



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

Consolidated interim financial statements  
for the quarter and nine months ended September 30, 2013 (Unaudited)

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Commercial registration number    1010164391

Directors	Engr. Abdallah Bin Saif Al-Saif H.E. Soliman Bin Saad Al-Hamyyd H.E. Mohammed Bin Abdullah Al-Kharashi Dr. Ziad Bin Abdulrahman Al-Sudairy Mr. Sultan Bin Jamal Shawli Engr. Khalid Al Mudaifer Mr. Mansour Bin Saleh Al-Maiman Engr. Khalid Bin Hamad Al-Senani Engr. Abdulaziz Bin Abdullah Al Sugair	Chairman
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Registered address	Building number 395 Abi Bakr Asseddiq Road, South Exit 6, North Ring Road, Riyadh Kingdom of Saudi Arabia
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Postal address	P.O. Box 68861 Riyadh 11537 Kingdom of Saudi Arabia
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Banker	The Saudi British Bank (SABB)
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Auditors	Ernst & Young Al Faisaliah Office Tower, 14 <sup>th</sup> Floor King Fahad Road P.O. Box 2732 Riyadh 11461 Kingdom of Saudi Arabia
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**Statement of Directors' responsibilities for the preparation and approval of the consolidated interim financial statements for the quarter and nine months ended September 30, 2013 (Unaudited)**

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The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's review report, set out on page 4, is made with a view to distinguish the responsibilities of management and those of the independent auditors in relation to the consolidated interim financial statements of Saudi Arabian Mining Company (Ma'aden or the "Company") and its subsidiaries (the "Group")

Management is responsible for the preparation of the consolidated interim financial statements that present fairly the consolidated financial position of the Group as at September 30, 2013, the results of its operations, changes in equity and cash flows for the quarter and nine months then ended, in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

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

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether SOCPA standards have been followed, subject to any material departures disclosed and explained in the consolidated interim financial statements; and
- preparing and presenting the consolidated interim financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue its business for the foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Group;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates;
- taking steps to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The consolidated interim financial statements for the quarter and nine months ended September 30, 2013 set out on pages 5 to 60, were approved and authorized for issue by the Board of Directors on October 8, 2013 and signed on its behalf by:

Engr. Khalid H. Al-Senani  
Authorized by the Board

Engr. Khalid Al Mudaifer  
President and  
Chief Executive Officer

Mr. Khalid Al-Rowais  
Chief Financial Officer

October 8, 2013  
Riyadh  
Kingdom of Saudi Arabia

## **Independent auditor's review report**

**To the shareholders of Saudi Arabian Mining Company (Ma'aden)  
(A Saudi Arabian Joint Stock Company)**

### **Scope of review**

We have reviewed the accompanying consolidated interim statement of financial position of Saudi Arabian Mining Company ("Ma'aden" or the "Company") and its subsidiaries (collectively referred to as the "Group") as at September 30, 2013 and the related consolidated interim statements of income, changes in equity and cash flows for the quarter and nine months then ended and the notes 1 to 48 which form an integral part of the consolidated interim financial statements. These consolidated interim financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us with all the information and explanations which we required.

We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

### **Conclusion**

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

### **For Ernst & Young**



Rashid S. AlRashoud  
Certified Public Accountant  
Registration No. 366



Riyadh: 3 Dhul-Hijjah 1434H  
(8 October 2013)

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**
**(A Saudi Arabian joint stock company)**
**Consolidated interim statement of financial position as at September 30, 2013 (Unaudited)**
**(All amounts in Saudi Riyals unless otherwise stated)**


	Notes	September 30, 2013	September 30, 2012	December 31, 2012
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	7	6,683,209,519	5,719,055,162	6,175,213,800
Short-term investments	8	62,817,772	4,527,313,606	3,071,348,447
Trade and other receivables	9	818,305,120	519,644,785	563,040,896
Inventories	10	1,923,524,340	814,728,051	1,089,934,377
Advances and prepayments	11	200,044,626	125,869,608	87,576,613
		<u>9,687,901,377</u>	<u>11,706,611,212</u>	<u>10,987,114,133</u>
<b>Non-current assets</b>				
Property, plant and equipment	12	18,060,090,094	18,645,762,877	18,577,953,775
Pre-operating expenses and deferred charges	13	64,011,915	44,348,377	75,863,737
Capital work-in-progress	14	33,049,079,402	20,066,125,759	24,371,797,883
Exploration and evaluation assets	15	230,638,472	206,252,587	347,290,326
Deferred stripping expense	16	35,993,610	40,729,760	42,353,138
Intangible assets	17	265,163,974	268,349,702	275,537,173
Due from joint venture partners	18	720,000,000	-	-
Investment in jointly controlled entity	19	442,822,772	448,476,370	444,851,735
Advances and prepayments	11	18,060,415	8,075,000	19,187,081
		<u>52,885,860,654</u>	<u>39,728,120,432</u>	<u>44,154,834,848</u>
<b>Total assets</b>		<u>62,573,762,031</u>	<u>51,434,731,644</u>	<u>55,141,948,981</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Projects and other payables	20	2,073,147,874	1,785,990,627	2,011,450,745
Accrued expenses	21	2,664,962,445	1,765,614,489	2,905,811,921
Zakat payable	22.2	50,857,651	87,880,286	63,600,191
Severance fees payable	23	27,979,272	67,210,148	91,516,753
Current portion of long-term borrowings	26.4	1,133,060,354	794,258,304	861,409,329
		<u>5,950,007,596</u>	<u>4,500,953,854</u>	<u>5,933,788,939</u>
<b>Non-current liabilities</b>				
Provision for mine closure and reclamation	24	85,310,863	89,304,828	90,743,156
Employee benefits	25	202,431,811	163,708,433	170,955,102
Long-term borrowings	26.4	31,036,972,829	24,318,664,349	25,809,386,783
Due to joint venture partners	27	291,862,917	-	52,411,992
		<u>31,616,578,420</u>	<u>24,571,677,610</u>	<u>26,123,497,033</u>
<b>Total liabilities</b>		<u>37,566,586,016</u>	<u>29,072,631,464</u>	<u>32,057,285,972</u>
<b>Shareholders' equity</b>				
Share capital	28	9,250,000,000	9,250,000,000	9,250,000,000
Statutory reserve				
Share premium	29	5,250,000,000	5,250,000,000	5,250,000,000
Transfer of net income	30	393,422,274	284,327,877	393,422,274
Retained earnings		<u>4,895,544,387</u>	<u>2,887,547,985</u>	<u>3,183,958,193</u>
Equity attributable to shareholders' of the parent company		19,788,966,661	17,671,875,862	18,077,380,467
Non-controlling interest	31	5,218,209,354	4,690,224,318	5,007,282,542
<b>Total equity</b>		<u>25,007,176,015</u>	<u>22,362,100,180</u>	<u>23,084,663,009</u>
<b>Total liabilities and equity</b>		<u>62,573,762,031</u>	<u>51,434,731,644</u>	<u>55,141,948,981</u>
<b>Commitments and contingent liabilities</b>	43			

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**  
**(A Saudi Arabian joint stock company)**  
**Consolidated interim statement of income for the quarter and nine months ended**  
**September 30, 2013 (Unaudited)**  
**(All amounts in Saudi Riyals unless otherwise stated)**



	Notes	Quarter ended		Nine months ended		Year ended
		September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31 2012
Sales	32	<b>1,608,783,200</b>	1,737,964,707	<b>4,592,341,037</b>	3,970,007,788	5,576,655,383
Cost of sales	33	<b>(1,212,293,589)</b>	(1,017,555,496)	<b>(3,377,661,770)</b>	(2,320,134,684)	(2,982,429,073)
<b>Gross profit</b>		<b>396,489,611</b>	720,409,211	<b>1,214,679,267</b>	1,649,873,104	2,594,226,310
<b>Operating expenses</b>						
Selling, marketing and logistic expenses	34	<b>(68,294,046)</b>	(115,829,392)	<b>(182,388,190)</b>	(281,418,004)	(384,810,033)
General and administrative expenses	35	<b>(181,710,099)</b>	(82,950,072)	<b>(342,816,893)</b>	(224,230,575)	(324,668,780)
Exploration expenses	36	<b>(47,874,527)</b>	(23,366,238)	<b>(123,978,004)</b>	(64,885,582)	(114,293,922)
Technical services expenses		<b>(994,316)</b>	(3,459,149)	<b>(3,710,690)</b>	(10,268,344)	(9,419,645)
<b>Operating income</b>		<b>97,616,623</b>	494,804,360	<b>561,785,490</b>	1,069,070,599	1,761,033,930
<b>Other (expenses) / income</b>						
Share in net income / (loss) of jointly controlled entity	19.2	<b>(741,332)</b>	137,438	<b>(2,028,963)</b>	322,270	(3,302,365)
Income from short-term investments	37	<b>4,379,079</b>	13,601,511	<b>21,269,770</b>	49,374,928	65,025,678
Finance charges	38	<b>(48,945,512)</b>	(52,272,224)	<b>(135,978,123)</b>	(142,243,818)	(285,776,406)
Other income / (expenses)	39	<b>1,444,163,750</b>	(1,037,519)	<b>1,442,554,560</b>	(2,078,804)	(5,440,429)
<b>Income before zakat</b>		<b>1,496,472,608</b>	455,233,566	<b>1,887,602,734</b>	974,445,175	1,531,540,408
Provision for zakat	22.2	<b>(28,838,791)</b>	(25,641,181)	<b>(52,010,874)</b>	(75,993,389)	(51,713,294)
<b>Net income for the quarter / period / year</b>		<b>1,467,633,817</b>	429,592,385	<b>1,835,591,860</b>	898,451,786	1,479,827,114
Net income for the quarter / period / year attributable to:						
Shareholders' of the parent company	6.1	<b>1,431,412,594</b>	311,123,648	<b>1,711,586,194</b>	685,439,365	1,090,943,970
Non-controlling interest	31	<b>36,221,223</b>	118,468,737	<b>124,005,666</b>	213,012,421	388,883,144
		<b>1,467,633,817</b>	429,592,385	<b>1,835,591,860</b>	898,451,786	1,479,827,114
<b>Earnings per ordinary share (Saudi Riyals)</b>						
Operating income per share inclusive of non-controlling interest's share		<b>0.11</b>	0.53	<b>0.61</b>	1.16	1.90
Basic and diluted earnings per share from continuing operations	40	<b>1.55</b>	0.34	<b>1.85</b>	0.74	1.18

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

**Consolidated interim statement of changes in equity for the nine months ended September 30, 2013 (Unaudited)**  
(All amounts in Saudi Riyals unless otherwise stated)



	Equity attributable to shareholders of the parent company					Non-controlling interest					
	Notes	Statutory reserve				Share capital	Share capital	Payments to increase share capital*	Net income attributable to non-controlling interest	Sub-total	Total equity
		Share capital	Share premium	Transfer of net income	Retained earnings						
January 1, 2012		9,250,000,000	5,250,000,000	284,327,877	2,202,108,620	16,986,436,497	2,783,950,191	821,488,065	113,126,199	3,718,564,455	20,705,000,952
Net income for the period		-	-	-	685,439,365	685,439,365	-	-	213,012,421	213,012,421	898,451,786
Increase in non-controlling interest / share capital contributed during the period	31	-	-	-	-	-	989,431,551	(989,431,551)	-	-	-
Payments to increase share capital during the period *	31	-	-	-	-	-	-	758,647,442	-	758,647,442	758,647,442
September 30, 2012		9,250,000,000	5,250,000,000	284,327,877	2,887,547,985	17,671,875,862	3,773,381,742	590,703,956	326,138,620	4,690,224,318	22,362,100,180
Net income for the remainder of the year		-	-	-	405,504,605	405,504,605	-	-	175,870,723	175,870,723	581,375,328
Net income transferred to statutory reserve	30	-	-	109,094,397	(109,094,397)	-	-	-	-	-	-
Payments to increase share capital during the remainder of the year*	31	-	-	-	-	-	-	141,187,501	-	141,187,501	141,187,501
December 31, 2012		9,250,000,000	5,250,000,000	393,422,274	3,183,958,193	18,077,380,467	3,773,381,742	731,891,457	502,009,343	5,007,282,542	23,084,663,009



SAUDI ARABIAN MINING COMPANY (MA'ADEN)  
(A Saudi Arabian joint stock company)  
Consolidated interim statement of changes in equity for the nine months ended September 30, 2013 (Unaudited)  
(All amounts in Saudi Riyals unless otherwise stated)



Continued

	Equity attributable to shareholders of the parent company					Non-controlling interest			Total equity		
	Notes	Statutory reserve				Share capital	Payments to increase share capital*	Net income attributable to non-controlling interest			
		Share capital	Share premium	Transfer of net income	Retained earnings					Sub-total	
December 31, 2012		9,250,000,000	5,250,000,000	393,422,274	3,183,958,193	18,077,380,467	3,773,381,742	731,891,457	502,009,343	5,007,282,542	23,084,663,009
Net income for the period		-	-	-	1,711,586,194	1,711,586,194	-	-	124,005,666	124,005,666	1,835,591,860
Dividend paid to non-controlling interest during the period		-	-	-	-	-	-	-	(450,000,000)	(450,000,000)	(450,000,000)
Increase in non-controlling interest / share capital contributed during the period	31	-	-	-	-	-	1,017,404,660	(1,017,404,660)	-	-	-
Payments to increase share capital during the period *	31	-	-	-	-	-	-	536,921,146	-	536,921,146	536,921,146
September 30, 2013		9,250,000,000	5,250,000,000	393,422,274	4,895,544,387	19,788,966,661	4,790,786,402	251,407,943	176,015,009	5,218,209,354	25,007,176,015

\*These payments, to ultimately increase share capital of the applicable subsidiaries over a period of time, are treated as part of the total equity in these subsidiaries in accordance with the SOCPA clarification number 14/1 issued on March 14, 2012, although no shares have been issued yet and the Commercial Registration certificate has not yet been amended, but will be once these prepayments have been converted to share capital. This accounting treatment resulted in the reclassification of a non-current liability to shareholders' equity in these subsidiaries and therefore the increase in the applicable subsidiaries net worth during the year ended December 31, 2012.

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**  
**(A Saudi Arabian joint stock company)**  
**Consolidated interim statement of cash flows for the quarter and nine months ended**  
**September 30, 2013 (Unaudited)**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	Notes	Quarter ended September 30, 2013	September 30, 2012	Nine months ended September 30, 2013	September 30, 2012	Year ended December 31, 2012
<b>Operating activities</b>						
Income before zakat		<b>1,496,472,608</b>	455,233,566	<b>1,887,602,734</b>	974,445,175	1,531,540,408
<u>Adjustments for non-cash flow items:</u>						
Reversal of allowance for inventory obsolescence	10	-	-	-	(151,305)	(151,305)
Depreciation	12	<b>246,335,643</b>	254,394,885	<b>775,073,089</b>	741,868,440	1,000,277,920
Adjustment / written-off property, plant and equipment	12	<b>99,884</b>	(2,908,003)	<b>41,346</b>	(2,643,679)	(4,012,007)
Amortization of pre-operating expenses and deferred charges (mine closure)	13	<b>913,696</b>	922,730	<b>2,658,643</b>	2,743,194	3,641,593
Deferred stripping expense	16	<b>18,716,713</b>	11,926,565	<b>56,083,457</b>	29,336,635	41,616,258
Amortization of intangible assets	17	<b>5,565,423</b>	11,455,943	<b>14,448,718</b>	16,657,015	21,169,703
Share in net (income) / loss of jointly controlled entity	19.2	<b>741,332</b>	(137,438)	<b>2,028,963</b>	(322,270)	3,302,365
Provision for severance fees	23	<b>9,897,544</b>	17,947,284	<b>29,377,247</b>	68,296,463	92,603,068
Provision for employee termination benefits	25.1	<b>21,063,325</b>	16,927,697	<b>40,526,359</b>	32,349,012	41,252,535
Contribution for the employees' savings plan	25.2	<b>2,201,873</b>	2,726,774	<b>13,628,107</b>	9,228,223	13,100,119
Income from short term investments	37	<b>(4,379,079)</b>	(13,601,511)	<b>(21,269,770)</b>	(49,374,928)	(65,025,678)
<u>Changes in working capital:</u>						
Trade and other receivables	9	<b>(71,370,935)</b>	3,408,716	<b>(255,264,224)</b>	(38,130,575)	(81,526,686)
Inventories	10	<b>(240,557,610)</b>	670,874	<b>(833,589,963)</b>	(252,780,074)	(527,986,400)
Advances and prepayments	11	<b>(168,340,845)</b>	188,363,995	<b>(111,341,347)</b>	(89,420,668)	(62,239,754)
Projects and other payables – Trade	20	<b>(9,519,292)</b>	(38,705,805)	<b>(79,081,891)</b>	88,690,990	188,594
Accrued expenses – Trade	21	<b>102,991,317</b>	191,210,146	<b>301,686,889</b>	352,404,487	398,783,554
Zakat paid	22.2	-	-	<b>(64,753,414)</b>	(129,221,227)	(129,221,227)
Severance fees paid	23	-	-	<b>(92,914,728)</b>	(84,520,304)	(84,520,304)
Provision for mine closure and reclamation paid	24.1	<b>(3,546,197)</b>	-	<b>(5,432,293)</b>	(1,579,971)	(1,691,643)
Employee termination benefits paid	25.1	<b>(1,762,215)</b>	(1,705,257)	<b>(13,153,807)</b>	(12,248,423)	(15,114,502)
Employees' savings plan withdrawal	25.2	<b>(729,947)</b>	(957,600)	<b>(9,523,950)</b>	(5,135,403)	(7,798,074)
<b>Net cash generated from operating activities</b>		<b><u>1,404,793,438</u></b>	<u>1,097,173,561</u>	<b><u>1,636,830,165</u></b>	<u>1,650,490,807</u>	<u>2,168,188,537</u>
<b>Investing activities</b>						
Income received from short-term investments		<b>4,167,897</b>	14,716,558	<b>36,037,195</b>	46,889,209	66,584,245
Short-term investments	8	<b>2,917,125,000</b>	(447,809,595)	<b>2,993,763,250</b>	1,656,257,620	3,108,178,493
Additions to property, plant and equipment	12	-	-	-	-	(39,000,000)
Additions to pre-operating expenses and deferred charges	13	<b>(7,063,453)</b>	(11,890,285)	<b>9,193,179</b>	(16,220,798)	(48,634,557)
Additions to capital work-in-progress	14	<b>(1,942,082,429)</b>	(3,142,742,976)	<b>(8,572,248,377)</b>	(9,116,683,447)	(13,577,121,354)
Additions to exploration and evaluation assets	15	<b>2,658,100</b>	(52,741,113)	<b>(245,632,042)</b>	(87,024,806)	(228,062,545)
Additions to deferred stripping expense	16	<b>(49,723,929)</b>	10,435,279	<b>(49,723,929)</b>	(16,827,375)	(30,730,376)
Additions to intangible assets	17	<b>(4,075,519)</b>	(739,081)	<b>(4,075,519)</b>	(10,601,451)	(16,217,877)
Due from joint venture partners	18	<b>(720,000,000)</b>	-	<b>(720,000,000)</b>	-	-
Projects and other payables – Projects	20	<b>(216,823,495)</b>	256,724,525	<b>140,779,020</b>	364,804,592	678,767,106
Accrued expenses – Projects	21	<b>(232,487,453)</b>	(222,992,490)	<b>(542,536,365)</b>	(90,215,927)	1,003,602,438
<b>Net cash utilized in investing activities</b>		<b><u>(248,305,281)</u></b>	<u>(3,597,039,178)</u>	<b><u>(6,954,443,588)</u></b>	<u>(7,269,622,383)</u>	<u>(9,082,634,427)</u>

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**  
**(A Saudi Arabian joint stock company)**  
**Consolidated interim statement of cash flows for the quarter and nine months ended**  
**September 30, 2013 (Unaudited)**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**Continued**

	Notes	Quarter ended		Nine months ended		Year ended
		September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
<b>Financing activities</b>						
Net proceeds from long-term borrowings received	26.4	901,462,257	3,774,247,619	5,499,237,071	5,535,061,115	7,092,934,574
Due to joint venture partners	27	73,070,469	-	239,450,925	-	52,411,992
Payments to increase share capital by non-controlling interest, net	31	242,780,522	128,565,145	536,921,146	758,647,442	899,834,943
Dividend paid to non-controlling interest	31	(450,000,000)	-	(450,000,000)	-	-
<b>Net cash generated from financing activities</b>		<b>767,313,248</b>	<b>3,902,812,764</b>	<b>5,825,609,142</b>	<b>6,293,708,557</b>	<b>8,045,181,509</b>
<b>Net change in cash and cash equivalents</b>		<b>1,923,801,405</b>	<b>1,402,947,147</b>	<b>507,995,719</b>	<b>674,576,981</b>	<b>1,130,735,619</b>
Cash and cash equivalents at beginning of the quarter / period / year		<b>4,759,408,114</b>	<b>4,316,108,015</b>	<b>6,175,213,800</b>	<b>5,044,478,181</b>	<b>5,044,478,181</b>
<b>Cash and cash equivalents at end of the quarter / period / year</b>	7	<b>6,683,209,519</b>	<b>5,719,055,162</b>	<b>6,683,209,519</b>	<b>5,719,055,162</b>	<b>6,175,213,800</b>
<b>Non-cash flow transactions</b>						
Transfer from property, plant and equipment to intangible assets	12,17	-	190,787,575	-	190,787,575	190,787,575
Provision for mine closure charged to property, plant and equipment	12, 24	-	-	-	-	1,550,000
Transfer from capital work-in-progress to property, plant and equipment	14,12	156,176,509	(25,911,657)	257,250,754	12,088,528,754	12,237,210,804
Transfer from capital work-in-progress to intangible assets	14,17	-	65,038,026	-	65,038,026	71,121,759
Transfer from exploration and evaluation assets to capital work-in-progress	15,14	362,283,896	4,925,335	362,283,896	24,102,527	24,102,527
Transfer from payments to increase share capital to non-controlling interest	31	836,214,035	141,187,500	1,017,404,660	989,431,551	989,431,551

## 1. General information

Saudi Arabian Mining Company ("Ma'aden" or the "Company") was formed as a Saudi joint stock company pursuant to Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to March 23, 1997) and the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to March 17, 1997), with Commercial Registration No. 1010164391 dated 10 Zul Qaida 1421H (corresponding to February 4, 2001). The Company has an authorized share capital of SR 9,250,000,000 (Nine billion and two hundred fifty million Saudi Riyals) divided into 925,000,000 (Nine hundred and twenty five million) ordinary shares with a nominal value of SR 10 each.

The objectives of the Company and its subsidiaries (the "Group") are to be engaged in various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by-products. These activities exclude:

- petroleum and natural gas and materials derived there from;
- any and all hydrocarbon substances, products, by-products and derivatives; and
- activities related to all stages of the oil industry and the industries associated therewith and supplementary thereto.

The Group's principal mining activities are at the Mahd Ad' Dahab, Al-Hajar, Bulghah, Al-Amar, Sukhaybarat, Al Jalamid, Az Zabirah and Al-Ghazallah mines. Currently the Group mainly mines gold, phosphate rock, low-grade bauxite, kaolin and magnesite.

The Group is involved in the following two major projects, both of which are in their development stages:

### ***Aluminum project***

The Group's objective with the aluminum project is to develop the bauxite mine, the alumina refinery, smelter and rolling mill as well as a power plant for the production of aluminum and related products in the Kingdom of Saudi Arabia. In December 2009, the Company entered into a joint venture agreement with Alcoa Incorporated, ("Alcoa Inc.") for the development of the aluminum project. The Company has a 74.9% interest in the aluminum project and Alcoa Inc. has a 25.1% interest. The capital cost of the project is estimated to be SR 40.5 billion. Alcoa Inc. has reimbursed the Company for 25.1% of the aluminum project's costs incurred by the Company before Alcoa Inc.'s participation.

On February 14, 2012 the Board of Directors approved a plan developed by Ma'aden in collaboration with their joint venture partner Alcoa Inc. (Note 27) to extend the product mix of their aluminum complex, currently under construction at Ras Al Khair, to include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet.

### ***Phosphate production facility***

On March 19, 2013, Ma'aden signed Heads of Agreement with The Mosaic Company ("Mosaic") and SABIC to jointly develop a fully integrated phosphate production facility located at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City, in the Northern Region, near the city of Turayf in the Kingdom of Saudi Arabia. Ma'aden, Mosaic and SABIC will own 60%, 25% and 15% of the joint venture respectively. On August 5, 2013, the shareholders agreement to jointly develop a fully integrated phosphate production facility was signed by Ma'aden, Mosaic and SABIC. This project is based on the exploitation of the Al-Khabra phosphate deposit for which Ma'aden owns the mining license and includes the utilization of captive national resources such as groundwater and sulfur, and taking advantage of the existing railway infrastructure, linking the Northern Borders Province to Ras Al Khair in the Eastern Province to have access to the port facilities at the Arabian Gulf. Ma'aden has completed the pre-feasibility study of the project and it is proceeding to the feasibility and basic engineering stage. The estimated capital cost of the project is SR 26 billion.

## 2. Group structure

The Company has the following subsidiaries and jointly controlled entity, all incorporated in the Kingdom of Saudi Arabia:

Subsidiaries	Type of company	Effective ownership as at September 30,	
		2013	2012
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	100%	100%
Ma'aden Industrial Minerals Company ("MIMC")	Limited liability company	100%	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	100%	100%
Ma'aden Phosphate Company ("MPC")	Limited liability company	70%	70%
Ma'aden Aluminum Company ("MAC")	Limited liability company	74.9%	74.9%
Ma'aden Rolling Company ("MRC")	Limited liability company	74.9%	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	74.9%	74.9%
<b>Jointly controlled entity</b>			
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Limited liability company	50%	50%

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

### **MGBM**

The company was incorporated in the Kingdom of Saudi Arabia, on August 9, 1989. The objectives of the company are:

- the exploration and mining of gold and associated minerals within their existing mining lease area by way of drilling, mining, concentrating, smelting and refining;
- extract, refine, export and sell such minerals in their original or refined form; and
- construct, operate and maintain all mines, buildings, railroads, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the lease.

### **MIMC**

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

- the exploitation of industrial minerals within the existing mining lease area by way of drilling, mining, concentrating, smelting and refining;
- extract, refine, export and sell such minerals in their original or refined form; and
- construct, operate and maintain all mines, buildings, railroads, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the lease.

The company currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine and processing plant at Al Madinah Al Munawarah which partially commenced operations during 2011 and the remaining project is still in development stage.

### **MIC**

The company was incorporated in the Kingdom of Saudi Arabia on August 17, 2008. The objectives of the company are to:

- manage the infrastructure project to develop, construct and operate the infrastructure; and
- provide services to Ras Al-Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia.

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

**Notes to the consolidated interim financial statements for the quarter and nine months ended September 30, 2013 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

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**MPC**

The company was incorporated in the Kingdom of Saudi Arabia on January 1, 2008 and is owned:

- 70% by Saudi Arabian Mining Company ("Ma'aden") and
- 30% by Saudi Basic Industries Corporation ("SABIC") which is accounted for as a non-controlling interest in these consolidated interim financial statements.

The objectives of the company are to:

- exploit the Al Jalamid phosphate deposits;
- utilize local natural gas and sulphur resources to manufacture Diammonium Phosphate ("DAP") fertilizers at the processing facilities at Ras Al-Khair; and
- produce ammonia as a raw material feed stock for the production of fertilizer and the excess ammonia is exported and sold domestically.

**MAC**

The company was incorporated in the Kingdom of Saudi Arabia on October 10, 2010 and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Smelting Inversiones S.L. ("ASSI"), a foreign shareholder, a company wholly owned by Alcoa Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated interim financial statements.

The objectives of the company are the production of:

- aluminum ingots;
- aluminum T shape ingots;
- aluminum slabs; and
- aluminum billets.

The company is currently in its project development phase.

**MRC**

The company was incorporated in the Kingdom of Saudi Arabia on October 10, 2010 and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Rolling Inversiones S.L. ("ASRI") a company wholly owned by Alcoa Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated interim financial statements.

The objectives of the company are the production of:

- can body stock; and
- can ends stock.

The company is currently in its project development phase.

**MBAC**

The company was incorporated in the Kingdom of Saudi Arabia on January 22, 2011 and is owned:

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by AWA Saudi Limited ("AWA"), a foreign shareholder, which is owned 60% by Alcoa Inc. and 40% by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated interim financial statements.

The objectives of the company are to:

- produce and refine bauxite; and
- produce alumina.

The company is currently in its project development phase.



### **SAMAPCO**

The company was incorporated in the Kingdom of Saudi Arabia on August 14, 2011 and is owned:

- 50% by Saudi Arabian Mining Company ("Ma'aden") and
- 50% by Sahara Petrochemicals.

SAMAPCO is a joint venture project and is accounted for as an investment in a jointly controlled entity under the equity method of accounting in these consolidated interim financial statements.

The objectives of the company are the production of:

- concentrated caustic soda;
- chlorine; and
- ethylene dichloride.

The operations of the company includes the production and supply of concentrated caustic soda feed stock to the alumina refinery at MBAC and to sell the excess production in the local wholesale and retail market. SAMAPCO is currently in its project development phase.

### **3. Basis of preparation**

The accompanying consolidated interim financial statements have been prepared under the historic cost convention on the accrual basis of accounting and in compliance with the accounting standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA").

The consolidated interim financial statements have been prepared in accordance with SOCPA's standard of interim financial reports, on the basis of integrated periods, which views each interim period as an integral part of the financial year. Accordingly, revenues, gains, expenses, and losses of the period are recognized during the relevant period.

The results of the operations for an interim period may not be indicative of the annual results of the operations.

These consolidated interim financial statements are presented in Saudi Riyals which is both the functional and reporting currency of the Group.

### **4. Summary of significant accounting policies**

The significant accounting policies applied in the preparation of these consolidated interim financial statements are set out below. These policies have been consistently applied to all periods presented, except for the change in accounting policies mentioned in notes 4.9, 4.11, 4.19 and 4.23.

#### ***Change in accounting policies***

- The Group implemented a new accounting policy relating to "Exploration and evaluation assets" (see note 4.11) consistent with the Group's expanding operational activities and disclosure enhancement objectives. These amounts were previously shown under "Pre-operating expenses and deferred charges" in the consolidated interim statement of financial position and have now been transferred to "Exploration and evaluation assets". This change in accounting policy had no impact on net assets or net income previously reported. The effect of the reclassification due to the change in accounting policy amounted to a net book value of SR 463,580,512 as at September 30, 2012 and SR 415,261,216 as at December 31, 2012 (Note 4.11).
- During the period ended September 30, 2012, the Group decided to reflect zinc revenue for the Al Amar mine under by-products, by considering MGBM's operations as a single gold producing unit instead of evaluating each mine's operations individually, resulting in a reduction in revenue and cost of sales correspondingly, with no change in the gross profit in the consolidated interim statement of income. The effect of the above mentioned reclassification due to change in accounting policy amounted to SR 10,230,414 for the nine months period ended September 30, 2012 and SR 8,114,135 for the year ended December 31, 2012 (Note 4.23).

#### **4.1 Basis of consolidation**

##### ***Subsidiaries***

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "intangible assets" in the accompanying consolidated interim statement of financial position. Goodwill is tested annually for impairment and carried at cost, net of any accumulated amortization and impairment losses, if any.

Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### ***Jointly controlled entity***

A joint venture exists where the Group has a contractual arrangement with one or more parties to undertake activities typically, however not necessarily, through entities that are subject to joint control.

The Group recognises its interests in a jointly controlled entity using the equity method of accounting. The Group's share of the results of joint ventures is based on the financial statements prepared up to a date not earlier than three months before the consolidated statement of financial position date, adjusted to conform with the accounting policies of the Group, if any. Intragroup gains on transactions are eliminated to the extent of the Group's interest in the investee. Intragroup losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

#### **4.2 Foreign currency translation**

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated interim statement of financial position date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated interim statement of income.

#### **4.3 Cash and cash equivalents**

Cash and cash equivalents balance includes cash on hand, cash in banks and time deposits with an original maturity of three months or less at the date of acquisition.

#### **4.4 Short-term investments**

Short-term investments include placements with banks and other short-term highly liquid investments with original maturities of more than three months but not more than one year from the date of acquisition.

#### **4.5 Trade receivables**

Trade receivables are carried at the original sales invoice amount less an allowance for doubtful debts (if any). An allowance for doubtful debts is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. Such allowances are charged to the consolidated interim statement of income and reported under "General and administrative expenses". When a trade receivable is uncollectible, it is written-off against the allowance for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the consolidated interim statement of income.



#### **4.6 Inventories**

##### ***Refined metals***

Refined metals are measured at the lower of net cost of production or net realizable value. The net cost of production is determined as the total cost of production divided by the saleable unit output.

Production costs include:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore;
- production overheads; and
- revenue from sale of by-products is credited against production costs.

By-products are valued at net realizable value, with reference to the spot price of the commodities ruling at the reporting date.

##### ***Work-in-process***

The cost of work-in-process is determined using weighted average basis.

##### ***Ore stockpiles***

Ore stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence because it exceeds the mine's cut-off grade and due to economic viability, it is valued at the lower of net cost of production or net realizable value. Quantities of stockpiles and work-in-process are assessed primarily through surveys and assays.

##### ***Stores and materials***

Stores and spares are valued at the weighted average cost basis less an allowance for obsolete and slow moving items.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

#### **4.7 Financial assets and liabilities**

Financial assets and liabilities carried on the consolidated interim statement of financial position principally include cash and cash equivalents, short-term investments, trade and other receivables, projects and other payables, accrued expenses and borrowings.

A financial asset and liability is offset and net amounts reported in the consolidated interim financial statements, when the Group has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

#### 4.8 Property, plant and equipment

Property, plant and equipment are stated at the historical cost less accumulated depreciation. Depreciation is provided over the shorter of estimated economic useful lives of the applicable assets or the estimated life-of-mine using the straight-line method. The estimated useful lives of the principal classes of assets are as follows:

	Number of years
• Buildings	9 – 33
• Heavy equipment	5 – 20
• Fixed plant and heap leaching facilities	4 – 20
• Other equipment	4 – 20
• Office equipment	4 – 10
• Furniture and fittings	4 – 10
• Mobile and workshop equipment	10
• Computer equipment	4 – 5
• Mining assets	2 - 8
• Laboratory and safety equipment	5
• Motor vehicles	4
• Civil works	4

Maintenance and normal repairs which do not materially extend the estimated economic useful life of an asset are charged to the consolidated interim statement of income as and when incurred. Major renewals and improvements, if any, are capitalized.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated interim statement of income.

Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets.

#### 4.9 Pre-operating expenses and deferred charges

##### *Mining*

Pre-operating expenses and deferred charges, other than specific exploration and evaluation expenditures covered in note 4.11, incurred prior to the development phase of the mine project and are expected to provide future benefits to the Group. The capitalized cost is amortized over a period of seven years or life of the mine, whichever is lower, commencing at the completion of the project. Cost that will not provide a benefit beyond the current period is charged to the consolidated interim statement of income.

##### *Plants*

Pre-operating expenses and deferred startup expenses relating to a new plant or expansion are amortized over a period of seven years or life of the plant, whichever is lower, starting from the date when the assets are determined to be ready for its intended use.

#### 4.10 Capital work-in-progress

Assets in the course of construction are capitalized in the capital work-in-progress account. On completion, the cost of the related asset is transferred to the appropriate category of property, plant and equipment. The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Costs associated with a start-up period are capitalized where the asset is available for use but incapable of operating at normal levels during the commissioning period net of the proceeds from the sale of any production during the development period. Capital work-in-progress is not depreciated.

#### 4.11 Exploration and evaluation assets

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with:

- acquisition of exploration rights to explore a potentially mineralized;
- topographical, geological, geochemical and geophysical studies;
- exploration drilling;
- trenching;
- sampling; and
- other work involved in searching for ore.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

All exploration and evaluation costs are expensed until it is concluded that a future economic benefit is more likely to be realized than not, i.e. 'probable'. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body. Exploration and evaluation expenditures are capitalized if management determines that probable future economic benefits will be generated as a result of the expenditures.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralization of such mineral deposits, is capitalized as mine development cost following the completion of an economic evaluation equivalent to a feasibility study.

All exploration and evaluation costs incurred after it is concluded that economic benefit is more likely to be realized than not, i.e. 'probable' are capitalized as "Exploration and evaluation assets" only until the technical feasibility and commercial viability of extracting of mineral resource are demonstrable. Once the technical and commercial viability is demonstrable i.e. economic benefit will or will not be realized, the asset is tested for impairment and any impairment loss is recognized. Based on the technical and commercial feasibility, if the economic benefit will be realized and management intends to develop the mine, exploration and evaluation asset is reclassified to "Capital work-in progress". Cash flows attributable to capitalized exploration and evaluation expenditures are classified as investing activities in the statement of cash flow. Once the commercial production stage is reached, the capitalized capital work-in-progress is reclassified to "Property, plant and equipment".

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company measures, presents and discloses any resulting impairment loss.

For the purposes of exploration and evaluation assets only, one or more of the following facts and circumstances are considered for identifying that exploration and evaluation asset that may be impaired. These include the following:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once it has been identified that exploration and evaluation asset may be impaired, asset impairment policy as specified in note 4.14 is followed.

#### **4.12 Intangible assets**

Intangible assets comprise of purchased software and systems enhancements and transformation. These assets are carried at cost. Intangible assets are amortized on the straight-line basis over their anticipated useful lives and are reviewed at least at each financial year end. The amortization expense on the intangible assets is recognized in the consolidated interim statement of income consistent with the functions of the intangible assets.

Intangible assets for MIC comprises the infrastructure and support services assets at Ras Al Khair that are transferred to Royal Commission of Jubail and Yanbu ("RCJY") as stated in the Implementation Agreement signed between Ma'aden and RCJY. The cost of the intangible assets comprises its purchase price and any costs directly attributable to bringing such assets to working condition for their intended use. Such intangible assets are carried at historical cost less accumulated amortization. Amortization is provided over the remaining period of LUSA (Land Usage and Service Agreement) term.

#### **4.13 Stripping ratio and deferred stripping costs**

The Group also defers waste mining costs and has estimated the average of the waste-to-ore ratio for the quantities contained within the final pit design of the mine. This average is used to calculate the annual waste mining costs to be expensed as follows:

Average ratio of waste to ore mined x Quantity of ore mined x Average unit cost of total tonnes mined

In periods when the actual costs of waste are higher than the costs expensed according to this formula, the difference is deferred to be expensed in a future period when the actual costs are less than the amount to be expensed.

#### **4.14 Asset impairment**

The Group assesses its assets at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value-in-use.

Assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When it becomes evident that the circumstances which resulted in the impairment no longer exist, the impairment amount is reversed (with the exception of goodwill) and recorded as income in the consolidated interim statement of income in the period in which such reversal is determined.

#### **4.15 Projects, other payable and accrued expenses**

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

#### **4.16 Zakat, income tax and withholding tax**

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). A provision for zakat for the Company and zakat related to the Company's subsidiaries is charged to the consolidated interim statement of income. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined. Foreign shareholders in subsidiaries are subject to income tax which is included in non-controlling interest in the consolidated interim statement of income.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

#### **4.17 Severance fees**

Effective from year 2005 onwards, as per Article No. 71 of the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower.

The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated interim statement of income (Note 33).

#### **4.18 Provisions**

Provisions are recognized when the Group has:

- a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation in the future; and
- the amount can be reliably estimated.

#### **4.19 Mine closure and reclamation**

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure or rehabilitation. Mine closure and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of current laws and regulations.

Provisions for the cost of each closure and rehabilitation program are recognized at the time the mining activities occur. When the extent of the mining activities increases over the life-of-mine, the provision is increased accordingly.

Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life-of-mine and at the time of closure in connection with the mining activities at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation. The timing of the actual closure and rehabilitation expenditure is dependent upon a number of factors such as:

- the life-of-mine;
- the operating license conditions; and
- the environment in which the mine operates.

The full estimated costs are capitalized as part of mining assets, under property, plant and equipment and then depreciated as an expense over the expected life-of-mine on straight-line basis. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgments and estimates involved. Factors influencing those changes include:

- revisions to estimated ore reserves, mineral resources and lives of mines;
- developments in technology;
- regulatory requirements and environmental management strategies; and
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation.

#### **4.20 Employee termination benefits**

Employee termination benefits are payable as a lump sum to all employees employed under the terms and conditions of Saudi Labor and Workman Law on termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the consolidated statement of financial position date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia.



#### **4.21 Employees' savings plan program**

In accordance with clause 137 of the Labor Regulations, and in furtherance to clause 76 of the Company's Internal Work Regulation approved by resolution No. 424 dated 6<sup>th</sup> of Rabi II 1420H (corresponding to July 19, 1999) issued by H.H. Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Group to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Group.

Participation in the Savings Plan Program is restricted to Saudi nationals and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SR 300. The Group will contribute an amount equaling 10% of the monthly savings of each member per annum for the first year and increase it by 10% in the year after it reaches 100% at the 10<sup>th</sup> year, which will in turn be credited to the savings accounts of the member. The Group's portion is charged to the consolidated interim statement of income on a monthly basis. The Group's portion will only be paid upon termination or resignation of the employee.

#### **4.22 Borrowings**

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. Other borrowing costs are charged to consolidated interim statement of income.

#### **4.23 Revenue recognition**

Revenue is recognized when all the following conditions are met:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Group; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Revenues are shown net of discounts and after eliminating sales within the Group.

Sales revenue is commonly subject to an adjustment based on an inspection of the product by the customer. In such cases, sales revenue is initially recognized on a provisional basis using the Group's best estimate of contained metal, and adjusted subsequently.

Revenue from the sale of by-products is credited against production costs.

Investment income consists of earnings on bank deposits and is recognized on an accrual basis.

#### **4.24 Selling, marketing and logistic expenses**

Selling, marketing and logistic expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between selling and marketing expenses and cost of sales, when required, are made on a consistent basis.

#### **4.25 General and administrative expenses**

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

#### **4.26 Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to consolidated interim statement of income on a straight-line basis over the term of the operating lease.

## 5. Critical accounting estimates, assumptions and judgments

The preparation of consolidated interim financial statements in conformity with generally accepted accounting standards requires management to make estimates and assumptions that affect amounts reported in the consolidated interim financial statements and accompanying notes. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

The most significant areas requiring the use of management's assumptions, estimates and judgments relate to:

- ore reserve and mineral resource estimates;
- economic useful lives of property, plant and equipment;
- impairment and reversal of impairment of assets;
- allowances;
- mine closure and environmental obligations;
- zakat and income taxes; and
- contingencies.

### *Ore reserve and mineral resource estimates*

There is a degree of uncertainty involved in the estimation and classification of ore reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, the quantity of ore reserve and mineral resource grades must be considered as estimates only. What is more, the quantity of ore reserves and mineral resources may vary depending on, amongst other things, metal prices and currency exchange rates.

The ore reserve estimates of the Group have been determined based on management long-term commodity price, forecasts cut-off grades and costs that may prove to be inaccurate. Any material change in the quantity of reserves, grades or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will give the same result in larger scale tests under on-site conditions or during production.

Fluctuation in commodity prices, the results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. The volume and grade of ore reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of ore reserves and mineral resources, or of the Group's ability to extract these ore reserves, could have a material adverse effect of the Group's business, prospects, financial condition and operating results.

### *Economic useful lives of property, plant and equipment*

The Group's mining assets, classified within property, plant and equipment, are amortized on a straight-line basis over the lesser of their economic useful lives or the life-of-mine. When determining the life-of-mine, assumptions that were valid at the time of estimation, may change when new information becomes available.

The factors that could affect estimation of the life-of-mine include the following:

- changes in proven and probable ore reserves;
- the grade of ore reserves varying significantly from time to time;
- differences between actual commodity prices and commodity price assumptions used in the estimation and classification of ore reserves;
- unforeseen operational issues at mine sites; and
- changes in capital, operating, mining, processing and reclamation costs, discount rates could possibly adversely affect the economic viability of ore reserves.

Any of these changes could affect prospective depreciated of mining assets and their carrying value. The economic useful lives of non-mining property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

#### ***Impairment and reversal of impairment of assets***

The Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets are impaired or whether there is any indicator that an impairment loss recognized in previous periods may no longer exist or may have decreased.

#### ***Allowances***

The Group also creates an allowance for obsolete and slow-moving spare parts. At September 30, 2013, the allowance for obsolete slow-moving items amounted to SR 19 million (September 30, 2012: SR 19 million and December 31, 2012: SR 19 million). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated interim statement of financial position date to the extent that such events confirm conditions existing at the end of the period.

#### ***Mine closure and environmental obligations***

The Group's mining and exploration activities are subject to various environmental laws and regulations. The Group estimates environmental obligations based on management's understanding of the current legal requirements in the various jurisdictions in which it operates, terms of the license agreements and engineering estimates. Provision is made, for decommissioning and land restoration costs as soon as the obligation arises. Actual costs incurred in future periods could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mine estimates could affect the carrying amount of this provision.

#### ***Zakat and income taxes***

During the period ended September 30, 2013 an amount of SR 65 million was paid to DZIT pertaining to the year ended December 31, 2012 but no zakat assessments were finalized by the DZIT. Where the final zakat outcome of these matters is different from the amounts that were initially recorded, such differences will impact the zakat provisions in the period in which such determinations are made.

#### ***Contingencies***

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.



## 6. Segmental information

### Segment reporting

#### 6.1 Business segment

A business segment is group of assets, operations or entities:

- engaged in revenue producing activities;
- results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- financial information is separately available.

The Group's operations consist of the following business segments:

- **The corporate segment**, includes the corporate operations and projects under development.

Automotive sheet project include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet. The project is in the development stage.

Phosphate project at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City is based on the exploitation of the Al-Khabra and Umm Wu'al phosphate deposits. The project is in the development stage.

- **The gold segment**, consists of operations related to the mining of gold and is carried out through MGBM. This segment currently operates Mahd Ad Dahab, Al-Hajar, Bulghah, Al Amar mines and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia.
- **The phosphate segment**, consist of operations related to mining of phosphate, the beneficiation of phosphate concentrate and utilization of national resources of natural gas and sulphur to manufacture DAP, MAP fertilizer and ammonia products and is carried out through MPC. This segment started commercial operation during first quarter of 2012, except for the ammonia plant for which commercial production was declared on October 1, 2011.
- **The aluminum segment**, consists of the operations related to the development of an aluminum mine, refinery, smelter, rolling mill and power plant for the production of aluminum and related products. This segment is currently in the development stage.  
  
Chlor Alkali project consists of the operations related to the development of concentrated caustic soda and ethylene dichloride complex for the production of concentrated caustic soda, chlorine and ethylene dichloride and the supply of all the required feedstock for use in the alumina refinery at Ma'aden Bauxite and Alumina Company, any excess production is sold in the international and domestic market. This segment is currently in the development stage.
- **The industrial minerals segment**, consist of operations related to the mining of industrial minerals carried out through MIMC, which currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine and processing plant at Al Madinah Al Munawarah which partially commenced operations during 2011.
- **The infrastructure segment**, relates to the development, construction and delivery of services in the Ras Al-Khair area, and other mining and industrial locations in the Kingdom of Saudi Arabia.

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**6.1 Business segment (continued)**

	Note	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Consolidation adjustments and eliminations	Total
<b>September 30, 2013</b>									
Sales	32	781,464,052	527,890,598	3,186,330,375	-	95,870,975	119,569,837	(118,784,800)	4,592,341,037
Gross profit / (loss)		92,678,003	276,459,087	803,106,581	-	59,965,480	45,632,745	(63,162,629)	1,214,679,267
Income from short-term investments	37	4,747,596	3,772,490	12,390,242	-	11,500	347,942	-	21,269,770
Net (loss) / income attributable to shareholders' of the parent company		1,774,748,822	125,923,492	303,717,668	(18,378,993)	51,237,208	44,193,086	(569,855,089)	1,711,586,194
Property, plant and equipment	12	143,778,390	129,875,420	16,966,755,743	2,763,100	227,874,251	671,333,787	(82,290,597)	18,060,090,094
Pre-operating expenses and deferred charges	13	53,766,678	-	-	-	10,246,237	-	-	64,011,915
Capital work-in-progress	14	1,056,776,509	693,007,681	446,042,519	30,706,066,467	83,849,633	343,086,716	(279,750,123)	33,049,079,402
Exploration and evaluation assets	15	30,793,795	199,844,677	-	-	-	-	-	230,638,472
Intangible assets	17	-	14,812,185	15,953,090	-	-	234,398,699	-	265,163,974
Investment in jointly controlled entity	19	-	-	-	442,822,773	-	-	-	442,822,773
Total assets		21,043,524,341	1,524,984,295	21,038,459,127	35,480,160,843	518,618,387	1,372,142,168	(18,404,127,130)	62,573,762,031
<b>September 30, 2012</b>									
Sales	32	-	721,885,844	3,161,324,242	-	85,748,665	74,550,149	(73,501,112)	3,970,007,788
Gross profit / (loss)		-	433,592,768	1,181,453,160	-	38,400,740	28,283,340	(31,856,904)	1,649,873,104
Income from short-term investments	37	27,754,572	6,392,887	15,158,063	-	14,747	54,659	-	49,374,928
Net (loss) / income attributable to shareholders' of the parent company		717,456,920	334,317,151	502,078,272	(6,457,459)	29,766,226	27,565,526	(919,287,271)	685,439,365
Property, plant and equipment	12	110,738,416	177,908,790	17,795,438,602	130,223	240,344,311	403,493,132	(82,290,597)	18,645,762,877
Pre-operating expenses and deferred charges	13	31,793,169	-	-	-	12,555,208	-	-	44,348,377
Capital work-in-progress	14	117,020,726	317,469,254	146,766,563	19,303,111,970	80,081,888	303,861,935	(202,186,577)	20,066,125,759
Exploration and evaluation assets	15	7,590,501	87,282,153	111,379,933	-	-	-	-	206,252,587
Intangible assets	17	-	8,056,173	12,914,166	-	-	247,379,363	-	268,349,702
Investment in jointly controlled entity	19	-	-	-	448,476,370	-	-	-	448,476,370
Total assets		17,634,092,646	1,725,067,901	22,581,713,873	24,145,396,424	441,692,610	997,217,205	(16,090,449,015)	51,434,731,644

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**6.1 Business segment (continued)**

	Note	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Consolidation adjustments and eliminations	Total
<b>December 31, 2012</b>									
Sales	32	-	1,001,542,755	4,447,735,066	-	125,867,379	106,326,672	(104,816,489)	5,576,655,383
Gross profit / (loss)		-	595,718,308	1,942,643,869	-	61,973,376	40,148,577	(46,257,820)	2,594,226,310
Income from short-term investments	37	33,353,175	8,894,264	22,652,599	-	70,981	54,659	-	65,025,678
Net (loss) / income attributable to shareholders' of the parent company		1,137,168,013	440,540,927	916,203,266	(11,266,032)	50,696,299	39,150,191	(1,481,548,694)	1,090,943,970
Property, plant and equipment	12	149,433,570	164,910,204	17,586,366,477	1,757,954	238,425,366	519,350,802	(82,290,598)	18,577,953,775
Pre-operating expenses and deferred charges	13	63,936,924	-	-	-	11,926,813	-	-	75,863,737
Capital work-in-progress	14	289,378,447	414,955,843	241,178,209	23,290,886,349	81,119,213	270,867,316	(216,587,494)	24,371,797,883
Exploration and evaluation assets	15	25,956,610	127,306,058	194,027,658	-	-	-	-	347,290,326
Intangible assets	17	-	11,860,441	19,542,535	-	-	244,134,197	-	275,537,173
Investment in jointly controlled entity	19	-	-	-	444,851,735	-	-	-	444,851,735
Total assets		18,216,918,017	1,876,906,824	22,708,214,221	27,931,672,859	463,572,073	1,088,258,436	(17,143,593,449)	55,141,948,981

The corporate segment's net loss amount excludes share in earnings of subsidiary companies. The corporate segment's total assets amount excludes investment balances with respect to subsidiary companies which have been eliminated on consolidation.

**6.2 Geographical segment**

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group's operation is conducted only in the Kingdom of Saudi Arabia.

**7. Cash and cash equivalents**

	September 30, 2013	September 30, 2012	December 31, 2012
Term deposits with original maturities equal to or less than three months at acquisition	5,002,297,958	5,347,047,292	4,328,500,000
Cash and bank balances – unrestricted	1,490,718,307	356,637,504	1,420,328,641
Cash and bank balances – restricted	190,193,254	15,370,366	426,385,159
<b>Total</b>	<b>6,683,209,519</b>	<b>5,719,055,162</b>	<b>6,175,213,800</b>

Restricted cash and bank balances are related to the following:

Cash accumulated under employees' savings plan program (Note 4.21 and 25.2)	19,110,164	13,796,782	15,006,007
Cash accumulated in the debt service reserve account for the next schedule repayment of long-term loan of SR 421,530,177 (September 30, 2012: SR 382,879,152), six months prior to the due date, as per facility agreement (Note 26.2). Balance portion of SR 250,447,087 (September 30, 2012: SR 381,305,568) of this restricted cash is invested and included in short-term deposits	171,083,090	1,573,584	411,379,152
<b>Total</b>	<b>190,193,254</b>	<b>15,370,366</b>	<b>426,385,159</b>

**8. Short-term investments**

	September 30, 2013	September 30, 2012	December 31, 2012
Term deposits with original maturities of more than three months and less than a year at acquisition	60,000,000	4,505,684,123	3,053,763,250
Investment income receivable	2,817,772	21,629,483	17,585,197
	<b>62,817,772</b>	<b>4,527,313,606</b>	<b>3,071,348,447</b>

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

**9. Trade and other receivables**

	September 30, 2013	September 30, 2012	December 31, 2012
Trade	748,658,331	464,913,683	507,061,628
Due from SAMAPCO (Note 41.2)	47,998,419	47,980,203	47,994,670
Due from joint venture partners	19,687,500	-	-
Other	1,960,870	6,750,899	7,984,598
<b>Total</b>	<b>818,305,120</b>	<b>519,644,785</b>	<b>563,040,896</b>

Trade receivables includes:

Due from Alcoa Inc. (Note 41.2)	45,198,767	-	-
Due from SABIC (Note 41.2)	307,615,912	353,509,499	446,823,500

**10. Inventories**

	September 30, 2013	September 30, 2012	December 31, 2012
Finished goods – ready for sale	408,299,561	153,001,782	331,156,109
Work-in-progress at net production cost	148,222,854	202,903,935	140,764,639
Stockpile of mined ore	88,840,479	84,659,640	66,132,540
Raw materials	504,542,087	99,918,582	237,239,111
By-products	22,990,283	5,783,443	11,779,907
<b>Sub-total</b>	<b>1,172,895,264</b>	<b>546,267,382</b>	<b>787,072,306</b>
Spare parts and consumables materials	769,300,425	287,132,018	321,533,420
Allowance for obsolete slow-moving spare parts and consumable materials	(18,671,349)	(18,671,349)	(18,671,349)
<b>Sub-total</b>	<b>750,629,076</b>	<b>268,460,669</b>	<b>302,862,071</b>
<b>Total</b>	<b>1,923,524,340</b>	<b>814,728,051</b>	<b>1,089,934,377</b>

The spare parts inventory primarily relates to plant and machinery and accordingly this inventory is expected to be utilized over a period exceeding one year.

Movement in the allowance for inventory obsolescence is as follows:

	September 30, 2013	September 30, 2012	December 31, 2012
January 1	18,671,349	18,822,654	18,822,654
Reversal of allowance for obsolescence (Note 33)	-	(151,305)	(151,305)
<b>September 30 / December 31</b>	<b>18,671,349</b>	<b>18,671,349</b>	<b>18,671,349</b>

**11. Advances and prepayments**

	September 30, 2013	September 30, 2012	December 31, 2012
<b>Current portion:</b>			
Advances to contractors	93,528,162	47,642,418	23,817,053
Advances to employees	26,644,801	18,109,738	6,181,077
Prepaid housing	26,919,136	8,504,143	14,679,656
Prepaid insurance	12,648,724	8,062,437	6,036,407
Other prepayments	40,303,803	43,550,872	36,862,420
<b>Sub-total</b>	<b>200,044,626</b>	<b>125,869,608</b>	<b>87,576,613</b>
<b>Non-current portion:</b>			
Other prepayments	18,060,415	8,075,000	19,187,081
<b>Sub-total</b>	<b>18,060,415</b>	<b>8,075,000</b>	<b>19,187,081</b>
<b>Total</b>	<b>218,105,041</b>	<b>133,944,608</b>	<b>106,763,694</b>

Advances and prepaid expenses mainly represent advances paid by MAC, MRC and MBAC in relation to the development of their sites.

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## 12. Property, plant and equipment

Cost	Notes	Land	Mining assets	Motor vehicles	Heavy equipment	Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
January 1, 2012		22,550,000	59,468,120	25,961,587	214,111,795	6,885,249,619	424,482,882	640,815,069	63,912,860	56,267,790	39,928,311	8,432,748,033
Transfer from capital work-in-progress	14	-	-	1,163,584	9,107,141	11,860,333,695	169,986,375	16,486,569	19,753,571	1,860,752	9,857,067	12,088,528,754
Transfer to intangible assets *	17	-	-	-	-	-	-	(207,804,853)	-	-	-	(207,804,853)
Adjustments / write-offs		-	-	(691,900)	(225,434)	-	1,526,643	(51,000)	(651,808)	(14,958,542)	(2,118,776)	(17,170,817)
September 30, 2012		22,550,000	59,468,120	26,433,271	222,993,502	18,745,583,314	595,995,900	449,425,785	83,014,623	43,170,000	47,666,602	20,296,301,117
Additions during remainder of the year		39,000,000	-	-	-	-	-	-	-	-	-	39,000,000
Transfer from capital work-in-progress	14	-	-	(578,410)	(6,829,137)	(47,273,948)	164,931,460	18,058,688	14,726,224	597,171	5,050,002	148,682,050
Provision for mine closure and reclamation	24.2	-	1,550,000	-	-	-	-	-	-	-	-	1,550,000
Adjustments / write-offs		-	-	14,651	-	-	(118,984)	-	173,745	1,501,122	50,000	1,620,534
December 31, 2012		61,550,000	61,018,120	25,869,512	216,164,365	18,698,309,366	760,808,376	487,484,473	97,914,592	45,268,293	52,786,604	20,487,153,701
Transfer from capital work-in-progress	14	-	-	2,439,073	19,539,507	67,593,113	122,961,155	33,377,735	3,382,751	2,153,940	5,803,480	257,250,754
Adjustments / write-offs		-	-	-	-	(115,142,591)	115,142,591	-	5,100	(27,069)	(25,000)	(46,969)
September 30, 2013		61,550,000	61,018,120	28,308,585	235,703,872	18,650,759,888	998,912,122	500,862,208	101,302,443	47,396,164	58,545,084	20,744,357,486
Accumulated depreciation												
January 1, 2012		-	36,200,564	20,529,903	54,445,264	416,812,036	75,186,799	253,230,194	33,604,020	35,390,125	20,102,669	945,501,574
Charge for the period		-	2,724,391	1,666,695	11,260,630	678,012,057	19,923,269	13,368,993	8,660,303	3,147,187	3,114,915	741,868,440
Transfer to intangible assets *	17	-	-	-	-	-	-	(17,017,278)	-	-	-	(17,017,278)
Adjustments / write-offs		-	-	(691,900)	(97,209)	-	1,526,643	(2,472,673)	(288,337)	(15,014,545)	(2,776,475)	(19,814,496)
September 30, 2012		-	38,924,955	21,504,698	65,608,685	1,094,824,093	96,636,711	247,099,236	41,975,986	23,522,767	20,441,109	1,650,538,240
Charge for the remainder of the year		-	1,328,561	940,821	3,043,547	229,787,841	9,384,061	2,434,681	5,850,580	2,494,909	3,144,479	258,409,480
Adjustments / write-offs		-	-	(59,570)	-	-	(118,984)	-	(1,347)	(65,244)	497,351	252,206
December 31, 2012		-	40,253,516	22,385,949	68,652,232	1,324,611,934	105,901,788	249,533,917	47,825,219	25,952,432	24,082,939	1,909,199,926
Charge for the period		-	2,753,349	1,490,831	12,366,698	683,938,534	31,857,446	20,136,812	11,366,826	2,995,970	8,166,623	775,073,089
Adjustments / write-offs		-	-	-	-	(5,815,282)	5,815,282	-	10,531	(16,154)	-	(5,623)
September 30, 2013		-	43,006,865	23,876,780	81,018,930	2,002,735,186	143,574,516	269,670,729	59,202,576	28,932,248	32,249,562	2,684,267,392
Net book value												
September 30, 2012		22,550,000	20,543,165	4,928,573	157,384,817	17,650,759,221	499,359,189	202,326,549	41,038,637	19,647,233	27,225,493	18,645,762,877
December 31, 2012		61,550,000	20,764,604	3,483,563	147,512,133	17,373,697,432	654,906,588	217,950,556	50,089,373	19,315,861	28,683,665	18,577,953,775
September 30, 2013		61,550,000	18,011,255	4,431,805	154,684,942	16,648,024,702	855,337,606	231,191,479	42,099,867	18,462,916	26,295,522	18,060,090,094



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**(All amounts in Saudi Riyals unless otherwise stated)**



**12. Property, plant and equipment (continued)**

\* Transfer to intangible assets include civil works and essential equipment assets located in public areas outside of the Ma'aden projects which has been transferred, at net book value to the RCJY under the Implementation Agreement between MIC and RCJY. Under the Implementation Agreement paragraph, MIC retains its full unrestricted right of use of these designated assets for a period of 35 years, under the LUSA agreement the associated cost related to the right of use will be amortized over the remaining period of LUSA term.

Property, plant and equipment of MPC and MAC with a net book value at September 30, 2013 of SR 16,966,755,743 and SR 2,763,100 respectively (September 30, 2012 : SR 17,795,438,602 and SR 116,711, December 31, 2012: SR 17,586,366,477 and SR 1,745,322) are pledged as security to lenders under the Common Term Financing Agreement (Note 26.7).

Notes	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31 2012
Allocation of depreciation charge for the quarter / period / year to:					
Cost of sales	242,578,369	251,020,942	763,666,648	732,840,272	987,670,458
General and administrative expenses	3,757,274	3,373,943	11,406,441	9,028,168	12,607,462
Total	246,335,643	254,394,885	775,073,089	741,868,440	1,000,277,920

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**  
**(A Saudi Arabian joint stock company)**  
**Notes to the consolidated interim financial statements for the quarter and nine months ended September 30, 2013 (Unaudited)**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**13. Pre-operating expenses and deferred charges**

Cost	Corporate	Industrial minerals	Total							
January 1, 2012	42,553,207	17,682,372	60,235,579							
Additions during the period	16,220,798	-	16,220,798							
September 30, 2012	58,774,005	17,682,372	76,456,377							
Additions during remainder of the year	32,413,759	-	32,413,759							
December 31, 2012	91,187,764	17,682,372	108,870,136							
Additions during the period	7,063,453	-	7,063,453							
Transfer to Waad Al-Shamal City for Mining Industry Project	(16,256,632)	-	(16,256,632)							
<b>September 30, 2013</b>	<b>81,994,585</b>	<b>17,682,372</b>	<b>99,676,957</b>							
<b>Amortization</b>										
January 1, 2012	26,122,828	3,241,978	29,364,806							
Charge for the period	858,008	1,885,186	2,743,194							
September 30, 2012	26,980,836	5,127,164	32,108,000							
Charge for remainder of the year	270,004	628,395	898,399							
December 31, 2012	27,250,840	5,755,559	33,006,399							
Charge for the period	978,067	1,680,576	2,658,643							
<b>September 30, 2013</b>	<b>28,228,907</b>	<b>7,436,135</b>	<b>35,665,042</b>							
<b>Net book value</b>										
September 30, 2012	31,793,169	12,555,208	44,348,377							
December 31, 2012	63,936,924	11,926,813	75,863,737							
<b>September 30, 2013</b>	<b>53,765,678</b>	<b>10,246,237</b>	<b>64,011,915</b>							
	<table> <tr> <th rowspan="2">Notes</th><th colspan="2">Quarter ended</th><th>Year ended</th></tr> <tr> <th>September 30, 2013</th><th>September 30, 2012</th><th>December 31, 2012</th></tr> </table>			Notes	Quarter ended		Year ended	September 30, 2013	September 30, 2012	December 31, 2012
Notes	Quarter ended		Year ended							
	September 30, 2013	September 30, 2012	December 31, 2012							
<b>Allocation of amortization charge for the quarter / period / year to:</b>										
Cost of sales	560,192	560,193	2,240,769							
General and administrative expenses	353,504	362,537	1,400,824							
<b>Total</b>	<b>913,696</b>	<b>922,730</b>	<b>3,641,593</b>							



**14. Capital work-in-progress**

Cost	Notes	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
January 1, 2012		19,170,810	26,566,226	12,018,934,354	10,707,918,922	74,335,961	231,980,292	23,078,906,565
Additions during the period		72,568,972	303,535,992	211,123,770	8,194,137,968	5,745,927	183,545,457	8,970,658,086
Transfer to property, plant and equipment	12	(7,716,398)	(31,810,156)	(11,990,390,192)	-	-	(58,612,008)	(12,088,528,754)
Transfer from exploration and evaluation assets	15	4,925,335	19,177,192	-	-	-	-	24,102,527
Transfer to intangible assets	17	-	-	-	-	-	(65,038,026)	(65,038,026)
Credit for pre-commercial production revenue net of cost *	41.1	-	-	(46,523,650)	-	-	-	(46,523,650)
Advances to contractors, net		28,072,007	-	(46,377,719)	198,868,503	-	11,986,220	192,549,011
September 30, 2012		117,020,726	317,469,254	146,766,563	19,100,925,393	80,081,888	303,861,935	20,066,125,759
Additions during the remainder of the year		142,367,650	95,801,493	145,393,807	4,085,043,782	1,037,325	95,223,544	4,564,867,601
Transfer to property, plant and equipment	12	(2,236,650)	1,685,096	(23,803,643)	-	-	(124,326,853)	(148,682,050)
Transfer to intangible assets	17	-	-	(6,083,733)	-	-	-	(6,083,733)
Advances to contractors, net		32,226,721	-	(21,094,785)	(111,670,320)	-	(3,891,310)	(104,429,694)
December 31, 2012		289,378,447	414,955,843	241,178,209	23,074,298,855	81,119,213	270,867,316	24,371,797,883
Additions during the period		277,500,473	280,604,492	274,037,787	7,640,105,994	2,730,420	204,485,850	8,679,465,016
Transfer to property, plant and equipment	12	(611,274)	(2,552,654)	(68,092,008)	(1,873,036)	-	(184,121,782)	(257,250,754)
Transfer from exploration and evaluation assets	15	362,283,896	-	-	-	-	-	362,283,896
Advances to contractors, net		128,224,970	-	(1,081,469)	(286,215,475)	-	51,855,335	(107,216,639)
September 30, 2013		<b>1,056,776,512</b>	<b>693,007,681</b>	<b>446,042,519</b>	<b>30,426,316,338</b>	<b>83,849,633</b>	<b>343,086,719</b>	<b>33,049,079,402</b>
<b>Advances to contractors capitalized as part of capital work-in-progress</b>								
September 30, 2012		30,615,088	-	31,294,254	730,363,252	-	21,750,000	814,022,594
December 31, 2012		62,841,809	-	10,199,469	618,692,932	-	17,858,690	709,592,900
September 30, 2013		<b>191,066,779</b>	<b>-</b>	<b>9,118,000</b>	<b>332,477,457</b>	<b>-</b>	<b>54,278,642</b>	<b>586,940,878</b>



#### 14. Capital work-in-progress (continued)

Borrowing cost capitalized as part of capital work-in-progress during the period / year	Notes	Corporate	Gold	Phosphate	Aluminum	Industrial minerals	Infra-structure	Total
September 30, 2012	38.1	-	-	10,686,829	191,162,327	-	-	201,849,156
December 31, 2012	38.1	-	-	10,686,829	481,062,901	-	-	491,749,730
<b>September 30, 2013</b>	38.1	-	-	-	<b>301,424,063</b>	-	-	<b>301,424,063</b>

Capital work-in-progress includes the borrowing cost relating to qualifying assets of MPC, MAC, MRC and MBAC with a book value before consolidation elimination at September 30, 2013 of SR 31,255,726,744 (September 30, 2012: SR 19,449,881,533 and December 31, 2012: SR 23,532,106,570) are pledged as security to the lenders under the Common Term Financing Agreement (Note 26.7).

\* DAP pre-commercial production revenue net of production cost  
(Note 44.1)

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
	-	-	-	46,523,650	46,523,650

#### 15. Exploration and evaluation assets

	Notes	Corporate	Gold	Phosphate	Aluminum	Total
January 1, 2012		62,130	61,143,912	82,124,266	-	143,330,308
Additions during the period		7,528,371	45,315,433	29,255,667	4,925,335	87,024,806
Transfer to capital work-in-progress	14	-	(19,177,192)	-	(4,925,335)	(24,102,527)
September 30, 2012		7,590,501	87,282,153	111,379,933	-	206,252,587
Additions during the remainder of the year		18,366,109	40,023,905	82,647,725	-	141,037,739
December 31, 2012		25,956,610	127,306,058	194,027,658	-	347,290,326
Additions during the period		4,837,185	72,538,619	168,256,238	-	245,632,042
Transfer to capital work-in-progress	14	-	-	(362,283,896)	-	(362,283,896)
<b>September 30, 2013</b>		<b>30,793,795</b>	<b>199,844,677</b>	-	-	<b>230,638,472</b>

**16. Deferred stripping expense**

	Notes	Gold	Phosphate	Total
<b>Cost</b>				
January 1, 2012		23,269,389	32,894,275	56,163,664
Stripping cost incurred / adjusted during the period		(12,042,230)	28,869,605	16,827,375
September 30, 2012		11,227,159	61,763,880	72,991,039
Stripping cost incurred during the remainder of the year		-	13,903,001	13,903,001
December 31, 2012		11,227,159	75,666,881	86,894,040
Stripping cost incurred during the period		-	49,723,929	49,723,929
<b>September 30, 2013</b>		<b>11,227,159</b>	<b>125,390,810</b>	<b>136,617,969</b>
<b>Accumulated amortization</b>				
January 1, 2012		2,924,644	-	2,924,644
Expensed to cost of sales during the period	33	2,421,567	26,915,068	29,336,635
September 30, 2012		5,346,211	26,915,068	32,261,279
Expensed to cost of sales during the remainder of the year	33	356,636	11,922,987	12,279,623
December 31, 2012		5,702,847	38,838,055	44,540,902
Expensed to cost of sales during the period	33	1,037,815	55,045,642	56,083,457
<b>September 30, 2013</b>		<b>6,740,662</b>	<b>93,883,697</b>	<b>100,624,359</b>
<b>Net book value</b>				
September 30, 2012		5,880,948	34,848,812	40,729,760
December 31, 2012		5,524,312	36,828,826	42,353,138
<b>September 30, 2013</b>		<b>4,486,497</b>	<b>31,507,113</b>	<b>35,993,610</b>

## 17. Intangible assets

	Notes	Gold	Phosphate	Infra-structure	Total
<b>Cost</b>					
January 1, 2012		6,598,772	12,334,823	-	18,933,595
Additions during the period		6,793,567	3,807,884	-	10,601,451
Transfer from property, plant and equipment	12	-	-	207,804,853	207,804,853
Transfer from capital work-in-progress	14	-	-	65,038,026	65,038,026
September 30, 2012		13,392,339	16,142,707	272,842,879	302,377,925
Additions during the remainder of the year		3,913,231	1,703,195	-	5,616,426
Transfer from capital work-in-progress	14	-	6,083,733	-	6,083,733
December 31, 2012		17,305,570	23,929,635	272,842,879	314,078,084
Additions during the period		4,075,519	-	-	4,075,519
<b>September 30, 2013</b>		<b>21,381,089</b>	<b>23,929,635</b>	<b>272,842,879</b>	<b>318,153,603</b>
<b>Accumulated amortization</b>					
January 1, 2012		353,930	-	-	353,930
Transfer from property, plant and equipment	12	-	-	17,017,278	17,017,278
Charge for the period	33	4,982,236	3,228,541	8,446,238	16,657,015
September 30, 2012		5,336,166	3,228,541	25,463,516	34,028,223
Charge for the remainder of the year	33	108,963	1,158,559	3,245,166	4,512,688
December 31, 2012		5,445,129	4,387,100	28,708,682	38,540,911
Charge for the period	33	1,123,775	3,589,445	9,735,498	14,448,718
<b>September 30, 2013</b>		<b>6,568,904</b>	<b>7,976,545</b>	<b>38,444,180</b>	<b>52,989,629</b>
<b>Net book value</b>					
September 30, 2012		8,056,173	12,914,166	247,379,363	268,349,702
December 31, 2012		11,860,441	19,542,535	244,134,197	275,537,173
<b>September 30, 2013</b>		<b>14,812,185</b>	<b>15,953,090</b>	<b>234,398,699</b>	<b>265,163,974</b>

**18. Due from joint venture partners**

	September 30, 2013	September 30, 2012	December 31, 2012
Due from Mosaic (Note 39)	450,000,000	-	-
Due from SABIC (Note 39)	270,000,000	-	-
<b>Total</b>	<b>720,000,000</b>	<b>-</b>	<b>-</b>

Due from joint venture partners represents the second installment of remaining 50% of SR 1.44 billion due on June 30, 2016 as per the Shareholders Agreement signed on August 5, 2013 (Note 1 and 39).

**19. Investment in jointly controlled entity**

	September 30, 2013	September 30, 2012	December 31, 2012
Investment of 50% in the issued and paid-up share capital of SAMAPCO at cost (Note 19.1)	450,000,000	450,000,000	450,000,000
Share of the accumulated loss for the period since incorporation (August 14, 2011) (Note 19.2)	(7,177,228)	(1,523,630)	(5,148,265)
<b>Total</b>	<b>442,822,772</b>	<b>448,476,370</b>	<b>444,851,735</b>

**19.1 The investment of 50% in the issued and paid-up share capital of SAMAPCO**

Contribution in kind:

Pre-operating and deferred charges	31,939,887
Capital work-in-progress	236,329,928
Cash paid	181,730,185
<b>Total</b>	<b>450,000,000</b>

**19.2 Share of the accumulated (loss) / income in jointly controlled entity**

	Quarter ended September 30, 2013	September 30, 2012	Nine months ended September 30, 2013	September 30, 2012	Year ended December 31, 2012
July 1 / January 1	(6,435,896)	(1,661,068)	(5,148,265)	(1,845,900)	(1,845,900)
Share in net (loss) / income for the quarter / period / year	(741,332)	137,438	(2,028,963)	322,270	(3,302,365)
<b>September 30 / December 31</b>	<b>(7,177,228)</b>	<b>(1,523,630)</b>	<b>(7,177,228)</b>	<b>(1,523,630)</b>	<b>(5,148,265)</b>

**20. Projects and other payables**

	September 30, 2013	September 30, 2012	December 31, 2012
Projects	1,833,771,160	1,379,029,626	1,692,992,140
Trade	179,340,700	394,500,988	254,808,261
Other	60,036,014	12,460,013	63,650,344
<b>Total</b>	<b>2,073,147,874</b>	<b>1,785,990,627</b>	<b>2,011,450,745</b>

Project payables mainly represents the liability in respect of contracts cost arising from MAC, MRC, MBAC and MPC.

Other payables as at September 30, 2013 include SR 38 million (September 30, 2012: Nil and December 31, 2012: SR 38 million) contributed by one of the MAC's contractors to support its objective to establish a social responsibility fund for the development of a community project. The amount received is non-refundable.

**21. Accrued expenses**

	September 30, 2013	September 30, 2012	December 31, 2012
Projects	1,844,121,636	1,292,839,636	2,224,323,712
Trade	557,532,464	305,053,869	412,058,437
Employees	139,433,056	86,851,876	107,095,483
Accrued expenses – Alcoa Inc. (Note 41.2)	121,884,360	80,869,108	72,646,789
Finance charges	1,990,929	-	89,687,500
<b>Total</b>	<b>2,664,962,445</b>	<b>1,765,614,489</b>	<b>2,905,811,921</b>

Accrued expenses for projects mainly represents the contracts cost accruals in relation to MAC, MRC, MBAC and MPC.

Accrued expenses for Alcoa Inc. mainly represents the personnel and other cost accruals related to the Alcoa Inc. employees seconded to MAC, MRC and MBAC.

**22. Zakat****22.1 Components of zakat base**

The significant components of the zakat base of each company under the zakat and income tax regulation are as follows:

- shareholders' equity at the beginning of the quarter / period / year;
- provisions at the beginning of the quarter / period / year;
- long term borrowings;
- adjusted net income;
- spare parts inventory not for resale;
- net book value of property, plant and equipment;
- net book value of pre-operating expenses and deferred charges;
- net book value of capital work-in-progress;
- net book value of exploration and evaluation assets;
- net book value of intangible assets;
- carrying value of investment in jointly controlled entity; and
- certain other items.

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

**22.2 Zakat payable**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
July 1 / January 1	22,018,860	62,239,105	63,600,191	141,108,124	141,108,124
Provision for zakat	28,838,791	25,641,181	52,010,874	75,993,389	51,713,294
Current quarter / period / year	28,838,791	25,641,181	50,857,651	75,767,801	63,600,191
Previous year under / (over) provision	-	-	1,153,223	225,588	(11,886,897)
Paid during the quarter / period / year to the authorities	-	-	(64,753,414)	(129,221,227)	(129,221,227)
<b>September 30 / December 31</b>	<b>50,857,651</b>	<b>87,880,286</b>	<b>50,857,651</b>	<b>87,880,286</b>	<b>63,600,191</b>

The provision for zakat consists of:

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Saudi Arabian Mining Company	23,414,546	11,792,557	25,914,546	39,889,133	15,342,952
Ma'aden Phosphate Company	3,830,323	10,314,516	16,280,089	18,557,760	25,793,837
Ma'aden Gold and Base Metals Company (Note 23.2)	(687,164)	2,536,101	3,383,724	14,557,204	18,662,794
Ma'aden Industrial Minerals Company	1,248,831	752,333	3,494,020	2,051,196	1,010,423
Ma'aden Infrastructure Company	1,032,255	245,674	1,785,272	712,508	2,790,185
<b>September 30 / December 31</b>	<b>28,838,791</b>	<b>25,641,181</b>	<b>50,857,651</b>	<b>75,767,801</b>	<b>63,600,191</b>

**22.3 Status of final assessments**

The Company and its subsidiaries received provisional zakat certificates from the year ended December 31, 2008 to December 31, 2012, however, no zakat assessments were finalized by the DZIT.



**23. Severance fees payable**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
July 1 / January 1	18,081,728	49,262,864	91,516,753	83,433,989	83,433,989
Provision for severance fee (Note 33)	9,897,544	17,947,284	29,377,247	68,296,463	92,603,068
Current quarter / period / year (Note 23.1)	9,897,544	17,947,284	27,889,966	67,121,902	91,428,507
Previous year under provision	-	-	1,487,281	1,174,561	1,174,561
Paid during the quarter / period / year to the authorities	-	-	(92,914,728)	(84,520,304)	(84,520,304)
<b>September 30 / December 31</b>	<b>27,979,272</b>	<b>67,210,148</b>	<b>27,979,272</b>	<b>67,210,148</b>	<b>91,516,753</b>

In accordance with the Saudi Mining Code based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fees, representing 25% of the annual net income per mining license, as defined, or the equivalent of a hypothetical income tax, based on the annual net income, whichever is lower. The zakat due shall be deducted from this amount. As a result of the above:

- the income for each mining licenses of MGBM is subject to severance fee, which are shown as part of cost of sales in the consolidated interim statement of income; and
- for low grade bauxite, kaolin and magnesia a fixed tariff per tonne is paid as severance fees.

**23.1 Provision for severance fees consists of:**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Gold mines	9,498,120	17,577,801	26,796,729	66,071,307	89,952,213
Low grade bauxite	331,032	229,273	921,997	910,385	1,252,414
Kaolin	29,422	74,254	79,187	74,254	102,740
Magnesia	38,970	65,956	92,053	65,956	121,140
<b>September 30 / December 31 (Note 23)</b>	<b>9,897,544</b>	<b>17,947,284</b>	<b>27,889,966</b>	<b>67,121,902</b>	<b>91,428,507</b>

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

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Net income from operating mines before severance fee for the quarter / period / year	38,391,639	134,693,888	150,902,263	399,035,025	549,947,699
25% of the quarter's / period's / year's net income as defined	9,597,910	33,673,472	37,725,566	99,758,756	137,486,925
Hypothetical income tax based on quarter's / period's / year's taxable net income	8,810,956	20,113,902	30,180,453	80,628,511	108,615,007
Provision based on the lower of the above two computations	8,810,956	20,113,902	30,180,453	80,628,511	108,615,007
Provision for zakat (Note 22.2)	687,164	(2,536,101)	(3,383,724)	(14,557,204)	(18,662,794)
<b>Net severance fee provision for the quarter / period / year</b>	<b>9,498,120</b>	<b>17,577,801</b>	<b>26,796,729</b>	<b>66,071,307</b>	<b>89,952,213</b>



**24. Provision for mine closure and reclamation**

	September 30, 2013	September 30, 2012	December 31, 2012
Gold mines (Note 24.1)	83,260,863	88,804,828	88,693,156
Low grade bauxite and kaolin mines (Note 24.2)	2,050,000	500,000	2,050,000
<b>Total</b>	<b>85,310,863</b>	<b>89,304,828</b>	<b>90,743,156</b>

The movement in the provision for mine closure and reclamation for each of the mines along with the period in which they commenced commercial production and expected date of closure is as follows:

**24.1 Gold mines**

	Mahad mine	Al Hajar mine	Sukhaybarat mine*	Bulghah mine	Al Amar mine	Total
January 1, 2012	23,756,911	11,282,216	20,467,221	21,661,407	13,217,044	90,384,799
Utilization during the period	(1,320,627)	(259,344)	-	-	-	(1,579,971)
September 30, 2012	22,436,284	11,022,872	20,467,221	21,661,407	13,217,044	88,804,828
Utilization during the remainder of the year	-	(111,672)	-	-	-	(111,672)
December 31, 2012	22,436,284	10,911,200	20,467,221	21,661,407	13,217,044	88,693,156
Utilization during the period	(1,721,054)	(3,559,149)	(152,090)	-	-	(5,432,293)
<b>September 30, 2013</b>	<b>20,715,230</b>	<b>7,352,051</b>	<b>20,315,131</b>	<b>21,661,407</b>	<b>13,217,044</b>	<b>83,260,863</b>
Commenced commercial production in	1988	2001	1991*	2001	2008	
Expected closure date in	2018	2013	2017	2017	2023	

\* The Sukhaybarat mine ceased its mining activities and current operations are limited to the carbon in leach ("CIL") processing of ore transferred from Bulghah mine.

**24.2 Low grade bauxite and kaolin mines**

	Note	Az Zabirah mine	Al Ghazalah mine	Total
January 1, 2012		300,000	200,000	500,000
September 30, 2012		300,000	200,000	500,000
Provision for the remainder of the year	12	1,300,000	250,000	1,550,000
December 31, 2012		1,600,000	450,000	2,050,000
<b>September 30, 2013</b>		<b>1,600,000</b>	<b>450,000</b>	<b>2,050,000</b>
Commenced commercial production in		2008	2011	
Expected closure date in		2026	2028	

The provision for mine closure and reclamation represents the full amount of the estimated future closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when determined. The provision for mine closure and reclamation relates to the Group's gold, low grade bauxite and kaolin mining activity only, as the aluminum project is currently in the development stage, and, an update estimation of the phosphate mine and plant closure and rehabilitation works including facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation is in progress.

**25. Employee benefits**

	September 30, 2013	September 30, 2012	December 31, 2012
Employee termination benefits (Note 25.1)	183,321,647	149,911,651	155,949,095
Employees' savings plan (Note 7 and 25.2)	19,110,164	13,796,782	15,006,007
<b>Total</b>	<b>202,431,811</b>	<b>163,708,433</b>	<b>170,955,102</b>

**25.1 Employee termination benefits**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
July 1 / January 1	164,020,537	134,689,211	155,949,095	129,811,062	129,811,062
Provision for the quarter / period / year	21,063,325	16,927,697	40,526,359	32,349,012	41,252,535
Paid during the quarter / period / year	(1,762,215)	(1,705,257)	(13,153,807)	(12,248,423)	(15,114,502)
<b>September 30 / December 31</b>	<b>183,321,647</b>	<b>149,911,651</b>	<b>183,321,647</b>	<b>149,911,651</b>	<b>155,949,095</b>

**25.2 Employees' savings plan**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
July 1 / January 1	17,638,238	12,027,608	15,006,007	9,703,962	9,703,962
Contribution for the quarter / period / year	2,201,873	2,726,774	13,628,107	9,228,223	13,100,119
Withdrawals during the quarter / period / year	(729,947)	(957,600)	(9,523,950)	(5,135,403)	(7,798,074)
<b>September 30 / December 31 (Note 7)</b>	<b>19,110,164</b>	<b>13,796,782</b>	<b>19,110,164</b>	<b>13,796,782</b>	<b>15,006,007</b>

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**  
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**Notes to the consolidated interim financial statements for the quarter and nine months ended September 30, 2013 (Unaudited)**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**26. Long-term borrowings**

**26.1 Facilities approved**

MPC, MAC, MRC and MBAC entered into Common Terms Agreements ("CTA") with the Public Investment Fund and consortiums of financial institutions, comprising of the following facilities as of September 30, 2013:

The Company (Ma'aden) entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement, comprising of the following facilities as of September 30, 2013:

	MPC		MAC		MRC		MBAC		Ma'aden	
	facilities granted	Nov. 15, 2008	facilities granted	Nov. 30, 2010	facilities granted	Nov. 30, 2010	facilities granted	Nov. 27, 2011	facilities granted	Dec. 18, 2012
Facilities under Common Term Agreement										
Public Investment Fund ("PIF")		4,000,001,250		4,875,000,000		3,078,750,000		3,750,000,000		15,703,751,250
Islamic and commercial banks										
Procurement*		4,269,892,500		5,047,500,000		1,041,000,000		2,690,700,000		13,049,092,500
Commercial*		1,491,562,500		900,000,000		-		258,750,000		2,650,312,500
Al-Rajhi Bank		2,343,750,000		-		-		-		2,343,750,000
The Export Import Bank of Korea		1,500,000,000		-		-		-		1,500,000,000
Korea Export Insurance Corporation		750,000,000		-		-		-		750,000,000
Wakala		-		787,500,000		-		768,750,000		1,556,250,000
		10,355,205,000		6,735,000,000		1,041,000,000		3,718,200,000		21,849,405,000
Saudi Industrial Development Fund ("SIDF")		600,000,000		600,000,000		600,000,000		600,000,000		2,400,000,000
<b>Sub-total</b>		<b>14,955,206,250</b>		<b>12,210,000,000</b>		<b>4,719,750,000</b>		<b>8,068,200,000</b>		<b>39,953,156,250</b>
Syndicated Revolving Credit Facility Agreement		-		-		-		-		9,000,000,000
<b>Total facilities granted</b>		<b>14,955,206,250</b>		<b>12,210,000,000</b>		<b>4,719,750,000</b>		<b>8,068,200,000</b>		<b>48,953,156,250</b>

The financing agreements imposed the following conditions and financial covenants on each of the borrowing legal entities of the Group and if the conditions are met, the financial institutions will provide the long-term borrowing:

- the limitation on creation of additional liens and/or financing obligations by MPC, unless specifically allowed under the CTA;
- financial ratio maintenance;
- maximum capital expenditures allowed; and
- restriction on dividend distribution to shareholders.

***MPC facility***

\*Banque Saudi Fransi and Mizuho Corporate Bank Limited act as agents for procurement facility and commercial facility, respectively.

***MAC facility***

On November 26, 2012, the contracts for US Dollar procurement and Saudi Riyal procurement were revised to increase the respective facility amounts. Accordingly, the CTA was also revised to reflect the new facility arrangement.

\*Standard Chartered Bank acts as inter-creditor agent and as commercial facility agent, Bank Al Jazira acts as US Dollar procurement facility agent, as Saudi Riyal procurement facility agent, as US Dollar Wakala facility agent and as Saudi Riyal Wakala facility agent, HSBC Saudi Arabia Limited acts as onshore security agent and Riyadh Bank, London Branch acts as offshore security trustee and agent.

***MRC facility***

Facility Agent, HSBC Saudi Arabia Limited acts as Onshore Security Agent and Riyadh Bank, London Branch acts as Offshore Security Trustee and Agent.

***MBAC facility***

The company is in process of finalizing a facility amounting to US Dollar (US \$) 160 million from Saudi Industrial Development Fund (SIDF). SIDF has issued a letter of commitment amounting to US\$ 240 million, however, the company has not confirmed its acceptance of the said facility. The company expects to avail only US \$ 160 million. A formal contract for the said facility will be signed once the company formally confirms the acceptance of facility from SIDF.

***Saudi Arabian Mining Company ("Ma'aden")***

On December 18, 2012, the Company entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement ("Murabaha Facility Agreement") and other agreements (together referred to as "financing agreements") totaling to SR 9 billion. The facility is with a syndicate of local and international financial institutions, comprising of the following financial institutions:

Al-Rajhi Bank  
Arab National Bank  
Bank Al-Bilad  
Bank AlJazira  
Banque Saudi Fransi  
J.P.Morgan Chase Bank, N.A., Riyadh Branch  
Riyad Bank  
Samba Financial Group  
The National Commercial Bank  
The Saudi British Bank  
The Saudi Investment Bank

The financial covenants and conditions include the following with respect to standalone parent company only:

- EBITDA to Interest ratio shall not be less than three times otherwise dividend block will be triggered; and
- the total net debt to tangible net worth (parent company only) shall be less than or equal to three times otherwise an event of default will be triggered which is subject to a cure period of six months, or nine months if the Company has acted expeditiously to cure such breach by initiating the process for a rights issue.

**26.2 Facilities utilized under the different CTAs****MPC facility**

	September 30, 2013	September 30, 2012	December 31, 2012
Public Investment Fund	3,667,201,146	4,000,001,250	4,000,001,250
Less: Repaid during the period / year	166,400,052	166,400,052	332,800,104
<b>Sub-total (Note 41.2)</b>	<b>3,500,801,094</b>	<b>3,833,601,198</b>	<b>3,667,201,146</b>

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of LIBOR plus 0.5% per annum. Loan repayment started on June 30, 2012, on a six monthly basis, in equal principal repayments of SR 166.4 million, with the final repayment of SR 172.8 million on December 31, 2023 (Note 7).

**Islamic and commercial banks**

Banque Saudi Fransi – as agent for the procurement facility participants	4,099,096,800	4,269,892,500	4,269,892,500
Al-Rajhi Bank	2,250,000,000	2,343,750,000	2,343,750,000
The Export Import Bank of Korea	1,419,750,000	1,500,000,000	1,500,000,000
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	1,071,900,000	1,116,562,500	1,116,562,500
Korea Export Insurance Corporation	709,875,000	750,000,000	750,000,000
	9,550,621,800	9,980,205,000	9,980,205,000
Less: Repaid during the period / year	216,479,100	213,104,100	429,583,200
	9,334,142,700	9,767,100,900	9,550,621,800

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is in the range of LIBOR plus 0.5% to 1.15% per annum.

The repayment of facilities started on June 30, 2012. All the repayments of the above facilities will be on a six monthly basis, with the final repayment due on December 31, 2023 (Note 7).

Saudi Industrial Development Fund	570,000,000	570,000,000	570,000,000
Less: Repaid during the period / year	60,000,000	-	-
	510,000,000	570,000,000	570,000,000

The project follow-up cost paid during the drawdown amounted to SR 6.3 million. Repayment of this facility started on February 26, 2013, on a six monthly basis, with the final payment on June 19, 2019 (Note 7).

<b>Total MPC borrowings (Note 26.4)</b>	<b>13,344,943,794</b>	<b>14,170,702,098</b>	<b>13,787,822,946</b>
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**26.2 Facilities utilized under the different CTAs (continued)****MAC facility**

	September 30, 2013	September 30, 2012	December 31, 2012
Public Investment Fund (Note 41.2)	4,874,999,831	3,993,016,061	3,993,016,061

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is LIBOR plus 1.5%.

The repayment of the loan will be in 24 installments on a six monthly basis starting from December 31, 2014. The repayments are starting at SR 99.9 million and increasing over the term of the loan with the final repayment of SR 1,218 million on June 30, 2026.

**Islamic and commercial banks**

US Dollar procurement	837,559,061	737,273,672	737,274,310
Saudi Riyal procurement	3,684,000,336	2,861,109,922	2,861,109,923
Commercial	827,218,289	728,172,127	728,172,164
Wakala	938,410,799	628,043,894	717,486,636
<b>Sub-total</b>	<b>6,287,188,485</b>	<b>4,954,599,615</b>	<b>5,044,043,033</b>

The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the US Dollar facilities is LIBOR plus a margin (mark-up in case of Wakala facilities) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of Wakala facilities) that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.75% per annum.

The repayment of the principal amounts of loans will start from December 31, 2014. The repayments are starting at SR 138 million and increasing over the term of the loan with the final repayment of SR 1,684 million on June 30, 2026.

Saudi Industrial Development Fund	420,000,000	-	420,000,000
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Repayment of the SIDF facility will start from February 4, 2015. The repayments are starting at SR 25 million and increasing over the term of the loan with the final repayment of SR 62.5 million on June 7, 2020

<b>Total MAC borrowings (Note 26.4)</b>	<b>11,582,188,316</b>	<b>8,947,615,676</b>	<b>9,457,059,094</b>
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**26.2 Facilities utilized under the different CTAs (continued)****MRC facility**

	September 30, 2013	September 30, 2012	December 31, 2012
Public Investment Fund (Note 41.2)	2,321,849,291	1,490,505,904	2,291,061,791

The rate of commission on the principal amount of the loan draw for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%.

The repayment of the principal amount of loan will be in 20 installments on a six monthly basis starting from December 31, 2016. The repayments are starting at SR 30.8 million and increasing over the term of the loan with the final repayment of SR 153.9 million on June 30, 2026.

**Islamic and commercial banks**

Saudi Riyal procurement	774,852,281	504,098,975	774,852,281
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The rate of commission on the principal amount of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.45% per annum.

The repayment of the principal amounts of loans will start from December 31, 2016. The repayments are starting at SR 10.4 million and increasing over the term of the loan with the final repayment of SR 13.5 million on June 30, 2026.

Saudi Industrial Development Fund	360,000,000	-	360,000,000
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Repayment of the SIDF facility will start from January 25, 2016. The repayments are starting at SR 25 million and increasing over the term of the loan with the final repayment of SR 62.5 million on July 19, 2021.

<b>Total MRC borrowings (Note 26.4)</b>	<b>3,456,701,572</b>	<b>1,994,604,879</b>	<b>3,425,914,072</b>
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**26.2 Facilities utilized under the different CTAs (continued)****MBAC facility**

	September 30, 2013	September 30, 2012	December 31, 2012
Public Investment Fund (Note 41.2)	1,625,265,863	-	-

The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%.

The repayment of the principal amount of PIF facility will be in 21 installments on a six monthly basis starting from June 30, 2017. The repayments are starting at SR 75 million and increasing over the term of the loan with the final repayment of SR 435 million on June 30, 2028.

**Islamic and commercial banks**

Dollar procurement	338,511,682	-	-
Riyal procurement	800,747,518	-	-
Commercial	109,555,809	-	-
Wakala	662,118,629	-	-
<b>Sub-total</b>	<b>1,910,933,638</b>	<b>-</b>	<b>-</b>

The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on the all the dollar facilities is LIBOR plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.45% to 2.4% per annum.

The repayment of the principal amounts of Islamic and commercial total approved facilities will start from June 30, 2017. The repayments are starting at SR 149 million and increasing over the term of the loan with the final repayment of SR 866 million on June 30, 2027.

<b>Total MBAC borrowings (Note 26.4)</b>	<b>3,536,199,501</b>	<b>-</b>	<b>-</b>
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**26.3 Facilities utilized under the Syndicated Revolving Credit Facility****Ma'aden**

	September 30, 2013	September 30, 2012	December 31, 2012
Syndicated Revolving Credit Facility (Note 26.4)	250,000,000	-	-

The rate of commission on the principal amount of the borrowing drawdown is SIBOR plus 0.85% per annum.

**26.4 Total borrowings**

	September 30, 2013	September 30, 2012	December 31, 2012
<b>Facilities utilized under:</b>			
CTA (Note 26.2):			
MPC	13,344,943,794	14,170,702,098	13,787,822,946
MAC	11,582,188,316	8,947,615,676	9,457,059,094
MRC	3,456,701,572	1,994,604,879	3,425,914,072
MBAC	3,536,199,501	-	-
Syndicated Revolving Credit Facility (Note 26.3):			
Ma'aden	250,000,000	-	-
<b>Total</b>	<b>32,170,033,183</b>	<b>25,112,922,653</b>	<b>26,670,796,112</b>
<b>Current portion of borrowings</b>			
MPC	883,060,354	794,258,304	861,409,329
Ma'aden	250,000,000	-	-
<b>Total</b>	<b>1,133,060,354</b>	<b>794,258,304</b>	<b>861,409,329</b>
<b>Long-term portion of borrowings</b>	<b>31,036,972,829</b>	<b>24,318,664,349</b>	<b>25,809,386,783</b>

**26.5 Maturity profile of long-term borrowings**

	September 30, 2013	September 30, 2012	December 31, 2012
2012	-	382,879,152	-
2013	671,530,177	861,409,329	861,409,329
2014	1,198,190,354	1,181,890,354	1,194,190,354
2015	1,524,221,379	1,495,121,379	1,519,721,379
Thereafter	28,776,091,273	21,191,622,439	23,095,475,050
<b>Total</b>	<b>32,170,033,183</b>	<b>25,112,922,653</b>	<b>26,670,796,112</b>

**26.6 Facilities' currency denomination**

Essentially all of the Company's facilities have been contracted in United States Dollar (US\$) and the drawdown balances in US\$ are shown below:

	September 30, 2013 (US\$)	September 30, 2012 (US\$)	December 31, 2012 (US\$)
Public Investment Fund	3,286,110,954	2,484,566,177	2,653,674,399
Islamic and commercial banks			
Procurement	2,472,879,756	2,013,254,279	2,062,682,401
Al-Rajhi Bank	587,500,000	612,500,000	600,000,000
The Export Import Bank of Korea	367,600,000	389,600,000	378,600,000
Korea Export Insurance Corporation	183,800,000	194,800,000	189,300,000
Commercial	529,691,426	485,974,234	480,019,244
US Dollar procurement	313,618,865	196,606,313	196,606,483
Wakala	426,807,847	167,478,371	191,329,770
<b>Sub-total</b>	<b>4,881,897,894</b>	<b>4,060,213,197</b>	<b>4,098,537,898</b>
Saudi Industrial Development Fund	344,000,000	152,000,000	360,000,000
Syndicated Revolving Credit Facility	66,666,667	-	-
<b>Total</b>	<b>8,578,675,515</b>	<b>6,696,779,374</b>	<b>7,112,212,297</b>

**26.7 Security**

The following assets were pledged as security for these long-term borrowings in accordance with the applicable CTAs:

	September 30, 2013	September 30, 2012	December 31, 2012
Property, plant and equipment (Note 12)	16,969,518,843	17,795,555,313	17,588,111,799
Capital work-in-progress (Note 14)	31,255,726,744	19,449,881,533	23,532,106,570
<b>Total</b>	<b>48,225,245,587</b>	<b>37,245,436,846</b>	<b>41,120,218,369</b>

**27. Due to joint venture partners**

	September 30, 2013	September 30, 2012	December 31, 2012
Due to Alcoa Inc.*	87,792,613	-	52,411,992
Due to Mosaic **	127,543,940	-	-
Due to SABIC **	76,526,364	-	-
<b>Total</b>	<b>291,862,917</b>	<b>-</b>	<b>52,411,992</b>

\*Due to Alcoa Inc. represents capital contribution to Ma'aden by its joint venture partner Alcoa Inc. to extend the product mix of their aluminum complex, currently under construction at Ras Al Khair, to include automotive heat treated and non-heat treated sheet, building and construction sheet and foil stock sheet (Note 1).

\*\*Due to Mosaic and SABIC represents their capital contribution to develop jointly a fully integrated phosphate production facility known as the Umm Wu'al phosphate project (Note 1).

**28. Share capital**

	September 30, 2013	September 30, 2012	December 31, 2012
<b>Authorized, issued and fully paid</b>			
925,000,000 Ordinary shares, with a nominal value of SR 10 per share (Note 40)	9,250,000,000	9,250,000,000	9,250,000,000

**29. Share premium**

	September 30, 2013	September 30, 2012	December 31, 2012
525,000,000 ordinary shares with a nominal value of SAR 10 per share issued at a premium of SAR 10 per share	5,250,000,000	5,250,000,000	5,250,000,000

**30. Transfer of net income**

	September 30, 2013	September 30, 2012	December 31, 2012
January 1	393,422,274	284,327,877	284,327,877
Transfer of 10% of net income for the year	-	-	109,094,397
<b>September 30 / December 31</b>	<b>393,422,274</b>	<b>284,327,877</b>	<b>393,422,274</b>

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until such reserve equals 50% of the share capital. Such transfer is made on an annual basis and the reserve is not available for dividend distribution.

**31. Non-controlling interest**

	September 30, 2013	September 30, 2012	December 31, 2012
<b>Share capital</b>			
January 1	3,773,381,742	2,783,950,191	2,783,950,191
Increase in non-controlling interest's shareholding	1,017,404,660	989,431,551	989,431,551
<b>September 30 / December 31</b>	<b>4,790,786,402</b>	<b>3,773,381,742</b>	<b>3,773,381,742</b>
<b>Payments to increase share capital</b>			
January 1	731,891,457	821,488,065	821,488,065
Payments to increase share capital (Note 41.1)	536,921,146	758,647,442	899,834,943
Share capital contributed during the period / year	(1,017,404,660)	(989,431,551)	(989,431,551)
<b>September 30 / December 31 (Note 41.2)</b>	<b>251,407,943</b>	<b>590,703,956</b>	<b>731,891,457</b>
<b>Net income attributable to non-controlling interest</b>			
January 1	502,009,343	113,126,199	113,126,199
Dividend paid during the period	(450,000,000)	-	-
Share of current period's / year's net income	124,005,666	213,012,421	388,883,144
<b>September 30 / December 31</b>	<b>176,015,009</b>	<b>326,138,620</b>	<b>502,009,343</b>
<b>Total</b>	<b>5,218,209,354</b>	<b>4,690,224,318</b>	<b>5,007,282,542</b>

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**

(A Saudi Arabian joint stock company)

Notes to the consolidated interim financial statements for the quarter and nine months ended September 30, 2013 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)


**MA'ADEN**
**32. Sales**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
<b>Gold segment</b>					
Gold revenue	<b>177,526,138</b>	204,887,516	<b>527,890,598</b>	721,885,844	1,001,542,755
<b>Phosphate segment</b>					
Diammonium phosphate fertilizer	<b>724,575,848</b>	1,056,903,783	<b>2,387,801,369</b>	2,078,395,430	2,877,956,038
Ammonia	<b>283,819,308</b>	444,122,054	<b>798,529,006</b>	1,082,928,812	1,569,779,028
	<b>1,008,395,156</b>	1,501,025,837	<b>3,186,330,375</b>	3,161,324,242	4,447,735,066
<b>Corporate</b>					
Aluminum	<b>385,235,399</b>	-	<b>781,464,052</b>	-	-
<b>Industrial minerals</b>					
Low grade bauxite revenue	<b>23,894,297</b>	23,694,015	<b>61,957,060</b>	59,671,131	84,749,607
Caustic calcined magnesia	<b>9,029,234</b>	1,406,553	<b>21,478,185</b>	14,909,389	27,463,795
Kaolin revenue	<b>4,577,426</b>	6,627,235	<b>12,435,730</b>	11,168,145	13,653,977
	<b>37,500,957</b>	31,727,803	<b>95,870,975</b>	85,748,665	125,867,379
<b>Infrastructure</b>					
Infrastructure revenue	<b>125,550</b>	323,551	<b>785,037</b>	1,049,037	1,510,183
<b>Total</b>	<b>1,608,783,200</b>	1,737,964,707	<b>4,592,341,037</b>	3,970,007,788	5,576,655,383
<b>Gold sales analysis</b>					
Quantity of gold ounces (Oz) sold	<b>37,668</b>	33,201	<b>99,098</b>	<b>117,016</b>	160,433
Average realized price per ounce (Oz) in:					
US\$	<b>1,257</b>	1,646	<b>1,421</b>	1,645	1,665
Saudi Riyals (equivalent)	<b>4,713</b>	6,171	<b>5,327</b>	6,169	6,243



**33. Cost of sales**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Salaries and staff related benefits	65,838,717	53,035,791	183,551,790	149,204,306	212,350,537
Contracted services	23,345,023	46,433,232	95,325,002	83,641,857	105,260,760
Repairs and maintenance	20,205,575	7,991,885	37,950,533	25,048,476	33,507,837
Consumables	24,283,182	23,149,333	84,990,618	67,267,943	92,040,878
Overheads	20,822,562	8,599,017	53,365,922	40,359,368	56,681,109
Raw material and utilities consumed	891,854,221	508,197,133	2,472,950,100	1,227,048,737	1,708,155,273
Reversal of inventory obsolescence (Note 10)	-	-	-	(151,305)	(151,305)
Severance fees (Note 23)	9,897,544	17,947,284	29,377,247	68,296,463	92,603,068
Sale of by-products (Note 33.1)	(9,986,457)	(7,871,966)	(29,905,883)	(34,176,452)	(42,992,140)
<b>Total cash operating costs</b>	<b>1,046,260,367</b>	<b>657,481,709</b>	<b>2,927,605,329</b>	<b>1,626,539,393</b>	<b>2,257,456,017</b>
Depreciation (Note 12)	242,578,369	251,020,942	763,666,648	732,840,272	987,670,458
Amortization of pre-operating expenses and deferred charges (Note 13)	560,192	560,193	1,680,576	1,680,577	2,240,769
Deferred stripping expense (Note 16)	18,716,713	11,926,565	56,083,457	29,336,635	41,616,258
Amortization of intangible assets (Note 17)	4,816,240	9,908,003	14,448,718	16,657,015	21,169,703
<b>Total operating costs</b>	<b>1,312,931,881</b>	<b>930,897,412</b>	<b>3,763,484,728</b>	<b>2,407,053,892</b>	<b>3,310,153,205</b>
(Increase) / decrease in inventory	(100,638,292)	86,658,084	(385,822,958)	(86,919,208)	(327,724,132)
<b>Total</b>	<b>1,212,293,589</b>	<b>1,017,555,496</b>	<b>3,377,661,770</b>	<b>2,320,134,684</b>	<b>2,982,429,073</b>

**33.1 Sale of by-products comprise of the following commodities:**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Zinc	5,328,668	-	10,792,914	6,050,377	8,114,135
Copper	4,282,784	4,693,979	15,740,885	20,879,197	27,021,740
Silver	375,005	2,306,772	3,372,084	6,652,121	7,856,265
Lead	-	871,215	-	594,757	-
<b>Total</b>	<b>9,986,457</b>	<b>7,871,966</b>	<b>29,905,883</b>	<b>34,176,452</b>	<b>42,992,140</b>

**SAUDI ARABIAN MINING COMPANY (MA'ADEN)**

(A Saudi Arabian joint stock company)

Notes to the consolidated interim financial statements for the quarter and nine months ended September 30, 2013 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)


**34. Selling, marketing and logistic expenses**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Selling, marketing and logistic expense	68,294,046	115,829,392	182,388,190	281,418,004	384,810,033
<b>Total</b>	<b>68,294,046</b>	<b>115,829,392</b>	<b>182,388,190</b>	<b>281,418,004</b>	<b>384,810,033</b>

Selling, marketing and logistic expenses comprises of marketing fees and other sales related overheads that are not specifically part of cost of sales.

**35. General and administrative expenses**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Salaries and staff related benefits	83,419,316	59,172,017	203,614,793	165,147,899	229,924,319
Contracted services	78,139,904	14,618,596	93,067,769	25,659,205	39,006,056
Overheads and other	15,145,246	4,826,955	31,319,909	21,000,747	38,591,234
Consumables	820,149	577,680	2,079,410	1,791,097	2,499,193
Repair parts	74,706	18,344	350,504	540,842	639,692
Depreciation (Note 12)	3,757,274	3,373,943	11,406,441	9,028,168	12,607,462
Amortization of pre-operating expenses and deferred charges (Note 13)	353,504	362,537	978,067	1,062,617	1,400,824
<b>Total</b>	<b>181,710,099</b>	<b>82,950,072</b>	<b>342,816,893</b>	<b>224,230,575</b>	<b>324,668,780</b>

**36. Exploration expenses**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Salaries and staff related benefits	15,818,731	10,305,072	35,026,567	28,634,787	37,231,358
Contracted services	26,689,514	10,233,878	71,133,738	28,191,168	64,581,344
Overheads and other	3,011,059	1,482,091	9,894,894	4,186,505	8,529,669
Consumables	1,827,470	884,217	7,057,097	2,578,576	3,403,525
Repair parts	527,753	460,980	865,708	1,294,546	548,026
<b>Total</b>	<b>47,874,527</b>	<b>23,366,238</b>	<b>123,978,004</b>	<b>64,885,582</b>	<b>114,293,922</b>

**37. Income from short-term investments**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Income received and accrued on short-term investment	4,379,079	13,601,511	21,269,770	49,374,928	65,025,678

**38. Finance charges**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Public Investment Fund	8,337,511	12,093,394	26,758,550	35,767,442	48,029,945
Banque Saudi Fransi – as agent for the procurement facility participants	13,823,705	16,301,717	36,868,108	41,966,275	58,847,261
Al-Rajhi Bank	7,570,496	9,692,695	20,861,746	27,883,378	37,664,630
The Export Import Bank of Korea	3,447,189	4,865,580	10,935,443	14,127,810	19,052,039
Korea Export Insurance Corporation	1,808,836	2,517,730	5,723,446	6,295,915	8,804,106
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	4,110,270	4,901,108	12,417,474	12,503,048	17,384,618
Saudi Industrial Development Fund	2,071,333	1,900,000	3,958,000	3,699,950	6,306,307
Arrangement fee and administrative charges for Revolving Credit Facility	5,343,333	-	13,464,139	-	89,687,500
Murabaha fee for Revolving Credit Facility	2,432,839	-	4,991,217	-	-
<b>Total</b>	<b>48,945,512</b>	<b>52,272,224</b>	<b>135,978,123</b>	<b>142,243,818</b>	<b>285,776,406</b>

**38.1 Summary of borrowing cost**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Expensed during the quarter / period / year	48,945,512	52,272,224	135,978,123	142,243,818	285,776,406
Capitalized as part of qualifying assets in capital work-in-progress during the quarter / period / year (Note 14)	34,957,573	56,864,046	301,424,063	201,849,156	491,749,730
<b>Total</b>	<b>83,903,085</b>	<b>109,136,270</b>	<b>437,402,186</b>	<b>344,092,974</b>	<b>777,526,136</b>

**39. Other income**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Other income / (expense)	<b>1,444,163,750</b>	(1,037,519)	<b>1,442,554,560</b>	(2,078,804)	(5,440,429)

On August 5, 2013, the Company entered into an agreement with Mosaic and SABIC to jointly develop a fully integrated phosphate production facility known as the Umm Wu'al phosphate project (Note 1).

As per the agreement Mosaic and SABIC are liable to pay contractual dues to Ma'aden of SR 1.44 billion in two installments. This amount is in addition to the historical cost incurred by Ma'aden on the project and thereby recorded as other income. First installment, 50% of SR 1.44 billion, is received by Ma'aden during the period ended September 30, 2013 while the second installment of remaining 50% of the amount is due on June 30, 2016 (Note 18).

**40. Earnings per ordinary share**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Net income attributable to the shareholders of the parent company	<b>1,431,412,594</b>	311,123,648	<b>1,711,586,194</b>	685,439,365	1,090,943,970
Weighted average number of ordinary shares in issue during the quarter / period / year (Note 28)	<b>925,000,000</b>	925,000,000	<b>925,000,000</b>	925,000,000	925,000,000
Basic and diluted earnings per ordinary share from continuing operations	<b>1.55</b>	0.34	<b>1.85</b>	0.74	1.18

Basic earnings per ordinary share is calculated by dividing the income attributable to the share-holders of the parent company by the weighted average number of ordinary shares in issue during the quarter / period / year.

**41. Related party transactions and balances****41.1 Related party transactions**

Transactions with a related party carried out during the period / year under review, in the normal course of business, is summarized below:

	September 30, 2013	September 30, 2012	December 31, 2012
<b>Sales through SABIC during the period / year</b>			
• Since commencement of commercial production on October 1, 2011 for Ammonia and on February 1, 2012 for all other plants, disclosed in the income statement as part of sales.	<b>2,004,516,257</b>	2,403,019,580	3,818,121,916
• Before date of commencement of commercial production, the pre-commercial production revenue, net of cost of production during the period ended September 30, 2013 amounting to Nil (September 30, 2012: 46,523,650 and December 31, 2012: SR 46,523,650) has been credited against capital work-in-progress (Note 14)	-	143,351,893	154,560,262
<b>Total</b>	<b>2,004,516,257</b>	<b>2,546,371,473</b>	<b>3,972,682,178</b>

**41.1 Related party transactions (continued)**

Sales to Alcoa Inc. during the period / year	269,288,788	-	-
Payments to increase share capital received from:			
Alcoa Inc. (Note 31)	536,921,146	758,647,442	899,834,943

**41.2 Related party balances**

Amount due from / (to) related parties arising from transaction with related parties are as follows:

***Receivables from related parties***

Due from Alcoa Inc. (Note 9)	45,198,767	-	-
Due from SABIC (Note 9)	307,615,912	353,509,499	446,823,500
Due from SAMAPCO (Note 9)	47,998,419	47,980,203	47,994,670
<b>Total</b>	<b>400,813,098</b>	<b>401,489,702</b>	<b>494,818,170</b>

***Payable to related party***

Accrued expenses – Alcoa Inc. (Note 21)	121,884,360	80,869,108	72,646,789
Payments to increase share capital received from Alcoa Inc. (Note 31)	251,407,943	590,703,956	731,891,457
<b>Total</b>	<b>373,292,303</b>	<b>671,573,064</b>	<b>804,538,246</b>

***Long-term borrowings from PIF, a 50% shareholder in Ma'aden***

Due to PIF for the financing of the :

MPC facility (Note 26.2)	3,500,801,094	3,833,601,198	3,667,201,146
MAC facility (Note 26.2)	4,874,999,831	3,993,016,061	3,993,016,061
MRC facility (Note 26.2)	2,321,849,291	1,490,505,904	2,291,061,791
MBAC facility (Note 26.2)	1,625,265,863	-	-
<b>Total</b>	<b>12,322,916,079</b>	<b>9,317,123,163</b>	<b>9,951,278,998</b>

**42. Operating leases**

	Quarter ended		Nine months ended		Year ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012
Payments under operating leases recognized as an expense during the quarter / period / year	<b>2,976,592</b>	<b>3,454,821</b>	<b>10,114,102</b>	<b>11,352,382</b>	<b>19,481,415</b>

Future minimum operating lease commitments due under these operating leases are as follows:

	September 30, 2013	September 30, 2012	December 31, 2012
2012	-	8,129,033	-
2013	<b>5,474,183</b>	15,698,163	16,056,083
2014	<b>15,996,083</b>	15,698,163	15,996,083
2015	<b>9,561,083</b>	9,023,163	9,561,083
2016	<b>4,336,083</b>	3,798,163	4,336,083
2017 through 2029	<b>40,512,154</b>	39,954,433	44,389,258
<b>Total</b>	<b>75,879,586</b>	<b>92,301,118</b>	<b>90,338,590</b>

Operating lease payments represent mainly rentals payable by the Group for mining lease areas. Leases are negotiated for an average term of 15 to 30 years.

**43. Commitments and contingent liabilities**

	September 30, 2013	September 30, 2012	December 31, 2012
<b>Capital expenditures:</b>			
Contracted for	<b>11,516,036,233</b>	<b>16,423,793,168</b>	<b>15,571,333,296</b>
<b>Guarantees:</b>			
Guarantees in favor of Saudi Aramco, for future diesel and gas feedstock supplies	<b>220,962,362</b>	171,000,000	171,000,000
Guarantees for the development of the aluminum project	<b>225,000,000</b>	1,537,500,000	225,000,000
Others	<b>157,080</b>	-	157,080
<b>Total</b>	<b>446,119,442</b>	<b>1,708,500,000</b>	<b>396,157,080</b>

Ma'aden has received a back-to-back letter of credit, for the development of the aluminum project, from Alcoa for their proportionate share of 25.1% in aluminum companies, of the total amount of letter of credits submitted by Ma'aden to the Government.



#### **44. Financial risk management**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value risk, commission rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

##### **44.1 Currency risk**

Is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group transactions are principally in Saudi Riyals, Euros and US Dollars. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant.

##### **44.2 Fair value**

Is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Group's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

##### **44.3 Commission rate risk**

Is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. The Group's commission rate risks arise mainly from its short-term investments and long term-borrowings, which are at floating rate of commission and are subject to re-pricing on a regular basis. The Group monitors the fluctuations in commission rate.

Based on the Groups net debt outstanding as at September 30, 2013, the effect on net earnings of a 1% movement in the US Dollar LIBOR commission rate would be SR 254 million (September 30, 2012: SR 149 million and December 31, 2012: SR 174 million). These balances will not remain consistent throughout 2013.

##### **44.4 Commodity price risk**

Gold is priced in an active market in which prices respond to daily changes in quantities. The Group's normal policy is to sell its products at prevailing market prices. The Group does not generally believe commodity price hedging would provide long-term benefit to the shareholders.

##### **44.5 Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk from its operating activities (pertaining to trade receivables mainly). However, the cash collection is made at time of sales delivery and from its financing activities, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management. Cash and short-term investments are substantially placed with commercial banks with sound credit ratings.

The Group currently has two major customers which account for sales of approximately SR 528 million, representing 12% of the Group's sales for the period ended September 30, 2013 (September 30, 2012: SR 732 million representing 18% of the Group's sales and December 31, 2012: SR 1,045 million representing 19% of Group's sales from two major customers). Trade receivables are carried net of allowance for doubtful debts, if needed.

##### **44.6 Liquidity risk**

Is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

#### **45. Events after the reporting date**

No events have arisen subsequent to September 30, 2013 and before the date of signing the review report, that could have a significant effect on the consolidated interim financial statements as at September 30, 2013.

#### **46. Comparative figures**

Certain comparative figures of the previous quarter / period / year have been reclassified, wherever necessary, to conform with the current quarter's / period's presentation. Such reclassifications did not affect either the net worth or the net income of the Group for the previous or current quarter / period / year.

#### **47. Contingent assets held and liabilities incurred under fiduciary administration**

On January 6, 2013 MIC, a wholly owned subsidiary of Ma'aden, received an amount of USD 140 million (in a fiduciary capacity) from the Ministry of Finance of the Kingdom of Saudi Arabia, in accordance with the Council of Ministers' Resolution No 87, dated 28 Rabi ul Awal 1433H (corresponding to February 20, 2012), for the purpose of establishing an industrial city in the Northern Borders Province, by the name of "Waad Al-Shamal City for Mining Industries". The aggregate amount represents part payment of the following two amounts approved by the Council of Ministers:

- USD 500 million for the design and construction of the basic infrastructure and required utilities of the industrial city, and
- USD 200 million for the design and construction of the housing and required social facilities for the proposed industrial city.

The amounts received have been deposited in a separate bank account and does not form part of MIC's available cash resources and has been accounted for in its own standalone accounting records and has not been integrated with MIC's accounting records. The amounts can only be utilized for the designated purpose in accordance with the Council of Ministers Resolution and replenished based on the presentation of supporting documents for the expenditures incurred, in accordance with the applicable Governments Regulations. Total net assets of the project as of September 30, 2013 amounted to SR 525 million (September 30, 2012: Nil and December 31, 2012: Nil).

**48. Detailed information about the subsidiaries and a jointly controlled entity**

Subsidiary	Nature of business	Issued and paid-up share capital		Effective group interest		Cost of investment by parent company	
		September 30, 2013	September 30, 2012	2013 %	2012 %	September 30, 2013	September 30, 2012
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining	300,000,000	300,000,000	100	100	300,000,000	300,000,000
Ma'aden Industrial Minerals Company ("MIMC")	Kaolin, low grade bauxite and magnesite mining	500,000	500,000	100	100	500,000	500,000
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects	500,000	500,000	100	100	500,000	500,000
Ma'aden Phosphate Company ("MPC")	Phosphate mining and fertilizer producer	6,208,480,000	6,208,480,000	70	70	4,345,936,000	4,345,936,000
Ma'aden Aluminum Company ("MAC")	Aluminum ingots, t-bars, slabs and billets	6,399,179,501	4,805,774,426	74.9	74.9	4,792,985,446	3,599,525,045
Ma'aden Rolling Company ("MRC")	Aluminum sheets for can body and lids	1,922,125,000	1,922,125,000	74.9	74.9	1,439,671,625	1,439,671,625
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining	3,344,999,888	884,999,944	74.9	74.9	2,505,404,916	662,864,958
<b>Total</b>						<b>13,384,997,987</b>	<b>10,348,997,628</b>
<b>Jointly controlled entity</b>							
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride	900,000,000	900,000,000	50	50	450,000,000	450,000,000

All the subsidiaries and jointly controlled entity listed above are incorporated in the Kingdom of Saudi Arabia.