professional organisation and who has sufficient experience relevant to the style of mineralisation, type of mineral deposit and competence in the activity, which the person is undertaking.

In 2017, all of Ma'aden's resources and reserves were estimated by independent Competent Persons, who were not Ma'aden employees. Ma'aden also conducted internal peer reviews of all resource and reserve estimates.

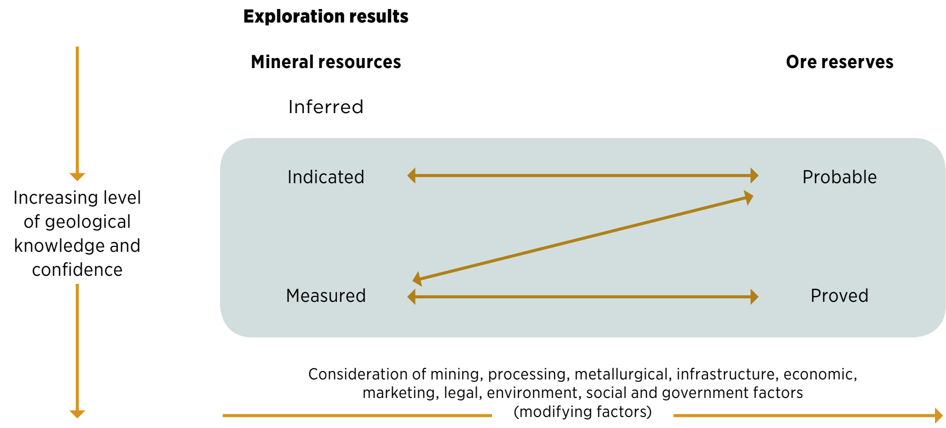
The sole exception to reporting under the JORC Code was the Jabal Sayid mineral resource and ore reserve. These estimates were done by Qualified Persons under the National Instrument 43-101, a Canadian reporting standard that is a near equivalent of the JORC Code. This was done to be consistent with the public reporting by our joint venture partner, which is responsible for the estimation of the Jabal Sayid resources and reserves and reports in the Canadian jurisdiction.

Assumptions

The ore reserves and mineral resources for operating mines are reported at 31 December 2017. Resources and reserves for projects at the exploration prospect or feasibility study project stage may be reported at earlier dates.

Ma'aden's mineral resources are stated inclusive of ore reserves.

General relationship between exploration results, mineral resources and ore reserves



Source: JORC Code 2012 edition

The exception is the Jabal Sayid copper mine, where the mineral resources are reported exclusive of the ore reserves, to be consistent with the public reporting by our joint venture partner.

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

Ore reserves are reported at the point where the ore is delivered to the processing plant, following normal international practice. The reported tonnage and grade represents the estimated metal or product content as mined and has not been adjusted for metallurgical recovery in the processing plant. However, the ore reserve table shows the mining and processing methods for each ore reserve and the metallurgical recovery.

Uncertainty of estimates

Our ore reserves are estimated using long-term commodity price forecasts, capital expenditure and operating costs and economic cut-off grades from our operating mines and from feasibility studies. Where these assumptions change materially, the resource and the reserve are updated and restated. Gold, copper and zinc concentrates are sold into the international market at prevailing international prices.

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

There is a degree of uncertainty inherent in the estimation and classification of mineral resources and ore reserves when compared with the actual mined tonnes and grades. 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 not fixed over the medium to long term.

Extrapolation of operational performance from small-scale laboratory tests or pilot plants to full-scale production may not prove to be exact in practice and this may affect ore reserves. Changes in assumptions for process plant recoveries and other operational factors may affect the tonnage and grade of an ore reserve and adversely 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 estimated.

The results of further drilling, metallurgical testing, mine production and mine planning may require a previous mineral resource and 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.

Mining licences confer the right to mine and all of our operating mines have current licences. Exploration licences confer the right to explore and evaluate, but not to develop and conduct mining operations. Mineral resource and ore reserve estimates on exploration and mining licences pending grant or renewal are reported because we have a reasonable expectation that these licences be renewed and new license applications granted. However, the decision to grant or renew is at the discretion of the relevant government authorities.

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition (JORC Code), is an internationally recognised professional code of practice that sets minimum standards for the public reporting of exploration results, mineral resources and ore reserves. Below are the precise definitions of JORC terminology:

JORC Code definitions

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 79). 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 mineralisation 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 organisations 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 mineralisation or type of deposit under consideration and in the activity which that person is undertaking.

Ore reserve estimates at 31 December 2017

Mine / project name					2017 Ore reserves									
Phosphate					Cut-off	Proved			Probable			Mine stockpiles		
	License type	Ma'aden ownership	Mine type	Process method	% P_2O_5	Mt	% P_2O_5	% MgO	Mt	% P_2O_5	% MgO	Mt	% P_2O_5	% MgO
Al Jalamid mine	ML	70%	OP	FL	12	240	19.5	3.1	30	17.4	6.6	4.6	18.9	-
								% SiO_2			% SiO_2			% SiO_2
Al Khabra mine	ML	60%	OP	FL	17	261	16.3	12.6	153	16.7	12.7	1.3	17.2	5.7
Umm Wu'al Block 6 project	MLA	60%	OP	FL	15	-	-	-	284	16.0	2.3	-	-	-
Umm Wu'al Blocks 4-5 project	MLA	100%	OP	FL	15	191	15.7	2.6	159	15.3	3.3	-	-	-
Umm Wu'al Blocks 10-11 project	MLA	100%	OP	SC	15	34	17.8	9.9	49	16.2	10.5			-
Total					**-**	**725**	**17.3**	**-**	**675**	**16.1**	**-**	**5.9**	**18.5**	**-**

Metallurgical bauxite	License type	Ma'aden ownership	Mine type	Process method	% TAA	Mt	% TAA	% SiO_2	Mt	% TAA	% SiO_2	Mt	% TAA	% SiO_2
Al Ba'itha mine	ML	74.9%	OP	DS	40	74.1	49.9	7.7	123.3	47.2	10.1	-	-	-

Gold	License type	Ma'aden ownership	Mine type	Process method	g/t Au	Mt	g/t Au	% Zn	Mt	g/t Au	% Zn	Mt	g/t Au	% Zn
Ad Duwayhi mine	ML	100%	OP	CIL	0.7	9.8	3.98	-	3.4	2.13	-	6.8	0.99	-
Al Amar mine	ML	100%	UG	FL+CIL	2.5	1.12	5.18	4.42	1.10	3.60	3.93	0.002	4.2	3.6
Bulghah mine	ML	100%	OP	HL+CIL	0.35	-	-	-	54.7	0.78	-	-	-	-
Sukhaybarat mine	ML	100%	OP	CIL+HL	0.35	-	-	-	9.9	1.01	-	-	-	-
Mahd Ad Dhahab mine	ML	100%	UG	FL+CIP	3.0	0.67	6.01	1.47	0.36	6.23	1.46	-	-	-
As Suq mine	ML	100%	OP	HL	0.45	2.6	1.63	-	2.8	1.64	-	-	-	-
Mansourah project	ML	100%	OP	CIL+POX	0.5	12.4	2.49	-	15.3	2.57	-	-	-	-
Massarah project	ML	100%	OP	CIL+POX	0.5	3.1	2.08	-	14.2	1.97	-	-	-	-
Total						**29.0**	**2.97**	**-**	**102.4**	**1.38**	**-**	**6.8**	**0.99**	**-**

Industrial bauxite	License type	Ma'aden ownership	Mine type	Process method	% Al_2O_3	Mt	% Al_2O_3	% SiO_2	Mt	% Al_2O_3	% SiO_2	Mt	% Al_2O_3	Mt Bauxite
Az Zabirah mine	ML	100%	OP	DS	-	9.5	53.6	15.1	10.8	53.6	16.1	-	-	-

Kaolin	License type	Ma'aden ownership	Mine type	Process method	% Al_2O_3	Mt	% Al_2O_3	% SiO_2	Mt	% Al_2O_3	% SiO_2	Mt	% Al_2O_3	Mt Kaolin
Az Zabirah mine	ML	100%	OP	DS	-	1.0	41.3	33.5	2.3	41.7	34.5	-	-	-

Magnesite	License type	Ma'aden ownership	Mine type	Process method	% MgO	Mt	% MgO	% SiO_2	Mt	% MgO	% SiO_2	Mt	% MgO	
Al Ghazalah mine	ML	100%	OP	DS	-	0.59	46.4	0.6	2.58	43.3	2.5	-	-	

Copper	License type	Ma'aden ownership	Mine type	Process method	% Cu	Mt	% Cu	g/t Au	Mt	% Cu	g/t Au	Mt	% Cu	g/t Au
Jabal Sayid mine	ML	50%	UG	FL	1.40	10.98	2.38	0.21	12.56	2.42	0.25	0.133	2.38	0.21

2017 Ore reserves							2017 to 2016 Difference	2016 Ore reserves				2015 Ore reserves			
2017 Total reserves				Planned	Recovered	Life of mine		2016 Total reserves				2015 Total reserves			
Mt	% P_2O_5	% MgO	Mt P_2O_5	% Recovery	Mt P_2O_5	Years	Mt P_2O_5	Mt	% P_2O_5	Mt P_2O_5	Years	Mt	% P_2O_5	Mt P_2O_5	Years
275	19.3	-	52.9	71	38	26	-0.6	270	19.8	53.5	27	280	19.8	55.4	28
		% SiO_2													
415	16.5	12.6	68.3	68	46	27	3.04	398	16.4	65.3	28	398	16.3	64.9	29
284	16.0	2.3	45.4	70	32	20	-	284	16.0	45.4	20	-	-	-	-
350	15.5	2.9	54.3	62	34	30	-	350	15.5	54.2	30	-	-	-	-
82	16.9	10.3	13.8	55	8	26	-	82	16.9	13.9	26	-	-	-	-
1406	**16.7**	**-**	**234.8**	**-**	**157**	**-**	**2.50**	**1384**	**16.8**	**232.3**	**-**	**678**	**17.7**	**120.3**	**-**

Mt	% TAA	% SiO_2	Mt Bauxite	% Recovery	Mt Bauxite	Years	Mt Bauxite	Mt	% TAA	Mt Bauxite	Years	Mt	% TAA	Mt Bauxite	Years
197.4	48.2	9.2	197.4	100	197	38	-12.10	209.5	49.4	209.5	39	211.8	49.4	211.8	40

Mt	g/t Au	% Zn	Moz Au	% Recovery	Moz Au	Years	Moz Au	Mt	g/t Au	Moz Au	Years	Mt	g/t Au	Moz Au	Years
19.9	2.65	-	1.70	92	1.561	11	-0.34	23.2	2.7	2.04	12	23.8	2.8	2.10	13
2.22	4.34	4.1	0.31	90	0.279	9	-0.17	3.3	4.5	0.48	10	2.6	5.1	0.42	11
54.7	0.78	-	1.37	60	0.823	13	0.25	45.1	0.8	1.12	14	48.1	0.8	1.19	15
9.9	1.01	-	0.32	71	0.229	11	-0.27	14.1	1.3	0.59	12	14.8	1.2	0.57	13
1.03	6.09	1.5	0.20	90	0.181	6	0.06	0.7	6.5	0.14	7	0.7	6.5	0.15	8
5.4	1.64	-	0.28	57	0.162	4	0.28	-	-	-	-	-	-	-	-
27.7	2.53	-	2.26	88	1.986	11	2.26	-	-	-	-	-	-	-	-
17.3	1.99	-	1.11	88	0.974	11	1.11	-	-	-	-	-	-	-	-
138	**1.69**	**-**	**7.53**	**-**	**6.195**	**-**	**3.16**	**86.4**	**1.57**	**4.37**	**-**	**90.0**	**1.53**	**4.43**	**-**

Mt	% Al_2O_3	% SiO_2	Mt Bauxite	% Recovery	Mt Bauxite	Years	Mt Bauxite	Mt	% Al_2O_3	Mt Bauxite	Years	Mt	% Al_2O_3	Mt Bauxite	Years
20.3	53.6	15.6	20.3	100	20.3	19	-0.1	20.4	53.6	20.4	20	22.0	53.6	22.0	21

Mt	% Al_2O_3	% SiO_2	Mt Kaolin	% Recovery	Mt Kaolin	Years	Mt Kaolin	Mt	% Al_2O_3	Mt Kaolin	Years	Mt	% Al_2O_3	Mt Kaolin	Years
3.3	41.6	34.2	3.4	100	3.4	19	-	3.4	41.6	3.4	20	3.6	41.6	3.6	21

Mt	% MgO	% SiO_2		% Recovery	Mt Magnesite	Years	Mt Magnesite	Mt	% MgO		Years	Mt	% MgO		Years
3.17	43.9	2.12		-	-	40	0.93	2.24	45.7		-	2.32	94.6		-

Mt	% Cu	g/t Au	Mt Cu	% Recovery	Mt Cu	Years	Mt Cu	Mt	% Cu	Mt Cu	Years	Mt	% Cu	Mt Cu	Years
23.7	2.40	0.24	0.568	94	0.534	14	-0.0005	22.7	2.5	0.569	15	24.8	2.6	0.632	16

Mineral resource estimates at 31 December 2017

Mine / project name					2017 Mineral resources									
Phosphate					Cut-off	Measured			Indicated			Inferred		
	License type	Ma'aden ownership	Mine type	Process method	% P_2O_5	Mt	% P_2O_5	% MgO	Mt	% P_2O_5	% MgO	Mt	% P_2O_5	% MgO
Al Jalamid mine	ML	70%	OP	FL	12	333.7	19.5	3.7	4.6	18.9	-	2.1	17.8	-
Al Jalamid prospect	ELA	100%	OP	FL	15	-	-	-	-	-	-	417.0	16.1	-
								% SiO_2			% SiO_2			% SiO_2
Al Khabra Mine	ML	60%	OP	FL	17	262.2	16.3	12.6	169.7	15.7	12.6	-	-	-
Umm Wu'al Block 6 project	MLA	60%	OP	FL	15	-	-		473.0	16.7	2.2	-	-	-
Umm Wu'al Blocks 4-5 project	MLA	100%	OP	FL	15	177.2	16.9	2.2	150.4	16.8	2.6	96.1	16.3	3.6
Umm Wu'al Blocks 10-11 project	MLA	100%	OP	FL	15	29.3	20.4	8.0	40.1	19.3	8.7	264.4	18.4	9.3
Umm Wu'al prospect	ELA	100%	OP	FL	15	-	-	-	-	-	-	242.7	16.9	-
Total					**-**	**802**	**17.9**	**-**	**838**	**16.7**	**-**	**1,022**	**16.9**	**-**

Metallurgical bauxite														
	License type	Ma'aden ownership	Mine type	Process method	% TAA	Mt	% TAA	% SiO_2	Mt	% TAA	% SiO_2	Mt	% TAA	% SiO_2
Al Ba'itha mine	ML	74.9%	OP	DS	40	83.5	49.7	7.8	137.6	49.6	8.6	27.7	50.8	9.4
Az Zabirah mine	ML	100%	OP	DS	52	12.0	48.6	10.8	17.0	46.7	12.1	11.0	46.3	12.3
Az Zabirah Central prospect	EL	100%	OP	DS	52	-	-	-	-	-	-	19.0	46.3	11.7
Total						**95**	**50.8**	**7.5**	**154**	**49.4**	**9.1**	**57**	**47.8**	**10.3**

Gold														
	License type	Ma'aden ownership	Mine type	Process method	g/t Au	Mt	g/t Au	% Zn	Mt	g/t Au	% Zn	Mt	g/t Au	% Zn
Ad Duwayhi mine	ML	100%	OP	CIL	0.4	12.80	3.36	-	12.71	1.26	-	5.15	1.15	-
Al Amar mine	ML	100%	UG	FL+CIL	2.0	1.38	6.00	5.50	2.40	3.70	4.00	1.40	3.30	3.00
Bulghah mine	ML	100%	OP	HL+CIL	0.35	-	-	-	76.03	0.87	-	21.26	0.93	-
Sukhaybarat mine	ML	100%	OP	CIL+HL	0.35	-	-	-	22.54	0.98	-	7.48	0.98	-
Mahd Ad Dhahab mine	ML	100%	UG	FL+CIP	3.0	1.29	8.03	2.19	0.72	8.39	1.65	0.74	7.44	1.53
As Suq mine	ML	100%	OP	HL	0.4	3.42	1.61	-	4.80	1.58	-	0.22	1.54	-
Mansourah project	ML	100%	OP	CIL+POX	0.55	14.40	2.35	-	27.90	2.00	-	4.50	2.31	-
Massarah project	ML	100%	OP	CIL+POX	0.55	3.90	1.83	-	36.00	1.62	-	3.80	1.01	-
Ar Rjum Waseemah project	ML	100%	OP	CIL	0.4	-	-	-	43.72	1.55	-	-	-	-
Ar Rjum Umm Naam project	ML	100%	OP	CIL	0.4	-	-	-	27.21	1.51	-	0.45	1.10	-
Bir Tawilah prospect	EL	100%	OP	HL	0.24	-	-	-	-	-	-	37.0	0.86	-
Jabal Ghadarah prospect	EL	100%	OP	HL	0.30	-	-	-	-	-	-	7.0	1.00	-
Total						**37.2**	**2.91**	**-**	**254.8**	**1.38**	**-**	**89.0**	**1.09**	**-**

Industrial bauxite														
	License type	Ma'aden ownership	Mine type	Process method	% Al_2O_3	Mt	% Al_2O_3	% SiO_2	Mt	% Al_2O_3	% SiO_2	Mt	% Al_2O_3	Mt Bauxite
Az Zabirah mine	ML	100%	OP	DS	-	7.0	50.8	18.0	17	51.5	18.5	16	52.6	18.6
Az Zabirah Central prospect	EL	100%	OP	DS	-	-	-	-	41	50.0	17.4	62	49.6	14.1
Total					**-**	**7.0**	**50.8**	**18.0**	**58**	**50.4**	**18.1**	**78**	**49.8**	**14.8**

2017 Mineral resources				2017 to 2016 Difference	2016 Mineral resources			2015 Mineral resources		
2017 Total mineral resources					2016 Total reserves			2015 Total reserves		
Mt	% P_2O_5	% MgO	Mt P_2O_5	Mt P_2O_5	Mt	% P_2O_5	Mt P_2O_5	Mt	% P_2O_5	Mt P_2O_5
340.4	19.5	-	66.3	-10.8	382.8	20.1	77.1	418.0	20.2	84.4
417.0	16.1	-	67.1	-	417.0	16.1	67.1	417.0	16.1	67.1
		% SiO_2								
431.9	16.1	12.6	69.4	2.3	365.0	18.4	67.1	365.0	18.4	67.1
473.0	16.7	2.2	79.0	-	473.0	16.7	79.0	473.0	16.7	78.9
423.7	16.7	2.7	70.9	0.1	423.7	16.7	70.8	655.0	16.8	110.0
333.8	18.7	9.1	62.4	3.4	315.7	18.7	58.9	-	-	-
242.7	16.9	-	41.0	-	242.7	16.9	41.0	-	-	-
2,662	**17.1**	**-**	**456**	**-5.0**	**2,620**	**17.6**	**461**	**2,328**	**17.5**	**408**

Mt	% TAA	% SiO_2	Mt Bauxite	Mt Bauxite	Mt	% TAA	Mt Bauxite	Mt	% TAA	Mt Bauxite
248.8	49.8	8.4	248.8	-1.5	250.3	49.9	250.3	253.4	49.9	253.4
40.0	47.2	11.8	40.0	21.6	18.4	45.2	18.4	18.4	45.2	18.4
19.0	46.3	11.7	19.0	-	19.0	46.3	19.0	19.0	46.3	19.0
308	**49.2**	**9.0**	**308**	**20.1**	**288**	**49.4**	**287.7**	**291**	**49.4**	**290.8**

Mt	g/t Au	% Zn	Moz Au	Moz Au	Mt	g/t Au	Moz Au	Mt	g/t Au	Moz Au
30.7	2.12	-	2.08	-0.45	37.3	2.12	2.54	41.70	2.03	2.72
5.2	4.20	4.13	0.70	-0.41	6.8	5.11	1.12	6.35	5.01	1.02
97.3	0.88	-	2.76	-0.05	91.7	0.95	2.81	94.70	0.94	2.86
30.0	0.98	-	0.94	0.22	22.9	0.98	0.72	23.60	0.98	0.74
2.75	7.97	1.87	0.70	0.08	2.6	7.55	0.62	2.76	8.17	0.73
8.44	1.59	-	0.43	-0.13	12.6	1.39	0.56	14.00	1.12	0.50
46.8	2.14	-	3.21	-	46.8	2.14	3.22	46.80	2.14	3.22
43.7	1.59	-	2.22	-	43.7	1.59	2.23	43.70	1.59	2.23
43.7	1.55	-	2.17	0.89	28.1	1.42	1.28	28.10	1.42	1.28
27.7	1.50	-	1.33	-0.01	33.7	1.25	1.35	33.70	1.25	1.35
37.0	0.87	-	1.03	1.03	-	-	-	-	-	-
7.0	1.00	-	0.22	0.22	-	-	-	-	-	-
381	**1.46**	**-**	**17.86**	**1.43**	**326**	**1.57**	**16.5**	**335.4**	**1.55**	**16.7**

Mt	% Al_2O_3	% SiO_2	Mt Bauxite	Mt Bauxite	Mt	% Al_2O_3	Mt Bauxite	Mt	% Al_2O_3	Mt Bauxite
30	51.6	18.4	30	-48.8	78.8	53.3	78.8	78.8	53.3	78.8
113	49.7	15.3	113	-	113.0	49.7	113.0	113.0	49.75	113.0
143	**50.1**	**15.9**	**143**	**-48.8**	**191.8**	**51.2**	**191.8**	**191.8**	**0.00**	**191.8**

Mineral resource estimates at 31 December 2017

Mine / project name					2017 Mineral resources									
Kaolin					Cut-off	Measured			Indicated			Inferred		
	License type	Ma'aden ownership	Mine type	Process method	% Al_2O_3	Mt	% Al_2O_3	% SiO_2	Mt	% Al_2O_3	% SiO_2	Mt	% Al_2O_3	% SiO_2
Az Zabirah mine	ML	100%	OP	DS	-	7	36.1	41.0	16	36.8	41.5	8	38.4	41.0
Az Zabirah Central prospect	EL	100%	OP	DS	-	-	-	-	86	36.7	40.5	106	36.0	40.1
Total					**-**	**7**	**36.1**	**41.0**	**102**	**36.7**	**40.7**	**114**	**36.2**	**40.2**

Magnesite														
	License type	Ma'aden ownership	Mine type	Process method	% MgO	Mt	% MgO	% CaO	Mt	% MgO	% CaO	Mt	% CaO	
Al Ghazalah mine	ML	100%	OP	DS	-	0.88	46.3	1.6	3.55	43.2	4.1	2.03	44.2	

Copper														
	License type	Ma'aden ownership	Mine type	Process method	% Cu	Mt	% Cu	g/t Au	Mt	% Cu	g/t Au	Mt	% Cu	Mt Cu
Jabal Sayid mine	ML	50%	UG	FL	1.2	0.43	1.62	0.29	4.81	2.00	0.61	3.75	2.30	0.25

	2017 Mineral resources				2017 to 2016 Difference	2016 Mineral resources			2015 Mineral resources		
	2017 Total mineral resources					2016 Total reserves			2015 Total reserves		
	Mt	% Al_2O_3	% SiO_2	% SiO_2	Mt Kaolin	Mt	% Al_2O_3	Mt Kaolin	Mt	% Al_2O_3	Mt Kaolin
	31	37.1	41.3	31	-162.8	194	37.7	193.8	194	37.7	193.8
	192	36.3	40.3	192	-	192	36.3	192.0	192	36.3	192.0
	223	**36.4**	**40.4**	**223**	**-162.8**	**386**	**37.0**	**385.8**	**386**	**37.0**	**385.8**

	Mt	% MgO	% CaO		Mt Magnesite	Mt	% MgO		Mt	% MgO	
	6.4	43.9	3.6		3.45	3.00	45.7		2.84	45.2	

	Mt	% Cu	g/t Au	Mt Cu	Mt Cu	Mt	% Cu	Mt Cu	Mt	% Cu	Mt Cu
	8.99	2.11	0.44	0.190	-0.002	8.77	2.18	0.191	0.53	2.65	0.014

Explanatory notes - Ore reserves

General

Ore reserves are reported on a 100% basis. Ma'aden's ownership percentage is shown in the reserves table.
The reporting date is at 31st December 2017, for operating mines.
Reserves for projects at the feasibility study project stage may be reported at earlier dates.
Ore reserves are reported at the point where the ore is delivered to the processing plant.
The reserve tonnage and grade represents the estimated metal or product content as mined and has not been adjusted for metallurgical recovery in the processing plant.
The ore reserve table shows the mining and processing methods for each ore reserve and the metallurgical recovery.
Reserves are reported for operating mines and projects with compelted pre-feasibility or feasibility studies.

Phosphate

The Al Jalamid mine reserve reduced slightly due to mining depletion in 2017.
The Al Khabra mine reserve increased by 17Mt million tonnes of ore from additional drilling and using a new modelling approach.

Metallurgical bauxite

Al Ba'itha mine ore reserve decreased by 12Mt of ore due to scheduled mine production and a new ore reserve model and estimate using amended modifying factors from current mine production.

Gold

The gold price used for gold reserves was USD1100 per troy ounce.
All 2017 gold reserves were estimated by independent Competent Persons who were not Ma'aden employees.
Gold ore reserves were reported as totals combining oxide, sulphide, heap leach, CIL and POX feed.
Total gold reserves increased significantly by 3.16Moz of contained gold in 2017, despite mine production of 0.33Moz in dore and sulphide concentrate.
The main addition to reserves was 2.3Moz at Mansourah and 1.1Moz at the adjacent Massarah project following completion of the feasibility study.
As Suq mine reserve increased by 0.284Moz, despite mining depletion of 30,000oz due to a new reserve model.
Bulghah mine reserve increased by 0.25Moz following mining of 37,000oz due to a new reserve model and a slight decrease in cut off grade.
Ad Duwayhi mine reserve decreased by 0.34Moz due to mine production of 0.16Moz and balance due to a new reserve model.
Al Amar mine reserve decreased by 0.17Moz after annual production of 45,000oz and the balance due to the a new reserve model including an increased cut-off grade.
Sukhaybarat mine reserve decreased by 0.272Moz following mining of 35,000oz with the balance due to a new reserve model.
The Mahd Adh Dhahab reserve is a new estimate by an external competent person resulting in an increase of 63,000oz versus December 2016

Industrial bauxite

The industrial bauxite ore reserve decreased slightly due to depletion by mine production.

Kaolin

The kaolin reserve decreased slightly due to depletion by mine production.

Magnesite

A new reserve model estimate for Al Ghazalah mine was produced by an external Competent Person in 2017.
The new estimate added 1.05 Mt to reserves in 2017 due to increased indicated mineral resource, converted to reserve, at a slightly reduced MgO grade vs. the previous estimate.
The cut-off grades for Al Ghazalah are not reported as the reserve was estimated for a mix several end products with different calcined MgO, CaO and SiO_2 grades.

Copper

For life-of-mine planning, a break-even cut-off grade of 1.40% Cu and a copper price of USD2.75/pound were used.
Jabal Sayid mine produced 1.65Mt of copper ore in 2017 containing about 37,000 tonnes of copper in concentrate.
Jabal Sayid mineral resources are reported exclusive of ore reserves, any conversion of inferred resources to Indicated or measured resources transfers to ore reserves and the reported resources are thereby reduced.
Ore reserves increased by 1.0Mt in 2017 while average grade decreased from 2.5% to 2.4% copper, resulting in a negligible change to the contained copper versus 2016.
The additional tonnage was due to infill drilling converting resource to reserves and a change in cut-off grade from 1.69% to 1.40% copper adding substantial low grade reserve.

Explanatory notes - Mineral resources

General

Mineral resources are reported on a 100% basis. Ma'aden's ownership percentage is shown in the resources table.
The reporting date is at 31 December 2017 for operating mines.
Resources for projects at the exploration prospect or feasibility study project stage may be reported at earlier dates.
Mineral resources are reported in situ without allowance for dilution.
The resource tonnage and grade represents the estimated metal or product content as mined and has not been adjusted for metallurgical recovery in the processing plant.
The mineral resource table shows the mining and processing methods for each mineral resource.
Resources are reported inclusive of ore reserves, except Jabal Sayid, which is reported exclusive of the ore reserves in accordance with Barrick Gold's public reporting standard.
Some resources are not converted into reserves pending completion of a pre-feasibility study.

Phosphate

Total phosphate resources decreased by 42Mt with a reduction of contained P_2O_5 of 5.1Mt.
The Al Jalamid mine resource decreased by 42Mt of phosphate rock and 10.8Mt contained P_2O_5 from the mining of 13 million tonnes of ore in 2017 with the balance from a new resource model.
Al Khabra mine mineral resource estimate increased by 67Mt but at a lower grade by 2.3% resulting in a net increase of contained phosphate of 2.3 Mt contained P_2O_5.

Metallurgical bauxite

Al Ba'itha resource decreased slightly by 1.5Mt due to scheduled mine production and a new resource model estimate.
Zabirah mine resource increased by 21.8Mt due to a new resource estimate applying modified product specifications.
Zabirah metallurgical bauxite resource is reported separately to industrial bauxite but is blended with lower grade material for sale and is currently not stockpiled.

Gold

The gold price for gold resources was USD1300 per troy ounce.
All 2017 gold resources were estimated by independent competent persons who were not Ma'aden employees.
Gold ore reserves are reported as totals, combining oxide, sulphide, heap leach, CIL and POX feed.
Total gold resources increased by a significant 1.7Moz of contained gold in 2017 despite mine production of 0.33Moz in dore and sulphide concentrate.
Cut-off grades for Mansourah and Massarah mineral resource are 0.4 g/t Au for oxide and 0.55 g/t Au for sulphide POX feed.
As Suq mine resource decreased by 4.2Mt and 130,00 oz. after annual production of 30,000 oz.
Cut-off grades for Bulghah mineral resource are >0.35 to <1.3 g/t Au for heap leach and >1.30 g/t Au for CIL feed.
Ad Duwayhi mine resource decreased by 6.6 Mt and 456,000oz after mining of 163,000oz with the balance of the decrease due to a new model by an external competent person.
Al Amar mine resource reduced by 1.8Mt and 439,000Moz due to mine production of 45,000oz with the balance of the decrease from a new resource model by a external competent person.
Sukhyabarat mine resource increased by 7Mt and 220,000oz.
Bir Tawilah and the adjacent Jabal Ghadarah exploration prospect provided the largest resource increase of 1.6Moz. Cut-off grades for Bir Tawilah mineral resource are 0.24 g/t Au for oxide and 0.31 g/t Au for sulphide heap leach feed.
Ar Rjum Waseemah project added a significant 0.9Moz from inclusion of additional drill holes in a new resource model.

Industrial bauxite

Az Zabirah mine industrial bauxite resource decreased by 49Mt to 30Mt while metallurgical bauxite increased by 22Mt to 40Mt. This was due to Ma'aden reporting metallurgical bauxite and lower grade industrial bauxite separately at Zabirah mine, rather than blending high grade metallurgical bauxite with low grade bauxite outside the resource to produce industrial bauxite for use in cement plants.

Kaolin

The Zabirah kaolin resource reduced from 194Mt to 31Mt, but the ore reserve and the life-of-mine are unchanged. The mineralisation previously classified as resource has been transferred to mineral inventory outside the resource applying JORC Code definition of mineral resource having 'reasonable prospects for eventual economic extraction' in the context of the current market for kaolin. If the market increases, then the material may be reclassified as resource.

Magnesite

A new mineral resource estimate was completed for Al Ghazalah in 2017 by an external competent person. The mineral resource has increased from 3.3Mt to 6.3Mt, due to the inclusion of additional drill holes in the new resource model. The cut-off grades for Ghazalah mineral resource are not reported as they are variable, based on several new saleable product with different specifications for calcined MgO, CaO and SiO_2.

Copper

The Jabal Sayid mineral resource is reported exclusive of ore reserves. The long term copper price used was USD2.75 per pound. The cut-off grade for the resource was 1.2 %Cu.
Changes to the Jabal Sayid Mineral resources in 2017 were due to increases from lowering the cut-off grade remodeling classifying new Inferred resources, and by infill diamond drilling, while decreases were due to conversion of indicated mineral resources into ore reserves.

Competent Persons for ore reserves at 31 December 2017

Mine / project name and commodity	Effective date of estimate	Competent person	Recognised professional organisation	RPO membership number	Employer
Phosphate					
Al Jalamid ML	Dec 2017	J-F Durand-Smet	Eur Geol	1032	Sofreco
Al Khabra ML	Dec 2017	Rossen Halatchev	MAusIMM CP	208219	Sofreco
Umm Wu'al B6 MLA	May 2014	Helge Ziehe	MAusIMM	48891	Sofreco
Umm Wu'al UMW 4 & 5 MLA	Dec 2016	John Knight	FGS, Eur Geol	15040, 336	Sofreco
Umm Wu'al UMW 10 & 11 MLA	Dec 2016	John Knight	FGS, Eur Geol	15040, 336	Sofreco
Metallurgical bauxite					
Al Ba'itha ML	Dec 2017	Scott McEwing	FAusIMM CP	111809	SRK Australasia
Gold					
Ad Duwayhi mine	Dec 2017	Phil Newall	MIMMM	48891	Wardell Armstrong
Al Amar mine	Dec 2017	Joe McDiarmid	MAusIMM CP	112414	RPM Global
As Suq mine	Dec 2017	Phil Newall	MIMMM	48891	Wardell Armstrong
Bulghah mine	Nov 2017	Phil Newall	MIMMM	48891	Wardell Armstrong
Sukhaybarat mine	Nov 2017	Phil Newall	MIMMM	48891	Wardell Armstrong
Mahd Ad Dhahab mine	Dec 2017	Paolo Laymen	MAusIMM	320977	Datamine International
Mansourah project	May 2017	Klaus Thomas Shrimpf	FAusIMM	112612	Amec Foster Wheeler
Massarah project	May 2017	Klaus Thomas Shrimpf	FAusIMM	112612	Amec Foster Wheeler
Kaolin					
Az Zabirah ML	Dec 2017	Filip Orzechowski	MIMMM	459557	SRK UK
Industrial bauxite					
Az Zabirah mine	Dec 2017	Filip Orzechowski	MIMMM	459557	SRK UK
Magnesite					
Al Ghazalah mine	Dec 2017	Filip Orzechowski	MIMMM	459557	SRK UK
Copper					
Jabal Sayid ML	Dec 2017	William Bond	MAusIMM	109240	MBCC

Competent Persons for mineral resources at 31 December 2017

Mine / project name and commodity	Effective date of estimate	Competent person	Recognised professional organisation	RPO membership number	Employer
Phosphate					
Al Jalamid mine	Dec 2017	Daniel Mariton	Eur Geol	1159	Sofreco
Al Khabra mine	Dec 2017	Daniel Mariton	Eur Geol	1159	Sofreco
Umm Wu'al B6 MLA	Jun 2014	Daniel Mariton	Eur Geol	1159	Sofreco
Umm Wu'al UMW 4 & 5 MLA	Dec 2016	Daniel Mariton	Eur Geol	1159	Sofreco
Umm Wu'al UMW 10 & 11 MLA	Dec 2016	Daniel Mariton	Eur Geol	1159	Sofreco
Umm Wu'al ELA	Dec 2016	Daniel Mariton	Eur Geol	1159	Sofreco
Al Jalamid ELA	Jul 2014	Daniel Mariton	Eur Geol	1159	Sofreco
Metallurgical bauxite					
Al Ba'itha ML	Dec 2017	Rodney Brown	MAusiMM	110384	SRK Australasia
Az Zabirah ML	Oct 2016	Mark Campodonic	MAusIMM CP	225925	SRK UK
Az Zabirah Central EL	Jan 2015	Mark Campodonic	MAusIMM CP	225925	SRK UK
Gold					
Ad Duwayhi mine	Dec 2017	Alan Clarke	C.Geol.	1014124	Wardell Armstrong
Al Amar mine	Dec 2017	Paul Payne	FAusIMM	105622	RPM Global
As Suq mine	Dec 2017	Alan Clarke	C.Geol	1014124	Wardell Armstrong
Bulghah mine	Dec 2017	Nick Szebor	FGS	1015279	Wardell Armstrong
Sukhaybarat mine	Dec 2017	Nick Szebor	FGS	1015279	Wardell Armstrong
Mahd Ad Dhahab mine	Dec 2017	Steve Le Brun	MAusIMM	202832	Datamine International
Mansourah project	Jun 2015	Edmund Sides	Eur Geol	201	Amec Foster Wheeler
Massarah project	Jun 2015	Edmund Sides	Eur Geol	201	Amec Foster Wheeler
Ar Rjum Waseemah project	Nov 2016	Helen Oliver Simon Pepper	FGS MIMM	101241 144699	DMT Consulting DMT Consulting
Ar Rjum Umm Naam project	Nov 2016	Helen Oliver Simon Pepper	FGS MIMM	101241 44699	DMT Consulting DMT Consulting
Ar Rjum Umm Naam project	Nov 2016	Helen Oliver Simon Pepper	FGS MIMM	101241 44699	DMT Consulting DMT Consulting
Bir Tawilah prospect	Dec 2016	Mark Campodonic	MAusIMM CP	225925	SRK UK
Jabal Ghadarah prospect	Dec 2016	Mark Campodonic	MAusIMM CP	225925	SRK UK
Kaolin					
Az Zabirah mine	Dec 2017	Mark Campodonic	MAusIMM CP	225925	SRK UK
Az Zabirah Central brownfield	Jan 2015	Mark Campodonic	MAusIMM CP	225925	SRK UK
Industrial bauxite					
Az Zabirah mine	Dec 2017	Mark Campodonic	MAusIMM CP	225925	SRK UK
Az Zabirah Central brownfield	Dec 2016	Mark Campodonic	MAusIMM CP	225925	SRK UK
Magnesite					
Al Ghazalah mine	Dec 2017	Mark Campodonic	MAusIMM CP	225925	SRK UK
Copper					
Jabal Sayid mine	Dec 2017	William Bond	MAusIMM	109240	MBCC

Operations and business

Our operations and businesses are structured into three strategic business units (SBUs): Phosphate and industrial minerals, Aluminium and Gold and base metals.

94 Phosphate fertilisers

97 Industrial minerals

99 Aluminium

102 Gold

106 Copper

Wa’ad Al Shamal

Share of sales revenue, 2017

Note:
The phosphate figure includes industrial minerals

Our phosphate operations consist of Ma'aden Phosphate Company (MPC) and the newly built Ma'aden Wa'ad Al Shamal Phosphate Company (MWSPC), with a combined production capacity of over two million tonnes of ammonia and six million tonnes of phosphate fertilisers.

MWSPC startup boosts phosphate fertiliser output

Feasibility studies are underway to build a third large-scale phosphate fertiliser project, which will add 3 million tonnes to our capacity, positioning Ma'aden among the top three producers and exporters in the world.

Our 2025 strategy spells out a clear growth path for phosphate fertilisers, taking into consideration Ma'aden's potential to achieve its planned growth in line with global supply and demand. The feasibility study for the next project is part of this ambition. In the meantime we are focusing on ramping up MWSPC phosphate fertiliser operations and continue to work on optimising operations to reduce cost and maximise output, improving capital efficiency, diversifying product portfolio and expanding market share.

At the end of 2017, our phosphate reserves are sufficient for our current and planned operations until 2050. As exploration continues, we are optimistic about converting more resources into reserves, thereby increasing the life span of current and planned operations.

During the year, we have signed memoranda of understanding with the Mosaic Company and PhosAgro, exploring potential cooperation in several aspects of our business.

With Mosaic, our joint venture partner in MWSPC, we signed a MoU to examine the potential for further collaboration in Saudi Arabia. Building on the existing relationship, we will continue to assess new opportunities that emerge from Vision 2030.

Night view of Wa'ad Al Shamal Industrial City

Wa'ad Al Shamal

Wa'ad Al Shamal industrial city symbolises Ma'aden's growing strength as a global phosphate fertiliser producer and supplier. It hosts our newly built subsidiary MWSPC. Our teams have worked hard to ensure that health and safety, and quality of equipment, were top priority through the construction and commissioning of the project. Our focus remains on ensuring that we sustain the highest standards in Wa'ad Al Shamal.

Phosphate and ammonia plants in Ras Al Khair Industrial City, with the port in the background

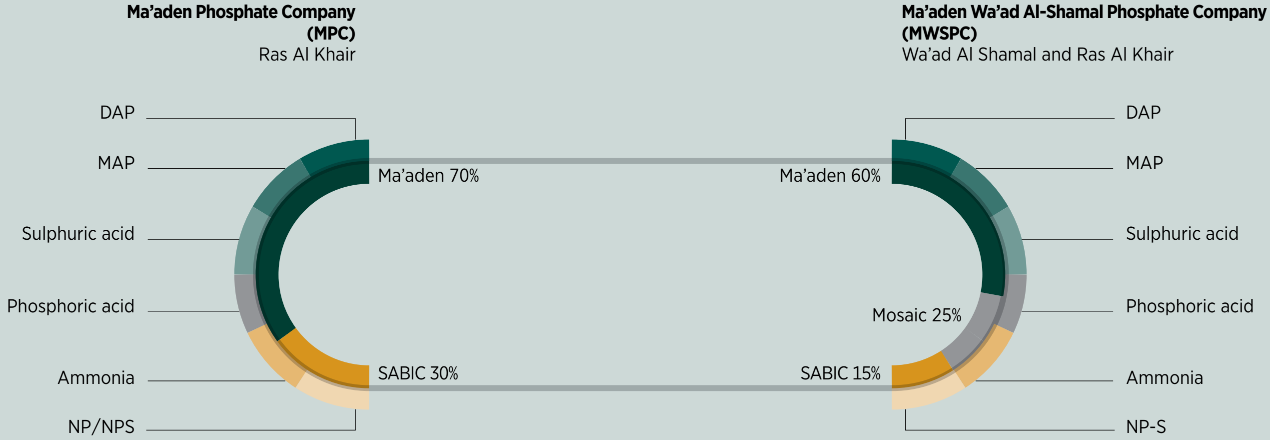
Products
Our ammonium phosphate fertilisers are known for their high purity and low heavy metal content which improves fertility, protects the environment and health and delivers better crop yields. Though diammonium phosphate (DAP) and monoammonium phosphate (MAP) are currently our major products we are developing new grades to expand our product portfolio to serve the market better.

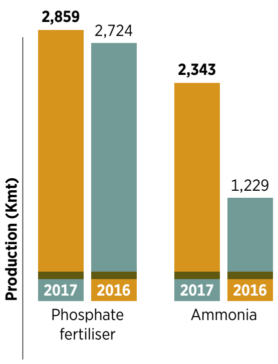
In 2017, MPC set new production and sales records for ammonium phosphate fertiliser. Our production of ammonia was also above nameplate capacity. In its first year of operations, MWSPC achieved 108 percent of nameplate capacity for ammonia. Commissioning of the MWSPC phosphate production progressed well, and we sold the first batch of DAP trial production in August. The plant is expected to begin commercial production in 2018.

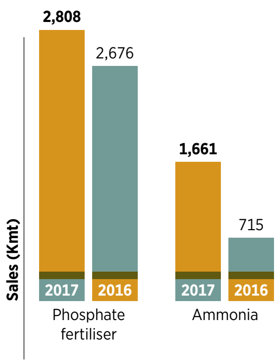
We achieved significant cost reductions in the production of ammonia and DAP. During the year, we introduced three new grades of NP/NPS products that enhance soil conditions and meet specific blending requirements of farmers.

Global market
We continued to expand marketing reach in 2017 in line with the growth in volumes, and increased our market share in South Asia, the Far East, Oceania, East Africa and South and North America.

Ma'aden phosphate subsidiaries







Prices are expected to be influenced by new capacity and macroeconomic developments. Additional capacity will come primarily from Morocco and Saudi Arabia. However, demand is expected to grow firmly, backed by growth in South Asia and agricultural expansion in Central and South America and overall growth in population and diet changes. Total phosphate consumption is set to steadily growth.

Long term price forecasts remain positive for several reasons: supply-demand balance, increase in global trade, agricultural practices relying on fertiliser use, increasing demand for food as the global population grows, and the high cost of large-scale investments in new projects which deters unlimited growth.

A section of our new phosphate complex in Wa'ad Al Shamal. Right: staff inspecting equipment at the MWSPC plant

Our 2025 strategy recognises the potential to grow our industrial minerals portfolio.

Product portfolio expands with DBM start-up

56kt ⬆
CCM

Ma'aden's Industrial Minerals Company (IMC) serves niche local, regional and global markets and has earned itself a reputable image over the years for consistency in product quality and delivery.

In 2017, market conditions remained mixed. The demand for caustic calcined magnesia (CCM) showed significant recovery over 2016 levels. However, the demand for low-grade bauxite (LGB) declined sharply because of a fall in demand from the Saudi cement industry.

The 2025 strategy recognises the potential to expand our industrial minerals portfolio in line with the organic growth of industries in Saudi Arabia. We continued to focus on our operational excellence program through 2017.

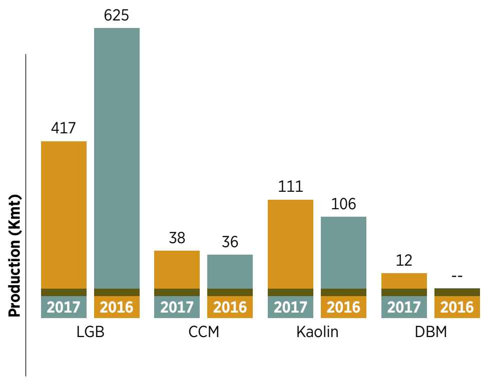
New products
During the year, we started up our new vertical shaft kiln (VSK) to produce dead burned magnesia (DBM). The plant has a capacity of 32 Kmt of DBM per year, and will start production of monolithics premix in early 2018.

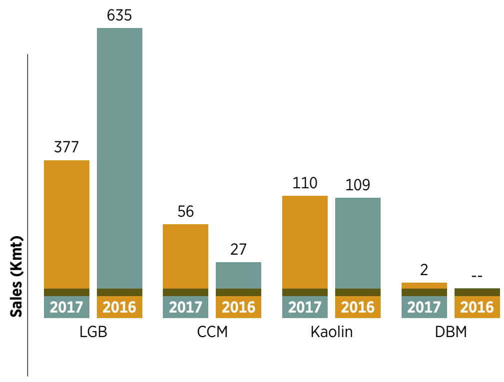
DBM is mostly used for refractory applications in the steel industry. It has the highest melting point of all common refractory oxides and offers the most suitable heat containment solution primarily for steel industries. DBM is also used widely in the manufacture of monolithic refractories.

The processing plant in Madinah

Industrial minerals operations

Our industrial minerals 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.





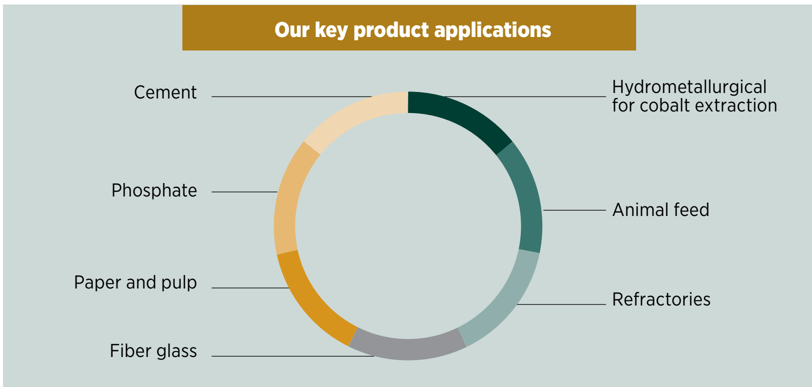
Our DBM and monolithic premix will cater for both domestic and overseas markets.

The new products strengthen our industrial minerals portfolio, which currently consists of kaolin, LGB and CCM.

Certifications

IMC received its renewed ISO9001, OHSAS18001 and ISO14001 certifications in 2017. We also received environmental certificates from the General Authority of Meteorology and Environmental Protection (GAMEP), for our plant and the Al Ghazalah mine.

IMC also secured ISO 22716:2017, also known as the Good Manufacturing Practice (GMP) certificate, for its CCM plant. The certificate is effective accreditation that qualifies IMC's magnesia products for applications in food and cosmetics industries in the local, regional and international markets.



Above: Al Ghazalah mine.
Below: operations at the processing plant in Madinah.

Our aluminium business recorded steady improvement in performance in 2017 and accounted for 42 percent of our total revenues.

762 Kmt
of aluminium production

Stronger market position is the highlight of a positive year

Currently, the optimism generated by higher prices and positive market sentiments is being dampened by the increase in domestic prices for gas and other manufacturing inputs. As a relatively new aluminium producer, these are new challenges that we are tackling in different ways.

During the year, we strengthened our position as a global supplier of aluminium can sheets by qualifying with major can producers in markets across the Middle East and Africa, US, Europe and Asia. Our automotive rolled product has also been qualified with a leading car manufacturer. With the market recognising the quality of our shaped products, we have been able to reach out to customers across the world in a very competitive environment.

The aluminium plant in Ras Al Khair

Operations
Ma'aden Aluminum (MA) consists of Ma'aden Bauxite and Alumina Company (MBAC), Ma'aden Aluminium Company (MAC) and Ma'aden Rolling Company (MRC), which also includes an aluminium can recycling facility, is one of the largest integrated aluminium production chains in the world, and our goal is to make it one of the most efficient.

The three operating companies are joint ventures with Alcoa Corporation of the United States, with Ma'aden holding 74.9 percent and Alcoa 25.1 percent. During 2017, MA continued to focus on ramping up the mine and refinery. The rolling mill, which is expected to go into commercial production in 2018, has made considerable progress marketing its aluminium sheets. We also signed a MoU with Alcoa to consider further development for the existing partnership.

The construction of our mine-to-market aluminium value chain was completed in 2014. The production chain consists of a bauxite mine at Al Ba'itha in Qassim Province in the centre of Saudi Arabia, which is connected by railway to an alumina refinery, aluminium smelter, a can sheet and an automotive rolling mill at Ras Al Khair, 90km north of Jubail in the Eastern Province.

Ours is the first bauxite mine in the Middle East, and the first refinery in the Gulf region. In 2017, the mine produced 3,708Kmt of bauxite, and the refinery produced 1,484Kmt of alumina from which our smelter produced 762Kmt of aluminium.

The rolling mill produced 153Kmt of flat Rolled Products (FRP).

The rolling mill has a capacity of 430Kmt of FRP, including food grade, automotive and construction sheets. Our can recycling unit has capacity to recycle 180,000 tonnes per year.

MA has received the ISO 9001 certification in quality management systems and ISO 14001 in environmental management systems.

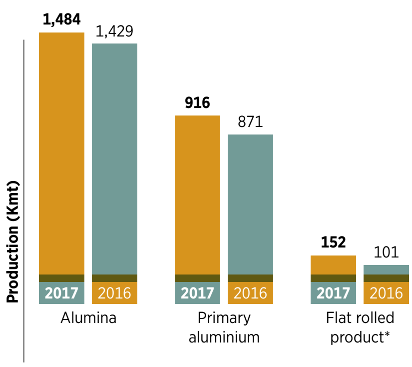
Ma'aden has a 50 percent stake in Sahara and Ma'aden Petrochemicals Company (SAMAPCO), which produces caustic soda (CS), an important feedstock for our alumina refinery, and ethylene dichloride (EDC), a key feedstock for the production of plastics.

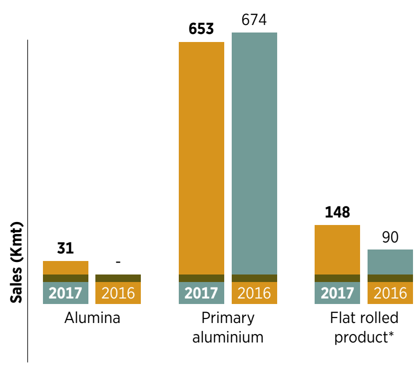
Strategic initiatives

Under our 2025 strategy, we are optimising production while also focusing on developing a sustainable organisation and a workforce dedicated to operating and managing our

430 Kmt

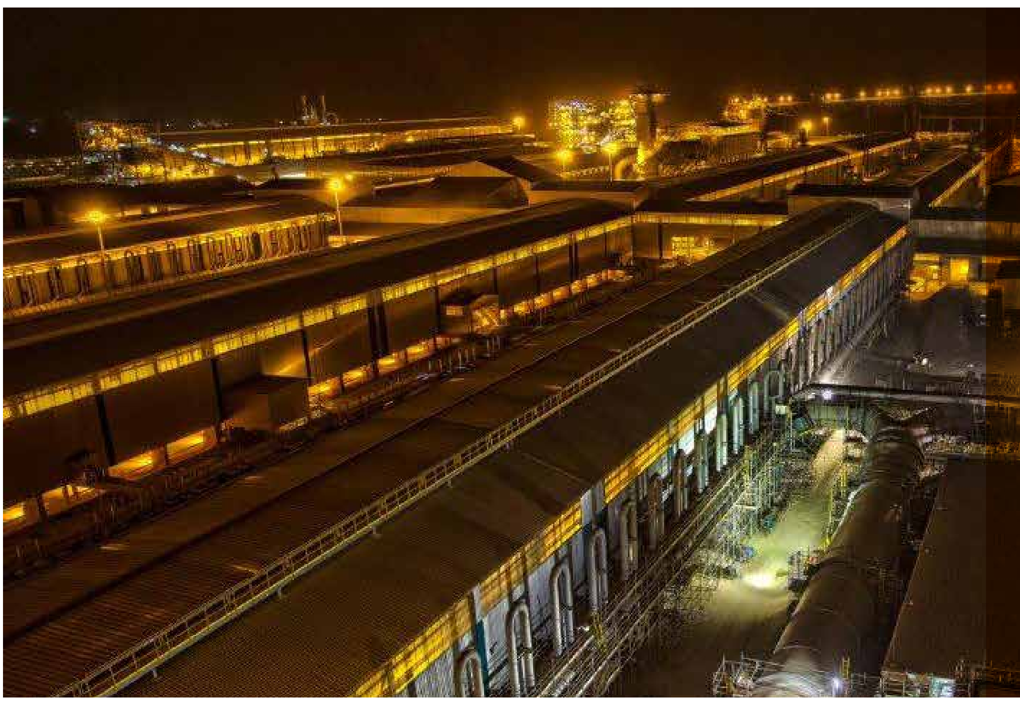
rolling mill capacity





* Not yet in commercial production

Aerial view of the aluminium complex



Ras Al Khair

Ras Al Khair, on the eastern coast of the Saudi Arabia, is the strategic hub for mining-related plants and infrastructure as well as other core projects. The city hosts our large-scale aluminium and phosphate plants. The fully integrated aluminium complex consists of a refinery, a smelter and a rolling mill that produces aluminium beverage can sheets and automotive sheets. The construction of our mine-to-market aluminium value chain was completed in 2014. It also includes a plant to recycle aluminium cans.

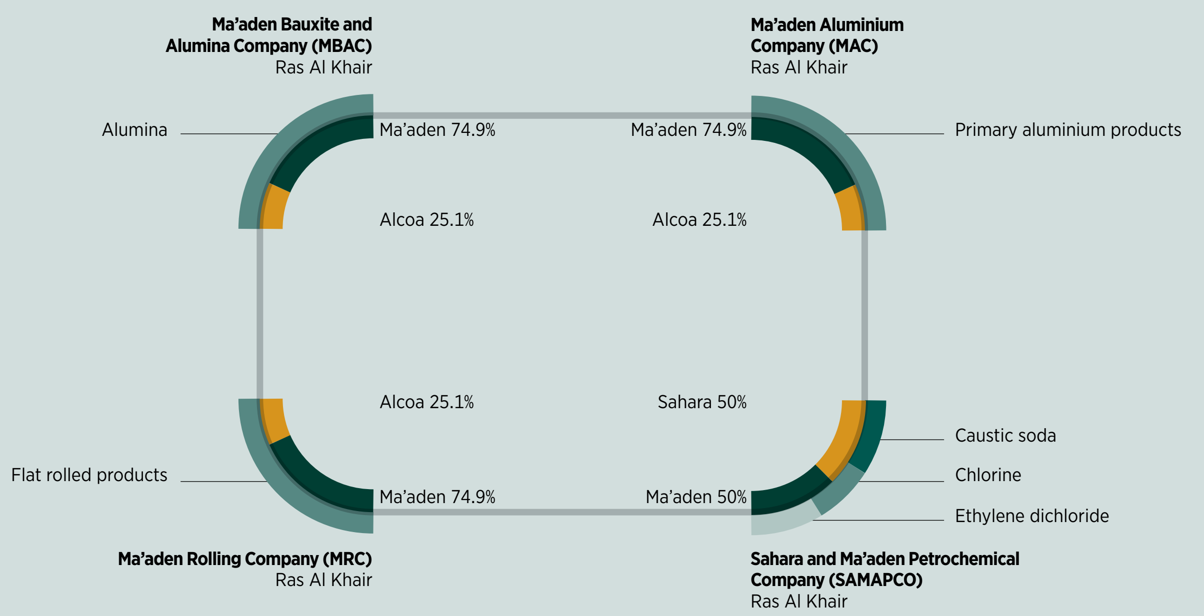
world-class operations and business.

We are working hard to sustain and optimise costs across the value chain and achieve higher operational efficiency and reduce capital expenditure in the refinery and the rolling mill. Our cash generation programme has delivered excellent results, particularly in procurement and in smelter operations.

We are also assessing the potential for higher value-added smelter-based products while focussing on waste reduction and increasing recycling of cans.

Above: An inside view of our aluminium rolling mill. Right aluminium billets ready to be dispatched to the market.

Ma'aden aluminium subsidiaries and jointly controlled entity



We produced 332,231 ounces of gold in 2017, an increase of 47 percent over 2016. Our largest gold mine, Ad Duwayhi, completed its first full year of commercial production, leading to a significant increase in gold output.

Output, revenues touch new highs

47% ↑

increase in production

Ad Duwayhi alone contributed 163,104 ounces to our total output. With the increased output, the share of gold in Ma'aden's annual revenue rose to 13 percent in 2017, compared with 11 percent in 2016.

In addition to the higher output, the recovery in global prices helped boost our earnings. The 2017 global average price of USD1,274/oz turned out to be higher than our forecast of USD1,100/oz. The ability of gold prices to remain above the lows reached at the end of 2016 – USD1,130/oz – will be critical in determining demand for gold jewellery and coins during 2018. If prices sink below those lows, it could hurt investor confidence in the same way as was seen in 2014. If prices remain above those lows and show signs of stability, it could result in demand for coins rising in 2018.

Ma'aden Gold and Base Metals company (MGBM), our wholly owned subsidiary, operates six gold mines in Saudi Arabia: Ad Duwayhi, Mahd Ad Dhahab, Al Amar, Bulghah, Sukhaybarat and As Suq.

HRH Prince Khalid Al-Faisal, Governor of Makkah Region and advisor to King Salman, inaugurated Ad Duwayhi in April 2017. The mine started commercial production in April 2016. It is expected to contribute around 30 percent of our gold output over the next five years. Its reserves are estimated at 1.9 million ounces of gold and it occupies around one square kilometer.

One-million goal

Our 2025 strategy aim is to increase gold production to one million ounces a year. This means we need to strengthen our reserve base considerably by investing in exploration

Gold production and sales by mine as of 31 December 2017

	Mahd Ad Dhahab		Sukhaybarat		Bulghah	
Gold production and revenue	**2017**	2016	**2017**	2016	**2017**	2016
Waste mined (tonnes)	**135,232**	161,618	**3,341,218**	2,399,395	**4,747,824**	4,429,822
Ore mined (tonnes)	**197,906**	206,733	**533,700**	685,422	**3,611,503**	2,837,949
Ore milled (tonnes)	**200,460**	205,247	**681,511**	677,234	**3,910,039**	2,795,148
Mill grade (grammes per tonne)	**4.00**	5.73	**1.83**	1.73	**0.68**	0.73
Net gold recovery (%)	**89.42**	86.96	**85.57**[2]	84.56[2]	**44.85**[2]	57.87[2]
Net gold ounces produced[1]	**23,041**	32,891	**13,089**	12,126	**58,369**	56,069
Gold ounces sold	**23,747**	32,598	**13,089**	12,126	**58,369**	56,069
Gold revenue (SAR)	**115,657,568**	150,481,958	**61,598,874**	56,023,926	**278,447,039**	263,158,907

1 Ad Duwayhi less capitalised production
2 The net gold recovery of Sukhaybarat and Bulghah mines are a result of separating the high grade and low grade ore of each of the mines and then blending the high grade and low grade ore of both mines, followed by the processing of the high grade ore at the Sukhaybarat carbon-in-leache (CIL) and the low grade ore at the Bulghah heap leach processing facilities.

Gold mining

From mining for gold at Mahd Ad Dhahab over 3,000 years ago to the inauguration of our largest mine at Ad Duwayhi in 2017, Saudi Arabia has come a long way. We operate six gold mines that are located in different regions of the Kingdom, and feasibility studies are underway at two locations. We plan to invest further in exploring for gold and base metais as part of our 2025 strategy.

efforts to create a more robust geological prospect and project pipeline. The performance of Ad Duwayhi, the ongoing feasibility studies of Mansourah, Massarah and Ar Rjum projects and our continuing efforts to win more exploration licences are all pointers to the potential for us to achieve the one-million-ounce target.

We also expect our operational excellence initiatives to help achieve higher production. The cash generation programme at MGBM resulted in significant savings and production cost.

Following the Mansourah and Massarah feasibility studies, we have undertaken a peer review that resulted in minor adjust-ments to the proposed plan. We have already prepared risk mitigation plans and technical evaluation parameters for engineering, procurement and construction bids (Approval status to be updated). At Ar Rjum, the next phase of the feasibility study will be conducted in 2018.

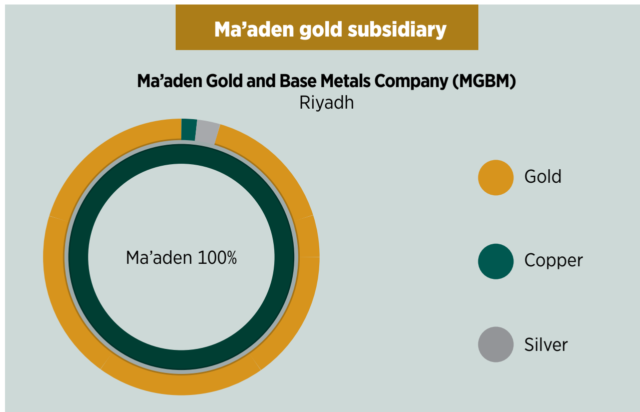
Achievements

As part of implementing the corporate EHSS initiative, we have reviewed safety practices and systems at all gold mines. We have redefined 161 safety standards at the mines, considerably strengthening day-to-day practices and monitoring mechanisms.

All MGBM mines are signatories to the International Cyanide Management Institute (ICMI).

As Suq mine near Taif in the Western Province of Saudi Arabia

Al Amar		As Suq		Ad Duwayhi		Total	
2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
65,160	84,680	**3,683,990**	3,713,121	**16,863,941**	16,173,096	**28,837,364**	26,961,732
247,867	250,060	**1,102,399**	1,020,188	**5,095,303**	4,489,793	**10,788,678**	9,490,145
266,102	255,987	**1,217,376**	1,100,672	**2,071,125**	1,311,615	**8,346,614**	6,345,903
5.76	6.04	**1.37**	1.15	**2.57**	1.85	**-**	-
91.56	88.08	**58.04**	63.11	**95.29**	96.16	**-**	-
45,109	43,820	**29,520**	24,170	**163,104**	56,314[1]	**332,232**	225,389
45,552	43,300	**29,520**	24,170	**163,103**	56,314	**333,381**	224,576
219,711,012	201,615,616	**140,090,476**	112,578,582	**777,654,475**	264,848,743	**1.593,159,444**	1.048,707,732



MGBM has had no cyanide related incidents or spills since 2014, secured the ICMI Cyanide Transportation Certificate in December 2014 and was audited for recertification in December 2017. Al Amar mine was certified in April 2015 and is due for recertification in April 2018. All other mines are working towards achieving ICMI certification by complying fully with the ICMI Code.

MGBM received the Makkah industrial excellence award during the year. It completed the implementation of a new traffic management plan that strengthened operational efficiency across all mines. Work on an explosives store at Mahd Ad Dhahab is 70 percent complete after meeting all safety requirements and obtaining the necessary approvals. We have installed a rental crusher circuit at the As Suq mine to increase production by 30 percent. We are constructing a copper floatation plant at Al Amar, which will increase recovery capacity by 15-20 percent.

An unfortunate water pipe rupture forced us to shut down Ad Duwayhi mine for seven days. Our investigations revealed that the leak was caused by a design issue that has since been fixed.

From top left: Our gold mines at Al Amar, Bulghah, Sukhaybarat and Ad Duwayhi. Opposite: an employee holding a gold bar at Ad Duwayhi mine


معادن للذهب
MA'ADEN GOLD

Our copper in concentrate production plant completed its first full year of commercial operations in 2017, with the Jabal Sayid mine reporting excellent all-round performance.

Copper performs well

SAR434million

Ma'aden share in copper revenue

Ma'aden Barrick Copper Company (MBCC), which manages our copper operations, is a 50-50 joint venture between Ma'aden and Barrick Middle East.

The 2017 production of 1,632,958 tonnes of copper in concentrate was 22 percent above our target. Our copper in concentrate revenue for the first full year was SAR868 million, with MBCC selling 35,530 tonnes of copper in concentrate at an average price of USD6,517 per tonne. Both the increase in production and improved copper prices helped our financial performance.

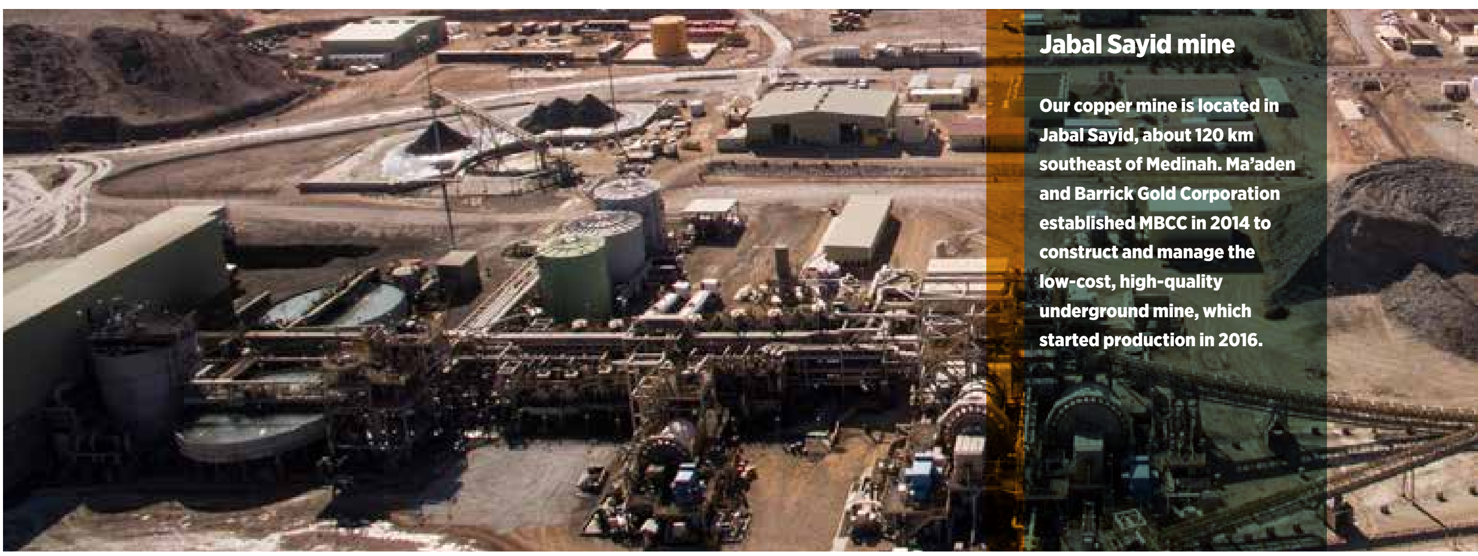
Our 2025 strategy acknowledges the potential for growing our copper business. The rationale for growth is quite simple: base metals, especially copper and zinc, offer good potential in the global minerals market and Saudi Arabia has significant mineral deposits.

Jabal Sayid has a mine life of 14 years with proven and probable reserves of 23.7 million tonnes at 2.40 percent grade (31 December 2017). This year our exploration activities focused on the Wadi Ghafara lease. The mine is located 150km south-east of Medina, 330km north-east of Jeddah, and about 350km by road from Yanbu on the Red Sea.

Key markets

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

An overview of the mine

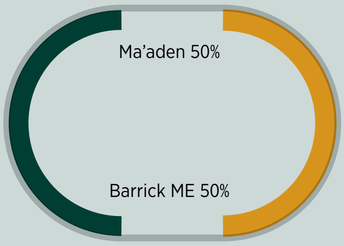


Jabal Sayid mine

Our copper mine is located in Jabal Sayid, about 120 km southeast of Medinah. Ma'aden and Barrick Gold Corporation established MBCC in 2014 to construct and manage the low-cost, high-quality underground mine, which started production in 2016.

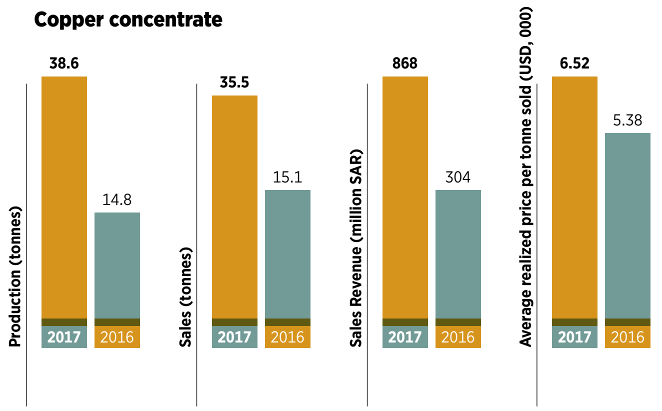
Ma'aden copper joint venture

Ma'aden Barrick Copper Company (MBCC)
Al Madinah al Munawarah



Products: copper, gold and silver

Copper concentrate



We have already signed agreements for the off-take of our copper in concentrate. We export 40 percent of our product to China and 60 percent to India, both shipped through Yanbu on Saudi Arabia's west coast.

Key achievements
Our most important achievements during the year were the ramp-up of production, safety record, environmental compliance and community support programmes.

We completed the construction of the paste fill plant on schedule and below budget, resulting in a saving of USD2 million. The paste plant is essential for the mining cycle.

We also completed an explosive magazine project ahead of time and according to the strict standards and guidelines of the Higher Commission for Industrial Security (HCIS).

Right: sections of the plant

Governance, risk and compliance

We are committed to implementing high standards of corporate governance, risk management and full compliance with the laws and regulations that are relevant to our operations and business.

110 Governance
125 Risk
129 Compliance

Ad Duwayhi


PROCESS WATER

In 2017, Ma'aden updated and strengthened its corporate governance policies and practices complying with the new regulations of the Capital Market Authority (CMA) that were introduced during the year.

Aiming for higher levels of integrity and transparency

6

Board of Directors' meetings in 2017

The new regulations are based on Saudi Arabia's revised Companies Law of 2015. Our Governance, Risk and Compliance (GRC) framework also draws Inspiration from Ma'aden's Articles of Association and the guidelines of the International Council of Mining and Metals (ICMM).

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 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). The SBUs have been given more autonomy in business decisions, making each business unit responsible for its profit or loss. The SBUs are:

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 at 31 December 2017		Primary products
Holding company					
Saudi Arabian Mining Compant (Ma'aden)	Joint stock company	11,688,782,610	Public Investment Fund General Organisation for Social Insurance Public Pension Agency Free float	50.00% 7.99% 7.48% 34.53%	
Wholly owned subsidiaries					
Ma'aden Gold and Base Metals Company (MGBM)	Limited liability company	867,000,000	Ma'aden	100.00%	Gold
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 Alcoa	74.90% 25.10%	Primary aluminium products i.e. aluminium ingots, T-bars, slabs and billets
Ma'aden Rolling Company (MRC)	Limited liability company	2,477,371,807	Ma'aden Alcoa	74.90% 25.10%	Flat rolled aluminium sheets
Ma'aden Bauxite and Alumina Company (MBAC)	Limited liability company	4,828,464,412	Ma'aden Alcoa	74.90% 25.10%	Alumina
Ma'aden Phosphate Company (MPC)	Limited liability company	6,208,480,000	Ma'aden SABIC	70.00% 30.00%	Ammonia phosphate fertilizer and ammonia
Ma'aden Wa'ad Al-Shamal Phosphate Company (MWSPC)	Limited liability company	7,005,001,875	Ma'aden Mosaic SABIC	60.00% 25.00% 15.00%	Ammonia phosphate fertilizer and ammonia
Jointly controlled entities					
Sahara and Ma'aden Petrochemical Company (SAMAPCO)	Limited liability company	900,000,000	Ma'aden Sahara	50.00% 50.00%	Ethylene dichloride, chlorine and caustic soda
Ma'aden Barrick Copper Company (MBCC)	Limited liability company	404,965,292	Ma'aden Barrick ME	50.00% 50.00%	Copper

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

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

The Ma'aden organisational structure (page 112) shows how the business segments and corporate functions are structured.

Board of Directors' role

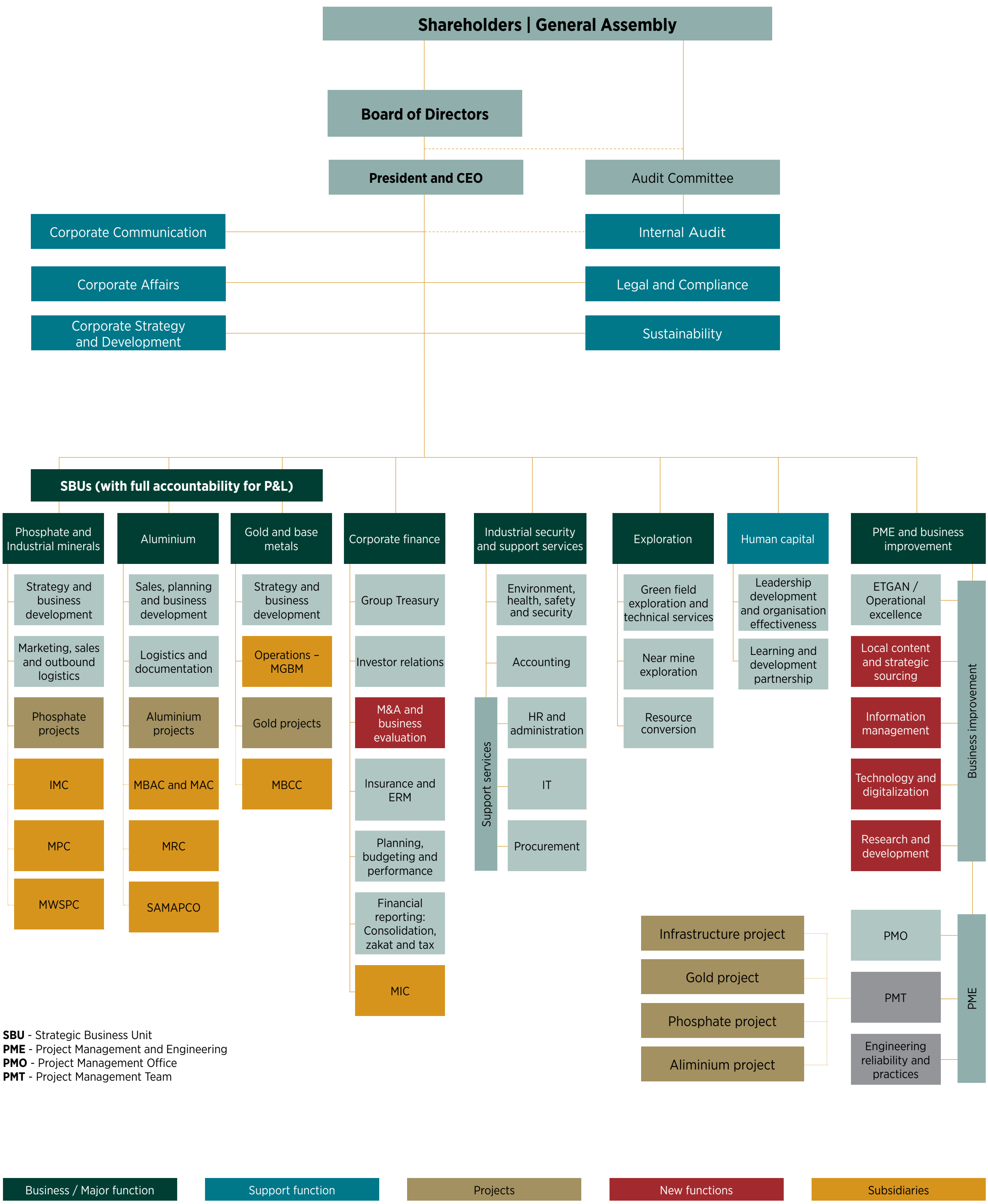
The Board of Directors oversees governance, risk and compliance management at Ma'aden as indicated in the Company's Articles of Association. The Board's responsibilities include:

- approval of the strategic plans and main objectives of Ma'aden and supervision of their implementation;
- setting of performance goals and supervising the implementation of measures to achieve those;
- approval of quarterly and annual financial statements;
- laying down and overseeing rules for internal control systems;
- decisions on policies and procedures to ensure Ma'aden's compliance with the laws and regulations and obligation to disclose material information to shareholders, creditors and other stakeholders.

The governance and compliance functions work in close coordination with the rest of the organisation to ensure that policies and practices are reviewed and updated continually, with the goal of further strengthening integrity and transparency.

Ad Duwayhi

Ma'aden organisational architecture with effect from 1 January 2018



General Assembly
The General Assembly of Shareholders is the platform where shareholders exercise their voting rights. Shareholder consent is required for key decisions such as the vote to approve:

- 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 a General Assembly of Shareholders in the first quarter of every year.

Extraordinary General Assembly meetings are held when necessary. Ma'aden fulfills all its obligations to shareholders under the CMA's corporate governance guidelines and the Company by-laws.

New Board of Directors
Ma'aden's Board of Directors consists of nine members appointed by the General Assembly for a term of three years. The Board includes five members representing our largest shareholders, three independent members and our CEO as the Executive Director, in accordance with Ma'aden's Articles of Association.

The three years tenure of our previous Board of Directors ended on 24 October 2017, and the 10th Ordinary General Assembly of shareholders appointed the new Board on 22 October 2017. The new Board's three years tenure began on 25 October 2017 and will end on 24 October 2020. Dr. Klaus Kleinfeld and Richard O'Brien joined the Board of Directors as new members.

Major shareholders in Ma'aden and percentage change in shareholding as of 31 December 2017

Shareholder	Beginning of the year	% of ownership	End of the year	% of ownership	Net change during the year	% of change
Public Investment Fund	584,239,128	50.00%	584,239,128	50.00%	0	0.00%
General Organisation for Social Insurance	93,342,010	7.99%	93,342,010	7.99%	0	0.00%
Public Pension Agency	87,116,161	7.46%	87,446,161	7.48%	330,000	0.03%
Sub-total	764,697,299	65.45%	765,027,299	65.47%	330,000	0.03%
Free float	404,180,962	34.55%	403,850,962	34.53%	(330,000)	(0.03%)
Total	**1,168,878,261**	**100%**	**1,168,878,261**	**100%**	**0**	**0.00%**

Board members and their status

H.E. Khalid Bin Abdulaziz Al-Falih	Chairman - non-executive
H.E. Sulaiman Bin Abdulrahman Al-Gwaiz	Vice Chairman - non-executive
Abdullah Bin Ibrahim Al-Saadan	Non-executive director
Dr. Klaus Kleinfeld	Non-executive director
Richard O'Brien	Non-executive director
Abdullah Bin Mohammed Al-Issa	Independent director
Lubna Bint Suliman Al-Olayan	Independent director
Azzam Bin Yasser Shalabi	Independent director
Khalid Bin Saleh Al-Mudaifer	Executive director

The three years term of office of the following two Board members ended on 24 October 2017

Dr Ziyad Bin Abdulrahman Al-Sudairy	Independent director
Dr Jean-Lou Chameau	Independent director

Number of Board meetings held during the financial year ended 31 December 2017 and members' attendance

	1	2	3	4	5	6	
Member	**19/01/17**	**02/04/17**	**21/06/17**	**20/09/17**	**26/10/17**	**09/12/17**	**Total**
H.E. Khalid Bin Abdulaziz Al-Falih - Chairman	✓	-	✓	✓	✓	✓	5
H.E. Sulaiman Bin Abdulrahman Al-Gwaiz	✓	✓	✓	✓	✓	✓	6
Abdullah Bin Ibrahim Al-Saadan	✓	✓	-	✓	✓	✓	5
Dr. Klaus Kleinfeld**					✓	✓	2
Richard O'Brien**					✓	✓	2
Abdullah Bin Mohammed Al-Issa	✓	✓	✓	✓	✓	✓	6
Lubna Bint Suliman Al-Olayan	✓	✓	✓	✓	✓	✓	4
Azzam Bin Yasser Shalabi	✓	✓	✓	✓	✓	✓	6
Khalid Bin Saleh Al-Mudaifer	✓	✓	✓	✓	✓	✓	6
Dr Ziyad Bin Abdulrahman Al-Sudairy*	✓	✓	✓	✓			4
Dr Jean-Lou Chameau*	✓	✓	✓	✓			4

* The member's three years term of office ended on 24/10/2017
** The member's three years term of office started on 25/10/2017

Board committees

Under the corporate governance framework approved by the General Assembly of shareholders, the Board of Directors is empowered to form sub-committees that help them carry out their responsibilities more effectively. Ma'aden's Board has appointed three sub-committees:

- the Audit Committee,
- the Nominations and Remuneration Committee and
- the Executive Committee.

Each sub-committee has its own charter and 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. In 2017, Ma'aden updated the Audit Committee and Nomination and Remuneration Committee Charters in line with the requirements of the new CMA regulations.

Audit Committee

The Audit Committee was reconstituted at the 10th Ordinary General Assembly meeting of Shareholders held on 22 October 2017 upon the expiry of the previous committee's tenure. The new committee's three years tenure began on 25 October 2017.

The four members of the committee are: Abdullah Bin Ibrahim Al-Saadan (Chairman) and Azzam Bin Yasser Shalabi, both representing the Board, and Walid Bin Ibrahim Shukri and Khalid Bin Hamad Al-Senani from outside of Ma'aden.

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

- review Ma'aden's adopted accounting policies and procedures;
- oversee the Group's internal audit function to ensure efficiency in performing its activities and tasks assigned by the Board;
- review and approve the internal audit plan and filing procedures;
- 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 and approve any task assigned to them beyond the normal auditing task and
- review their comments and recommendations on the consolidated financial statements;

The Audit Committee Charter, which identifies the committee's powers and responsibilities, is available on Ma'aden's website: www.maaden.com.sa/en/investor/committees

Nomination and Remuneration Committee

In 2017, the Board of Directors made changes in the Charter of the Nomination and Remuneration Committee to comply with the requirements of the new corporate governance regulations.

As a result of these changes the Board named Dr. Ziyad Al-Sudairy as Chairman (Independent) replacing the Board Chairman H.E. Khalid Al-Falih and also ended the membership of CEO Khalid Al-Mudaifer (Executive).

That committee completed its three years term on 24 October 2017. The new Nomination and Remuneration Committee was

Members of the Audit Committee and their attendance of meetings held during the financial year ended 31 December 2017

	1	2	3	4	
Member	**18/01/2017**	**03/05/2017**	**31/07/2017**	**30/10/2017**	**Total**
Abdullah Bin Ibrahim Al-Saadan - Chairman	✓	✓	✓	✓	4
Azzam Bin Yasser Shalabi	✓	✓	✓	✓	4
Walid Bin Ibrahim Shukri**	✓	✓	✓	✓	4
Khalid Bin Hamad Al-Senani**	✓	✓	✓	✓	4
Mazen Bin Abdullah Al-Furaih*	✓	✓	✓		3

* The member's three years term of office ended on 24/10/2017
** These are non-Board members from outside Ma'aden

constituted by the Board through resolution No. 5-5-2017 at its meeting held on 26 October 2017, approving the appointment of four members for the new three years term starting from 25 October 2017.

The four members of the committee are: Abdullah Bin Mohammed Al-Issa is the Chairman and Dr. Klaus Kleinfeld, Azzam Bin Yasser Shalabi and Lubna Bint Suliman Al-Olayan are members.

The duties and responsibilities of the Nomination and Remuneration Committee include:
- annual review and recommendations of the skills, competencies and work experience needed to strengthen the capacity of the Board,
- assistance in the selection and qualification of nominees for Board membership and
- preparation of a long-term succession plan, when necessary.

It also identifies the strengths and weaknesses of the Board and makes 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;
- 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 programmes and plans for succession of executive and
- evaluate objectives (including key performance indicators) to be achieved within the reward and incentive programmes.

The Charter of the Nominations and Remuneration Committee, which identifies the powers and responsibilities, is available on Ma'aden's website: www.maaden.com.sa/en/investor/committees

Members of the Nomination and Remuneration Committee and their attendance of meetings held during the financial year ended 31 December 2017

Member	1	2	3	4	Total
	15/02/2017	01/06/2017	19/09/2017	08/10/2017	
H.E. Khalid bin Abdulaziz Al-Falih*	✓				1
Dr Ziyad Bin Abdulrahman Al-Sudairy**	✓	✓	✓	✓	4
Abdullah Bin Mohammed Al-Issa - Chairman	✓	✓	✓	✓	4
Lubna Bint Suliman Al- Olayan	✓	✓	✓	✓	4
Dr. Klaus Kleinfeld***					-
Azzam Bin Yasser Shalabi***					-
Khalid Bin Saleh Al-Mudaifer*	✓				1

* Membership ended earlier in the year to comply with new corporate governance regulations
** Replacing the Board Chairman from 15/02/2017 onwards as Chairman. The member's three years term of office ended 24/10/2017
*** The member's three years term of office started on 25/10/2017

Executive Committee

The Board reconstituted the Executive Committee with five members on 26 October 2017 via resolution no. 4-5-2017. The new committee's three years tenure started on 25 October 2017 as the previous committee's term expired on 24 October 2017.

The five members of the committee are: H.E. Sulaiman bin Abdulrahman Al-Gwaiz is the Chairman and Abdullah Bin Ibrahim Al-Saadan, Dr. Klaus Kleinfeld, Richard O'Brien and CEO Khalid Bin Saleh Al-Mudaifer.

The duties and responsibilities of the Executive Committee include:
- 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 and receive all reports related to the execution and completion of projects and expansion work and
- oversee and monitor the implementation of operational policies and procedures excluding those related to accounting.

The Charter of the Executive Committee, which identifies its powers and responsibilities, is available on Ma'aden's website: www.maaden.com.sa/en/investor/committees

Members of the Executive Committee and their attendance of meetings held during the financial year ended 31 December 2017

Member	1	2	3	Total
	15/02/2017	11/05/2017	12/05/2017	
H.E. Khalid bin Abdulaziz Al-Falih*	✓	✓	✓	3
H.E. Sulaiman bin Abdulrahman Al-Gwaiz	✓	✓	✓	3
Abdullah Bin Ibrahim Al-Saadan	✓	✓	✓	3
Dr. Klaus Kleinfeld***				0
Richard O'Brien**	✓	✓	✓	3
Khalid Bin Saleh Al-Mudaifer	✓	✓	✓	3
*Dr Jean-Lou Chameau	✓	✓	✓	3

* The members' three year term of office ended on 24/10/2017
** A member from outside the board untill 24/10/2017; joined the Board on 25/10/2017
*** Committee member since 25/10/2017

Shares held by the members of Ma'aden's Board of Directors and their relatives during the financial year ended 31 December, 2017

Shareholder	Beginning of the year	End of the year	Net change during the year	% of change during the year
H.E. Khalid Bin Abdulaziz Al-Falih	13,198	13,198	0	0.00%
H.E. Sulaiman bin Abdulrahman Al-Gwaiz	0	0	0	0.00%
Abdullah Bin Ibrahim Al-Saadan	0	0	0	0.00%
Dr. Klaus Kleinfeld	0	0	0	0.00%
Richard O'Brien	0	0	0	0.00%
Abdullah Bin Mohammed Al-Issa	100	100	0	0.00%
Lubna Bint Suliman Al-Olayan	0	0	0	0.00%
Azzam Bin Yasser Shalabi	6,686	6,686	0	0.00%
Khalid Bin Saleh Al-Mudaifer	7579	7,579	0	0.00%

Board compensation policy

Compensation of the Board members may consist of a specified salary, or meeting attendance fee, material benefits, a percentage of the net profits or a combination of two or more of these benefits. In all cases, the total amount of the compensation, in financial or material benefits to a Board member shall not exceed the amount specified in accordance with the Companies law, its implementation and the measures established by the competent authority.

Remunerations and compensations paid to Board members of Ma'aden during the financial year ended on 31 December 2017

Status of directors	Specified amount	Allowance for attending Board meetings	Total allowance for attending committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member
independent directors						
Abdullah Bin Mohammed Al-Issa	-	18,000	-	-	-	-
Lubna Bint Suliman Al-Olayan	-	12,000	-	-	-	-
Azzam Bin Yasser Shalabi	-	18,000	-	-	-	-
Dr Ziyad Bin Abdulrahman Al-Sudairy *	-	12,000	-	-	-	-
Dr Jean-Lou Chameau*	-	12,000	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Non-executive directors						
H.E. Khalid Bin Abdulaziz Al-Falih	-	15,000	-	-	-	-
H.E. Sulaiman Bin Abdulrahman Al-Gwaiz	-	18,000	-	-	-	-
Abdullah Bin Ibrahim Al-Saadan	-	15,000	-	-	-	-
Dr. Klaus Kleinfeld**	-	6,000	-	-	-	-
Richard O'Brien**	-	6,000	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Executive director						
Khalid Bin Saleh Al-Mudaifer	-	18,000	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

* The three years term of the members ended with the end of the Board term on 24/10/2017 and the remuneration was calculated for the period from 01/01/2017 to 24/10/2017.
** The member's three years term of office started on 25/10/2017

Shares held by Ma'aden's senior executives and their relatives during the financial year ended 31 December, 2017

Shareholder	Beginning of the year	End of the year	Net change during the year	% of change during the year
Khaled Bin Salem Al-Rowais	0	0	0	0.00%
Yahia Bin Mohammed Al-Shangiti	0	0	0	0.00%
Darren Davis	0	0	0	0.00%
Khalil Bin Ibrahim Al-Watban	0	0	0	0.00%
Nabil Bin Abdulaziz Al-Fraih	0	0	0	0.00%
Majed Bin Youssef Al-Mugla	0	0	0	0.00%
Riyad Bin Sa'ad Al-Nassar	0	0	0	0.00%

Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total	End-of-service award	Aggregate amount	Expenses allowance
18,000	-	-	-	-	-	-	-	18,000	-
12,000	-	-	-	-	-	-	-	12,000	-
18,000	-	-	-	-	-	-	-	18,000	-
12,000	-	-	-	-	-	-	-	12,000	-
12,000	-	-	-	-	-	-	-	12,000	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**72,000**	**-**
15,000	-	-	-	-	-	-	-	15,000	-
18,000	-	-	-	-	-	-	-	18,000	-
15,000	-	-	-	-	-	-	-	15,000	-
6,000	-	-	-	-	-	-	-	6,000	-
6,000	-	-	-	-	-	-	-	6,000	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**60,000**	**-**
18,000	-	-	-	-	-	-	-	18,000	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18,000**	**-**

Khalid Al-Falih, Minister of Energy, Industry and Mineral Resources, and Chairman of Ma'aden, speaks to staff during a visit with other Board members

Board committees' compensation policy

Remuneration of Audit Committee members

On 22 October 2017, the General Assembly approved the Charter of the Audit Committee, which also identified the compensation to be paid to the members of the committee according to the following:

- A fee of SAR3,000 for attending a meeting.
- Annual remuneration of SAR100,000 paid for each committee member, excluding Board members. Ten percent of the total amount should be deducted for every time the member fails to attend a meeting during the financial year. In case the member fails to complete one year for any reason, the amount of the remuneration shall be deducted proportionally to the number of days during the year the member was not a committee member.
- The remuneration of the committee member who serves as a Board member shall be in accordance with the provisions of the Article of Association.

Ma'aden Board may amend the remuneration and compensations allocated for the members at any time, provided stating these changes as per the relevant laws.

Remuneration of Nomination and Remuneration Committee members

On 22 October 2017, the General Assembly approved the Charter of the Nomination and Remuneration Committee, which also identified the compensation paid to the members of the committee according to the following:

- A fee of SAR3,000 for attending a meeting.
- Annual remuneration of SAR100,000 paid for each committee member, excluding Board members. Ten percent of the total amount should be deducted for every time the member fails to attend a meeting during the financial year. In case the member fails to complete one year for any reason, the amount of the remuneration shall be deducted proportionally to the number of days during the year the member was not a committee member.
- The remuneration of the committee member who serves as a Board member shall be in accordance with the provisions of the Article of Association.

Ma'aden Board may amend the remuneration and compensations allocated for the members at any time, provided stating these changes as per the relevant laws.

Remuneration of Executive Committee members

On 24 April 2010, the General Assembly approved the Charter of the Nomination and Remuneration Committee, which also identified the compensation paid to the members of the Executive Committee as per the below:

- Each member of the committee is entitled of the following compensation: (a) annual fees for attending each meeting and (b) annual compensation.
- The Board of Directors' report to the Ordinary General Assembly meeting must include a comprehensive statement of all remunerations and other amounts paid to the committee members.

The General Assembly shall calculate the remunerations due to the Board of Directors in accordance with the agreements and policies in force, and submitting them to the Nomination and Remuneration Committee, which endorses these remunerations.

The Nomination and Remuneration Committee took into consideration the remuneration according to the functions and competencies of the member and the work that he or she provided.

Audit Committee members

	Fixed remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
Abdullah Bin Ibrahim Al-Saadan	175,000	12,000	**187,000**
Azzam Bin Yasser Shalabi	162,500	12,000	**174,500**
Khalid Bin Hamad Al-Senani	100,000	12,000	**112,000**
Walid Bin Ibrahim Shukri	100,000	12,000	**112,000**
Mazen Bin Abdullah Al-Furaih*	81,378	9,000	**90,378**
Total	**618,878**	**57,000**	**675,878**

Nomination and Remuneration Committee members

	Fixed remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
H.E. Khalid Bin Abdulaziz Al-Falih	233,500	9,000	**242,500**
Abdullah Bin Mohammed Al-Issa	305,617	12,000	**317,617**
Lubna Bint Suliman Al-Olayan	300,000	12,000	**312,000**
Dr. Klaus Kleinfeld**	34,421	-	**34,421**
Azzam Bin Yasser Shalabi	162,500	-	**162,500**
Dr Ziyad Bin Abdulrahman Al-Sudairy*	254,000	12,000	**266,000**
Khalid Bin Saleh Al-Mudaifer	150,000	3,000	**153,000**
Total	**1,440,038**	**48,000**	**1,488,038**

Executive Committee members

	Fixed remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
H.E. Khalid Bin Abdulaziz Al-Falih	233,500	9,000	**242,500**
H.E. Sulaiman Bin Abdulrahman Al-Gwaiz	304,658	9,000	**313,658**
Eng. Abdullah Bin Ibrahim Al-Saadan	175,000	9,000	**184,000**
Dr. Klaus Kleinfeld**	34,421	-	**34,421**
Professor Richard Obrien**	68,842	-	**68,842**
Khalid Bin Saleh Al-Mudaifer	150,000	9,000	**159,000**
Dr Jean-Lou Chameau*	244,000	9,000	**253,000**
Total	**1,210,421**	**45,000**	**1,255,421**

* The term of the members ended with the end of the Board term on 24/10/2017 and the remuneration was calculated for the period from 01/01/2017 to 24/10/2017.
** The member's term of office started on 25/10/2017

Executive compensation policy

The total executive compensation is associated with the Company's performance, which includes a performance bonus plan that is comprised of a Short-Term Incentive Plan (STIP) and Deferred Long-Term Incentive Plan (DLTIP), consisting of a maximum cap as per the Nomination and Remuneration Committee approval.

The DLTIP is based on installments paid over three years to retain senior executives and to be funded on a long term basis.

The Human Resources Department calculates the bonus based on company's set policy and sends it to the Remuneration and Nomination committee which approves these bonuses as per budget and it is stated in the Board's report.

Remunerations paid to the top six senior executives for the financial year ended 31 December 2017

Fixed remuneration			
Salaries	**Allowances**	**In-kind benefits**	**Sub total**
11,643,414	4,450,475	0	16,093,890

Profit distribution policy

As per the Company's Articles of Association, Article 44 states that the annual net profits shall be distributed as follows:

- Ten percent of the annual net profits shall be set aside to form a statutory reserve; this practice may be discontinued by the Ordinary General Assembly of Shareholders when the reserves total 30 percent of the Company's capital.
- The Ordinary General Assembly may, based on a proposal by the Board, set aside a percentage of the annual net profits to be allocated towards one or more specific purposes.
- The Ordinary General Assembly may, based on a proposal by the Board, resolve to create other reserves in such an amount as to ensure continued prosperity for the company or the payment of as steady dividends as possible to Shareholders. The General Assembly may, based on a proposal by the Board, also withhold certain amounts from the net profits for the creation of social organisations for the company's employees and workers, or for supporting such organisations as may already be in existence.
- Subject to the provisions of Article 20 and Article 76 of the Company's Law, if compensation for Directors is a percentage of the company's dividends, such compensation shall not exceed 10 percentage of the net profits, after deducting reserves established by the General Assembly in accordance with the provisions of the Article of Association and the Company Law, and after the distribution of a dividend to shareholders of at least five percent of the Company's paid-up capital. The entitlement to the compensation shall be proportional to the number of meetings attended by the member and every estimate otherwise be void.
- The General Assembly may then resolve, based on the recommendation of the Board, to distribute the balance (if any) among shareholders as an additional share of the dividends.

The Company may distribute interim dividends to the shareholders on a semi-annual or quarterly basis in accordance with the guidelines issued by CMA.

The Board of Directors has submitted a recommendation to the General Assembly not to distribute dividends for 2017 to continue the completion of Ma'aden's construction and financing of projects.

	Variable remuneration						
	Periodic remunerations	Share of profits	Short term incentives plans	Long term incentives plans	Alloted shares	Sub total	Grand total
	943,991	0	2,997,284	1,411,417	0	5,352,692	21,446,582

General Assembly agenda
The Board of Directors of Ma'aden makes the following recommendations to the Ordinary General Assembly meeting to be held on 1 March 2018:

- Vote to approve the Consolidated Financial Statements for the year ended on 31 December 2017.
- Vote to approve the External Auditor's report for the year ended 31 December 2017.
- Vote to approve the Board of Directors report for the year ended 31 December 2017.
- Vote to approve the Board of Directors recommendation not to distribute dividends for the year ended 31 December 2017.
- Vote on the appointment of the External Auditors for a period of three years recommended by the Audit Committee from among the nominees to audit the Company's financial statements for the years 2018, 2019 and 2020, review the Company quarterly financial statements and the approval of their remuneration.
- Vote on the discharge of Board of Directors members from liabilities for their activities during the financial year ended 31 December 2017.
- Amendment of Article 16 of the Articles of Association of the Company, stipulating that the Board of Directors shall be composed of ten members appointed by the Ordinary General Assembly for a period of three years, including the CEO of the company.

Disclosures of the Board of Directors
The Board declares that:

- proper books of account have been maintained;
- the system of internal control is sound in design and has been effectively implemented and
- there are no significant doubts concerning the Company's ability to continue its activity.

The company acknowledges the following:

- There are no shares or debt instruments issued by the affiliates except as referenced in the Company's consolidated financial statements.
- Except for the members of the Board of Directors, senior executives and their relatives, no person notified the company of any class of voting shares as stipulated in Article 45 of the Listing Rules issued by the CMA.
- The Company did not issue or grant any convertible debt instruments, contractual securities, warrants or similar rights during the financial year.
- The Company did not issue or grant any conversion or subscription rights under any convertible debt instruments, contractual securities, warrants or similar rights.
- The Company and its subsidiaries did not make any redemption, purchase or cancellation of any redeemable debt instruments.

- There are no material businesses or transactions made by the Company with related parties in violation with the Company's Articles of Association, the Companies' Law, the Capital Market Law and its implementing regulations. Furthermore, Ma'aden did not enter into any business or contract in which a Director of Ma'aden, the CEO, the CFO or any person related to any of them had any interest. The Company disclosed the membership of H.E. Sulaiman Bin Abdulrahman Al-Gwaiz, Chairman of Banque Saudi Fransi, Eng. Abdullah Bin Mohammed Al-Issa, Chairman of Riyad Bank, Ms. Lubna Bint Suliman Al-Olayan, member of the Board of Directors of Alawwal Bank, and the board membership of Eng. Khalid Bin Saleh Al-Mudaifer in Gulf International Bank.
- None of the members of the Board of Directors or senior executives of the Company has made any waiver of any salary or remuneration.
- None of the shareholders has waived any rights in the profits.
- The external auditor's report did not include any reservations on the consolidated annual financial statements, and the external auditors did not carry out any other professional services outside the scope of the normal audit except for zakat and income tax, which do not affect the principle of independence and objectivity according to the approved Saudi standards.
- The Board of Directors did not recommend replacing the external auditor before the end of the year assigned to him to cover.
- Ma'aden did not incur any material penalty from any authority or supervisory or regulatory or judicial body in 2017. However, on 18 December 2017, Ma'aden reached a settlement with the General Authority for Zakat and Tax (GAZT) to pay SAR11,681,400 in accumulated additional tax payments for the period 2004-2013. This decision is under appeal.

Accounting policy
The transition from the Saudi Organisation for Certified Public Accountants (SOCPA) accounting framework to International Financial Reporting Standards (IFRS) accounting framework with effect from 1 January 2016 was completed by 31 December 2016, in accordance with the SOCPA guideline for adopting IFRS.

The first set of IRFS consolidated financial statements of the Group for the financial year ended 31 December 2017 and the standalone financial statements for each of the legal entities in the Group have been prepared in full compliance with IFRS and the guidelines issued by SOCPA.

All of these financial statements were audited in accordance with International Standards on Auditing (ISA) and a clean audit opinion was issued for each of them by external auditors, indicating full compliance with IFRS.

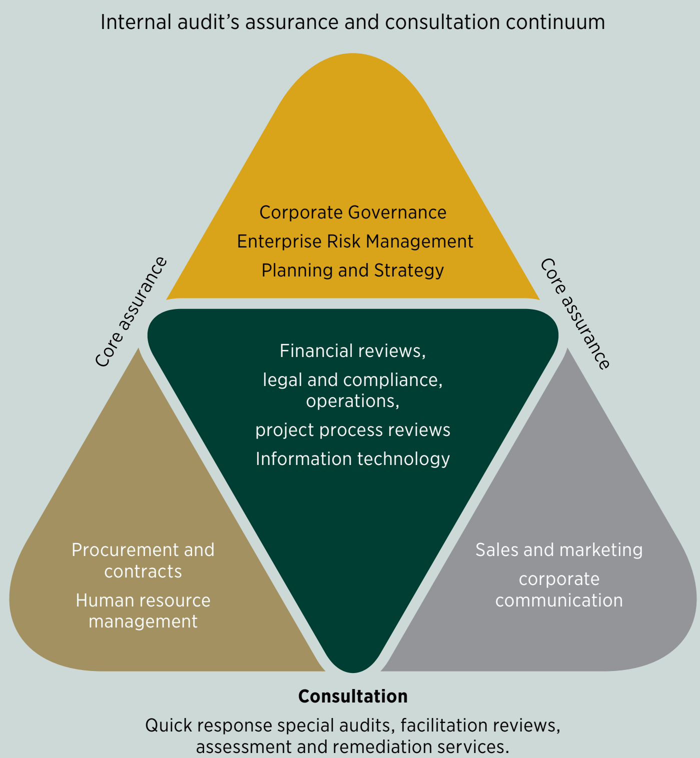
New IFRS standards like IFRS 9 and 15 will be implemented starting from 1 January 2018. No material inconsistencies exist as a result of the adoption of IFRS as endorsed in the Kingdom of Saudi Arabia.

Internal Audit
Under the guidance of the Audit Committee, Internal Audit continued to provide independent, objective assurance and consulting activities adding value and improving Ma'aden's operations to facilitate accomplishment of strategic objectives by utilizing a systematic and disciplined approach to evaluating the effectiveness of internal controls, risk management and governance processes.

During the year, Internal Audit performed assurance engagements in line with the annual internal audit plan, approved by the Audit Committee.

Primary objectives of the internal audit activities include the following:
- To assess the overall governance environment, compliance with applicable governance framework and benchmarking with leading practices to identify opportunities for improvements,
- To assess the overall effectiveness of the Enterprise Risk Management processes,
- To provide assurance over adequacy of Environmental, Health and Safety management systems,

Role of internal audit



- To evaluate the internal control systems established to ensure compliance with laws and regulations, company's bylaws, policies and procedures,
- To provide assurance over the reliability and integrity of disclosures of financial information,
- To evaluate the adequacy of controls for safeguarding of assets and to ensure their existence on an annual basis,
- To assess overall operations activities and ensure their performance, directions are consistent with the strategic aspirations of the company,
- To facilitate statutory (external audit), regulatory (government agencies) audits requirements, and
- To follow-up with management on the implementation of corrective actions in response to audit findings for improvement of internal controls effectiveness.

Besides the above, internal audit extended consultation support to senior management, including agreed-upon, investigative, and consultative reviews to corroborate facts and facilitate management decision making process.

Based on our performance during the year and consistent with our understanding of the internal control systems deployed by Ma'aden, we believe that Ma'aden has a reasonably effective system of internal controls. The risk exposures and internal control matters highlighted to the Audit Committee are not considered to be significant enough to have material impact on company's operations or strategy.

There was no instance of disagreements between Audit Committee recommendations and Board resolutions. The Audit Committee functions as a sub-committee of the Board and provided oversight support to the Board to facilitate its governance and oversight responsibilities.

Ma'aden founder member of Middle East Investor Relations Association in Saudi Arabia

Investor Relations

Ma'aden Investor Relations (IR) provides the investment community with an accurate portrayal of the company's performance and its future plans and prospects. We work as an effective communication channel between Ma'aden's Board of Directors and executive management and the investor community and market analysts.

Our IR policy and programmes are also designed to ensure that we comply with all our disclosure obligations as stipulated by the Listing Rules and guidelines of the CMA. As a company that values investor rights and concerns, we are committed to be transparent in our approach to shareholders, employees, partners and external stakeholders interested in Ma'aden's performance.

Our policy is to proactively communicate with the market and inform our stakeholders of all key developments that may have an impact on the business. In addition to relying on our website and Tadawul's platform to share information, we hold periodic dialogues to enable the most effective two-way communication between a company and the financial community and advise the company's senior management about market perceptions.

Our activities thus help investors in determining our stock's fair value, reduce market volatility and sustain the long-term credibility of the company, its operations and business plans.

Shareholders vote on major decisions through a system of electronic voting, either through Tadawul website or at the general assembly. Investor Relations ensures that the votes are aggregated and conveyed to the Board of Directors.

"As a company that values investor rights and concerns, we are committed to be transparent in our approach to shareholders, employees, partners and external stakeholders interested in Ma'aden's performance."

Risk management

Main risks facing Ma'aden
Ma'aden reviews and assesses risk in line with the ISO31000 framework. It uses both top-down and bottom-up approaches to identifying risk. In this section we describe the principal risks that we have identified and our efforts to mitigate them. There can be no assurance that these efforts will be successful in mitigating these risks, wholly or partly. The risks we list here are the principal risks and there are numerous other risks which could have an material adverse effect on Ma'aden's financial condition and operating results.

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 and instead seeks to mitigate this risk by leveraging its capability as 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
Ma'aden may be vulnerable to ongoing cyber attacks just as any other business anywhere in the world. These can vary from simple attacks and phishing exercises to more complex attacks. These attacks could threaten the integrity of our intellectual property and other sensitive information and disrupt our business operations. This could result in physical damage, reputational harm, seeking of ransom payments and other negative consequences which could have a material adverse effect on our financial condition and results of operations.

This is a constantly evolving area of risk. Ma'aden has extensive safeguards, firewalls and other defenses built into its systems. We also use third party cyber security companies to assist with protecting and securing our information technology environment. Ma'aden constantly reviews cyber threats, looking for opportunities to enhance its cyber security.

Projects
Identification of new projects, their development and execution on time, on budget and on specification is another area of risk. Ineffective development and execution of key projects can compromise the capital expenditure budgets and schedule. This would 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 on 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) for efficient and cost-effective transportation of raw materials, ore and intermediate products between its principal operating sites. An inability to move materials could result in the need to reduce or cease operations at certain facilities until supplies could be restarted. This would lead to a negative impact on the Group's profitability and cash flows.

Should SAR fail to meet our volume demand, Ma'aden will rely on transportation by trucks. This would entail a higher cost, may not be able to meet full volume requirements and may not be suitable for certain materials.

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 fertiliser products during market downturns. Our phosphate business also faces a risk of market segments moving away from general fertilisers to products tailored to specific crops and climates. Any failure to sell our products 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 and customer base as much as possible and expand its global marketing and sales reach.

Power interruption

Any significant power outage at our aluminium smelter due to equipment failure, issues with the connections to the Saline Water Conversion Corporation (SWCC) power plant or SEC grid or any other cause would have a material adverse effect on our operations and business results.

To mitigate this risk SWCC maintains a generating capacity significantly in excess of Ma'aden's needs. Ma'aden also maintains access to the Saudi Arabian power grid that can be activated in case of interruptions or shortfall in the SWCC plant supply.

Feedstock availability and prices

Limits on the availability or the higher cost of key feedstock, including natural gas, sulphur, 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, sulphur, 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.

Sulphur is readily available in Saudi Arabia from a number of Saudi Aramco facilities. Sulphur supplies to MWSPC are reliant on access to the rail network ('railway services' risk above). To mitigate this MWSPC maintains sufficient supply by road. The supply of gas, sulphur and diesel are agreed with Saudi Aramco but pricing may change as a result of market fluctuations or changes in the government's energy policy.

Environment, Health, Safety and Security (EHSS)

Mining, metal and fertiliser production have inherent EHSS risks that could result in serious personal injuries, casualties, operational disruptions and other operational and financial losses.

Ma'aden seeks to mitigate these risks through an integrated EHSS system at all locations using internationally recognised 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. This 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 centralised treasury functions to optimise 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 increase in funding costs would have a negative impact on our profitability and cash flows.

Ma'aden seeks to ensure that its debt facilities are of an appropriate size and structure for the business and regularly monitors 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 we conclude that it is 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. This could result in 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 our operations' compliance with EHSS standards and environmental regulations.

Capabilities and skills shortage
The availablility of skilled manpower remains one of the key long-term challenges of Ma'aden, considering that the country does not have a work force specially trained in mining-related vocations. Our ability to attract, develop and retain top talent is key to addressing future succession challenges.

Ma'aden has been working closely with the country's education and training institutions to attract and develop young Saudi nationals for future roles in the industry. Through Ma'aden's Academy, we have been focusing on in-house talent development and training to develop staff and prepare them for leadership roles.

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 any significant legal proceedings that may occur in the future.

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.

Exploration licenses
Ma'aden is reliant on acquiring and maintaining exploration licenses in order to replenish its or reserves and mineral resources. Failure to meet commitments on existing licenses could result in suspension or revocation of licenses. Additional competition in the mining sector within Saudi Arabia could result in challenges to acquire fresh acreage at an economic price.

Ma'aden periodically reviews its commitment requirements and has applied for new licenses in order to sustain exploration activities to support business growth.

Water supplies
Water is a scarce resource in Saudi Arabia with many competing uses. Mining requires access to reliable sources of water in order to process the minerals that are extracted. Any limitation in the supply of water or increased cost to Ma'aden for water supplied will have an adverse impact on production and costs.

Ma'aden has invested in a water pipeline to reuse waste water for some of its gold mining operations and has extraction licenses for wellfields near its northern operations. Ras Al-Khair plants are located next to a world scale desalination plant.

Grade erosion/depletion
During the life of a mine the quality (grade) of the ore can vary substantially while the extraction cost can increase if there is a higher amount of overburden to remove. Until the ore is actually mined the exact grade of the ore is not known and it may vary from the original mining plan. This can result in lower amounts of recovery at a higher cost, affecting the overall profitability of the mine and the downstream processing operations.

Ma'aden conducts extensive pre-mining testing and sampling of the ore body to determine the likely nature and disposition of the ore throughout the projected life of the mine and generally estimates its reserves in line with the standards of Joint Ore Reserve Code (JORC).

Social license to operate
Saudi Arabia is a sparsely populated country and our mines are mostly located away from large centres of population. However, there are communities around our mines and plants and it is important for Ma'aden to secure the consent and support of local communities. Though there are no risks of displacement with current projects and those under consideration, local communities may be affected by the presence of our industrial operations, triggering complaints from them.

Ma'aden maintains strong and positive relationships with local communities. Our subsidiaries have adopted a number of social responsibility programmes that focus mainly on education and employment, community development and empowering local people in different ways.

Currency fluctuations
Ma'aden's domestic costs are primarily denominated in Saudi Riyals with the majority of its capital machinery denominated in US$. While the Riyal and US$ enjoy a fixed rate of exchange there is little exposure as the majority of our sales are also in US$.

The Saudi Riyals pegged at SAR3.75: USD1. Therefore, the Group is not exposed to any risk from USD denominated financial instruments.

Ethics and compliance

Ethics and compliance are central to our corporate governance practices. We continually work to identify, evaluate, control and monitor compliance risks and adopt appropriate control measures and remedial actions.

As the local and global regulations and guidelines undergo changes that affect Ma'aden's business, we ensure that mechanisms are in place to enable Ma'aden's compliance with the changes. In 2017, we focused on the impact of the new value added tax (VAT), the revised corporate governance regulations from the Capital Market Authority (CMA) and Ma'aden's transition to International Financial Reporting Standards (IFRS).

During the year, we improved two key compliance controls:
- we migrated our whistleblower hotline to be managed by an independent third party and
- we assigned another third party to further enhance our due diligence reporting.

Both of these initiatives are in line with industry best practice and aimed at improving our ethics and compliance controls, and reducing corruption risk, in support of our corporate values.

We also launched the compliance section on our intranet, accessible to everyone working at Ma'aden. It is designed to increase awareness and inform staff about the latest developments concerning compliance. The section hosts reference material, various policies, links to external regulations, compliance news relevant to Ma'aden and has links to all forms related to ethics and compliance.

Having automated the annual ethics declaration system, we attained 100 percent staff participation, an industry-leading achievement. Automation made the declaration process easier by enabling staff to systematically declare their compliance with the key elements of our code of conduct, anti-corruption and conflict of interest policies.

SMART, the two-year e-learning programme launched in 2016 to strengthen our compliance culture, continued to make an impact in 2017. Face-to-face training and e-learning covered Ma'aden's values, code of conduct and anti-corruption policies. We have conducted 78 awareness sessions on Ma'aden's values and code of conduct, which were attended by 2,784 employees.

We continue reviewing, developing and drafting Ma'aden's policies to ensure that they address ethics and compliance risks and current regulations. Our anti-corruption policy came into effect across Ma'aden and its subsidiaries in 2016. Two policies – disclosure and transparency and trade controls – were finalised in 2017.

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A combination of improvements in the productivity of our existing assets as well as the contribution from newly commissioned production facilities underpinned growth in earnings during 2017.

Continued momentum in production growth and a more benign commodity price environment returned the Group to profit in 2017

56

percentage point increase in EBITDA margin

A combination of improvements in the productivity of our existing assets as well as the contribution from newly commissioned production facilities underpinned growth in earnings during 2017. Gold production rose by 47 per cent to 332 koz, our highest ever annual production, and our second ammonia plant produced over 1.1 million tonnes of product in its first year of commercial operations, above its designed capacity. 2017 also saw the first full year impact of the bauxite mine and alumina refinery which first entered commercial production in October 2016; similarly, our copper mine at Jabal Sayid also contributed its first full year of production having entered commercial operations in July 2016.

At the same time, with a 25 per cent improvement in aluminium prices over the course of the year, and slightly firmer than expected phosphate and ammonia prices, the Group reported its highest ever sales revenues of over SAR12 billion.

Higher profitability despite cost challenges

Although the improvement in prices was mainly due to improving supply and demand dynamics in the relevant markets, an increase in the cost of inputs was also a factor. Notably, the substantial increase in the cost of caustic soda impacted alumina prices, and the costs of coke and pitch utilized in the production of aluminium. Ma'aden is not immune to these cost pressures although we enjoy some mitigation through the fact that we operate fully integrated value chains from mine to finished product. Through a continued focus on our fixed cash costs as well as on improving our operational efficiency, we were able to increase our EBITDA margin by 9 percentage points in 2017 notwithstanding the aforementioned cost challenges.

Although EBITDA increased to SAR5.8 billion in 2017, a rise of 56 per cent over 2016, the impact of the recently commercialized production assets was felt in our net earnings. Depreciation charges rose by SAR337 million or 14 per cent versus 2016 and finance costs rose by SAR726 million or 82 per cent as the financial cost associated with the production assets were no longer capitalized.

Debt and liquidity management

Of the increase in finance cost in 2017, around SAR145 million was due to one-time charges associated with the refinancing of the debt of our aluminium smelter. The refinancing was executed very successfully with the new debt package now on more flexible terms and also at a significantly lower cost than

"Under the IFRS approach we have identified the need to impair assets within our aluminium rolling business. These impairments were taken at the time of the opening balance sheet adjustments on transition as well as at the end of 2016 and 2017."

the project finance facilities that were replaced. This is the second of our major project financings to be refinanced since early 2016 and is part of our goal to transform our debt portfolio to increase flexibility and ensure that we retain financial resilience despite carrying what is a large debt load for a business exposed to the commodity markets. We expect to undertake further optimisations of the Group's debt in the coming 12-24 months.

Maintaining an appropriate level of liquidity is also an important element of ensuring our resilience and during the year we successfully extended our Corporate Revolver for a further five year term. We ended the year with SAR6.6 billion in cash and time deposits; we expect to utilise this in the coming years to fund our next wave of growth projects.

Transition to IFRS

Effective 1 January 2017, the Group has transitioned to reporting under the International Financial Reporting Standards (IFRS) framework. The transition was smooth and we have taken the opportunity to further enhance the level of disclosure in our financial statements with the aim of improving the transparency of our business for our stakeholders.

One notable impact from the transition was the change to the methodology for impairment testing of assets. Under the IFRS approach we have identified the need to impair assets within our aluminium rolling business. These impairments were taken at the time of the opening balance sheet adjustments on transition as well as at the end of 2016 and 2017. The impairments reflect the fact that the market for aluminium flat rolled products has deteriorated considerably since the investment decision and we have felt it prudent to take a conservative view of the financial prospects for that business in the coming years. Our focus now is to ensure that we maximize the value of these assets and our commercial teams are making excellent progress in marketing our product to new customers and into new markets.

The past year has been positive in many ways in financial terms and with a sustained recovery in commodity prices and with more opportunities to grow production and improve cashflow, we look forward to delivering a strong financial performance from our world class business in 2018 and beyond.

Consolidated statement of profit or loss and other comprehensive Income for the year ended 31 December 2017

(in millions)	Explanatory notes	2017 SAR	2016 SAR	Variance SAR	y-o-y %
Sales	1	**12,086**	9,464	2,622	28
Cost of sales	2	**(8,154)**	(7,443)	(711)	10
Gross profit		**3,932**	2,021	1,911	95
Operating expenses					
Selling, marketing and logistic expenses	3	**(531)**	(410)	(121)	30
General and administrative expenses	4	**(382)**	(325)	(57)	18
Exploration and technical services expenses	5	**(62)**	(49)	(13)	27
Write-off of plant and equipment	6	**(45)**	(58)	13	(22)
Impairment of capital work-in-progress	7	**(477)**	(566)	89	(16)
Operating income		**2,435**	613	1,822	297
Income from time deposits	8	**77**	151	(74)	(49)
Finance cost	9	**(1,616)**	(890)	(726)	82
Other (expenses) / income, net	10	**(65)**	33	(98)	(297)
Share in net income of joint venture that have been equity accounted	11	**102**	4	98	2,450
Profit / (loss) before zakat and income tax		**933**	(89)	1,022	1148
Income tax		**(57)**	19	(76)	(400)
Zakat expense		**(92)**	(78)	(14)	18
Profit / (loss) for the year		**784**	(148)	932	630
Other comprehensive income					
Gain attributable to the re-measurements of employees' end of service termination benefits obligation		**46**	2	44	2200
Other comprehensive income for the year		**46**	2	44	2200
Total comprehensive income / (loss) for the year		**830**	(146)	976	668
Profit / (loss) attributable to shareholders of the parent company		**715**	(11)	726	6600
Non-controlling interest's share of current year's profit / (loss) in subsidiaries		**69**	(137)	206	150
Profit / (loss) for the year		**784**	(148)	932	630
Basic and diluted earnings per share (SAR)	12	**0.61**	(0.01)	0.62	6200
Weighted average number of ordinary shares in issue during the year (in millions)		**1,168**	1,168		
Gross profit percentage		**33%**	21%		
EBIT		**2,912**	1,179	1,733	147
EBIT margin		**24%**	12%		
EBITDA	13	**5,762**	3,697	2,065	56
EBITDA margin		**48%**	39%		
Profit / (loss) percentage		**7%**	-2%		

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

1. Sales

Components of sales

(in millions)	2017 SAR	2017 %	2016 SAR	2016 %	Variance SAR	Variance y-o-y %
Ammonium phosphate fertilizer and ammonia	**5,351**	**44**	4,056	43	1,295	32
Primary aluminium	**4,992**	**42**	4,249	45	743	17
Alumina	**40**	**-**	-	-	40	100
Gold	**1,593**	**13**	1,050	11	543	52
Industrial minerals	**110**	**1**	109	1	1	1
Total sales	**12,086**	**100**	9,464	100	2,622	28

The total consolidated sales revenue increased in 2017 by SAR 2,622 million (28 percent) due mainly to:

• an increase in average realized prices of aluminium (USD 356/mt), ammonium phosphate fertilizer (USD 22/mt) and gold (USD 26/oz)
• an increase in sales volumes of ammonia (945 Kmt), ammonium phosphate fertilizer (132 Kmt) and gold (109 Koz)

Partially offset by:

• a decrease in average realized prices of ammonia (USD 28/mt)
• a decrease in sales volume of aluminium (20 Kmt)

Geographical sales breakdown between international and domestic sales

	2017 SAR (millions)	2017 Quantity (thousands)	2016 SAR (millions)	2016 Quantity (thousands)	Variance SAR (millions)	Variance % y-o-y	Variance Quantity (thousands)	Variance % y-o-y	Countries
International									
Aluminium (tonnes)	**4,379**	**576**	3,452	552	927	27	24	4	Indian subcontinent, Asia-pacific, Brazil, GCC, MENA, Turkey, Lebanon, Egypt, Europe and North America
Alumina (tonnes)	**39**	**30**	-	-	39	100	30	100	United Arab Emirates
Ammonium phosphate fertilizer (tonnes)	**3,631**	**2,808**	3,241	2,676	390	12	132	5	India subcontinent, Brazil, Asia Pacific, and Latin America
Ammonia (tonnes)	**1,720**	**1,660**	815	715	905	111	945	132	India subcontinent and Asia Pacific
Gold (ounces)	**1,593**	**333**	1,046	224	547	52	109	49	Switzerland, Singapore
Industrial minerals (tonnes)	**64**	**54**	33	23	31	94	31	135	Indian subcontinent, Asia-pacific, Europe and Africa
Sub-total	**11,416**	**-**	8,587	-	2,839	-			
Domestic									
Aluminium (tonnes)	**612**	**77**	797	122	(185)	(23)	(45)	(37)	Saudi Arabia
Alumina (tonnes)	**1**	**0.5**	-	-	1	100	0.5	100	Saudi Arabia
Gold (ounces)	**-**	**-**	4	1	(4)	(100)	(1)	(100)	Saudi Arabia
Industrial minerals (tonnes)	**46**	**381**	76	639	(30)	(39)	(258)	(40)	Saudi Arabia
Infrastructure	**1**	**-**	-	-	1	100	-	-	Saudi Arabia
Sub-total	**660**	**-**	877	-	(217)	(25)	-	-	
Total sales	**12,086**	**-**	9,464	-	2,622	(28)	-	-	

Aluminium sales
Aluminium sales, which represented 42 percent of the total consolidated sales for 2017, increased by 17 percent (SAR743 million) due to an increase in average realized prices of USD 356/mt (price effect of SAR 872 million) partially offset by a decrease in volume sold by 20 Kmt (volume effect of SAR 130 million).

Ammonium phosphate fertilizer sales

Ammonium phosphate fertilizer sales representing 30 percent of the total consolidated sales for 2017 increased by 12 percent (SAR 390 million) due an increase in the average realized price of USD 22/mt (price effect of SAR 231 million) and also an increase in volume sold by 132 Kmt (volume effect of SAR 159 million).

Ammonia sales

Ammonia sales, which represented 14 percent of the total consolidated sales for 2017, increased by more than 100 percent (SAR 905 million) due to an increase in the volume sold of 944 Kmt (volume effect of SAR 956 million) resulting from the commencement of commercial production in MWSPC on 1 January 2017. However, the impact of the increase in volume sold was partially offset by the decrease in average realized prices by USD 28/mt (price effect of SAR 51 million).

Gold sales

Gold sales, which represented 13 percent of the total consolidated sales for 2017, increased by 52 percent (SAR 543 million) due to an increase in quantity sold by 109 Koz (volume effect of SAR 509 million) mainly resulting from the increased production at the Ad Duwayhi mine. Furthermore, the average realized price per ounce sold increased by USD 26/oz (price effect of SAR 34 million).

Gold ounces sold by mine

	2017		2016		Variance	
Mine	**Ounces**	**% contribution**	**Ounces**	**% contribution**	**Ounces**	**y-o-y %**
Mahd Ad Dahab	**23,747**	**7**	32,598	15	(8,851)	(27)
Sukhaybarat	**13,089**	**4**	12,126	5	963	8
Bulghah	**58,369**	**17**	56,069	25	2,300	4
Al Amar	**45,552**	**14**	43,300	19	2,252	5
As Suq	**29,520**	**9**	24,170	11	5,350	22
Ad Duwayhi	**163,104**	**49**	56,313	25	106,791	190
Total gold ounces sold	**333,381**	**100**	224,576	100	108,805	48

Industrial minerals sales

Industrial mineral sales represented 1 percent of the total consolidated sales for 2017.

2. Cost of sales

	2017		2016		Variance	
(In millions)	**SAR**	**% contribution**	**SAR**	**% contribution**	**SAR**	**y-o-y %**
Salaries and staff related benefits	**973**	**12**	760	10	213	28
Contracted services	**718**	**9**	440	6	278	63
Repairs and maintenance	**117**	**1**	63	1	54	86
Consumables	**134**	**2**	144	2	(10)	(7)
Overheads	**442**	**5**	368	5	74	20
Raw material and utilities consumed	**3,306**	**41**	3,186	43	120	4
Inventory losses	**12**	**-**	16	-	(4)	(25)
Sale of by-products	**(90)**	**(1)**	(44)	(1)	(46)	105
Allowance / (reversal) of inventory obsolescence	**22**	**-**	-	-	22	100
Severance fees	**73**	**1**	8	-	65	813
Total cash operating costs	**5,707**	**70**	4,941	66	766	16
Depreciation of mine properties	**506**	**6**	394	6	112	28
Depreciation of property, plant and equipment	**2,287**	**28**	2,060	28	227	11
Amortisation of intangible assets	**20**	**-**	30	-	(10)	(33)
Total operating costs	**8,520**	**104**	7,425	100	1,095	15
(Increase) / decrease in inventory	**(366)**	**(4)**	18	-	(384)	(2133)
Total	**8,154**	**100**	7,443	100	711	10

Cost of sales increased by SAR 711 million year-on-year due to the higher sales volumes of all products except aluminium and also due to higher raw material prices.

Aluminium cost of sales

Aluminium cost of sales increased by SAR 388 million due to an increase in the average cost/mt of USD 234 resulting mainly from increases in raw material prices.

Ammonium phosphate fertilizer cost of sales

DAP/MAP cost of sales decreased by SAR 177 million mainly due to a reduction in the average unit cost/mt of USD 31 /MT resulting from cost improvements.

Ammonia cost of sales

Ammonia cost of sales increased by SAR 388 million mainly due to an increase in quantity sold of 944 KMT resulting from the commencement of commercial production at MWSPC on 1 January 2017.

Gold cost of sales

Gold cost of sales increased by SAR 232 million mainly due to an increase in quantity sold of 109 Koz resulting from the increased production at the Ad Duwayhi mine. Furthermore, the average cost per ounce sold decreased by USD 97/oz resulting from the higher production of 106 Koz.

Gold produced by mine

	2017		2016		Variance	
Mine	**Ounces**	**% contribution**	**Ounces**	**% contribution**	**Ounces**	**y-o-y %**
Mahd Ad Dahab	**23,041**	**7**	32,891	15	(9,850)	(30)
Sukhaybarat	**13,089**	**4**	12,126	5	963	8
Bulghah	**58,369**	**17**	56,069	25	2,300	4
Al Amar	**45,109**	**14**	43,820	19	1,289	3
As Suq	**29,520**	**9**	24,170	11	5,350	22
Ad Duwayhi	**163,104**	**49**	56,313	25	106,791	190
Total gold ounces produced	**332,232**	**100**	225,389	100	106,843	47

Industrial minerals cost of sales

The cost of sales of industrial minerals decreased overall by 1 percent.

3. Selling, marketing and logistic expenses

The increase of SAR121 million (30 percent) was mainly caused by an increase in marketing expenses and deductibles pertaining to higher volumes sold of ammonium phosphate fertilizer and ammonia resulting from the commencement of commercial production of ammonia at MWSPC on 1 January 2017. In addition, freight and logistic expenses increased for aluminium sales.

4. General and administrative expenses

The increase of SAR 57 million (18 percent) was mainly caused by an increase in management consultancy and overhead costs.

5. Exploration and technical services expenses

The increase of SAR 13 million (27 percent) was mainly caused by higher contracted services relating to higher drilling and sampling activities in MGBM.

6. Write-off of plant and equipment

The decrease of SAR 13 million (22 percent) resulted from the fact that during 2016 certain assets in MGBM (SAR 34 million) and MAC (SAR 24 million) were written-off whereas the write-off during 2017 represents assets written-off in MAC alone (SAR 45 million).

7. Impairment of capital work-in-progress

Impairment of capital work-in-progress represents MRC's assets recorded under capital work-in-progress that were impaired based on the impairment testing performed as at 31 December 2016 and 31 December 2017 amounting to SAR 566 million and SAR 446 million respectively. Furthermore, during the year ended 31 December 2017 additional funding contributed to the joint venture SAMAPCO amounting to SAR 31 million has been impaired.

8. Income from time deposits

The decrease of SAR 74 million mainly resulted from decreased investment of excess funds in short-term deposits by Ma'aden Corporate during 2017 which resulted from lower interest rates.

9. Finance cost

The increase of 726 million (82 percent) mainly resulted from the restructuring of the MAC loan facility on 14 December 2017 (SAR 181 million), the first full year of finance costs of MBAC compared to 3 months during 2016 (SAR 247 million), non-capitalization of MRC finance cost from 1 January 2017 (SAR 177 million), and MWSPC finance cost attributed to the commencement of commercial operations of the ammonia plant on 1 January 2017 (SAR 112 million).

10. Other (expenses) / income, net

Other expenses mainly represents withholding tax pertaining to the final assessment of prior years (SAR 28 million), aluminium price adjustments in Corporate pertaining to prior years (SAR 21 million) and research and development and corporate social responsibility accruals in MWSPC (SAR 13 million).

11. Share in net income of joint venture that have been equity accounted

Share in net income of joint venture represents Ma'aden's share of 50 percent in the net income of Ma'aden Barrick Copper Company (MBCC), a joint venture between Ma'aden and Barrick Middle East PTY Limited. Share in net income increased due to full year operations of MBCC compared to half year in 2016 as MBCC commenced commercial operations on 1 July 2016, and due to higher copper prices.

12. 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 2017 and 2016 was 1,168,478,261 shares.

13. EBITDA

	2017	2016	Variance	
(in millions)	**SAR**	**SAR**	**SAR**	**y-o-y %**
Operating profit for the year	**2,435**	613	1,822	297
Depreciation of mine properties*	**506**	394	112	28
Depreciation of property, plant and equipment*	**2,317**	2,091	226	11
Amortization of intangible assets*	**27**	33	(6)	(18)
Impairment of capital work-in-progress	**477**	566	(89)	(16)
EBITDA	**5,762**	3,697	2,065	56

* Depreciation of mine properties and property, plant and equipment and amortization of Intangible assets does not reconcile 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 31 December 2017

(in millions)	Explanatory notes	2017 SAR	2016 SAR	Variance SAR	Variance y-o-y%
Non-current assets					
Mine properties		**9,098**	9,247	(149)	(2)
Property, plant and equipment	14	**44,451**	42,459	1,992	5
Capital work-in-progress	15	**26,409**	29,185	(2,776)	(10)
Intangible assets		**346**	375	(29)	(8)
Investment in joint venture		**934**	832	102	12
Deferred tax assets		**462**	378	84	22
Long-term investment		**50**	50	-	-
Other non-current assets	16	**1,183**	54	1,129	2,091
Total non-current assets		**82,933**	82,580	353	-
Current assets	17	**12,184**	11,563	621	5
Total assets		**95,117**	94,143	974	1
Equity attributable to shareholders' of the parent company		**26,098**	25,342	756	3
Non-controlling interest		**8,432**	7,794	638	8
Total equity		**34,530**	33,136	1,394	4
Non-current liabilities					
Other non-current liabilities	18	**2,156**	2,517	(361)	(14)
Long-term borrowings	19	**50,701**	50,779	(78)	-
Total non-current liabilities		**52,857**	53,296	(439)	(1)
Current liabilities		**7,730**	7,711	19	-
Total liabilities		**60,587**	61,007	(420)	(1)
Total liabilities and equity		**95,117**	94,143	974	1

14. Property, plant and equipment

The increase of SAR 1,992 million is mainly attributed to the addition and transfer of assets from capital work-in-progress of SAR 4,396 million reduced by assets written-off during the year of SAR 45 million and the depreciation charge for the year of SAR 2,359 million.

During the year, the addition and transfer of assets from capital work-in-progress of SAR 4,396 million mainly comprised of:

- MWSPC contributed an increase of SAR 3,344 million relating to the assets capitalized for ammonia plant attributed to the commencement of commercial production on 1 January 2017.
- IMC contributed an increase of SAR 104 million relating to the assets capitalised for Vertical Shaft Kiln (VSK) plant attributed to the commencement of commercial production on 1 August 2017.
- MPC contributed an increase of SAR 573 million relating mainly to fixed plant, capital spares and building.
- MBAC contributed an increase of SAR 177 million relating mainly to fixed plant, capital spares and civil works.
- MAC contributed an increase of SAR 175 million relating mainly to fixed plant, capital spares, mobile workshop and other equipment.

The remaining increase of SAR23 million was mainly accounted for by MGBM and MRC pertaining to fixed plant, civil works and other equipment.

15. Capital work-in-progress

During the year the following movements occurred in capital work-in-progress:

- SAR 4,253 million was transferred from capital work-in-progress to property, plant and equipment mainly due to the commencement of commercial production of MWSPC's ammonia plant and IMC's VSK plant.
- SAR 1,093 million was transferred to the employees' home ownership program receivables.
- SAR 3,030 million additions, of which SAR 2,202 million was attributed to phosphate segment, mainly MWSPC, SAR 563 million to aluminum segment, SAR 159 million to Corporate, SAR 97 million to MGBM, SAR 4 million to IMC, and SAR 5 million to MIC.
- SAR 446 million reduction due to the impairment of MRC's assets.
- SAR 14 million transferred to mine properties in respect of mining capital work-in-progress.

16. Other non-current assets

During the year, the following movements occurred in other non-current assets:

- SAR 998 million addition in respect of the non-current portion of employees' home ownership program receivables.
- SAR 73 million increase in the non-current portion of stockpile of mined ore in MGBM.
- SAR 61 million increase in the non-current portion of advances and prepayments due to the capitalization of Corporate revolver loan fees.

17. Current assets

The current assets increase of SAR 621 million in 2017 comprised mainly of the following:

- Trade and other receivables in 2017 were SAR 2,000 million compared to SAR 1,273 million in 2016 (an increase of SAR 727 million) attributable to increased sales volume and average realized prices of products. Furthermore, the current portion of the employees' home ownership program receivables of SAR 55 million and zakat receivable from GAZT of SAR 45 million contributed to the increase of trade and other receivables.
- Inventories in 2017 were SAR 3,436 million compared to SAR 3,068 million in 2016 (an increase of SAR 368 million) mainly resulting from an increase in finished goods, raw materials and spare parts and consumables inventory of MWSPC.
- Due from joint venture partners increased by SAR 14 million in respect of the contribution receivable from Alcoa Corporation for its share of 25.1% in the automotive sheet project.

18. Other non-current liabilities

Other non-current liabilities decreased by SAR 361 million mainly due to a decrease in project and other payables of MWSPC and MIC in respect of the project retention payables amounting to SAR 526 million in 2017 compared to SAR 1,104 million in 2016. This was offset by an increase in employees' benefits by SAR 43 million, an increase in deferred tax liability pertaining to foreign shareholders by SAR 114 million, and an increase in the amounts due to a joint venture partner by SAR 75 million in respect of the contribution of Alcoa Corporation for its share of 25.1% in the automotive sheet project.

19. Long term borrowings

Total borrowings (including current portion) increased by SAR 365 million as a result of drawdowns amounting to SAR 9,176 million reduced by repayments of SAR 8,851 million. Also, the movement in transaction cost of SAR 40 million contributed to the increase of long-term borrowings.

Borrowing company	Balance at 1 January 2017	Withdrawals/ drawdowns during the year	Repaid during the year	Balance at 31 December 2017
Saudi Arabian Mining Company Ma'aden	**-**	-	-	-
Ma'aden Gold and Base Metals Company	**976**	395	(158)	1,213
Ma'aden Infrastructure Company	**961**	-	(78)	883
Ma'aden Aluminium Company*	**11,245**	6,683	(6,970)	10,958
Ma'aden Rolling Company	**5,003**	-	(157)	4,846
Ma'aden Bauxite and Alumina Company	**8,368**	340	(339)	8,369
Ma'aden Phosphate Company	**11,493**	-	(1,149)	10,344
Wa'ad Al Shamal Phosphate Company	**16,314**	1,758	-	18,072
Total	**54,360**	9,176	(8,851)	54,685

* During December 2017, MAC restructured its borrowing facilities by amending the PIF agreement and entering into a new finance agreement to refinance all other facilities in full.

Consolidated statement of cash flows for the year ended 31 December 2017.

(in millions)	2017 SAR	2016 SAR	Variance SAR	y-o-y%
Cash and cash equivalents at the beginning of the year - unrestricted	**4,310**	3,715	595	16
Net cash generated from operating activities	**3,018**	1,950	1,068	55
Net cash utilized in investing activities	**(3,972)**	(10,158)	6,186	(61)
Free cash flows	**(954)**	(8,208)	7,254	(88)
Net cash generated from financing activities	**926**	8,803	(7,877)	(89)
Net change in cash and cash equivalents for the year	**(28)**	595	(623)	(105)
Cash and cash equivalents at the end of the year - unrestricted	**4,282**	4,310	(28)	(1)

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 31 December 2017

Administration and contact details as at 31 December 2017

Commercial registration number	1010164391	
Directors*	H.E. Engr. Khalid Bin Abdulaziz Al-Faleh	Chairman
	H.E. Sulaiman Bin Abdulrahman Al-Gwaiz	Vice chairman
	Engr. Abdullah Bin Mohammed Al-Issa	
	Ms. Lubna Bint Suliman Al-Olayan	
	Engr. Abdullah Bin Ibrahim Al-Saadan	
	Engr. Azzam Bin Yaser Shalabi	
	Dr. Klaus Christian Kleinfeld	
	Mr. Richard O'Brien	
	Engr. Khalid Saleh Al-Mudaifer	
	Dr. Ziad Bin Abdulrahman Al-Sudairy	(End of term 24 October 2017)
	Dr. Jean-Lou Chameau	(End of term 24 October 2017)
Registered address	Building number 395 Abi Bakr Asseddiq Road, South Exit 6, North Ring Road Riyadh 11537 Kingdom of Saudi Arabia	
Postal address	P.O. Box 68861 Riyadh 11537 Kingdom of Saudi Arabia	
Banker	The Saudi British Bank (SABB)	
Auditors	Ernst & Young Al Faisaliah Office Tower, 3rd Floor King Fahad Road P.O. Box 2732 Riyadh 11461 Kingdom of Saudi Arabia	

*The nine members of the Board of Directors have been appointed for the next term of three years, which commenced on 25 October 2017.

Statement of Directors' responsibilities for the preparation and approval of the consolidated financial statements for the year ended 31 December 2017

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditors' report, set out on page 8, 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 31 December 2017, the results of its operations, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

In preparing the consolidated financial statements, the management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS and other pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA"), as endorsed in the Kingdom of Saudi Arabia, 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 and the companies 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 IFRS 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 31 December 2017 set out on pages 17 to 141, were approved and authorized for issue by the Board of Directors on 31 January 2018 and signed on their behalf by:

Engr. Abdullah Bin Ibrahim Al-Saadan 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

14 Jumada-1 1439H
31 January 2018
Riyadh
Kingdom of Saudi Arabia

Building a better working world

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Independent auditor's report

To the shareholders of Saudi Arabian Mining Company (Ma'aden)
(A Saudi Arabian joint stock company)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (the "Group"), which comprise of the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to these consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section, of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia and are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming an auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter listed below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters listed below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Report on the audit of the consolidated financial statements (continued)

Key audit matter	How our audit addressed the key audit matter
First Time Adoption of International Financial Reporting Standards (IFRS) As a result of the regulatory requirement in the Kingdom of Saudi Arabia, effective 1 January 2017, the Group is required to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants. For all years up to and including the year ended 31 December 2016, the Group had prepared and published its audited consolidated financial statements in accordance with Generally Accepted Accounting Principles (GAAP) issued by SOCPA in KSA (SOCPA GAAP). The consolidated financial statements for the year ended 31 December 2017 are the Group's first consolidated financial statements in accordance with IFRS, as endorsed in KSA. Accordingly, the Group has for the first time applied IFRS, as endorsed in KSA, for the preparation of its consolidated financial statements for the year beginning 1 January 2017. In compliance with the requirements of IFRS 1, as endorsed in KSA, the Group's consolidated statement of financial position as at 1 January 2016 was prepared after incorporating the required adjustments to reflect the transition to IFRS as endorsed in KSA. The Group has assessed the impact of transitioning from SOCPA GAAP to IFRS, as endorsed in KSA and significant adjustments have been made in the consolidated financial statements of the Group as at 1 January 2016 and 31 December 2016. We considered this as a key audit matter since the first time adoption of IFRS has significant impact on the consolidated financial statements from a recognition, measurement and disclosure perspective. Refer to notes 2.1, 5 and 6 to the consolidated financial statements for the details of transition and the reconciliation adjustments between SOCPA GAAP and IFRS, as endorsed in KSA.	We performed the following procedures in respect of the transition to IFRS, as endorsed in KSA: • Assessed the appropriateness of the implementation of IFRS, as endorsed in KSA, in accordance with the provisions of IFRS 1. • Assessed the appropriateness of the accounting policies adopted. • Evaluated the position papers on technical matters, detailed implementation plans (DIPs) and GAAP differences identified by the Group's Management • Tested a sample of adjustments (including calculation and recording) made to various balances and transactions to bring them in line with IFRS as endorsed in KSA. • Assessed the appropriateness of disclosures made for the impact of the transition from SOCPA GAAP to IFRS, as endorsed in KSA. Assessed the appropriateness of exceptions to retrospective application of certain IFRSs, as endorsed in KSA and optional exemptions availed by the Group from full retrospective application of certain IFRSs, as endorsed in KSA, in preparing the consolidated financial statements.

Building a better working world

Independent auditor's report

Report on the audit of the consolidated financial statements (continued)

Key audit matter	How our audit addressed the key audit matter
Provision for decommissioning, site rehabilitation and dismantling obligations As of 31 December 2017, the provision for decommissioning, site rehabilitation and dismantling obligations in the consolidated financial statements of the Group amounted to SAR 288,673,151. Provision for decommissioning, site rehabilitation and dismantling obligations are related to decommissioning and site restoration work. This includes facility decommissioning, dismantling of plant and buildings, removal or treatment of waste materials, site and land rehabilitation. The extent of the work required and the associated costs are dependent on the current laws and regulatory requirements. The provision is determined based on the present value of the estimated future decommissioning and rehabilitation costs expected to be incurred and is dependent upon a number of factors such as: • the life-of-mine; • mine reserves; • discount factor; • developments in technology; • the operating mining license conditions; • the environment in which the mine operates and • changes in economic sustainability. We have considered the provision for decommissioning, site rehabilitation and dismantling obligations to be a key audit matter due to the considerable judgement involved in estimating the related provisions. Refer to note 4.18 to the consolidated financial statements for the accounting policy relating to provision for decommissioning, site rehabilitation and dismantling obligations, note 6 for the disclosure of significant accounting estimates relating to provision for decommissioning, site rehabilitation and dismantling obligations and note 37 for the disclosure of related provision.	We performed the following procedures in respect of the provision for decommissioning, site rehabilitation and dismantling obligations: • We assessed management's processes for establishing and monitoring the related provisions and evaluated the design and implementation of key controls over these processes; • We obtained provision for decommissioning, site rehabilitation and dismantling obligations working papers and internal or external specialists reports along with other relevant documents which includes the key information such as discount rate, life-of-mine plans and estimated cost to be incurred and: o considered the assumptions underlying the provision estimates for appropriateness and compliance with Group's policies and relevant legislative requirements. o agreed, on a sample basis, the data used in the Group's provision working with underlying records including internal or external reports. o we assessed the appropriateness of the Group's disclosures relating to provision for decommissioning, site rehabilitation and dismantling obligations

Report on the audit of the consolidated financial statements (continued)

Key audit matter	How our audit addressed the key audit matter
Recoverability of capital work-in-progress	
As of 31 December 2017, the capital work-in-progress of the Group were SAR 26,409,469,977 which inludes an impairment loss amounting to SAR 2,928,750,000 was held in the books. The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit (" CGU's") fair value less costs of disposal, if available, or its value- in-use. The Group based its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. We have considered this to be a key audit matter because the assessment of the recoverable amount of capitlal work-in-progress requires estimation and judgement around production profiles, useful life of assets, future operating and capital expenditure, commodity prices and discount rates. These are all very subjective matters. Refer to note 4.10 to the consolidated financial statements for the accounting policy relating to impairment of assets, note 6 for the disclosure of significant accounting estimates relating to impairment of assets, and note 19 and note 5.5.3A for the disclosure of related impairment.	We performed the following procedures in respect of the recoverability of capital work-in-progress: • We assessed management's processes for identification of impairment indications and impairment testing and evaluated the design and implementation of key controls over these processes • We have assessed the reasonableness of methodology used by management to estimate the recoverable amount of each CGU; • We involved our internal specialist to assist in: ◦ Assessment of management's assumptions and their comparison with the relevant market data and underlying records; and ◦ sensitivity analysis on management's calculated recoverable amount for alternative assumptions. ◦ We assessed the adequacy of the Group's disclosures relating to impairment.

Independent auditor's report

Report on the audit of the consolidated financial statements (continued)

Key audit matter

Stripping activity assets

As of 31 December 2017, the Group's Stripping activity assets amounted to SAR 160,945,725.

The Group incurs stripping (waste removal) costs during the development and production stages. Stripping costs incurred during the development stage of a mine, in order to access the underlying ore deposit are capitalised prior to the commencement of commercial production.

Stripping activities during production stage of an open pit mine, generally create the following two types of benefits :

• production of inventory or

• improved access to a component of the ore to be mined in the future.

The costs are recognized as a non-current asset, referred to Stripping activity assets and forms part of mine properties.

Such costs are amortised over the remaining life of the component of the ore body of the mine using the unit of production method over the economical recoverable proven and probable reserves of the spesific component.

We have considered this to be a key audit matter due to the assumptions used in capitalization, amortization rate, planned production and estimated recoverable proven and probable ore reserves.

Refer to note 4.7 to the cosolidated financial statements for the accounitng policy relating to Stripping activity asset, note 6 for which contains the disclosure of significant accounting estimates relating to Stripping activity asset and note 17 for the disclosure of related asset.

How our audit addressed the key audit matter

In relation to the capitalization of stripping activity assets and its amortization, we performed the following procedures:

• We assessed management's processes in relation to capitalization and amortization of stripping activity assets and evaluated the design and implementation of key controls over these processes.;

• We have obtained the details of cost capitalized as Stripping activity assets and on a sample basis evaluated the basis of capitalization in line with relevant conditions.;

• We have tested amortization rate and its underlying assumptions, and

• Performed analytical review of capitalization and amortization in relation to production costs and production volumes.

Report on the audit of the consolidated financial statements (continued)

Other information included in the Group's 2017 annual report

Other information consists of the information included in the Group's 2017 annual report, other than the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information in its annual report. The Group's 2017 annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2017 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants and the provisions of Companies' Law and the Company's By-laws, and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent auditor's report

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence,

Report on the audit of the consolidated financial statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young

Rashid S. AlRashoud
Certified Public Accountant
License No. 366

Riyadh: 31 January 2018
(14 Jumada I 1439)

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Sales	8	**12,085,934,170**	9,463,857,096
Cost of sales	9	**(8,153,639,203)**	(7,443,299,088)
Gross profit		**3,932,294,967**	2,020,558,008
Operating expenses			
Selling, marketing and logistic expenses	10	**(530,877,495)**	(409,963,201)
General and administrative expenses	11	**(381,807,060)**	(324,671,177)
Exploration and technical services expenses	12	**(62,201,293)**	(49,336,885)
Write-off of plant and equipment	18,19	**(45,354,346)**	(57,752,626)
Impairment of capital work-in-progress	19,21.2	**(477,000,000)**	(566,250,000)
Operating profit		**2,435,054,773**	612,584,119
Other income / (expenses)			
Income from time deposits	13	**77,496,643**	151,636,138
Finance cost	14	**(1,616,005,964)**	(890,415,706)
Other (expenses) / income, net	15	**(64,991,895)**	33,143,164
Share in net income of joint venture that have been equity accounted	21.1.3	**101,650,424**	3,725,530
Profit / (loss) before zakat and income tax		**933,203,981**	(89,326,755)
Income tax	22.1	**(56,924,369)**	19,882,715
Zakat expense	40.2	**(91,834,417)**	(78,428,404)
Profit / (loss) for the year		**784,445,195**	(147,872,444)
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years			
Gain attributable to the re-measurements of employees' end of service termination benefits obligation	39.1	**45,969,473**	1,770,585
Other comprehensive income for the year		**45,969,473**	1,770,585
Total comprehensive income / (loss) for the year		**830,414,668**	(146,101,859)
Profit / (loss) for the year is attributable to:			
Shareholders' of the parent company	16	**714,841,886**	(10,739,221)
Non-controlling interest	34.2	**69,603,309**	(137,133,223)
Profit / (loss) for the year		**784,445,195**	(147,872,444)
Total comprehensive income / (loss) for the year is attributable to:			
Shareholders' of the parent company		**755,503,131**	(8,303,016)
Non-controlling interest	34.2	**74,911,537**	(137,798,843)
Total comprehensive income / (loss) for the year		**830,414,668**	(146,101,859)
Earnings / (loss) per ordinary share (Saudi Riyals)			
Basic and diluted earnings / (loss) per share from continuing operations attributable to shareholders' of the parent company	16	**0.61**	(0.01)

Consolidated statement of financial position as at 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2017	31 December 2016	1 January 2016
Assets				
Non-current assets				
Mine properties	17	**9,098,033,447**	9,246,550,952	8,149,210,130
Property, plant and equipment	18	**44,450,932,788**	42,459,053,601	33,299,548,961
Capital work-in-progress	19	**26,409,469,977**	29,184,633,886	33,505,471,004
Intangible assets	20	**345,623,460**	374,448,577	374,949,546
Investment in joint venture	21	**934,056,539**	832,406,115	828,680,585
Deferred tax assets	22.2	**461,724,817**	378,439,046	248,382,944
Other investments	23	**50,000,000**	50,000,000	50,000,000
Other non-current assets	24	**1,183,464,512**	54,084,146	21,645,868
Total non-current assets		**82,933,305,540**	82,579,616,323	76,477,889,038
Current assets				
Due from joint venture partners	25	**13,652,075**	-	720,000,000
Advances and prepayments	26	**142,274,924**	140,559,012	229,304,473
Inventories	27	**3,436,233,644**	3,068,640,225	2,918,468,061
Trade and other receivables	28	**1,999,913,097**	1,273,216,903	1,251,146,787
Time deposits	29	**2,240,000,000**	2,711,000,000	899,052,989
Cash and cash equivalents	30	**4,351,617,030**	4,369,714,529	4,308,309,524
Total current assets		**12,183,690,770**	11,563,130,669	10,326,281,834
Total assets		**95,116,996,310**	94,142,746,992	86,804,170,872
Equity and liabilities				
Equity				
Share capital	31	**11,684,782,610**	11,684,782,610	11,684,782,610
Statutory reserve				
Share premium	32	**8,391,351,697**	8,391,351,697	8,391,351,697
Transfer of net income	33	**869,459,731**	797,975,542	757,911,634
Retained earnings		**5,151,922,897**	4,467,903,955	4,516,270,879
Equity attributable to shareholders' of the parent company		**26,097,516,935**	25,342,013,804	25,350,316,820
Non-controlling interest	34.3	**8,432,462,583**	7,794,301,046	7,783,292,852
Total equity		**34,529,979,518**	33,136,314,850	33,133,609,672
Non-current liabilities				
Deferred tax liabilities	22.3	**388,478,975**	274,328,467	164,155,080
Due to a joint venture partner	35	**266,358,724**	191,016,363	184,929,613
Long-term borrowings	36.6	**50,700,770,922**	50,778,534,391	42,744,072,108
Provision for decommissioning, site rehabilitation and dismantling obligations	37	**288,673,151**	269,522,564	255,190,219
Non-current portion of obligation under finance lease	38	**27,183,780**	61,598,017	95,413,846
Employees' benefits	39	**532,627,294**	489,756,229	405,720,553
Projects, trade and other payables	42	**652,984,698**	1,230,757,918	981,303,164
Total non-current liabilities		**52,857,077,544**	53,295,513,949	44,830,784,583

(Continued)

	Notes	31 December 2017	31 December 2016	1 January 2016
Current liabilities				
Projects, trade and other payables	42	**2,315,780,978**	2,201,826,667	2,089,175,160
Accrued expenses	43	**1,969,671,122**	2,629,438,338	4,520,925,588
Zakat and income tax payable	40	**141,656,670**	85,308,278	50,962,237
Severance fees payable	41	**73,079,354**	8,270,636	16,096,147
Current portion of obligation under finance lease	38	**34,664,307**	33,565,757	31,297,581
Current portion of long-term borrowings	36.6	**3,195,086,817**	2,752,508,517	2,131,319,904
Total current liabilities		**7,729,939,248**	7,710,918,193	8,839,776,617
Total liabilities		**60,587,016,792**	61,006,432,142	53,670,561,200
Total equity and liabilities		**95,116,996,310**	94,142,746,992	86,804,170,872
Commitments and contingent liabilities	46			

Consolidated statement of changes in equity for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

	Equity attributable to shareholders' of		
		Statutory reserve	
	Share capital (Note 31)	Share premium (Note 32)	Transfer of net income (Note 33)
1 January 2016	11,684,782,610	8,391,351,697	757,911,634
Net loss for the year	-	-	-
Other comprehensive income / (loss) for the year	-	-	-
Total comprehensive loss for the year	-	-	-
Net income transferred to statutory reserve	-	-	40,063,908
Dividend paid to non-controlling interest during the year	-	-	-
Increase in non-controlling interest / share capital contributed during the year	-	-	-
31 December 2016	11,684,782,610	8,391,351,697	797,975,542
Net profit for the year	-	-	-
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	-	-
Net income transferred to statutory reserve	-	-	71,484,189
Increase in non-controlling interest / share capital contributed during the year	-	-	-
Payment to increase share capital during the year	-	-	-
31 December 2017	**11,684,782,610**	**8,391,351,697**	**869,459,731**

*These payments, to ultimately increase share capital of the applicable subsidiaries over a period of time, are treated as part of the total equity of these subsidiaries. No shares have been issued as yet, and the Commercial Registration certificate has not yet been amended, but it will be once these payments have been converted to share capital.

	the parent company		Non-controlling interest				
	Retained earnings	**Sub-total**	**Share capital (Note 34.3)**	**Payments to increase share capital* (Note 34.3)**	**Net income attributable to non-controlling interest (Note 34.3)**	**Sub-total (Note 34.3)**	**Total equity**
	4,516,270,879	25,350,316,820	7,535,760,069	122,853,678	124,679,105	7,783,292,852	33,133,609,672
	(10,739,221)	(10,739,221)	-	-	(137,133,223)	(137,133,223)	(147,872,444)
	2,436,205	2,436,205	-	-	(665,620)	(665,620)	1,770,585
	(8,303,016)	(8,303,016)	-	-	(137,798,843)	(137,798,843)	(146,101,859)
	(40,063,908)	-	-	-	-	-	-
	-	-	-	-	(451,192,963)	(451,192,963)	(451,192,963)
	-	-	612,560,821	(12,560,821)	-	600,000,000	600,000,000
	4,467,903,955	25,342,013,804	8,148,320,890	110,292,857	(464,312,701)	7,794,301,046	33,136,314,850
	714,841,886	714,841,886	-	-	69,603,309	69,603,309	784,445,195
	40,661,245	40,661,245	-	-	5,308,228	5,308,228	45,969,473
	755,503,131	755,503,131	-	-	74,911,537	74,911,537	830,414,668
	(71,484,189)	-	-	-	-	-	-
	-	-	375,000,000	-	-	375,000,000	375,000,000
	-	-	-	188,250,000	-	188,250,000	188,250,000
	5,151,922,897	**26,097,516,935**	**8,523,320,890**	**298,542,857**	**(389,401,164)**	**8,432,462,583**	**34,529,979,518**

Consolidated statement of cash flows for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended December 31 2017	Year ended 31 December 2016
Operating activities			
Profit / (loss) before zakat and income tax		**933,203,981**	(89,326,755)
Adjustments for non-cash flow items:			
Inventory losses	9	**12,446,990**	16,509,086
Income from time deposits	13	**(77,496,643)**	(151,636,138)
Finance cost	14	**1,616,005,964**	890,415,706
Adjustment to mine properties	17	**1,275,527**	-
Depreciation of mine properties	17.1	**505,825,294**	394,512,195
Adjustment to property, plant and equipment	18	**(932,588)**	4,211,478
Plant and equipment written-off	18	**45,354,346**	23,661,182
Depreciation of property, plant and equipment	18.1	**2,317,126,056**	2,091,091,048
Capital work-in-progress written-off	19	**-**	34,091,444
Impairment of capital work-in-progress	19	**446,250,000**	566,250,000
Adjustment to capital work-in-progress	19	**-**	(669,167)
Amortisation of intangible assets	20.1	**26,629,765**	32,926,041
Impairment of investment in joint venture	21.2	**30,750,000**	-
Share in net profit of a joint venture	21.1.3	**(101,650,424)**	(3,725,530)
Provision / (reversal) of allowance for inventory obsolescence	27	**22,438,321**	(131,520)
Allowance for doubtful debts	28	**-**	312,475
Provision for decommissioning, rehabilitation and dismantling obligations	37.1	**1,103,556**	-
Current service cost of employees' end of service termination benefits	39.1	**84,510,923**	70,455,189
Contribution for the employees' savings plan	39.2	**30,530,337**	26,408,207
Provision for severance fees	41	**73,093,714**	8,278,039
Changes in working capital:			
Advances and prepayments	26	**10,242,435**	80,660,849
Inventories	27	**(474,825,687)**	(414,789,933)
Trade and other receivables	28	**(633,295,672)**	(15,404,592)
Projects, trade and other payables – Trade	42	**192,738,236**	193,979,981
Accrued expenses – Trade	43	**55,149,140**	(43,782,164)
Decommissioning, rehabilitation and dismantling obligations utilised	37.1	**-**	(2,500,001)
Employees' end of service termination benefits paid	39.1	**(24,120,417)**	(15,324,858)
Employees' savings plan withdrawal	39.2	**(19,998,687)**	(15,874,040)
Zakat paid	40.2	**(61,545,657)**	(44,082,363)
Severance fees paid	41	**(8,284,996)**	(16,103,550)
Finance cost paid		**(1,984,891,082)**	(1,669,797,244)
Net cash generated from operating activities		**3,017,632,732**	1,950,615,065
Investing activities			
Income received from time deposits		**79,045,955**	144,658,139
(Increase) / decrease in restricted cash	30	**(10,531,650)**	534,022,035
Additions to mine properties	17	**(344,753,501)**	(1,472,295,942)
Additions to property, plant and equipment	18	**(142,155,657)**	(51,425,260)
Additions to capital work-in-progress	19	**(2,451,837,442)**	(6,541,116,976)
Additions to intangible assets	20	**-**	(1,285,986)

(Continued)

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Addition to investment in joint venture	21.2	**(30,750,000)**	-
Due from joint venture partners	25	**(13,652,075)**	720,000,000
(Decrease) / increase in time deposits	29	**471,000,000**	(1,811,947,011)
Projects, trade and other payables - Projects	42	**(696,182,314)**	176,158,014
Accrued expenses - Projects	43	**(831,961,263)**	(1,854,673,101)
Net cash utilized in investing activities		**(3,971,777,947)**	(10,157,906,088)
Financing activities			
Due to a joint venture partner	35	**75,342,361**	6,086,750
Dividend paid to non-controlling interest	34.3	**-**	(451,192,963)
Increase in share capital of non-controlling interest	34.3	**375,000,000**	600,000,000
Payment to increase share capital of non-controlling interest	34.3	**188,250,000**	-
Proceeds from long-term borrowings received	36	**9,176,645,159**	22,745,671,597
Repayment of long-term borrowings	36	**(8,851,098,518)**	(14,059,224,385)
Obligations under finance lease	38	**(38,622,936)**	(38,622,936)
Net cash generated from financing activities		**925,516,066**	8,802,718,063
Net change in cash and cash equivalents		**(28,629,149)**	595,427,040
Unrestricted cash and cash equivalents at the beginning of the year	30	**4,310,373,308**	3,714,946,268
Unrestricted cash and cash equivalents at the end of the year	30	**4,281,744,159**	4,310,373,308
Non-cash flow transactions			
Transfer to mine properties from capital work-in-progress	17,19	**13,829,815**	-
Transfer of capital spares to mine properties from inventories	17,27	**-**	26,323,519
Transfer to property, plant and equipment from capital work-in-progress	18,19	**4,253,223,327**	11,102,301,072
Transfer of capital spares to property, plant and equipment from inventories	18,27	**-**	197,563,018
Borrowing cost capitalized as part of capital work-in-progress	19, 14.1	**495,873,199**	695,720,611
Depreciation of mine properties capitalized as part of capital-work-in-progress	19,17	**-**	6,766,444
Depreciation of property, plant and equipment capitalized as part of capital-work-in-progress	19,18	**41,951,983**	56,845,533
Transfer to capital work-in-progress from property, plant and equipment	19,18	**-**	15,975,469
Transfer to capital work-in-progress from intangible assets	19,20	**23,165,191**	-
Amortization of intangible assets capitalized as part of capital-work-in-progress	19,20.1	**1,653,489**	9,576,144
Amortization of transaction cost capitalised as part of capital work-in-progress	19,36.9	**40,484,382**	86,846,987
Unwinding of discount of non-current obligation under finance lease capitalized as part of capital work-in-progress	19,38	**-**	3,603,093
Interest cost on employees' end of service termination benefits obligation capitalised as part of capital work-in-progress	19,39.1	**-**	974,740
Gain) / loss attributable to re-measurement of employees' end of service termination) benefits obligation capitalized as part of capital work-in-progress	19,39.1	**(1,511,535)**	4,425,464
Transfer to intangible assets from capital work-in-progress	20,19	**22,623,328**	40,715,230
Transfer to employees' home ownership program receivable under trade and other receivables from capital work-in-progress	28,19	**1,092,691,590**	-
Transfer from payments to increase share capital to share capital pertaining to non-controlling interest	34.3	**-**	12,560,821

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

1. General information

Saudi Arabian Mining Company ("Ma'aden") (the "Company") was formed as a Saudi Arabian joint stock company, following the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to 17 March 1997) and incorporated in the Kingdom of Saudi Arabia pursuant to the Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to 23 March 1997) with Commercial Registration No. 1010164391, dated 10 Zul Qaida 1421H (corresponding to 4 February 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 31).

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.

2. Group structure

The Company has the following subsidiaries and joint ventures, all incorporated in the Kingdom of Saudi Arabia:

		Effective ownership	
Subsidiaries	**Type of company**	**31 December 2017**	**31 December 2016**
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%
Joint ventures			
Ma'aden Barrick Copper Company ("MBCC")	Limited liability company	50%	50%
Sahara and Ma'aden Petrochemicals Company ("SAMAPCO")	Limited liability company	50%	50%

The financial year end of all the subsidiaries and joint ventures coincide with that of the parent company ("Ma'aden").

2.1 MGBM

The company was incorporated on 9 August 1989 in the Kingdom of Saudi Arabia, which is also its principal place of business. 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 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 leases.

The company declared commercial production at Ad Duwayhi mine on 1 April 2016.

2.2 MIC

The company was incorporated on 18 August 2008 in the Kingdom of Saudi Arabia, which is also its principal place of business. 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 31 March 2009 in the Kingdom of Saudi Arabia, which is also its principal place of business. The objectives of the company are:

- the exploitation of industrial minerals within the existing mining lease area by way of drilling, mining, concentrating, smelting and refining and
- extract, refine, export and sell such minerals in their original or refined form.

The company currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine at Al Ghazallah and the VSK processing plant at Al Madinah Al Munawarah commenced full commercial production on 1 August 2017.

2.4 MAC

The company was incorporated on 10 October 2010 in the Kingdom of Saudi Arabia, which is also its principal place of business 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, which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34).

The objectives of the company are the production of primary aluminium products:

- ingots;
- aluminium T shape ingots;
- aluminium slabs and
- aluminium billets.

The company declared commercial production on 1 September 2014.

2.5 MRC

The company was incorporated on 10 October 2010 in the Kingdom of Saudi Arabia, which is also its principal place of business 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 34).

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 22 January 2011 in the Kingdom of Saudi Arabia, which is also its principal place of business 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 34).

The objectives of the company are to:

- exploit the Al-Ba'itha bauxite deposits
- produce and refine bauxite and
- produce alumina.

The company declared commercial production on 1 October 2016.

2.7 MPC

The company was incorporated on 1 January 2008 in the Kingdom of Saudi Arabia, which is also its principal place of business 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 34).

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 or sold domestically.

The company declared commercial production on 1 January 2012.

2.8 MWSPC

The company was incorporated on 27 January 2014 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 60% by Saudi Arabian Mining Company ("Ma'aden");
- 25% by Mosaic Phosphate B.V., a foreign shareholder, a limited liability company registered in Netherlands wholly owned by The Mosaic Company ("Mosaic"), which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34) and
- 15% by Saudi Basic Industries Corporation ("SABIC"), which is accounted for as a non-controlling interest in these consolidated financial statements (Note 34).

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

The company declared commercial production of the ammonia plant on 1 January 2017 and has commenced the initial production of Diammonium Phosphate (DAP) on 8 July 2017. The rest of the development is in the commissioning phase.

2.9 SAMAPCO

The company was incorporated on 14 August 2011 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 50% by Saudi Arabian Mining Company ("Ma'aden") (Note 21.2) and
- 50% by Sahara Petrochemical Company.

SAMAPCO is a joint venture project and is accounted for as an investment in a joint venture 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.

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

The operations of the company includes the production and supply of:

- concentrated caustic soda (CCS) feedstock to the alumina refinery at MBAC and to sell any excess production not taken up by Ma'aden in the wholesale and retail market and
- Ethylene dichloride (EDC) in the wholesale and retail market.

2.10 MBCC

The company was incorporated on 2 November 2014 in the Kingdom of Saudi Arabia, which is also its principal place of business and is owned:

- 50% by Saudi Arabian Mining Company ("Ma'aden") (Note 21.1) and
- 50% by Barrick Middle East PTY Limited ("Barrick"), a foreign shareholder.

MBCC is a joint venture project and is accounted for as an investment in a joint venture 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 and concentrating

3. Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with:

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and
- interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) applicable to companies reporting under IFRS.

The consolidated financial statements comply with IFRS and other pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia for financial reporting.

For the year ended 31 December 2016, the Group had prepared its consolidated financial statements in accordance with the accounting standards promulgated by SOCPA. These consolidated financial statements for the year ended 31 December 2017 are the first financial statements which the Group prepared in full compliance with IFRS.

Refer to Note 5 for information on how the Group adopted IFRS for the first time.

The consolidated financial statements have been prepared on the historical cost basis except where IFRS requires other measurement bases, as disclosed in the applicable accounting policies in Note 4 – Summary of significant accounting policies.

These consolidated financial statements are presented in SAR which is both the functional and reporting currency of the Group.

New IFRS standards, amendments and interpretations not yet effective and not early adopted

At the date of authorization of these consolidated financial statements, the following new and amended IFRS accounting standards, which are applicable to the Group, were issued by the IASB but not yet effective. Management has evaluated the impact that these new accounting standards, amendments and interpretations might have on the consolidated financial statements. Management believes that it is unlikely that these standards will have any significant impact on the Group's consolidated financial statements.

IFRS 9 – "Financial instruments"

Nature of change

The IASB has issued a new standard for financial instruments. This standard will replace the majority of **IAS 39 – "Financial instruments: Recognition and Measurement"** except for certain transitional adjustments such as macro-hedging and all the previous versions of ***IFRS 9 – "Financial instruments".***

The new standard covers the classification, measurement and de-recognition of financial assets and financial liabilities, impairment of financial assets and provides a new hedge accounting model.

Mandatory application date / Date of adoption by the Group

Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Group is 1 January 2018. The management plans to apply the standard using the modified retrospective transitional method taking into consideration the exemption allowing it not to restate comparative information for prior periods with respect to the changes resulting from the measurement of financial assets and financial liabilities. The cumulative effect of adopting IFRS 9 generally will be recognised in the opening retained earnings as at 1 January 2018.

IFRS 15 – "Revenue from Contracts with Customers"

Nature of change

The IASB has issued a new standard for the recognition of revenue. This standard will replace **International Accounting Standard ("IAS") 18 – *"Revenue" and IAS 11, - "Construction contracts".***

The new standard is based on the principle that an entity recognizes revenue related to the transfer of promised goods or services when control of goods or services passes to the customer. The amount of revenue recognized should reflect the consideration to which the entity expects to be entitled to in exchange for those goods or services.

Mandatory application date / Date of adoption by the Group

Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Group is 1 January 2018. The management plans to apply the standard using the modified retrospective transitional method taking into consideration the exemption allowing it not to restate comparative information for prior periods. The cumulative effect of adopting IFRS 15 generally will be recognised in the opening retained earnings as at 1 January 2018.

IFRS 16 – "Leases"

Nature of change

The IASB has issued a new standard for the recognition of leases. This standard will replace:

- **IAS 17 – "Leases"**
- **IFRIC 4 – "Whether an arrangement contains a lease"**
- **SIC 15 – "Operating leases – Incentives"**
- **SIC-27 – "Evaluating the substance of transactions involving the legal form of a lease"**

Under IFRS 16, a lessee is required to:

- recognize all right of use assets and lease liabilities, with the exception of short term (under 12 months) and low value leases, on the statement of financial position. The liability is initially measured at the present value of future lease payments for the lease term. This includes variable lease payments that depend on an index or rate but excludes other variable lease payments. The right of use assets reflects the lease liability , initial direct cost, any lease payments made before the commencement date of the lease, less any lease incentives and, where applicable, provisions for dismantling and restoration.
- recognize depreciation right of use assets and interest on lease liabilities in the consolidated statement of profit or loss over the lease term.
- separate the total amount of cash paid into a principal portion (presented within financing activities) and interest portion (which the Group presents in operating activities) in the consolidated statement of cash flows.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Mandatory application date / Date of adoption by the Group

Mandatory for financial years commencing on or after 1 January 2019. Expected date of adoption by the Group is 1 January 2019.

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 the years presented.

4.1 Basis of consolidation and equity accounting

Subsidiaries

The consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Controls exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has all of the following three elements:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- exposure, or rights, to variable returns from its involvement with the investee and
- the ability to use its power over the investee to affect its returns

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 the subsidiaries are consistent with those adopted by the Group.

Non-controlling interests in the results and equity of not wholly owned subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

Joint ventures

A joint venture exists where the Group has a contractual arrangements (rights and obligations) in place, with one or more parties, to undertake activities typically, however not necessarily, through a legal entity that is subject to joint control.

Interests in joint ventures are accounted for using the equity method. The investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of:

- the post-acquisition profits or losses of the investee in the consolidated statement of profit or loss, and
- the movements in other comprehensive income of the investee in the consolidated statement of other comprehensive income.

The Group's share of the results of joint ventures is based on the financial statements prepared up to consolidated statement of financial position date, adjusted to conform with the accounting polices of the Group, if any.

Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment when the right to receive a dividend is established.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 4.10.

4.2 Foreign currency translation

Foreign currency transactions are translated into SAR at the rate of exchange prevailing at the date of the transaction first qualifies for recognition and are initially recorded by each entity in the Group.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of profit or loss.

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

4.3 Revenue recognition

Sales revenue is derived principally from the sale of goods and is measured at the fair value of the consideration received or receivable, after deducting discounts, volume rebates and other amounts collected on behalf of third parties.

Sales of goods are recognised when all the following conditions are met:

- the significant risks and rewards of ownership of goods have been transferred , which is considered to occur when title passes to the customer;
- 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;
- the costs incurred or to be incurred in respect of the sale can be measured reliably and
- the goods have been delivered to a contractually agreed location and/or physically transferred onto a vessel, train, conveyor or other delivery mechanism.

Sales of metal concentrate are stated at the invoiced amount, which is net of treatment or refining charges. Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date and is based on the market price at that time. Revenue on these sales is initially recognized (when all the above criteria are met), at the current market price. Provisionally priced sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This marked to market adjustment is recognized in sales.

Sale of by-products, which is not regarded as significant, is credited against production cost (Note 9).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

4.4 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. Allocation between selling, marketing and logistic expenses and cost of sales are made on a consistent basis, when required.

4.5 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales or the selling, marketing and logistics activity of the Group. Allocation between general and administrative expenses and cost of sales, are made on a consistent basis, when required.

4.6 Earnings per share

Basic and diluted earnings per share from continuing operations is calculated by dividing:

- the profit from continuing operations attributable to ordinary shareholders of the parent company
- by the weighted average number of ordinary shares outstanding during the financial year.

The Group has not issued any potential ordinary shares, therefore the basic and diluted earnings per share are the same.

4.7 Mine properties and property, plant and equipment

Mine properties and property, plant and equipment

Freehold land is carried at historical cost and is not depreciated.

Property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition and development of the asset and includes:

- the purchase price
- costs directly attributable to bring the asset to its location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of any mine closure, rehabilitation and decommissioning obligation and
- for qualifying assets, that take a substantial period of time to get ready for their intended use, the applicable borrowing costs

Mine properties are depreciated using the unit of production ("UOP") method, based on economically recoverable proven and probable ore reserves of the mine concerned, except in the case of those mining assets whose economic useful life is shorter than the life of the mine, in which case the straight line method is applied.

Buildings and items of plant and equipment for which the consumption of economic benefit is linked primarily to utilization or to throughput rather than production, are depreciated at varying rates on a straight line basis over their economic useful lives or the life-of-mine ("LOM"), whichever is the shorter.

Depreciation is charged to the consolidated statement of profit or loss to allocate the costs of the related assets less their residual values over the following estimated economic useful lives:

	Number of years
Civil works	4 – 50
Buildings	9 – 40
Heavy equipment	5 – 40
Mobile and workshop equipment	5 – 40
Laboratory and safety equipment	5
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
Mine properties	Using UOP method over recoverable proven and probable reserves or straight line method over economic useful life, whichever is shorter

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the consolidated statement of profit or loss as and when incurred.

The assets' residual values and estimated economic useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated statement of profit or loss.

Borrowing costs related to qualifying assets are capitalised as part of the cost of the qualified assets until the commencement of commercial production.

Exploration and evaluation assets

Exploration and evaluation expenditure is expensed in the year in which it is incurred.

Exploration expenditures relates to 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 the 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 relates to 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 feasibilities studies.

All exploration and evaluation costs are expensed until prospective mineral exploration project is identified as having economic development potential. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body. Exploration and evaluation expenditures are capitalised as a tangible asset, if management determines that future economic benefits could be generated as a result of these 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 capitalised as mine development cost following the completion of an economic evaluation equivalent to a feasibility study.

All exploration and evaluation costs incurred after management has concluded that economic benefit is more likely to be realized than not, i.e. "probable" and are capitalised as "Exploration and evaluation assets" only until the technical feasibility and commercial viability of extracting of mineral resource are demonstrable. Once the technical feasibility and commercial viability is demonstrable i.e. economic benefit will or will not be realised, the asset is tested for impairment and any impairment loss is recognised.

Exploration and evaluation assets are carried at historical cost less accumulated impairment. Exploration and evaluation assets are not depreciated.

For the purposes of exploration and evaluation assets only, one or more of the following facts and circumstances are considered for identifying whether or not exploration and evaluation assets may be impaired. These include the following:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once it has been identified that an exploration and evaluation asset may be impaired, the entity performs impairment and reversal of impairment on exploration and evaluation assets as specified in Note 17. 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, the exploration and evaluation asset is transferred to "Mine under construction".

Once the commissioning phase is successfully completed and the declaration of commercial production stage has been reached, the capitalized "Mine under construction" is reclassified as "Producing mines".

Cash flows attributable to capitalized exploration and evaluation assets are classified as investing activities in the consolidated statement of cash flows.

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(All amounts in Saudi Riyals unless otherwise stated)

Stripping activity asset and stripping activity expense

Ma'aden incurs stripping (waste removal) costs during the development and production stage of its open pit mining operations.

Stripping costs incurred during the development stage of an open pit mine in order to access the underlying ore deposit are capitalised prior to the commencement of commercial production. Such costs are then amortised 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.

Stripping activities during production phase generally create two types of benefits being as follows:

- production of inventory or
- improved access to the ore to be mined in the future.

Where the benefits are realized in the form of inventory produced in the period under review, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realized in the form of improved access to the ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a 'Stripping activity asset', provided that all the following conditions are met:

- it is probable that the future economic benefits associated with the stripping activity will be realized,
- the component of the ore body for which the access has been improved can be identified and
- the costs relating to the stripping activity associated with the improved access can be reliably measured.

If all of the conditions are not met, the production stripping costs are charged to the consolidated statement of profit or loss, as production costs of inventories as they are incurred.

The stripping activity asset is initially measured at cost, being the directly attributable cost for mining activity which improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs. Incidental operations occurring at the same time as the production stripping activity which are not necessary for the production stripping activity to continue as planned are not included in the cost of the stripping activity asset.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing mining asset, being a tangible asset (based upon the nature of existing asset) as part of mine properties in the consolidated statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less accumulated depreciation and any impairment losses.

4.8 Capital work-in-progress

Assets in the course of construction or development are capitalised in the capital work-in-progress account. The mine under construction or the asset under construction or development is transferred to the appropriate category in mine properties or property, plant and equipment or intangible assets (depending on the nature of the project), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of capital work-in-progress comprises its purchase price, construction / development cost and any other directly attributable to the construction or acquisition of an item intended by management. Costs associated with commissioning the items (prior to its being available for use) are capitalised net of proceeds from the sale of any production during the commissioning period.

Capital work-in-progress is measured at cost less any recognized impairment.

Capital work-in-progress is not depreciated.

Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

4.9 Intangible assets

Intangible assets acquired separately are measured and initially recognised at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses, where applicable.

Internally generated intangibles, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their respective economic useful lives, using the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation methods, residual values and estimated economic useful lives are reviewed at least annually.
The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following years:

	Number of years
• Infrastructure (Contractual right to use)	35
• Internally developed software (ERP System)	4 - 10
• Technical development	5 – 7
• Software and licenses (mine related)	Over life of mine using straight line method

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognized.

4.10 Impairment of mine properties, property, plant and equipment and intangible assets

At each reporting date, the Group reviews the carrying amounts of its mine properties, property, plant and equipment and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal ("FLCD") or value in use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the operating section of the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset or CGU. A reversal of an impairment loss is recognized in the operating section of the consolidated statement of profit or loss.

4.11 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.

Total cost of production assigned to inventories on hand at the reporting date comprises of:

- 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 amortisation of any deferred stripping assets;
- direct production overheads and
- the revenue generated from the sale of by-products is credited against production costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

By-products are valued at net realizable value, with reference to the spot price of the commodities ruling at the reporting date.

Work-in-process

The cost of work-in-process is determined using unit cost of production for the period based on percentage of completion at the applicable stage, the estimated recoverable content:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore, and production activities;
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore, and the amortisation of any deferred stripping assets and
- direct production overheads.

Net realizable value is the estimated selling price in the ordinary course of business using the same percentage of completion at the applicable stage, the estimated recoverable content less any selling expense.

Ore stockpiles

Ore stockpiles represent ore that has been extracted from the mine, and considered to be of future economic benefits under current prices and is available for further processing. If the ore stockpiles is not expected to be processed in the next 12 months after the reporting date, it is included in non-current assets. Cost of ore stockpile is determined by using the weighted-average method. If the ore is considered not to be economically viable it is expensed immediately.

If there is significant uncertainty as to when the stockpiled ore will be processed, the cost is expensed as incurred. Where the future processing of this ore can be predicted with confidence because it exceeds the mine's cut-off grade and is economically viable, it is valued at the lower of cost of production or net realizable value. Quantities and grades of stockpiles and work-in-process are assessed primarily through surveys and assays.

Spares and consumables

Spares and consumable inventory are valued at lower of cost or net realizable value. Cost is determined on the weighted average cost basis. An allowance for obsolete and slow moving items, if any, is estimated at each reporting date.

Net realizable value is the estimated selling price in the ordinary course of business.

Raw materials

Raw materials are valued at the lower of cost or net realizable value. Cost is determined on the weighted average cost basis.

Net realizable value is the estimated selling price less selling expenses.

4.12 Trade and other receivables

Trade receivables are carried at the original sales invoice amount less an allowance for doubtful debt. An allowance for doubtful debt is created only, if there is objective evidence that a trade receivable is not recoverable.

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(All amounts in Saudi Riyals unless otherwise stated)

Such allowances for doubtful debt are charged to the consolidated statement of profit or loss and reported under “General and administrative expenses”. When a trade receivable is uncollectible, it is written-off against the impairment allowance in the consolidated statement of profit or loss. When a subsequent event causes the amount of allowance for doubtful debt to decrease, the decrease in the allowance for doubtful debt is reversed through the consolidated statement of profit or loss.

4.13 Time deposits

Time deposits 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.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash held at banks and time deposits with an original maturity of three months or less at the date of acquisition, which are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents that are not available for use by the Group are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows. Restricted cash and cash equivalents are related to the employees’ savings plan program, see Notes 4.20 and 30.

4.15 Financial assets and liabilities

Financial assets and financial liabilities are carried in the consolidated statement of financial position. Financial assets principally include other investments, due from joint venture partners, trade and other receivable, time deposits and cash and cash equivalents. Financial liabilities include amounts due to a joint venture partner, long-term borrowings, trade, projects and other payables and accrued expenses.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liability is recognised initially at fair value, less attributable transaction costs. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

The Group determines the classification of its financial liabilities at initial recognition.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss.

The Group holds debt instruments for collection of contractual cash flows representing solely the payments of principal and interest. Hence, all debt instruments held by the Group are subsequently measured at amortised cost.

Interest income from these financial assets is included in finance income using the effective interest rate method.

Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss over the period of borrowings on an effective interest rate basis.

Impairment and uncollectibility of financial assets

An assessment is made at each consolidated statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of other comprehensive income. Impairment is determined as follows

- for assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;
- for assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- for assets carried at amortised cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the original effective interest rate.

Offsetting a financial asset and a financial liability

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 recognised amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

4.16 Long-term borrowings

Long-term borrowings are initially recognised at the fair value (being proceeds received, net of eligible transaction costs incurred) if any. Subsequent to initial recognition long-term borrowings are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss over the period of the long-term borrowings using the effective interest method.

Fees paid on the establishment of the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss as other income or finance cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred in the consolidated statement of profit or loss.

4.17 Provisions

Provisions are recognised 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
- a reliable estimate can be made of the amount of the obligation

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects time value of money, where appropriate and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance cost in the consolidated statement of profit or loss.

4.18 Provision for decommissioning, site rehabilitation and dismantling obligations

The mining, extraction and processing activities of the Group normally give rise to obligations for mine closure decommissioning, site rehabilitation and plant dismantling (collectively referred to as "decommissioning site rehabilitation and dismantling obligations"). Decommissioning and site restoration work can include facility decommissioning and dismantling of plant and buildings; removal or treatment of waste materials, site and land rehabilitation. The extent of the work required and the associated costs are dependent on the requirements of current laws and regulations work.

The full estimated cost is discounted to its present value and capitalised as part of "Mine under construction" and once it has been transferred to "Mine properties" it is then depreciated as an expense over the expected life-of-mine using unit production method.

Costs included in the provision includes all decommissioning obligations expected to occur over the life-of-mine and at the time of closure in connection with the mining activities being undertaken at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation. The timing of the actual decommissioning 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.

Adjustments to the estimated amount and timing of future decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. Such adjustments are recorded as an increase in liability and a corresponding increase in the mine related asset. Factors influencing those adjustments include:

- revisions to estimated ore reserves, mineral resources and lives of mines;
- developments in technology;
- regulatory requirements and environmental management strategies;
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation; and
- changes in economic sustainability.

4.19 Leasing

Leases are classified as finance leases whenever the lease transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee. Finance leases are capitalised on the lease's commencement date at the lower of the fair value of the leased property or the present value of the minimum future lease payments.

Each finance lease payment is allocated between the liability and the finance cost. The corresponding rental obligations, net of finance cost, are included in non-current liabilities. The interest element of the finance cost is charged to the consolidated statement of profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period. Asset acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

All other leases are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of profit or loss on a straight line basis over the term of the operating lease.

4.20 Employees' benefits

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 19 July 1999), issued by His Highness the Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Group to save and invest their

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(All amounts in Saudi Riyals unless otherwise stated)

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% of the monthly savings of each member per year for the first year and increase it by 10% per year in the years there after until it reaches 100% in the 10th year, which will in turn be credited to the savings accounts of the employee. The Group's portion is charged to consolidated statement of profit or loss on a monthly basis. The Group's portion will only be paid upon termination or resignation of the employee.

Other short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled in full, within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Employee home ownership program

Certain companies within the Group have established employees' home ownership program (HOP) that offer eligible employees the opportunity to buy housing units constructed by these subsidiaries through a series of payments over a particular number of years. Ownership of the housing unit is transferred upon completion of full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' receivable upon signing of the sales contract with the eligible employees. The monthly installments paid by the employee towards the housing unit are repayable back to the employee in case the employee discontinues employment to the extent of the amounts paid in addition to the monthly housing allowance and the house is returned back to the Group.

Employees' end of service termination benefits

The liability recognized in the consolidated statement of financial position in respect of the defined end-of-service-benefits plan, is the present value of the employees' end of service termination benefits obligation at the end of the reporting period. The employees' end of service termination benefits obligation is calculated annually by independent actuaries using the projected unit credit method.

Since the Kingdom of Saudi Arabia has no deep market in high-quality corporate bonds, the market rates of high-quality corporate bonds of the United States of America are used to present value the employees' end of service termination benefits obligation by discounting the estimated future cash outflows.

The net finance cost is calculated by applying the discount rate to the net balance of the employees' end of service termination benefits obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the consolidated statement of other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the employees' end of service termination benefits obligation resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

4.21 Projects, other payables and accrued expenses

Liabilities in respect of contract costs for capital projects (including trade payables) are recognised at amounts to be paid for goods and services received. The amount recognised is discounted to the present value of the future obligations using the respective entity's incremental borrowing rate; unless they are due in less than one year.

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

4.22 Zakat, income tax, withholding tax and deferred tax

The Company is subject to zakat in accordance with the regulations of the General Authority for Zakat and Tax (the "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 profit or loss. 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 their share of non-controlling interest in the consolidated statement of profit or loss.

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.

The tax expense includes the current tax and deferred tax charge recognized in the consolidated statement of profit or loss.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, joint arrangements and associates except where the Group is be able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the consolidated statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

4.23 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 4 October 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 profit or loss (Notes 9 and 41).

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 consolidated statement of profit or loss and not included in the valuation of inventory.

5. First time adoption of IFRS

These consolidated financial statements, for the year ended 31 December 2017, have been prepared in accordance with IFRS and other pronouncements that are issued by SOCPA ,as endorsed in the Kingdom of Saudi Arabia. For the year ended 31 December 2016, the Group prepared its consolidated financial statements in accordance with the accounting standards promulgated by SOCPA.

Accordingly, the Group has prepared consolidated financial statements that comply with IFRS and other pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia, together with the comparative data for the year ended 31 December 2016, as described in the summary of significant accounting policies (Note 4).

This note explains the principal adjustments made by the Group in preparing:

- the opening consolidated statement of financial position as at 1 January 2016, the Group's date of transitioning from SOCPA to IFRS and the reclassification of the SOCPA balance sheet as at 31 December 2015 (see the reconciliation in Note 5.2 and the explanatory notes in Note 5.5) and

- the comparative consolidated statement of financial position as at 31 December 2016 (see the reconciliation in Note 5.3), the comparative consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016 (see the reconciliation in Note 5.4 and the explanatory notes in Note 5.5).

5.1 Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under other IFRS. The Group has applied at the date of transition, the following exemptions, provided for in IFRS:

- Paragraph D21 of IFRS 1 for measuring the decommissioning obligations
- Paragraph D32 of IFRS 1 for measuring the stripping activity asset

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5.2 Reconciliation of the opening consolidated statement of financial position of IFRS to SOCPA as at 1 January 2016 (date of transition to IFRS)

	Notes	IFRS as at 1 January 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2015
Assets					
Non-current assets					
Mine properties	5.5.1A, 5.5.1G	**8,149,210,130**	7,953,745,143	195,464,987	-
Property, plant and equipment	5.5.2A, 5.5.2F	**33,299,548,961**	(2,997,401,814)	(385,237,772)	36,682,188,547
Capital work-in-progress	5.5.1A, 5.5.3G	**33,505,471,004**	(4,655,557,337)	(2,241,405,496)	40,402,433,837
Exploration and evaluation assets	5.5.1A	**-**	(233,233,575)	-	233,233,575
Deferred stripping expense	5.5.1A	**-**	(44,172,991)	-	44,172,991
Intangible assets	5.5.4	**374,949,546**	-	2,522,984	372,426,562
Investment in joint ventures	5.5.5	**828,680,585**	-	(372,774,239)	1,201,454,824
Deferred tax assets	5.5.6A	**248,382,944**	-	248,382,944	-
Other investments		**50,000,000**	-	-	50,000,000
Other non-current assets		**21,645,868**	-	-	21,645,868
Total non-current assets		**76,477,889,038**	23,379,426	(2,553,046,592)	79,007,556,204
Current assets					
Due from joint venture partners		**720,000,000**	-	-	720,000,000
Advances and prepayments	5.5.7	**229,304,473**	-	(19,411,566)	248,716,039
Inventories	5.5.1B	**2,918,468,061**	(23,379,426)	-	2,941,847,487
Trade and other receivables	5.5.8	**1,251,146,787**	-	(996,824)	1,252,143,611
Time deposits		**899,052,989**	-	-	899,052,989
Cash and cash equivalents		**4,308,309,524**	-	-	4,308,309,524
Total current assets		**10,326,281,834**	(23,379,426)	(20,408,390)	10,370,069,650
Total assets		**86,804,170,872**	-	(2,573,454,982)	89,377,625,854

	Notes	IFRS as at 1 January 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2015
Equity and liabilities					
Equity					
Share capital		**11,684,782,610**	-	-	11,684,782,610
Statutory reserve					
Share premium		**8,391,351,697**	-	-	8,391,351,697
Transfer of net income		**757,911,634**	-	-	757,911,634
Retained earnings	5.2.2	**4,516,270,879**	-	(1,948,091,550)	6,464,362,429
Equity attributable to shareholders' of the parent company		**25,350,316,820**	-	(1,948,091,550)	27,298,408,370
Non-controlling interest	5.2.3	**7,783,292,852**	-	(313,218,088)	8,096,510,940
Total equity		**33,133,609,672**	-	(2,261,309,638)	35,394,919,310

(Continued)

	Notes	IFRS as at 1 January 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2015
Liabilities					
Non-current liabilities					
Deferred tax liabilities	5.5.6B	**164,155,080**	-	164,155,080	-
Due to a joint venture partner	5.5.3A	**184,929,613**	-	(115,773,750)	300,703,363
Long-term borrowings	5.5.9	**42,744,072,108**	-	(523,645,986)	43,267,718,094
Provision for decommissioning, site rehabilitation and dismantling obligations	5.5.10	**255,190,219**	-	97,078,345	158,111,874
Non-current portion of obligation under finance lease	5.5.11	**95,413,846**	-	68,380,653	27,033,193
Employees' benefits	5.5.12	**405,720,553**	-	52,416,223	353,304,330
Projects, trade and other payables	5.5.13A,5.5.13B	**981,303,164**	(279,162,159)	(73,922,306)	1,334,387,629
Total non-current liabilities		**44,830,784,583**	(279,162,159)	(331,311,741)	45,441,258,483
Current liabilities					
Projects, trade and other payables	5.5.13A	**2,089,175,160**	279,162,159	-	1,810,013,001
Accrued expenses		**4,520,925,588**	-	-	4,520,925,588
Zakat and income tax payable		**50,962,237**	-	-	50,962,237
Severance fees payable		**16,096,147**	-	-	16,096,147
Current portion of obligation under finance lease	5.5.11	**31,297,581**	-	19,166,397	12,131,184
Current portion of long-term borrowings		**2,131,319,904**	-	-	2,131,319,904
Total current liabilities		**8,839,776,617**	279,162,159	19,166,397	8,541,448,061
Total liabilities		**53,670,561,200**	-	(312,145,344)	53,982,706,544
Total equity and liabilities		**86,804,170,872**	-	(2,573,454,982)	89,377,625,854

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(All amounts in Saudi Riyals unless otherwise stated)

5.2.1 Reconciliation of retained earnings under IFRS as at 1 January 2016 and retained earnings under SOCPA as at 31 December 2015

Effect of remeasurements on transition related to:	Notes	
Mine properties		
Increase in accumulated depreciation due to:		
reclassification of capital spares from inventory to mine properties	5.5.1B	(3,860,719)
componentization of plant and equipment recorded under mine properties	5.5.1C	(13,088,623)
Effect of remeasurement of the provision for decommissioning, site rehabilitation and dismantling obligations	5.5.1D	(11,479,213)
Decrease in deferred stripping expense due to the application of UOP method of depreciation	5.5.1E	(2,991,642)
Adjustment for finance lease assets	5.5.1F	(259,498)
Sub-total	5.5.1G	**(31,679,695)**
Property, plant and equipment		
Increase in accumulated depreciation due to:		(107,346,387)
componentization of plant and equipment	5.5.2B	(106,966,813)
reclassification of capital spares from inventory to property, plant and equipment	5.5.2B	(379,574)
Amortization of transaction cost after the date of declaring commercial production, using effective interest rate method in measuring the long-term borrowings	5.5.2C	16,908,243
Effect of remeasurement of the provision for decommissioning, site rehabilitation and dismantling obligations	5.5.2D	(33,938,986)
Sub-total	5.5.2F	**(124,377,130)**
Capital work-in-progress		
Decrease due to impairment of capital work-in-progress	5.5.3A	(1,800,476,250)
Decrease due to write-off of ineligible cost	5.5.3B	(34,594,002)
Sub-total		**(1,835,070,252)**
Intangible assets		
Decrease due to ineligible cost written-off of intangible assets	5.5.4	(1,390,413)
Decrease in amortization of intangible assets due to change in economic useful life	5.5.4	3,913,397
Sub-total		**2,522,984**
Investment in joint venture		
Decrease due to impairment of investment in joint venture	5.5.5	(372,774,239)
Deferred tax		
Creation of deferred tax assets on the date of transition	5.5.6A	248,382,944
Creation of deferred tax liabilities on the date of transition	5.5.6B	(164,155,080)
Sub-total	5.5.6C	**84,227,864**
Trade and other receivables		
Decrease due to deferral of the recognition of revenue as a result of provisional pricing	5.5.8	(996,824)
Long-term borrowings		
Decrease due to amortization of transaction cost, using effective interest rate method in measuring the long-term borrowings	5.5.9	(46,167,299)
Provision for decommissioning, site rehabilitation and dismantling obligations		
Increase due to the remeasurement and unwinding of the provision for decommissioning, site rehabilitation and dismantling obligations	5.5.10	36,230,406

(Continued)

Obligation under finance lease		
Increase due to reversal of lease rentals initially charged to expense	5.5.11	232,093
Employees' end of service termination benefits obligation		
Increase due to remeasurement of employees' end of service termination benefits obligation	5.5.12	(47,379,852)
Projects, trade and other payables		
Increase due to discounting of long-term retentions payable to present value	5.5.13	73,922,306
Total		**(2,261,309,638)**

Effect of remeasurement is attributable to:		
Retained earnings of shareholders' of the parent company	5.2.2	(1,948,091,550)
Equity of non-controlling interest	5.2.3	(313,218,088)
Total		**(2,261,309,638)**

5.2.2 Reconciliation of retained earnings under IFRS as at 1 January 2016 and retained earnings under SOCPA as at 31 December 2015, attributable to shareholders' of the parent company

	Notes	IFRS as at 1 January 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2015
1 January 2016	5.2, 5.2.1, 5.3.1	**4,516,270,879**	-	(1,948,091,550)	6,464,362,429

5.2.3 Reconciliation of equity of non-controlling interest under IFRS as at 1 January 2016 and equity of non-controlling interest under SOCPA as at 31 December 2015

	Notes	IFRS as at 1 January 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2015
1 January 2016	5.2, 5.2.1, 5.3.2	**7,783,292,852**	-	(313,218,088)	8,096,510,940

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

5.3 Reconciliation of the consolidated statement of financial position of IFRS to SOCPA as at 31 December 2016

	Notes	IFRS as at 31 December 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2016
Assets					
Non-current assets					
Mine properties	5.5.1A, 5.5.1G	**9,246,550,952**	9,073,304,460	173,246,492	-
Property, plant and equipment	5.5.2A, 5.5.2F	**42,459,053,601**	(5,888,552,235)	(539,945,185)	48,887,551,021
Capital work-in-progress	5.5.1A, 5.5.3G	**29,184,633,886**	(2,814,224,993)	(2,638,423,511)	34,637,282,390
Exploration and evaluation assets	5.5.1A	**-**	(269,803,530)	-	269,803,530
Deferred stripping expense	5.5.1A	**-**	(77,344,276)	-	77,344,276
Intangible assets	5.5.4	**374,448,577**	-	5,325,369	369,123,208
Investment in joint ventures	5.5.5	**832,406,115**	-	(295,260,561)	1,127,666,676
Deferred tax assets	5.5.6A	**378,439,046**	-	378,439,046	-
Other investments		**50,000,000**	-	-	50,000,000
Other non-current assets		**54,084,146**	-	-	54,084,146
Total non-current assets		**82,579,616,323**	23,379,426	(2,916,618,350)	85,472,855,247
Current assets					
Advances and prepayments	5.5.7	**140,559,012**	-	(14,235,150)	154,794,162
Inventories	5.5.1B	**3,068,640,225**	(23,379,426)	-	3,092,019,651
Trade and other receivables	5.5.8	**1,273,216,903**	-	298,225	1,272,918,678
Time deposits		**2,711,000,000**	-	-	2,711,000,000
Cash and cash equivalents		**4,369,714,529**	-	-	4,369,714,529
Total current assets		**11,563,130,669**	(23,379,426)	(13,936,925)	11,600,447,020
Total assets		**94,142,746,992**	-	(2,930,555,275)	97,073,302,267
Equity and liabilities					
Equity					
Share capital		**11,684,782,610**	-	-	11,684,782,610
Statutory reserve					
Share premium		**8,391,351,697**	-	-	8,391,351,697
Transfer of net income		**797,975,542**	-	-	797,975,542
Retained earnings	5.3.1	**4,467,903,955**	-	(2,357,033,646)	6,824,937,601
Equity attributable to shareholders' of the parent company		**25,342,013,804**	-	(2,357,033,646)	27,699,047,450
Non-controlling interest	5.3.2	**7,794,301,046**	-	(450,943,519)	8,245,244,565
Total equity		**33,136,314,850**	-	(2,807,977,165)	35,944,292,015
Liabilities					
Non-current liabilities					
Deferred tax liabilities	5.5.6B	**274,328,467**	-	274,328,467	-
Due to a joint venture partner	5.5.3A	**191,016,363**		(115,773,750)	306,790,113
Long-term borrowings	5.5.9	**50,778,534,391**	-	(444,628,135)	51,223,162,526
Provision for decommissioning, site rehabilitation and dismantling obligations	5.5.10	**269,522,564**	-	112,445,535	157,077,029
Non-current portion of obligation under finance lease	5.5.11	**61,598,017**	-	48,255,936	13,342,081
Employees' benefits	5.5.12	**489,756,229**	-	64,623,160	425,133,069
Projects, trade and other payables	5.5.13A, 5.5.13B	**1,230,757,918**	(793,626,305)	(81,954,040)	2,106,338,263
Total non-current liabilities		**53,295,513,949**	(793,626,305)	(142,702,827)	54,231,843,081

(Continued)

	Notes	IFRS as at 31 December 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2016
Current liabilities					
Projects, trade and other payables	5.5.13A	**2,201,826,667**	793,626,305	-	1,408,200,362
Accrued expenses		**2,629,438,338**	-	-	2,629,438,338
Zakat and income tax payable		**85,308,278**	-	-	85,308,278
Severance fees payable		**8,270,636**	-	-	8,270,636
Current portion of obligation under finance lease	5.5.11	**33,565,757**	-	20,124,717	13,441,040
Current portion of long-term borrowings		**2,752,508,517**	-	-	2,752,508,517
Total current liabilities		**7,710,918,193**	793,626,305	20,124,717	6,897,167,171
Total liabilities		**61,006,432,142**	-	(122,578,110)	61,129,010,252
Total equity and liabilities		**94,142,746,992**	-	(2,930,555,275)	97,073,302,267

5.3.1 Reconciliation of retained earnings under IFRS and SOCPA as at 31 December 2016, attributable to shareholders' of the parent company

	Notes	IFRS as at 31 December 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2016
1 January 2016	5.2.2	**4,516,270,879**	-	(1,948,091,550)	6,464,362,429
(Loss) / profit for the year	5.4	**(10,739,221)**	-	(411,378,301)	400,639,080
Other comprehensive income – Re-measurement of employees' termination benefits obligation	5.4	**2,436,205**	-	2,436,205	-
Net income transferred to statutory reserves	33	**(40,063,908)**	-	-	(40,063,908)
31 December 2016	5.3	**4,467,903,955**	-	(2,357,033,646)	6,824,937,601

5.3.2 Reconciliation of equity of non-controlling interest under IFRS and SOCPA as at 31 December 2016

	Notes	IFRS as at 31 December 2016	Re-classification	Remeasure-ments due to transition	SOCPA as at 31 December 2016
1 January 2016	5.2.3	**7,783,292,852**	-	(313,218,088)	8,096,510,940
Loss for the year	5.4	**(137,133,223)**	-	(137,059,811)	(73,412)
Other comprehensive loss – Re-measurement of employees' termination benefits obligation	5.4	**(665,620)**	-	(665,620)	-
Dividend paid during the year	34.3	**(451,192,963)**	-	-	(451,192,963)
Increase in non-controlling interest during the year	34.3	**612,560,821**	-	-	612,560,821
Payment to increase share capital during the year	34.3	**(12,560,821)**	-	-	(12,560,821)
31 December 2016	5.3	**7,794,301,046**	-	(450,943,519)	8,245,244,565

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5.4 Reconciliation of consolidated statement of profit or loss and other comprehensive income of IFRS to SOCPA for the year ended 31 December 2016

	Notes	IFRS for the year ended 31 December 2016	Correction of errors	Remeasure-ments due to transition	SOCPA for the year ended 31 December 2016
Sales	5.4.1A	**9,463,857,096**	-	(1,997,792)	9,465,854,888
Cost of sales	5.4.1B	**(7,443,299,088)**	-	(23,716,953)	(7,419,582,135)
Gross profit		**2,020,558,008**	-	(25,714,745)	2,046,272,753
Operating expenses					
Selling, marketing and logistic expenses	5.4.1C	**(409,963,201)**	-	91,742	(410,054,943)
General and administrative expenses	5.4.1D	**(324,671,177)**	-	8,846,806	(333,517,983)
Exploration and technical services expenses	5.4.1E	**(49,336,885)**	-	1,753,907	(51,090,792)
Write-off of plant and equipment		**(57,752,626)**	-	-	(57,752,626)
Impairment of capital work-in-progress	5.5.3A	**(566,250,000)**	-	(566,250,000)	-
Operating profit		**612,584,119**	-	(581,272,290)	1,193,856,409
Other income / (expenses)					
Income from time deposits		**151,636,138**	-	-	151,636,138
Finance cost	5.4.1F	**(890,415,706)**	-	(64,562,215)	(825,853,491)
Other income, net		**33,143,164**	-	-	33,143,164
Share of net income /(loss) of joint venture that have been equity accounted	5.4.1G	**3,725,530**	-	77,513,678	(73,788,148)
(Loss) / profit before zakat and income tax		**(89,326,755)**	-	(568,320,827)	478,994,072
Income tax	5.4.1H	**19,882,715**	-	19,882,715	-
Zakat expenses	40.2	**(78,428,404)**	-	-	(78,428,404)
(Loss) / profit for the year		**(147,872,444)**	-	(548,438,112)	400,565,668
Other comprehensive income					
Re-measurements of employees' termination benefit obligations	5.4.1I	**1,770,585**	-	1,770,585	-
Other comprehensive income for the year		**1,770,585**	-	1,770,585	-
Total comprehensive (loss) / income for the year		**(146,101,859)**	-	(546,667,527)	400,565,668
Total comprehensive (loss) / income attributable to shareholders' of the parent company					
(Loss) / profit for the year	5.3.1	**(10,739,221)**	-	(411,378,301)	400,639,080
Re-measurements of employees' termination benefits obligation	5.3.1	**2,436,205**	-	2,436,205	-
Total		**(8,303,016)**	-	(408,942,096)	400,639,080
Total comprehensive loss attributable to non-controlling interest					
Loss for the year	5.3.2	**(137,133,223)**	-	(137,059,811)	(73,412)
Re-measurements of employees' termination benefits obligation	5.3.2	**(665,620)**	-	(665,620)	-
Total		**(137,798,843)**	-	(137,725,431)	(73,412)

5.4.1 Breakdown of adjustments affecting consolidated statement of profit or loss and other comprehensive income on transition to IFRS from SOCPA for the year ended 31 December 2016

	Notes	
5.4.1A Sales		
Net provisional pricing adjustment	5.5.8	**(1,997,792)**
5.4.1B Cost of sales		
Increase in depreciation charge due to reclassification of capital spares from inventory to mine properties	5.5.1B	(4,742,752)
Decrease in depreciation charge of mine properties due to componentization	5.5.1C	9,973,106
Increase in depreciation charge of mine closure and rehabilitation asset	5.5.1D	(1,639,888)
Decrease in depreciation charge of stripping activity asset	5.5.1E	427,855
Net adjustment for finance lease		1,446,974
• Increase in depreciation charge of assets held under finance lease	5.5.1F	(19,849,410)
• Reversal of lease rentals previously credited to advances and prepayments with a corresponding charge to cost of sales	5.5.7	3,882,312
• Reversal of lease rentals previously charged to cost of sales	5.5.11	17,414,072
Increase in depreciation charge due to componentization of property, plant and equipment	5.5.2B	(40,709,730)
Increase in depreciation charge due to reclassification of capital spares from inventory to property, plant and equipment	5.5.2B	(302,983)
Reversal of amortization for the capitalized transaction cost	5.5.2C	15,169,739
Decrease in depreciation charge of mine closure assets	5.5.2D	1,219,887
Decrease in amortization of intangible assets	5.5.4	1,120,172
Net provisional pricing adjustment – by-products	5.5.8	3,292,841
Re-measurement of employees' end of service termination benefits obligation	5.5.12	(8,972,174)
Total		**(23,716,953)**
5.4.1C Selling, marketing and logistic expenses		
Re-measurement of employees' termination benefits obligation	5.5.12	**91,742**
5.4.1D General and administrative expenses		
Net adjustment for finance lease		116,658
• Increase in depreciation charge of assets held under finance lease	5.5.1F	(431,568)
• Reversal of lease rentals previously charged to general and administrative expenses	5.5.11	548,226
Decrease in depreciation charge due to componentization of property, plant and equipment	5.5.2B	2,031,305
Write-off of ineligible cost capitalized as part of capital work-in-progress	5.5.3B	(7,603,500)
Intangible cost written-off during the year in SOCPA reversed due to opening IFRS adjustment	5.5.3B	152,670
Decrease in amortization of intangible assets	5.5.4	1,682,213
Re-measurement of employees' end of service termination benefits obligation	5.5.12	12,467,460
Total		**8,846,806**
5.4.1E Exploration and technical services expenses		
Net adjustment for finance lease		(1,229)
• Increase in depreciation charge of assets held under finance lease	5.5.1F	(175,128)
• Reversal of lease rentals previously charged to exploration and technical services expenses	5.5.11	173,899
Increase in depreciation charge due to componentization of property, plant and equipment	5.5.2B	(37,483)
Re-measurement of employees' end of service termination benefits obligation	5.5.12	1,792,619
Total		**1,753,907**

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5.4.1 Breakdown of adjustments affecting consolidated statement of profit or loss and other comprehensive income on transition to IFRS from SOCPA for the year ended 31 December 2016 (continued)

	Notes	
5.4.1F Finance cost		
Amortization of transaction cost under effective interest rate method	5.5.9	(39,513,080)
Accretion of provision for decommissioning, site rehabilitation and dismantling obligations	5.5.10	(15,367,190)
Unwinding of discount of non-current obligations under finance lease	5.5.11	(2,972,121)
Accretion of employees' end of service termination benefits obligation	5.5.12	(14,741,558)
Increase due to unwinding of the discounted present value of the long-term retentions payable	5.5.13B	8,031,734
Total		**(64,562,215)**

5.4.1G Share in net loss of joint venture that have been equity accounted		
Reversal of share in net loss of SAMAPCO	5.5.5	**77,513,678**

5.4.1H Income tax		
Increase in deferred tax assets	5.5.6A	130,056,102
Increase in deferred tax liabilities	5.5.6B	(110,173,387)
Total	5.5.6C	**19,882,715**

5.4.1I Re-measurement of employees' termination benefits obligation		
Experience adjustment	5.5.12	28,092,902
Loss from change in financial assumptions	5.5.12	(26,322,317)
Total		**1,770,585**

5.5 Notes to the reconciliations of:

- **the consolidated retained earnings under IFRS as at 1 January 2016 and consolidated retained earnings under SOCPA as at 31 December 2015 and**
- **the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016 between IFRS and SOCPA and**
- **the consolidated statement of financial position as at 31 December 2016 between IFRS and SOCPA.**

5.5.1 Mine properties

Current best practice in the mining industry is to distinguish between mining and non-mining items of property, plant and equipment, especially in a diversified mining company where there is a significant concentration of downstream non-mining assets. This reclassification also facilitated the introduction of the units of production (UOP) method of depreciation. Accumulated mine development costs are depreciated / amortized on a UOP basis over the economically recoverable proven and probable ore reserves of the mine concerned, except in the case of those mining assets whose economic useful life is shorter than the life of the mine, in which case the straight line method is applied.

5.5.1A Reclassification to mine properties

As part of the transition from SOCPA to IFRS on the transition date 1 January 2016, all items of property, plant and equipment, capital work-in-progress, exploration and evaluation assets, deferred stripping expense and inventories representing capital spares were reclassified into mining and non-mining assets. This represents a significant change from SOCPA.

Under the disclosure of "mine properties" all mining and mining related assets and activities are disclosed as different categories of mine properties (See Note 17).

The following net book value of assets currently servicing the mines have been reclassified to mine properties:

	Notes	31 December 2016 (Note 5.3)	1 January 2016 (Note 5.2)
Mine properties	**5.3,5.2**	**9,073,304,460**	**7,953,745,143**
Property, plant and equipment	5.5.2A	(5,890,309,538)	(2,999,159,117)
Capital work-in-progress		(2,814,224,993)	(4,655,557,337)
Exploration and evaluation assets		(269,803,530)	(233,233,575)
Deferred stripping expense		(77,344,276)	(44,172,991)
Inventories representing capital spares	5.5.1B	(21,622,123)	(21,622,123)

5.5.1 Mine properties (continued)

5.5.1B Reclassification of capital spares from inventory to mine properties and property, plant and equipment

IAS 16 requires that capital spares be capitalized as part of the asset to which they relates and depreciated over the economic useful life of the host asset. Capital spares with a cost of SAR 21,622,123 previously shown under inventory, were reclassified as part of mine properties and depreciated in accordance with the depreciation rates applicable to the host asset.

The reclassification of capital spares from inventory to mine properties and property, plant and equipment is as follows:

	Notes	31 December 2016	1 January 2016
Mine properties	5.5.1A	21,622,123	21,622,123
Property, plant and equipment	5.5.2A	1,757,303	1,757,303
Inventories	**5.3,5.2**	**(23,379,426)**	**(23,379,426)**

The transition date adjustments recognized in property, plant and equipment and the comparative year impact of these adjustments are as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the decrease in mine properties due to the depreciation charge relating to capital spares being depreciated after reclassification to mine properties with a corresponding decrease in consolidated opening retained earnings		(3,860,719)	(3,860,719)
Comparative year impact on the consolidated statement of profit or loss as a result of increase in depreciation charge due to reclassification, charged to:			
• Cost of sales	5.4.1B	(4,742,752)	-
Net impact of reclassification of capital spares from inventory to mine properties		**(8,603,471)**	**(3,860,719)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(3,860,719)

5.5.1C Introduction of asset componentization

Under IFRS, an item of property, plant and equipment should be broken down into its significant parts with each component depreciated separately over their estimated economic useful lives. The componentization concept was not a standard practice followed in the Kingdom of Saudi Arabia.

As part of the transition to IFRS, the Group has applied the concept of asset componentization and accounted for its impact on the estimated economic useful lives of the components, which resulted in an increase in accumulated depreciation and therefore a decrease in the net book value of mine properties, with a corresponding decrease in the consolidated opening retained earnings, on the transition date to IFRS, amounting to SAR 13,088,623 (Note 5.2.1). The net impact has been booked as part of the IFRS transition adjustments on 1 January 2016. The same apply to property, plant and equipment.

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of applying componentization on mine properties as well as the application of UOP method of depreciation resulted in the decrease in the net book value of mine properties with a corresponding decrease in consolidated opening retained earnings		(13,088,623)	(13,088,623)
Comparative year impact on the consolidated statement of profit or loss as a result of decrease in depreciation charge due to componentization, charged to:			
• Cost of sales	5.4.1B	9,973,106	-
Net impact of applying the IFRS standards on componentization of mine properties		**(3,115,517)**	**(13,088,623)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(13,088,623)

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5.5.1 Mine properties (continued)

5.5.1D Introduction of mine closure assets

At the date of transition to IFRS, the provision for decommissioning, site rehabilitation and dismantling obligation was measured in accordance with the requirements of IAS 37, estimated from the date that the development and construction of the mine and facilities commenced and discounted to its present value over the period starting with the development and construction of the project and terminates with the mine closure date. The present value of the estimated future cost to be incurred to perform the decommissioning, site rehabilitation and dismantling at the end of the life of the mine, amounting to SAR 121,284,731 has been capitalized as part of mine properties. The corresponding obligation was credited to the provision for decommissioning, site rehabilitation and dismantling obligations (Note 5.5.10).

The asset so recognized was depreciated, using the UOP method, over the life of the mine, and a cumulative effect of increase in depreciation of mine closure assets amounting to SAR 11,479,213 resulted in a decrease in mine properties with a corresponding debit to consolidated opening retained earnings.

The related depreciation charges were charged to the appropriate reporting periods as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the present value of the estimated future expenditure of the mine closure asset with a corresponding increase in the provision for decommissioning, site rehabilitation and dismantling obligation	5.5.10	121,284,731	121,284,731
1 January 2016 – Cumulative effect of depreciation consequent to the commencement of commercial production using UOP which have been charged retrospectively against consolidated opening retained earnings		(11,479,213)	(11,479,213)
Comparative year impact on the consolidated statement of profit or loss as a result of increase in depreciation charge due to UOP method, charged to:			
• Cost of sales	5.4.1B	(1,639,888)	-
Net impact of applying the IFRS standards to mine closure assets		**108,165,630**	**109,805,518**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(11,479,213)

5.5.1E Introduction of stripping activity asset

As part of the transition to IFRS, the Group has applied the concept of UOP method on stripping activity asset. This application of UOP method impacted the estimated economic useful lives, which resulted in a decrease in the net book value of the stripping activity assets, with a corresponding decrease in the consolidated opening retained earnings, on the transition date to IFRS, amounting to SAR 2,991,642. The net impact has been booked as part of the IFRS transition adjustments on 1 January 2016.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. The related depreciation charges were charged to the appropriate reporting periods as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of applying UOP method on stripping activity asset resulted in a decrease in net book value of mine properties with a corresponding decrease in consolidated opening retained earnings		(2,991,642)	(2,991,642)
Comparative year impact on the consolidated statement of profit or loss as a result of decrease in depreciation charge using UOP method, charged to:			
• Cost of sales	5.4.1B	427,855	-
Net impact of applying the IFRS standards to stripping activity assets		**(2,563,787)**	**(2,991,642)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(2,991,642)

5.5.1 Mine properties (continued)

5.5.1F Assets held under finance lease

Certain assets, comprising of motor vehicles, power plant and certain mining equipment, were the subject of lease agreements that had been treated as an operating lease under SOCPA. However, on the date of transition to IFRS 1 January 2016 these lease agreements were assessed and re-classified as finance leases under IFRS and capitalized in accordance with IAS 17.

Both the assets held under finance lease as part of mine properties and the liability relating to the obligation under finance lease amounting to SAR 103,991,949 (Note 5.5.11) were recognized in the consolidated statement of financial position on 1 January 2016.

Further, outstanding balance of a mobilization advance amounting to SAR 25,882,088 (Note 5.5.7) has been reclassified from advances and prepayments to finance lease assets under mine properties.

The related depreciation charges of SAR 24,014,086 were capitalized as part of capital work-in-progress before commencement of commercial operation and a depreciation charge of SAR 259,498 on other assets was charged against the consolidated opening retained earnings, as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the retrospective change and capitalization as finance lease assets under IAS 17 with a corresponding increase in obligation under finance lease	5.5.11	103,991,949	103,991,949
1 January 2016 – Reclassification of advances and prepayments as finance lease assets with a corresponding decrease in advances and prepayments	5.5.7	25,882,088	25,882,088
1 January 2016 – Cumulative effect of the depreciation change on leased assets capitalized as part of capital work-in-progress before commencement of commercial operations	5.5.3D	(24,014,086)	(24,014,086)
1 January 2016 – Cumulative effect of the depreciation change on leased assets with a corresponding decrease in the consolidated opening retained earnings		(259,498)	(259,498)
1 January 2016 - Cumulative effect of the retrospective change and capitalization as a finance lease under IAS 17		**105,600,453**	**105,600,453**
Comparative year impact on the consolidated statement of profit or loss as a result of increase in depreciation charge of finance lease assets, charged to:			
• Cost of sales	5.4.1B	(19,849,410)	-
• General and administrative expenses	5.4.1D	(431,568)	-
• Exploration and technical services expenses	5.4.1E	(175,128)	-
• Capitalized as part of capital work-in-progress before commencement of commercial production	5.5.3D	(5,780,710)	-
Net impact of applying the IFRS standards on finance lease		**79,363,637**	**105,600,453**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(259,498)

5.5.1G Total impact of applying IFRS standards on mine properties

Total impact of applying the IFRS standards on mineproperties – sub-total	**5.3,5.2**	**173,246,492**	**195,464,987**
1 January 2016 – Cumulative effect on consolidated opening retained earnings – sub-total	5.2.1	-	(31,679,695)

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5.5.2 Property, plant and equipment

5.5.2A Reclassification to / from property, plant and equipment

As part of the transition from SOCPA to IFRS, on the transition date 1 January 2016, all items of property, plant and equipment were reclassified into mining and non-mining assets.

Further, IAS 16 requires that capital spares be capitalized as part of the asset to which it relates and depreciated over the economic useful life of the host asset. Capital spares with a cost of SAR 1,753,303 previously shown under inventory, were reclassified as part of property, plant and equipment and depreciated in accordance with the depreciation rates applicable to the host asset.

The following reclassifications have occurred in property, plant and equipment at the transition date:

	Notes	31 December 2016	1 January 2016
Net book value of assets servicing the mines reclassified to mine properties	5.5.1A	(5,890,309,538)	(2,999,159,117)
Capital spares reclassified from inventory	5.5.1B	1,757,303	1,757,303
Net reclassifications from property, plant and equipment	**5.3,5.2**	**(5,888,552,235)**	**(2,997,401,814)**

5.5.2B Introduction of asset componentization

Under IFRS, an item of property, plant and equipment should be broken down into its significant parts with each component depreciated separately over their estimated economic useful lives. The componentization concept was not a standard practice followed in the Kingdom of Saudi Arabia.

As part of the transition to IFRS, the Group has applied the concept of asset componentization and accounted for its impact on the estimated economic useful lives of the components, which resulted in an increase in accumulated depreciation and therefore a decrease in the net book value of property, plant and equipment, with a corresponding decrease in the consolidated opening retained earnings, on the transition date to IFRS, amounting to SAR 107,346,387 (Note 5.2.1).

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of increase in depreciation due to componentization of assets resulted in the decrease in property, plant and equipment with a corresponding decrease in consolidated opening retained earnings		(107,346,387)	(107,346,387)
Comparative year impact on the consolidated statement of profit or loss as a result of componentization of property, plant and equipment and depreciation of capital spares, charged to:			
• Cost of sales			
increase in depreciation charge due to componentization	5.4.1B	(40,709,730)	-
Increase in depreciation of capital spares after reclassification from inventory	5.4.1B	(302,983)	-
• General and administrative expenses			
decrease in depreciation charge due to componentization	5.4.1D	2,031,305	-
• Exploration and technical services expenses			
increase in depreciation charge due to componentization	5.4.1E	(37,483)	-
Net impact of componentization on property, plant and equipment		**(146,365,278)**	**(107,346,387)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings due to:			
• Increase in depreciation of property, plant and equipment due to componentization	5.2.1	-	(106,966,813)
• Increase in depreciation due to reclassification of capital spares from inventory to property, plant and equipment	5.2.1	-	(379,574)
		-	(107,346,387)

5.5.2 Property, plant and equipment (continued)

5.5.2C Transaction cost

Under SOCPA the gross transaction costs attributable to long-term borrowings, comprising of upfront fees and commitment fees, were capitalized as part of capital work-in-progress as and when incurred, with the corresponding credit to long-term borrowings. Upon declaration of commercial production, such transactions costs were transferred to property, plant and equipment.

Under IFRS the gross transaction costs can only be recognized on a proportionate basis over the term of the long-term borrowings, by using effective interest rate method. The portion of the transaction cost so calculated can only be capitalized as part of the cost of the qualifying asset shown under capital work-in-progress up until the date that commercial production is declared. Thereafter the calculated portion of the transaction cost is expensed as finance cost in the consolidated statement of profit or loss.

The eligible gross transaction cost and the subsequent depreciation charges related to it needed to be reversed as part of the transition from SOCPA to IFRS:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of reversal of eligible transaction costs by debiting the long-term borrowings and crediting:			
• property, plant and equipment	5.5.9	(282,637,367)	(282,637,367)
• property, plant and equipment (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.9	(179,744,959)	-
1 January 2016 – Cumulative effect of the capitalization of amortization of the transaction costs, using the effective interest rate method with a corresponding increase in long-term borrowings			
• property, plant and equipment	5.5.9	21,776,725	21,776,725
• property, plant and equipment (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.9	15,893,539	-
1 January 2016 – Cumulative effect of the reversal of depreciation calculated on the eligible transaction cost previously capitalized, resulted in an increase in the net book value of property, plant and equipment and a corresponding decrease in consolidated opening retained earnings		16,908,243	16,908,243
Periodic impact of amortization of transaction cost by debiting property, plant and equipment and crediting long-term borrowings until the date of declaring commercial production	5.5.9	16,329,547	-
Comparative year impact on the consolidated statement of profit or loss as a result of reversal of depreciation calculated on the eligible transaction cost previously capitalized, resulted in an increase in the net book value of property, plant and equipment with a corresponding credit to:			
• Cost of sales	5.4.1B	15,169,739	-
Net impact of applying the IFRS standards relating to transaction cost on property, plant and equipment		**(376,304,533)**	**(243,952,399)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	16,908,243

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

5.5.2 Property, plant and equipment (continued)

5.5.2D Introduction of mine closure assets

At the date of transition to IFRS, the provision for decommissioning, site rehabilitation and dismantling obligation was measured in accordance with the requirements of IAS 37, estimated from the date that the development and construction of the mine and facilities commenced and discounted to its present value over the period starting with the development and construction of the project and terminates with the mine closure date. The present value of the estimated future cost to be incurred to perform the decommissioning, site rehabilitation and dismantling at the end of the life of the mine, amounting to SAR 12,024,020 has been capitalized as part of capital work-in-progress until the date of declaration of commercial production which was then transferred to property, plant and equipment after the date of commercial production with a corresponding credit to the provision for decommissioning, site rehabilitation and dismantling obligations (Note 5.5.10).

The asset so recognized was depreciated, using the UOP method, over the life of the mine, and a cumulative effect of increase in depreciation of mine closure assets amounting to SAR 33,938,986 resulted in a decrease in mine properties with a corresponding debit to consolidated opening retained earnings.

The related depreciation, charged to the appropriate reporting periods as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the remeasurement of the provision for decommissioning, site rehabilitation and dismantling with effect of:			
• increasing capital work-in-progress until the date of commercial production and property, plant and equipment after date of commercial production with a corresponding increase in provision for decommissioning, site rehabilitation and dismantling	5.5.3E, 5.5.10	12,024,020	-
• decrease in property, plant and equipment with a corresponding decrease in consolidated opening retained earnings		(33,938,986)	(33,938,986)
Comparative year impact on the consolidated statement of profit or loss as a result of decrease in depreciation of mine closure assets, charged to:			
• Cost of sales	5.4.1B	1,219,887	-
Net impact of applying the IFRS standards relating to provision for decommissioning, site rehabilitation and dismantling on property, plant and equipment		**(20,695,079)**	**(33,938,986)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(33,938,986)

5.5.2E Employees' end of service termination benefits obligation

Under SOCPA the employees' end of service termination benefits obligations were calculated at the current value of the vested benefits to which the employee is entitled to at the consolidated statement of financial position date. However, at the date of transition to IFRS, the employees' end of service termination benefits obligation was remeasured in accordance with the requirements of IAS 19, using the projected unit credit method, on an actuarial basis.

This resulted in an increase of employee's termination benefits obligations by SAR 52,416,223 (Note 5.5.12) out of which SAR 5,036,371 has been capitalized as part of capital work-in-progress until the date of commercial production out of which SAR 2,766,227 was transferred to property, plant and equipment after the date of commercial production with a correspond debit of SAR 47,379,852 (Note 5.2.1) to the consolidated opening retained earnings as at 1 January 2016.

5.5.2 Property, plant and equipment (continued)

5.5.2E Employees' end of service termination benefits obligation (continued)

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of capitalization of increase in employee's end of service termination benefit obligation resulting in an increase in capital work-in-progress until the date of commercial production and property, plant and equipment after date of commercial production	5.5.3F, 5.5.12	2,766,227	-
Comparative year remeasurement of the employees' end of service termination benefits obligation debited to capital work-in-progress until the date of declaring commercial production with a corresponding increase in employees' end of service termination benefits obligation	5.5.12	653,478	-
Net impact of applying the IFRS standards relating to employees' end of service termination benefits on property, plant and equipment		**3,419,705**	-
1 January 2016 – Cumulative effect on opening retained earnings		-	-

5.5.2F Total impact of applying IFRS standards on property, plant and equipment

Total impact of applying the IFRS standards on property, plant and equipment – sub-total	**5.3,5.2**	**(539,945,185)**	**(385,237,772)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings – sub-total	5.2.1	-	(124,377,130)

5.5.3 Capital work-in-progress

5.5.3A Impairment

In accordance with IFRS 1 and the IFRS 1 Implementation guide, the carrying value of capital work-in-progress, under the cost model, needs to be challenged to ensure that the capitalized cost meets the IFRS measurement criteria under IAS 16, when recognizing the asset initially.

In accordance with IAS 36 an entity also needs to assess whether there is any indications that an asset (capital work-in-progress) may be impaired. If any such indicators exist, the entity shall estimate the recoverable amount of the asset or cash generating unit for which, impairment indicators existed at 31 December 2015 and triggered the need for formal impairment calculation to be performed. The value-in-use ("VIU") model was used to estimate the recoverable amount.

There is a difference between IFRS and SOCPA in the initial calculation of the impairment test i.e. the formal estimate of the asset's recoverable amount as set out in IAS 36.

Under SOCPA the execution of the impairment test is carried out in a two stage process namely:

- Comparing the undiscounted estimated future cash flows derived from the utilization of the asset (recoverable amount) with the carrying value of that asset in the financial records. If the undiscounted recoverable amount exceeds the carrying amount of the asset the conclusion is that there is no impairment.

- If, however the undiscounted recoverable amount is less than the carrying amount the next step is to discount the estimated future cash flows, by using an appropriate discount rate to its present value. The amount by which the carrying value of an asset exceeds the present value of the recoverable amount represents the quantum of the impairment. This represents the amount by which the carrying amount is adjusted.

Under IFRS an impairment test is required to be performed if indications of impairment exist (IAS 36.9). The recoverable amount is then calculated using the discounted estimated future cash flows, immediately. Invariably this leads to an earlier recognition of impairment compared to SOCPA.

The calculation under the IFRS approach, resulted in a recoverable amount of MRC's plant and equipment that was lower than the carrying amount as at 1 January 2016 by SAR 1,455,000,000. The shortfall in the recoverable amount was recognized as an IFRS transition date adjustment against opening retained earnings.

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(All amounts in Saudi Riyals unless otherwise stated)

5.5.3 Capital work-in-progress (continued)

5.5.3A Impairment (continued)

The same impairment indicators for MRC's plant and equipment existed at 31 December 2016 and in fact deteriorated compared to 1 January 2016, which resulted in a further deterioration of the estimated future cash flows, in line with the latest construction and production plans. The VIU model, using a pre-tax discount rate of 10.5% and a growth rate of 3.0%, resulted in a recoverable amount that was SAR 566,250,000 lower than the already impaired carrying amount as at 1 January 2016 at the time and an additional impairment loss was recognized in the consolidated statement of profit or loss for the year ended 31December 2016 (Note 19).

Further, the VIU model, using a pre-tax discount rate of 10.5% and a growth rate of 3.0%, resulted in a recoverable amount of the automotive sheet project that was lower than the carrying amount as at 1 January 2016 by SAR 461,250,000.

An impairment was recognized as an IFRS transition date adjustment and shared between the two joint venture partners. Ma'aden charged its share of impairment loss against the opening retained earnings on 1 January 2016 whereas Alcoa's share was offset against the amount due to them (Note 35).

The transition date adjustments recognized in capital work-in-progress and the comparative year impact of these adjustments are as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of impairment of automotive sheet project carried at cost in Ma'aden Corporate resulted in a decrease in capital work-in-progress with a corresponding debit to consolidated opening retained earnings and due to the joint venture partner		(461,250,000)	(461,250,000)
Less: 25.1% share of the impairment adjusted against the amount due to the joint venture partner in automotive sheet project (Note 35)	5.3,5.2	115,773,750	115,773,750
Net effect of impairment of automotive sheet project on opening retained earnings	35	**(345,476,250)**	**(345,476,250)**
1 January 2016 – Impairment of MRC's plant and equipment resulted in a decrease in capital work-in-progress with a corresponding debit to consolidated opening retained earnings		(1,455,000,000)	(1,455,000,000)
Comparative year impact of impairment of plant and equipment related to MRC on the consolidated statement of profit or loss	5.4	(566,250,000)	-
Total effect of impairment of MRC plant and equipment		**(2,021,250,000)**	**(1,455,000,000)**
Total impact of impairment on capital work-in-progress		**(2,482,500,000)**	**(1,916,250,000)**
1 January 2016 – Cumulative effect of impairment on consolidated opening retained earnings	5.2.1	**-**	(1,800,476,250)

5.5.3 Capital work-in-progress (continued)

5.5.3B Ineligible cost written-off

As at 1 January 2016, certain ineligible cost amounting to SAR 34,594,002, that were previously capitalized under SOCPA was identified and have been written-off and charged to the opening balance of consolidated retained earnings. Further, certain ineligible cost was identified for the comparative year which was identified and charged as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Write-off of ineligible costs capitalized in capital work-in-progress which did not meet the measuring criterion under IAS 16, resulting in a decrease in the carrying value of capital work-in-progress with a corresponding debit to the consolidated opening retained earnings		(34,594,002)	(34,594,002)
Comparative year impact on the consolidated statement of profit or loss as a result of:			
• General and administrative expenses			
write-off of ineligible costs capitalized in capital work-in-progress which did not meet the measuring criterion under IAS 16, resulting in a decrease in the carrying value of capital work-in-progress	5.4.1D	(7,603,500)	-
reversal of ineligible cost written-off resulted in an increase in the carrying value of capital work-in-progress	5.4.1D	152,670	-
Net impact of ineligible cost written-off		**(42,044,832)**	**(34,594,002)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(34,594,002)

5.5.3C Transaction cost

Under SOCPA the gross transaction costs attributable to long-term borrowings, comprising of upfront fees and commitment fees, were capitalized as part of capital work-in-progress as and when incurred, with the corresponding credit to long-term borrowings. Upon declaration of commercial production, such transactions costs were transferred to property, plant and equipment.

Under IFRS the gross transaction costs can only be recognized on a proportionate basis over the term of the long-term borrowings, by using effective interest rate method. The portion of the transaction cost so calculated can only be capitalized as part of the cost of the qualifying asset shown under capital work-in-progress up until the date that commercial production is declared. Thereafter the calculated portion of the transaction cost is expensed as finance cost in the consolidated statement of profit or loss.

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of reversal of eligible transaction costs by debiting the long-term borrowings and crediting:			
• capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production)	5.5.9	(167,916,612)	(167,916,612)
• capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.9	-	(179,744,959)
1 January 2016 – Cumulative effect of amortizing transaction cost, using the effective interest rate method by crediting the long term borrowings and debiting:			
• capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production)	5.5.9	22,815,389	22,815,389
• capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.9	-	15,893,539
Comparative year impact of amortizing transaction costs by using the effective interest rate method, by debiting capital work-in-progress and crediting long-term borrowings until the date of declaring commercial production	5.5.9	23,175,224	-
Net impact of applying the IFRS standards relating to transaction cost on capital work-in-progress		**(121,925,999)**	**(308,952,643)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings		-	-

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5.5.3 Capital work-in-progress (continued)

5.5.3D Assets held under finance lease

Certain assets, comprising of motor vehicles, power plant and certain mining equipment, were the subject of lease agreements that had been treated as an operating lease under SOCPA. However, on the date of transition to IFRS 1 January 2016 these lease agreements were assessed and re-classified as finance leases under IFRS and capitalized in accordance with IAS 17.

As at 1 January 2016, lease rentals paid for certain assets were capitalized as part of capital work-in-progress until the date of commencement of commercial production have been reversed resulting in a reduction to obligation under finance lease amounting to SAR 16,212,806 and an increase in advances and prepayments amounting to SAR 6,470,522. Further the cumulative effect of depreciation charged on certain assets held under finance lease amounting to SAR 24,014,086 have been capitalized as part of capital work-in-progress until the date of commencement of commercial production.

The comparative year impact of reversal of lease rentals previously capitalized under SOCPA and the capitalization of depreciation charge and finance cost until the date of commencement of commercial production is as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of reversal of repayments initially capitalized as part of capital work-in-progress before commencement of commercial operations resulting in a decrease in carrying value of capital work-in-progress and a decrease in obligation under finance lease	5.5.11	(16,212,806)	(16,212,806)
1 January 2016 – Cumulative effect of reversal of repayments initially capitalized as part of capital work-in-progress before commencement of commercial operations resulting in a decrease of carrying value of capital work-in-progress and a corresponding increase in advances and prepayments	5.5.7	(6,470,522)	(6,470,522)
1 January 2016 – Cumulative effect of the depreciation charge on leased assets initially capitalized as part of capital work-in-progress before commencement of commercial operations resulting in an increase in carrying value of capital work-in-progress and a decrease in net book value of lease assets under mine properties	5.5.1F	24,014,086	24,014,086
Comparative year impact of reversal of lease rental capitalized as part of capital work-in-progress pertaining to reversal of lease rental from:			
• advances and prepayments	5.5.7	(1,294,104)	-
• obligation under finance lease	5.5.11	(4,884,642)	-
Comparative year impact of finance cost on obligation under finance lease capitalized as part of capital work-in-progress	5.5.11	882,321	-
Comparative year impact of depreciation charge capitalized as part of capital work-in-progress	5.5.1F	5,780,710	
Net impact of assets held under finance lease on capital work-in-progress		**1,815,043**	**1,330,758**
1 January 2016 – Cumulative effect consolidated opening retained earnings		-	-

5.5.3E Introduction of mine closure assets

At the date of transition to IFRS, the provision for decommissioning, site rehabilitation and dismantling obligation was measured in accordance with the requirements of IAS 37, estimated from the date that the development and construction of the mine and facilities commenced and discounted to its present value over the period starting with the development and construction of the project and terminates with the mine closure date. The present value of the estimated future cost to be incurred to perform the decommissioning, site rehabilitation and dismantling at the end of the life of the mine, amounting to SAR 12,024,020 has been capitalized as part of capital work-in-progress until the date of declaration of commercial production which was then transferred to property, plant and equipment (Note 5.5.2(d)) after the date of commercial production with a corresponding credit to the provision for decommissioning, site rehabilitation and dismantling obligations (Note 5.5.10).

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the remeasurement of the provision for decommissioning, site rehabilitation and dismantling with effect of:			
• increasing capital work-in-progress until the date of commercial production and property, plant and equipment after date of commercial production with a corresponding increase in provision for decommissioning, site rehabilitation and dismantling	5.5.2D, 5.5.10	-	12,024,020
Net impact of applying the IFRS standards relating to provision for decommissioning, site rehabilitation and dismantling on capital work-in-progress		**-**	**12,024,020**
1 January 2016 – Cumulative effect on consolidated opening retained earnings		-	-

5.5.3 Capital work-in-progress (continued)

5.5.3F Employees' end of service termination benefits obligation

Under SOCPA the employees' end of service termination benefits obligation was calculated at the current value of the vested benefits to which the employee is entitled to at the consolidated statement of financial position date. However, at the date of transition to IFRS, the employees' end of service termination benefits obligations were remeasured in accordance with the requirements of IAS 19, using the projected unit credit method, on an actuarial basis.

This resulted in an increase of employee's termination benefits obligation by SAR 52,416,223 (Note 5.5.12) with the corresponding debit of SAR 47,379,852 to the consolidated opening retained earnings as at 1 January 2016 and a debit of SAR 5,036,371 to capital work-in-progress until the date of commercial production out of which SAR 2,766,227 was transferred to property, plant and equipment after the date of commencement of commercial production.

out of which SAR 5,036,371 has been capitalized as part of capital work-in-progress until the date of commercial production out of which SAR 2,766,227 was transferred to property, plant and equipment after the date of commercial production with a correspond debit of SAR 47,379,852 (Note 5.2.1) to the consolidated opening retained earnings as at 1 January 2016.

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of capitalization of increase in employee's end of service termination benefit obligations resulting in an increase in capital work-in-progress until the date of commercial production and property, plant and equipment after date of commercial production with a corresponding increase in employees' end of service termination benefits obligation			
• capital work-in-progress	5.5.12	2,270,144	2,270,144
• capital work-in-progress until the date of commercial production and to property, plant and equipment after the date of commencement of commercial production	5.5.2E, 5.5.12	-	2,766,227
Comparative year re-measurement of the employees' end of service termination benefits obligation debited to capital work-in-progress until the date of declaring commercial production and credited to the employees' end of service termination benefits obligation	5.5.12	3,962,133	-
Net impact of employees' end of service termination benefits obligation on capital work-in-progress		**6,232,277**	**5,036,371**
1 January 2016 – Cumulative effect on consolidated opening retained earnings		-	-

5.5.3G Total impact of applying IFRS standards on capital work-in-progress

Total impact of applying the IFRS standards on capital work-in-progress – sub-total	**5.3,5.2**	**(2,638,423,511)**	**(2,241,405,496)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings – sub-total	5.2.1	-	(1,835,070,252)

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5.5.4 Intangible assets

In accordance with IFRS 1 and the IFRS 1 Implementation guide, that carrying value of intangible assets under the cost model, needs to be challenged to ensure that the capitalized cost meets the IFRS measurement criteria under IAS, when recognizing the asset. Therefore, certain intangible assets that did not qualify for recognition as intangible assets amounting to SAR 1,390,413 have been written-off and charged to retained earnings.

In accordance with SOCPA, the Group was required to amortize the intangible asset over a maximum useful life of 7 years. However, as at the date of transition to IFRS, the Group retrospectively remeasured the intangible assets based on the estimated economic useful life of the intangible assets. This resulted in a decrease in accumulated amortization of intangible assets that was adjusted against the consolidated opening retained earnings.

Further, certain intangible assets that did not qualify for recognition as intangible assets amounting to SAR 1,390,413 have been written-off and charged to the opening balance of consolidated retained earnings.

The transition date adjustments recognized in intangible assets and the comparative year impact of these adjustments are as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of write-off of ineligible cost and the retrospective change in the amortization policy of intangible assets under IFRS, based on the economic useful lives on the net book value of intangible assets with a corresponding increase in consolidated opening retained earnings:			
• Ineligible cost written-off of intangible assets		(1,390,413)	(1,390,413)
• Decrease in accumulated amortization of intangible assets		3,913,397	3,913,397
Sub-total		**2,522,984**	**2,522,984**
Comparative year impact of amortization of intangible assets on the consolidated statement of profit or loss by debiting to:			
• Cost of sales	5.4.1B	1,120,172	-
• General and administrative expenses	5.4.1D	1,682,213	-
Net impact of amortization adjustment on intangible assets	**5.3,5.2**	**5,325,369**	**2,522,984**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	2,522,984

5.5.5 Investment in joint venture

As of the date of transition, the Group determined that the recoverable amount of the total investment in one of its joint venture (SAMAPCO), including an additional contribution amounting to SAR 47,998,419 that was shown as a receivable from SAMAPCO, was less than its carrying amount. The impairment test used an equity valuation model and included an appropriate market related discount rate. This has resulted in an impairment loss of SAR 372,774,239 as at the date of transition to IFRS (Note 21.2).
Consequently, the share in net loss recognized for the investment during the year ended 31 December 2016 has been credited to “Share in net loss of joint venture that have been equity accounted” in the consolidated statement of profit or loss.

The transition date adjustments recognized in investment in joint venture and the comparative year impact of these adjustments are as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of impairment of investment in a joint venture which resulted in a decrease in the carrying value of the investment and additional contribution with a corresponding decrease in the opening retained earnings			
• investment in a joint venture		(324,775,820)	(324,775,820)
• additional contribution		(47,998,419)	(47,998,419)
Comparative year effect of reversal of the share in the net loss of the joint venture on the consolidated statement of profit or loss by crediting to:			
• share in net loss of joint venture that have been equity accounted	5.4.1G	77,513,678	-
Net impact of impairment on investment in joint venture	**5.3,5.2**	**(295,260,561)**	**(372,774,239)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1,21.2	-	(372,774,239)

5.5.6 Deferred tax

In accordance with SOCPA, the Group was not required to recognize deferred tax assets and liabilities. However, as part of the transition from SOCPA to IFRS, the Group had recognized deferred tax assets and liabilities applicable to foreign shareholders only.

Further, deferred tax liabilities on account of difference between the carrying value of certain items of mine properties, property, plant and equipment and certain intangible assets amounting to SAR 164,155,080, had been recognized in the consolidated statement of financial position as at 1 January 2016.

The impact of applying IAS 12 in recognizing deferred tax assets and liabilities on foreign shareholder only on the comparative years are as follows:

5.5.6A Deferred tax assets

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of recognizing deferred tax assets for the first time with a corresponding increase in opening retained earnings		248,382,944	248,382,944
Comparative year impact on consolidated statement of profit or loss due to an increase in deferred tax assets	5.4.1H	130,056,102	-
Total impact on recognizing deferred tax assets	**5.3,5.2**	**378,439,046**	**248,382,944**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	248,382,944

5.5.6B Deferred tax liabilities

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of recognizing deferred tax liabilities for the first time with a corresponding decrease in opening retained earnings		(164,155,080)	(164,155,080)
Comparative year impact on consolidated statement of profit or loss due to an increase in deferred tax liabilities	5.4.1H	(110,173,387)	-
Total impact on recognizing deferred tax liabilities	**5.3,5.2**	**(274,328,467)**	**(164,155,080)**
1 January 2016 – Cumulative effect on opening retained earnings	5.2.1	-	(164,155,080)

5.5.6C Net impact of applying IFRS standards on deferred tax

Net periodic effect of increase in deferred tax assets and liabilities as shown in the consolidated statement of profit or loss – sub-total	5.4.1H,22.1	**19,882,715**	-
1 January 2016 – Net effect of recognizing deferred tax assets and deferred tax liability on consolidated opening retained earnings – sub-total	5.2.1	-	84,227,864

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5.5.7 Advances and prepayments

The outstanding balance of a mobilization advance amounting to SAR 25,882,088 has been reclassified from advances and prepayments to finance lease assets under mine properties (Note 5.5.1F). The related reversal of the operating lease expense previously charged as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of reclassification of advances and prepayments as finance lease with a corresponding increase in finance lease assets under mine properties	5.5.1F	(25,882,088)	(25,882,088)
1 January 2016 – Cumulative effect of reversal of repayments initially capitalized as part of capital work-in-progress before commencement of commercial operations resulting in a decrease of carrying value of capital work-in-progress and a corresponding increase in advances and prepayments	5.5.3D	6,470,522	6,470,522
Comparative year impact of reversal of lease rentals resulted in an increase in advances and prepayments with a corresponding credit to:			
• Cost of sales	5.4.1B	3,882,312	-
• capital work-in-progress related to lease rentals capitalized before commencement of commercial operations	5.5.3D	1,294,104	-
Net impact of reclassification of lease assets and reversal of lease rentals on advances and prepayments	**5.3,5.2**	**(14,235,150)**	**(19,411,566)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings		-	-

5.5.8 Trade and other receivables and sales

It is a common practice in the mining industry that certain commodities are provisionally priced at the time that the commodity physically change hands due to:

- the metal content needs to be finally assayed at the refinery as a result of further refinement or
- the selling price is not finally settled until a contractually pre-determined future date and is based on the ruling market price at that time

Revenue on the sale of such commodities is initially recognized at a provisional market price prevailing at the time of delivery. The trade receivables arising from the provisional priced sales are marked to market at each reporting date, using the forward price for the year equivalent to the pricing mechanism agreed in the contract. This marked to market adjustment to trade receivables is recognized in the sales revenue of such commodity (Note 8) and also to the cost of sales for the by-products (Note 9) as and when booked at the reporting date, in accordance with IFRS revenue recognition standard.

The transition date adjustments recognized in trade and other receivable and sales along with the comparative year impact of these provisional pricing adjustments are as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of applying provisional pricing resulted in a decrease in trade receivables with a corresponding decrease in consolidated opening retained earnings		(996,824)	(996,824)
Comparative year impact arising from the adjustment to trade receivables due to the application of provisional pricing and the subsequent reversal in the following year to:			
• Sales	5.4.1A	(1,997,792)	-
• Cost of sales for by-product sales	5.4.1B	3,292,841	-
Net impact of applying provisional pricing adjustments on trade and other receivables	**5.3,5.2**	**298,225**	**(996,824)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(996,824)

5.5.9 Long-term borrowings

Under SOCPA, certain upfront and commitment fees on qualifying borrowings was capitalized to capital work-in-progress and property, plant and equipment. Consequently, these borrowings were recognized at full value upon initial recognition.

However, IFRS requires these upfront and commitment fees to be amortized using the effective interest method and charged to capital work-in-progress in case the asset is under construction or charged to the consolidated statement of profit or loss after completion of construction of the asset for which the borrowing took place.

The outstanding balances of these upfront and commitment fees after taking into account of amortization using effective interest method amounting to SAR 523,645,986 has been deducted from "Long-term borrowings" and capital work-in-progress or property, plant and equipment as the case may be.

Further, IAS 32 requires amortization of upfront fees and commitment fees on these qualifying long-term borrowings using the effective interest rate method. The amortization of these transaction costs has been charged to "Finance cost" in the consolidated statement of profit or loss.

	Notes	December 31 2016	January 1 2016
Transaction cost			
1 January 2016 – Cumulative effect of reversal of eligible transaction costs by debiting long-term borrowings and crediting:			
• property, plant and equipment	5.5.2C	(282,637,367)	(282,637,367)
• property, plant and equipment (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.2C	(179,744,959)	-
• capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production)	5.5.3C	(167,916,612)	(167,916,612)
• capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.3C	-	(179,744,959)
1 January 2016 – Cumulative effect of amortizing transaction cost, using the effective interest rate method by crediting the long term borrowings and debiting:			
• property, plant and equipment	5.5.2C	21,776,725	21,776,725
• property, plant and equipment (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.2C	15,893,539	-
• capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production)	5.5.3C	22,815,389	22,815,389
• capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.3C	-	15,893,539
• opening retained earnings		46,167,299	46,167,299
Comparative year impact of amortizing transaction cost, by debiting:			
• property, plant and equipment	5.5.2C	16,329,547	-
• capital work-in-progress and crediting long-term borrowings until the date of declaring commercial production	5.5.3C	23,175,224	-
• finance cost as shown in the statement of profit or loss after declaring commercial production	5.4.1F	39,513,080	-
Net impact of applying the IFRS standards relating to long-term borrowings	**5.3,5.2**	**(444,628,135)**	**(523,645,986)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(46,167,299)

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5.5.10 Provision for decommissioning, site rehabilitation and dismantling obligations

At the date of transition to IFRS, the provision for decommission, site rehabilitation and dismantling was re-measured in accordance with the requirements of IAS 37 which resulted in a net increase of the provision for decommissioning by SAR 97,078,345 with a corresponding increase in mine closure assets under mine properties by SAR 121,284,731 (Note 5.5.1D) and an increase of SAR 12,024,020 in mine closure assets capitalized as part of capital work-in-progress before the date of declaration of commercial production which was then transferred to mine closure assets under property, plant and equipment after the date of commencement of commercial production.

The provision for decommissioning is unwinded with the passage of time and the unwinding of the present value is charged to finance cost in the consolidated statement of profit or loss as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the present value of the estimated future expenditure of the provision for decommissioning, site rehabilitation and dismantling obligation with a corresponding debit to:			
• mine properties	5.5.1D	121,284,731	121,284,731
• property, plant and equipment (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.2D	12,024,020	-
• capital work-in-progress until the date of commercial production and property, plant and equipment after date of commercial production	5.5.3E	-	12,024,020
1 January 2016 – Cumulative effect of discounting the present value of the estimated future expenditure of the provision for decommissioning, site rehabilitation and dismantling obligation resulted in a decrease in the provision with a corresponding increase in consolidated opening retained earnings		(51,884,538)	(51,884,538)
1 January 2016 – Cumulative effect of the unwinding of the provision for decommissioning, site rehabilitation and dismantling commenced at the beginning of the development and construction phase of project. Therefore, the retrospective charge due to unwinding has increased the provision with a corresponding decrease in the consolidated opening retained earnings		15,654,132	15,654,132
Comparative year impact of accretion of the decommissioning, site rehabilitation and dismantling provision, debited to:			
• Finance cost	5.4.1F	15,367,190	-
Net impact of applying the IFRS standards relating to decommissioning, site rehabilitation and dismantling obligations	**5.3,5.2**	**112,445,535**	**97,078,345**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	36,230,406

5.5.11 Obligation under finance lease

Certain assets, comprising of motor vehicles, power plant and certain mining equipment, were the subject of lease agreements that had been treated as an operating lease under SOCPA. However, on the date of transition to IFRS 1 January 2016 these lease agreements were assessed and re-classified as finance leases under IFRS and capitalized in accordance with IAS 17. Both the assets held under finance lease and the liability relating to the obligation under finance lease amounting to SAR 103,991,949 (Note 5.5.1F) were recognized in the consolidated statement of financial position on 1 January 2016.

The related repayments that were previously charged to the consolidated statement of profit or loss were reversed and recorded as a reduction to the obligation under finance lease whereas, the related finance cost portion was charged to the consolidated statement of profit or loss and recorded as an increase in obligation under finance lease as follow:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the retrospective change and capitalization as a finance lease under IAS 17 with a corresponding increase in assets held under finance lease reported under mine properties	5.5.1F	103,991,949	103,991,949
1 January 2016 – Cumulative effect of reversal of repayments initially capitalized as part of capital work-in-progress before commencement of commercial operations resulted in a decrease of carrying value of capital work-in-progress with a corresponding decrease in obligation under finance lease	5.5.3D	(16,212,806)	(16,212,806)
1 January 2016 – Cumulative effect of reversal of repayments of lease rentals initially charged to expense and accordingly recorded as a reduction to obligation under finance lease with a corresponding decrease in consolidated opening retained earnings		(232,093)	(232,093)
Sub-total		**87,547,050**	**87,547,050**
Comparative year impact of reversal of repayments of lease rentals resulted in a decrease in obligation under finance lease with a corresponding credit to:			
• Cost of sales	5.4.1B	(17,414,072)	-
• General and administrative expenses	5.4.1D	(548,226)	-
• Exploration and technical services expenses	5.4.1E	(173,899)	-
• Finance cost portion charged to consolidated statement of profit or loss	5.4.1F	2,972,121	-
• Capital work-in-progress (before commencement of commercial operations)	5.5.3D	(4,884,642)	-
• Finance cost portion capitalized as part of capital work-in-progress (before commencement of commercial operations)	5.5.3D	882,321	-
Net repayments		**(19,166,397)**	-
Obligation under finance lease after applying IAS 17		**68,380,653**	**87,547,050**
Less: Current portion of obligation under finance lease shown under current liabilities	5.3,5.2	(20,124,717)	(19,166,397)
Long-term portion of obligation under finance lease	**5.3,5.2**	**48,255,936**	**68,380,653**
1 January 2016 – Cumulative effect consolidated opening retained earnings	5.2.1	-	232,093

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5.5.12 Employees' end of service termination benefits obligations

Under SOCPA the employees' end of service termination benefits obligation were calculated at the current value of the vested benefits to which the employee is entitled to at the consolidated statement of financial position date. However, at the date of transition to IFRS, the employees' end of service termination benefits obligation was remeasured in accordance with the requirements of IAS 19, using the projected unit credit method, on an actuarial basis.

This resulted in an increase of employee's termination benefits obligation by SAR 52,416,223 out of which SAR 5,036,371 has been capitalized as part of capital work-in-progress and SAR 47,379,852 (Note 5.2.1) has been recognized as a decrease against the consolidated opening retained earnings as at 1 January 2016.

One of the assumptions used in arriving at the present value of the defined termination benefits obligation is a discount rate of 4.5% (Note 39). The accretion of the present value of the employees' end of service termination benefits obligation over the weighted average duration of the defined end of service termination benefit obligation is charged to finance cost in the consolidated statement of profit or loss. Further, the actuarial loss due to change in actuarial assumptions and the related experience adjustment has been recognised as a separate component in the consolidated statement of other comprehensive income.

The resulting accretion of employees' termination benefits obligation have been charged to statement of profit or loss:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of the increase in the employees' end of service termination benefits obligation with a corresponding debit to:			
• Property, plant and equipment (since commencement of commercial production)	5.5.2E	2,766,227	-
• Capital work-in-progress	5.5.3F	2,270,144	2,270,144
• Capital work-in-progress (capitalized as part of capital work-in-progress before declaration of commercial production and transferred to property, plant and equipment during the comparative year)	5.5.3F	-	2,766,227
• Consolidated opening retained earnings		47,379,852	47,379,852
Comparative year impact arising from remeasurement of employees' end of service termination benefits obligation in the following accounts of consolidated statement of profit or loss:			
• Cost of sales	5.4.1B	8,972,174	-
• Selling, marketing and logistic expenses	5.4.1C	(91,742)	-
• General and administrative expenses	5.4.1D	(12,467,460)	-
• Exploration and technical services expenses	5.4.1E	(1,792,619)	-
• Finance cost (accretion of employees' and of service termination benefits obligation)	5.4.1F	14,741,558	-
Total adjustment to the consolidated statement of profit or loss		**9,361,911**	-
Remeasurement due to change in:			
• Experience adjustment	5.4.1I	(28,092,902)	-
• Loss from change in financial assumption	5.4.1I	26,322,317	-
Total charged to consolidated statement of other comprehensive income		**(1,770,585)**	-
Comparative year impact of increase in employees' end of service termination benefits obligation and debiting property, plant and equipment	5.5.2E	653,478	-
Comparative year impact of increase in employees' end of service termination benefits obligation and debiting capital work-in-progress until the date of declaring commercial production	5.5.3F	3,962,133	-
Net impact of applying the IFRS standards to employees' end of service termination benefits	**5.3,5.2**	**64,623,160**	**52,416,223**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	(47,379,852)

5.5.13 Projects, trade and other payable

The Group, In accordance with SOCPA, was not required to discount project long-term retention payables, having a maturity of more than one year, from the statement of financial position date. However, under IFRS it is a requirement to recognize a financial liability at its fair value, less the attributable transaction cost.

5.5.13A Reclassification of current portion of retention payable

The Group at the reporting date of its consolidated statement of financial position, reclassified the current portion of the long-term retention payable within the next twelve months from non-current liabilities to current liabilities in the consolidated statement of financial position as follows:

	Notes	31 December 2016	1 January 2016
Projects - long-term retention payable		1,980,257,388	1,250,638,415
Less: Current portion of retention payable	5.3,5.2	(793,626,305)	(279,162,159)
		1,186,631,083	**971,476,256**

5.5.13B Discounting of long-term retention payable

The Group, as of the transition date 1 January 2016 and all subsequent reporting dates, has discounted the non-current portion of long-term retentions payable using its incremental borrowing rate. The decrease in the non-current portion of the projects long-term retention payable as a result of the discounting amounted to SAR 73,922,306 with a corresponding increase in the consolidated opening retained earnings on 1 January 2016 of SAR 73,922,306 (Note 5.2.1).

The resulting accretion of the projects – long term retention payables, arising from the passage of time and the unwinding of the present value impacted the comparable years as follows:

	Notes	31 December 2016	1 January 2016
1 January 2016 – Cumulative effect of decrease in projects, trade and other payables due to remeasurement of long-term project retentions due and payable using effective interest rate method, to its present value with a corresponding increase in consolidated opening retained earnings		(73,922,306)	(73,922,306)
Comparative year impact on consolidated statement of profit or loss due to accretion of the discounted present value in the following account:			
• Finance cost	5.4.1F	(8,031,734)	-
Net impact of applying the IFRS standards to long-term retention payable	**5.3,5.2**	**(81,954,040)**	**(73,922,306)**
1 January 2016 – Cumulative effect on consolidated opening retained earnings	5.2.1	-	73,922,306

5.5.14 First time adoption of IFRS – effect on consolidated statement of cash flows

The transition from SOCPA to IFRS has not had a material impact on the consolidated statement of cash flows.

6. Critical accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS and other pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia, requires the Group's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying accounting disclosures, and the disclosures of contingent liabilities at the date of the consolidated financial statements.

Estimates and assumptions are continually evaluated and are based on management's 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.

6.1 Critical accounting judgements in applying accounting standards

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

- economic useful lives of property, plant and equipment;
- impairment and the reversal of impairment
- zakat and income tax
- exploration and evaluation expenditure
- stripping costs
- commercial production start date

Economic useful lives of property, plant and equipment

The Group's assets, classified within mine properties, are depreciated / amortized on a UOP basis over the economically recoverable proven and probable ore reserves of the mine concerned, except in the case of those mining assets whose economic useful life is shorter than the life of the mine, in which case the straight line method is applied. When determining the life-of-mine, assumptions that were valid at the time of estimation, may change when new information becomes available.

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The Group's assets, classified within property, plant and equipment, are depreciated on a straight line basis over their economic useful lives.

The factors that could affect estimation of the life-of-mine include the following:

- changes in proven and probable ore reserves;
- the grade of ore reserves varying significantly from time to time;
- differences between actual commodity prices and commodity price assumptions used in the estimation and classification of ore reserves;
- unforeseen operational issues at mine sites; and
- changes in capital, operating, mining, processing and reclamation costs, discount rates could possibly adversely affect the economic viability of ore reserves.

Any of these changes could affect prospective 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 the reversal of impairment

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 31 December 2017 an amount of SAR 61,545,657 was paid to GAZT pertaining to the year ended 31 December 2016 (during the year ended 31 December 2016 an amount of SAR 44,082,363 was paid to GAZT pertaining to the year ended 31 December 2015).

During April 2017, the GAZT has issued final zakat assessment for the Company and its wholly owned subsidiaries for the years 2008 until 2013. The Company has filed an appeal against the assessed amount with the preliminary appeal committee. Refer to Note 46.3.

Exploration and evaluation expenditure

The application of the Group's accounting policy for E&E expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's E & E assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions.

Stripping costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset. Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations.

An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Commercial production start date

Commercial production is achieved when mining related assets are capable of operating in the manner envisaged by the entity's management which is generally when the mining related assets are capable of operating continuously at a nominated percentage of design capacity.

The decision on when commercial production for mining related assets is achieved is however judgmental and should be based after discussions between the accountants, engineers and metallurgists. Consideration should be taken of the following list of non-exhaustive factors, such as:

- a nominated percentage of design capacity for a mine or a mill.
- mineral recoveries at or near expected levels
- achievement of continuous production.
- the level of future capital expenditure still to be incurred.

Various aspects of the mining / production process (e.g. mine, processing plant, refinery, mill, etc.) needs to be considered separately when concluding on when commercial production has commenced, especially if one aspect of the process has commenced production in advance of the others. Once the mine is capable of commercial production, depreciation should commence.

6.2 Key sources of estimation uncertainty

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

- ore reserve and mineral resource estimates;
- mine decommissioning obligation;
- allowances for obsolete and slow moving spare parts
- 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 long-term commodity price and forecasts cut-off grades. 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 decommissioning 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 Kingdom of Saudi Arabia, terms of the license agreements and engineering estimates. Provision is made, for decommissioning 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 for obsolete and slow moving spare parts

The Group also creates an allowance for obsolete and slow-moving spare parts. At 31 December 2017, the allowance for obsolete slow-moving items amounted to SAR 38,291,650 (31 December 2016: SAR 15,853,329 and 1 January 2016: SAR 15,984,849). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year (Note 27.1).

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.

7. Segmental information

Segment reporting

Operating business segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

The Group has appointed a committee (the Management Committee) which assesses the financial performance and position of the Group, and makes strategic decisions. The Management Committee comprises the President and Chief Executive Officer and other senior management personnel.

7.1 Business segment

A business segment is a component of the Group :

- that engages in business activities from which it may earn revenues and incur expenses;
- results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

Transactions between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the consolidated statement of profit or loss.

The accounting policies used by the Group in reporting business segments internally are the same as those contained in Note 4 of the consolidated financial statements.

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 the VSK processing plant at Al Madinah Al Munawarah.
  - ***MWSPC*** – the development of a mine to exploit the Al-Khabra phosphate deposit. The company declared commercial production of the ammonia plant on 1 January 2017 and has commenced the trial production of Diammonium Phosphate (DAP) on 8 July 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 and assets have been allocated to this segment.

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

- **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 produces aluminium products. MAC declared commercial production on 1 September 2014.
  - ***MRC*** –in the process of constructing a rolling mill. The 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. The alumina from MBAC is then processed at MAC. The refinery declared commercial production on 1 October 2016.
  - ***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 and assets have been allocated to this segment.
- **Precious 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 1 April 2016) and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia.
  - ***MBCC*** –a joint venture that produces copper and various by-products located in the southeast of Al Madinah Al Munawarah. MBCC started commercial production on 1 July 2016.
  - ***Precious and base metals division under Corporate*** – related cost and exploration expenses in Ma'aden Corporate has been allocated to this segment.
- **Corporate**
  - Is responsible for effective management and governance including funding of subsidiaries and joint ventures 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.

7.2 Business segment financial information

	Notes
31 December 2017	
Sales of goods to external customers	7.4
Gross profit	
Income from time deposits	13
Underlying EBITDA	
Depreciation and amortization	
Underlying EBIT	
Operating special items and re-measurements:	
Non-operating other income / (expenses), net	
Impairment of capital work-in-progress	19
Impairment of investment in joint venture	21.2
Share in net income of a joint venture	21.1.3
Net profit / (loss) before net finance income / (cost) and zakat and income tax	
Net profit / (loss) attributable to shareholders' of the parent company	
Mine properties	17
Property, plant and equipment	18
Capital work-in-progress*	19
Intangible assets	20
Investment in a joint venture	21
Total assets	
Long-term borrowings	36.6
Obligation under finance lease	38
Total liabilities	

* An amount of SAR 446,250,000 was recognised as an impairment in capital work-in-progress of aluminium segment at the year ended 31 December 2017.

	Phosphate	Aluminium	Precious and base metals	Corporate	Total
	5,461,224,495	5,031,550,231	1,593,159,444	-	12,085,934,170
	1,865,985,866	1,427,175,664	639,133,437	-	3,932,294,967
	3,477,570	3,309,962	-	70,709,111	77,496,643
	2,543,823,275	2,572,185,313	820,832,204	(175,204,904)	5,761,635,888
	(1,127,967,078)	(1,362,227,713)	(338,744,184)	(20,642,140)	(2,849,581,115)
	1,415,856,197	1,209,957,600	482,088,020	(195,847,044)	2,912,054,773
	(16,047,556)	(444,749)	(1,000,615)	(47,498,975)	(64,991,895)
	-	(446,250,000)	-	-	(446,250,000)
	-	(30,750,000)	-	-	(30,750,000)
	-	-	101,650,424	-	101,650,424
	1,399,808,641	732,512,851	582,737,829	(243,346,019)	2,471,713,302
	640,361,277	(183,046,140)	517,064,487	(259,537,738)	714,841,886
	4,943,241,944	1,420,759,553	2,734,031,950	-	9,098,033,447
	15,610,933,567	28,693,443,136	12,848,842	133,707,243	44,450,932,788
	21,030,769,552	5,252,622,714	86,878,993	39,198,718	26,409,469,977
	86,896,716	216,256,255	21,581,350	20,889,139	345,623,460
	-	-	934,056,539	-	934,056,539
	45,861,745,801	39,950,561,537	4,291,293,331	5,013,395,641	95,116,996,310
	28,369,128,044	24,369,956,783	1,156,772,912	-	53,895,857,739
	-	13,592,151	48,255,936	-	61,848,087
	31,265,446,048	27,049,649,164	1,673,267,341	598,654,239	60,587,016,792

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

7.2 Business segment financial information (continued)

	Notes
31 December 2016	
Sales of goods to external customers	7.4
Gross profit	
Income from time deposits	13
Underlying EBITDA	
Depreciation and amortization	
Underlying EBIT	
Operating special items and re-measurements:	
Non-operating other income / (expenses), net	
Impairment of capital work-in-progress	19
Share in net income of a joint venture	21.1.3
Net profit / (loss) before net finance income / (cost) and zakat and income tax	
Net profit / (loss) attributable to shareholders' of the parent company	
Mine properties	17
Property, plant and equipment	18
Capital work-in-progress*	19
Intangible assets	20
Investment in a joint venture	21
Total assets	
Long-term borrowings	36.6
Obligation under finance lease	38
Total liabilities	

* An amount of SAR 566,250,000 was recognised as an impairment in capital work-in-progress of aluminium segment at the year ended 31 December 2016.

Phosphate	Aluminium	Precious and base metals	Corporate	Total
4,165,055,524	4,249,270,671	1,049,530,901	-	9,463,857,096
705,891,898	988,223,778	326,442,332	-	2,020,558,008
9,517,140	351	-	142,118,647	151,636,138
1,625,897,319	1,834,041,092	394,138,059	(156,713,067)	3,697,363,403
(1,255,766,304)	(1,020,819,573)	(222,734,106)	(19,209,301)	(2,518,529,284)
370,131,015	813,221,519	171,403,953	(175,922,368)	1,178,834,119
16,363,869	1,029,392	(4,006,255)	19,756,158	33,143,164
-	(566,250,000)	-	-	(566,250,000)
-	-	3,725,530	-	3,725,530
386,494,884	248,000,911	171,123,228	(156,166,210)	649,452,813
105,446,747	(83,987,402)	131,401,911	(163,600,477)	(10,739,221)
4,887,243,977	1,454,789,879	2,904,517,096	-	9,246,550,952
12,584,703,836	29,714,754,663	12,541,365	147,053,737	42,459,053,601
23,257,705,695	5,864,309,338	22,873,396	39,745,457	29,184,633,886
94,906,091	250,877,209	11,844,837	16,820,440	374,448,577
-	-	832,406,115	-	832,406,115
45,663,662,521	40,378,529,747	4,172,966,973	3,927,587,751	94,142,746,992
27,878,968,248	24,751,023,599	901,051,061	-	53,531,042,908
-	26,783,121	68,380,653	-	95,163,774
32,021,417,239	27,198,381,264	1,421,937,328	364,696,311	61,006,432,142

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

7.3 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 are located within the Kingdom of Saudi Arabia.

The Group's geographical distribution of revenue generation by destination is as follows:

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2017						
International						
Indian subcontinent and Asia-pacific		**3,811,780,222**	**1,133,740,902**	**-**	**-**	**4,945,521,124**
Brazil, Singapore, GCC MENA, Europe, Latin America and North America		**705,713,599**	**2,345,321,499**	**3,993,525**	**-**	**3,055,028,623**
Switzerland and others		**897,149,773**	**939,798,617**	**1,589,165,919**	**-**	**3,426,114,309**
Sub-total		**5,414,643,594**	**4,418,861,018**	**1,593,159,444**	**-**	**11,426,664,056**
Domestic		**46,580,901**	**612,689,213**	**-**	**-**	**659,270,114**
Total	8	**5,461,224,495**	**5,031,550,231**	**1,593,159,444**	**-**	**12,085,934,170**
31 December 2016						
International						
Indian subcontinent and Asia-pacific		2,527,012,739	1,516,441,146	-	-	4,043,453,885
Brazil, Singapore, GCC MENA, Europe, Latin America and North America		1,090,996,415	1,287,934,099	2,640,359	-	2,381,570,873
Switzerland and others		471,223,772	645,581,518	1,043,312,766	-	2,160,118,056
Sub-total		4,089,232,926	3,449,956,763	1,045,953,125	-	8,585,142,814
Domestic		75,822,598	799,313,908	3,577,776	-	878,714,282
Total	8	4,165,055,524	4,249,270,671	1,049,530,901	-	9,463,857,096

The Group's geographical distribution of external revenue by major customers by destination are as follows:

	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2017					
Customer No. 1 – Indian subcontinent	**1,950,271,753**	-	-	-	**1,950,271,753**
Customer No. 2 – Switzerland	-	-	**1,428,230,236**	-	**1,428,230,236**
Customer No. 3 – Spain	-	**1,192,670,053**	-	-	**1,192,670,053**
Customer No. 4 – Brazil	**691,069,381**	-	-	-	**691,069,381**
31 December 2016					
Customer No. 1 – Indian subcontinent	1,712,104,332	-	-	-	1,712,104,332
Customer No. 2 – Spain	-	1,012,405,330	-	-	1,012,405,330
Customer No. 3 – Switzerland	-	-	886,774,396	-	886,774,396
Customer No. 4 – Brazil	727,980,825	-	-	-	727,980,825

7.4 The Group's revenue generation by product

	Notes	Phosphate	Aluminium	Precious and base metals	Corporate	Total
31 December 2017						
Phosphate fertilizer and ammonia		**5,350,833,240**	**-**	**-**	**-**	**5,350,833,240**
Low grade bauxite, caustic calcined magnesia and dead burned magnesia		**110,187,810**	**-**	**-**	**-**	**110,187,810**
Primary aluminium		**-**	**4,991,567,481**	**-**	**-**	**4,991,567,481**
Alumina		**-**	**39,569,695**	**-**	**-**	**39,569,695**
Gold		**-**	**-**	**1,593,159,444**	**-**	**1,593,159,444**
Infrastructure		**203,445**	**413,055**	**-**	**-**	**616,500**
Total	7.2, 8	**5,461,224,495**	**5,031,550,231**	**1,593,159,444**	**-**	**12,085,934,170**
31 December 2016						
Phosphate fertilizer and ammonia		4,056,326,243	-	-	-	4,056,326,243
Low grade bauxite and caustic calcined magnesia		108,722,268	-	-	-	108,722,268
Primary aluminium		-	4,249,256,434	-	-	4,249,256,434
Gold		-	-	1,049,530,901	-	1,049,530,901
Infrastructure		7,013	14,237	-	-	21,250
Total	7.2, 8	4,165,055,524	4,249,270,671	1,049,530,901	-	9,463,857,096

All the subsidiaries and joint venture entities listed in Notes 2 and 7.1, are incorporated in the Kingdom of Saudi Arabia.

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

8. Sales

	Note	Year ended 31 December 2017	Year ended 31 December 2016
Sale of goods			
Phosphate segment			
Phosphate fertilizer and ammonia		**5,350,833,240**	4,056,326,243
Industrial minerals		**110,187,810**	108,722,268
Sub-total		**5,461,021,050**	4,165,048,511
Aluminium segment			
Primary aluminium		**4,991,567,481**	4,249,256,434
Alumina		**39,569,695**	-
Sub-total		**5,031,137,176**	4,249,256,434
Precious and base metals segment			
Gold		**1,593,159,444**	1,049,530,901
Rendering of services			
Infrastructure revenue		**616,500**	21,250
Total	7.2,7.3,7.4	**12,085,934,170**	9,463,857,096
Gold sales analysis			
Quantity of gold ounces (Oz) sold		**333,381**	224,576
Average realized price per ounce (Oz) in:			
US$		**1,274**	1,246
Saudi Riyals (equivalent)		**4,779**	4,673

9. Cost of sales

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Salaries and staff related benefits		**973,017,780**	760,179,167
Contracted services		**717,876,809**	439,698,732
Repairs and maintenance		**117,064,675**	62,732,179
Consumables		**134,087,056**	143,671,934
Overheads		**442,319,490**	368,334,373
Raw material and utilities consumed		**3,305,877,981**	3,185,804,208
Inventory losses		**12,446,990**	16,509,086
Sale of by-products	4.3,9.1	**(90,852,704)**	(44,008,143)
Allowance / (reversal) of inventory obsolescence	27.1	**22,438,321**	(131,520)
Severance fees	41	**73,093,714**	8,278,039
Total cash operating costs		**5,707,370,112**	4,941,068,055
Depreciation of mine properties	17.1	**505,285,879**	393,922,609
Depreciation of property, plant and equipment	18.1	**2,287,053,143**	2,060,404,913
Amortisation of intangible assets	20.1	**20,294,014**	29,927,970
Total operating costs		**8,520,003,148**	7,425,323,547
(Increase) / decrease in inventory	27	**(366,363,945)**	17,975,541
Total		**8,153,639,203**	7,443,299,088

9.1 Sale of by-products by MGBM comprise of the following commodities:

Copper		**34,700,739**	19,297,994
Zinc		**48,263,728**	19,022,849
Silver		**7,888,237**	5,687,300
Total	9	**90,852,704**	44,008,143

10. Selling, marketing and logistic expenses

	Year ended 31 December 2017	Year ended 31 December 2016
Salaries and staff related benefits	**45,418,518**	43,091,632
Contracted services	**6,991,550**	3,311,801
Freight and overheads	**177,529,820**	117,377,469
Consumables	**184,760**	63,942
Marketing fees and deductibles	**273,102,217**	220,546,979
Other selling expenses	**27,650,630**	25,571,378
Total	**530,877,495**	409,963,201

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

11. General and administrative expenses

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Salaries and staff related benefits		**201,964,648**	216,848,654
Contracted services		**79,542,650**	30,167,377
Overheads and other		**64,428,407**	42,544,710
Consumables		**1,627,255**	1,735,433
Repair parts		**586,964**	829,677
Depreciation of mine properties	17.1	**392,830**	438,072
Depreciation of property, plant and equipment	18.1	**26,928,555**	28,796,708
Amortisation of intangible assets	20.1	**6,335,751**	2,998,071
Provision for doubtful debts	28.1	**-**	312,475
Total		**381,807,060**	324,671,177

12. Exploration and technical services expenses

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Salaries and staff related benefits		**28,530,175**	33,944,091
Contracted services		**25,802,021**	9,349,771
Overheads and other		**3,003,498**	3,743,012
Consumables		**1,308,357**	248,258
Repair parts		**266,299**	10,812
Depreciation of mine properties	17.1	**146,585**	151,514
Depreciation of property, plant and equipment	18.1	**3,144,358**	1,889,427
Total		**62,201,293**	49,336,885

13. Income from time deposits

	Note	Year ended 31 December 2017	Year ended 31 December 2016
Income from time deposits – measured at amortised cost	7.2	**77,496,643**	151,636,138

14. Finance cost

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Public Investment Fund		**354,174,576**	140,705,757
Saudi Riyal procurement		**258,351,526**	176,104,082
Al-Rajhi Bank		**-**	8,226,879
The Export Import Bank of Korea		**-**	2,194,015
Korea Export Insurance Corporation		**-**	5,728,642
Commercial		**55,658,912**	31,031,974
US Dollar procurement		**55,101,085**	31,179,532
Wakala		**65,908,680**	36,748,886
Saudi Industrial Development Fund		**19,890,000**	11,655,785
Riyal Murabaha facility		**382,248,125**	274,871,707
Revolving credit facility		**24,187,500**	64,297,882
Others		**43,755,761**	9,177,007
Sub-total		**1,259,276,165**	791,922,148
Amortization of transaction cost	36.9	**274,320,433**	71,479,197
Accretion of provision for mine decommissioning obligations	37.1,37.2,37.3,37.4	**18,047,031**	16,832,346
Unwinding of discount of non-current obligations under finance lease	38	**5,307,249**	3,472,190
Finance cost on employees' end of service termination benefits obligation	39.1	**19,429,917**	14,741,559
Unwinding of discount / (increase in discount) of long-term retention payable	42.1	**39,625,169**	(8,031,734)
Total	14.1	**1,616,005,964**	890,415,706

14.1 Summary of finance cost

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Expensed during the year	14	**1,616,005,964**	890,415,706
Borrowing cost capitalised as part of qualifying assets in capital work-in-progress during the year	19	**495,873,199**	695,720,611
Amortization of transaction cost capitalized as part of qualifying assets in capital work-in-progress during the year	19,36.9	**40,484,382**	86,846,987
Unwinding of discount of non-current obligations under finance lease capitalized as part of qualifying assets in capital work-in-progress during the year	19,38	**-**	3,603,093
Interest cost on employees' end of service termination benefits obligation capitalised as part of qualifying assets in capital work-in-progress during the year	19,39.1	**-**	974,740
Total		**2,152,363,545**	1,677,561,137

15. Other income / (expenses), net

	Year ended 31 December 2017	Year ended 31 December 2016
Other income / (expenses) , net	**(64,991,895)**	33,143,164

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

16. Earnings per ordinary share

	Note	Year ended 31 December 2017	Year ended 31 December 2016
Profit / (loss) attributable to shareholders' of the parent company		**714,841,886**	(10,739,221)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	31	**1,168,478,261**	1,168,478,261
Basic and diluted earnings / (loss) per ordinary share from continuing operations		**0.61**	(0.01)

Basic and diluted earnings per ordinary share is calculated by dividing the profit attributable to the share-holders of the parent company by the weighted average number of ordinary shares in issue during the year.

17. Mine properties

	Notes	Exploration and evaluation assets	Mines under construction	Mine closure and rehabilitation provision	Mine infrastructure / buildings
Cost					
1 January 2016		233,233,575	4,206,515,699	186,176,460	940,441,205
Additions during the year		36,569,955	1,280,371,855	-	-
Transfer of capital spares	27	-	-	-	-
Transfers within mine properties		-	(3,167,815,875)	11,248,741	991,369,915
Adjustments		-	-	-	(4,071,415)
31 December 2016		269,803,530	2,319,071,679	197,425,201	1,927,739,705
Additions during the year		37,072,561	177,279,156	1,103,556	-
Transfers within mine properties		-	(164,408,974)	-	(315,114,605)
Transfer from capital work-in-progress	19	-	-	-	-
Adjustments		-	-	-	-
31 December 2017		**306,876,091**	**2,331,941,861**	**198,528,757**	**1,612,625,100**
Accumulated depreciation					
1 January 2016		-	-	27,009,108	386,201,244
Charge for the year	17.1	-	-	6,627,276	63,613,360
Adjustments		-	-	-	(4,071,415)
31 December 2016		-	-	33,636,384	445,743,189
Charge for the year	17.1	-	-	7,174,888	77,807,107
Adjustments		-	-	-	(94,659,533)
31 December 2017		**-**	**-**	**40,811,272**	**428,890,763**
Net book value as at					
1 January 2016		233,233,575	4,206,515,699	159,167,352	554,239,961
31 December 2016		269,803,530	2,319,071,679	163,788,817	1,481,996,516
31 December 2017		**306,876,091**	**2,331,941,861**	**157,717,485**	**1,183,734,337**

*Mine properties includes plant and equipment acquired as part of finance lease (Note 17.3).

Producing mines						
Heavy equipment*	Fixed plant and heap leaching*	Civil works	Stripping activity asset	Mining capital -work-in progress	Others*	Total
135,434,455	3,217,007,983	59,228,787	48,105,087	398,940,798	176,136,412	9,601,220,461
-	1,075,324	-	45,440,760	108,838,048	-	1,472,295,942
-	26,323,519	-	-	-	-	26,323,519
213,368,769	1,359,287,805	408,472,487	-	(37,560,830)	221,628,988	-
-	-	-	-	-	(13,590)	(4,085,005)
348,803,224	4,603,694,631	467,701,274	93,545,847	470,218,016	397,751,810	11,095,754,917
-	6,402,090	-	98,898,284	23,963,124	34,730	344,753,501
11,706,623	123,358,628	33,373,975	-	(27,002,674)	338,087,027	-
-	-	-	-	13,829,815	-	13,829,815
-	(1,526,053)	-	-	-	(1,619,640)	(3,145,693)
360,509,847	**4,731,929,296**	**501,075,249**	**192,444,131**	**481,008,281**	**734,253,927**	11,451,192,540
70,067,806	854,824,100	16,573,332	3,825,987	-	93,508,754	1,452,010,331
23,816,933	249,815,878	6,976,742	11,996,506	-	38,431,944	401,278,639
-	-	-	-	-	(13,590)	(4,085,005)
93,884,739	1,104,639,978	23,550,074	15,822,493	-	131,927,108	1,849,203,965
35,465,185	276,988,539	17,072,120	15,675,913	-	75,641,542	505,825,294
(236,045)	(402,245)	-	-	-	93,427,657	(1,870,166)
129,113,879	**1,381,226,272**	**40,622,194**	**31,498,406**	**-**	**300,996,307**	**2,353,159,093**
65,366,649	2,362,183,883	42,655,455	44,279,100	398,940,798	82,627,658	8,149,210,130
254,918,485	3,499,054,653	444,151,200	77,723,354	470,218,016	265,824,702	9,246,550,952
231,395,968	**3,350,703,024**	**460,453,055**	**160,945,725**	**481,008,281**	**433,257,620**	**9,098,033,447**

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(All amounts in Saudi Riyals unless otherwise stated)

17. Mine properties (continued)

Initial recognition at cost

Exploration and evaluation asset

Expenditure is transferred from “Exploration and evaluation assets” to “Mines under construction” which is a sub-category of “Mine properties” once the work completed to date supports the future development of the property and such development receives appropriate approvals.

Mines under construction

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized in “Mines under construction”. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine.

Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalized, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognized in the consolidated statement of profit or loss and other comprehensive income. After production starts, all assets included in “Mines under construction” are then transferred to “Producing mines” which is also a sub-category of “Mine properties”.

Mine closure and rehabilitation provision

Mine closure and rehabilitation provision includes the following restoration activities:

- dismantling and removing structures;
- rehabilitating mines and tailing dams;
- dismantling operating facilities;
- closing plant and waste sites and
- restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground environment is disturbed at the mining operations location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing carrying amount of the related mining assets to the extent that is was incurred as a result of the development/construction of the mine.

Producing mines

Upon completion of the “Mine under construction” phase, the assets are transferred into “Mine properties” or “Property, plant and equipment”. Items of property, plant and equipment and producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchases price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included in property, plant and equipment.

Stripping activity asset

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of mine, before the production phase commences (development stripping), are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using a UOP method. The capitalization of developing stripping costs ceases when the mine / component is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) is generally considered to create two benefits:

- the production of inventory or
- improved access to the ore to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a “stripping activity asset”.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of “Mine properties” in the consolidated statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

Mining capital work-in-progress

It is normal industry practice for producing mines to embark on major capital expenditure projects to enhance or improve the existing flow sheet and are accounted for as “Capital work-in-progress” until its completion for intended use, when it is transferred at cost to the producing mine and put into use, from which point onwards it is being depleted.

Depreciation and impairment

Exploration and evaluation assets

Exploration and evaluation assets are not being depreciated, but are tested annually for impairment in accordance with IFRS 6.

Mines under construction

“Mines under construction” are not depreciated until construction is completed and the assets are available for their intended use. This is signified by the formal commissioning of the mine for commercial production.

17. Mine properties (continued)

Mine closure and rehabilitation provision, producing mines and stripping activity asset

The carrying values of mine closure and rehabilitation provision, producing mines and stripping activity assets are depleted on a systematic basis and are tested for impairment on an annual basis and when impairment indicators have been identified.

Mining capital work-in-progress

Mining capital work-in-progress are not depreciated until the construction is completed and the assets are available for their intended use. Mining capital work-in-progress are tested for impairment annually and when impairment indicators have been identified.

17.1 Allocation of depreciation charge for the year to:

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Expensed through profit or loss			
Cost of sales	9	**505,285,879**	393,922,609
General and administrative expenses	11	**392,830**	438,072
Exploration and technical services expenses	12	**146,585**	151,514
Sub-total		**505,825,294**	394,512,195
Capital work-in-progress	19	**-**	6,766,444
Total		**505,825,294**	401,278,639

17.2 Mining properties pledged as security

Mine properties with a net book value at 31 December 2017 of SAR 5,682,315,912 (31 December 2016: SAR 5,816,082,069 and 1 January 2016: SAR 7,859,883,447) are pledged as security to lenders under the Common Term Agreements (Note 36.10).

17.3 Plant and equipment acquired utilizing finance leases as a funding mechanism

	Heavy equipment	Fixed plant and heap leaching	Others	Total
Cost				
1 January 2016	56,931,767	89,732,132	46,673,816	193,337,715
31 December 2016	56,931,767	89,732,132	46,673,816	193,337,715
31 December 2017	**56,931,767**	**89,732,132**	**46,673,816**	**193,337,715**
Accumulated depreciation				
1 January 2016	13,200,546	14,955,355	11,944,258	40,100,159
Charge for the year	6,639,792	17,946,427	3,922,108	28,508,327
31 December 2016	19,840,338	32,901,782	15,866,366	68,608,486
Charge for the year	7,002,869	17,946,427	7,165,722	32,115,018
31 December 2017	**26,843,207**	**50,848,209**	**23,032,088**	**100,723,504**
Net book value				
1 January 2016	43,731,221	74,776,777	34,729,558	153,237,556
31 December 2016	37,091,429	56,830,350	30,807,450	124,729,229
31 December 2017	**30,088,560**	**38,883,923**	**23,641,728**	**92,614,211**

Leased plant and equipment with a net book value at 31 December 2017 of SAR 92,614,211 (31 December 2016: SAR 124,729,229 and 1 January 2016: SAR 153,237,556) has been pledged as security to the lessor (Note 38.1 and 38.2).

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

18. Property, plant and equipment

	Notes	Land	Motor vehicles	Heavy equipment
Cost				
1 January 2016		61,550,000	42,289,488	163,576,422
Additions during the year		-	-	-
Transfer from capital work-in-progress during the year	19	-	3,499,280	(86,233)
Transfer to capital work-in-progress during the year	19	-	-	-
Transfer of capital spares during the year	27	-	-	-
Written-off during the year		-	-	-
Adjustments		-	(32,836)	(2,572,467)
31 December 2016		61,550,000	45,755,932	160,917,722
Additions during the year		-	-	-
Transfer from capital work-in-progress during the year	19	-	280,343	170,457
Written-off during the year		-	-	-
Adjustments		-	(1,235,580)	-
31 December 2017		**61,550,000**	**44,800,695**	**161,088,179**
Accumulated depreciation				
1 January 2016		-	21,012,496	45,186,418
Charge for the year	18.1	-	8,450,682	9,700,326
Written-off during the year		-	-	-
Adjustment		-	(32,836)	(2,572,467)
31 December 2016		-	29,430,342	52,314,277
Charge for the year	18.1	-	8,587,775	8,011,189
Written-off during the year		-	-	-
Adjustment		-	(1,235,580)	-
31 December 2017		**-**	**36,782,537**	**60,325,466**
Net book value				
1 January 2016		61,550,000	21,276,992	118,390,004
31 December 2016		61,550,000	16,325,590	108,603,445
31 December 2017		**61,550,000**	**8,018,158**	**100,762,713**

18.1 Allocation of depreciation charge for the year to:

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Expensed through profit or loss			
Cost of sales	9	**2,287,053,143**	2,060,404,913
General and administrative expenses	11	**26,928,555**	28,796,708
Exploration and technical services expenses	12	**3,144,358**	1,889,427
Sub-total		**2,317,126,056**	2,091,091,048
Capital work-in-progress	19	**41,951,983**	56,845,533
Total	18	**2,359,078,039**	2,147,936,581

Non – mining assets						
Fixed plant	**Buildings**	**Civil works**	**Office equipment**	**Other equipment**	**Furniture and fittings**	**Total**
23,857,805,801	7,758,954,580	4,552,403,546	72,736,224	2,030,734,259	68,799,797	38,608,850,117
51,403,494	-	-	21,766	-	-	51,425,260
5,425,598,205	4,490,714,747	693,147,439	5,535,345	482,424,609	1,467,680	11,102,301,072
(15,975,469)	-	-	-	-	-	(15,975,469)
197,563,018	-	-	-	-	-	197,563,018
-	-	-	-	(44,237,425)	-	(44,237,425)
-	-	(7,670,522)	(2,908,602)	(68,000)	(3,820,591)	(17,073,018)
29,516,395,049	12,249,669,327	5,237,880,463	75,384,733	2,468,853,443	66,446,886	49,882,853,555
141,919,046	-	-	236,611	-	-	142,155,657
3,779,907,614	276,153,331	48,558,681	8,579,881	138,973,488	599,532	4,253,223,327
-	-	-	-	(119,863,827)	-	(119,863,827)
1,526,053	-	-	(1,072,287)	-	-	(781,814)
33,439,747,762	**12,525,822,658**	**5,286,439,144**	**83,128,938**	**2,487,963,104**	**67,046,418**	**54,157,586,898**
3,954,703,351	479,565,379	312,790,428	33,088,487	415,844,148	47,110,449	5,309,301,156
1,435,164,204	261,326,139	154,544,981	8,865,413	259,465,808	10,419,028	2,147,936,581
-	-	-	-	(20,576,243)	-	(20,576,243)
-	-	(3,579,578)	(2,902,640)	(68,000)	(3,706,019)	(12,861,540)
5,389,867,555	740,891,518	463,755,831	39,051,260	654,665,713	53,823,458	7,423,799,954
1,535,930,200	338,332,453	173,190,030	11,287,089	279,392,550	4,346,753	2,359,078,039
-	-	-	-	(74,509,481)	-	(74,509,481)
593,465	-	-	(1,072,287)	-	-	(1,714,402)
6,926,391,220	**1,079,223,971**	**636,945,861**	**49,266,062**	**859,548,782**	**58,170,211**	**9,706,654,110**
19,903,102,450	7,279,389,201	4,239,613,118	39,647,737	1,614,890,111	21,689,348	33,299,548,961
24,126,527,494	11,508,777,809	4,774,124,632	36,333,473	1,814,187,730	12,623,428	42,459,053,601
26,513,356,542	**11,446,598,687**	**4,649,493,283**	**33,862,876**	**1,628,414,322**	**8,876,207**	**44,450,932,788**

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18.2 Property, plant and equipment pledged as security

Property, plant and equipment with a net book value at 31 December 2017 of SAR 15,133,757,446 (31 December 2016: SAR 29,557,638,028 and 1 January 2016: SAR 32,659,970,932) are pledged as security to lenders under the Common Term Agreement (Note 36.10).

19. Capital work-in-progress

		Non-mining assets			
	Notes	Property, plant and equipment	Automotive sheet project (Note 34)	Mutrafiah housing	Total
1 January 2016		31,703,253,256	793,185,851	1,009,031,897	33,505,471,004
Additions during the year		7,213,795,526	119,832,947	72,247,519	7,405,875,992
Transfer to property, plant and equipment	18	(11,102,301,072)	-	-	(11,102,301,072)
Transfer from property, plant and equipment	18	15,975,469	-	-	15,975,469
Transfer to intangible assets	20	(40,715,230)	-	-	(40,715,230)
Written-off during the year		(34,091,444)	-	-	(34,091,444)
Impairment at the end of the year*		(566,250,000)	-	-	(566,250,000)
Adjustments		669,167	-	-	669,167
31 December 2016		27,190,335,672	913,018,798	1,081,279,416	29,184,633,886
Additions during the year		2,870,299,529	148,577,257	11,412,174	3,030,288,960
Transfer to mine properties	17	(13,829,815)	-	-	(13,829,815)
Transfer to property, plant and equipment	18	(4,253,223,327)	-	-	(4,253,223,327)
Transfer to intangible assets	20	(22,623,328)	-	-	(22,623,328)
Transfer from intangible assets	20	23,165,191	-	-	23,165,191
Transfer to employees' home ownership program receivable		-	-	(1,092,691,590)	(1,092,691,590)
Impairment at the end of the year**		(446,250,000)	-	-	(446,250,000)
31 December 2017		**25,347,873,922**	**1,061,596,055**	**-**	**26,409,469,977**

*Based on weak market conditions, impairment testing was performed as at 31 December 2016 which led to the identification of an impairment of MRC's assets under capital work-in-progress amounting to SAR 566 million (USD 151 million). The fair value of MRC's assets, and the consequent impairment, was based on a discounted cashflow analysis which utilized the most recent five year business plan prepared by the management (Note 5.5.3A).

**In 2017 MRC's five year business plan was updated. The update involved an in depth review of each key element of MRC's income and costs (including sales volume and prices, operating costs and capital expenditure) and included a review of historical results and also a review of third party forecasts of the aluminium market. The updated plan included revised assumptions for the business including a lower rate of production growth than had been assumed previously and an impairment test was therefore carried out at the end of 2017. The methodology used was again the discounted cash flow analysis. Key assumptions used in this analysis included a weighted average cost of capital (WACC) of 10.5% p.a. which was calculated using a Capital Asset Pricing Model (CAPM) methodology. For the calculation of the terminal value the Gordon Growth Method was adopted which included a growth rate assumption of 3.5% which has been estimated based on third party consultants forecasts for the industry.

The results of this analysis showed a further deterioration in the fair value of MRC's assets and the requirement for an additional impairment charge of SAR446 million (USD119million).

19. Capital work-in-progress (continued)

The Group has capitalized as part of capital work-in-progress the following:

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Net borrowing cost attributable to qualifying assets	14.1	**495,873,199**	695,720,611
Depreciation of mine properties	17.1	**-**	6,766,444
Depreciation of property, plant and equipment	18.1	**41,951,983**	56,845,533
Amortisation of intangible assets	20.1	**1,653,489**	9,576,144
Amortization of transaction cost	14.1,36.9	**40,484,382**	86,846,987
Unwinding of discount of non-current obligation under finance lease	14.1,38	**-**	3,603,093
Finance cost on employees' end of service termination benefits obligation	14.1,39.1	**-**	974,740
(Gain) / loss attributable to re-measurements of employees' end of service termination benefits obligation	39.1	**(1,511,535)**	4,425,464

At 31 December 2017, the net book value of SAR 24,675,759,709 (31 December 2016: SAR 26,446,280,850 and 1 January 2016: SAR 31,595,660,537) are pledged as security to the lenders (Note 36.10).

20. Intangible assets

	Notes	Infrastructure	Internally developed software	Software and licenses	Technical development	Total
Cost						
1 January 2016		297,876,390	24,369,462	166,025,822	17,705,112	505,976,786
Additions during the year		-	-	1,285,986	-	1,285,986
Transfer from capital work-in-progress during the year	19	-	-	40,715,230	-	40,715,230
31 December 2016		297,876,390	24,369,462	208,027,038	17,705,112	547,978,002
Transfer from capital work-in-progress during the year	19	-	-	22,623,328	-	22,623,328
Transfer to capital work-in-progress during the year	19	-	-	(23,165,191)	-	(23,165,191)
31 December 2017		**297,876,390**	**24,369,462**	**207,485,175**	**17,705,112**	**547,436,139**
Accumulated amortisation						
1 January 2016		69,884,175	11,327,055	47,413,174	2,402,836	131,027,240
Charge for the year	20.1	8,208,293	3,818,592	28,072,464	2,402,836	42,502,185
31 December 2016		78,092,468	15,145,647	75,485,638	4,805,672	173,529,425
Charge for the year	20.1	8,208,293	2,784,851	14,887,274	2,402,836	28,283,254
31 December 2017		**86,300,761**	**17,930,498**	**90,372,912**	**7,208,508**	**201,812,679**
Net book value						
1 January 2016		227,992,215	13,042,407	118,612,648	15,302,276	374,949,546
31 December 2016		219,783,922	9,223,815	132,541,400	12,899,440	374,448,577
31 December 2017		**211,575,629**	**6,438,964**	**117,112,263**	**10,496,604**	**345,623,460**

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20. Intangible assets (continued)

Intangible assets of with a net book value at 31 December 2017 of SAR 40,075,519 (31 December 2016: SAR 103,105,996 and 1 January 2016: SAR 85,374,130) are pledged as security to lenders under the Common Term Financing Agreement (Note 36.10).

Intangible assets for infrastructure comprises the infrastructure and support services assets at Ras Al-Khair that are transferred to Royal Commission of Jubail and Yanbu ("RCJY") as stated in the Implementation Agreement signed between Ma'aden and RCJY. The cost of the intangible assets comprises its purchase price and any costs directly attributable to bringing such assets to working condition for their intended use. Such intangible assets are carried at historical cost less accumulated amortization. Amortization is provided over the remaining period of LUSA (Land Usage and Service Agreement) term.

20.1 Allocation of amortisation charge for the year to:

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Expensed through profit or loss			
Cost of sales	9	**20,294,014**	29,927,970
General and administrative expenses	11	**6,335,751**	2,998,071
Sub-total		**26,629,765**	32,926,041
Capital work-in-progress	19	**1,653,489**	9,576,144
Total		**28,283,254**	42,502,185

21. Investment in joint venture

	Notes	31 December 2017	31 December 2016	1 January 2016
MBCC	21.1.3	**934,056,539**	832,406,115	828,680,585
SAMAPCO	21.2	**-**	-	-
Total	7.2	**934,056,539**	832,406,115	828,680,585

The Group's 50% interest in the issued and paid-up share capital of these two joint ventures are accounted for using the equity method of accounting, see Note 4.1.

Summarised financial information related to joint venture

The financial statements of these two joint ventures are prepared in accordance with IFRS. The accounting policies used, in the preparation of these IFRS financial statements, as well as their reporting dates are consistent with that of the Group.

Summarized financial information (100% share) of MBCC, based on their reviewed or audited IFRS financial statements and a reconciliation with the carrying amount of the respective investments, as shown in the consolidated financial statements of the Group, are set out below:

21.1 MBCC

21.1.1 Summarised statement of profit or loss

	Note	Year ended 31 December 2017	Year ended 31 December 2016
Sales and other operating revenues		**796,098,526**	270,468,071
Finance cost		**(9,785,786)**	(3,999,009)
Depreciation		**(130,366,645)**	(53,102,842)
Other expense		**(395,814,257)**	(201,619,806)
Profit before zakat and income tax		**260,131,838**	11,746,414
Zakat and severance fees		**(30,498,641)**	(1,563,725)
Income tax		**(30,498,640)**	-
Profit for the year		**199,134,557**	10,182,689
Other comprehensive income		**2,998,388**	-
Total comprehensive income		**202,132,945**	10,182,689
Group's share of total comprehensive income for the year *	21.1.3	**101,650,424**	3,725,530

*Ma'aden's share in net income is reduced by zakat and severance fees which is applicable to Saudi shareholder only. Furthermore, share in net income is calculated based on available draft of MBCC financial statements at the time of issuance of Ma'aden consolidated financial statements. This sometimes may lead to minor variation which is adjusted in the next period.

21.1.2 Summarised statement of financial position

	31 December 2017	31 December 2016	1 January 2016
Assets			
Non-current assets	**1,820,617,464**	1,766,089,471	1,694,949,673
Current assets			
Other current assets	**265,235,756**	210,315,217	250,241,329
Cash and cash equivalents	**189,267,716**	51,243,426	22,288,497
Total assets	**2,275,120,936**	2,027,648,114	1,967,479,499
Liabilities			
Non-current liabilities			
Long-term advances extended by the shareholders	**1,252,395,878**	1,252,395,878	1,477,395,874
Long-term borrowings	**180,000,000**	-	-
Other non-current liabilities	**49,828,553**	39,417,475	44,528,269
Current liabilities			
Current portion of long-term borrowings	**45,000,000**	225,000,000	-
Other current liabilities	**130,615,579**	95,686,780	42,097,068
Total liabilities	**1,657,840,010**	1,612,500,133	1,564,021,211
Net assets	**617,280,926**	415,147,981	403,458,288
Group's proportionate ownership %	**50%**	50%	50%
Group's proportionate ownership share in net assets	**307,858,600**	206,208,176	202,482,646

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

21.1.3 Reconciliation to carrying amounts

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

	Notes	31 December 2017	31 December 2016	1 January 2016
Shares at cost	53	**202,482,646**	202,482,646	202,482,646
Share of the accumulated profit		**105,375,954**	3,725,530	-
Carrying value of investment		**307,858,600**	206,208,176	202,482,646
Long-term loan	44.2	**626,197,939**	626,197,939	626,197,939
Total	21	**934,056,539**	832,406,115	828,680,585

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

Group's share of the accumulated profit in MBCC:

		31 December 2017	31 December 2016	1 January 2016
1 January		**3,725,530**	-	-
Share in net profit for the year	21.1.1	**101,650,424**	3,725,530	-
31 December / 1 January		**105,375,954**	3,725,530	-

21.2 SAMAPCO

Reconciliation to carrying amounts

The investment of 50% in the issued and paid up share capital in SAMAPCO together with the Group's share of SAMAPCO's accumulated loss has been impaired on the date of transition to IFRS, is as follows:

	Notes	31 December 2017	31 December 2016	1 January 2016
Shares at cost		**-**	-	450,000,000
Additional contribution		**30,750,000**	-	47,998,419
Sub-total		**30,750,000**	-	497,998,419
Share of the accumulated loss		**-**	-	(125,224,180)
Carrying value of investment		**30,750,000**	-	372,774,239
Less: Impairment on date of transition	5.5.5	**(30,750,000)**	-	(372,774,239)
Total	21	**-**	-	-

The impairment test was done using an equity valuation model, which included an appropriate market related discount rate (Note 5.5.5).

The Group has issued a guarantee in favor of SIDF and certain commercial banks as is fully disclosed in Note 46.2.

Fair value of the investment in joint ventures cannot be determined, as no quoted market price is available for the investment in joint ventures.

22. Deferred tax

22.1 Income tax

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Deferred income tax	5.5.6C	**(30,864,737)**	19,882,715
Deferred tax assets credited to the consolidated statement of profit or loss	22.2	**83,285,771**	130,056,102
Deferred tax liabilities charged to the consolidated statement of profit or loss	22.3	**(114,150,508)**	(110,173,387)
Current income tax	40.5	**(26,059,632)**	-
Total income tax		**(56,924,369)**	19,882,715

The deferred income tax has arisen because of the temporary differences between the carrying value of certain items and their tax base. Following are the details of the deferred tax assets, liabilities and profit or loss charges and credits.

22.2 Deferred tax assets

The balance comprises temporary differences attributable to:

	Note	31 December 2017	31 December 2016	1 January 2016
Tax losses		**336,575,158**	275,006,217	172,984,640
Property, plant and equipment, capital work-in-progress and intangible assets		**113,943,609**	94,171,723	68,247,856
Provision for decommissioning, site rehabilitation and dismantling obligations		**1,757,007**	1,668,027	1,583,554
Employees' end of service termination benefits		**9,449,043**	7,593,079	5,566,894
Total deferred tax assets	5.5.6A	**461,724,817**	378,439,046	248,382,944

The movement in net deferred tax assets during the year is as follows:

	Notes	Total
1 January 2016		248,382,944
Credited to the consolidated statement of profit or loss during the year	22.1	130,056,102
31 December 2016		378,439,046
Credited to the consolidated statement of profit or loss during the year	22.1	83,285,771
31 December 2017		**461,724,817**

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

22.3 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	Notes	31 December 2017	31 December 2016	1 January 2016
Property, plant and equipment, capital work-in-progress and intangible assets	5.5.6B	**388,478,975**	274,328,467	164,155,080

The movement in net deferred tax liabilities during the year is as follows:

	Notes	Total
1 January 2016		164,155,080
Charged to the consolidated statement of profit or loss during the year	22.1	110,173,387
31 December 2016		274,328,467
Charged to the consolidated statement of profit or loss during the year	22.1	114,150,508
31 December 2017		**388,478,975**

23. Other investments

	Notes	31 December 2017	31 December 2016	1 January 2016
Debt securities with original maturities of more than a year at the date of acquisition	49	**50,000,000**	50,000,000	50,000,000

These held-to-maturity investments are non-derivative financial assets with a fixed maturity that the Group has the intention and the ability to hold to maturity and which do not qualify as loans or receivables. They are classified as non-current assets based on their maturity. These are initially recognised at fair value. At subsequent reporting dates, financial assets held-to-maturity are measured at amortised cost less any impairment losses.

24. Other non-current assets

	Notes	31 December 2017	31 December 2016	1 January 2016
Non-current portion of:				
Advances and prepayments	26	**89,022,133**	29,730,480	21,645,868
Stockpile of mined ore	27	**96,700,623**	24,353,666	-
Employees' home ownership program receivables	28	**997,741,756**	-	-
Total		**1,183,464,512**	54,084,146	21,645,868

25. Due from venture partners

	Notes	31 December 2017	31 December 2016	1 January 2016
Due from The Mosaic Company*	44.2	-	-	450,000,000
Due from SABIC*	44.2	-	-	270,000,000
Due from Alcoa Corporation**	35,44.2	13,652,075	-	-
Total	44.2,49	13,652,075	-	720,000,000

*On 5 August 2013, the Company entered into an agreement with The Mosaic Company and SABIC to jointly develop a fully integrated phosphate production facility known as the Umm Wu'al phosphate project (Note 2.8).

As per the agreement The Mosaic Company and SABIC were 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 31 December 2013 and the remaining 50% of SAR 1.44 billion due on 30 June 2016 was received in full.

**This represents contribution receivable from Alcoa Corporation for their share of 25.1% in the automotive sheet project (Note 19 and 35), to extend the product mix of the aluminium complex at Ras Al-Khair, to also include automotive sheet.

26. Advances and prepayments

	Note	31 December 2017	31 December 2016	1 January 2016
Non-current portion				
Revolver loan fees		57,000,000	-	-
Other prepayments		32,022,133	29,730,480	21,645,868
Sub-total	24	89,022,133	29,730,480	21,645,868
Current portion				
Advances to contractors		51,450,134	105,228,220	152,701,627
Advances to employees		21,725,281	14,012,651	12,889,197
Prepaid rent		8,037,011	9,335,197	14,396,416
Prepaid insurance		30,717,827	8,060,774	44,442,651
Current portion of revolver loan fees		14,250,000	-	-
Other prepayments		16,094,671	3,922,170	4,874,582
Sub-total		142,274,924	140,559,012	229,304,473
Total		231,297,057	170,289,492	250,950,341

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

27. Inventories

	Notes	31 December 2017	31 December 2016	1 January 2016
Non-current portion				
Stockpile of mined ore	24	**96,700,623**	24,353,666	-
Current portion				
Finished goods – ready for sale		**563,174,513**	293,875,243	243,049,951
Work-in-process		**552,902,687**	496,309,809	583,756,631
Stockpile of mined ore		**133,661,469**	165,055,380	173,176,988
By-products		**2,642,909**	3,124,158	710,227
Sub-total		**1,252,381,578**	958,364,590	1,000,693,797
Spare parts and consumables materials				
1 January		**1,293,172,895**	1,289,436,609	1,289,436,609
Net additions during the year		**165,662,650**	227,622,823	-
Transfer to mine properties	17	**-**	(26,323,519)	-
Transfer to property, plant and equipment	18	**-**	(197,563,018)	-
		1,458,835,545	1,293,172,895	1,289,436,609
Write-off of obsolete and slow-moving spare parts and consumable materials		**(4,058,354)**	-	-
Allowance for obsolete and slow-moving spare parts and consumable materials	27.1	**(38,291,650)**	(15,853,329)	(15,984,849)
		1,416,485,541	1,277,319,566	1,273,451,760
Raw materials		**767,366,525**	832,956,069	644,322,504
Sub-total		**2,183,852,066**	2,110,275,635	1,917,774,264
Sub-total - current portion		**3,436,233,644**	3,068,640,225	2,918,468,061
Total		**3,532,934,267**	3,092,993,891	2,918,468,061

27.1 Movement in the allowance for obsolete and slow moving spare parts and consumable materials is as follows:

1 January		**15,853,329**	15,984,849	15,984,849
Allowance / (reversal) of allowance for obsolescence	9	**22,438,321**	(131,520)	-
31 December / 1 January		**38,291,650**	15,853,329	15,984,849

28. Trade and other receivables

	Notes	31 December 2017	31 December 2016	1 January 2016
Non-current portion				
Employees' home ownership program receivables	24	**997,741,756**	-	-
Current portion				
Trade receivables				
Other third party receivables		**1,432,456,109**	885,371,900	656,441,349
Due from Alcoa Inespal, S.A.	44.2	**104,208,538**	88,987,620	87,897,065
Due from SABIC	44.2	**182,767,681**	195,110,098	407,155,456
Due from The Mosaic Company	44.2	**40,082,398**	-	-
Due from Alcoa Warrick LLC	44.2	**22,067,292**	-	-
Sub-total	47.1.3, 47.2	**1,781,582,018**	1,169,469,618	1,151,493,870
Due from SABIC	44.2	**28,807,037**	28,807,037	-
Due from MBCC	44.2	**747,566**	-	-
Due from Saudi Mining Polytechnic ("SMP")	44.2	**4,183,905**	3,951,089	2,166,504
Withholding tax receivable		**-**	446,724	31,850,982
Other		**65,174,988**	50,700,940	40,698,300
Investment income receivable		**14,364,838**	15,914,150	8,936,151
Due from Saudi Ports Authority		**5,748,858**	3,927,345	2,696,500
Gross amount due		**9,261,333**	7,439,820	5,896,500
Allowance for doubtful debts	28.1	**(3,512,475)**	(3,512,475)	(3,200,000)
Insurance claims	28.2	**-**	-	13,304,480
Zakat receivable from GAZT		**44,575,187**	-	-
Employees' home ownership program receivables		**54,728,700**	-	-
Sub-total - current portion		**1,999,913,097**	1,273,216,903	1,251,146,787
Total		**2,997,654,853**	1,273,216,903	1,251,146,787

28.1 Movement in the allowance for doubtful debts:

1 January		**3,512,475**	3,200,000	3,200,000
Increase in allowance for doubtful debts	11	**-**	312,475	-
31 December / 1 January	28	**3,512,475**	3,512,475	3,200,000

28.2 Insurance claims:

Related to:				
• 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 potline was restored during the second quarter of 2014.		**-**	-	9,892,253
• an ammonia reformer and conveyor belt claim		**-**	-	3,412,227
Total	28	**-**	-	13,304,480

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29. Time deposits

	Note	31 December 2017	31 December 2016	1 January 2016
Time deposits with original maturities of more than three months and less than a year at the date of acquisition	47.3	**2,240,000,000**	2,711,000,000	899,052,989

Time deposits yield financial income at prevailing market prices.

30. Cash and cash equivalents

	Notes	31 December 2017	31 December 2016	1 January 2016
Time deposits with original maturities equal to or less than three months at the date of acquisition				
• unrestricted		**3,625,320,169**	3,953,142,872	3,397,121,398
• restricted		**-**	-	544,554,663
Sub-total		**3,625,320,169**	3,953,142,872	3,941,676,061
Cash and bank balances				
• unrestricted		**656,423,990**	357,230,436	317,824,870
• restricted		**69,872,871**	59,341,221	48,808,593
Sub-total		**726,296,861**	416,571,657	366,633,463
Total		**4,351,617,030**	4,369,714,529	4,308,309,524

Restricted cash and cash equivalents are related to the following:

	Notes	31 December 2017	31 December 2016	1 January 2016
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	36.7	**-**	-	1,539
Employees' savings plan obligation	4.14,4.20,39.2	**69,872,871**	59,341,221	48,807,054
Sub-total		**69,872,871**	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 time deposits with original maturities equal to or less than three months at the date of acquisition	36.7	**-**	-	544,554,663
Total restricted cash		**69,872,871**	59,341,221	593,363,256
Total unrestricted cash	46.3	**4,281,744,159**	4,310,373,308	3,714,946,268

31. Share capital

		31 December 2017	31 December 2016	1 January 2016
Authorized, issued and fully paid				
1,168,478,261	Ordinary shares with a nominal value of SAR 10 per share (Note 1,16)	**11,684,782,610**	11,684,782,610	11,684,782,610

32. Share premium

		31 December 2017	31 December 2016	1 January 2016
525,000,000	Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 10 per share	**5,250,000,000**	5,250,000,000	5,250,000,000
243,478,261	Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 13 per share, net of transaction cost	**3,141,351,697**	3,141,351,697	3,141,351,697
768,478,261	**Total**	**8,391,351,697**	8,391,351,697	8,391,351,697

33. Transfer of net income

	Note	2017	2016
1 January		**797,975,542**	757,911,634
Transfer of 10% of net income for the year	5.3.1	**71,484,189**	40,063,908*
31 December		**869,459,731**	797,975,542

In accordance with, the Company's Articles of Association, which is in compliance with the applicable Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of its annual net profit until such reserve equals 30% of the share capital.

*Calculation of the transfer of net income for the year ended 31 December 2016 was based on SOCPA net income for the year as this is not an IFRS transition adjustment requirement.

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34. Non-controlling interest

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before any inter-company eliminations.

34.1 Summarized statement of financial position

Non-controlling % interest in	Notes	MAC 25.1 %
31 December 2017		
Non-current assets		17,423,459,721
Current assets		2,731,803,073
Total assets		**20,155,262,794**
Non-current liabilities		11,244,842,852
Current liabilities		2,173,045,741
Total liabilities		**13,417,888,593**
Net assets of subsidiary company		**6,737,374,201**
Share of net assets		1,691,080,924
Zakat and tax impact		(48,931,345)
Impact of payment to increase share capital		-
Net assets attributable to non-controlling interest	34.3	**1,642,149,579**
31 December 2016		
Non-current assets		18,280,872,888
Current assets		2,272,572,079
Total assets		**20,553,444,967**
Non-current liabilities		10,835,661,631
Current liabilities		3,233,465,083
Total liabilities		**14,069,126,714**
Net assets of subsidiary company		**6,484,318,253**
Share of net assets		1,627,563,881
Zakat and tax impact		(9,852,156)
Impact of payment to increase share capital		-
Net assets attributable to non-controlling interest	34.3	**1,617,711,725**
1 January 2016		
Non-current assets		18,904,104,180
Current assets		1,759,298,523
Total assets		**20,663,402,703**
Non-current liabilities		10,893,624,471
Current liabilities		3,409,521,710
Total liabilities		**14,303,146,181**
Net assets of subsidiary company		**6,360,256,522**
Share of net assets		1,596,424,387
Income tax impact		3,149,117
Impact of payment to increase share capital		-
Net assets attributable to non-controlling interest	34.3	**1,599,573,504**

MRC 25.1 %	MBAC 25.1 %	MPC 30 %	MWSPC 40 %	Total
5,052,651,116	12,672,259,329	15,219,204,586	26,328,595,279	76,696,170,031
1,444,543,587	1,132,301,349	2,326,239,886	2,175,416,307	9,810,304,202
6,497,194,703	**13,804,560,678**	**17,545,444,472**	**28,504,011,586**	**86,506,474,233**
4,111,087,038	7,861,415,695	9,303,281,553	17,941,863,306	50,462,490,444
1,594,536,585	1,224,655,348	1,761,779,690	2,111,058,187	8,865,075,551
5,705,623,623	**9,086,071,043**	**11,065,061,243**	**20,052,921,493**	**59,327,565,995**
791,571,080	**4,718,489,635**	**6,480,383,229**	**8,451,090,093**	**27,178,908,238**
198,684,341	1,184,340,898	1,944,114,969	3,380,436,037	8,398,657,169
98,087,643	4,293,176	-	(12,524,830)	40,924,644
(7,119,230)	-	-	-	(7,119,230)
289,652,754	**1,188,634,074**	**1,944,114,969**	**3,367,911,207**	**8,432,462,583**
5,177,950,824	12,971,944,699	15,920,579,038	24,320,185,347	76,671,532,796
1,079,399,188	927,486,699	2,402,548,499	2,424,348,463	9,106,354,928
6,257,350,012	**13,899,431,398**	**18,323,127,537**	**26,744,533,810**	**85,777,887,724**
4,369,080,573	7,942,552,690	10,418,024,121	17,409,775,500	50,975,094,515
1,213,213,858	998,954,599	1,680,222,125	2,297,997,580	9,423,853,245
5,582,294,431	**8,941,507,289**	**12,098,246,246**	**19,707,773,080**	**60,398,947,760**
675,055,581	**4,957,924,109**	**6,224,881,291**	**7,036,760,730**	**25,378,939,964**
169,438,950	1,244,438,951	1,867,464,387	2,814,704,291	7,723,610,460
80,098,532	6,882,877	-	680,563	77,809,816
(7,119,230)	-	-	-	(7,119,230)
242,418,252	**1,251,321,828**	**1,867,464,387**	**2,815,384,854**	**7,794,301,046**
5,563,432,568	12,507,524,411	16,674,743,068	17,047,853,832	70,697,658,059
1,460,318,889	1,143,028,245	2,850,903,658	2,082,160,654	9,295,709,969
7,023,751,457	**13,650,552,656**	**19,525,646,726**	**19,130,014,486**	**79,993,368,028**
4,840,183,680	8,128,329,751	10,009,616,488	10,095,581,100	43,967,335,490
953,095,844	458,415,216	1,734,573,327	3,492,734,648	10,048,340,745
5,793,279,524	**8,586,744,967**	**11,744,189,815**	**13,588,315,748**	**54,015,676,235**
1,230,471,933	**5,063,807,689**	**7,781,456,911**	**5,541,698,738**	**25,977,691,793**
308,848,455	1,271,015,730	2,334,437,073	2,216,679,494	7,727,405,139
57,319,184	2,217,602	-	321,040	63,006,943
(7,119,230)	-	-	-	(7,119,230)
359,048,409	**1,273,233,332**	**2,334,437,073**	**2,217,000,534**	**7,783,292,852**

Notes to the consolidated financial statements for the year ended 31 December 2017

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34.2 Summarized statement of profit or loss and other comprehensive income

Non-controlling % interest in	Notes	MAC 25.1 %
31 December 2017		
Sales		6,822,085,531
Profit / (loss) before zakat and income tax for the year		293,871,203
Zakat and income tax for the year		(52,175,152)
Other comprehensive income / (loss) for the year		11,359,897
Total comprehensive income / (loss) for the year		**253,055,948**
Total comprehensive income / (loss) attributable to non-controlling interest:		
Share of profit / (loss) before zakat and income tax for the year		73,761,672
Share of zakat and income tax for the year		(52,175,152)
Share of profit / (loss) for the year	34.3	21,586,520
Share of other comprehensive income / (loss) for the year	34.3	2,851,334
Total		**24,437,854**
31 December 2016		
Sales		5,287,098,947
Profit / (loss) before zakat and income tax for the year		139,600,447
Zakat and income tax for the year		(17,358,176)
Other comprehensive income / (loss) for the year		1,819,460
Total comprehensive income / (loss) for the year		124,061,731
Total comprehensive income / (loss) attributable to non-controlling interest:		
Share of profit / (loss) before zakat and income tax for the year		35,039,712
Share of zakat and income tax for the year		(17,358,176)
Share of profit / (loss) for the year	34.3	17,681,536
Share of other comprehensive income / (loss) for the year	34.3	456,685
Total		18,138,221

MRC 25.1 %	MBAC 25.1 %	MPC 30 %	MWSPC 40 %	Total
-	1,934,061,919	4,253,915,855	1,096,917,385	14,106,980,690
(657,502,006)	(237,544,786)	252,264,600	514,038,664	165,127,675
24,017,505	(3,457,545)	(6,306,615)	(35,209,740)	(73,131,547)
-	1,567,857	9,543,953	(1,999,561)	20,472,146
(633,484,501)	**(239,434,474)**	**255,501,938**	**476,829,363**	**112,468,274**
(165,033,003)	(59,623,741)	75,679,380	205,615,466	130,399,774
24,017,505	(3,457,545)	(1,891,984)	(27,289,289)	(60,796,465)
(141,015,498)	(63,081,286)	73,787,396	178,326,177	69,603,309
-	393,532	2,863,186	(799,824)	5,308,228
(141,015,498)	**(62,687,754)**	**76,650,582**	**177,526,353**	**74,911,537**
-	382,797,084	4,056,326,243	-	9,726,222,274
(585,829,366)	(110,778,172)	(61,107,809)	(2,235,370)	(620,350,270)
30,413,014	6,228,671	6,731,110	599,205	26,613,824
-	(1,334,079)	1,777,621	(3,301,843)	(1,038,841)
(555,416,352)	(105,883,580)	(52,599,078)	(4,938,008)	(594,775,287)
(147,043,171)	(27,805,321)	(18,332,342)	(894,148)	(159,035,270)
30,413,014	6,228,671	2,019,333	599,205	21,902,047
(116,630,157)	(21,576,650)	(16,313,009)	(294,943)	(137,133,223)
-	(334,854)	533,286	(1,320,737)	(665,620)
(116,630,157)	(21,911,504)	(15,779,723)	(1,615,680)	(137,798,843)

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

34. Non-controlling interest (continued)

34.3 Movement of non-controlling interest

Non-controlling % interest in	**Notes**	**MAC 25.1 %**
1 January 2016	34.1	1,599,573,504
Share of net profit / (loss) for the year	34.2	17,681,536
Share of other comprehensive income / (loss) for the year	34.2	456,685
Dividend paid during the year	44.1	-
Increase in non-controlling interest during the year	44.1	-
Payment to increase share capital during the year		-
31 December 2016	34.1	1,617,711,725
Share of net profit / (loss) for the year	34.2	21,586,520
Share of other comprehensive income / (loss) for the year	34.2	2,851,334
Increase in non-controlling interest during the year	44.1	-
Payment to increase share capital during the year	44.1	-
31 December 2017	34.1	**1,642,149,579**

35. Due to a joint venture partner

	Notes	**31 December 2017**	**31 December 2016**	**1 January 2016**
Due to Alcoa Corporation	35.1,44.2	**266,358,724**	191,016,363	184,929,613

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 at Ras Al-Khair, to also include automotive sheet.

35.1 Movement in project cost and funding by joint venture partners

			Funding by joint venture partners	
Automotive sheet project	**Notes**	**Project cost (Note 19)**	**Ma'aden**	**Alcoa Corporation (Note 35)**
31 December 2015 – At cost		1,254,435,851	953,732,488	300,703,363
1 January 2016 – Impairment	5.5.3A	(461,250,000)	(345,476,250)	(115,773,750)
1 January 2016 – Recoverable amount		793,185,851	608,256,238	184,929,613
Additional funding during the year		-	113,746,197	6,086,750
Addition at cost during the year		119,832,947	-	-
31 December 2016		913,018,798	722,002,435	191,016,363
Additional funding during the year*		-	73,234,896	61,690,286
Due from Alcoa Corporation	25	-	-	13,652,075
Addition at cost during the year		148,577,257	-	-
31 December 2017		**1,061,596,055**	**795,237,331**	**266,358,724**

*The additional funding from Alcoa Corporation includes a portion of catch up cost relating to year ended 31, December 2016 in respect of additional cost incurred during the year which was paid by Alcoa Corporation in 2017.

MRC	MBAC	MPC	MWSPC	
25.1 %	**25.1 %**	**30 %**	**40 %**	**Total**
359,048,409	1,273,233,332	2,334,437,073	2,217,000,534	7,783,292,852
(116,630,157)	(21,576,650)	(16,313,009)	(294,943)	(137,133,223)
-	(334,854)	533,286	(1,320,737)	(665,620)
-	-	(451,192,963)	-	(451,192,963)
7,119,228	5,441,593	-	600,000,000	612,560,821
(7,119,228)	(5,441,593)	-	-	(12,560,821)
242,418,252	1,251,321,828	1,867,464,387	2,815,384,854	7,794,301,046
(141,015,498)	(63,081,286)	73,787,396	178,326,177	69,603,309
-	393,532	2,863,186	(799,824)	5,308,228
-	-	-	375,000,000	375,000,000
188,250,000	-	-	-	188,250,000
289,652,754	**1,188,634,074**	**1,944,114,969**	**3,367,911,207**	**8,432,462,583**

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

36. Long-term borrowings

36.1 Facilities approved

- MRC, MBAC and MWSPC entered into Common Terms Agreements ("CTA") with the Public Investment Fund (PIF), Saudi Industrial Development Fund (SIDF) 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);
- MIC and MPC entered into Murabaha Facility Agreement ("MFA") with Murabaha facility participants and
- MAC restructured its borrowing facility with PIF and entered into a new Common Terms Agreements ("CTA") with the consortiums of local financial institutions.

The facilities granted to the Group comprise of the following as at 31 December 2017:

	MRC agreement signed on 30 Nov. 2010	MBAC agreement signed on 27 Nov. 2011
Public Investment Fund ("PIF")	3,078,750,000	3,750,000,000
Islamic and commercial banks		
Procurement*	1,041,000,000	2,690,712,844
Commercial*	-	258,750,000
Wakala	-	768,750,000
Sub-total	**1,041,000,000**	**3,718,212,844**
Saudi Industrial Development Fund ("SIDF")	600,000,000	900,000,000
Riyal Murabaha facility	-	-
Riyal Murabaha facility (a working capital facility)	375,000,000	340,000,000
Sub-total	**5,094,750,000**	**8,708,212,844**
Syndicated Revolving Credit facility agreement	-	-
Total facilities granted	**5,094,750,000**	**8,708,212,844**

	MWSPC agreement signed on 30 Jun. 2014	MGBM agreements signed on 24 Mar. 2015 and 26 Apr. 2015	MIC agreement signed on 30 Dec. 2015	MPC agreement signed on 25 Feb. 2016	MAC agreement signed on 14 Dec. 2017	Ma'aden agreement signed on 18 Dec. 2012 and renewed on 18 Dec. 2017	Total
	7,500,000,000	-	-	-	4,875,375,000	-	19,204,125,000
	4,299,854,655	-	-	-	-	-	8,031,567,499
	5,450,145,345	-	-	-	1,503,750,000	-	7,212,645,345
	1,650,000,000	-	-	-	-	-	2,418,750,000
	11,400,000,000	**-**	**-**	**-**	**1,503,750,000**	**-**	**17,662,962,844**
	2,100,000,000	1,379,000,000	-	-	-	-	4,979,000,000
	-	-	1,000,000,000	11,493,750,000	5,178,750,000	-	17,672,500,000
	-	-	-	-	-	-	715,000,000
	21,000,000,000	**1,379,000,000**	**1,000,000,000**	**11,493,750,000**	**11,557,875,000**	**-**	**60,233,587,844**
	-	-	-	-	-	7,500,000,000	7,500,000,000
	21,000,000,000	**1,379,000,000**	**1,000,000,000**	**11,493,750,000**	**11,557,875,000**	**7,500,000,000**	**67,733,587,844**

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

36.1 Facilities approved (continued)

The facilities granted to the Group comprise of the following as at 31 December 2016:

	MAC agreement signed on 30 Nov. 2010	MRC agreement signed on 30 Nov. 2010
Public Investment Fund ("PIF")	4,875,000,000	3,078,750,000
Islamic and commercial banks		
Procurement*	5,047,500,000	1,041,000,000
Commercial*	900,000,000	-
Wakala	787,500,000	-
Sub-total	6,735,000,000	1,041,000,000
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000
Riyal 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
Syndicated Revolving Credit Facility Agreement	-	-
Total facilities granted	12,585,000,000	5,094,750,000

The facilities granted to the Group comprise of the following as at 1 January 2016:

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

MBAC agreement signed on 27 Nov. 2011	Ma'aden agreement signed on 18 Dec. 2012	MWSPC agreement signed on 30 Jun. 2014	MGBM agreements signed on 24 Mar. 2015 and 26 Apr. 2015	MIC agreement signed on 30 Dec. 2015	MPC agreement signed on 25 Feb. 2016	Total
3,750,000,000	-	7,500,000,000	-	-	-	19,203,750,000
2,690,712,844	-	4,299,854,655	-	-	-	13,079,067,499
258,750,000	-	5,450,145,345	-	-	-	6,608,895,345
768,750,000	-	1,650,000,000	-	-	-	3,206,250,000
3,718,212,844	-	11,400,000,000	-	-	-	22,894,212,844
900,000,000	-	-	1,379,000,000	-	-	3,479,000,000
-	-	-	-	1,000,000,000	11,493,750,000	12,493,750,000
-	-	-	-	-	-	750,000,000
8,368,212,844	-	18,900,000,000	1,379,000,000	1,000,000,000	11,493,750,000	58,820,712,844
-	9,000,000,000	-	-	-	-	9,000,000,000
8,368,212,844	9,000,000,000	18,900,000,000	1,379,000,000	1,000,000,000	11,493,750,000	67,820,712,844

MRC agreement signed on 30 Nov. 2010	MBAC agreement signed on 27 Nov. 2011	Ma'aden agreement signed on 18 Dec. 2012	MWSPC agreement signed on 30 Jun. 2014	MGBM agreements signed on 24 Mar. 2015 and 26 Apr. 2015	MIC agreement signed on 30 Dec. 2015	Total
3,078,750,000	3,750,000,000	-	7,500,000,000	-	-	23,203,751,250
1,041,000,000	2,690,712,844	-	4,299,854,655	-	-	17,348,959,999
-	258,750,000	-	5,450,145,345	-	-	8,100,457,845
-	-	-	-	-	-	2,343,750,000
-	-	-	-	-	-	1,500,000,000
-	-	-	-	-	-	750,000,000
-	768,750,000	-	1,650,000,000	-	-	3,206,250,000
1,041,000,000	3,718,212,844	-	11,400,000,000	-	-	33,249,417,844
600,000,000	900,000,000	-	-	1,379,000,000	-	4,079,000,000
-	-	-	-	-	1,000,000,000	1,000,000,000
375,000,000	-	-	-	-	-	750,000,000
5,094,750,000	8,368,212,844	-	18,900,000,000	1,379,000,000	1,000,000,000	62,282,169,094
-	-	9,000,000,000	-	-	-	9,000,000,000
5,094,750,000	8,368,212,844	9,000,000,000	18,900,000,000	1,379,000,000	1,000,000,000	71,282,169,094

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36.1 Facilities approved (continued)

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 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.

MRC facility

*Facility Agents:

- Riyad Bank acts as Inter-creditor Agent
- Bank Al Jazira acts as Riyal Procurement Facility Agent
- Banque Saudi Fransi acts as Onshore Security Agent
- Riyad Bank, London Branch acts as Offshore Security Trustee and Agent

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
- Riyad 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 18 December 2012, the Company entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement ("Murabaha Facility Agreement") and other agreements (together referred to as "financing agreements") totaling to SAR 9 billion. Final maturity for repayment of the loan is five years from the date of signing of the agreement. The facility is with a syndicate of local and international financial institutions, comprising of the following financial institutions:

- Al-Rajhi Bank
- Arab National Bank
- Bank Al-Bilad
- Bank AlJazira
- Banque Saudi Fransi
- J.P.Morgan Chase Bank, N.A., Riyadh Branch
- Riyad Bank
- Samba Financial Group
- The National Commercial Bank
- The Saudi British Bank
- The Saudi Investment Bank

The financial covenants and conditions include the following with respect to standalone parent company only:

- EBITDA to Interest ratio shall not be less than three times otherwise dividend block will be triggered; and
- the total net debt to tangible net worth (parent company only) shall be less than or equal to three times otherwise an event of default will be triggered which is subject to a cure period of six months, or nine months if the Company has acted expeditiously to cure such breach by initiating the process for a rights issue.

On 18 December 2017, the Company renewed its financing agreements revising the total facility amount from SAR 9 billion to SAR 7.5 billion. Final maturity for repayment of the loan is five years from the date of signing of the agreement. This revolver facility is with a syndicate of local and international financial institutions, comprising the following financial institutions:

- Al-Rajhi Bank
- Arab National Bank
- Gulf International Bank B.S.C, Riyadh Branch
- Al-Awwal Bank
- Bank AlJazira
- Banque Saudi Fransi
- J.P.Morgan Chase Bank, N.A., Riyadh Branch
- Riyad Bank
- Samba Financial Group
- The National Commercial Bank
- The Saudi British Bank
- The Saudi Investment Bank

The financial covenants and conditions include the following with respect to standalone parent company only:

- EBITDA to Interest ratio shall not be less than three times otherwise dividend block will be triggered; and
- the total net debt to tangible net worth (parent company only) shall be less than or equal to three times otherwise an event of default will be triggered which is subject to a cure period of six months, or nine months if the Company has acted expeditiously to cure such breach by initiating the process for a rights issue.

36.1 Facilities approved (continued)

MGBM Facility

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	Facility granted
24 March 2015	To provide funding for the production of a semi alloy of gold at As Suq Mine	179,000,000
26 April 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 30 December 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 17 February 2016.

MPC facility

On 15 June 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 30 March 2016 under a new MFA signed by the company on 25 February 2016 with a Murabaha facility participants comprising of:

Murabaha facility	Facility granted
Riyad Bank – as agent for the Murabaha facility participants	11,493,750,000

The details of the CTA signed on 15 June 2008 which has been repaid in full on 25 February 2016 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**

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36.1 Facilities approved (continued)

MAC facility

On 30 November 2010, the company had entered into a CTA with PIF, SIDF and a consortium of financial institutions. On 14 December 2017 the facility with PIF was restructured resulting in a revised repayment schedule and covenants. Effective the same date, the company entered into a new CTA agreement with commercial banks in respect of new Dollar conventional and Riyal Murabaha facilities to replace the balance of the facilities. Consequently, MAC's financing facilities comprise of

	Facility approved
PIF – Amendment to the existing agreement	4,275,375,000
Islamic and commercial banks	
Dollar conventional	1,503,750,000
Riyal Murabaha	5,178,750,000
Sub-total	6,682,500,000
Total facilities approved	**10,957,875,000**

In addition to the scheduled repayments, the restructured PIF facility and the Dollar conventional and Riyal Murabaha facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Dollar conventional and the Riyal Murabaha facilities.

Facility agents:

- The National Commercial Bank acts as Inter-creditor Agent and as Riyal Murabaha Facility Agent,
- The First Abu Dhabi Bank acts as Dollar Conventional Facility Agent.

The details of the CTA signed on 30 November 2010 which has been repaid in full during December 2017 were as follows:

Public Investment Fund ("PIF")	4,875,000,000
Islamic and commercial banks	
Procurement	5,047,500,000
Commercial	900,000,000
Wakala	787,500,000
Sub-total	6,735,000,000
Saudi Industrial Development Fund ("SIDF")	600,000,000
Riyal Murabaha facility (a working capital facility)	375,000,000
Total facilities approved	**12,585,000,000**

MPC facility

This loan was repaid in full on 25 February 2016.

	31 December 2017	31 December 2016	1 January 2016
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 44.2)	-	-	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 30 June 2012, on a six monthly basis, in equal principal repayments of SAR 166.4 million and increasing over the term of the loan (Note 36.7).

	31 December 2017	31 December 2016	1 January 2016
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
	-	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 30 June 2012, on a six monthly basis, starting at SAR 255.1 million and increasing over the term of the loan (Note 36.7).

	31 December 2017	31 December 2016	1 January 2016
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 26 February 2013, on a six monthly basis, starting at SAR 40 million and increasing over the term of the loan (Note 36.7).

	31 December 2017	31 December 2016	1 January 2016
Total MPC borrowings (Note 36.6)	-	-	10,945,016,885

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36.2 Facilities utilized under the different CTA's (continued)

MAC facility

During December 2017, the Company restructured its borrowing facilities by amending the PIF agreement and entering into the new CTA, whereas, the other facilities were prematurely settled in full.

	31 December 2017	31 December 2016	1 January 2016
Public Investment Fund	**4,375,312,500**	4,575,187,500	4,575,187,500
Less: Repaid during the year	**(4,375,312,500)**	(199,875,000)	-
Sub-total (Note 43.2)	**-**	4,375,312,500	4,575,187,500
Less: Transaction cost balance at the year end	**-**	(78,459,966)	(90,228,773)
Sub-total	**-**	4,296,852,534	4,484,958,727

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 31 December 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 30 June 2026 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 78,459,966 has been expensed due to restructuring (31 December 2016: SAR 11,768,807) (Note 36.9).

Islamic and commercial banks			
Dollar procurement	**834,675,000**	872,805,000	872,805,000
Saudi Riyal procurement	**3,695,456,250**	3,864,273,750	3,864,273,750
Commercial	**807,750,000**	844,650,000	844,650,000
Wakala	**706,781,250**	739,068,750	739,068,750
	6,044,662,500	6,320,797,500	6,320,797,500
Less: Repaid during the year	**(6,044,662,500)**	(276,135,000)	-
Sub-total	**-**	6,044,662,500	6,320,797,500
Less: Transaction cost balance at the year end	**-**	(83,472,594)	(96,166,076)
Sub-total	**-**	5,961,189,906	6,224,631,424

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 31 December 2014, starting at SAR 138 million and increasing over the term of the loan with the final repayment of SAR 1,684 million on 30 June 2026 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 83,472,594 (31 December 2016: SAR 12,693,482) (Note 36.9).

Sub-total carried forward	**-**	10,258,042,440	10,709,590,151

36.2 Facilities utilized under the different CTA's (continued)

MAC facility (continued)

	31 December 2017	31 December 2016	1 January 2016
Balance brought forward	**-**	10,258,042,440	10,709,590,151
Saudi Industrial Development Fund	**450,000,000**	550,000,000	519,999,800
Less: Repaid during the year	**(450,000,000)**	(100,000,000)	-
Sub-total	**-**	450,000,000	519,999,800
Less: Transaction cost balance at the year end	**-**	(18,690,882)	(28,298,494)
Sub-total	**-**	431,309,118	491,701,306
Repayment of the SIDF facility started from 4 February 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 7 June 2020 (Note 36.7).			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 18,690,882 (31 December 2016: SAR 9,607,612) (Note 36.9).			
Riyal Murabaha facility (a working capital facility)	**-**	375,000,000	375,000,000
During the quarter ended 30 September 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 30 September 2018 (Note 36.7).			
Total MAC borrowings (Note 36.6)	**-**	11,064,351,558	11,576,291,457

MAC facility – restructured on 14 December 2017

Public Investment Fund (Note 44.2)	**4,275,375,000**	-	-
Less: Transaction cost balance at the year end	**(47,029,125)**	-	-
Sub-total	**4,228,345,875**	-	-
The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is LIBOR plus 1.5%.			
After the restructuring on 14 December 2017, the repayment of the loan will start on 31 March 2023, 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 30 September 2031 (Note 36.7).			
In addition, the company is required to make certain prepayments as described (Note 6.1).			
The transaction cost incurred on the restructuring amounting to SAR 47,029,125 million has been netted off with the loan balance as on December 2017 (Note 36.9).			
Sub-total carried forward	**4,228,345,875**	-	-

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36.2 Facilities utilized under the different CTA's (continued)

MAC facility – restructured on 14 December 2017 (continued)

	31 December 2017	31 December 2016	1 January 2016
Balance brought forward	**4,228,345,875**	-	-
Islamic and commercial banks			
Riyal procurement	**5,178,750,000**	-	-
Commercial – USD conventional	**1,503,750,000**		
Less: Transaction cost balance at the year end	**(73,507,500)**	-	-
Sub-total	**6,608,992,500**	-	-

The rate of commission on the principal amount of the loan drawn on Islamic Murabaha Riyal is Saudi Interbank Offered Rate ("SIBOR") plus a margin of 1.65%. whereas, the rate of commission on the principal amount of the loan drawn on Dollar Conventional facility is LIBOR plus a margin of 1.55%.

The repayment of the loan drawn on Islamic Murabaha Riyal will start from 31 March 2021, on a six monthly basis starting at SAR 259 million and increasing over the term of the loan with the final repayment of SAR 1,812 million on 30 September 2027 (Note 36.7).

The repayment of the loan drawn on Dollar Conventional facility will start from 31 March 2021, on a six monthly basis starting at SAR 129 million and increasing over the term of the loan with the final repayment of SAR 601 million on 30 September 2024 (Note 36.7).

In addition, the company is required to make certain prepayments as described (Note 6.1).

The transaction cost incurred on obtaining the loan amounting to SAR 73,507,500 million has been netted off with the loan balance as on December 2017.

Total MAC borrowings (Note 36.6)	**10,837,338,375**	-	-
MRC facility			
Public Investment Fund	**3,047,962,500**	3,078,750,000	3,078,750,000
Less: Repaid during the year	**(61,575,000)**	(30,787,500)	-
Sub-total (Note 44.2)	**2,986,387,500**	3,047,962,500	3,078,750,000
Less: Transaction cost balance at the year end	**(63,303,309)**	(74,679,201)	(86,129,080)
Sub-total	**2,923,084,191**	2,973,283,299	2,992,620,920

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 31 December 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 30 June 2026 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 11,375,892 (31 December 2016: SAR 11,449,879) (Note 36.9).

Sub-total carried forward	**2,923,084,191**	2,973,283,299	2,992,620,920

36.2 Facilities utilized under the different CTA's (continued)

MRC facility (continued)

	31 December 2017	31 December 2016	1 January 2016
Balance brought forward	**2,923,084,191**	2,973,283,299	2,992,620,920
Islamic and commercial banks			
Riyal procurement	**1,030,590,000**	1,041,000,000	1,041,000,000
Less: Repaid during the year	**(20,820,000)**	(10,410,000)	-
Sub-total	**1,009,770,000**	1,030,590,000	1,041,000,000
Less: Transaction cost balance at the year end	**(16,133,002)**	(19,263,364)	(22,416,189)
Sub-total	**993,636,998**	1,011,326,636	1,018,583,811
The rate of commission on the principal amount of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin that varies over the term of the loan.			
The margin / mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.45% per annum.			
The repayment of the loan started on 31 December 2016, starting at SAR 10.4 million and increasing over the term of the loan with the final repayment of SAR 13.5 million on 30 June 2026 (Note 36.7).			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 3,130,362 (31 December 2016: SAR 3,152,825) (Note 36.9).			
Saudi Industrial Development Fund	**550,000,000**	600,000,000	570,000,000
Less: Repaid during the year	**(75,000,000)**	(50,000,000)	-
Sub-total	**475,000,000**	550,000,000	570,000,000
Less: Transaction cost balance at the year end	**(20,041,212)**	(27,983,434)	(36,555,954)
Sub-total	**454,958,788**	522,016,566	533,444,046
Repayment of the SIDF facility started from 25 January 2016, starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on 19 July 2021 (Note 36.7).			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 7,942,222 (31 December 2016: SAR 8,572,520) (Note 36.9)			
Riyal Murabaha facility (a working capital facility)	**375,000,000**	375,000,000	375,000,000
During the quarter ended 31 December 2017, 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 1.20% from SIBOR plus 0.95%.			
The repayment of the Murabaha facility is due on 31 May 2018 (Note 36.7).			
Total MRC borrowings (Note 36.6)	**4,746,679,977**	4,881,626,501	4,919,648,777

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36.2 Facilities utilized under the different CTA's (continued)

MBAC facility

	31 December 2017	31 December 2016	1 January 2016
Public Investment Fund	**3,750,000,000**	3,750,000,000	3,750,000,000
Less: Repaid during the year	**(150,000,000)**	-	-
Sub-total (Note 44.2)	**3,600,000,000**	3,750,000,000	3,750,000,000
Less: Transaction cost balance at the year end	**(75,726,010)**	(88,152,378)	(100,536,720)
Sub-total	**3,524,273,990**	3,661,847,622	3,649,463,280

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 30 June 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 30 June 2027 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 12,426,368 (31 December 2016: SAR 12,384,342) (Note 36.9).

	31 December 2017	31 December 2016	1 January 2016
Islamic and commercial banks			
Dollar procurement	**799,500,000**	799,500,000	799,500,000
Riyal procurement	**1,891,212,844**	1,891,212,844	1,891,212,844
Commercial	**258,750,000**	258,750,000	258,750,000
Wakala	**768,750,000**	768,750,000	768,750,000
	3,718,212,844	3,718,212,844	3,718,212,844
Less: Repaid during the year	**(148,728,518)**	-	-
Sub-total	**3,569,484,326**	3,718,212,844	3,718,212,844
Less: Transaction cost balance at the year end	**(48,680,556)**	(52,865,914)	(60,327,318)
Sub-total	**3,520,803,770**	3,665,346,930	3,657,885,526

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 started from 30 June 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 30 June 2027 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 4,185,358 (31 December 2016: SAR 7,461,404) (Note 36.9).

	31 December 2017	31 December 2016	1 January 2016
Sub-total carried forward	**7,045,077,760**	7,327,194,552	7,307,348,806

36.2 Facilities utilized under the different CTA's (continued)

MBAC facility (continued)

	31 December 2017	31 December 2016	1 January 2016
Balance brought forward	**7,045,077,760**	7,327,194,552	7,307,348,806
Saudi Industrial Development Fund	**900,000,000**	900,000,000	810,000,000
Less: Repaid during the year	**(40,000,000)**	-	-
Sub-total	**860,000,000**	900,000,000	810,000,000
Less: Transaction cost balance at the year end	**(45,389,329)**	(59,989,012)	(69,951,705)
Sub-total	**814,610,671**	840,010,988	740,048,295
Repayment of the SIDF facility will start from July 2017. The repayments started at SAR 40 million and increasing over the term of the loan with the final repayment of SAR 80 million in April 2024 (Note 36.7).			
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 31 December 2016.			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 14,599,683 (31 December 2016: SAR 9,962,693) (Note 36.9).			
Riyal Murabaha facility (a working capital facility)	**340,000,000**	-	-
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 24 January 2019 (Note 36.7).			
Total MBAC borrowings (Note 36.6)	**8,199,688,431**	8,167,205,540	8,047,397,101

MWSPC facility

	31 December 2017	31 December 2016	1 January 2016
Public Investment Fund (Note 44.2)	**6,839,278,174**	6,839,278,174	3,954,229,920
Less: Transaction cost balance at the year end	**(57,478,142)**	(64,842,843)	(71,307,385)
Sub-total	**6,781,800,032**	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 30 June 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 31 December 2030 (Note 36.7).			
Transaction cost incurred and is amortized over the term of the loan amounted to SAR 7,364,701 (31 December 2016: SAR 6,464,542) (Note 36.9).			
Sub-total carried forward	**6,781,800,032**	6,774,435,331	3,882,922,535

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36.2 Facilities utilized under the different CTA's (continued)

MWSPC facility (continued)

	31 December 2017	31 December 2016	1 January 2016
Balance brought forward	**6,781,800,032**	6,774,435,331	3,882,922,535
Islamic and commercial banks			
Dollar procurement facility	**304,392,518**	304,392,518	174,565,346
Saudi Riyal procurement facility	**2,620,254,420**	2,620,254,420	1,502,683,523
Wakala	**1,488,141,198**	1,488,141,198	853,430,583
Commercial	**5,140,424,311**	5,061,772,152	2,847,314,693
Sub-total	**9,553,212,447**	9,474,560,288	5,377,994,145
Less: Transaction cost balance at the year end	**(46,703,936)**	(78,983,617)	(109,070,785)
Sub-total	**9,506,508,511**	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 30 June 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 31 December 2030 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 32,279,681 (31 December 2016: SAR 30,087,168) (Note 36.9).

Saudi Industrial Development Fund	**1,680,000,000**	-	-
Less: Transaction cost balance at the year end	**(154,160,000)**	-	-
Sub-total	**1,525,840,000**	-	-

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is LIBOR plus 1.7% per annum.

The repayment of the principal amounts of loans will start from 22 December 2018. The repayments are starting at SAR 60 million and increasing over the term of the loan (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 840,000 (31 December 2016: SAR Nil) (Note 36.9).

Total MWSPC borrowings (Note 36.6)	**17,814,148,543**	16,170,012,002	9,151,845,895

36.3 Syndicated revolving credit facility

Ma'aden facility

	31 December 2017	31 December 2016	1 January 2016
Syndicated revolving credit facility (Note 36.6)	**-**	-	-

The rate of commission on the principal amount of the borrowing drawdown is SIBOR plus 0.85% per annum.

36.4 Facility utilized under the different CTA's

MGBM facility

	31 December 2017	31 December 2016	1 January 2016
As Suq mine			
Saudi Industrial Development Fund	**171,000,000**	179,000,000	143,200,000
Less: Repaid during the year	**(28,000,000)**	(8,000,000)	-
Sub-total	**143,000,000**	171,000,000	143,200,000
Less: Transaction cost balance at the year end	**(6,755,017)**	(9,258,917)	(12,008,103)
Sub-total	**136,244,983**	161,741,083	131,191,897

The repayment of this loan started on 20 July 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 9 November 2022 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 2,503,900 (31 December 2016: SAR 2,749,186) (Note 36.9).

	31 December 2017	31 December 2016	1 January 2016
Ad-Duwayhi mine and water pipeline			
Saudi Industrial Development Fund	**1,200,000,000**	804,507,000	120,000,000
Less: Repaid during the year	**(130,000,000)**	-	-
Sub-total	**1,070,000,000**	804,507,000	120,000,000
Less: Transaction cost balance at the year end	**(49,472,071)**	(65,197,022)	(16,000,000)
Sub-total	**1,020,527,929**	739,309,978	104,000,000

The repayment of this loan started on 9 July 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 30 October 2023 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 15,724,951 (31 December 2016: SAR 14,802,978) (Note 36.9).

	31 December 2017	31 December 2016	1 January 2016
Total MGBM borrowings (Note 36.6)	**1,156,772,912**	901,051,061	235,191,897

36.5 Facilities utilized under the different MFAs

MIC facility

	31 December 2017	31 December 2016	1 January 2016
HSBC Saudi Arabia Limited – as agent for the Murabaha facility participants	**961,000,000**	1,000,000,000	-
Less: Repaid during the year	**(78,000,000)**	(39,000,000)	-
Sub-total	**883,000,000**	961,000,000	-
Less: Transaction cost balance at the year end	**(8,000,000)**	(9,000,000)	-
Total MIC borrowings (Note 36.6)	**875,000,000**	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 started from 30 December 2016, in equal principal repayments of SAR 39 million, on a semi-annual basis over a 10 year period with the final principal repayment of SAR 298 million on 30 December 2025 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 1,000,000 (31 December 2016: SAR 1,185,000) (Note 36.9).

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36.5 Facilities utilized under the different MFAs (continued)

MPC facility

	31 December 2017	31 December 2016	1 January 2016
Riyad Bank – as agent for the Murabaha facility participants	**11,493,750,000**	11,493,750,000	-
Less: Repaid during the year	**(1,149,375,000)**	-	-
Sub-total	**10,344,375,000**	11,493,750,000	-
Less: Transaction cost balance at the year end	**(78,145,499)**	(98,953,754)	-
Total MPC borrowings (Note 36.6)	**10,266,229,501**	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 started from 25 February 2017, starting at SAR 575 million and increasing over the term of the loan with the final repayment of SAR 3,448 million on 25 February 2023 (Note 36.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 20,808,255 (31 December 2016: SAR 15,983,746) (Note 36.9).

36.6 Total borrowings

	Notes	31 December 2017	31 December 2016	1 January 2016
Facilities utilized under:				
CTAs:				
MPC	36.2	**-**	**-**	10,945,016,885
MAC – restructured on 14 December 2017	36.2	**10,957,875,000**	11,244,975,000	11,790,984,800
MRC	36.2	**4,846,157,500**	5,003,552,500	5,064,750,000
MBAC	36.2	**8,369,484,326**	8,368,212,844	8,278,212,844
MWSPC	36.2	**18,072,490,621**	16,313,838,462	9,332,224,065
Syndicated Revolving Credit Facility:				
Ma'aden	36.3	**-**	-	-
MGBM facility	36.4	**1,213,000,000**	975,507,000	263,200,000
MFAs:				
MIC	36.5	**883,000,000**	961,000,000	-
MPC	36.5	**10,344,375,000**	11,493,750,000	-
Sub-total	48,49	**54,686,382,447**	54,360,835,806	45,674,388,594
Less: Transaction cost balance at the year end		**(790,524,708)**	(829,792,898)	(798,996,582)
Sub-total		**53,895,857,739**	53,531,042,908	44,875,392,012
Less: Current portion of borrowings shown under current liabilities				
MPC		**1,149,375,000**	1,149,375,000	1,089,112,404
MAC		**-**	576,010,000	951,010,000
MRC		**660,564,000**	532,395,000	91,197,500
MBAC		**513,410,645**	338,728,517	-
MWSPC		**621,737,172**	-	-
MGBM		**172,000,000**	78,000,000	-
MIC		**78,000,000**	78,000,000	-
Sub-total		**3,195,086,817**	2,752,508,517	2,131,319,904
Long-term portion of borrowings		**50,700,770,922**	50,778,534,391	42,744,072,108

36.7 Maturity profile of long-term borrowings

	Note	31 December 2017	31 December 2016	1 January 2016
2016		-	-	11,995,224,385
2017		-	2,752,508,518	1,525,133,518
2018		3,195,086,817	3,782,843,988	1,820,090,365
2019		3,291,077,736	3,589,383,564	1,928,546,879
2020		3,661,668,070	4,377,266,521	2,485,904,144
2021		4,749,984,266	4,684,263,901	2,740,568,476
2022		6,204,421,881	6,153,501,142	3,048,892,035
2023		7,701,422,952	7,404,071,526	3,265,178,578
2024 through 2030		25,882,720,725	21,616,996,646	16,864,850,214
Total	47.1.2	54,686,382,447	54,360,835,806	45,674,388,594

As of 1 January 2016, 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 is restricted in the debt service reserve account for the next schedule repayment, six months prior to the due date, as per the facility agreement (Note 30), however, the facility had been repaid in full from a drawing on 30 March 2016 under a new MFA signed by the company on 25 February 2016 with a Murabaha facility participants.

36.8 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:

	31 December 2017 (US$)	31 December 2016 (US$)	1 January 2016 (US$)
Public Investment Fund	4,720,277,513	4,803,347,513	4,807,191,534
Less: Transaction cost balance at the year end	(64,943,090)	(81,635,838)	(92,853,856)
Sub-total	4,655,334,423	4,721,711,675	4,714,337,678
Islamic and commercial banks			
Procurement	1,452,156,999	2,463,336,937	3,135,408,811
Al-Rajhi Bank	-	-	506,250,000
The Export Import Bank of Korea	-	-	292,400,000
Korea Export Insurance Corporation	-	-	146,200,000
Commercial	1,838,019,816	1,634,205,907	1,294,701,418
US Dollar procurement	285,843,338	516,951,338	492,498,759
Wakala	593,637,653	790,312,653	629,666,489
Riyal Murabaha	1,381,000,000	-	-
	5,550,657,806	5,404,806,835	6,497,125,477
Less: Transaction cost balance at the year end	(49,339,999)	(62,556,129)	(76,794,764)
Sub-total	5,501,317,807	5,342,250,706	6,420,330,713
Saudi Industrial Development Fund	1,127,466,667	766,801,867	675,519,947
Less: Transaction cost balance at the year end	(73,551,368)	(48,298,471)	(43,417,136)
Sub-total	1,053,915,299	718,503,396	632,102,811
Riyal Murabaha facility	2,993,966,666	3,321,266,667	-
Less: Transaction cost balance at the year end	(22,972,133)	(28,787,668)	-
Sub-total	2,970,994,533	3,292,478,999	-
Riyal Murabaha facility (a working capital facility)	190,666,667	200,000,000	200,000,000
Total	14,372,228,729	14,274,944,776	11,966,771,202

Notes to the consolidated financial statements for the year ended 31 December 2017

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36.9 Amortization of transaction cost

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Facilities utilized under:			
CTAs:			
MAC – restructured on 14 December 2017	36.2	**180,623,442**	34,069,901
MRC	36.2	**22,448,476**	23,175,224
MBAC	36.2	**31,211,409**	29,808,439
MWSPC	36.2	**40,484,382**	36,551,710
MGBM facility	36.4	**18,228,851**	17,552,164
MFAs:			
MIC	36.5	**1,000,000**	1,185,000
MPC	36.5	**20,808,255**	15,983,746
Sub-total		**314,804,815**	158,326,184
Less: Capitalised as part of capital work-in-progress			
MRC		**-**	23,175,224
MBAC		**-**	24,365,258
MGBM		**-**	2,754,795
MWSPC		**40,484,382**	36,551,710
Sub-total	14.1,19	**40,484,382**	86,846,987
Total charged to finance cost	14	**274,320,433**	71,479,197

36.10 Security

The following assets were pledged as security for these long-term borrowings in accordance with the applicable CTAs:

	Notes	31 December 2017	31 December 2016	1 January 2016
Mine properties	17.2	**5,682,315,912**	5,816,082,069	7,859,883,447
Property, plant and equipment	18.2	**15,133,757,446**	29,557,638,028	32,659,970,932
Capital work-in-progress	19	**24,675,759,709**	26,446,280,850	31,595,660,537
Intangible assets	20	**40,075,519**	103,105,996	85,374,130
Total		**45,531,908,586**	61,923,106,943	72,200,889,046

37 Provision for decommissioning, site rehabilitation and dismantling obligation

	Notes	31 December 2017	31 December 2016	1 January 2016
Gold mines	37.1	**97,248,815**	87,652,321	82,391,854
Bauxite mine	37.2	**35,000,134**	33,227,636	31,544,902
Phosphate mines	37.3	**150,804,353**	143,379,004	136,320,974
Low grade bauxite, kaolin and magnesite mines	37.4	**5,619,849**	5,263,603	4,932,489
Total		**288,673,151**	269,522,564	255,190,219

Decommissioning provisions are made for the mine closure, reclamation and dismantling obligation of the mine and the related plants and infrastructure. These obligations are expected to be occur in the year in which the mine is expected to be closed. Management estimates the provision based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the license agreements and engineering estimates.

The provision for mine decommissioning obligation represents the present value of 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 recognised when determined.

The movement in the provision for mine decommissioning obligation for each of the mines along with the year in which they commenced commercial production and expected date of closure is as follows:

37.1 Gold mines

	Notes	Bulghah mine	Mahad mine	As Suq mine	Al Amar mine	Ad Duwayhi mine	Sukhaybarat mine	Total
1 January 2016		19,920,780	20,865,878	12,589,451	6,952,612	11,248,741	10,814,392	82,391,854
Increase arising from passage of time during the year	14	1,813,414	1,899,448	1,146,035	695,260	1,124,873	1,081,438	7,760,468
Utilization during the year		-	(2,500,001)	-	-	-	-	(2,500,001)
31 December 2016	37	21,734,194	20,265,325	13,735,486	7,647,872	12,373,614	11,895,830	87,652,321
Increase arising from passage of time during the year	14	1,978,492	2,072,357	1,250,360	764,787	1,237,360	1,189,582	8,492,938
Increase / (decrease) in provision during the year	17	1,037,903	-	324,652	25,234	(1,059,192)	774,959	1,103,556
31 December 2017	37	**24,750,589**	**22,337,682**	**15,310,498**	**8,437,893**	**12,551,782**	**13,860,371**	**97,248,815**
Commenced commercial production in		2001	1988	2014	2008	2016	1991	
Expected closure date in		2019	2019	2019	2027	2027	2027	

37.2 Bauxite mine

	Notes	Al-Ba'itha mine
1 January 2016		31,544,902
Increase arising from passage of time during the year	14	1,682,734
31 December 2016	37	33,227,636
Increase arising from passage of time during the year	14	1,772,498
31 December 2017	37	**35,000,134**
Commenced commercial production in		2014
Expected closure date in		2059

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37.3 Phosphate mines

	Notes	Al-Jalamid mine	Al-Khabra mine	Total
1 January 2016		54,393,546	81,927,428	136,320,974
Increase arising from passage of time during the year	14	2,886,285	4,171,745	7,058,030
31 December 2016	37	57,279,831	86,099,173	143,379,004
Increase arising from passage of time during the year	14	3,039,439	4,385,910	7,425,349
31 December 2017	37	**60,319,270**	**90,485,083**	**150,804,353**
Commenced commercial production in		2008	2017	
Expected closure date in		2032	2045	

37.4 Low grade bauxite, kaolin and magnesite mines

	Notes	Az-Zabirah mine	Al-Ghazallah mine	Madinah plants	Total
1 January 2016		1,851,087	191,478	2,889,924	4,932,489
Increase arising from passage of time during the year	14	177,588	18,519	135,007	331,114
31 December 2016	37	2,028,675	209,997	3,024,931	5,263,603
Increase arising from passage of time during the year	14	194,623	20,309	141,314	356,246
31 December 2017	37	**2,223,298**	**230,306**	**3,166,245**	**5,619,849**
Commenced commercial production in		2008	2011	2011	
Expected closure date in		2026	2031	2031	

38. Obligation under finance lease

	Notes	31 December 2017	31 December 2016	1 January 2016
Future minimum lease payments	38.1,38.2	**65,380,978**	104,003,914	142,626,850
Less: Future finance cost not yet due	38.1,38.2	**(3,532,891)**	(8,840,140)	(15,915,423)
Net present value of minimum lease payment		**61,848,087**	95,163,774	126,711,427
Less: Current portion shown under current liabilities	38.1,38.2	**(34,664,307)**	(33,565,757)	(31,297,581)
Long-term portion of obligation under finance lease	38.1,38.2	**27,183,780**	61,598,017	95,413,846

Movement in future finance cost:

	Notes	31 December 2017	31 December 2016	1 January 2016
1 January		**(8,840,140)**	(15,915,423)	(15,915,423)
Unwinding of discount of non-current obligations under finance lease charged to finance cost	14	**5,307,249**	3,472,190	-
Unwinding of discount of non-current obligations under finance lease capitalized as part of qualifying assets in capital work-in-progress	14.1,19	**-**	3,603,093	-
31 December / 1 January		**(3,532,891)**	(8,840,140)	(15,915,423)

38.1 MGBM

The company has entered into certain agreements which entitled the company to residential rights and obligations relating to certain assets related to these agreements. These assets have been classified as assets under finance lease in accordance with IFRIC – 4.

	Notes	31 December 2017	31 December 2016	1 January 2016
Future minimum lease payments		**51,079,051**	74,099,887	97,120,723
Less: Future finance cost not yet due		**(2,823,115)**	(5,719,234)	(9,573,673)
Net present value of minimum lease payment	38	**48,255,936**	68,380,653	87,547,050
Less: Current portion shown under current liabilities	38	**(21,072,156)**	(20,124,717)	(19,166,397)
Long-term portion of obligation under finance lease		**27,183,780**	48,255,936	68,380,653
Maturity profile				
Minimum lease payments falling due during the following years:				
2016		**-**	-	23,020,836
2017		**-**	23,020,836	23,020,836
2018		**22,962,039**	22,962,039	22,962,039
2019		**22,315,272**	22,315,272	22,315,272
2020		**5,801,740**	5,801,740	5,801,740
Total		**51,079,051**	74,099,887	97,120,723

Unwinding of discount of non-current obligation under finance lease capitalized as part of capital work-in-progress amounting to SAR Nil (31 December 2016: SAR 882,318).

The leased assets with a net book value at 31 December 2017 of SAR 53,126,820 (31 December 2016: SAR 79,363,636 and 1 January 2016: SAR 105,600,452) have been pledged as security to the lessor (Note 17.3).

38.2 MBAC

During 2013, MAC on behalf of MBAC entered in a finance 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:

	Notes	31 December 2017	31 December 2016	1 January 2016
Future minimum lease payments		**14,301,927**	29,904,027	45,506,127
Less: Future finance cost not yet due		**(709,776)**	(3,120,906)	(6,341,750)
Net present value of minimum lease payment	38	**13,592,151**	26,783,121	39,164,377
Less: Current portion shown under current liabilities	38	**(13,592,151)**	(13,441,040)	(12,131,184)
Long-term portion of obligation under finance lease		**-**	13,342,081	27,033,193
Maturity profile				
Minimum lease payments falling due during the following years:				
2016		**-**	-	15,602,100
2017		**-**	15,602,100	15,602,100
2018		**14,301,927**	14,301,927	14,301,927
Total		**14,301,927**	29,904,027	45,506,127

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38.2 MBAC (continued)

Unwinding of discount of non-current obligation under finance lease capitalized as part of capital work-in-progress amounting to SAR Nil (31 December 2016: SAR 2,720,775).

The future minimum lease payments have been discounted, using an effective interest rate of approximately 0.858% per month, to its present value. The leased assets with a net book value at 31 December 2017 of SAR 39,487,391 (31 December 2016: SAR 45,365,593 and 1 January 2016: SAR 47,637,104) have been pledged as security to the lessor (Note 17.3).

39. Employees' benefits

	Notes	31 December 2017	31 December 2016	1 January 2016
Employees' end of service termination benefits obligation	39.1	**462,754,423**	430,415,008	356,913,499
Employees' savings plan	39.2	**69,872,871**	59,341,221	48,807,054
Total		**532,627,294**	489,756,229	405,720,553

39.1 Employees' end of service termination benefits obligation

The Group operates an employees' end of service termination benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia for each of the respective subsidiary entities. The employees' end of service termination benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Law of the Kingdom of Saudi Arabia.

Employees' end of service termination benefit plans are unfunded plans and the benefit payment obligation are met when they due.

Amounts recognized in the consolidated statement of financial position

The amounts recognised in the consolidated statement of financial position and the movements in the employees' end of service termination benefits obligation over the year are as follows:

	Notes	2017	2016
1 January		**430,415,008**	356,913,499
Total amount recognised in profit or loss		**103,940,840**	86,171,488
Current service cost		**84,510,923**	70,455,189
Finance cost*		**19,429,917**	15,716,299
(Gain) / loss attributable to re-measurements recognised in other comprehensive income**		**(47,481,008)**	2,654,879
(Gain) / loss from change in financial assumptions		**(36,583,164)**	27,510,443
Experience gains		**(10,897,844)**	(24,855,564)
Settlements		**(24,120,417)**	(15,324,858)
31 December	39	**462,754,423**	430,415,008
***Summary of finance cost:**			
Expensed to consolidated statement of profit or loss during the year	14	**19,429,917**	14,741,559
Capitalised as part of qualifying assets in capital work-in-progress during the year	14.1,19	**-**	974,740
Total		**19,429,917**	15,716,299

39.1 Employees' end of service termination benefits obligation (continued)

****Summary of gains attributable re-measurements recognised in other comprehensive income:**

	Note	31 December 2017	31 December 2016
Gain attributable to re-measurement charged to consolidated statement of profit or loss and other comprehensive income during the year		**(45,969,473)**	(1,770,585)
(Gain) / loss attributable to re-measurement capitalised as part of qualifying assets in capital work-in-progress during the year	19	**(1,511,535)**	4,425,464
Total		**(47,481,008)**	2,654,879
(Gain) / loss on re-measurements is attributable to:			
Shareholders' of the parent company		**(40,661,245)**	(2,436,205)
Non-controlling interest		**(5,308,228)**	665,620
		(45,969,473)	(1,770,585)

Significant actuarial assumptions

The significant actuarial assumptions used in determining employees' end of service termination benefits obligation were as follows:

	31 December 2017	31 December 2016	1 January 2016
Discount rate	**4.5%**	4.5%	4.5%
Salary increase rate	**2.5-4.5%**	4.5%	4%
Mortality rate	**A90 table**	A90 table	A90 table
Withdrawal rate	**5%**	5%	5%

Sensitivity analysis

The sensitivity of the employees' end of service termination benefits obligation to changes in the weighted principal assumptions is:

	Sensitivity level % increase	Impact on termination benefit obligation	Sensitivity level % decrease	Impact on termination benefit obligation
31 December 2017				
Discount rate	**1%**	**(51,292,906)**	**1%**	**62,057,847**
Salary increase rate	**1%**	**61,797,177**	**1%**	**(52,042,373)**
Mortality rate	**10%**	**(88,966)**	**10%**	**89,249**
Withdrawal rate	**10%**	**(1,469,977)**	**10%**	**1,536,728**
31 December 2016				
Discount rate	1%	(39,508,807)	1%	49,262,260
Salary increase rate	1%	59,850,463	1%	(39,854,758)
Mortality rate	10%	(100,234)	10%	100,507
Withdrawal rate	10%	(1,632,561)	10%	1,699,469
1 January 2016				
Discount rate	1%	(26,995,455)	1%	32,311,038
Salary increase rate	1%	32,142,602	1%	(27,354,801)
Mortality rate	10%	(23,122)	10%	23,145
Withdrawal rate	10%	(443,190)	10%	453,596

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39.1 Employees' end of service termination benefits obligation (continued)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employees' end of service termination benefit obligation to significant actuarial assumptions the same method (present value of the employees' end of service termination benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employees' end of service termination benefit obligation recognised in the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

Effect of employees' end of service termination benefits obligation on entity's future cash flows

The weighted average duration of the employees' end of service termination benefits obligation is 12.74 years. The expected maturity analysis of undiscounted employees' end of service termination benefits obligation is as follows:

	31 December 2017	**31 December 2016**	**1 January 2016**
2016	**-**	-	31,008,198
2017	**-**	34,001,816	16,642,124
2018	**33,655,290**	16,733,338	15,724,809
2019	**19,496,490**	18,021,545	17,048,928
2020	**27,271,871**	27,394,538	22,935,630
2021	**25,540,458**	24,139,404	22,935,630
2022	**23,961,641**	24,139,404	22,935,630
2023 and thereafter	**746,682,622**	672,970,764	511,386,186
Total	**876,608,372**	817,400,809	660,617,135

39.2 Employees' savings plan

	Notes	**2017**	**2016**
1 January	39	**59,341,221**	48,807,054
Contribution for the year		**30,530,337**	26,408,207
Withdrawals during the year		**(19,998,687)**	(15,874,040)
31 December	4.20, 30,39	**69,872,871**	59,341,221

40. Zakat and income tax payable

	Notes	31 December 2017	31 December 2016	1 January 2016
Zakat payable	40.2	**115,597,038**	85,308,278	50,962,237
Income tax payable	40.5	**26,059,632**	-	-
Total		**141,656,670**	85,308,278	50,962,237

40.1 Components of zakat base

The significant components of the zakat base of each company under the zakat and income tax regulation are as follows:

- shareholders' equity at the beginning of the year;
- provisions at the beginning of the year;
- long term borrowings;
- adjusted net income;
- spare parts and consumable materials:
- net book value of mine properties,
- 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 joint ventures and
- other items.

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

40.2 Zakat payable

	Notes	2017	2016
1 January		**85,308,278**	50,962,237
Provision for zakat		**91,834,417**	78,428,404
Current year	40.3	**112,848,885**	85,308,278
Prior year over provision		**(21,014,468)**	(6,879,874)
Paid during year		**(61,545,657)**	(44,082,363)
31 December		**115,597,038**	85,308,278

40.3 Provision for zakat consist of:

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Saudi Arabian Mining Company		**78,730,860**	79,345,905
Ma'aden Gold and Base Metals Company	41.2	**12,584,744**	-
Industrial Minerals Company		**2,024,009**	1,798,962
Ma'aden Infrastructure Company		**3,302,094**	1,415,258
Ma'aden Phosphate Company		**6,306,615**	2,748,153
Ma'aden Wa'ad Al-Shamal Phosphate Company		**9,900,563**	-
Total	40.2	**112,848,885**	85,308,278

Calculation of provision for zakat for the year ended 31 December 2016 was based on SOCPA zakat base or adjusted net income for the year as this is not an IFRS transition adjustment requirement.

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40.4 Status of final assessments

The Company and its wholly owned subsidiaries have diligently filed their zakat returns and have received provisional zakat certificates for the years ended 31 December 2008 to 31 December 2016.

During April 2017, the GAZT has issued final zakat assessments for the Company and its wholly owned subsidiaries for the years 2008 until 2013 with an additional zakat liability of SR 46,336,320.

Ma'aden has paid these final zakat assessments in full on 1 January 2018 in compliance with Article 66 of the Zakat and Income Tax Law, to reserve its right to appeal. Ma'aden has filed an appeal before the Preliminary Appeal Committee (PAC). Management is optimistic and expects a favorable outcome based on the arguments presented to the Appeal Committee.

40.5 Income tax payable

	Note	2017	2016
1 January		**-**	-
Provision for income tax during the year	22.1	**26,059,632**	-
31 December		**26,059,632**	-

40.6 Provision for income tax consist of:

	Note	2017	2016
Ma'aden Wa'ad Al-Shamal Phosphate Company	40.5	**26,059,632**	-

41. Severance fees payable

	Notes	2017	2016
1 January		**8,270,636**	16,096,147
Provision for severance fee made during the year	9	**73,093,714**	8,278,039
Current year charge	41.1	**73,079,354**	8,270,636
Prior year adjustment		**14,360**	7,403
Paid during year to the authorities		**(8,284,996)**	(16,103,550)
31 December		**73,079,354**	8,270,636

In accordance with the Saudi Mining Code based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 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 profit or loss.

41.1 Provision for severance fees consists of:

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Gold mines	41.2	**72,004,956**	6,949,653
Low grade bauxite		**565,238**	952,382
Kaolin		**246,912**	246,268
Magnesia		**251,798**	122,333
Dead burned magnesia		**10,450**	-
Total	41	**73,079,354**	8,270,636

Calculation of provision for severance fees for the year ended 31 December 2016 was based on SOCPA 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, for the year as this is not an IFRS transition adjustment requirement.

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

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Net income from operating mines before severance fee for the year		**546,616,529**	125,745,830
25% of the year's net income as defined		**136,654,132**	31,436,457
Hypothetical income tax based on year's taxable net income		**84,589,700**	6,949,653
Provision based on the lower of the above two computations		**84,589,700**	6,949,653
Provision for zakat	40.3	**(12,584,744)**	-
Net severance fee provision for the year	41.1	**72,004,956**	6,949,653

42. Projects, trade and other payables

	Notes	31 December 2017	31 December 2016	1 January 2016
Non-current portion				
Gross retention withheld from progress payments		**1,227,216,448**	2,082,154,273	1,377,230,557
Less : Current portion of retention payable (see below)		**(658,951,243)**	(895,523,190)	(405,754,301)
		568,265,205	1,186,631,083	971,476,256
Less : Unamortized discount for long-term retention payable	42.1	**(42,328,871)**	(81,954,040)	(73,922,306)
Present value of long-term portion of retention payable		**525,936,334**	1,104,677,043	897,553,950
Non-refundable contributions*		**127,048,364**	126,080,875	83,305,964
Other payables		**-**	-	443,250
Sub-total		**652,984,698**	1,230,757,918	981,303,164
Current portion				
Projects		**367,440,443**	209,652,421	780,749,784
Trade		**1,142,655,132**	812,591,665	649,763,200
Current portion of retention payable		**658,951,243**	895,523,190	405,754,301
Advances from customers		**109,204,677**	245,066,728	232,969,329
Other		**37,529,483**	38,992,663	19,938,546
Sub-total		**2,315,780,978**	2,201,826,667	2,089,175,160
Total	49	**2,968,765,676**	3,432,584,585	3,070,478,324

42. Projects, trade and other payables (continued)

Non-current retentions and other payables are stated at their discounted value as these are due to be settled more than 12 months after the statement of financial position date.

*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.

Project payables mainly represents the liability in respect of contracts cost arising from MRC, MBAC and MWSPC.

42.1. Movement in unamortized discount for long-term retention payable

	Notes	31 December 2017	31 December 2016	1 January 2016
1 January		**(81,954,040)**	(73,922,306)	(73,922,306)
Unwinding of discount / (increase in discount) of long-term retention payable	14	**39,625,169**	(8,031,734)	-
31 December / 1 January	42	**(42,328,871)**	(81,954,040)	(73,922,306)

43. Accrued expenses

	Notes	31 December 2017	31 December 2016	1 January 2016
Projects		**809,699,570**	1,643,252,732	3,542,581,483
Trade		**771,409,500**	637,160,076	635,989,401
Employees		**212,401,686**	291,501,970	246,454,809
Accrued expenses – Alcoa Corporation	44.2	**38,257,664**	32,190,363	67,026,655
Accrued expenses – The Mosaic Company	44.2	**-**	4,475,402	14,983,460
Finance cost		**137,902,702**	20,857,795	13,889,780
Total		**1,969,671,122**	2,629,438,338	4,520,925,588

Accrued expenses for projects mainly represents the contract 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.

44. Related party transactions and balances

44.1 Related party transactions

Transactions with related parties carried out during the year under review, in the normal course of business, are summarised below:

Transactions with different non-controlling shareholders in subsidiaries

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Sales of MPC through SABIC during the year		**1,273,330,116**	1,805,740,941
Sales to Alcoa Inespal, S.A. during the year		**1,192,670,053**	1,012,405,329
Sales of MWSPC through SABIC and The Mosaic Company during the year			
• Since commencement of commercial production of ammonia on 1 January 2017		**85,053,278**	-
• Before date of commencement of commercial production of DAP, the pre-commercial production revenue, net of cost of production during the year ended 31 December 2017 amounting to SAR 39,054,573has been credited against capital work-in-progress		**81,983,712**	-
Cost of seconded employees, technology fee and other cost paid to Alcoa Corporation during the year		**133,263,732**	194,440,171
Raw material feedstock purchased from Alcoa Australia during the year		**36,280,913**	34,810,059
Dividend paid to SABIC during the year	34.3	**-**	451,192,963
Increase in non-controlling interest of MWSPC contributed by The Mosaic Company and SABIC	34.3	**375,000,000**	600,000,000
Payments to increase share capital of MRC received from Alcoa Corporation	34.3	**188,250,000**	-

44.2 Related party balances

Amount due from / (to) related parties arising from transaction with related parties are as follows:

	Notes	31 December 2017	31 December 2016	1 January 2016
Long-term loan due from a joint venture company				
Due from MBCC	21.1.3	**626,197,939**	626,197,939	626,197,939
Due from joint venture partners				
Due from Mosaic being a non-controlling shareholder in MWSPC	25	**-**	-	450,000,000
Due from SABIC being a non-controlling shareholder in MWSPC	25	**-**	-	270,000,000
Due from Alcoa Corporation being a parent company of a non-controlling shareholder in MAC, MRC and MBAC	25	**13,652,075**	-	-
Total	25	**13,652,075**	-	720,000,000

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

44.2 Related party balances (continued)

	Notes	31 December 2017	31 December 2016	1 January 2016
Receivables from related parties				
Trade receivables from Alcoa Inespal, S.A. (a subsidiary of a non-controlling shareholder)	28	**104,208,538**	88,987,620	87,897,065
Trade receivables from SABIC (a non-controlling shareholder in MPC)	28	**182,767,681**	195,110,098	407,155,456
Trade receivables from Alcoa Warrick LLC (a subsidiary of a non-controlling shareholder)	28	**22,067,292**	-	-
Trade receivables from The Mosaic Company (a non-controlling shareholder in MWSPC	28	**40,082,398**	-	-
Sub-total		**349,125,909**	284,097,718	495,052,521
Other receivables from SABIC (a non-controlling shareholder in MPC)	28	**28,807,037**	28,807,037	-
Due from Saudi Mining Polytechnic (a special purpose training vehicle)	28	**4,183,905**	3,951,089	2,166,504
Due from Ma'aden Barrick Copper Company (a joint venture company)	28	**747,566**	-	-
Sub-total		**33,738,508**	32,758,126	2,166,504
Total		**382,864,417**	316,855,844	497,219,025
Payable to a related party				
Payments to increase share capital received from Alcoa Corporation (a parent company of a non-controlling shareholder in MRC and MBAC)		**298,542,857**	110,292,857	122,853,678
Accrued expenses – Alcoa Corporation (a parent company of a non-controlling shareholder in MAC)	43	**38,257,664**	32,190,363	67,026,655
Sub-total		**336,800,521**	142,483,220	189,880,333
Due to joint venture partners				
Due to Alcoa Corporation (a parent company of a non-controlling shareholder in MAC, MRC and MBAC)	35	**266,358,724**	191,016,363	184,929,613
Accrued expenses – The Mosaic Company (a non-controlling share-holder in MWSPC)	43	**-**	4,475,402	14,983,460
Sub-total		**266,358,724**	195,491,765	199,913,073
Total		**603,159,245**	337,974,985	389,793,406
Long-term borrowings from PIF a 50% shareholder in Ma'aden				
Due to PIF for the financing of the :				
MPC facility	36.2	**-**	-	2,668,800,835
MAC facility	36.2	**4,275,375,000**	4,375,312,500	4,575,187,500
MRC facility	36.2	**2,986,387,500**	3,047,962,500	3,078,750,000
MBAC facility	36.2	**3,600,000,000**	3,750,000,000	3,750,000,000
MWSPC facility	36.2	**6,839,278,174**	6,839,278,174	3,954,229,920
Total		**17,701,040,674**	18,012,553,174	18,026,968,255

44.3 Key management personnel compensation

	Year ended 31 December 2017	Year ended 31 December 2016
Short-term employee benefits	**21,092,993**	26,697,726
Employees' end of service termination benefits	**1,797,814**	8,254,153
Total	**22,890,807**	34,951,879

45. Operating lease agreements

Payments under operating leases, recognized as an expense during the year.

	Year ended 31 December 2017	Year ended 31 December 2016
Minimum lease payments	**2,787,580**	7,128,448

Commitments for future minimum lease payments in relation to non-cancellable operating leases are payable as follows:

2017	**-**	2,763,888
2018	**2,787,580**	2,634,096
2019	**2,244,096**	2,171,760
2020	**1,671,760**	2,027,200
2021	**1,637,200**	2,137,200
2022	**1,477,200**	2,137,200
2023	**1,477,200**	2,137,200
2024 through 2041	**15,029,111**	9,661,911
Total	**26,324,147**	25,670,455

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 and the rentals are fixed for an average of SAR 2,504,400 annually.

46. Commitments and contingent liabilities

46.1 Capital commitments

	31 December 2017	31 December 2016	1 January 2016
Capital expenditure contracted for:			
Property, plant and equipment	**6,505,529,843**	3,744,749,215	11,742,963,519

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

46. Commitments and contingent liabilities (continued)

46.2 Guarantees

	Note	31 December 2017	31 December 2016	1 January 2016
Guarantee in favor of Saudi Aramco, for future diesel and gas feedstock supplies		**320,000,105**	310,887,605	302,492,405
Guarantees in favor of Ministry of Energy, Industry and Mineral Resources, for future purified phosphoric acid, fuel and feed stocks supplies		**262,500,000**	262,500,000	262,500,000
Guarantees in favor of SIDF and other financial institutions for financing facilities available to:*				
SAMAPCO	21.2	**450,000,000**	450,000,000	450,000,000
MBCC		**375,000,000**	375,000,000	375,000,000
Sub-total		**825,000,000**	825,000,000	825,000,000
Guarantee in favor of Saudi Ports Authority		**18,512,402**	18,512,402	18,162,608
Others		**14,773,463**	39,617,412	41,106,162
Total		**1,440,785,970**	1,456,517,419	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 (Note 21.2).

46.3 Contingent liabilities

On 27 January 2015, the Company received a notice of arbitration from China National Geological and Mining Corporation (CGM) (the Contractor) claiming SR 75.5 million due to alleged failure of the Company to comply with the contractual obligations and termination of the contract without sufficient cause. The Company counterclaimed for rectification costs, delay and other damages.

On 5 October 2017, the arbitration tribunal issued a preliminary award which provides that the Company should pay to CGM SR 38.8 million. The Company has filed a request for nullification of the arbitration award with the Court of Appeal under Article 50 of the Saudi Arbitration Law on the basis of material procedural and other errors committed by the tribunal. The Company believes that the appeal is likely to succeed.

Other than the abovementioned , 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.

47. Financial risk management

The Group's activities expose it to a variety of financial risks such as:

- market risk
- credit risk and
- liquidity risk

47.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk:

- foreign currency exchange risk,
- commission (interest) rate risk and
- commodity price risk

Financial instruments affected by market risk includes loans and borrowings, time deposits, trade receivables, trade payables, accrued liabilities and derivative financial instruments.

The sensitivity analysis in the following sections relate to the positions as at year end.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates on the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The Group's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Group's financial performance.

47.1.1 Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's functional and reporting currency is the Saudi Riyal. The Group's transactions are principally in Saudi Riyals, US Dollars and Euros. Management monitor the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SAR 3.75 : USD 1 therefore, the Group is not exposed to any risk from USD denominated financial instruments.

47. Financial risk management (continued)

All commodity sales contracts are USD price and so is the bulk of the procurement and capital expenditure contracts.

Foreign currency exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in SAR, was as follows:

	31 December 2017	31 December 2016	1 January 2016
Trade receivables	-	15,329,406	-
Project, trade and other payables and accrued expenses	51,856,576	82,763,955	41,838,818
Total	51,856,576	98,093,361	41,838,818

Amount recognised in consolidated financial statements

During the year, the following foreign-exchange related amounts were recognised in profit or loss:

	Year ended 31 December 2017	Year ended 31 December 2016
Foreign exchange (loss) / gain included in other income / expense	810,261	115,729

Foreign currency sensitivity analysis

As shown in the table above, the Group is primarily exposed to changes in SAR / EURO exchange rates. The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from Euro denominated receivable balance.

Impact on post-tax profit / equity of increase / (decrease) in foreign exchange rate:

	Year ended 31 December 2017	Year ended 31 December 2016
SAR/ EURO exchange rate		
• Increase (10%)	4,790,355	7,782,202
• decrease (10%)	(4,790,355)	(7,782,202)

The Group's exposure to other foreign exchange movements is not material.

47.1.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term borrowing which expose the Group to cash flow interest rate risk.

The Group's receivables and fixed rate borrowings carried at amortised cost are not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Hence, the Group is not exposed to fair value interest rate risk.

Notes to the consolidated financial statements for the year ended 31 December 2017

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47. Financial risk management (continued)

Interest rate exposure

The exposure of the Group's borrowing to interest rate changes and the contractual re-pricing dates of the variable interest rate borrowings at the end of the reporting period are as follows:

	Note	31 December 2017	31 December 2016	1 January 2016
Fixed interest rate borrowings		**4,228,000,000**	2,875,507,000	2,533,199,800
Variable interest rate borrowings		**50,458,382,447**	51,485,328,806	43,141,188,794
Total	36.6	**54,686,382,447**	54,360,835,806	45,674,388,594
Variable rate borrowings – repricing dates 6 months or less		**50,458,382,447**	51,485,328,806	43,141,188,794

Interest rate sensitivity analysis

Profit or loss and equity is sensitive to higher / lower interest expense from long-term borrowings as a result of changes in interest rates. The Group's profit before tax is affected as follows:

	Year ended 31 December 2017	Year ended 31 December 2016
Interest rate		
• increase by 100 basis points	**(504,583,824)**	(514,853,288)
• decrease by 100 basis points	**504,583,824**	514,853,288

47.1.3 Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of the mineral products it produces.

The Group makes sale of certain phosphate, and aluminium products on a provisional pricing basis. Revenue and a corresponding receivable from the sale of provisionally priced commodities is recognised when risks and rewards of ownership are transferred to the customer (which would generally be the date of delivery) and revenue can be measured reliably. At this date, the amount of revenue and receivable to be recognised will be estimated based on the forward market price of the commodity being sold. However, the Group faces a risk that future adverse change in price of gold and phosphate products would result in the reduction of receivable balance. Except for gold and phosphate, 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.

Commodity price exposure

The exposure of the Group's receivable balance to changes in commodity prices are as follows:

	Note	31 December 2017	31 December 2016	1 January 2016
Accounts receivable pertaining to:				
Phosphate		**837,925,620**	608,022,165	676,936,808
Aluminium		**738,571,418**	448,913,721	413,603,556
Gold		**205,084,980**	112,533,732	60,953,506
Total	28	**1,781,582,018**	1,169,469,618	1,151,493,870

47. Financial risk management (continued)

Policies and procedure to manage commodity price risk

The Group policy is to manage these risks through the use of contract-base prices with customers.

Commodity price sensitivity analysis

The table below shows the impact on profit before tax and equity for changes in commodity prices. The analysis is based on the assumption that phosphate, aluminium and gold prices move 10% with all other variables held constant.

	31 December 2017	31 December 2016	1 January 2016
Increase / (decrease) in phosphate prices			
Increase of 10% in USD per tonne	**83,792,562**	60,802,217	67,693,681
Decrease of 10% in USD per tonne	**(83,792,562)**	(60,802,217)	(67,693,681)
Increase / (decrease) in aluminium LME prices			
Increase of 10% in USD per tonne	**73,857,142**	44,891,372	41,360,356
Decrease of 10% in USD per tonne	**(73,857,142)**	(44,891,372)	(41,360,356)
Increase / (decrease) in gold prices			
Increase of 10% in USD per oz	**20,508,498**	11,253,373	6,095,351
Decrease of 10% in USD per oz	**(20,508,498)**	(11,253,373)	(6,095,351)

Physical commodity contracts

The Group enters into physical commodity contracts in the normal course of business. These contracts are not derivatives and are treated as executory contracts, which are recognized and measured at cost when the transaction occur.

47.2 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 company is exposed to credit risk if counterparties fail to make payments as they fall due.

Credit risk exposure

The Group ensures that 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.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating
- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower’s ability to meet its obligations
- Actual or expected significant changes in the operating results of the counterparty
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower

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47. Financial risk management (continued)

Trade receivables

The analysis of trade receivables that were past due but not impaired are as follows:

	Note	31 December 2017	31 December 2016	1 January 2016
Neither past due nor impaired		**1,425,511,488**	1,069,829,190	1,038,367,814
Past due not impaired				
< 30 days		**168,102,715**	24,786,438	80,291,059
30-60 days		**107,720,087**	20,123,484	22,223,111
61-90 days		**64,646,681**	4,049,651	6,899,745
> 90 days		**15,601,047**	50,680,855	3,712,141
Total	28	**1,781,582,018**	1,169,469,618	1,151,493,870

47.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Group held the following deposits and cash and cash equivalents that are expected to readily generate cash inflows for managing liquidity risk. Further, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

	Notes	31 December 2017	31 December 2016	1 January 2016
Time deposits	29	**2,240,000,000**	2,711,000,000	899,052,989
Unrestricted cash and cash equivalents	30	**4,281,744,159**	4,310,373,308	3,714,946,268
Total		**6,521,744,159**	7,021,373,308	4,613,999,257

Liquidity risk exposure

The Group had access to the following undrawn borrowing facilities at the end of the year:

	31 December 2017	31 December 2016	1 January 2016
Floating rate			
• Expiring within 1 year			
- Syndicated Revolving Credit Facility	**-**	9,000,000,000	-
• Expiring beyond 1 year			
- Syndicated Revolving Credit Facility	**7,500,000,000**	-	9,000,000,000
- Other facilities (mainly for project financing)	**2,507,509,379**	2,926,161,538	9,907,775,935
Fixed rate (mainly for project financing)			
• Expiring within 1 year	**-**	-	-
• Expiring beyond 1 year	**-**	395,493,000	1,115,800,000
Total	**10,007,509,379**	12,321,654,538	20,023,575,935

Maturities of financial liabilities

The tables below analyze the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Non-derivatives as at:						
31 December 2017						
Project and trade payables	**1,510,095,575**	**-**	**-**	**-**	**1,510,095,575**	**1,510,095,575**
Accrued expenses	**1,969,671,122**	**-**	**-**	**-**	**1,969,671,122**	**1,969,671,122**
Long-term borrowings	**3,195,086,817**	**3,291,077,736**	**14,616,074,217**	**33,584,143,677**	**54,686,382,447**	**54,686,382,447**
Finance lease liabilities	**37,263,966**	**22,315,272**	**5,801,740**	**-**	**65,380,978**	**65,380,978**
Total	**6,712,117,480**	**3,313,393,008**	**14,621,875,957**	**33,584,143,677**	**58,231,530,122**	**58,231,530,122**
Non-derivatives as at:						
31 December 2016						
Project and trade payables	1,022,244,086	-	-	-	1,022,244,086	1,022,244,086
Accrued expenses	2,629,438,338	-	-	-	2,629,438,338	2,629,438,338
Long-term borrowings	2,752,508,518	3,782,843,988	12,650,913,986	35,174,569,314	54,360,835,806	54,360,835,806
Finance lease liabilities	38,622,936	37,263,966	28,117,012	-	104,003,914	104,003,914
Total	6,442,813,878	3,820,107,954	12,679,030,998	35,174,569,314	58,116,522,144	58,116,522,144
Non-derivatives as at:						
1 January 2016						
Project and trade payables	1,430,512,984	-	-	-	1,430,512,984	1,430,512,984
Accrued expenses	4,520,925,588	-	-	-	4,520,925,588	4,520,925,588
Long-term borrowings	11,995,224,385	1,525,133,518	6,234,541,388	25,919,489,303	45,674,388,594	45,674,388,594
Finance lease liabilities	38,622,936	38,622,936	65,380,978	-	142,626,850	142,626,850
Total	17,985,285,893	1,563,756,454	6,299,922,366	25,919,489,303	51,768,454,016	51,768,454,016

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48. Capital management

Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

"Net debt divided by total equity and net debt (as shown in the consolidated statement of financial position, including non-controlling interests)."

The gearing ratios as at the end of the year were as follows:

	Note	31 December 2017	31 December 2016	1 January 2016
Net debt – Long-term borrowings	36.6	**54,686,382,447**	54,360,835,806	45,674,388,594
Total equity		**34,529,979,518**	33,136,314,850	33,133,609,672
Total equity and net debt		**89,216,361,965**	87,497,150,656	78,807,998,266
Net debt to equity ratio		**0.61**	0.62	0.58

49. Financial assets and financial liabilities

The Group holds the following classes of financial instruments:

	Notes	31 December 2017	31 December 2016	1 January 2016
Financial assets measured at amortised cost				
Other investments	23	**50,000,000**	50,000,000	50,000,000
Due from joint venture partners	25	**13,652,075**	-	720,000,000
Trade and other receivable (less withholding tax, zakat and employees' home ownership program recievable)	28	**1,900,609,211**	1,272,770,179	1,219,295,805
Time deposits	29	**2,240,000,000**	2,711,000,000	899,052,989
Cash and cash equivalents	30	**4,351,617,030**	4,369,714,529	4,308,309,524
Total		**8,555,878,316**	8,403,484,708	7,196,658,318
Financial liabilities measured at amortised cost				
Due to a joint venture partner	35	**266,358,724**	191,016,363	184,929,613
Long-term borrowings	36.6	**54,686,382,447**	54,360,835,806	45,674,388,594
Obligation under finance lease	38	**65,380,978**	104,003,914	142,626,850
Projects, trade and other payables	42	**2,968,765,676**	3,432,584,585	3,070,478,324
Accrued expenses	43	**1,969,671,122**	2,629,438,338	4,520,925,588
Total		**59,956,558,947**	60,717,879,006	53,593,348,969

Other investments are measured at amortized cost less any impairment losses, see Note 23.

In accordance with IFRS 7 paragraph 29(a), disclosures of fair value are not required when the carrying amount is a reasonable approximation of its fair value for financial instruments such as short-term trade receivables and payables. IFRS 7 paragraph 29(d) equally applies to lease liabilities.

Long-term borrowings are initially recognised at their fair value (being proceeds received, net of eligible transaction costs incurred) if any. Subsequent to the initial recognition long-term borrowings are measured at amortised cost using the effective interest rate method. The fair value measurement hierarchy, on a non-recurring basis for liabilities, is Level 3 – significant unobservable inputs.

50. Events after the reporting date

No events have arisen subsequent to 31 December 2017 and before the date of signing the independent auditors' report, that could have a significant effect on the consolidated financial statements as at 31 December 2017.

51. 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 year.

52. Contingent assets held and liabilities incurred under fiduciary administration

On 6 January 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 20 February 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 been received and deposited in a separate bank account that 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 amount of USD 310 million was received. The amounts can only be utilised 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.

As of 31 December 2017, total net assets of the project amounted to SAR 2,625,000,000 (31 December 2016: SAR 2,625,000,000 and 1 January 2016: SAR 1,462,500,000).

Notes to the consolidated financial statements for the year ended 31 December 2017

(All amounts in Saudi Riyals unless otherwise stated)

53. Detailed information about the subsidiaries and joint ventures

Subsidiaries	Nature of business	Issued and paid-up share capital 31 December 2017	31 December 2016	1 January 2016
MGBM	Gold mining	**867,000,000**	867,000,000	867,000,000
MIC	Manage and develop infrastructure projects	**500,000**	500,000	500,000
IMC	Kaolin, low grade bauxite and magnesite mining	**344,855,200**	344,855,200	344,855,200
MAC	Aluminium ingots, T-shape ingots, slabs and billets	**6,573,750,000**	6,573,750,000	6,573,750,000
MRC	Aluminium sheets for can body and lids	**2,477,371,807**	2,477,371,807	2,449,008,348
MBAC	Bauxite mining and refining	**4,828,464,412**	4,828,464,412	4,806,784,758
MPC	Phosphate mining and fertilizer producer	**6,208,480,000**	6,208,480,000	6,208,480,000
MWSPC	Phosphate mining and fertilizer producer	**7,942,501,875**	7,005,001,875	5,505,001,875
Joint ventures				
SAMAPCO*	Production of concentrated caustic soda and ethylene dichloride	**900,000,000**	900,000,000	900,000,000
MBCC	Production of copper and associated minerals	**404,965,291**	404,965,291	404,965,291
Total				

All the subsidiaries and joint ventures listed above are incorporated in the Kingdom of Saudi Arabia.

*Equity investment in SAMAPCO has been fully impaired on 1 January 2016, following the transition from SOCPA to IFRS (Note 21.2).

	Effective group interest %			Cost of investment by parent company		
	31 December 2017	**31 December 2016**	**1 January 2016**	**31 December 2017**	**31 December 2016**	**1 January 2016**
	100	100	100	**867,000,000**	867,000,000	867,000,000
	100	100	100	**500,000**	500,000	500,000
	100	100	100	**344,855,200**	344,855,200	344,855,200
	74.9	74.9	74.9	**4,923,738,750**	4,923,738,750	4,923,738,750
	74.9	74.9	74.9	**1,855,551,483**	1,855,551,483	1,834,307,253
	74.9	74.9	74.9	**3,616,519,845**	3,616,519,845	3,600,281,784
	70	70	70	**4,345,936,000**	4,345,936,000	4,345,936,000
	60	60	60	**4,765,501,125**	4,203,001,125	3,303,001,125
				20,719,602,403	20,157,102,403	19,219,620,112
	50	50	50	**450,000,000**	450,000,000	450,000,000
	50	50	50	**202,482,646**	202,482,646	202,482,646
				652,482,646	652,482,646	652,482,646

Appendix

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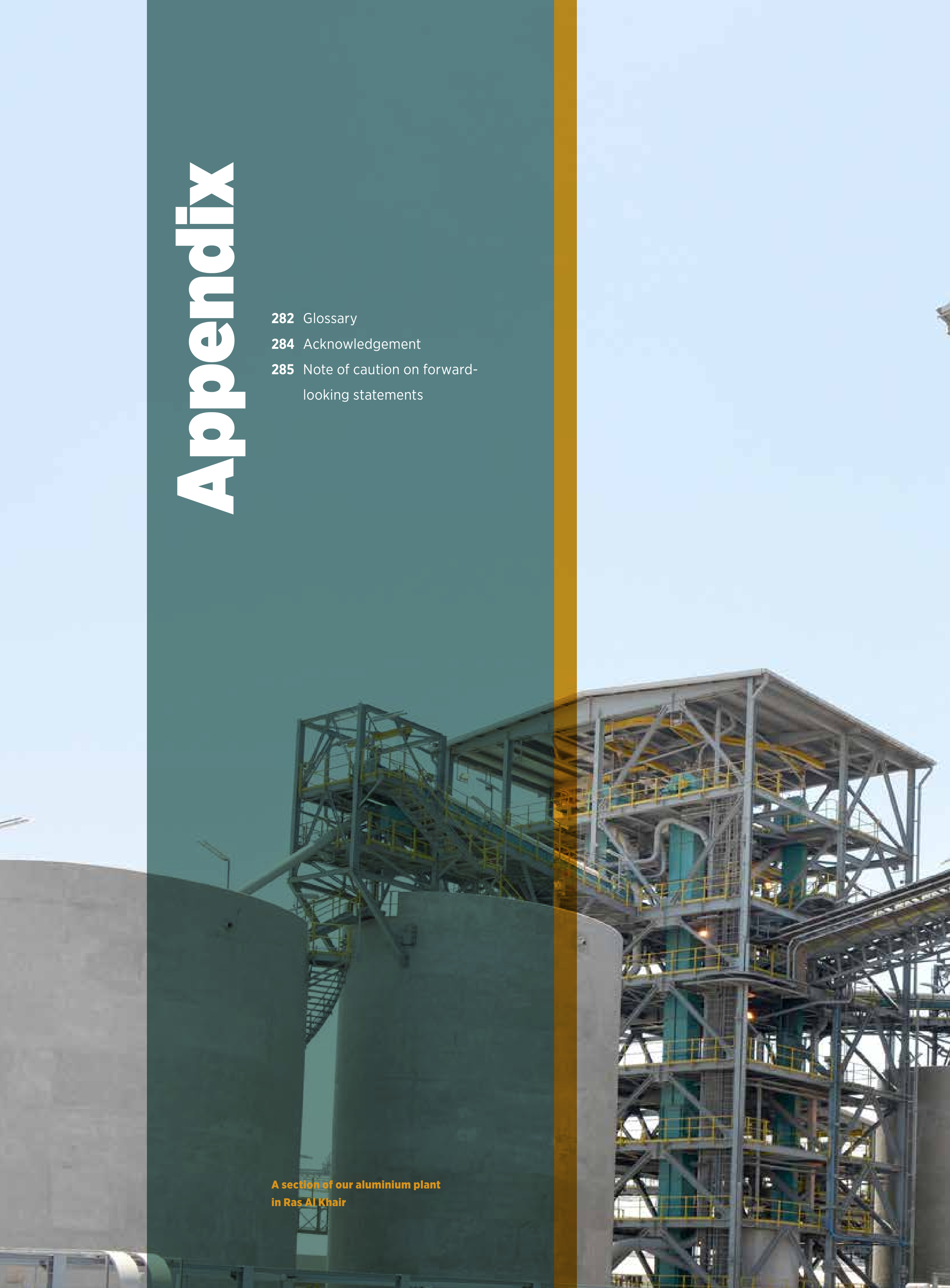

A section of our aluminium plant in Ras Al Khair


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Glossary

Al - aluminium, a chemical element with symbol Al and atomic number 13

Al_2O_3 - aluminium oxide

alumina - aluminium oxide, a chemical compound with the chemical formula Al_2O_3, produced from bauxite by the Bayer process, used for the production of aluminium, by the Hall Héroult electrolytic smelting process

Au - gold,chemical element with symbol Au and atomic number 79

AusIMM - Australasian Institute of Mining and Metallurgy

bauxite - the primary ore of aluminium, consisting of the minerals gibbsite ($Al(OH)_3$) and boehmite (γ-AlO(OH)) mixed with the iron oxides, goethite and haematite, and the clay mineral, kaolinite

caustic soda - sodium hydroxide, an inorganic compound with formula NaOH, a reagent used in the Bayer Process to convert bauxite to alumina

chlorine - a chemical element with symbol Cl and atomic number 17

copper concentrate - metallurgical flotation concentrate of the copper sulphide, chalcopyrite, with chemical formula $CuFeS_2$

Cu - copper, a chemical element with symbol Cu and atomic number 29

CCM - caustic calcined magnesia, magnesium oxide produced from calcining magnesite at temperatures of 700–1000 °C

C Geol - Chartered Geologist (Geological Society of London)

CIL - carbon in leach, a metallurgical process using activated carbon for the recovery of gold dissolved in a cyanide solution

CIP - carbon in pulp, a metallurgical process using activated carbon for the recovery of gold dissolved in a cyanide solution

Competent Person - defined by the JORC Code as a member of a Recognised Professional Organisation with a minimum of five years experience working with the style of mineralisation under consideration and relevant to the activity which the person is undertaking, i.e. the estimation of and reporting of Mineral Resources or Ore Reserves

Cut-off grade - The grade above which a Mineral Resource is reported as as being potentially economic or a Ore Reserve is reproted as being potentially mineable

CP - Chartered Professional AusIMM

DAP - diammonium phosphate fertiliser

DBM - dead burned magnesia, magnesium oxide formed from calcining magnesite at high temperatures of 1500 – 2000 °C

DS - direct shipping ore

Eur Geol - European Geologist (European Federation of Geologists)

EL - exploration licence, a licence permitting mineral exploration, granted by the Saudi Arabian Deputy Ministry of Mineral Resources for mineral exploration

ELA - an application to the Saudi Arabian Deputy Ministry of Mineral Resources for the grant of a new exploration licence or the renewal of an expired exploration licence

FAusIMM - Fellow of the Australasian Institute of Mining and Metallurgy

FGS - Fellow of the Geological Society of London

FL- flotation, a metallurgical process for the separation of economic minerals from a slurry of finely ground ore minerals

FS - Feasibility Study is a comprehensive technical and economic study of the selected development option for a mineral project including detailed assessment of applicable costs and commodity prices, relevant operation factors and detailed financial analysis to demonstrate that extraction is reasonably justified i.e. economically mineable

g/t - grammes per tonne

HL - cyanide heap leach for the extraction of gold from low grade ore

IMC - Industrial Minerals Company, a 100% owned Ma'aden company

Industrial bauxite - a bauxite of lower Al_2O_3 grade than metallurgical bauxite, used in the production of high quality cement

JORC Code 2012 edition - The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves

Kaolin - kaolinite, a clay mineral with the chemical composition $Al_2Si_2O_5(OH)_4$

km - kilometre

kt - kilotonne

LOM - Life-of-mine is the scheduled extraction period in years for the mining of the Ore Reserves

MAC - Ma'aden Aluminium Company

magnesite - magnesium carbonate, a mineral with the chemical formula $MgCO_3$

MAP - monammonium phosphate fertiliser

MAusIMM - Member of the Australasian Institute of Mining and Metallurgy

MBAC - Ma'aden Bauxite and Alumina Company

MBCC - Ma'aden Barrick Copper Company

metallurgical bauxite - bauxite of a grade suitabel for the production of smelter grade alumina

MgO - magnesium oxide

MIGI - Member of the Insititute of Geologists of Ireland

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

ML - mining licence, a licence authorising mining and processing of minerals, granted by the Saudi Arabian Deputy Ministry of Mineral Resources

MLA - mining licence application, an application to the Saudi Deputy Ministry of Mineral Resources for the grant of a mining licence

MPC - Ma'aden Phosphate Company

Moz - million troy ounces

MRC - Ma'aden Rolling Company

Mt - million tonnes

MWSPC - Ma'aden Wa'ad Al Shamal Phosphate Company

NPK - combined nitorgen, phosphorus and potassium fertiliser

OP - open pit mine

oz - troy ounce, a unit of mass commonly used for precious metals, equal to 31.1034768 grammes

P_2O_5 - phosphorus pentoxide

P. Eng. Ontario - Professional Engineer Ontario

PFS - Preliminary feasibility study (Pre-Feasibility Study) is a comprehensive study of a range of options for the technical and economic viability of a mineral project. A PFS is at a lower confidence level than a Feasibility Study.

POX - pressure oxidation, a metallurgical process to extract gold by reaction of oxygen with refractory ores in an autoclave at high pressure and temperature

Pri Sci Nat - Professional Natural Scientist (South African Council for Natural Scientific Professions)

RPO - Recognised professional orgamisation under JORC Code 2012

SAMAPCO - Sahara and Ma'aden Petrochemicals Company

SC - Dry screening of sandy phosphate ore to selectively extract a high grade fines concentrate

SiO_2 - silicon dioxide

TAA - total available alumina, alumina that is extractable from bauxite in the Bayer process at high temperature condtions

UG - underground mine

Zn - zinc, a chemical element with symbol Zn and atomic number 30

zinc concentrate - metallurgical flotation concentrate of the zinc sulphide mineral, sphalerite, with the chemical formula (Zn,Fe)S

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 2017.

We welcome comments and feedback on this annual report from all our stakeholders. If you would like to share an opinion or feedback, you may email our Investor Relations (invest@maaden.com.sa) or Corporate Communications (media@maaden.com.sa).

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 (variously referred to as the "Company", "we" or "Ma'aden") and its subsidiaries and entities under joint control (together referred to as the "Group").

We have prepared these statements based on the Group's current plans, estimates and projections, as well as its expectations of external conditions and events. We have made every effort to ensure the accuracy of those statements, which are valid at the time of their preparation and publication.

However, forward-looking statements involve inherent risks and uncertainties. As a result of these risks, uncertainties and assumptions, no individual, group or legal entity should unduly rely on these forward-looking statements. We have also included additional information about the risks we face in two other sections of this annual report, namely "Governance, risk and compliance" and the "Consolidated financial statements".

A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. We are not obliged to update or revise any forward-looking statements made in this annual report, whether as a result of new information, future events or otherwise, except when the provision of such information is a requirement under applicable laws. We do not accept any responsibility for any losses that may be incurred by any individual, group or entity resulting from their decisions based on our forward-looking statements.

Words such as "intends", "strives", "projects", "expects", "estimates", "plans", "considers", "assumes", "may", "should", "will", "continues" and other words with similar meanings usually indicate the projected nature of the statement.

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