Saudi Arabian Mining Company شركة التعدين العربية السعودية

Driving Development

ANNUAL REPORT 2013

WELCOME

Ma'aden is the leading mining and metals company in Saudi Arabia. We are building a minerals-based industry in Saudi Arabia to add value to the Kingdom's gold, phosphate, bauxite and other mineral resources by producing a broad range of commodities for domestic and global markets.

Our vision is to be a world-class minerals enterprise. Our mission is to help develop mining into the third pillar of industrialization in the country, besides oil and petrochemicals. In the process, Ma'aden is helping build industrial cities, create jobs and enable communities to prosper.

As we continue to explore the Kingdom's natural resources and assess growth and diversification opportunities, we are committed to deliver that promise by upholding our values and adopting best practice across everything we do.

6,047	Sales in million Saudi Riyals
1,682	Net profit in million Saudi Riyals
63,951	Assets in million Saudi Riyals

Cover image Our Al Amar gold mine, opened in 2008, is located about 250 km southwest of Riyadh

بسم الله الرحمن الرحيم

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

Crown Prince and Deputy Prime Minister and Defense Minister
Prince Salman Bin Abdulaziz Al Saud

Second Deputy Premier, Adviser to and
Special Envoy of the Custodian of the Two Holy Mosques
Prince Muqrin Bin Abdulaziz Al Saud

DISCLAIMER

This annual report has been prepared based on the information available to Saudi Arabian Mining Company and its subsidiaries (hereinafter, Ma'aden, we or the company) as at the issue date.

This annual report includes certain forward-looking statements with respect to Ma'aden's operations.

The company has made every effort to ensure the accuracy of the information included in this annual report. However, the company does not guarantee the appropriateness, accuracy or usefulness regarding this information. The information in this annual report are not to solicit investors buy or sell the company's securities.

Words such as "intends", "strives", "projects", "expects", "estimates", "plans", "considers", "assumes", "may", "should", "will", "continues" and other words with similar meanings usually indicate the projection nature of the statement.

These forward-looking statements, due to their specific nature, involve inherent risks and uncertainty, and there is a risk that the assumptions, expectations, intentions and other projection statements may never come to life.

Ma'aden accepts no responsibility for any losses that may be incurred by any individual or legal entity by their reliance on the forward-looking statements. Each particular forward-looking statement represents one of the numerous development scenarios and should not be treated as the most probable one.

Additional information about these and other factors are presented in the *Governance, Compliance and Risks* chapter of this report.

When considering forward-looking statements, the above factors should be carefully considered and taken into account, in particular, the economic, social and legal obligations of Ma'aden's activities.

Except for cases directly provided for by the applicable laws, Ma'aden does not assume any obligations to publish updates and amendments to the forward-looking statements, based on either new information or subsequent events.

SECTION

01

OUR STORY

Ma'aden is all about building a modern industrial legacy onto the rich history of mining in Saudi Arabia, with our Mahd Ad Dhahab gold mine dating back 3000 years. Our focus now is on sustainable development as our contribution to the national economy grows with us.

THE MA'ADEN STORY

Here at Ma'aden, we believe that development is about transforming the lives of people, not just economies. In social and community terms our development efforts begin at ground level – helping transform the communities we operate in.

Of course, our development drive goes farther and deeper than this.

From a national development perspective, we are committed to responsibly developing mining as the third pillar of industrialization in Saudi Arabia, contributing to the prosperity of the Kingdom and creating tens of thousands of job opportunities for Saudi nationals.

In organizational terms we are intent on developing a world-class company, operating to best-in-class standards, and growing, training and developing our people into a skilled, efficient and productive workforce. And in industrial terms, our development begins beneath the ground, where we continue to explore, evaluate and extract the rich national resources of the Kingdom, with a focus on our key business areas of aluminium, gold and phosphate.

In a nutshell, the Ma'aden story is all about building a balanced, sustainable business. One that balances the returns it delivers to its shareholders with its responsibilities to the environment, to the nation, and to the communities in which it operates. We have built our capabilities giving our utmost focus to the health, safety and security of our employees and our neighboring communities. Our success in achieving this is explained in more detail elsewhere in this report (see *Building Excellence*).

RICHES OF THE KINGDOM

Mining is not new to Saudi Arabia. As early as 3,000 years ago, gold mining was taking place at one of our current mines – Mahd Ad Dhahab. A second wave of gold mining followed during the Abbasid Caliphate between 750 and 1258CE.

Much more recently, geological surveys in the 1930s found substantial deposits in western Saudi Arabia, although at the time, exploitation of the oil found in the Eastern

01 Underground at our Al Amar mine
02 Az Zabirah kaolinite mine
03 Heavy equipment at Al Jalamid

01 Sukhaybarat gold processing facility
02 Ras Al Khair
03 Life cycle of a mining project, from discovery to retirement

Province took precedence. There was, though, both open-pit and underground mining at Mahd Ad Dhahab, after the Saudi Arabian Mining Syndicate began activities in 1936.

More mineral surveys were conducted through the 1950s and 70s, each of which made significant finds. The Saudi Arabian Directorate General of Mineral Resources carried out further gold exploration in the 1970s, following the 1971 suspension of the USD /gold exchange rate and the consequent rise in value.

Despite this historic activity, in comparison with similarly important mineral-rich areas in Australia and Canada, there has been comparatively little exploration of the Arabian Shield. Our goal is to change that.

We currently hold over 50,000 square kilometers of licenses across the Kingdom and we are applying modern exploration techniques to develop this vast potential.

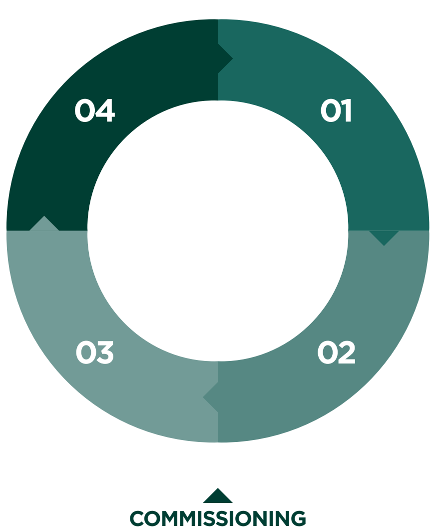
Simply put, this is the starting point of our business process.

We depend on our exploration team to discover and evaluate new mineral deposits which will sustain and grow our business. This is done both at undeveloped locations – greenfield sites – and around sites already in development – brownfield exploration – using a combination of techniques including geochemical and geophysical surveys and drilling.

After evaluation of the geologic findings, including investigating the grade and tonnage of the deposits, the feasibility of extracting any discovered mineral deposits is examined.

And if this proves successful, the potential site becomes, in Ma'aden terms, a development project. At this stage the site is created, moving into a complex phase which includes project planning, financing, and plant construction. Once construction is complete, the mine is commissioned and steady-state operations commence, which includes extraction and beneficiation – the necessary processing and refining of the extracted ore.

After operations cease and a mine is decommissioned, the final stage in the life-cycle is rehabilitation of the site – a crucial process which underpins our commitment to building a sustainable business.



1. EXPLORATION, EVALUATION AND FEASIBILITY

2. DEVELOPMENT PROJECTS

3. STEADY-STATE OPERATIONS

4. REHABILITATION

04 Safety checks at our Mahd Ad Dhahab operation

EARLY DAYS

Ma'aden was formed by Royal Decree in 1997 with a mission to develop the Kingdom's mineral resources. Growth in the mining sector was greatly helped with the new mining law passed in 2004 and the subsequent development of key rail and port infrastructure. This allowed us to move product more easily to markets.

Our strategic growth plans required further funding for both project and corporate needs. We floated 50 percent of our shares in 2008 on the Saudi Stock Exchange, the Tadawul. Since then we have regularly – and successfully – gone to the market for financing to fund significant expansion, particularly in our aluminium and phosphate joint ventures.

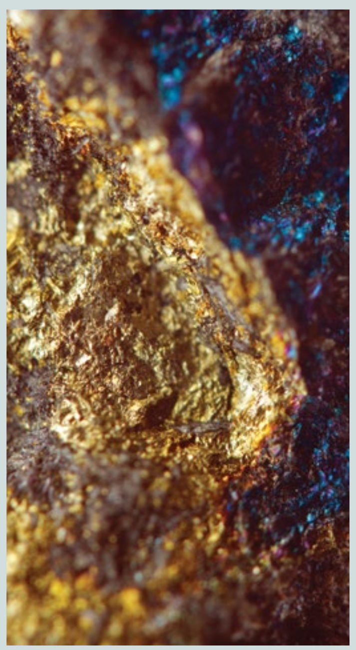
50

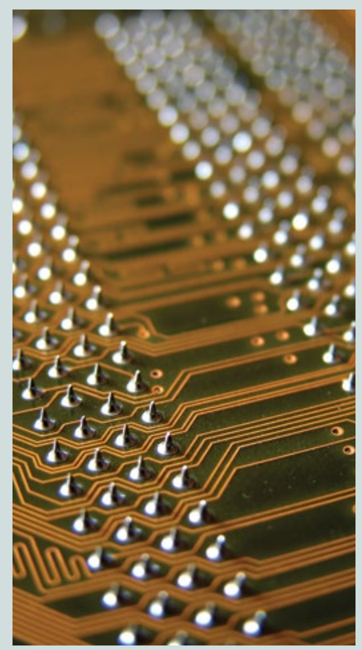
Thousand square kilometers of licenses currently held across the Kingdom.

ALL ABOUT GOLD

KEY FACTS

Symbol	Atomic number	Atomic weight
Au	79	197





Most gold in the earth's crust is thought to derive from meteors

Biggest producers: China, Australia, US, Russia

Used in jewelry, electronics, aerospace and medicine

Much of gold's value is because of its scarcity. It is estimated that all the gold ever extracted in the history of mankind would amount to cube of approximately 21 meters

Why is gold colored gold? Unlike other metals, which in their pure form reflect light straight back, gold molecules are less rigid, with the result that gold absorbs some of the blue spectrum light, giving the light that is reflected back its distinctive golden color

Gold is relatively inert and therefore a stable element. It is one of the 'noble' metals that do not oxidize under ordinary conditions.

In 2012 world gold production was 2,700 tonnes (Source: USGS)

01 Underground at Mahd Ad Dhahab, the 'Cradle of Gold'
02 Al Amar gold mine
03 Al Hajar gold mine

GOLD

In our early days we focused exclusively on gold, and today we operate four gold mines. Our gold operations are managed by wholly owned affiliate Ma'aden Gold and Base Metals Company (MGBM).

At Mahd Ad Dhahab in Al Madinah Province in western Saudi Arabia, mining is underground with more than 60km of tunnels. We also have a metallurgical plant.

Our Al Hajar open cut gold mine with heap leach closed in 2013; however, it is currently being evaluated for copper with gold credits.

Bulghah in Al Madinah Province comprises an open-pit mine producing lower grade ore for processing at the Bulghah heap leach facility and higher grade ore which is sent to Sukhaybarat.

Al Amar in Ar Riyadh Province approximately 250km southwest of Riyadh is our newest gold mine. It comprises an underground mine which yields a gold-rich polymetalic ore to produce gold in doré, copper and zinc concentrates which are sold to third parties for smelting. Al Amar was the first gold mine established in the Central Region.

We also have a processing plant at Sukhaybarat, a former gold mine which was operational until 1995, and are developing two new mines in the central Arabian gold region.

We currently produce 133,677 ounces of gold annually, which is small compared to other leading producers. Our plans are to more than triple that to 500,000 in 2017. To achieve this we are completing a new 500km water pipeline in the central Arab gold region which will help us develop a number of new mines.

Construction at As Suq in Makkah Province was nearing completion in 2013. Ad Duwayhi mine, also in Makkah province, some 440km southwest of Riyadh, will be a surface mine which is scheduled to be operational in 2015. Other central Arabian sites in earlier stages of development include Ar Rjum, Mansourah and Masarrah.

ALL ABOUT PHOSPHOROUS

KEY FACTS

Symbol	Atomic number	Atomic weight
P	15	31



Non-metallic element	Solid at room temperature	Found mainly as phosphate, the salt of phosphoric acid (PO_4)
Main uses in agriculture and steel production	Phosphorus is essential for life. The element - which is so reactive that it spontaneously combusts in its pure form - is used by plant and animal cells to store energy and is a crucial component of DNA, bones and teeth.	Yearly global production: 198 million tonnes (2011) Estimated global reserves: 67 billion tonnes

PHOSPHATES

Our phosphates business is growing significantly, largely because of two major mining and production operations.

We created the Ma'aden Phosphate Company (MPC) – a joint venture with SABIC, the Saudi-based global chemicals leader – in 2007. We have invested USD 5.6 billion in an operating facility at Ras Al Khair in the Eastern Province, which is approximately 90km north of Jubail Industrial City on the Gulf coast. This is the site of our integrated fertilizer facility which includes phosphoric and sulphuric acid plants, an ammonia plant (from which excess ammonia is marketed), a desalination plant, and the phosphate plant where we produce about 3.0 million tonnes of fertilizer for both domestic and international markets.

MPC also operates a site at Al Jalamid, some 150km east of Turaif in the north of the Kingdom, comprising a phosphate mine and plant. It produces about 11.6 million tonnes of ore which is transported by rail to Ras Al Khair.

A major new phosphate project is at Wa'ad Al Shamal in the far north of the Kingdom, 20km from Turaif. We have recently entered into a partnership agreement with minority partners SABIC and MOSAIC, the world's largest fertilizer producer. Together we will invest USD 7 billion in an integrated phosphate project that is expected to go live in late 2016, and which will more than double our production capacity of phosphate products.

7

USD billion joint venture investment in an integrated phosphate project at Wa'ad Al Shamal.

01-03 Operations at Al Jalamid phosphate facility

01

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03

ALL ABOUT ALUMINIUM

KEY FACTS

Symbol	Atomic number	Atomic weight
Al	13	27

Soft, non-magnetic metal

Third most abundant element in Earth's crust after oxygen and silicon

Used in transport, packaging, construction and household goods

Aluminium is a comparatively new industrial metal that has been produced in commercial quantities for just over 100 years

Found mainly as bauxite – the naturally occurring rock made up of primarily of aluminium hydroxide minerals, plus mixtures of silica, iron oxide, titania, aluminosilicate and other impurities.

Global primary aluminium production approaching 50 million tonnes (source: International Aluminium Institute)

10.8

Billion USD is the investment in Ma'aden's aluminium project.

ALUMINIUM

Our aluminium business is at an exciting stage in its development. As well as growing substantially, it offers Saudi Arabia exciting opportunities for the development of downstream industries.

We partnered with leading global aluminium company Alcoa in 2009 to create three subsidiaries that make up our aluminium business: Ma'aden Aluminium Company, Ma'aden Bauxite and Alumina Company and Ma'aden Rolling Company.

We are developing what will be among the world's largest and most efficient integrated aluminium projects. This USD 10.8 billion project includes a bauxite mine, a refinery, a smelter and one of the most technologically advanced rolling mills in the world.

The smelter is already operational, and the remainder of the complex will be completed before 2015. The products from this plant will enable the development of other industries in Saudi Arabia.

Our aluminium business's bauxite mine and crushing facility at Al Ba'itha, approximately 600km to the west of Ras Al Khair, are scheduled to begin production next year. The estimated output of 4 million tonnes of bauxite ore a year will be transported by rail to Ras Al Khair.

GROWING OUR PORTFOLIO

Our core business areas are the production of gold, phosphate and aluminium, but increasingly, we are exploring for and evaluating new mineral resources. We are evaluating the potential of several industrial minerals and base metals deposits in order to expand our mineral portfolio.

Some of the industrial minerals we're looking at include refractory clays, low-grade bauxite, kyanite, graphite, pure limestone for ground calcium carbonate (GCC) and precipitated calcium carbonate (PPC) products, potash and iron ore. Base metals under investigation and development include copper, lead-zinc and nickel-copper deposits.

BUILDING THE FOUNDATIONS

A crucial part of our business is developing the infrastructure that is enabling our business to grow and develop, in partnership with several other government agencies.

Our operations are supported by the domestic infrastructure developed under the leadership of the Saudi government. This includes the 1500km railway which has made the exploration and production of phosphate deposits in the north of

01-02 Ras Al Khair, one of the world's most technologically advanced integrated aluminium facilities

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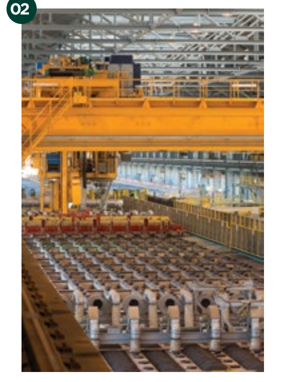

MA'ADEN: OUR STORY

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290

Square kilometers of land allocated for Wa'ad Al Shamal city development.

"We have partnered with the Technical Vocational Training Corporation to create the first institution in the Kingdom to focus on training young Saudis to join the mining industry."

the Kingdom viable. We are now able to move volumes of concentrated rock from northern Saudi Arabia to Ras Al Khair. In addition to moving phosphates, beginning in 2014 this north-south railway will also transport bauxite from Al-Ba'itha mine to Ras Al Khair.

Ras Al Khair, which is home to our integrated aluminium plant and MPC's integrated fertilizer facility, also hosts a deep-water port. This modern industrial city is an increasingly important platform for the mining industry in Saudi Arabia, playing a key role in achieving our mission of developing mining as the third pillar of the national industrialization process.

WA'AD AL SHAMAL

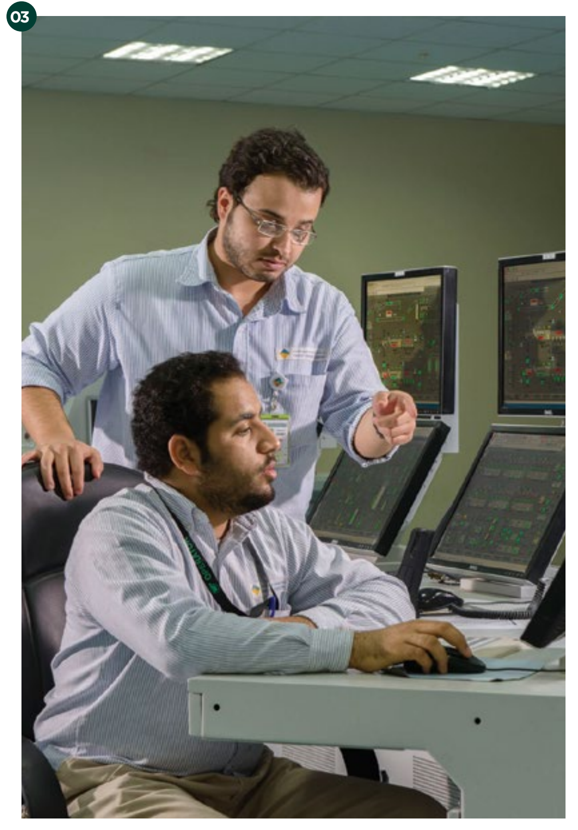
At Wa'ad Al Shamal, we are building much more than a new phosphates complex. More importantly, the site is all about national and community development, job creation and facilitating a better life for the people in the region. In partnership with several national stakeholders, we are developing a vast minerals city. Some 290 square kilometers of land have have been allocated for the city development, and a further 150 square kilometers for our phosphate business and other projects.

As another modern industrial city springs up in the desert, the new job opportunities are expected to considerably reduce the pressure on local people to migrate to larger cities such as Riyadh, Dammam and Jeddah. Basic roads and utilities networks are already being built and will be completed by 2016 when our first project becomes operational. By then, we will also develop community and housing facilities for our first set of about 1,025 Ma'aden staff on site.

In addition to direct employment opportunities, we are developing plans for a local research and development facility, as well as a specialized training center.

We believe that extending meaningful training and development opportunities for local people is crucial to local development. We have partnered with the Technical Vocational Training Corporation (TVTC) to create the first institution in the Kingdom to focus on training young Saudis to join the mining industry, launching the Saudi Mining Polytechnic in nearby Arar.

03



04

01 On the 1500km North-South railway
02 -04 Building the foundations for growth

THE MA'ADEN JOURNEY

1997 – 1999: BEGINNING
Company established

2000 – 2002: GOLD DEVELOPMENT
Al Hajar gold mine commissioned

Bulghah gold mine opened

2003 – 2006: INFRA-STRUCTURE
New mining law

North-South Railway approved by Council of Ministers

RAK port approved

2007 – 2008: CAPITALIZATION & NEW PROJECTS
Completed 50% IPO

Phosphate joint venture with SABIC

Al Amar gold mine opened

2009 – 2013: EXPANSION & GROWTH
Aluminium joint venture with Alcoa; first hot metal in KSA 12/12/12

Wa'ad Al Shamal joint venture with Mosaic and SABIC

Phosphate (DAP) commercial production

Major new exploration initiative using latest technology

BRIGHT FUTURE
We've been on quite a journey since our foundation in 1997.

We are now in a period of significant growth focused in each of our core business streams. As we begin production of phosphate and aluminium products, we are also beginning to reap the benefits of our diversified strategy.

We have a number of competitive advantages that help us grow and drive development in the country.

- We are exploring and developing mineral resources in an underexplored region which we believe has significant potential. And we have a very large position of over 50,000 square kilometers to explore.
- We have access to competitively priced energy and raw materials.
- We have a clear alignment with the government's strategic goals of job creation and the economic development of remote areas.
- We have access to excellent infrastructure, including the new north-south railway operated by the Saudi Arabian Railway Company, and a deep-water port at Ras Al Khair managed by the Saudi Ports Authority.
- We are well situated geographically. The Kingdom is located near growing global markets for Ma'aden products – particularly phosphate and aluminium. We are well positioned to take advantage of growing demand in Asia.
- Our people. We will continue our efforts to attract top talent from within the Kingdom and beyond. We are introducing several learning and development programs to build a strong leadership team of experienced professionals.

> "We are now in a period of significant growth focused in each of our core business streams. We are also beginning to reap the benefits of our diversified strategy."

SECTION

02

BUILDING EXCELLENCE

Our focus is on growth, sustainability and profitability. We are committed to work for a sustainable future for our businesses and the communities we operate in, and we will rely on best practice to achieve that goal.

our vision

To be a world class minerals enterprise.

our mission

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

our values

INTEGRITY

Honestly, integrity and highest ethical standards in our relationships with all our stakeholders.

CARE

Sustained care and fairness for our people, the communities we touch and the environments we operate in.

TEAMWORK

Communication and collaboration with each other across the company and with partners to achieve success.

OWNERSHIP & ACCOUNTABILITY

Personal ownership and accountability for quality results in pursuit of our collective goals.

MA'ADEN: BUILDING EXCELLENCE

THE BOARD OF DIRECTORS

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1. Engr. Abdallah Bin Saif Al-Saif
Chairman of our Board of Directors. An independent member, he also chairs the Board's Executive Committee and the Nomination and Remuneration Committee. Al-Saif holds a Bachelor degree in Petroleum Engineering. He does not hold any other board membership in a public company.

2. HE Soliman Bin Saad Al-Humayyd
Non-executive member until 31 December 2013 and sat on the Board's Executive Committee. An MBA in Finance, he is the Chairman of The Company for Cooperative Insurance (Tawuniya), and a board member at the Saudi Research and Marketing Group (SRMG).

3 . HE Mohammed Bin Abdullah Al-Kharashi
Non-executive member and chairs the Board's Audit Committee. He holds a Masters degree in Accounting and sits on the boards of Saudi Basic Industries Corp (SABIC), Saudi Telecom Company (STC) and Saudi Research and Marketing Group (SRMG).

4. Mr. Mansour Bin Saleh Al-Maiman
Non-executive member and sits on the Board's Nomination and Remuneration Committee. He holds an MBA and Bachelors in Accounting and Business Administration, and is the Chairman of the National Commercial Bank.

5. Engr. Khalid Bin Hamad Al-Sanani
Non-executive member and sits on the Board's Audit Committee. He holds a Masters degree in Construction Project Management and a Bachelors degree in Civil Engineering. He does not hold any other board membership in a public company.

6. Engr. Abdulaziz Bin Abdullah Al-Suqair
An independent member and sits on the Board's Executive Committee. He holds a Masters degree in Electrical Engineering and Bachelors in Electrical and Electronic Engineering. He is also the Chairman of the Board of the Saudi Telecom Company (STC).

7. Mr. Sultan Bin Jamal Shawli
Non-executive member and sits on the Board's Executive Committee. He holds a Masters degree in Petrological Studies, and specialized in Sedimentary Environment of Phosphate Rocks in Saudi Arabia. He sits on the boards of Arab Mining Company (Jordan) and Industries Chimiques Du Fluor (Tunisia).

8. Dr. Ziad Bin Abdulrahman Al-Sudairy
An independent member and sits on the Board's Nomination and Remuneration Committee. He holds a doctorate in Law and BA in Political Science. He does not hold any other board membership in a public company.

9. Engr. Khalid Bin Saleh Al-Mudaifer
President and CEO, is the executive member of the Board. He also sits on the Board's Executive Committee and Nomination and Remuneration Committee. Al-Mudaifer holds an MBA and Bachelors in Civil Engineering. He does not hold any other board membership.

MA'ADEN: BUILDING EXCELLENCE

BALANCED GROWTH, NEW GOALS

During 2013, Ma'aden continued to make substantial progress in implementing its strategy of balanced growth through business diversification. At the end of 2012, Ma'aden Aluminium Company was celebrating the first hot metal production at its Ras Al Khair facility. During the past year, Ma'aden began marketing and selling its aluminium in the local, regional and global markets.

As 2013 ended, Ma'aden was busy preparing for yet another landmark project: the King Abdullah Projects for the Development of the North, which will include King Abdullah Wa'ad Al Shamal City and a new world-class phosphate industry located near Turaif. The project will be a major milestone in Ma'aden's long-term growth that will translate into higher revenues and profits.

More importantly, Wa'ad Al Shamal will generate huge local economic benefits in the undeveloped north. These include the establishment of new upstream and downstream businesses, the growth of a regional supply chain, significant job opportunities for local people, and all other benefits of a modern industrial city.

Ma'aden's role in Wa'ad Al Shamal – where the phosphate project is being implemented in partnership with Mosaic and SABIC and with the support of a number of government ministries and organizations for the industry – is a shining example of the company's ability to contribute to national economic development.

Over the past year, Ma'aden has taken the first steps, including the signing of the shareholder agreement with Mosaic and SABIC, for the anchor project at Wa'ad Al-Shamal. In 2014, Ma'aden will achieve further progress on the ground and award the contracts to execute this and associated projects.

OUR ROLE IN DEVELOPMENT

In adopting 'driving development' as the theme of our 2013 annual report, Ma'aden's intent is to present the company's achievements and growth plans from a long-term development perspective. Ma'aden's gold, phosphate, aluminium and industrial minerals businesses have been contributing to national development and community welfare in significant ways. These achievements show the progress that Ma'aden has made in building the mining and minerals sector into the third pillar of industrialization in the Kingdom, beside oil and petrochemicals.

The company has taken important initiatives to ensure that its projects benefit the local communities. Ma'aden's industries are especially helping to create new levels of local employment and community welfare. Ma'aden is also playing a key role in educating, training and employing a new generation of Saudi nationals who can benefit from the mining and mineral sector's growing opportunities.

GROWTH AND BUILDING CAPACITY

Ma'aden's world-class vision cannot be achieved without an effective strategy and without an organization that can deliver.

The Board of Directors and management continued to work together to ensure that important initiatives are taken to strengthen the organization, its policies and practices. These have included initiatives to embed sustainability, strengthen the company's governance regime and build capacity in terms of talent, systems and technology.

Ma'aden is thus well on its way to achieve its vision and goals of growth, diversification and higher profitability.

RECOGNITION AND AWARDS

The steps that have been taken in recent years clearly demonstrate that Ma'aden is actively pursuing its vision of becoming a world-class minerals enterprise. This belief is underpinned by the recognition that the company has received from industry observers, both internationally and regionally, who are becoming more aware of the quality of the Ma'aden story.

In 2013, Ma'aden was among Forbes list of the 50 highest performing companies across the Middle East and North Africa. The ranking recognized Ma'aden's success in developing the mining and minerals sector in the Kingdom and its diversification strategy. Ma'aden was also awarded the MEED Quality Awards for Projects Editor's Award that honored the company's success in developing its world-class integrated aluminium facility and the launching of the Wa'ad Al Shamal phosphate project.

The Board of Directors and Ma'aden management are grateful for the continued leadership of the Custodian of the Two Holy Mosques and the Crown Prince, as well as the support of our partners, the Ministry of Petroleum and Mineral Resources and other government agencies.

As for any public company, the support of the shareholders is vital for Ma'aden's success. I take this opportunity to thank our shareholders for their continued support and hope that they find this annual report informative.

Engr. Abdullah Bin Saif Al-Saif
Chairman

MA'ADEN: BUILDING EXCELLENCE

PROGRESS IN A CHALLENGING YEAR

During 2013, Ma'aden overcame several challenges. We saw market volatility and lower prices affect our revenue, but we also worked hard to meet the operational challenges we faced as we continue moving forward on our unprecedented growth trajectory. This year's annual report highlights the progress we achieved during 2013 in three key areas of value creation.

BUSINESS VALUE FOR SHAREHOLDERS

Ma'aden continued to deliver on our promise of expansion and diversification during 2013. However, our financial performance for the year was negatively impacted by lower commodity prices for gold and phosphate products, resulting in a decrease in gross profits of 39 percent compared to 2012. We nevertheless achieved a number of significant project milestones during 2013.

We produced 133,677 ounces of gold in 2013 while making progress on two new mine developments. In February we awarded an SAR 1 billion (about USD 267 million) contract for the construction of a gold processing plant at Ad Duwayhi in the Central Arabian Gold Region (CAGR) which is expected to produce approximately 180,000 ounces of gold annually. Our exploration program in CAGR also identified the potential for development at As Suq, where Ma'aden continued construction for a new mine during 2013. Both of these new mines, as well as other potential sites, are made feasible by a new 500 km treated wastewater pipeline which will supply our operations and help us achieve our target of 500,000 ounces per year in 2017.

During the year we concluded a partnership agreement with Mosaic and SABIC to develop the anchor phosphate project at Wa'ad Al Shamal and immediately began working with our new partners to award construction contracts for a number of associated plants. Our vision is to be among the top three phosphate producers in the world and we are well on our way. In 2013 we reached record DAP sales with volumes rising 35 percent over 2012. With additional tonnage flowing from the launch of Wa'ad Al Shamal in 2016, Ma'aden will take its place as a leading player in the global phosphates market.

Our aluminium business opened a new revenue stream for us in 2013. Operationally, we focused on the commercial start-up of our smelter at Ras Al Khair. Although the first potline was halted temporarily, our teams worked efficiently and with tremendous dedication to get it back in production and accelerate the schedule for the start-up of the second potline. As a result, the shutdown has had little impact on our business. Elsewhere along our integrated aluminium value chain, we completed the region's most technically advanced rolling mill during 2013 where we expect commercial production in mid-2014. We are now well positioned to complete the mine and refinery during 2014 and deliver one of the world's most efficiently integrated Aluminium projects.

SOCIAL VALUE FOR COMMUNITIES

Ma'aden is committed to bringing real opportunities to the communities in and around our mining and manufacturing sites. In 2013 we finalized our community engagement framework and began applying new standards across our sites. Our goal is to work with all of our communities to ensure that we understand and consider their concerns and their goals.

In order to support local economies across the Kingdom we place a priority on local procurement. This year 67 percent of our total procurement budget was spent on purchasing products and services from local Saudi providers. In total, we spent nearly SAR 5.4 billion (USD 1.44 billion) on 935 local supply contracts. We have now begun to require our suppliers to source locally as well.

We believe education and training are key ingredients in community development. During 2013, we welcomed 300 young students at the Saudi Mining Polytechnic (SMP) in Arar for academic and on-the-job training. Priority for admission to the SMP is given to candidates from remote areas close to our mines. The first group of graduates in mid-2014 will be well prepared to join the industry as fully qualified miners and operators.

STRATEGIC VALUE FOR THE KINGDOM

Ma'aden's aim is to maximize the value of the Kingdom's mineral resources, help diversify the Saudi economy and provide economic development and job opportunities for a new generation of Saudi nationals across the Kingdom.

Through the effective marketing of our growing volumes of aluminium and phosphatic products, we have secured access to new global markets for Saudi Arabian mineral products. For instance, during 2013 we delivered DAP into seven new countries and increased our market share in India fourfold, from 3 to 12 percent. For the first time, we've also signed contracts to supply aluminium to buyers across Asia, where we are positioning Ma'aden to be a preferred supplier.

In 2013, we achieved Saudization rates of 66 percent but we expect that number to grow to 85 percent by 2018. Recruitment in Saudi Arabia remains a challenge in an industry as young as ours. Nevertheless, we were able to recruit nearly 1500 people in 2013 and during the next decade we will be welcoming over 1,000 new colleagues every year.

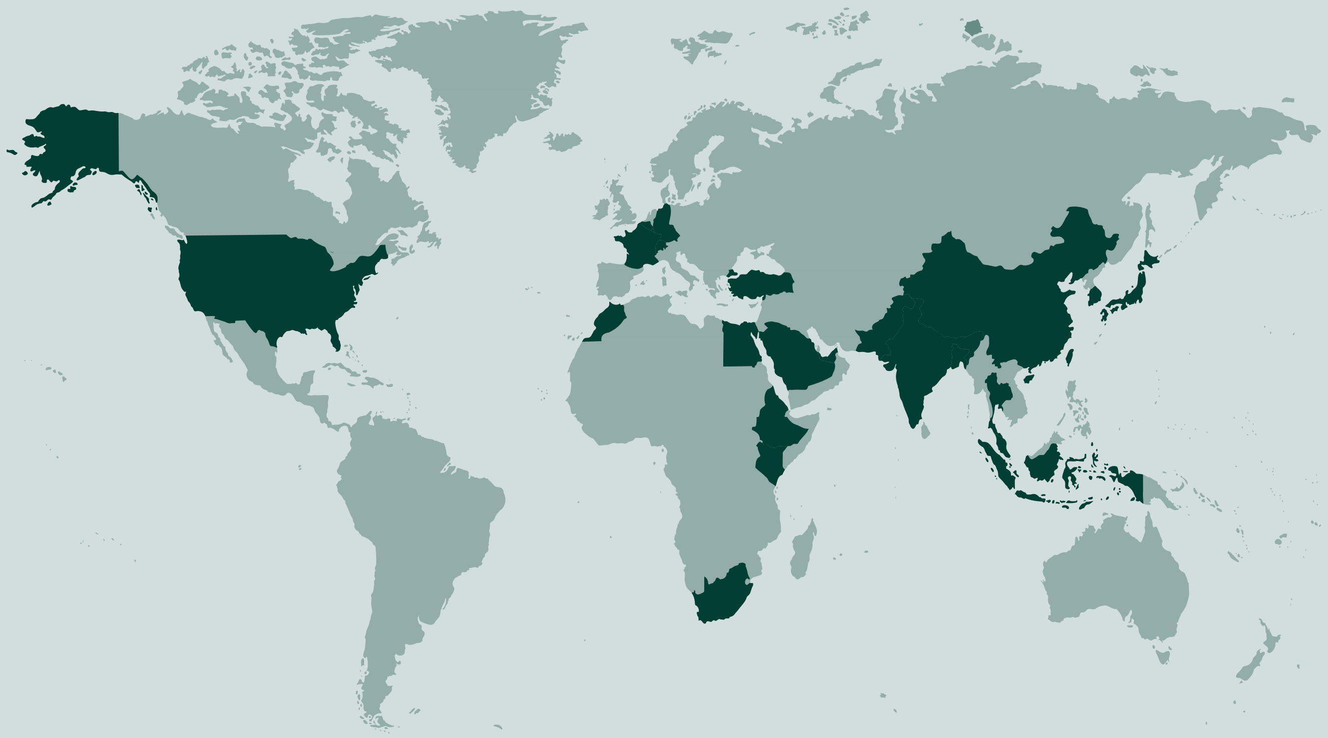
Within this annual report, you will see many examples of how we have achieved strategic and operational milestones even as we faced significant internal and external challenges. Like every company aspiring to be world-class, we can only achieve success through our people. I am pleased to report that in our 2013 employee engagement survey, 90 percent of responding employees said they were proud to work at Ma'aden. *They* are the reason for our success, and I thank each one of my colleagues for their commitment to our sustainable growth.

Engr. Khalid Bin Saleh Al-Mudaifer
President and CEO

2013 AT A GLANCE

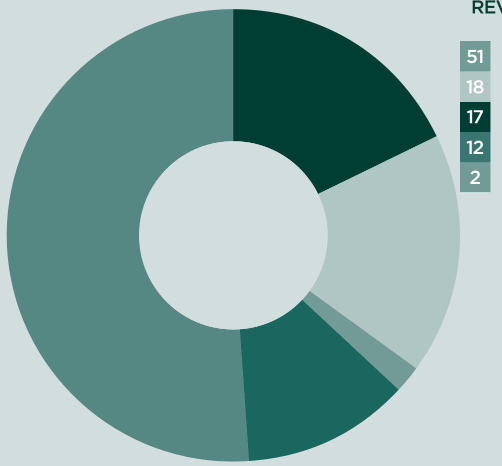
OUR GLOBAL CUSTOMERS

OUR PRODUCTS	OUR CUSTOMERS
Gold	Switzerland
DAP	India/Bangladesh/Indonesia/China/ Ethiopia/Kenya/Turkey/Thailand/Pakistan
Ammonia	India/North America/East Asia and South East Asia/ Morocco
Aluminium	KSA/Kuwait/Japan/China/South Korea/ Malaysia/Taiwan/Thailand/Indonesia
Low Grade Bauxite	KSA
Kaolin	KSA
Caustic Magnesia	KSA/Holland/Belgium/South Africa/Japan/Egypt/ India/Germany/France/Hong Kong/UAE
Infrastructure	KSA

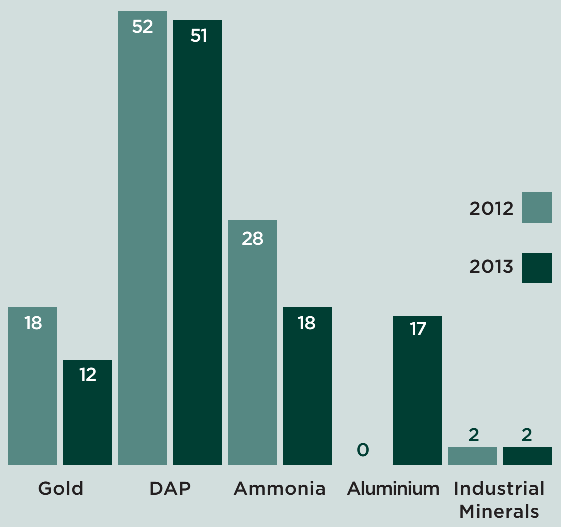


MA'ADEN: BUILDING EXCELLENCE

OUR BUSINESS



SALES REVENUE % 2012 AND 2013



OUR PEOPLE

5,763

Direct employees at the end of 2013

1,476

New recruits in 2013

66%

Staff are Saudi nationals

OUR SUSTAINABILITY

TOWARDS A SUSTAINABLE FUTURE

Ma'aden's role in driving sustainable national development was in focus once again in 2013 when we formed new partnerships to build large-scale industries in northern Saudi Arabia, marking the beginning of the historic King Abdulllah Project for the Development of Wa'ad Al Shamal City.

The Wa'ad Al Shamal (Northern Promise) project will have a far-reaching impact on the national economy, community development in the north and creation of local employment. The project reinforces our mission of developing the minerals sector and our aspiration to be a sustainability leader.

We are working closely with several partners to make Wa'ad Al Shamal a mineral industrial city: the Ministry of Petroleum and Mineral Resources, Ministry of Finance, Ministry of Transportation, Saudi Aramco, Saudi Electricity Company, Saudi Railway Company and the Technical and Vocational Training Corporation. Our mine at Umm Wu'al will be the nucleus of a large-scale phosphate-based industry supported by modern infrastructure and community facilities.

The scale and scope of Wa'ad Al Shamal project will go a long way to ensure a sustainable future for the people of northern Saudi Arabia. Ma'aden will play a leading role in the city's development, which will include the Al Khabra phosphate mine, six phosphate processing plants, supporting industries and a full residential community.

Wa'ad Al Shamal serves Saudi Arabia's economic vision and diversification strategy perfectly. For us, the project is a major landmark in our journey to become a world-class minerals enterprise and our push for growth, profitability and sustainability. It sits perfectly with our intent to participate in the economic development of the regions and bring about new benefits to the communities in which we operate. It is also an endorsement of our capability to develop and deliver new world-class projects.

In 2013, we continued to build on that capability. We are working hard to build excellence across the organization in order

01-02 We are driving sustainable national development and creation of local employment

MA'ADEN 2022 STRATEGIC GOALS

to drive our vision and further growth, as well as to deliver shareholder value.

Building excellence is also about embedding sustainability across our corporate functions and production sites. We have taken strong measures and made significant investments to achieve all-round improvements within the organization and to implement Ma'aden 2022, our strategy for the 2012-22 decade that will bring us closer to our vision.

> "Building excellence is also about embedding sustainability across our corporate functions and production sites."

STRATEGY

As laid out in Ma'aden 2022 strategy, we are targeting annual average growth of 15 percent per annum, with average ROIC of more than 10 percent. Our goal is to be among the top 10 producers in the key segments of the minerals industry in which we operate. We will achieve this by diversifying and expanding our product portfolio – all with a firm commitment to sustainability.

We will continue to focus on exploration to maximize value from existing licenses while striving to acquire new licenses and investing in the most relevant downstream industries – businesses that will ensure growth and profitability, and support Ma'aden's mandate to nurture the minerals value chain in the Kingdom.

Ma'aden's four strategic priorities are:

- complete the development and ramp-up of existing projects
- make significant and targeted investments in exploration
- continue assessing project expansions that have the potential for high returns and low risk
- build best-in-class capabilities within the organization.

During the year, we also finalized a five-year business plan for 2014-2018 that will enable us to move forward with these priorities.

READINESS FOR 2022

Over the past year, Ma'aden continued to work extensively to ensure that we are fully enabled, equipped and ready to embrace the challenges of rapid growth.

We have finalized a long-term funding strategy which is reviewed regularly to ensure that we optimize our capital structure, minimize funding costs, and ensure financial stability.

In ensuring long-term sustainability of finances, the confidence in Ma'aden's vision, success and performance coupled with our strong relationships with lenders and investors will help minimize debt and equity funding costs. In addition, we have developed an effective risk management policy and a global insurance strategy to mitigate our exposure to risk.

Risk management is an integral part of our business planning and strategy. Our risk management process is aligned with the ISO 31000 international standard, and covers our finance, safety, environmental, social and health risks. (More details in the chapter, *Governance, compliance and risks*).

01 Ma'aden is well-prepared for growth and expansion

In IT, we have taken strategic initiatives such as enabling business solutions and process automation, and the introduction of decision-making support systems. IT is well-prepared to extend Ma'aden-standard infrastructure to expanding sites and new facilities. Newly enhanced communications and the introduction of business applications on standard devices have the potential to cut cost and improve efficiency.

We have introduced several business solutions with the idea of replacing manual work with automated processes by up to 70 percent. This will enable us to achieve up to 70 percent reduction in paper use, matching global standards. Our businesses now have access to business intelligence dashboards that will help managers make decisions quicker, and in a more informed manner. Ma'aden IT is also equipped to offer 100 percent data warehouse solutions for our businesses.

Internal Audit took the lead in introducing new data management and analytics tools that have added tangible value to the business. In order to improve organizational performance, we have been expanding our use of Oracle EBS (Electronic Business Suite) and promoting Oracle best practices throughout Ma'aden. All corporate functions and businesses will fully use Oracle EBS in 2014.

15

Percent annual average growth target per annum, with current average ROIC of more than 10 percent.

PRODUCTS FOR THE FUTURE

After years of rapid gains and successes, we are entering a critical phase in the company's growth. As we further develop the gold, aluminium and phosphate resources, we are gearing up to build further capacity to manage a more complex future.

Corporate Business Development (CBD) has the task of identifying, screening and developing the mine-to-market potential outside our current businesses. Rapid technological advances are creating more demand for new and rare minerals, thus creating opportunities for additional growth in the mineral sector. We are studying the feasibility of mining other minerals in Saudi Arabia, including those that feed into technology materials.

However, developing these rare resources will be challenging. It will involve extensive exploration, market research, and high-technology metallurgical extraction processes. The mining industry in general suffers from a global skills shortage. For the development of technology-related minerals, we need to rely on mining engineers with special expertise.

We will continue to assess these opportunities through Corporate Business Evaluation (CBE) and seek to advance them through the project development cycle after determining their feasibility.

ETGAN – FACILITATING TRANSITION

ETGAN is our program to support the transformation of the organization by building excellence and systematically adopting best practice. It is a change initiative

01 Ma'aden launched several initiatives in 2013 as part of ETGAN, a program to achieve organizational transformation and excellence

> "Etgan is our initiative to transform the organization and build excellence by systematically bringing in new and worldclass methodologies and systems."

that will deliver knowledge and capabilities that are essential to take us forward as we grow and diversify our business.

Our goal is to continue to build Ma`aden into a high performing enterprise that will have efficient business processes, a highly capable workforce with a culture of performance and alignment between all business initiatives.

ETGAN is an Arabic word that means "aiming for perfection". The program, launched in 2012, is structured as multiple initiatives to enhance capabilities across our corporate functions and operations. Each ETGAN initiative is designed to deliver continuous improvement and contribute towards Ma'aden's long-term objectives.

One of our key initiatives is the Ma'aden Academy to promote learning and development. The academy will aim to drive change and build capabilities across the organization. We will do this by acquiring the talent, knowledge and capabilities that are essential to help achieve the company's vision and goals.

The Ma'aden Academy will offer learning and development opportunities for current and future leaders based on the "Ma'aden Way", a leadership model that describes the managerial and leadership behaviors and values expected from the Ma'aden community. Our focus at the academy is to offer a valid learning experience, ensuring that effective leadership and managerial skills are imparted. We are also focusing on developing our own internal faculty who will run the academic programs in the future.

During 2013, we benefitted from nine ETGAN initiatives, covering strategy, business planning and budgeting, capital productivity, procurement, human resources, management, operations, Environment, Health and Safety (EHS), and IT. These have resulted in identification of significant operational and financial improvement opportunities.

During the year, ETGAN worked closely with other corporate functions to optimize project management and develop a contracting strategy for the Wa'ad Al Shamal project. Another important contribution during the year was in IT where we helped draw a roadmap for Ma'aden's current and future requirements after visiting all sites and identifying business needs and synergies.

We have also developed a process for transformation and change management initiatives, putting us in a position of confidence to conceive and execute programs that can deliver long-term impact.

In 2014, ETGAN will focus more on operations excellence, human capital management, capital productivity, exploration and business process automation.

DELIVERING INFRASTRUCTURE

Remoteness of the locations that we operate in has been a key challenge for us. As we continue to grow, we need to implement solutions that will help us resolve infrastructure issues quickly and enable our people to work and live in those locations.

Our wholly owned subsidiary, the Ma'aden Infrastructure Company (MIC), fulfills this mission as our shared service affiliate.

MIC was established in 2008, and has been responsible for the development, construction and management of basic infrastructure in Ras Al Khair and other mining sites in the Kingdom.

By December 2013, MIC had delivered 48 apartments in the first phase of our family housing project at the emerging Jubail residential district of Jalmudah. In another Jubail district, Al-Matrafiyah, MIC is developing a residential project for the Ras Al Khair-based Ma'aden Aluminium Company (MAC) and Ma'aden Phosphate Company (MPC) staff at a cost of about SAR 1.222 billion (USD 326 million. MIC awarded the engineering, procurement and construction contract in March 2013.

MIC continues to operate and manage the basic infrastructure assets at Ras Al Khair though the site administration was transferred to the Royal Commission for Jubail and Yanbu in 2012. MIC delivered more than 2024 residential units and provided all support services including the water treatment station, the potable water system, restaurants, sports areas and first aid building.

MIC's current projects include infrastructure and MIC Village 1 and 2, Jalmudah and Mutrafiyah housing projects in Jubail.

FOUR PILLARS OF SUSTAINABILITY

Our commitment to sustainability is central to Ma'aden's vision of becoming a world-class minerals enterprise. It is fundamental to who we are and how we do business. As mining is a fast-growing industry and forms the third pillar of industrialization in Saudi Arabia, we have a clear responsibility to set the benchmark for sustainability in the Kingdom's mining industry, and to use our influence to foster more sustainable practices throughout our supply chain.

As an aspiring sustainability leader in Saudi Arabia, we recognize that responsible behavior generates greater value for our stakeholders and earns us the trust of our employees. Our sustainability approach is built on four pillars:

- **Our people** – investing in our people to attract and retain a skilled workforce, and promoting Saudization within Ma'aden and throughout our supply chain;
- **Environment, Health and Safety** – achieving best practice environmental management and ensuring a safe and secure workplace for our employees;
- **Community –** fostering excellent community relations and ensuring that local people benefit from our economic activities; and
- **Ethics –** maintaining the highest standards of ethical behavior in all our activities

Our sustainability credentials are built on a strong history of high ethical standards, environmental stewardship, contributions to the local communities around our mines, and investment in the skills needed to support the development of the minerals sector. During 2013, we formalized these initiatives into a company-wide sustainability strategy and began to embed sustainability into our business at the corporate level.

We are working on a 10-year sustainability strategy, setting clear goals and annual targets for each of the four pillars. The strategy, to be finalized in 2014, will enable us to fulfill our long-term responsibility as the leader and to set the sustainability standard for the sector in the Kingdom. It will also enable us to foster more and better sustainable practices throughout our supply chain.

In 2014, we will publish Ma'aden's first Sustainability Report. We intend to do this annually to update stakeholders on our progress. (Ethics is covered in more detail in *Governance, compliance and risks* chapter).

"We have a clear responsibility to set the benchmark for sustainability in the Kingdom's mining industry, and to use our influence to foster more sustainable practices throughout our supply chain."

MA'ADEN SUSTAINABILITY KPIS

	Key Performance Indicator	Current status	2018 goal
Employees	Saudization rate	66 %	85 %
Community	Community engagement level	Level 1	Level 3
Environment, Health & Safety	Number of reportable environmental incidents	2	Zero
	EHS Excellence Level	N/A	3.5
	Lost time injury frequency rate (LTIFR)	0.05	N/A
	Number of fatalities	Zero	Zero
Ethics	Metrics to be defined in 2014	-	-

OUR PEOPLE

We recognize that our long-term success depends on our people, our most valuable asset. Our human resource programs aim to attract, develop, motivate and retain highly competent, dedicated and engaged employees. While plugging the talent gap is a concern for all businesses around the world, Ma'aden faces a unique set of challenges in Saudi Arabia. Finding the high level of expertise required for our industrial ventures in the local and regional market and recruiting individuals with high-caliber international mining expertise are among those challenges.

Ma'aden is pioneering the modern mining industry in the Kingdom. We have taken the initiative to create the educational and training infrastructure to develop a local talent pool needed for the mining sector. Many aspects of our operations are new to Saudi Arabia and demand a high level of technical specialization.

We are meeting this challenge head-on by partnering with national and international institutions to educate and train Saudi nationals for careers in mining. We have made significant investments in training programs for current employees and to

01

01 Our people are our most valuable asset

300

Students studying and training at the Saudi Mining Polytechnic.

85

Percent employee participation in Ma'aden's first employee engagement Survey.

25

Students from our local communities supported financially through their education.

prepare a new generation of young Saudi nationals.

Our employee strength has increased from 1,000 in 2008 to 5,763 at the end of 2013, excluding contractors' staff on sites. During 2013, we recruited 1,476 people, and according to current projections, our workforce will be 14,000 by 2022. It is important to note that in the mining industry, one direct job results in five indirect jobs. As we develop the minerals sector further, this multiplier impact on the Saudi economy and society will continue to grow significantly.

NEW INITIATIVES

Pursuing our strong commitment to support the Kingdom's national goals, Ma'aden has already achieved 66 percent Saudization of its workforce. Our strategy is aligned with the current and evolving needs of the business. We have adopted policies, programs, systems and practices to facilitate effective employee engagement and create career and development opportunities for our people. The past year's initiatives include:

- the launch of the Senior Leadership Development Program (SLDP) to help succession planning. The first group of 64 candidates will begin the program in early 2014 with new participants added throughout the year.
- optimization of our Performance Management System (PMS) in line with best practice, including measurement of behaviors, career discussions and individual development plans (IDPs). In 2014, we will implement a management development program to allow high-performing employees to progress to the next level of their career.
- the introduction of a comprehensive employee benefits package under the 'total rewards project'.
- our first employee engagement survey which achieved an 85 percent participation rate. We are pleased that 90 percent of respondents said they are proud to work for Ma'aden. We will strengthen our employee engagement activities, and the survey will be repeated every two years to monitor progress.

In 2014, HR will develop a strategic workforce planning system and process to ensure pro-active identification of the enterprise's rapidly growing and evolving workforce needs.

TRAINING

In 2013, 1,506 of our employees received training, either within Ma'aden or by an external agency. This figure includes training in English as a second language, which is a critical skill for employees.

LOCAL EMPLOYMENT

In line with our goal of strengthening opportunities for local communities, we have been making special efforts to recruit from the communities located close to our mines. An average 36 percent of our mine staff are from local communities. We also require our suppliers to promote Saudization within their own companies.

EMPLOYEES TRAINED IN 2013

Strategic Business Unit	Employees trained in 2013
Gold & Base Metals	555
Phosphate	734
Head office	217
Total Ma'aden	**1,506**

Employees of Ma'aden Aluminium Company (MAC) attended a total of 4,782 training sessions in 2013.

SAUDIZATION RATE IN 2013

SBUs and corporate	% Saudi 2013
Gold & Base Metals	58
Phosphate	74
Aluminium	66
Industrial Minerals	65
Infrastructure	65
Head office	68
Overall	**66**

LOCAL EMPLOYMENT AT MA'ADEN SITES IN 2013

Strategic Business Unit (SBU)	Site	Total workforce	% Saudi	% local
Gold & Base Metals	Mahd ad Dhahab	**262**	51	31
	Al Hajar	**15**	87	73
	Sukhaybarat	**91**	46	35
	Bulghah	**131**	46	23
	Al Amar	**213**	43	18
	As Suq	**97**	64	31
	Ad Duwayhi	**10**	60	20
Phosphate	Al Jalamid	**303**	63	62
Aluminium	Al Ba'itha	**23**	87	15
Industrial Minerals	Al Ghazalah	**10**	80	73
	Az Zabirah	**31**	65	45
Total		**1,231**	**52**	**36**

01 Mentored on-the-job training experience

POLYTECHNIC & PDP: ENABLING A NEW GENERATION

The Saudi Mining Polytechnic (SMP) is a key Ma'aden initiative that will serve the Kingdom's mining and minerals sector for a long time to come. At SMP, we are developing the country's mining and minerals technicians of tomorrow.

We partnered with the Technical and Vocational Training Corporation of Saudi Arabia and the Missouri University of Science and Technology to launch the SMP in 2012. Located in Arar in the north of the Kingdom, the SMP has the capacity to enroll 500 students for a two-year academic and on-the-job training course to prepare technically qualified miners and operators. The first batch of 150 students will graduate in July 2014.

We have also developed a new program to support school leavers make the leap from school to polytechnic. Selected students now spend a year at a technical college in Yanbu or Jubail where they learn English, safety, security, and are introduced to life at the polytechnic. After their year at technical college, they are eligible to attend the SMP or another university.

Priority for admission to SMP is given to candidates from remote areas closer to our mines. We are also offering financial support to 25 students from these communities.

Our Professional Development Program (PDP) trains university graduates in various professional streams. PDP is a key element of our Saudization program. In 2013, Ma'aden and its subsidiaries hired 47 PDP trainees, most of them engineering graduates.

The program is designed in two parts. The first is class room training which aims to equip trainees with new skills that enable them to join their peers in operations and other functions. The second is on-the-job training which is professionally mentored by experienced Ma'aden managers.

ENVIRONMENT, HEALTH & SAFETY

Industrial safety and security and environmental management are top priorities for Ma'aden. In 2013, we updated our corporate EHS policy and began implementing the new EHS Integrated Management System (EHS-IMS). The Industrial Safety and Security Department (ISSD) is working together with ETGAN to develop the new, best practice system.

To develop EHS-IMS, we have been working closely with experts from Alcoa, our aluminium joint venture partner. The system comprises 96 standards and is being implemented in phases.

Ma'aden's primary security objective is the protection of people and physical assets. ISSD has been working closely with the Higher Commission of Industrial Security (HCIS), Saudi Arabia's safety and industrial security regulatory body, to streamline site approval processes. HCIS follows strict safety and security standards and ISSD ensures that all our operations comply with the regulations. This has helped us reduce the average security review and clearance time for our projects by 60 percent. In 2013, we managed 10 security projects to facilitate expansion.

At our mines, safety management committees meet monthly to review safety performance. Daily meetings discuss recent incidents, accidents, near misses, issues with contractors and issues emerging from inspections.

We also carry out regular safety campaigns on specific health and safety issues which include lectures and other training activities

01-02 All our operational facilities conduct monthly safety reviews

"For 2014, our business priority areas include the commercial opening of the smelter, widening our geographic market spread, and cementing our reputation as a best-in-class business partner."

01

INCIDENTS AND RESPONSE

In 2013, our lost time injury frequency rate (LTIFR) improved to 0.05 from 0.20 in 2012. There were nine recordable health and safety incidents: two lost time injury cases and seven medical treatment cases. Our teams have worked very hard to mitigate the impact of the incidents, and we are making sure that lessons are learnt and corrective measures are taken.

We are also taking new measures to strengthen our emergency response capability. Emergency response plans anticipate natural and accidental disasters which result in emergency situations. They serve to assure Ma'aden's business continuity before, during and after a major emergency. Corporate emergency plans define the framework for identifying potential emergency situations and accidents, involving significant security, health and safety risks, and provide direction on how to respond to them.

NEW ENVIRONMENTAL STANDARDS

We recognize that mining can have a impact on the environment. Our growth aspirations are supported by a commitment to protect the environment and to minimize the negative environmental impact of our activities and take stronger measures to monitor and reduce it.

Our Corporate Environment Department (CED) aims to go beyond regulatory compliance to ensure that Ma'aden's operations and business perform in accordance with international environmental standards. We aim to continually improve our environmental performance, and are investing in specialist research, pioneering technologies and robust systems to ensure that we deliver on this commitment (see case study, *Recreating nature's way of cleaning up wastewater* in this section).

KEY PERFORMANCE INDICATORS

Number of reportable environmental incidents

Goal: Zero every year
Current performance: **2**

EHS Excellence Level

Goal: 3.5 by 2018
Current performance: **N/A**

Lost time injury frequency rate (LTIFR)

Goal: 0.17 in 2014
Current performance: **0.05 injuries per person-hour**

Number of fatalities

Goal: Zero every year
Current performance: **Zero fatalities in 2013**

97.3

Percent score on Ma'aden's environment index.

25

Percent reduction in recordable injuries since 2012.

02

> "The Ecological Footprint Analysis (EFA) will measure the demand placed on the biosphere by our business."

01

407

Safety training sessions held in 2013 at all Ma'aden sites covering job safety analysis (JSA), root cause analysis (RCA), hazard recognition, safe behavior & defensive driving

In 2013, we commissioned an external specialist to begin calculating our ecological footprint, and completed the scoping phase of this project. The Ecological Footprint Analysis (EFA) will measure the demand placed on the biosphere by our business. The footprint will produce a baseline of resource consumption and emissions data and will allow us to set targets for improvement. The project will be complete by the end of 2014.

The EHS-IMS includes a number of standards that address environmental concerns.

The first wave of these standards, governing water quality and waste management, was introduced in 2013 and will be fully implemented in 2014. The second wave began in the second half of 2013, and concerns air emissions management and environmental emergency preparedness.

We launched our corporate environmental scorecard and environmental key performance indicators (KPIs) in 2010. CED uses the scorecard and KPIs to measure the environmental performance of our sites and to drive improvement. These KPIs are reported monthly to senior management.

At a local level, mine managers are accountable for their site's environmental KPIs and are provided with monthly updates. We compile the results for compliance, performance, awareness and training into an overall environmental index, giving a score for each site and for Ma'aden as a whole. We achieved and exceeded our target of scoring 97 percent on the index in 2013 (exact score is 97.3 percent), and our goal for 2014 is 97.5 percent.

Before a new site is developed, we assess the project's potential environmental impact. This is done by an independent specialist, addressing issues such as air and water quality, waste management and noise pollution. New sites covered in 2013 include the Wa'ad Al Shamal project, the expansion of phosphate production at Ras Al Khair, and site assessments for new gold mines at As Suq and Ad Duwayhi.

We run regular audits of the operating facilities and conduct face-to-face and online training for our employees on key environmental issues. We conducted 25 environmental audits and implemented six awareness and training initiatives during the year.

Ma'aden incurred zero environmental penalties from regulatory bodies in 2013. We conducted 407 safety training sessions in 2013 at all Ma'aden sites covering job safety analysis (JSA), root cause analysis (RCA), hazard recognition, safe behavior and defensive driving.

However, two minor environmental incidents were recorded at Ras Al Khair.

During the past year, Ma'aden headquarters, MGBM and MIMCO received ISO14001 and OHSAS18001 certifications. MPC had already been certified earlier.

MA'ADEN: BUILDING EXCELLENCE

26

SAR million per year saving from wastewater management system.

RECREATING NATURE'S WAY OF CLEANING UP WASTEWATER

In May 2013, we announced the completion of Saudi Arabia's first engineered wetlands wastewater management system at our aluminium project in Ras Al Khair. This unique system, designed and engineered by Alcoa to replicate the physical, chemical and biological processes of natural wetlands, collects and cleans sanitary and industrial wastewater without using chemicals, and eliminates odors.

This groundbreaking system will reduce water demand by nearly two million gallons or 7.5 million liters per day, saving more than SAR 26 million (USD 7 million) in fresh water supplies annually. In addition to its environmental benefits, the new system has also eliminated the need for an estimated 1,000 tonnes of steel for piping and tanks. We are delighted that this technology is now being considered for other applications across Saudi Arabia.

The cleaned water is reused in the manufacturing process and for irrigation at Ras Al Khair. The complex includes a refinery, smelter and rolling mill.

02

03

01 Biodiversity initiatives to mitigate environmental impact at Mahd Ad Dhahab
02-03 Cleaning and managing our water consumption is a key part of our environmental strategy

COMMUNITY CARE

Ma'aden's community policy is designed to ensure that our contribution to the Saudi economy brings real opportunities to the communities in and around our mining and manufacturing locations. We believe that our relationships with local communities are crucial in our mission of supporting development and our growth plans. The trust and approval of local communities are vitally important as they define Ma'aden's social license to operate and grow.

Our community policy was drafted in 2012 and outlines our responsibility to the local communities and the actions we will take to ensure good relations with them.

In 2013, we finalized our community engagement framework and assessed 10 sites against its criteria. This was followed by the development of local community engagement plans for our sites, outlining the areas for improvement. We have commissioned a local development strategy for Wa'ad Al Shamal. We have also embedded local procurement criteria into supplier contracts.

Our sustainability team will include dedicated resources to manage flagship projects at a national level in support of government development plans and Ma'aden policy, while enabling mines to fund innovative local solutions to address community issues on the ground.

01

01 Ma'aden staff visiting King Fahad Medical City Hospital in Riyadh during Eid celebrations
02 Education is key to development and growth
03 Ras Al Khair employee housing

"We believe that our relationships with local communities are crucial in our mission of supporting development and our growth plans."

02

03

INVESTING IN COMMUNITY NEEDS

An important element of developing good relationships with local communities is to identify their specific needs where our investment and support would make a difference. We encourage our affiliates to make community investment a key part of their engagement strategies.

In 2013, we invested a total of SAR 3.5 million (about USD 1 million) in the local communities near our operations. Our site managers implement programs that are most suited and needed for the locality.

For example, our mines at Al Jalamid, Sukhaybarat and Bulghah provide water to local villages – a vital resource for people in these regions. Al Amar mine invested a total of SAR 750,000 (USD 200,000) on community engagement, including the establishment of a health clinic, the promotion of sport in schools and cultural awareness courses for local people.

At the Al Ba'itha mine, we invested SAR 1.5 million (USD 400,000) to help people from the local communities learn English, which is often an entry requirement for further education and jobs in Saudi Arabia. A total of 10 classes were run in three locations in the Al Qassim region, where the Al Ba'itha mine is located.

The initiative enabled 139 people to graduate with basic English, many of them with significantly improved language skills. The program has made a difference to the ability of local people to pursue education and careers.

LONG-TERM ENGAGEMENT

We recognize that community engagement is a long-term undertaking, and we are committed to building on our achievements. We will consolidate our community investment activities in 2014 and beyond, and put in place clear guidelines to ensure that our investments have the greatest impact possible on local communities.

Ma'aden has embedded social and environmental considerations throughout the mining lifecycle, from concept through to operation, and after the mine has closed. We are committed to managing social and environmental risks throughout this process.

As a relatively new mining company,

3.5

SAR 3.5 million invested in the local communities near our operations.

01

01 Our support to communities is determined by what the people in and around our locations need

> "Our community engagement framework guides our businesses to adopt an integrated approach to engaging with local communities."

we have not yet had the opportunity to assess impacts in the 'after' stage of operations. However, we are committed to internationally accepted sustainable development principles which include mine closure, biodiversity and land use planning.

Ma'aden is in the process of establishing a community management system to oversee and strengthen our social performance which is closely aligned to international best practice approaches including the AA 1000 Stakeholder Engagement Standard, the International Finance Corporation Performance Standards and others. It is currently in a year-long pilot phase and will be implemented in 2014.

MEASURING OUR PROGRESS

Our community engagement framework guides our businesses to adopt an integrated approach to engaging with local communities. It sets out Ma'aden's expectations of the affiliates, providing guidance on community engagement initiatives that will also help improve business performance.

The framework identifies five distinct levels of community engagement, based on 27 criteria from the International Association for Public Participation. Each level has a series of performance indicators so that we can measure our progress.

Our goal is for all Ma'aden's operations to achieve Level 3 (Involve) by the end of 2017. This goal is also among the KPIs set and owned by our President and CEO.

At our mining sites, mine managers will be accountable for their operation's maturity level. This indicator forms part of their performance assessment.

FIVE LEVELS OF COMMUNITY ENGAGEMENT

	01 INFORM	02 CONSULT	03 INVOLVE	04 COLLABORATE	05 EMPOWER
COMMUNITY ENGAGEMENT GOAL	To provide the community with balanced and objective information to assist them in understanding the problems, alternatives, opportunities and/or solutions.	To obtain community feedback on analysis, alternatives and/or decisions.	To work directly with the community throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the community in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the community.
PROMISE TO THE COMMUNITY	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and provide feedback on how community input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how community input influenced the decision.	We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommen-dations into the decisions to the maximum extent possible.	We will implement what you decide.

Our goal is for all Ma'aden's operations to achieve Level 3 (Involve) by the end of 2017. At our mining sites, mine managers will be accountable for their operation's maturity level. This indicator forms part of their performance assessment.

PROGRESS IN 2013

In April and May 2013, we carried out assessments against the community engagement framework at 10 mines, spending two to three days at each site to understand first-hand the systems and activities in place. We assessed each mine's current position against the framework and carried out a risk and impact assessment for key issues, including local communities' access to land, employment, supply chain and labor issues, infrastructure and community investment.

All the sites in our assessment scored between Level 1 (Inform) and Level 2 (Consult) in the framework. Although some of our mines score well on specific elements of our framework (for example, Al Jalamid mine has a good record on local employment), their progress is not yet consistent across all community engagement indicators.

Each site now has a local community engagement plan that requires them to set baselines for their community activities, and outlines areas for improvement between now and 2017, when we expect to achieve Level 3 (Involve). For example:

- Al Ghazalah and Az Zabirah mines will arrange a site visit for key local stakeholders, and for local pupils and their teachers.
- Al Jalamid mine will implement a complaints management system, and support the delivery of a high school refurbishment in the local village.
- Mahd Ad Dhahab mine will complete the development of a community center for local people.

We will carry out follow-up site assessments in 2014 to ensure that progress

67

Percent is the local businesses' share of our procurement spend.

5.4

SAR billion is the value of our local contracts.

01 Saudi nationals are being trained for roles throughout our supply chain

LOCALIZATION IS TOP PRIORITY AT WA'AD AL SHAMAL

Supplier contracts for Wa'ad Al Shamal project specify that:
- 10 percent of the contract price should be spent on goods and services from the region.
- 12 percent of the supplier's employees should be from the region (in addition to our Saudization requirements)

As the capabilities and economic strength of the region grows, we will continue to raise local procurement and employment requirements.

is being made against the local community engagement plans.

LEVERAGING SUPPLY CHAIN

We have taken effective measures to leverage our supply chain to ensure that local communities benefit from our procurement activities. We also want to make sure that Saudi nationals are being trained for roles throughout our supply chain.

In 2013, we updated our contracting policy to specify that all suppliers have achieved a minimium green classification under Saudi Arabia's Nitaqat program, which was introduced in 2011 by the Ministry of Labor to support the government's Saudization goals.

LOCAL PROCUREMENT

Ma'aden is also committed to supporting local suppliers where possible by giving them priority over other competitors. We define local suppliers as those registered in Saudi Arabia. Local procurement, Saudization and community development are the three key objectives of Ma'aden's Local Engagement Strategy (LES), which was finalized in 2013.

LES is an eight-point plan to lay the foundations for a sustainable and inclusive local supply chain. The activities include capacity building, community engagement, sustainable environmental planning and management, a social safety net, local economic development and investment promotion.

About 67 percent of our current procurement budget is spent on purchasing products and services from Saudi providers. In 2013, we had contracts with 935 local suppliers, spending nearly SAR 5.4 billion (about USD 1.44 billion) compared with SAR 3.2 billion (USD 0.86 billion) in 2012.

We also require that over 40 specific products must be sourced from the region that our business is located in. We have made a special effort to bring local businesses on board with our procurement process by inviting them to register with us, and temporarily relaxing our requirements for new local suppliers. We are supporting them with training in safety, proposal preparation, warehouse management and other skills to help them meet our strict procurement requirements.

SECTION

03

Exploration, Resources and Reserves

We have invested heavily to explore the mineral riches of the Kingdom with added power, technology and terrain knowledge. Our resource and reserves position is being evaluated anew to meet global standards.

EXPLORATION: SECURING THE FUTURE

The Exploration Division of Ma'aden has the important mission of helping to achieve Ma'aden's strategic vision for the discovery of large new mineral resources to build a world-class mining company as well as to replace the progressive depletion of our current reserves by mining.

Ma'aden's goals of long-term growth and sustainability rely on Exploration to discover and deliver a pipeline of new resources and projects to provide development options to grow our existing and new businesses. To meet this challenge, our greenfield exploration effort was expanded rapidly in 2013 and will be fast-tracked in 2014 and 2015.

The safety of our people is our first and highest priority. Our safety programs continue to be developed to ensure the safety awareness and performance of our team. Training in areas such as first aid and defensive driving help ensure the safety of our people supported by new initiatives such as satellite tracking of vehicles operating in remote desert areas.

The Exploration Division carries out not only regional greenfield exploration programs but also near mine brownfield exploration and resource evaluation for several commodities in phosphate, metallurgical bauxite, gold, copper and magnesite.

The Exploration team consists of over 110 permanent employees with 65 percent Saudization. Experienced geoscientists were recruited in 2013 to complement our existing team and to fast-track our expanded regional exploration program. A professional training program is in place and continues to enhance the capability and skills of our team.

The size and scale of the Exploration budget and program reflects the company's commitment to sustained long-term growth of the minerals industry

01 One of our gold mines at Mahd Ad Dhahab, where we have begun near mine drilling operations
02 One of the air core rigs used for regional gold exploration and metallurgical bauxite resource drilling

01 Collecting samples for laboratory analysis
02 Heavy trucks in action at our Bulghah site

01

"The size and scale of the Exploration budget and program reflects the company's strong commitment to sustained long-term growth of the minerals industry in Saudi Arabia."

in Saudi Arabia. The total expenditure on exploration and resource drilling in 2013 was SAR 164 million (about USD 44 million), a significant increase over 2012. We completed 154,000 meters of drilling, collected 200,000 samples in regional geochemical programs and flew 44,000 kilometers of low level airborne geophysics. We have successfully deployed new advanced regional exploration techniques that have already generated many new targets for follow up testing in 2014.

Exploration's 2013 programs covered several projects in phosphate, bauxite, gold, copper and magnesite including the following:

- large-scale fast-tracked regional greenfield gold and base metals exploration program with over 50,000 square kilometers of exploration licenses in the Arabian Shield;
- helicopter borne geophysics program over 44,000 line kilometers over our licenses in the Arabian Shield testing for copper deposits similar to the Al Hajar mine;
- deep near mine drilling began at the Al Amar and Mahd Ad Dhahab gold mines exploring for new resources;
- resource drilling at the Al Jalamid and Umm Wu'al phosphate exploration licenses, adjacent to the Al Jalamid and Al Khabra mining licenses;
- resource drilling program at the Az Zabirah Central prospect, near our new Al Ba'itha bauxite mine;
- resource drilling on pre-feasibility studies at the Mansourah, Massarah, Um Naam and Waseemah gold projects;
- resource estimation at the Shabah gold prospect; and
- resource drilling at the Jabal Rokham magnesite project.

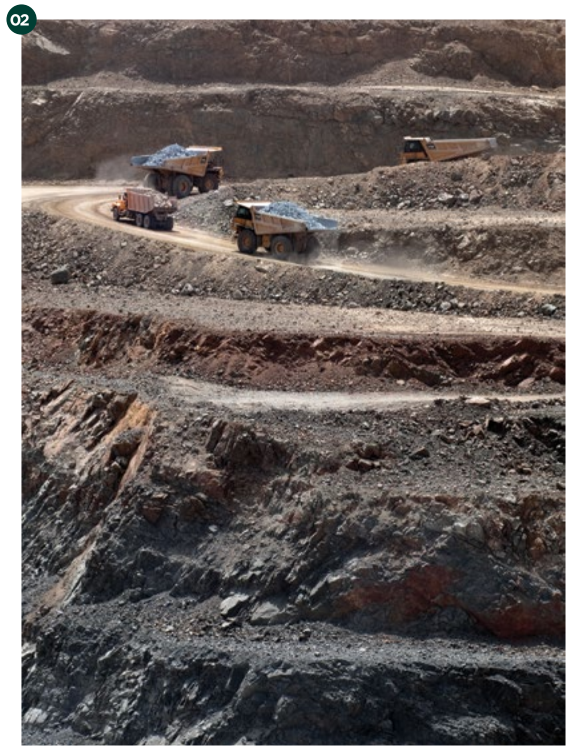
We will face many challenges in our mission but we are confident that we have a highly competent exploration team with the capability, capacity, tools and the budget to achieve these demanding and exciting strategic goals.

MINERAL RESOURCES AND ORE RESERVES

We are committed to a program of continued expansion of our Mineral Resources and Ore Reserves through greenfield exploration on our exploration licenses, brownfield exploration around our operating mines, feasibility studies on advanced projects and drilling within operating mines to define extensions to our known resources and reserves.

In 2013, Ma'aden conducted greenfield gold and base metals exploration on our exploration licenses in the Arabian Shield; resource evaluation drilling at Al Jalamid and Umm Wu'al phosphate exploration licenses, Mansourah, Massarah and Ar Rjum gold projects, Al Hajar copper project, Az Zabirah Central metallurgical bauxite exploration license and Jabal Rokham magnesite prospect. Mine operations teams also conducted drilling to define additional resources at our operating gold, phosphate mines and bauxite mine development project.

02



Ma'aden is progressing towards ensuring that the underlying documentation for our materially important Mineral Resources and Ore Reserves would enable compliance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition (JORC 2012), commonly referred to as the JORC Code. The JORC Code is an internationally recognized professional code of practice that sets minimum standards for the public reporting of Exploration Results, Mineral Resources and Ore Reserves. It provides a mandatory system for the classification of Exploration Results, Mineral Resources and Ore Reserves according to the level of confidence in geological knowledge and technical and economic considerations in public reports for the purpose of informing investors or potential investors and their advisors, such as annual reports.

The JORC Code was first published in 1989, and was updated in 1992, 1993, 1996, 1999, 2004, and most recently in 2012. A transition from 2004 edition to 2012 edition of the JORC Code is underway so estimates compliant with either edition of the JORC Code may be reported on a temporary basis. Reporting in compliance with the JORC Code compliance is mandatory for listed public companies in jurisdictions such as Australia and New Zealand while very closely related standards apply in Canada with National Instrument 43-101 and several other countries.

The Mineral Resources and Ore Reserves in this Annual Report are clearly stated as having the underlying documentation required for compliance with the public reporting standards of the JORC 2004,

MA'ADEN'S RESOURCES AND RESERVES

GOLD	PHOSPHATE	ALUMINIUM	INDUSTRIAL MINERALS
5 gold mining facilities	Phosphate mine	Bauxite mine	Caustic magnesia
2 mines under construction	Phosphate production	Aluminium production	Magnesite mine
			Kaolin & low grade bauxite

01 Collecting samples at Az Zabirah

02


JORC 2012, or as non-compliant. A process of internal and external audit, new estimation and revision of all resources and reserves, commenced in 2013, and will continue in 2014 until all material Resources and Reserves will have the underlying documentation required for reporting according to JORC Code 2012 edition.

ESTIMATES

There is a degree of uncertainty involved in 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, quantities and grades must be considered as estimates only. Quantity of Ore Reserves and Mineral Resources also varies with metal prices, operating costs and other modifying factors.

Ore Reserve estimates have been determined based on the company's or Competent Persons' long term price forecasts, cut off grades and costs that may prove to be inaccurate. Any material change in the quantity of Ore Reserves or stripping ratio may affect the economic viability of the projects. Gold recoveries or other metal recoveries in small scale laboratory tests may not be duplicated in larger scale tests under on-site conditions or during production.

Fluctuation in commodity prices, results of drilling, metallurgical testing, production and evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. Volumes and grades of Ore Reserves mined and processed with recovery rates may not be the same as currently anticipated. Any material reductions in estimates of Ore Reserves or the company's ability to extract these Ore Reserves could have adverse effects on the company's businesses, prospects, financial condition and operating results.

Ma'aden's Mineral Resources are stated inclusive of Ore Reserves i.e. the reserves are contained within the larger

> "We continue working towards our goal of reporting mineral resources and ore reserves in compliance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC)"

volume of resource. All tonnage and grade data have been rounded down and reported to appropriate significant figures relative to accuracy of the estimate; so sums may not total exactly.

Mineral Resources and Ore Reserves are stated on a 100 percent basis irrespective of Ma'aden's ownership interest in each project, but Ma'aden's ownership interest in all projects is expressly stated.

Material changes in Minerals Resources and Ore Reserves from the 2012 Annual Report are reported in the explanatory notes.

Mineral Resources are reported inclusive of any Ore Reserves. Grade represents estimated contained metal in the ground and has not been adjusted for metallurgical recovery. Mineral Resources are reported inclusive of the Ore Reserves contained within them.

Exploration Licenses ("ELs") confer the right to explore and evaluate but not to mine. Ore Reserves are reported within current Mining Licenses ("MLs") for which the right to mine has been granted.

DEFINTIONS

Mineral Resource is a concentration or occurrence of material of economic interest in or on the Earth's crust in such form, grade/quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

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

01

01 A panoramic view of our Al Hajar site

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

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

Modifying Factors are considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

Ore Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The key underlying assumptions and outcomes of the Pre-Feasibility Study or Feasibility Study must be disclosed at the time of reporting of a new or materially changed Ore Reserve. Ore Reserves are sub-divided in order of increasing confidence into Probable and Proved.

Probable Ore Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve. A Probable Ore Reserve has a lower level of confidence than a Proved Ore Reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.

Proved Ore Reserve is the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors. A Proved Ore Reserve represents the highest confidence category of reserve estimate. The style of mineralization or other factors could mean that Proved Ore Reserves are not achievable in some deposits.

Competent Person is a minerals industry professional who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a Recognized Professional Organization, as included in a list available on the JORC and Australian Stock Exchange websites. These organizations have enforceable disciplinary processes including the powers to suspend or expel a member. A Competent Person must have a minimum of five years relevant experience in the style of mineralization or type of deposit under consideration and in the activity which that person is undertaking.

"A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors. A Proved Ore Reserve represents the highest confidence category of reserve estimate."

RESOURCES AND RESERVES BY MINERAL COMMODITY

PHOSPHATE

MINERAL RESOURCES

LOCATION	Cut-off grade P_2O_5%	Measured Mt	Measured P_2O_5%	Indicated Mt	Indicated P_2O_5%	Inferred Mt	Inferred P_2O_5%	Total Mt	Total P_2O_5%	Ma'aden % Ownership
OPERATING MINES										
Al Jalamid ML	12	512.0	19.65	-	-	-	-	512.0	19.65	70
Mine Development Projects										
Al Khabra ML	12	203.8	17.8	175.2	16.4	47.3	17.3	426.3	17.3	60
Exploration Projects										
Umm Wu'al EL Block B6	-	464	14.2	37	13.1	57	16.7	558	14.4	60
Umm Wu'al EL Block B10	-	-	-	113	13.7	414	14.6	567	14.3	60

ORE RESERVES

LOCATION	Cut-off grade P_2O_5%	Proved Mt	Proved P_2O_5%	Probable Mt	Probable P_2O_5%		Total Mt	Total P_2O_5%	Ma'aden % Ownership
OPERATING MINES									
Al Jalamid ML	12	201.3	20.30	-	-		201.3	20.3	70
Mine Development Projects									
Al Khabra ML	12	210	16.5	153.9	15.3		363.9	15.9	60
Exploration Projects									
Umm Wu'al EL Block B6	-	-	-	-	-		-	-	60

METALLURGICAL BAUXITE

MINERAL RESOURCES

LOCATION	Cut-off grade TAA %	Mt	TAA%	Mt	TAA %	Mt	TAA %	Mt	TAA%	Ma'aden % Ownership
MINE DEVELOPMENT PROJECTS										
Al Ba'itha ML	40	83	50.5	136	48.9	79	50.0	298.9	49.6	74.9

ORE RESERVES

LOCATION	Cut-off grade TAA %	Mt	TAA%	Mt	TAA %		Mt	TAA%	Ma'aden % Ownership
MINE DEVELOPMENT PROJECTS									
Al Ba'itha ML	40	85	48.7	135	46.3		220	47.2	74.9

MA'ADEN: EXPLORATION AND MINERAL RESOURCES & RESERVES

GOLD

MINERAL RESOURCES

LOCATION	Cut-off grade Au g/t	Measured Mt	Measured Au g/t	Indicated Mt	Indicated Au g/t	Inferred Mt	Inferred Au g/t	Total Mt	Total Au g/t	Ma'aden % Ownership
OPERATING MINES										
Mahd Ad Dhahab ML	3.0	0.5	13.4	1.1	11.6	0.5	8.6	2.1	11.4	100
Al Amar ML	2.0	2.9	5.9	3.4	4.7	0.6	4.2	6.9	5.15	100
Sukhaybarat ML	0.4	-	-	19.7	1.17	8.1	1.0	27.8	1.12	100
Bulghah ML	0.4	-	-	27.9	0.87	52.4	0.82	79.3	0.83	100
MINE DEVELOPMENT PROJECTS										
Ad Duwayhi ML	0.4	9.0	2.38	10.0	3.9	11.6	1.22	30.6	2.43	100
As Suq ML	0.4	-	-	-	-	8.6	1.78	8.6	1.78	100
EXPLORATION PROJECTS										
Mansourah oxide	0.8	-	-	2.1	2.60	0.4	1.3	2.5	2.39	100
sulphide	0.8	-	-	24.3	2.85	8.9	2.2	33.2	2.68	100
Massarah oxide	0.8	-	-	0.1	2.55	1.6	2.2	1.7	2.22	100
sulphide	0.8	-	-	6.4	2.39	14.2	2.1	20.6	2.19	100
Waseemah	0.5	-	-	25.3	1.44	2.8	1.2	28.1	1.42	100
Um Naam	0.5	-	-	32.9	1.25	0.8	1.1	33.7	1.25	100
Humaymah	0.5	-	-	17.0	0.94	18.8	0.8	35.9	0.87	100

ORE RESERVES

LOCATION	Cut-off grade Au g/t	Proved Mt	Proved Au g/t	Probable Mt	Probable Au g/t		Total Mt	Total -	Ma'aden % Ownership
OPERATING MINES									
Mahd Ad Dhahab ML	3.0	0.4	7.92	0.6	5.78		1.0	6.64	100
Al Amar ML	3.0	0.1	1.90	2.3	5.10		2.4	4.93	100
Sukhaybarat ML	0.5	-	-	16.7	1.08		16.7	1.08	100
Bulghah ML	0.4	-	-	12.7	0.70		12.7	0.70	100
MINE DEVELOPMENT PROJECTS									
Ad Duwayhi ML	0.4	8.5	2.33	8.4	4.16		16.9	3.24	100

COPPER

MINERAL RESOURCES

LOCATION	Cut-off Grade Cu%	Measured Mt	Measured Cu%	Indicated Mt	Indicated Cu%	Inferred Mt	Inferred Cu%	Total Mt	Total P_2O_5%	Ma'aden % Ownership
MINE DEVELOPMENT PROJECTS										
Al Hajar ML	0.3	3.2	1.28	5.6	1.12	-	-	8.8	1.18	100

KAOLIN

MINERAL RESOURCES

LOCATION	Measured Mt	Indicated Mt	Inferred Mt	Total Mt	Ma'aden % Ownership
OPERATING MINE					
Az Zabirah ML	2.86	0.73	6.65	10.24	100

ORE RESERVES

LOCATION	Proved Mt	Probable Mt		Total Mt	Ma'aden % Ownership
OPERATING MINE					
Az Zabirah ML	1.29	1.36		2.65	100

LOW GRADE BAUXITE

MINERAL RESOURCES

LOCATION	Measured Mt	Indicated Mt	Inferred Mt	Total Mt	Ma'aden % Ownership
OPERATING MINE					
Az Zabirah ML low grade bauxite	2.54	8.26	17.2	28.02	100
Az Zabirah ML high silica bauxite	1.18	2.27	4.52	7.97	100

ORE RESERVES

LOCATION	Proved Mt	Probable Mt		Total Mt	Ma'aden % Ownership
OPERATING MINE					
Az Zabirah ML low grade bauxite	1.55	2.65		4.2	100
Az Zabirah ML high silica bauxite	0.84	0.62		1.46	100

MAGNESITE

MINERAL RESOURCES

LOCATION	Measured Mt	Indicated Mt	Inferred Mt	Total Mt	Ma'aden % Ownership
OPERATING MINE					
Al Ghazalah ML	2.25	0.75	-	3.0	100
EXPLORATION PROJECT					
Jabal Rokham	-	-	39.7	39.7	

ORE RESERVES

LOCATION	Proved Mt	Probable Mt		Total Mt	Ma'aden % Ownership
OPERATING MINE					
Al Ghazalah ML	1.78	0.71		2.49	100

JORC CODE COMPLIANCE AND COMPETENT PERSONS

Ma'aden established a Resources and Reserves Committee in 2013 to assess the JORC Code compliance of previous estimates and to review all new estimates. We are working to achieve having the underlying documentation required for full compliance of all Minerals Resources and Ore Reserves estimates with the JORC Code 2012 by the end of 2014. The Mineral Resources and Ore Reserves stated below are indicated as having the underlying documentation required for compliance with the 2004 or 2012 editions of JORC Code public reporting standard, or not compliant with the JORC Code. Noncompliance of an estimate with the JORC Code is due to a variety of reasons including for a Mineral Resource where the Exploration License is pending renewal, where the strict requirements of Competent Person professional affiliation and consent for publication are lacking and where legacy data quality issues do not meet the new JORC 2012 requirements. The name, professional affiliation and employer of the Competent Person consenting to publication by Ma'aden of Mineral Resource and Ore Reserve estimates as compliant with the JORC Code is stated for each such JORC compliant Mineral Resource or Ore Reserve estimate. These Competent Person consents are valid at the stated date so there is no allowance for mining after this date. Where the underlying documentation for a Mineral Resource or Ore Reserve is not JORC compliant then allowances are made for depletion by mining to December 31, 2013.

> "We are working to achieve having the underlying documentation required for full compliance of all Minerals Resources and Ore Reserves estimates with the JORC Code 2012 by the end of 2014."

Location	Estimate Date	JORC Code 2004	JORC Code 2012	Competent Person, Professional Affiliation and Employer
PHOSPHATE				
MINERAL RESOURCES				
Al Khabra ML	June 2013	•		Mark Campodonic, MAusIMM, SRK Consulting
ORE RESERVES				
Al Khabra ML	March 2013	•		John Miles, IMMM, SRK Consulting
METALLURGICAL BAUXITE				
MINERAL RESOURCES				
Al Ba'itha ML	Feb 2011	•		Stefan Mujdrica, MAusIMM, Xstract Mining
ORE RESERVES				
Al Ba'itha ML	Mar 2011	•		Kevin Irving, MAusIMM, Xstract Mining
GOLD				
MINERAL RESOURCES				
Al Amar ML	Jun 2013		•	Kahan Cervoj, MAusIMM, Optiro
Sukhaybarat ML	Apr 2013		•	Nick Szebor, FGS, Wardell Armstrong International
Bulghah ML	Oct 2013		•	Nick Szebor, FGS, Wardell Armstrong International
Bulghah North ML	Nov 2013		•	Nick Szebor, FGS, Wardell Armstrong International
GOLD ORE RESERVES				
Al Amar ML	Jun 2013		•	Russell McBeath, , Optiro
Sukhaybarat ML	Oct 2013		•	David Chilcott, ACSM, FIMMM, CEng

“A major drilling program has been completed at Al Jalamid Mining License in 2013.”

EXPLANATORY NOTES

Re-estimation of Mineral Resources and Ore Reserves in compliance with JORC Code 2012 edition has resulted in material changes to Mineral Resources and Ore Reserves reported in the 2012 Annual Report due to a number of causes including additional drilling and replacement of obsolete estimation methods by modern geostatistical methods.

PHOSPHATE

Al Khabra has a revised Mineral Resource and Ore Reserve from an updated JORC (2004) estimate from mid 2013. A major drilling program has been completed at Al Jalamid Mining License in 2013. An updated JORC compliant Mineral Resource and Ore Reserve is anticipated in 2014. Resource drilling was also completed on Al Jalamid EL Blocks A1 to A11 and Umm Wu'al EL Blocks B1 to B20 in 2013 with JORC 2012 compliant Minerals Resource estimates for both areas anticipated for completion in 2014. Umm Wu'al Block 10 was added to Al Khabra joint venture with Mosaic and SABIC.

METALLURGICAL BAUXITE

This project is under mine development and no depletion of the Mineral Resource or Ore Reserve by mining has yet occurred. TAA% = total available alumina expressed as weight percent.

GOLD AND BASE METALS

The addition of Ad Duwayhi Ore Reserves and new Ore Reserve estimates at Al Amar, Mahd Ad Dhahab and Sukhaybarat operating mines, resulted in a 91 percent increase in contained Ore Reserve ounces in 2013 versus 2012.

Mineral Resources decreased by 2 percent over 2012 due to the deletion of Zalim and minor positive additions elsewhere.

The Zalim Mineral Resource were stated on a qualified basis in 2012 due to potential sterilization of the resource by a proposed railway and an existing highway corridor. Discussions are in progress with relevant government authorities and a final decision has not yet been made. Pending a final resolution of this matter, the Zalim Mineral Resource was deleted from the 2013 annual report.

Gold Minerals Resources shown within Mansourah, Massarah, Waseemah and Um Naam Exploration Licenses are currently pending renewal. The Bir Tawilah gold Mineral Resource estimate was updated using current gold price forecasts and Modifying Factors. The new estimate is not considered to have reasonable prospects for eventual economic extraction and so has been removed from Mineral Resources and downgraded to a Mineral Inventory. As Suq mineral resources and ore reserves were reclassified; further resource drilling is in progress.

MAGNESITE, KAOLIN AND LOW GRADE INDUSTRIAL BAUXITE

Ma'aden Industrial Minerals company (MIMC) has elected to report saleable product without grades.

SECTION

04

BUSINESS PERFORMANCE

We are redefining the 'mine-to-market' potential in Saudi Arabia as we create new value chains upstream and downstream, jobs and prosperity for local people and extend our reach to regional and global markets.

GOLD AND BASE METALS: A FIRM FOUNDATION

Gold enjoys a special status in the Ma'aden business mix. It is the most well-known of our product lines, with a history reaching back to the beginnings of recorded time. It is also the beginning of our history as a company, the first of our mining commodities, and the foundation of our subsequent growth and diversification.

The Ma'aden Gold and Base Metals Company (MGBM), our wholly-owned subsidiary, oversees all our gold and base metal production in Saudi Arabia. Gold deposits are located throughout the Arabian Shield, the geological area extending from the Red Sea coast to the middle of the country.

Production continues at three Ma'aden mines: Bulghah, an open pit mine in the western Al Madinah Province; the Al Amar mine, in the Ar Riyadh province; and the extensive Mahd Ad Dhahab (Cradle of Gold), with more than 60km of underground workings, complete with its own metallurgical processing plant for improved recovery of gold, silver, copper and zinc.

Legend suggests that Mahd Ad Dhahab was active as a mine more than 3,000 years ago. Today, it remains a prominent jewel in our crown, contributing the lion's share of the more than 2.3 million ounces of gold produced nationwide since 1988.

Our Sukhaybarat mine, in the Al Qassim province, is now focused exclusively on processing Bulghah ore with grades over 1.0 grammes per tonne through its 600,000 tonne per annum carbon-in-leach processing plant. Our Al Hajar open cut gold mine with heap leach closed in 2013; however, it is currently being evaluated for copper with gold credits.

In 2013, MGBM produced 133,677 ounces of gold.

FUTURE OUTLOOK

As the country's largest precious and base metals miner, we focus considerable energy on exploration and evaluation to fully utilize our extensive land licenses across the Kingdom.

01-04 Mahd Ad Dhahab, where mining may have begun 3,000 years ago

57

million tonnes of gold ore estimated from the new Mansourah and Massarah project.

One of the most promising prospects is Ma'aden's Mansourah and Massarah project as part of development of a new gold province in the Central Arabian Gold Region (CAGR). Our pre-feasibility study reflects positive economics on a deposit containing roughly 57 million tonnes of ore at an average grade of 2.5 grammes per tonne.

Challenges, including the remoteness of the location and the paucity of water to treat the ore, are being addressed innovatively and sustainably, including a new 500km pipeline to bring up to 13,000 cubic meters of treated waste-water from Taif to mining operations at As Suq, future operations at Ad Duwayhi, and potential operations at Ar Rjum, Mansourrah and Massarah. This is integral to our plans to more than triple our gold production to 500,000 ounces per year in 2017.

Our key achievements for 2013 include the completion of construction works at As Suq, and commencement of commissioning and startup. The mine will begin commercial production in the first half of 2014.

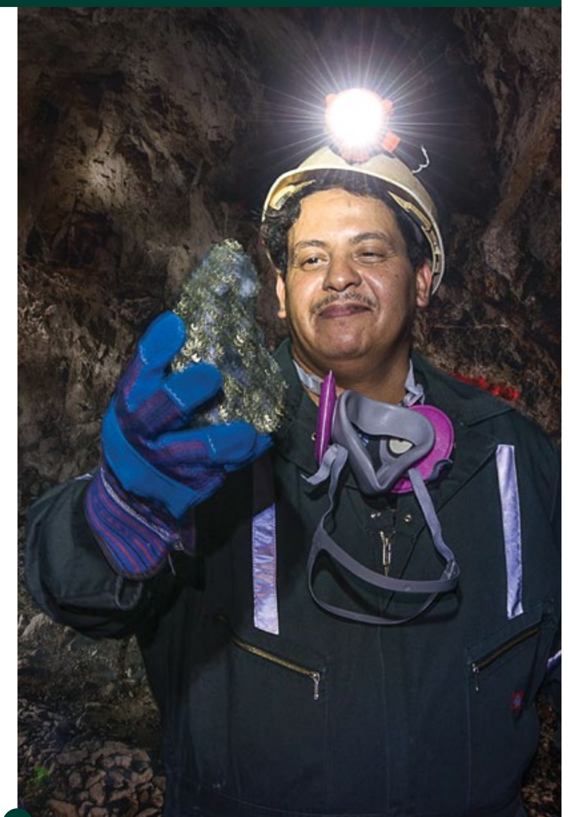
Earlier this year, Ma'aden awarded the EPC contract for the Ad Duwayhi's open pit gold mine and milling operations (see panel, right). Although there are challenges, primarily manpower shortage, we are well on our way to achieving our stated goals.

We are also actively evaluating a number of additional prospects in the CAGR, Northern Shield and Southern Shield regions for industrial minerals and base metal deposits with a view to expanding our mineral portfolio.

HOT COMMODITIES

At Ma'aden, we are preparing for the future by pursuing new business opportunities in, among other commodities, copper, zinc and high-grade quartz.

Over the years, we have been producing copper and zinc as part of our gold operations: our mines at Mahd Ad Dhahab and Al Amar both produce copper and zinc concentrates sent overseas for smelting. Our familiarity with mining will hold us in good stead as we move forward in evaluating opportunities.



01

SAR 1 BILLION SAUDI GOLD MINE HALFWAY TO COMPLETION

In February 2013, Ma'aden awarded a SAR 1 billion (USD 267 million) contract to Korea's Hanwha Engineering and Construction to design and build a 2 million tonne per year gravity-CIL gold process plant for the Ad Duwayhi gold mine in the remote Central Arabian Gold Region.

Ad Duwayhi will be Ma'aden's first gold mine in the highly prospective CAGR where it has actively been exploring for some time. It will comprise an open pit gold mine and milling operations. Ad Duwayhi is a key part of our program to develop several new gold mine facilities in the central western region of Saudi Arabia which is reckoned to contain much of the Kingdom's ore deposits. The mine, expected to produce approximately 180,000 ounces of gold annually or more than 1.6 million ounces over its lifetime, is scheduled to begin production in mid-2015.

The project will also help create approximately 150 direct jobs, 200 indirect jobs in surrounding areas, and an estimated 600 jobs with contractors and service suppliers. In addition, Ma'aden will provide mining training courses in cooperation with the Missouri University of Science and Technology and TVTC.

GOLD PRODUCTION

	MAHD AD DHAHAB 2013	MAHD AD DHAHAB 2012	AL AMAR 2013	AL AMAR 2012	BULGHAH 2013	BULGHAH 2012
Tonnes mined	205,735	202,336	229,564	202,170	2,399,867	2,218,311
Grade (grammes per tonne)	6.52	6.79	6.97	8.05	0.79	0.74
Tonnes milled	199,933	199,204	241,268	208,888	2,048,124	2,251,381
Grade (grammes per tonne)	6.40	6.60	7.00	9.10	0.70	0.60
Recovery %	94.50	93.20	87.00	86.50	55.70	55.50
Ounces produced	37,423	38,765	45,288	52,531	49,923	33,233
	SUKHAYBARAT		**AL HAJAR**		**TOTAL**	
Tonnes mined	-	-	-	199,677	**2,835,166**	2,822,494
Grade (grammes per tonne)	-	-	-	1.13	**1.71**	-
Tonnes milled	8,957	596,990	52,731	376,598	**2,551,013**	3,633,061
Grade (grammes per tonne)	0.97	1.00	0.50	0.60	**1.51**	1.50
Recovery %	93.00	82.70	46.40	86.30	**70.90**	67.01
Ounces produced	213	6,939	830	6,319	**133,677**	137,787

GOLD SALES

	MAHD AD DHAHAB 2013	MAHD AD DHAHAB 2012	AL AMAR 2013	AL AMAR 2012	BULGHAH 2013	BULGHAH 2012
Gold revenues (SAR '000)	198,817	303,406	227,119	383,963	272,569	228,670
Gross profit (SAR '000)	108,539	223,133	150,462	314,011	127,929	96,842
Capital expenditure (SAR '000)	13,258	7,244	10,211	7,391	7,584	13,752
Net cash cost per ounce (USD /oz)	567	418	355	221	642	905
Average realized sales price (USD /oz)	1,335	1,666	1,322	1,663	1,419	1,673
Ounces sold	39,708	48,569	45,807	61,571	51,222	36,440
	SUKHAYBARAT		**AL HAJAR**		**TOTAL**	
Gold revenues (SAR '000)	1,302	46,186	9,447	39,317	**709,254**	1,001,542
Gross profit (SAR '000)	3,009	31,872	(875)	20,987	**353,242**	595,718
Capital expenditure (SAR '000)	25,032	21,510	4,733	1	**56,085**	49,898
Net cash cost per ounce (USD /oz)	468	419	1,095	873	**526**	481
Average realized sales price (USD /oz)	1,631	1,630	1,612	1,665	**1,365**	1,665
Ounces sold	213	7,555	1,563	6,299	**138,513**	160,434

02

03

01 Deep underground in the 'Cradle of Gold'
02-03 Production at the Al Amar mine in the Ar Riyadh province

PHOSPHATES: VITAL ENTERPRISE

Of all our mining products, none is as essential to life as phosphate. Phosphates are a naturally occurring form of the element phosphorus, one of the three primary nutrients required for photosynthesis and crop growth.

At Ma'aden, we mine phosphate rock and process it into phosphate products, including diammonium phosphate (DAP) and monoammonium phosphate (MAP), the most widely used phosphate fertilizers in modern agriculture. Our vision is to be among the leading players in the global phosphate trade.

As populations grow, demand for protein-rich food increases while arable land per capita declines. Fertilizers – including phosphate fertilizers – are needed more and more. In all, the global demand for phosphorus is increasing by about 1.5 million tonnes a year.

With our natural phosphate deposits in the north of the country, access to sulphur and natural gas for processing and proximity to promising markets in South Asia and East Africa, we are in a strong position to serve this global need.

PRIMED FOR GROWTH

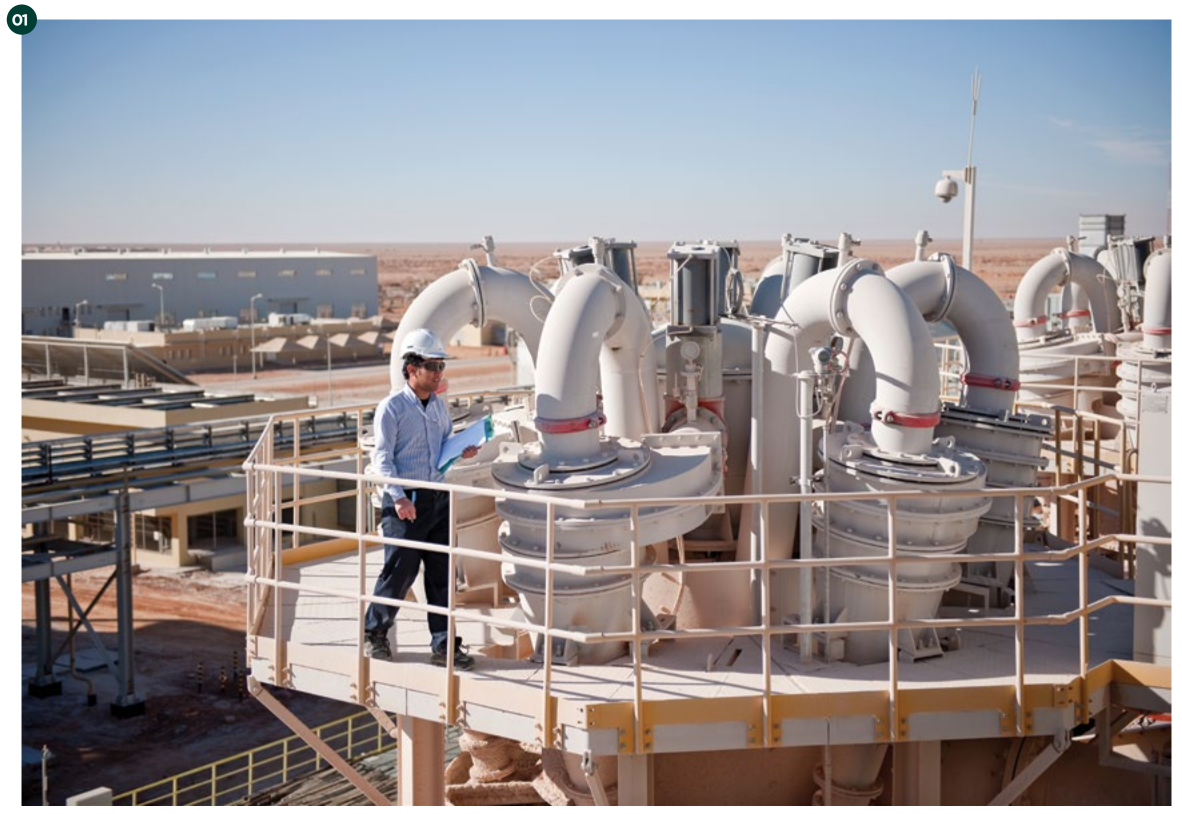
Our phosphate business revolves around two mega projects: the Ma'aden Phosphate Company, a joint venture with Saudi Basic Industries Corporation (SABIC), and the planned Ma'aden Wa'ad Al Shamal phosphate project, a joint venture with SABIC and the US-headquartered Mosaic, the world's largest producer of phosphate fertilizers.

The Ma'aden Phosphate Company (MPC), a USD 5.5 billion (nearly SAR 21 billion) investment, operates at two primary sites: Al Jamalid in northern Saudi Arabia, home to our phosphate mine and beneficiation plant; and the Eastern Province's Ras Al Khair, where our integrated chemical and fertilizer facility is based.

01 Al Jalamid phosphate mine and beneficiation plant
02-03 Our products are the most widely used phosphate fertilizers in modern agriculture

3

Million tonnes DAP production at full capacity

01


02


03


01-03 Al Jalamid mine produces 11.6m tonnes of ore a year, and the beneficiation plant up to 5m tonnes; rail transport facilities provide vital support in linking our production sites

The mine produces close to 11.6 million tonnes per year of ore, and the beneficiation facilities up to 5 million tonnes per year. We have made significant infrastructure investments in Al Jalamid, building a power plant, potable water and communications facilities, and transport networks that make our exploration and production viable.

From here, concentrated rock is taken by rail to Ras Al Khair for processing in our network of facilities including phosphoric acid, sulphuric acid, ammonia, DAP granulation and desalination plants. At full capacity, MPC will produce 3 million tonnes of DAP annually. Most of our DAP production is sold to international markets.

NEW WORLD-CLASS FACILITY

Our second big project, announced in February 2012, is the fully integrated phosphate project at Wa'ad Al Shamal minerals industrial city.

With around USD 7 billion (over SAR 27 billion) investment, the new complex will include seven large world-class plants and associated facilities, making it one of the largest phosphate facilities in the world. Total production capacity will be close to 16 million tonnes per year,including 3 million tonnes of finished products (such as DAP, MAP and NP/NPK fertilizers), as well as 440,000 tonnes of downstream products (such as purified phosphoric acid used in food industries, sodium tripolyphosphate used in detergents, and dicalcium phosphate and monocalcium phosphate used to produce animal feed).

Complementary plants to produce ammonia and phosphate-based fertilizers will be built near the port facilities at Ras Al Khair; the twin sites will be linked by the North-South Railway. When the new facility launches in late 2016, it will be a great source of pride for Saudi Arabia and elevate Ma'aden's stature as a leading player in the global phosphates market.

"Our priorities are to add new products to our portfolio, optimize our production costs, acquire larger share in strategic markets, and develop new phosphate reserves to support our future expansion."

PRODUCTION AND SALES

PRODUCTION	2013 Million Tonnes	2012 Million Tonnes	% Change
Ammonia	0.96*	1.09	-12%
DAP	1.82	1.53	19%

SALES	2013 Million Tonnes	2012 Million Tonnes	% Change
Ammonia	**0.56****	0.74	-24%
DAP	**1.82**	1.35	35%

* Ammonia production fell slightly in 2013 because of the unexpected extension of a scheduled shutdown

** Sales were affected partly by the extension of the shutdown and partly because we used more ammonia internally to achieve higher DAP production

A YEAR OF GROWTH

Some of our most important achievements in 2013 include both operational and technical milestones, including passing sustainability tests, breaking production records in DAP, appointing partners to help us deliver projects on time and on budget, and completing the relevant studies to outline the way forward.

In 2013, Ma'aden saw a nearly 20 percent increase in production, allowing us to expand our footprint into seven new countries. In India alone, the largest DAP importer in the world, our market share increased fourfold, from about 3 to 12.3 percent.

While we do have our share of setbacks, they are few and far between. The delayed monsoon and currency devaluation in India, for example, adversely affected demand, global pricing and revenue.

In 2014, our priorities are to add new products to our portfolio, optimize our production costs, acquire larger share in strategic markets, and develop new phosphate reserves to support our future expansion. We will also devote time and resources to develop our research and development capabilities.

ALUMINIUM: ALIGNED TO THE FUTURE

Aluminium, one of the world's most versatile metals, is a fitting symbol of our evolution as a company. Just as aluminium is shaped and changed into a wide range of goods, its development has shaped and changed Ma'aden into a world-class, future-focused company.

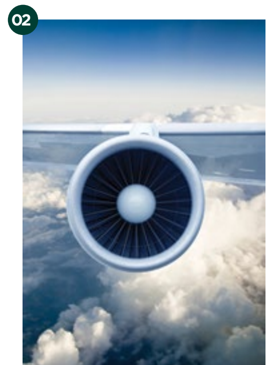
After oxygen and silicon, aluminium is the third most abundant element and the most abundant metal in our planet's crust. It is also the most widely used non-ferrous metal, its production exceeding that of every metal but iron. Its properties – including low weight, high strength and conductivity, corrosion resistance and adaptability – make it a staple in industry and commerce around the world, used in everyday objects from soda cans and frying pans to power lines and aircraft.

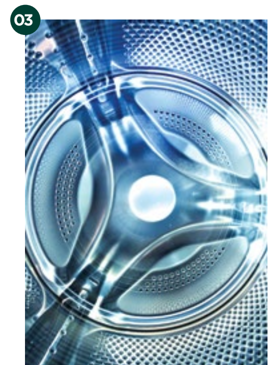
WORLD-CLASS RECOGNITION

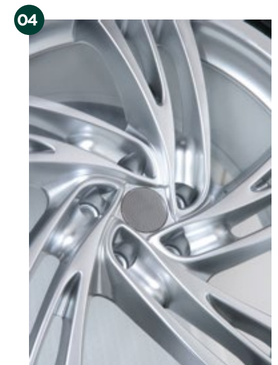
The vision behind Ma'aden's move into aluminium is simple: to maximize the value chain by owning every aspect of its production. This 'mine-to-metal' vision also has the additional benefits of knowledge transfer, creating a new, homegrown and sustainable industry, and positioning Saudi Arabia as a supply side player in a global industry with strong future prospects.

In 2009, Ma'aden established a joint venture with Alcoa, the world's third-largest aluminium producer, to build the world's most efficiently integrated aluminium project in Saudi Arabia. This USD 10.8 billion (over SAR 40 billion) project includes a bauxite mine, a refinery, a smelter and a very advanced rolling mill. Its product, aluminium of the highest international standards, will

01 Ras Al Khair – the world's most efficient integrated aluminium project
02-04 A wide range of uses: aluminium in a jet engine, washing machine and car wheels







1.8

Million tonnes alumina production capacity of our refinery

01 Our refinery will yield 1.8m tonnes of alumina per year
02-03 One of the world's most modern facilities

be sold to the domestic and global markets. It will also encourage the development of additional downstream industries at home.

In 2012, we achieved the first hot metal production at the smelter. The startup of the first pot was a critical step at the smelter, which will have 720 pots at full operation in 2014.

Our rolling mill produced its first experimental coil in December 2013 and we are preparing to start the initial production by the second quarter of 2014. The mine and refinery will also go live in 2014. In addition, our joint venture Sahara & Ma'aden Petrochemicals Company (SAMAPCO) started experimental production in July 2013. Headquartered in Jubail Industrial City, SAMAPCO produces caustic soda (CS), a feedstock for our alumina refinery and ethylene dichloride (EDC), a key feedstock for the production of plastics.

> "For 2014, our business priority areas include the commercial opening of the smelter, widening our geographic market spread, and cementing our reputation as a best-in-class business partner."

INTEGRATED VALUE CHAIN

Our aluminium project involves the development, design, construction and operation of two sites integrated in a mine-to-metal network: Al Ba'itha in the northern Qassim province, and our integrated aluminium complex in Ras Al Khair Industrial City.

Our feedstock comes from large bauxite deposits in Al Ba'itha, which includes the mine as well as the ore-crushing and handling facilities. The mine's estimated production is 4 million tonnes per year of bauxite, and will be transported via the new North-South railway line to Ras Al Khair.

Ras Al Khair hosts the refinery that is being built, the smelter and the rolling mill. Ma'aden refinery is the first alumina refinery in the Middle East, and it will produce 1.8 million tonnes per year of alumina, which will be processed in the smelter. The smelter's annual production capacity is 740,000 tonnes per year of primary aluminium.

The rolling mill capacity is 380,000 tonnes per year. It will focus on producing can sheet, end and tab stock for beverage can manufacturing and to produce auto sheet for the automotive industry, in addition to foil stock, building and construction sheets applications. It will also have the capacity to recycle aluminium scrap.

LAUNCH OF MARKETING & SALES

With our industrial processes moving ahead full steam, our efforts in the past year focused on the commercial startup of the aluminium smelter and the development of an enduring client base for our product portfolio. We have entered new global markets, achieving success in positioning Ma'aden as a reliable business partner. The global market for aluminium, as for most metals and minerals, has been fluctuating because of the rapid change in supply and demand.

We believe the long-term prospects for the industry remain positive. The fundamental properties of aluminium will ensure that it remains linked to growth in mature economies and above average growth in emerging markets. Ma'aden is on course to be the lowest cost aluminium producer in the world.

We achieved the first Saudi aluminium exports to the highly competitive Japanese, South Korean and Asian markets during the year. We also secured contracts to supply aluminium ingots to local and international customers, and promoted business development opportunities in the Kingdom's downstream sector.

4

Million tonnes of bauxite per year from new Al Ba'itha mine starting 2014

ALUMINIUM PRODUCTION AND SALES

PRODUCTION	2013 000 tonnes	2012 000 tonnes	% Change
Aluminium Ingots	187	0	-

SALES	2013 000 tonnes	2012 000 tonnes	% Change
Aluminium Ingots	**129**	0	-

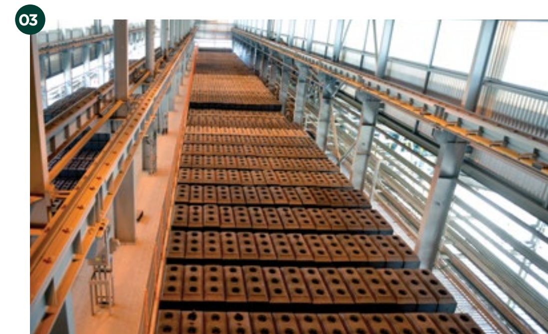
MAC started production at its aluminium smelter in December 2012
*Ma'aden's share of ingots sales

EDC & CS PRODUCTION AND SALES

PRODUCTION	2013 000 tonnes	2012 000 tonnes	% Change
EDC	83.73	0	-
CS	69.66	0	-

SALES	2013 000 tonnes	2012 000 tonnes	% Change
EDC	80.3	0	-
CS	58.50	0	-

SAMAPCO started EDC & CS production in July 2013



INDUSTRIAL MINERALS: SPECTRUM OF USES

In addition to its petroleum, natural gas and metallic mineral riches, Saudi Arabia is also blessed with industrial minerals – materials other than fuel, metal or gemstones mined for their commercial value. They are part of a diverse range of products that we use in our daily lives.

Industrial minerals are used either as raw material or additive in industries ranging from construction to ceramics and paint to plastics. A typical house, for example, is said to contain about 150 tonnes of industrial minerals through its use of glass, cement, ceramics, paint, tiles and paper. The average car uses between 100-150 kilograms, including rubber and plastic fillers and glass. Despite their ubiquity, however, industrial minerals often go unnoticed by the average consumer.

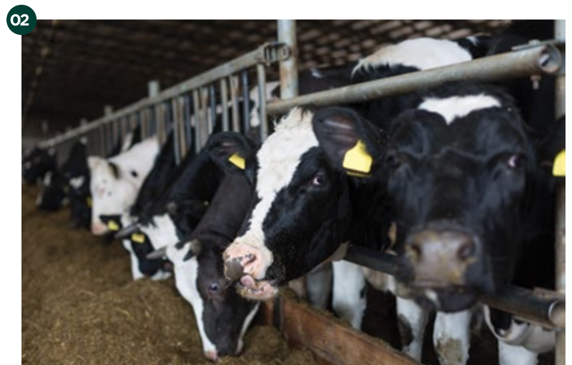
Our industrial minerals are produced by the Ma'aden Industrial Minerals Company (MIMC), established in 2009 as a wholly owned subsidiary of Ma'aden, which started production in 2011. It specializes in extracting and adding value to the Kingdom's extensive deposits of industrial minerals which include low grade bauxite, kaolin and magnesite. In doing so, we serve the needs of Ma'aden affiliates and serve major Saudi and GCC customers.

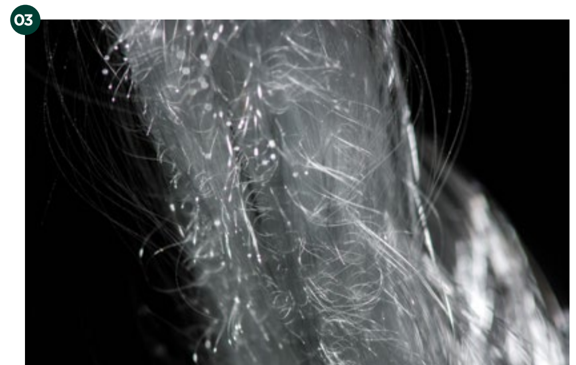
MIMC operates a kaolin and low grade bauxite (LGB) mine in the central zone of Az Zabirah, a high grade magnesite mine in Zargat, and a processing plant in Al Madinah Al Munawarah. The processing plant partially commenced operations in 2011.

Our industrial mineral production is used to meet the the needs of Ma'aden affiliates, with the remaining output supplied to Saudi and GCC customers.

KEY ACHIEVEMENTS

Industrial Minerals had a very successful 2013, the latest in a string of consistent annual results. Our sales increased over 13 percent to more than one million tonnes and net income increased 63 percent. We developed new grades to meet our caustic calcined magnesia (CCM) customer needs, enabling us to achieve higher gross profit. We also achieved substantial optimization of mining costs, manpower utilization, consumables and contract services, leading





01 Our processing plant in Al Madinah Al Munawarah produces high quality grades of caustic calcined magnesia (CCM)
02-03 Our industrial minerals are used in diverse applications such as the production of animal feed and fiber glass

01 Materials analysis at Az Zabirah

INDUSTRIAL MINERALS PRODUCTION, SALES AND REVENUE

PRODUCTION (000 tonnes)	2012	2013
Kaolin Prod	52.502	**64.298**
Bauxite Prod	760.114	**1044.360**
CCM Prod	32.210	**29.505**
SALES (000 tonnes)		
LGB	836	**934.56**
Kaolin	46	**60.64**
CCM	27	**29.12**
TOTAL	**909**	**1024.32**
REVENUE (million SAR)	125.9	150.5

51.6

Percent increase Kaolin sales in 2013.

to a 10 percent reduction in operating cost.

Low-grade bauxite sales volume rose 11.8 percent to 934,560 tonnes in 2013, due in large part to rising domestic demand for cement.

Kaolin sales rose 51.6 percent to 60,640 tonnes in 2013, led by a hike in demand from Ma'aden Phosphates Company (MPC), while sales volumes for CCM also rose 7.9 percent to 29,120 tonnes in 2013, as new applications helped increase demand and enabled us to find new customers in the domestic and Gulf markets as well as in Europe, Africa, India and Japan.

Our customer database now spans industries from abrasives to animal feed, pulp to magnesium special compounds. We continue to work on new applications for kaolin and non-metallurgical uses of low-grade bauxite with potential customers.

MIMC also received the ISO 9001 and 14001, and the OHSAS 18001 certifications during the year for its quality, environmental and safety management system standards.

SPECIALIST OPERATIONS

Magnesite, which is used in a variety of applications from the lining of blast furnaces and incinerators to a catalyst and filler for synthetic rubber, is mined, crushed, sized and stored at the Ma'aden facility in Zarghat, 700 km northeast of Jeddah in Hail province. From there, it is sent to our plant in Madinah Industrial City for further processing.

The multiple hearth furnace (MHF) line at the plant has a capacity of 39,000 tonnes per year of CCM which is primarily used in a variety of applications such as the production of abrasive stone, animal feed, fiber glass, fertilizer, magnesium chemicals, and paper and pulp, and is also used in waste water treatment. The bulk of CCM sales is exported to Europe, GCC and other Middle Eastern countries, India, Africa and Japan. MIMC is the only CCM producer in the GCC.

Az Zabirah, also in Hail, is home to our kaolin and low-grade bauxite mine and processing facility. Low-grade bauxite ore contains a lower percentage of aluminium content and is most often used as an additive in the cement industries. The clay mineral kaolin is primarily used an extender or filler mainly in paper and paint, rubber, plastics and adhesives, ceramics, white cement and refractories. Our low-grade bauxite is supplied to local cement companies, and kaolin to the phosphate industry for the production of phosphoric acid.

Industrial mineral manufacturing has great potential in Saudi Arabia, though it does require advanced processing technology, equipment and expertise. We are working in each of these areas to bring these underutilized resources to the fore, and strengthen Saudi Arabia's position in the global mining industry.

SECTION

05

GOVERNANCE, COMPLIANCE AND RISKS

We have a well-established governance structure that strives to ensure full compliance to rules, high ethical standards that go beyond regulations, efficient risk management and adherence to international mining industry best practice.

HIGH STANDARDS AND BEST PRACTICE

Our corporate governance framework is based on the Saudi law, Ma'aden's Articles of Association and the regulations stipulated by the Capital Markets Authority (CMA).

There are four main bodies in charge of the company's governance:

1. Shareholders
2. Board of Directors with supporting committees
3. President and the CEO, and
4. Management Committee.

Our commitment to the highest standards of integrity and transparency has helped shape Ma'aden's corporate governance and processes. They have also been inspired by the leading practice guidelines of the International Council of Mining and Metals (ICMM).

We have built a strong internal control mechanism to make every Ma'aden employee contribute to governance practices and strengthen the governance regime. The Corporate Governance Framework, which outlines our system of governance is designed to harmonize the interests of our stakeholders including shareholders, management, employees, clients and the communities in which we operate. The framework goes beyond ensuring compliance with laws and regulations. It extends to risk management, business conduct standards and policy compliance.

We strive to achieve this through several clearly established by-laws, policies, procedures and directives, the key ones of which are listed below.

- The Audit Committee Charter
- The Nomination & Remuneration Committee Charter
- The Executive Committee Charter
- Business Conduct Guidelines
- Whistleblowing Policy
- Conflict of Interest Policy
- HSE Policy.

01 Ma'aden HSE Policy is an important part of our governance framework and our commitment to high standards and best practice

MA'ADEN STATUS AND MANDATE

- Saudi Arabian Mining Company (Ma'aden) is a joint stock company based in Riyadh, Saudi Arabia. It was established by Royal Decree No M/17 dated March 23, 1997. Registered in Riyadh under commercial record no. 1010164391 dated February 4 2001, Ma'aden became a publicly listed company on July 5, 2008 after a successful Initial Public Offering of its shares.
- With the public listing, the listing rules of the Kingdom's Capital Market Authority (CMA) became applicable to Ma'aden.

The principal mandate of Ma'aden is to develop the Kingdom's mining sector.

The activities of Ma'aden and its subsidiaries are exploration of mineral resources, mining and development of mineral-based industries upstream and downstream. Current industrial operations cover production and sale of gold, phosphate, aluminium and industrial minerals and selected petrochemical products that support the company's core business.

> The Board reviews and approves corporate strategy and business plans. It also assesses overall operational performance against approved strategic plans and objectives.

ROLE OF SHAREHOLDERS

The General Assembly is the platform where our shareholders exercise their voting right. Shareholder consent is required for key decisions such as the approval of the financial statements, the Board of Directors Report on the company's activities, the review and approval of the Board of Directors' recommendations on dividend payments, the election of the members of the Board of Directors, the amendments to the articles of association, appointment of external auditors and raising registered capital. Each shareholder is entitled to one vote.

BOARD OF DIRECTORS

The main functions of the Board are:

- approve the strategic plans and key objectives of the company and s upervise their implementation
- lay down rules for internal control systems and supervise them
- lay down specific and explicit policies, standards and procedures, for the membership of the Board of Directors and implement them after they have been approved by the General Assembly of shareholders
- outline a written policy that regulates the relationship with stakeholders with a view

MEMBERS OF THE BOARD OF DIRECTORS

MEMBER'S NAME	Status	Meetings attended	Membership on other public company boards	Committee membership
Engr. Abdallah Bin Saif Al-Saif	Independent	5	Dhahran Emaar Company	Nomination and Remuneration Committee; Executive Committee
HE Soliman Bin Saad Al-Humayyd	Non-executive	5	Saudi Research & Marketing Group (SRMG) Tawuniya	Executive Committee
HE Mohammed Bin Abdullah Al-Kharashi	Non-executive	5	Saudi Telecom Company (STC) Saudi Research and Marketing Group (SRMG) Saudi Basic Industries Corp (SABIC	Audit Committee
Mr. Mansour Bin Saleh Al-Maiman	Non-executive	5	National Commercial Bank (NCB)	Nomination and Remuneration Committee
Engr. Khalid Bin Hamad Al-Senani	Non-executive	5	None	Audit Committee
Engr. Sultan Bin Jamal Shawli	Non-executive	3	Arab Mining Company (Jordan)	Executive Committee
Dr. Ziad Bin Abdulrahman Al Sudairy	Independent	4	None	Nomination and Remuneration Committee
Engr. Abdulaziz Bin Abdullah Al Suqair	Independent	5	Saudi Telecom Company (STC)	Executive Committee
Engr. Khalid Bin Saleh Al Mudaifer	Executive	5	None	Executive Committee Nomination and Remuneration Committee

NEW BOARD MEMBER

HE Soliman Bin Saad Al Humayyd, who has been a non-executive member of Ma'aden's Board of Directors and its committees representing General Organization for Social Insurance (GOSI), resigned on April 12, 2013. His resignation became effective on December 31, 2013. The board announced after its meeting on December 12, 2013 that GOSI had nominated its Governor HE Suleiman Bin Abdulrahman Al Gwaiz to fill the position effective January 1, 2014. The board approved the nomination and announced the new appointment on December 12. As per the company's rules and system, the board's decision will be presented to the Ordinary General Assembly of shareholders for ratification.

Ma'aden Board of Directors expressed its profound gratitude to HE Soliman bin Saad Humayyd for his contributions during his tenure as a non- executive member of the board and its various committees.

HE Suleiman Bin Abdulrahman Al Gwaiz holds a Bachelor of Business Administration degree from the University of Portland in the United States in 1981. He has a rich professional and management experience and has held leadership positions in the Saudi American Bank and Riyad Bank.

CORPORATE GOVERNANCE STRUCTURE

MA'ADEN: GOVERNANCE, COMPLIANCE AND RISKS

"Throughout the year, the Board and the committees to which it has delegated responsibility, hold dedicated meetings to review and discuss specific risk topics in greater detail"

to protecting their respective rights
- approve the quarterly financial statements
- approve policies and procedures to ensure the company's compliance with laws and regulations including the company's obligation to disclose material information to shareholders, creditors and other stakeholders
- appoint the CEO and vice presidents, and
- assess overall operational performance against approved strategic plans and objectives.

As of December 31 2013, our Board of Directors comprises nine members.

The term of office of each member of the Board is three years. The Board meets at least once every quarter.

During fiscal year 2013, the Board held five meetings: on January 1, March 2, July 20, September 19 and December 12. Although the Board performs its tasks collectively, it delegates some of its work to perform its duties in effective manner. The committees to whom these tasks are delegated are:
- the Audit Committee
- the Nomination and Remuneration Committee, and
- the Executive Committee.

AUDIT COMMITTEE

The Audit Committee was formed on November 15, 2008 in accordance with the Article 14 of the corporate governance regulations issued by the Board of the CMA. Under this article, the General Assembly of shareholders, upon recommendation of the Board of Directors, is authorized to issue rules for appointing the members

MA'ADEN'S MAIN SHAREHOLDERS

SHAREHOLDER	2013 Shareholding	%	2012 Shareholding	%	Change in shareholding	% Change
Public Investment Fund	**462,500,000**	**50.0**	462,500,000	50.0	0.00	0.00
General Organisation for Social Insurance	**88,828,104**	**9.6**	88,828,104	9.6	0.00	0.00
Public Pension Agency	**68,920,167**	**7.45**	67,818,161	7.3	1,102,006	0.12
General public	**304,751,729**	**32.95**	305,853,735	33.1	(1,102,006)	(0.15)
TOTAL	**925,000,000**	**100.0**	925,000,000	100.0	0.00	0.00

SUBSIDIARY COMPANIES & JOINTLY CONTROLLED ENTITIES IN KSA

NAME OF COMPANY	Main business	Head-quarters	Capital (SR '000)	Ma'aden % ownership
SUBSIDIARIES				
Ma'aden Gold and Base Metals Company	Gold Mining and Associated Minerals	Jeddah	300,000	100%
Ma'aden Phosphate Company	Phosphate mining and fertilizer producer	RAK*	6,208,480	70%
Ma'aden Aluminium Company	Production of aluminium	RAK	4,805,774	74.9%
Ma'aden Bauxite and Alumina Company	Mining of bauxite and refining of alumina	RAK	885,000	74.9%
Ma'aden Rolling Company	Production of aluminium sheets	RAK	1,922,125	74.9%
Ma'aden Industrial Minerals Company	Mining and processing of industrial minerals	Riyadh	500	100%
Ma'aden Infrastructure Company	Provider of supporting infrastructure services in Ras Al Khair	Riyadh	500	100%
JOINTLY CONTROLLED ENTITY				
Sahara and Ma'aden Petrochemicals Company	Production of ethylene dichloride and caustic calcined soda	Jubail	900,000	50%

*Ras Al Khair

BOARD RECOMMENDATIONS

At its first meeting in January 2014, the Board of Directors affirmed that the company's accounting reports have been prepared properly, the internal control system has been developed on a sound basis and implemented effectively and it is fully confident about the company's ability to continue with its operations and business. The Board made the following recommendations to the Ordinary General Assembly of shareholders to be held on March 9, 2014:

1. approve the Board of Directors report for the fiscal year ending on December 31, 2013;
2. approve the auditors' report for the fiscal year ending on December 31, 2013;
3. approve the consolidated financial statements for the fiscal year ending on December 31, 2013;
4. discharge the board members from liability for their management of the company during the year ending on December 31, 2013;
5. recommend not to distribute dividends for the fiscal year ending on December 31, 2013;
6. approve the Audit Committee's recommendation to appoint an external auditor to audit the company's consolidated financial statements for fiscal year 2014 and quarterly financial statements and determine their fees; and
7. approve the replacement of the GOSI (General Organization for Social Insurance) representative on Ma'aden's board.

The Board of Directors did not recommend replacing the auditor before the end of the three-year appointment period.

01

01 The Board reviews and approves corporate strategy and business plans and also assesses overall operational performance against approved strategic plans and objectives

AUDIT COMMITTEE ATTENDANCE OF MEETINGS HELD

MEMBER'S NAME	1 19.1.2013	2 10.4.2013	3 4.5.2013	4 10.7.2013	5 8.10.2013	6 10.11.2013	Total
HE Mohammed Bin Abdullah Al-Kharashi	●	●	●	●	●	●	6
Engr. Khalid Bin Hamad Al-Senani	●	●	●	●	●	●	6
Engr. Abdullah Bin Mohammed Al-Fayez	●	●	●	●	●	●	6
Mr. Hamad Bin Tareq Al-Khamis	●	-	-	-	-	-	1
Dr. Abdullah Bin Hassan Al-Abdulqader	●	●	●	●	●	●	6

NOMINATION & REMUNERATION COMMITTEE ATTENDANCE OF MEETINGS HELD

MEMBER'S NAME	1 9.2.2013	2 4.6.2013	3 22.9.2013	4 11.12.2013	Total
Engr. Abdallah Bin Saif Al-Saif	●	●	●	●	4
Mr. Mansour Bin Saleh Al-Maiman	●	●	●	●	4
Dr. Ziad Bin Abdulrahman Al Sudairy	●	●	●	●	4
Engr. Khalid Bin Saleh Al Mudaifer	●	●	●	●	4

EXECUTIVE COMMITTEE ATTENDANCE OF MEETINGS HELD

MEMBER'S NAME	1 Feb 13	2 June 13	3 Sept 13	4 Nov 13	Total
Engr. Abdallah Bin Saif Al-Saif	●	●	●	●	4
HE Soliman Bin Saad Al-Humayyd	●	●	-	●	3
Mr. Abdulaziz Bin Abdullah Al Suqair	●	●	●	●	4
Engr. Sultan Bin Jamal Shawli	●	●	●	●	4
Engr. Khalid Bin Saleh Al Mudaifer	●	●	●	●	4

of the Audit Committee, define the term of their office and the procedures to be followed by the committee.

The Internal Audit Department reports to the Audit Committee and the committee oversees its activities. The committee also oversees the effectiveness of information systems controls, adequacy of internal controls over financial reporting, review of the financial statements, Enterprise Risk Management (ERM) activities, and the appointment and other general activities related to the external auditors.

The Audit Committee currently comprises the following independent members of the Board:

1. HE Mohammed bin Abdullah Al-Kharashi – Chairman
2. Engr. Khalid bin Hamad Al-Senani
3. Engr. Abdullah bin Mohammed Al-Fayez
4. Mr. Hamad bin Tareq Al-Khamis (Resigned on April 03, 2013) and
5. Dr. Abdullah bin Hassan Al-Abdulqader.

The major roles and responsibilities of the Audit Committee include the following:

- review Ma'aden's adopted financial policies and procedures and recommend their final approval by the Board;
- review the interim and annual standalone and consolidated financial statements of Ma'aden and its subsidiaries;

MA'ADEN: GOVERNANCE, COMPLIANCE AND RISKS

- recommend the appointment of the external auditors to the Board of Directors;
- review and approve annual internal audit plan, internal audit procedures and internal audit reports; and
- conduct or authorize initiation of investigations related to any matter, as it deems appropriate, in the best interest of the company, having unrestricted access to all members of the management and information relevant to the investigation.

NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was formed on November 15, 2008, and is chaired by Engr Abdallah Bin Saif Al-Saif with members Mansour Bin Saleh Al-Maiman, Dr Ziyad Abdulrahman Al Sudairy, and Engr Khalid Bin Saleh Al Mudaifer.

The key duties and responsibilities of the committee are:

- conduct annual reviews of the skills, capabilities and work experience needed to strengthen the supervisory performance of the Board and make suitable recommendations to the Board;
- verify the independence of Board members and assess potential conflict of interest of members who also serve on other company boards;
- evaluate candidates for Board membership by assessing personal and professional qualities including integrity, credibility, responsibility, leadership experience, business acumen and the capability to devote the time necessary to carry out all responsibilities;
- identify the shortcomings in the functioning of the Board and propose solutions to address any deficiency; and
- review and approve all compensation (salaries, allowances, shares) for all executives (CEO, vice presidents and executive directors) annually.

EXECUTIVE COMMITTEE

The Executive Committee was formed on November 15 2008. It is chaired by Engr Abdallah Bin Saif Al-Saif, with members HE Soliman Bin Saad Al-Humayyd, Abdulaziz Bin Abdullah Al Suqair, Engr Sultan Bin Jamal Shawli, and Engr Khalid Bin Saleh Al Mudaifer.

The duties and responsibilities of the Executive Committee include:

- review Ma'aden's objectives and strategies, and make recommendations to the Board to help achieve the objectives and execute the business plan and strategies efficiently;
- review budgets relating to the company's workforce, operations and capital expenditure;
- review proposed business, operations and financial plans with a time-frame of more than three years, and provide recommendations to the Board on these matters;
- approve short-term (less than one year) business, operations and financial plans and medium-term plans (one to three years) that are conceived under the approved long-term plan; and
- oversee and monitor the implementation and completion of Ma'aden's and its affiliates' expansion projects.

Details of the roles and responsibilities of the three committees are explained in their respective charters, which are available under the Investor Relations/Governance section of our website, *www.maaden.com.sa*

MANAGEMENT'S ROLE

The President and CEO and the Management Committee, which comprise the President and the CEO and executives, perform a number of key functions. These include: setting clear objectives and an appropriate ethical framework operating in the public interest; establishing due process; defining the duty of care to the company's stakeholders; providing for transparency and clear lines of responsibility and accountability; implementing sound business planning; integrating business risk management throughout the company; having the right people with the right skills for the job; having sound communication, both internal and external; establishing clear boundaries for acceptable behavior; evaluating performance; recognizing individual and group contributions and establishing and maintaining adequate internal controls.

"Details of the roles and responsibilities of the three committees are explained in their respective charters, which are available under the Investor Relations/ Governance section of our website www.maaden.com.sa"

"Ma'aden's objective is to follow good governance practices that are most relevant its business. We believe that compliance and ethics go hand-in-hand with outstanding business performance."

COMPLIANCE AND ETHICS

Ma'aden's objective is to follow governance leading practices that are most relevant to its business. While we have not yet fully achieved that objective, we are determined to expedite that journey. We believe that compliance and ethics go hand-in-hand with outstanding business performance.

Ethics, which is one of the four pillars of Ma'aden's approach to sustainability, goes beyond rules. Ethical practices create an internal value system that drives people to do the right thing. Rules, policies, and procedures are developed out of a need to comply with law or to keep order; ethics produces behaviors that are not merely reactions to mandates.

The compliance culture at Ma'aden starts at the top of the organization and is supported by a compliance team that is empowered and responsible for successfully implementing relevant policies, procedures, training and monitoring that are aligned with sound ethics and business strategy. Ma'aden's compliance function assists senior management in identifying, evaluating, controlling and monitoring on an on-going basis, the compliance risks affecting the Company. Where weaknesses have been found through its reviews, the compliance function recommends appropriate controls and remedial actions.

During 2013, we have taken a number of initiatives to further embed ethics and a compliance culture across Ma'aden. These include:

- compliance promotion by monitoring and managing legal and compliance risk;
- the conduct of awareness training about potential compliance issues, including, by way of example, a seminar in partnership with the National Anti-Corruption Commission (Nazaha) about integrity and ways of reporting corruption violations
- the introduction of Whistleblowing Policy on matters related to financial corruption or any policy violation;
- institution of mechanisms such as a dedicated e-mail and the availability of a representative to confidentially answer questions and receive information and offer assistance to whistleblowers;
- the publication of legal and compliance related articles in the company's newsletter; and,
- dissemination of relevant information to all Ma'aden's employees to update them on new regulations and rules.

In 2014, we will finalize Ma'aden's Code of Ethics, incorporating the current Business Conduct Guidelines and Conflict of Interest Policy, and reflecting our core values. All relevant industry leading practices and standards will be integrated into our Code of Ethics. We are also planning to install new communication tools, including a hotline and a dedicated intranet site, to enable staff to comment on relevant issues and behavior of managers and fellow employees on anonymous basis.

We have an annual review process, which provides a system and platform to reinforce compliance as we identify gaps, if any, and decide on corrective action, if needed. The review process also works as an effective mechanism to disclose any potential conflicts of interest at least once in a year.

GUIDELINES ON BUSINESS CONDUCT

These guidelines form the basic principles that steer Ma'aden's dealings with all our constituencies, particularly our customers, suppliers and communities.

Employees are assured that continued strict observance of these standards, even at the risk of adverse business consequences, will be supported by the senior management of Ma'aden. Deviation from them, on the other hand, will be grounds for appropriate disciplinary or other action, which action may include termination of employment and referral of such conduct to the concerned authorities.

WHISTLEBLOWING POLICY

One of the 2013 highlights in governance is the finalization of our Whistleblowing Policy, which was welcomed by the National Anti-corruption Commission (Nazaha) as the first such policy in Saudi Arabia. The policy aims to ensure the integrity of our policies and all applicable law, by providing a facility for employees to report violations or possible violations.

The Whistleblowing Policy aims to encourage staff to provide any information that will help management detect, correct and report irregularities, unethical behavior and actions that may be illegal and violate the company's policies, procedures and ethical standards. The policy is consistent with Article 10 of the Corporate Governance Regulation issued by the Capital Markets Authority (CMA).

CONFLICT OF INTEREST POLICY

The Conflict of Interest Policy requires Board members, executive management and employees to disclose actual or potential conflicts of interest and provides a mechanism for addressing potential conflicts of interest. Potential conflicts of interest arise where an individual's private interests, financial or otherwise, may interfere with the interests of Ma'aden.

HSE POLICY

Ma'aden is Saudi Arabia's largest diversified mineral resource company. Excellence in our management of health, safety and environment (HSE) risk is integral to the way we do business, and further reflects our accountability concerning active stewardship and progress towards sustainable development.

Ma'aden's HSE policy provides the foundation for our group's overriding commitment to continually improve our health, safety, environment performance and standards in gold, base metals, phosphate, aluminium, and our other industrial mineral projects. The company's objective is to have zero harm to people and the environment. (Please see the EHS section in the *Building Excellence* chapter).

The guidelines and policies are all published on our website.

MANAGING RISKS

Effective and integrated risk management sits at the heart of true business sustainability. Ma'aden has a well-established risk management process, which not only covers strategic and operational risks, but also our environmental, social, health and safety risks. Our risk management process is aligned with the ISO 31000 international standard on risk management.

Risk is inherent in every business activity. We appreciate that successful

"In 2014, we will finalize Ma'aden's Code of Ethics, incorporating the current Business Conduct Guidelines and Conflict of Interest Policy, and reflecting our core values."

01 Risk management professionals pose for a souvenir picture at the Ma'aden-hosted meeting of the Saudi Enterprise Risk Management Forum (SERMF) on December 8 2013. Ma'aden initiated the formation of SERMF as a platform to share knowledge and experience among risk management professionals based in Saudi Arabia. The forum was inaugurated in March 2013 business is not about avoiding risk altogether. Rather, it is about finding ways to mitigate negative impacts of risks while capitalizing on opportunities.

Risk assessment and management are the responsibility of corporate management. Our Board oversees risk management with a focus on the most significant risks facing the company. Throughout the year, the Board and the committees to which it has delegated responsibility hold dedicated meetings to review and discuss specific risk topics in greater detail.

The Board's risk oversight process builds upon the management's risk assessment and mitigation processes, which include standardized reviews of long-term strategic and operational planning, executive development and evaluation, code of ethics compliance, regulatory compliance, health, safety and environmental compliance, financial reporting, information technology and security.

The corporate Enterprise Risk Management (ERM) department is responsible for overseeing and coordinating risk assessment and mitigation on an enterprise-wide basis. Our risk management program leverages the risk infrastructures that are integral to each of our businesses, and are in line with Ma'aden's overall risk policies, guidelines and review mechanisms. Our risk infrastructure operates at the business and functional levels and is designed to identify, evaluate and mitigate all types of risk.

Depending on the nature of the risk

> "Our risk infrastructure operates at the business and functional levels and is designed to identify, evaluate and mitigate all types of risk."

KEY RISKS AND MITIGATION PLANS

RISK	HIGH-LEVEL MITIGATION PLANS
COMMODITY PRICE FLUCTUATION Fluctuations in the price of the commodities we deal with, such as aluminium, phosphate, gold and industrial minerals, could affect the profitability of operations and cash flows	**1.** Close monitoring and control over costs to minimize the impact of price fluctuation on profitability and cash flows **2.** Ongoing close monitoring of the pricing trends by the relevant SBU management **3.** Enter into long-term pricing contracts with customers, if required **4.** Finding and developing new markets through extensive research
SKILLS SHORTAGE Inability to hire and/or retain suitable qualified and experienced individuals, achieve and maintain Saudization targets, train, develop and retain talent	**1.** Developing strategic alliances to build the talent pipeline **2.** Implementation of talent management strategy (including talent acquisition, talent development and retention strategies) **3.** Development of succession plans for key positions **4.** Regular HR council (comprising of HR leaders from corporate and affiliates) meetings to discuss and resolve all HR-related issues **5.** Periodic benchmarking of existing policies and procedures with those of peers to ensure that they serve our emerging needs and HR best practice
HEALTH & SAFETY Breakdown or a failure of the safety system resulting in serious injury/death and/or operational and financial losses	**1.** Development and implementation of integrated Environment, Health and Safety (EHS) system at all affiliates **2.** Offsite and onsite trainings to staff **3.** Weekly and monthly safety reporting mechanisms **4.** Hiring of safety professionals for various sites in line with business plan requirements
ENVIRONMENT Poor environmental management; damage to reputation resulting from bad publicity due to major environmental incidents	**1.** Development and implementation EHS integrated system at all affiliates **2.** Corporate Environment Department (CED) interaction with Corporate Procurement department (CPD) during contract formulation process **3.** Hiring of environmental specialists **4.** Ongoing environmental awareness programs
COST INFLATION Increased operating cost resulting from increase in cost of raw material, power, freight, mining equipment, or construction of projects	**1.** Focus on strategic sourcing of material and services **2.** Optimizing efficiency across the organization **3.** Optimizing energy efficiency

RISK	HIGH-LEVEL MITIGATION PLANS
INTERRUPTIONS IN POWER SUPPLY Dependency on single source of power supply, operating at remote locations and unexpected electricity fluctuations or a disruption in supply could impact operational and financial performance	**1.** Energy requirements are identified and close coordination maintained with Saudi Electricity Company (SEC) through effective communication by senior management. Contracts have been finalized with SEC for existing energy requirements **2.** Plans are in place to ensure effective and immediate availability of back-up power in the event of an interruption **3.** Full compliance with contract terms and conditions for uninterrupted supply of energy
SOCIAL LICENSE TO OPERATE Social license implies community support for our operations, which is critical. Failure to meet community expectations, and possible local community complaints against Ma'aden or its affiliates will have negative impact on our business and reputation.	**1.** Hiring of experienced and dedicated resources, both at corporate office and project/mine sites to ensure social engagement and manage community relations **2.** Implementation of community engagement plan for each site underway **3.** Plans in place to integrate sustainability key performance indicators (KPIs) at affiliate level, e.g. safety at mines, environmental incidents, community engagement level **4.** Raise the level of community relations to Level 3 of our Community Engagement Framework by 2017
MARKETING Dependency on few market segments, limited product portfolio, limited warehouse capacity and loading capabilities	**1.** Implementation of the warehouse expansion project underway **2.** Review and upgrade of marketing strategies on a regular basis **3.** Enter into long-term pricing contracts with customers, if required **4.** Expand product portfolio
ACCESS TO INFRASTRUCTURE Failure to complete infrastructure in line with project requirements, higher than estimated travel time, breakdown of any transportation systems	**1.** Regular monitoring and progress reporting over transportation and other key infrastructure **2.** Agreement with Saudi Arabian Railways to conduct quarterly senior management meetings to monitor and follow up on rail transport issues

involved and the particular business or function affected, we use a wide variety of risk mitigation strategies, including delegation of authorities, standardized processes and strategic planning reviews, operating reviews and insurance. We manage the risk of fluctuations in economic activity and customer demand by monitoring industry dynamics and responding accordingly, including by adjusting capacity and implementing cost reductions.

We use insurance to mitigate the potential impact of some risks centrally. A formal process to review and monitor the implementation status of the risk mitigation plans on a regular basis has also been designed and implemented. While the business faces numerous important risks, the accompanying table lists the key risks and challenges that we have identified and the high-level mitigation plans to address those.

INTERNAL AUDIT

Our centralized internal audit function plays a key role in evaluating and improving risk management, internal controls and governance processes, thereby supporting the larger business objectives of the enterprise. Established a year after the formation of Ma'aden, the Internal Audit Department (IAD) has evolved over the years, particularly after the listing of the company on Tadawul, the Saudi stock exchange.

With 13 full time professionals headed by the Chief Audit Executive, IAD provides assurance and consultations to strengthen all Ma'aden operations. IAD consultancy services include vital management functions, system implementation reviews and responding to internal enquiries.

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

Our improved efficiency and effectiveness in financial reporting has earned Ma'aden a place of pride among the top five percent of companies listed on Tadawul that achieve early announcement of audited financial results. We are thus able to hold our annual General Assembly of shareholders before the end of the first quarter of every year.

We have effectively moved from conventional auditing practice to a modern risk-based methodology. Our current practice is aligned with the International Professional Practices Framework (IPPF). The IAD and ERM work closely with the SBUs. Our risk-based methodology allows the assessment of organizational performance along the lines of risk-rating criterion, and our understanding of the different risk profiles for each SBU enables us to tailor audit plans.

The outcome of this process is a risk-based internal audit plan for every year which is presented to the Audit Committee for approval. In 2012 the plan was prepared after 89 formal internal audit engagements while in 2013 we accomplished 94 formal engagements.

01

01 Every Ma'aden employee contributes to governance practices and strengthens the governance regime

We are committed to improve our governance regime by maintaining a constant vigil and by adopting emerging leading practices, with a focus on the control environment and business processes. We believe that effective and constantly improving governance will drive shareholder value while improving the risk management processes across all of Ma'aden.

We will continue to use new technology and work towards building a continuous auditing model by utilizing the potential offered by our automated audit environment.

INVESTOR RELATIONS

Openness, transparency and honesty are the values that define our approach to shareholders, employees and partners. We are committed to uphold our core values of integrity and high ethical standards in our relationships with all our stakeholders. Our investor relations program ensures transparency in all communications while complying fully with the continuous and consistent disclosure obligations stipulated by the Kingdom's CMA.

We follow a policy of proactively communicating with the market and informing our stakeholders of all key developments that will have an impact on the business. We hold dialogue with the investor community and advise the company's senior management about market perceptions. Our dialogue with shareholders have become increasingly important as our individual and institutional investors are always looking for up-to-date information on company developments and our business plans and achievements and setbacks, if any.

To create and sustain a meaningful dialogue with the investment community we ensure that the investors have easy access to management. We also ensure timely flow of information through the company

94

Formal engagements in 2013 to prepare the risk-based internal audit plan.

EARNINGS DISTRIBUTION POLICY

The company's Articles of Association requires the distribution of the annual net income after deducting all general expenses and other costs, prioritized as below.

- First, set aside 10 percent of net annual income, as a statutory reserve. The General Assembly meeting of shareholders may stop this when the statutory reserve has reached 50 percent of the company's issued share capital. This reserve is not available for distribution as a dividend.
- Second, the holder of preference shares receives the profit percentages allocated for such shares. The company does not have any preference shares at the moment; therefore this requirement is not applicable.
- Third, based upon a Board of Directors' recommendation, the General Assembly of shareholders may set aside a percentage of the annual net income for the year, to create any additional reserve and dedicate it for a specific purpose as determined by the General Assembly.
- Fourth, from the remainder, a first payment can be distributed to the shareholders as a dividend. This payment is equivalent to five percent of the paid-up share capital.
- Fifth, the remuneration of the members of the Board of Directors is paid.
- Sixth, the rest is then distributed to the shareholders as an additional share of the income.

After meeting the prescribed regulations established by the relevant authorities, the company may distribute quarterly and/ or semi-annual dividends. The distribution of earnings is the prerogative of the shareholders at the General Assembly meeting, based on the recommendation received from the Board of Directors.

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

website and announcements on Tadawul. In addition, we participate in investor conferences, offer access to our Investor Relations team by phone and email, and host special events for analysts and investors.

Our efforts at engaging the investor community have been well recognized. In 2013, Ma'aden was nominated for the 'Leading Corporates for Investor Relations - Saudi Arabia' award presented by the Middle East Investor Relations (ME-IR) Society together with Thomson Reuters Extel on the basis of an annual survey. The study covers listed companies in GCC countries and asks participants (investment banks, brokers and fund managers) to rank top four quoted companies in each country in the region. Our nomination in 2013 came about as a result of our growing reputation as an outstanding performer in investor relations, built on our sustained success in responding to investors' and analysts' demand for reliable information.

Ma'aden has been a member of the ME-IR Society since October 2012.

DISCLOSURE

On September 2, 2013, the CMA imposed a penalty of SAR 50,000 on Ma'aden for breaching sub-clauses (2) and (4) of clause A of the Tadawul's disclosure regulations. In its justification, the CMA Board Committee claimed that Ma'aden's announcement on April 29 2013 did not disclose the starting date, and the duration of its di-ammonium phosphate (DAP) plant shutdown and the financial impact of the consequent halt in production.

Ma'aden has submitted its objection to this administrative decision, and the case is under consideration. Otherwise, no penalties, sanctions, or reserve restrictions were imposed on the company by regulatory, supervisory, monitoring, or judicial authorities during 2013.

DEALS WITH RELATED PARTIES

Ma'aden has not been a party in any contract in which the CEO or the CFO or any Ma'aden-related person holds an interest.

REMUNERATION AND COMPENSATION

Remunerations and compensation paid for the board members and senior executives of the company for the fiscal year ending on December 31, 2013 was as follows:

REMUNERATION AND COMPENSATION (SAR)

CLASSIFICATION	Executive members of the Board of Directors	Non-executive/ independent members of the Board of Directors	Five highest earning senior executives including the CEO and the CFO
Salaries and compensations	--	--	7,409,406
Allowances	239,000	2,154,000	2,593,292
Regular and annual remunerations	--	--	650,235
Incentives plans	--	--	3,328,740
Any compensation or benefits in kind paid monthly or annually	--	--	118,951

SECTION

06

CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

CHIEF FINANCIAL OFFICER'S REVIEW

Khalid S Al-Rowais

Amid continued uncertainty for the global economy, Ma'aden succeeded in delivering on its balanced growth strategy in 2013. Ma'aden's revenue sources continued to evolve: gold revenues accounted for 12 percent whilst revenues from phosphate, ammonia and aluminium accounted for 51 percent, 18 percent and 17 percent of the total respectively.

The year saw challenges both from commodity price weakness and volatility as well as operations. Ma'aden reached several major milestones in its journey to build a global, diversified commodity enterprise. From a financial perspective, notable during the year was the first major contribution to group revenues from the aluminium business (which booked SAR 1,015 million) and the securing of financing commitments worth USD 4.2 billion for the financing of Wa'ad Al Shamal phosphate project which will lead the next stage of Ma'aden's growth.

We continue to manage our finances with an eye on our long-term growth whilst ensuring that Ma'aden is well prepared to withstand the challenges of doing business in the volatile global commodity market.

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2013

Consolidated statement of income (in millions)	Explanatory notes	2013 SAR	2012 SAR	Variance SAR	Variance % change y-o-y
Sales	1	**6,047**	5,577	470	8
Cost of sales	2	**(4,472)**	(2,983)	(1,489)	49
Gross profit	-	**1,575**	2,594	(1,019)	(39)
Operating expenses					
Selling, marketing and logistic expenses	3	**(246)**	(385)	139	6
General and administrative expenses	4	**(514)**	(325)	(189)	(58)
Exploration and technical services expenses	-	**(142)**	(123)	(19)	(15)
Operating income	-	**673**	1,761	(1,088)	(62)
Share in net loss of jointly controlled entity	-	**(3)**	(3)	-	-
Income from short-term investments	5	**27**	65	(38)	(58)
Financial charges	6	**(183)**	(286)	103	(36)
Other income/(expenses)	-	**1,357**	(5)	1,362	(27,240)
Income before zakat	-	**1,871**	1,532	339	22
Provision for zakat	-	**(55)**	(52)	(3)	(6)
Net income for the year	-	**1,816**	1,480	336	23
Net income attributable to shareholders' of the parent company	-	**1,682**	1,091	591	54
Non-controlling interest's share of current year's net income in a subsidiary company	-	**134**	389	(255)	(66)
Basic and diluted earnings per share (SAR)	7	**1.82**	1.18	0.64	54
Weighted average number of ordinary shares outstanding during the year (in millions)	-	**925**	925	-	-
Gross profit %	-	**26**	47	-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	8	**1,784**	2,828	(1,044)	(37)

The table above discloses the movement on a year-on-year (y-o-y) basis, and only those movements that are significant in monetary terms (i.e. more than 10%) are being analyzed and discussed in the corresponding Explanatory note in Audited FS.

1. SALES

COMPONENTS OF SALES

Components of sales (in millions)	2013 SAR	2013 %	2012 SAR	2012 %	Variance SAR	Variance %change y-o-y
DAP	**3,091**	**51**	2,878	52	213	7
Ammonia	**1,080**	**18**	1,570	28	(490)	(31)
Aluminium	**1,015**	**17**	-	28	1,015	100
Gold	**709**	**12**	1,001	18	(292)	(29)
Industrial minerals	**151**	**2**	126	2	25	(20)
Infrastructure	**1**	-	2	-	(1)	(50)
Total sales	**6,047**	**100**	5,577	100	470	8

GEOGRAPHICAL ANALYSIS OF TOTAL SALES FOR THE YEAR ENDED DECEMBER 31, 2013

Under Article 27: b. (4) of the Listing Rules issued by the CMA, Ma'aden needs to provide a geographical analysis of the consolidated turnover of the Group including subsidiaries outside of the Kingdom of Saudi Arabia.

SALES BREAKDOWN BETWEEN INTERNATIONAL AND DOMESTIC SALES

Components of sales	2013 Quantity (thousands)	2013 Value SAR (millions)	2012 Quantity (thousands)	2012 Value SAR (millions)	Variance Quantity (thousands)	Variance ValueSAR (millions)	Country
International sales							
DAP (tonnes)	**1,821**	**3,091**	1,353	2,878	468	213	India, Bangladesh, Indonesia, China, Ethiopia, Kenya, Turkey, Thailand, Pakistan
Ammonia (tonnes)	**561**	**1,080**	743	1,570	(182)	(490)	India, North America, East Asia and South East Asia, Morocco
Aluminium (tonnes)	**120**	**942**	-	-	120	942	Kuwait, Japan, China, South Korea, Malaysia, Taiwan, Thailand, Indonesia
Gold (ounces)	**139**	**709**	160	1,001	(21)	(292)	Switzerland
Industrial minerals (tonnes)	**27**	**31**	27	27	-	4	Holland, Belgium, South Africa, Japan, Egypt, India, Germany, France, Hong Kong, UAE
Total international sales	**-**	**5,853**	-	5,476	-	377	-
Domestic sales							
Aluminium (tonnes)	**9**	**73**	-	-	9	73	-
Industrial minerals (tonnes)	**997**	**120**	882	99	115	21	Saudi Arabia
Infrastructure (services)	**-**	**1**	–	2	-	(1)	Saudi Arabia
Total domestic sales	**-**	**194**	–	101	-	93	-
Total sales for the year	**–**	**6,047**	–	5,577	–	470	-

The DAP fertilizer quantity sold in 2013 increased by 35% while the prices declined by 20% which resulted in a net increase of SAR 213 million. Total DAP sales represents 51% of total consolidated sales of 2013. Corporate Aluminium sales contributed to SAR 1,015 million increase in sales and is 17% of the total consolidated sales. The ammonia sales for 2013 declined by 31% due to reduction in average realized prices and quantity sold.

The actual gold sales for 2013 amounted to SAR 709 million (12% of the total consolidated sales in 2013) compared to SAR 1,001 million in 2012 (18% of the total consolidated sales in 2012). The volume of industrial minerals sales increased by 115 thousand tonnes during 2013, resulting in the sales revenue increase by SAR 25 million.

GOLD OUNCES SOLD BY MINE

Operating mines	2013 Ounces	2013 %	2012 Ounces	2012 %	Variance Ounces	Variance %
Mahd Ad Dhahab mine	**39,708**	**29**	48,569	30	(8,861)	(18)
Al Amar mine	**45,807**	**33**	61,571	38	(15,764)	(26)
Bulghah mine	**51,222**	**37**	36,440	23	14,782	41
Sukhaybarat mine	**213**	**0**	7,555	5	(7,342)	(97)
Al Hajar mine	**1,563**	**1**	6,299	4	(4,736)	(75)
Total gold ounces sold	**138,513**	**100**	160,434	100	(21,921)	(14)

2. COST OF SALES

COMPONENTS OF COST OF SALES (IN MILLIONS)

Components of cost of sales (in millions)	2013 SAR	2013 %	2012 SAR	2012 %	Variance SAR	Variance %change y-o-y
Personnel cost	**263**	**6**	212	7	51	24
Contracted services	**126**	**3**	105	4	21	20
Repairs and maintenance	**51**	**1**	33	1	18	55
Consumables	**111**	**2**	92	3	19	21
Overheads	**70**	**2**	56	2	14	25
Raw materials and utilities consumed	**3,148**	**70**	1,708	57	1,440	84
Reversal of inventory obsolescence	**(2)**	**-**	(0)	(0)	(2)	(100)
Severance fees	**38**	**1**	93	3	(55)	(60)
Sale of by-products	**(31)**	**(1)**	(42)	(1)	11	(26)
Total cash operating cost	**3,774**	**84**	2,257	76	1,517	67
Depreciation	**1,004**	**22**	990	33	14	1
Deferred stripping expense	**72**	**2**	`42	1	30	71
Amortization of intangible assets	**19**	**1**	21	1	(2)	(10)
Total operating costs	**4,869**	**109**	3,310	111	1,559	212
Decrease/(Increase) in inventory	**(397)**	**(9)**	(328)	(11)	(69)	21
Cost of sales	**4,472**	**100**	2,982	100	1,490	50

GOLD OUNCES PRODUCED BY MINE

Operating mines	2013 Ounces	2013 %	2012 Ounces	2012 %	Variance Ounces	Variance % change
Mahd Ad Dhahab mine	**37,423**	**28**	38,765	28	(1,342)	(3)
Al Amar mine	**45,288**	**34**	52,531	38	(7,243)	(14)
Bulhgah mine	**49,923**	**37**	33,233	24	16,690	50
Sukhaybarat mine	**213**	**0**	6,939	5	(6,726)	(97)
Al Hajar mine	**830**	**1**	6,319	5	(5,489)	(86)
Total gold ounces produced	**133,677**	**100**	137,787	100	(4,110)	(3)

Cost of sales increased by 50% driven by higher DAP quantity sold and Corporate Aluminium cost of sales

Corporate Aluminium cost of sales in 2013 contributed to increase of SAR 893 million (2012: Nil).

MPC cost sales increased by SAR 635 million due to increase in DAP quantity sold by 35% compared to 2012

Gold ounces sold in 2013 were lower by 22,000 ounces thereby leading to reduced cost of sales in 2013.

3. SELLING, MARKETING AND LOGISTIC EXPENSES

These expenses comprise of marketing fees and other sales related overheads pertaining to the sale of DAP fertilizer, aluminium and ammonia.

4. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses in 2013 have increased by SAR 189 million or 58% when compared to 2012.

SAR 107 million of the increase was attributable to reclass of deferred charges to expense previously capitalized in 2012 and in first half of 2013.
SAR 28 million of the increase was attributable to an increase in salaries and staff related benefits as a direct result of the increase in the numbers of employees to facilitate the balanced growth strategy.
SAR 2 million of the increase is a result of an increase in depreciation and amortization charges.

5. INCOME FROM SHORT-TERM INVESTMENTS

Income from short-term investments decreased by SAR 38 million (58%) when compared to 2012 and this is mainly due to a decrease in cash surplus available for investment during the year. Ma'aden utilized its funds to finance the capital requirements of it's subsidiary aluminium companies and also for the capex spending of corporate on-going projects.

6. FINANCIAL CHARGES

Financial charges decreased by SAR 103 million (36%). This decrease is mainly attributable the arrangement fee and administrative charges pertaining to new revolving credit facility that was signed in 2012 .

7. BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS

The basic and diluted earnings per share is calculated by dividing the income attributable to the shareholders of the parent company by the weighted average number of ordinary shares in issue during the financial year under review.

8. EBITDA

COMPONENTS OF EBITDA CALCULATION (IN MILLIONS)

	2013 SAR	2012 SAR	Variance SAR	Variance % change y-o-y
Net income for the year	**1,816**	1,480	336	23
Interest income from short-term investments	**(27)**	(65)	38	(58)
Financial charges	**183**	286	(103)	(36)
Provision for zakat	**55**	52	3	(6)
Depreciation	**1,019**	1,002	17	2
Amortization of intangible assets	**20**	23	(3)	(13)
Deferred stripping expense	**72**	42	30	71
Contractual dues from joint venture partners	**(1,440)**	-	(1,440)	(100)
Other income / expenses	**86**	8	78	975
EBITDA	**1,784**	2,828	(1,044)	(37)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

	notes	2013 SAR	2012 SAR	Variance SAR	Variance % change y-o-y
Current assets	9	**7,180**	10,987	(3,807)	(35)
Non-current assets	-				
Property, plant and equipment	10	**18,131**	18,590	(459)	(2)
Capital work-in-progress	11	**36,994**	24,384	12,610	52
Exploration and evaluation assets	12	**146**	347	(201)	(58)
Deferred stripping expense	-	**33**	42	(9)	(21)
Intangible assets	-	**274**	328	(54)	(16)
Investment in jointly controlled entity	-	**441**	445	(4)	(1)
Due from joint venture partners	-	**720**	-	720	100
Advances and prepayments	-	**32**	19	13	68
Total assets	-	**63,951**	55,142	8,809	16
Current liabilities	13	**6,611**	5,934	677	11
Other non-current liabilities	-	**787**	314	473	150
Long-term borrowings	14	**31,545**	25,809	5,736	122
Total liabilities	-	**38,943**	32,057	6,886	21
Equity attributable to shareholders of the parent company	-	**19,760**	18,078	1,682	9
Non-controlling interest	15	**5,248**	5,007	241	5
Total equity	-	**25,008**	23,085	1,923	8
Total liabilities and equity	-	**63,951**	55,142	8,809	16

9. CURRENT ASSETS

- Current assets comprise primarily of: cash and cash equivalents of SAR 4,336 million (2012: SAR 6,175 million).
- Short-term investments with commercial banks of SAR 3 million (2012: SAR 3,071 million).
- Trade receivables increase by SAR 197 million due to higher sales generated by MPC and Corporate Aluminium sales which commenced during 2013.
- Inventories increased by SAR 794 million compared to 2012 due to production ramp-up at MAC which caused

an increase of SAR 733 million in 2013 and also due to higher inventory in MPC by SAR 73 million. Gold inventory declined bringing the net increase in inventory to SAR 794 million.

10. PROPERTY, PLANT AND EQUIPMENT

During the year SAR 496 million were transferred from capital work-in- progress to property, plant and equipment on the completion of capital expenditure projects i.e.
- MPC contributed in increase by SAR 240 million;
- MIC accounted for SAR 242 million increase;
- Remaining increase of SAR 14 million is accounted for by MGBM & Corporate.

11. CAPITAL WORK IN PROGRESS

During the year the following movements occurred:
- SAR 496 million were transferred to property, plant and equipment on the completion of the capital expenditure projects;
- SAR 12.5 billion of additions were added, mainly by the aluminium project (SAR 10.7 billion), corporate projects (SAR 680 million), MGBM projects (SAR 562 million) , MPC (SAR 469 million) and MIC (SAR 188 million);
- SAR 438 million of exploration and evaluation assets were transferred to capital work-in-progress.

12. EXPLORATION AND EVALUATION ASSETS

Out of the opening balance of SAR 347 million and additions during 2013 of SAR 236 million, SAR 438 million was transferred to capital work-in-progress. Remaining closing balance of 2013 is SAR 146 million which comprises of:
- SAR 40 million pertains to Kappa and Zeta project (Corporate);
- SAR 106 million pertains to Mansourah MasSAR ah and Ar-Rjum project (MGBM).

13. CURRENT LIABILITIES

Current liabilities increased by SAR 677 million (11%) due to:
- SAR 40 million increase in project and other payables and SAR 355 million increase in accrued expenses, both of these liabilities relates to contractual obligations arising from the aluminium projects and
- SAR 337 million relating to the current portion of long-term borrowings payable within the next 12 months
- SAR 55 million decrease caused by reduction in Zakat and severance fee payable

14. LONG-TERM BORROWINGS

The increase in long-term borrowings of SAR 5,736 million as a result additional drawdown of SAR 6,937 and reduced by repayments of SAR 865 from the approved facilities at the following institutions:
- Islamic and commercial banks SAR 3,913 million (repaid SAR 471 million)
- PIF SAR 2,874 million (repaid SAR 333 million)
- SAR 150 million (repaid SAR 60 million)

Minus change in current portion of long-term borrowings of SAR 337 million included under current liabilities.

15. NON-CONTROLLING INTEREST

The net increase in non-controlling interest of SAR 241 million is a result of the following:
- Increase caused by the SABIC's share in net income of MPC amounting to SAR 143 million for 2013 reduced by Alcoa's share in net loss of aluminium companies amounting to SAR 9 million.
- Increase caused by additions in payment to increase share capital in the Aluminium companies by Alcoa, who took up their 25.1% share of the share capital amounting to SAR 557 million.
- Decrease caused by dividend payout by MPC to SABIC of SAR 450 million.

CONSOLIDATED STATEMENT OF CASH FLOW

Consolidated statement of cash flow line items (in millions)	2013 SAR	2012 SAR	Variance SAR	Variance % change y-o-y
Cash and cash equivalents at the beginning of the year	**6,175**	5,044	1,131	22
Net cash generated from operating activities	**1,814**	2,174	(360)	(17)
Net cash utilized in investing activities	**(10,278)**	(9,088)	(1,190)	13
Net cash generated from financing activities	**6,626**	8,045	(1,419)	(17)
Net change in cash and cash equivalents for the year	**(1,838)**	1,131	(2,969)	(178)
Cash and cash equivalents at the end of the year	**4,337**	6,175	(1,838)	(30)

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

Commercial registration number	1010164391
Directors	Engr. Abdallah Bin Saif Al-Saif - Chairman HE Soliman Bin Saad Al-Hamyyd - (Resigned December 31, 2013) HE Sulaiman Bin Abdulrahman Al Gwaiz - (Appointed January 1, 2014*) HE Mohammed Bin Abdullah Al-Kharashi Dr. Ziad Bin Abdulrahman Al-Sudairy Mr. Sultan Bin Jamal Shawli Engr. Khalid Saleh Al Mudaifer Mr. Mansour Bin Saleh Al-Maiman Engr. Khalid Bin Hamad Al-Senani Engr. Abdulaziz Bin Abdullah Al Sugair
Registered address	Building number 395 Abi Bakr Asseddiq Road, South Exit 6, North Ring Road Riyadh Kingdom of Saudi Arabia
Postal address	P.O. Box 68861 Riyadh 11537 Kingdom of Saudi Arabia
Banker	The Saudi British Bank (SABB)
Auditors	Ernst & Young Al Faisaliah Office Tower, 14th Floor King Fahad Road P.O. Box 2732 Riyadh 11461 Kingdom of Saudi Arabia

*This appointment, at the request of the General Organization for Social Insurance to change its representative on Ma'aden Board, will be presented for endorsement at the upcoming General Assembly meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of the Group as at December 31, 2013, the results of its operations, changes in equity and cash flows for the year then ended, in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

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

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

The management is also responsible for:

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

The consolidated financial statements for the year ended December 31, 2013 set out on pages 103 to 162, were approved and authorized for issue by the Board of Directors on 20 Rabi Awal 1435H (corresponding to January 21, 2014) and signed on its behalf by:

Engr. Khalid H. Al-Senani Authorized by the Board	Engr. Khalid Al Mudaifer President and Chief Executive Officer	Mr. Khalid Al-Rowais Chief Financial Officer

20 Rabi Awal 1435H
January 21, 2014
Riyadh
Kingdom of Saudi Arabia

EY
Building a better working world

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Registration No. 45
C.R. 1010383821

Independent auditor's report

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

Scope of audit
We have audited the accompanying consolidated statement of financial position of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at December 31, 2013 and the related consolidated statements of income, changes in equity and cash flows for the year then ended and the notes from 1 to 48 which form an integral part of the consolidated financial statements. These consolidated financial statements are the responsibility of the Group's management and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion on the consolidated financial statements.

Unqualified opinion
In our opinion, the consolidated financial statements taken as a whole:

i) present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

ii) comply with the requirements of the Regulations for Companies and the Company's by-laws in so far as they affect the preparation and presentation of the consolidated financial statements.

For Ernst & Young

ارنست ويونغ
ERNST & YOUNG
PROFESSIONAL LICENCE No. 45

Rashid S. AlRashoud
Certified Public Accountant
Registration No. 366

Riyadh: 20 Rabi Awal 1435H
(21 January 2014)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

	Notes	December 31, 2013	December 31, 2012
ASSETS			
Current assets			
Cash and cash equivalents	7	**4,336,642,990**	6,175,213,800
Short-term investments	8	**52,437,776**	3,071,348,447
Trade and other receivables	9	**760,446,009**	563,040,896
Inventories	10	**1,883,019,869**	1,089,934,377
Advances and prepayments	11	**147,361,191**	87,576,613
		7,179,907,835	10,987,114,133
Non-current assets			
Property, plant and equipment	12	**18,130,467,596**	18,589,867,952
Capital work-in-progress	13	**36,993,696,476**	24,383,213,964
Exploration and evaluation assets	14	**145,883,817**	347,290,326
Deferred stripping expense	15	**33,381,669**	42,353,138
Intangible assets	16	**274,183,998**	328,070,652
Investment in a jointly controlled entity	17	**441,370,614**	444,851,735
Due from joint venture partners	18	**720,000,000**	-
Advances and prepayments	11	**32,336,297**	19,187,081
		56,771,320,467	44,154,834,848
TOTAL ASSETS		**63,951,228,302**	55,141,948,981
LIABILITIES			
Current liabilities			
Projects and other payables	19	**2,051,281,265**	2,011,450,745
Accrued expenses	20	**3,261,021,743**	2,905,811,921
Zakat payable	21.2	**54,295,070**	63,600,191
Severance fees payable	22	**36,430,433**	91,516,753
Current portion of obligation under capital lease	23	**9,881,978**	-
Current portion of long-term borrowings	26.4	**1,198,190,354**	861,409,329
		6,611,100,843	5,933,788,939
Non-current liabilities			
Obligation under capital lease	23	**50,113,352**	-
Provision for mine closure and reclamation	24	**83,490,623**	90,743,156
Employees' benefits	25	**214,830,581**	170,955,102
Long-term borrowings	26.4	**31,544,709,390**	25,809,386,783
Due to joint venture partners	27	**439,533,088**	52,411,992
		32,332,677,034	26,123,497,033
TOTAL LIABILITIES		**38,943,777,877**	32,057,285,9
EQUITY			
Share capital	28	**9,250,000,000**	9,250,000,000
Statutory reserve			
Share premium	29	**5,250,000,000**	5,250,000,000
Transfer of net income	30	**561,660,119**	393,422,274
Retained earnings		**4,698,098,798**	3,183,958,193
Equity attributable to shareholders' of the parent company		**19,759,758,917**	18,077,380,467
Non-controlling interest	31.5	**5,247,691,508**	5,007,282,542
TOTAL EQUITY		**25,007,450,425**	23,084,663,009
TOTAL LIABILITIES AND EQUITY		**63,951,228,302**	55,141,948,981
COMMITMENTS AND CONTINGENT LIABILITIES	43		

CONSOLIDATED STATEMENT OF INCOME

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

	Notes	December 31, 2013	December 31, 2012
Sales	32	**6,047,264,545**	5,576,655,383
Cost of sales	33	**(4,471,902,878)**	(2,982,429,073)
GROSS PROFIT		**1,575,361,667**	2,594,226,310
OPERATING EXPENSES			
Selling, marketing and logistic expenses	34	**(246,008,083)**	(384,810,033)
General and administrative expenses	35	**(513,943,670)**	(324,668,780)
Exploration and technical services expenses	36	**(141,835,064)**	(123,713,567)
OPERATING INCOME		**673,574,850**	1,761,033,930
OTHER (EXPENSES) / INCOME			
Share in net loss of jointly controlled entity	17.2	**(3,481,121)**	(3,302,365)
Income from short-term investments	37	**26,627,550**	65,025,678
Finance charges	38	**(182,585,150)**	(285,776,406)
Other income / (expense), net	39	**1,357,387,711**	(5,440,429)
INCOME BEFORE ZAKAT		**1,871,523,840**	1,531,540,408
Provision for zakat	21.2	**(55,448,293)**	(51,713,294)
NET INCOME FOR THE YEAR		**1,816,075,547**	1,479,827,114
Net income attributable to:			
Shareholders' of the parent company	6.1	**1,682,378,450**	1,090,943,970
Non-controlling interest	31.5	**133,697,097**	388,883,144
		1,816,075,547	1,479,827,114
EARNINGS PER ORDINARY SHARE (SAUDI RIYALS)			
Operating income per share inclusive of non-controlling interest's share		**0.73**	1.90
Basic and diluted earnings per share from continuing operations	40	**1.82**	1.18

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

		EQUITY ATTRIBUTABLE TO SHAREHOLDERS' OF THE PARENT COMPANY					NON-CONTROLLING INTEREST				
			STATUTORY RESERVE								
	Notes	**Share capital**	**Share premium**	**Transfer of net income**	**Retained earnings**	**Sub-total**	**Share capital**	**Payments to increase share capital***	**Net income attributable to non-controlling interest**	**Sub-total**	**Total equity**
January 1, 2012		9,250,000,000	5,250,000,000	284,327,877	2,202,108,620	16,986,436,497	2,783,950,191	821,488,065	113,126,199	3,718,564,455	20,705,000,952
Net income for the year		-	-	-	1,090,943,970	1,090,943,970	-	-	388,883,144	388,883,144	1,479,827,114
Net income transferred to statutory reserve	30	-	-	109,094,397	(109,094,397)	-	-	-	-	-	-
Payments to increase share capital during the year *	31.5	-	-	-	-	-	-	899,834,943	-	899,834,943	899,834,943
Increase in non-controlling interest/share capital contributed during the year	31.5	-	-	-	-	-	989,431,551	(989,431,551)	-	-	-
DECEMBER 31, 2012		**9,250,000,000**	**5,250,000,000**	**393,422,274**	**3,183,958,193**	**18,077,380,467**	**3,773,381,742**	**731,891,457**	**502,009,343**	**5,007,282,542**	**23,084,663,009**
Dividend paid to non-controlling interest during the year	31.5	-	-	-	-	-	-	-	(450,000,000)	(450,000,000)	(450,000,000)
Net income for the year		-	-	-	1,682,378,450	1,682,378,450	-	-	133,697,097	133,697,097	1,816,075,547
Net income transferred to statutory reserve	30	-	-	168,237,845	(168,237,845)	-	-	-	-	-	-
Payments to increase share capital during the remainder of the year*	31.5	-	-	-	-	-	-	556,711,869	-	556,711,869	556,711,869
Increase in non-controlling interest / share capital contributed during the year	31.5	-	-	-	-	-	1,174,171,855	(1,174,171,855)	-	-	-
DECEMBER 31, 2013		**9,250,000,000**	**5,250,000,000**	**561,660,119**	**4,698,098,798**	**19,759,758,917**	**4,947,553,597**	**114,431,471**	**185,706,440**	**5,247,691,508**	**25,007,450,425**

*These payments, to ultimately increase share capital of the applicable subsidiaries over a period of time, are treated as part of the total equity in these subsidiaries in accordance with the SOCPA clarification number 14/1 issued on March 14, 2012, although no shares have been issued yet and the Commercial Registration certificate has not yet been amended, but will be once these prepayments have been converted to share capital.

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

	Notes	December 31, 2013	December 31, 2012
OPERATING ACTIVITIES			
Income before zakat		**1,871,523,840**	1,531,540,408
ADJUSTMENTS FOR NON-CASH FLOW ITEMS			
Provision for inventory loss	10	**65,877,481**	-
Reversal of allowance for inventory obsolescence	10	**(2,265,620)**	(151,305)
Depreciation	12	**1,018,792,418**	1,002,437,569
Adjustment / written-off property, plant and equipment	12	**(46,932)**	2,243,151
Deferred stripping expense	15	**71,975,210**	41,616,258
Amortization of intangible assets	16	**20,011,009**	22,651,640
Adjustment / written-off intangible assets	16	**59,648,530**	-
Share in net loss of a jointly controlled entity	17.2	**3,481,121**	3,302,365
Provision for severance fees	22	**37,828,408**	92,603,068
Provision for employees' termination benefits	25.1	**52,392,909**	41,252,535
Contribution for the employees' savings plan	25.2	**13,759,930**	13,100,119
Income from short term investments	37	**(26,627,550)**	(65,025,678)
CHANGES IN WORKING CAPITAL			
Trade and other receivables	9	**(197,405,113)**	(81,526,686)
Inventories	10	**(1,007,678,445)**	(527,986,400)
Advances and prepayments	11	**(72,933,794)**	(62,239,754)
Projects and other payables – Trade	19	**(20,541,484)**	188,594
Accrued expenses – Trade	20	**113,255,547**	398,783,554
Zakat paid	21.2	**(64,753,414)**	(129,221,227)
Severance fees paid	22	**(92,914,728)**	(84,520,304)
Provision for mine closure and reclamation paid	24.1	**(7,252,533)**	(1,691,643)
Employees' termination benefits paid	25.1	**(14,903,351)**	(15,114,502)
Employees' savings plan withdrawal	25.2	**(7,374,009)**	(7,798,074)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**1,813,849,430**	2,174,443,688
INVESTING ACTIVITIES			
Income received from short-term investments		**41,774,971**	66,584,245
Short-term investments	8	**3,003,763,250**	3,108,178,493
Additions to property, plant and equipment	12	**(62,688,826)**	(40,756,214)
Additions to capital work-in-progress	13	**(12,543,035,254)**	(13,587,865,440)
Additions to exploration and evaluation assets	14	**(236,749,472)**	(228,062,545)
Additions to deferred stripping expense	15	**(63,003,741)**	(30,730,376)
Additions to intangible assets	16	**(739,374)**	(50,875,753)
Due from joint venture partners	18	**(720,000,000)**	-
Projects and other payables – Projects	19	**60,372,004**	678,767,106

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

	Notes	December 31, 2013	December 31, 2012
Accrued expenses – Projects	20	**241,954,275**	995,870,906
NET CASH UTILIZED IN INVESTING ACTIVITIES		**(10,278,352,167)**	(9,088,889,578)
FINANCING ACTIVITIES			
Obligation under capital lease	23	**59,995,330**	-
Net proceeds from long-term borrowings received	26.4	**6,072,103,632**	7,092,934,574
Due to joint venture partners	27	**387,121,096**	52,411,992
Payments to increase share capital by non-controlling interest, net	31.5	**556,711,869**	899,834,943
Dividend paid to non-controlling interest	31.5	**(450,000,000)**	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		**6,625,931,927**	8,045,181,509
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(1,838,570,810)**	1,130,735,619
Cash and cash equivalents at beginning of the year	7	**6,175,213,800**	5,044,478,181
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7	**4,336,642,990**	6,175,213,800
NON-CASH FLOW TRANSACTIONS			
Transfer from inventory to capital work-in-progress	10,13	**150,981,092**	-
Transfer from property, plant and equipment to intangible assets, net	12,17	**-**	190,787,575
Provision for mine closure charged to property, plant and equipment	12, 24.2	**-**	1,550,000
Transfer from capital work-in-progress to property, plant and equipment	13,12	**-**	12,237,210,804
Transfer from capital work-in-progress to intangible assets	13,16	**25,033,511**	71,121,759
Transfer from exploration and evaluation assets to capital work-in-progress	14,13	**438,155,981**	24,102,527
Transfer from payments to increase share capital to non-controlling interest	31	**1,174,171,855**	989,431,551

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 SAR 9,250,000,000 (Nine billion and two hundred fifty million Saudi Riyals) divided into 925,000,000 (Nine hundred and twenty five million) ordinary shares with a nominal value of SAR 10 each.

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

- petroleum and natural gas and materials derived there from;
- 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 Dhahab, 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:

ALUMINIUM PROJECT

The Group's objective with the Aluminium project is to develop the bauxite mine, the alumina refinery, smelter and rolling mill as well as a power plant for the production of aluminium 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 aluminium project. The Company has a 74.9% interest in the aluminium project and Alcoa Inc. has a 25.1% interest. The capital cost of the project is estimated to be SAR 40.5 billion. Alcoa Inc. has reimbursed the Company for 25.1% of the aluminium 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 Aluminium complex, currently under construction at Ras Al Khair, to include:

- automotive heat treated and non-heat treated sheet,
- building and construction sheet, and
- stock sheet

PHOSPHATE PRODUCTION FACILITY

On March 19, 2013, Ma'aden signed Heads of Agreement with The Mosaic Company ("Mosaic") and SABIC to jointly develop a fully integrated phosphate production facility located at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City, in the Northern Region, near the city of Turayf in the Kingdom of Saudi Arabia. Ma'aden, Mosaic and SABIC will own 60%, 25% and 15% of the joint venture respectively. On August 5, 2013, the shareholders agreement to jointly develop a fully integrated phosphate production facility was signed by Ma'aden, Mosaic and SABIC (Note 27 and 39).

This project is based on the exploitation of the Al-Khabra phosphate deposit for which Ma'aden owns the mining license and includes the utilization of captive national resources such as groundwater and sulfur, and taking advantage of the existing railway infrastructure, linking the Northern Borders Province to Ras Al Khair in the Eastern Province to have access to the port facilities at the Arabian Gulf. The project is in the development stage and the estimated capital cost of the project is SAR 26 billion.

2. GROUP STRUCTURE

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

		Effective ownership as at December 31	
Subsidiaries	**Type of company**	**2013**	**2012**
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	100%	100%
Industrial Minerals Company ("IMC")	Limited liability company	100%	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	100%	100%
Ma'aden Phosphate Company ("MPC")	Limited liability company	70%	70%
Ma'aden Aluminium Company ("MAC")	Limited liability company	74.9%	74.9%
Ma'aden Rolling Company ("MRC")	Limited liability company	74.9%	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	74.9%	74.9%
Jointly controlled entity			
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Limited liability company	50%	50%

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

MGBM

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

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

IMC

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

- the exploitation of industrial minerals within the existing mining lease area by way of drilling, mining, concentrating, smelting and refining; and
- refine, export and sell such minerals in their original or refined form.

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

MIC

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

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

MPC

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

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

The objectives of the company are to:

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

MAC

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

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

The objectives of the company are the production of:

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

2. GROUP STRUCTURE (CONTINUED)

- aluminium ingots;
- aluminium T shape ingots;
- aluminium slabs; and
- aluminium 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. ("ASAR I"), a foreign shareholder, a company wholly owned by Alcoa Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated financial statements.

The objectives of the company are the production of:
- can body stock; and
- can ends stock.

The company is currently in its project development phase.

MBAC
The company was incorporated in the Kingdom of Saudi Arabia on January 22, 2011 and is owned:
- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by AWA Saudi Limited ("AWA"), a foreign shareholder, which is owned 60% by Alcoa Inc. and 40% by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated financial statements.

The objectives of the company are to:
- produce and refine bauxite; and
- produce alumina.

The company is currently in its project development phase.

SAMAPCO
The company was incorporated in the Kingdom of Saudi Arabia on August 14, 2011 and is owned:
- 50% by Saudi Arabian Mining Company ("Ma'aden") and
- 50% by Sahara Petrochemicals.

SAMAPCO is a joint venture project and is accounted for as an investment in a jointly controlled entity under the equity method of accounting in these consolidated financial statements.
The objectives of the company are the production of:
- concentrated caustic soda;
- chlorine; and
- ethylene dichloride.

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

3. BASIS OF PREPARATION

The accompanying consolidated financial statements have been prepared under the historic cost convention on the accrual basis of accounting and in compliance with the accounting standards promulgated by SOCPA.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

4.1 BASIS OF CONSOLIDATION

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

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

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

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

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

4.2 FOREIGN CURRENCY TRANSLATION

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

4.3 CASH AND CASH EQUIVALENTS

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

4.4 SHORT-TERM INVESTMENTS

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

4.5 TRADE RECEIVABLES

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

4.6 INVENTORIES

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

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

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

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

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

4.6 INVENTORIES (CONTINUED)

SPARE PARTS AND CONSUMABLE MATERIALS
Spare parts and consumable materials are valued at the weighted average cost basis less an allowance for obsolete and slow moving items.

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

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

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

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

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

Maintenance and normal repairs which do not materially extend the estimated economic useful life of an asset are charged to the consolidated statement of income as and when incurred. Major renewals and improvements, if any, are capitalized.
Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated statement of income.

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

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

4.10 EXPLORATION AND EVALUATION ASSETS
Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with:
- acquisition of exploration rights to explore a potentially mineralized;
- topographical, geological, geochemical and geophysical studies;
- exploration drilling;
- trenching;
- sampling; and
- other work involved in searching for ore.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:
- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibilities studies.

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

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

For the purposes of exploration and evaluation assets only, one or more of the following facts and circumstances are considered for identifying that exploration and evaluation asset that may be impaired. These include the following:
- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once it has been identified that exploration and evaluation asset may be impaired, asset impairment policy as specified in note 4.13 is followed.

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

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

4.12 STRIPPING RATIO AND DEFERRED STRIPPING COSTS
The Group also defers waste mining costs and has estimated the average of the waste-to-ore ratio for the quantities contained within the final pit design of the mine. This average is used to calculate the annual waste mining costs to be expensed as follows:
Average ratio of waste to ore mined x Quantity of ore mined x Average unit cost of total tonnes mined

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

4.12 STRIPPING RATIO AND DEFERRED STRIPPING COSTS (CONTINUED)

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

4.13 ASSET IMPAIRMENT

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

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

4.14 PROJECTS, OTHER PAYABLE AND ACCRUED EXPENSES

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

4.15 ZAKAT, INCOME TAX AND WITHHOLDING TAX

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

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

4.16 SEVERANCE FEES

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

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

4.17 PROVISIONS

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

4.18 MINE CLOSURE AND RECLAMATION

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

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

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

The full estimated costs are capitalized as part of mining assets, under property, plant and equipment and then depreciated as an expense over the expected life-of-mine on straight-line basis. Adjustments to the estimated amount and timing of future closure and reclamation cash flows are a normal occurrence in light of the significant judgments and estimates involved. Factors influencing those changes include:
- revisions to estimated ore reserves, mineral resources and lives of mines;
- developments in technology;
- regulatory requirements and environmental management strategies; and
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation.

4.19 EMPLOYEES' TERMINATION BENEFITS

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

4.20 EMPLOYEES' SAVINGS PLAN PROGRAM

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

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

4.21 BORROWINGS

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

4.22 REVENUE RECOGNITION

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

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

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

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

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

4.23 SELLING, MARKETING AND LOGISTIC EXPENSES

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

4.24 GENERAL AND ADMINISTRATIVE EXPENSES

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

4.25 LEASING

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

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

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

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

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

ORE RESERVE AND MINERAL RESOURCE ESTIMATES

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

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

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

ECONOMIC USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

IMPAIRMENT AND REVERSAL OF IMPAIRMENT OF ASSETS

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

ALLOWANCES

The Group also creates an allowance for obsolete and slow-moving spare parts. At December 31, 2013, the allowance for obsolete slow-moving items amounted to SAR 16 million (December 31, 2012: SAR 19 million). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year.

MINE CLOSURE AND ENVIRONMENTAL OBLIGATIONS

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

ZAKAT AND INCOME TAXES

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

CONTINGENCIES

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

6. SEGMENTAL INFORMATION

Segment reporting

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 (Note 1).

  Phosphate project at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City is based on the exploitation of the Al-Khabra and Umm Wu'al phosphate deposits. The project is in the development stage (Note 1).

- The gold segment, consists of operations related to the mining of gold and is carried out through MGBM. This segment currently operates Mahd Ad Dhahab, 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 aluminium segment, consists of the operations related to the development of an aluminium mine, refinery, smelter, rolling mill and power plant for the production of aluminium and related products. This segment is currently in the development stage. Chlor Alkali project consists of the operations related to the development of concentrated caustic soda and ethylene dichloride complex for the production of concentrated caustic soda, chlorine and ethylene dichloride and the supply of all the required feedstock for use in the alumina refinery at Ma'aden Bauxite and Alumina Company, any excess production is sold in the international and domestic market. This segment is currently in the development stage.
- The industrial minerals segment, consist of operations related to the mining of industrial minerals carried out through IMC, which currently operates a kaolin and low grade bauxite mine in the central zone of Az Zabirah

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

6.1 BUSINESS SEGMENT (CONTINUED)

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.

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

	Notes	Corporate	Gold	Phosphate	Aluminium	Industrial minerals	Infra-structure	Consolidation adjustments and eliminations	Total
December 31, 2013									
Sales	32	**-**	**709,253,627**	**4,171,555,563**	**1,015,155,686**	**150,551,491**	**165,886,373**	**(165,138,195)**	**6,047,264,545**
Gross profit		**-**	**353,241,837**	**1,030,988,716**	**122,314,302**	**97,101,906**	**61,797,936**	**(90,083,030)**	**1,575,361,667**
Income from short-term investments	37	**7,464,853**	**4,059,283**	**14,287,545**	**-**	**218,142**	**597,727**	**-**	**26,627,550**
Net income / (loss) attributable to shareholders' of the parent company		**1,818,998,770**	**171,727,657**	**333,405,591**	**(27,426,570)**	**83,219,524**	**59,748,494**	**(757,295,016)**	**1,682,378,450**
Property, plant and equipment	12	**142,221,152**	**134,495,123**	**16,924,662,606**	**62,677,113**	**234,063,888**	**714,638,313**	**(82,290,599)**	**18,130,467,596**
Capital work-in-progress	13	**1,477,998,081**	**1,051,446,195**	**475,477,535**	**33,984,155,794**	**86,094,284**	**225,195,111**	**(306,670,524)**	**36,993,696,476**
Exploration and evaluation assets	14	**40,268,139**	**105,615,678**	**-**	**-**	**-**	**-**	**-**	**145,883,817**
Intangible assets	16	**3,023,394**	**222,422**	**14,756,608**	**-**	**-**	**256,181,574**	**-**	**274,183,998**
Investment in jointly a controlled entity	17	**441,370,614**	**-**	**-**	**-**	**-**	**-**	**-**	**441,370,614**
TOTAL ASSETS		**21,352,382,403**	**1,636,856,389**	**20,520,148,656**	**37,012,274,156**	**559,971,303**	**1,454,220,051**	**(18,584,624,656)**	**63,951,228,302**
December 31, 2012									
Sales	32	-	1,001,542,755	4,447,735,066	-	125,867,379	106,326,672	(104,816,489)	5,576,655,383
Gross profit		-	595,718,308	1,942,643,869	-	61,973,376	40,148,577	(46,257,820)	2,594,226,310
Income from short-term investments	37	33,353,175	8,894,264	22,652,599	-	70,981	54,659	-	65,025,678
Net income / (loss) attributable to shareholders' of the parent company		1,137,168,013	440,540,927	916,203,266	(11,266,032)	50,696,299	39,150,191	(1,481,548,694)	1,090,943,970
Property, plant and equipment	12	149,433,570	164,910,200	17,586,366,477	1,745,322	250,352,181	519,350,801	(82,290,599)	18,589,867,952
Capital work-in-progress	13	289,351,426	426,359,292	241,178,209	23,290,928,361	81,116,854	270,867,316	(216,587,494)	24,383,213,964
Exploration and evaluation assets	14	25,956,610	127,306,058	194,027,658	-	-	-	-	347,290,326
Intangible assets	16	63,936,924	456,996	19,542,535	-	-	244,134,197	-	328,070,652
Investment in jointly a controlled entity	17	444,851,735	-	-	-	-	-	-	444,851,735
TOTAL ASSETS		**18,661,769,752**	**1,876,906,824**	**22,708,214,221**	**27,486,821,124**	**463,572,073**	**1,088,258,436**	**(17,143,593,449)**	**55,141,948,981**

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

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

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

	December 31, 2013	December 31, 2012
Term deposits with original maturities equal to or less than three months at date of acquisition	**3,828,089,649**	4,328,500,000
Cash and bank balances – unrestricted	**497,529,466**	1,435,334,648
Cash and bank balances – restricted	**11,023,875**	411,379,152
Total	**4,336,642,990**	6,175,213,800

Cash and bank balance includes SAR 21,391,928 (2012: SAR 15,006,007) relating to employees' savings plan obligation (Note 25.2).

Restricted cash and bank balances is related to the cash accumulated in the debt service reserve account for the next schedule repayment of long-term borrowing of SAR 461,530,177 (December 31, 2012: SAR 411,379,152), six months prior to the due date, as per the facility agreement. Balance portion of SAR 450,506,302 (December 31, 2012: Nil) of this restricted cash is invested and included in short-term deposits

8. SHORT-TERM INVESTMENTS

	December 31, 2013	December 31, 2012
Term deposits with original maturities of more than three months and less than a year at acquisition	**50,000,000**	3,053,763,250
Investment income receivable	**2,437,776**	17,585,197
	52,437,776	3,071,348,447

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

9. TRADE AND OTHER RECEIVABLES

	December 31, 2013	December 31, 2012
Trade	**611,889,000**	507,061,628
Due from SAMAPCO (Note 41.2)	**47,998,419**	47,994,670
Other	**100,558,590**	7,984,598
Total	**760,446,009**	563,040,896

Trade receivables includes:

Due from Alcoa Inc. (Note 41.2)	**23,948,991**	-
Due from Saudi Mining Polytechnic (Note 41.2)	**50,464,149**	7,418,761
Due from SABIC (Note 41.2)	**242,382,717**	446,823,500

Other receivables include insurance claim of SAR 98,300,773 related to one of the Aluminium pot lines on which the production was halted in October 2013. The temporary shutdown was undertaken after a period of pot instability. MAC is actively working to restore the pot line which is expected to be completed during second quarter of 2014.

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

10. INVENTORIES

	December 31, 2013	December 31, 2012
Finished goods – ready for sale	**327,909,607**	331,156,109
Work-in-progress at net production cost	**401,906,829**	140,764,639
Stockpile of mined ore	**105,632,033**	66,132,540
Raw materials	**410,777,566**	237,239,111
By-products	**3,764,780**	11,779,907
Provision for inventory loss	**(65,877,481)**	-
Sub-total	**1,184,113,334**	787,072,306
Spare parts and consumables materials	**715,312,264**	321,533,420
Allowance for obsolete slow-moving spare parts and consumable materials	**(16,405,729)**	(18,671,349)
Sub-total	**698,906,535**	302,862,071
Total	**1,883,019,869**	1,089,934,377

The spare parts inventory primarily relates to plant and machinery and, accordingly, this inventory is expected to be utilized over a period not exceeding one year.

Movement in the allowance for inventory obsolescence is as follows:

	2013	2012
January 1	**18,671,349**	18,822,654
Reversal of allowance for obsolescence (Note 33)	**(2,265,620)**	(151,305)
December 31	**16,405,729**	18,671,349

11. ADVANCES AND PREPAYMENTS

	December 31, 2013	December 31, 2012
Current portion:		
Advances to vendors	**77,482,678**	31,550,553
Advances to employees	**13,700,858**	6,421,772
Prepaid housing	**28,179,145**	19,531,321
Prepaid insurance	**19,774,522**	23,483,608
Other prepayments	**8,223,988**	6,589,359
Sub-total	**147,361,191**	87,576,613
Non-current portion:		
Other prepayments	**32,336,297**	19,187,081
Sub-total	**32,336,297**	19,187,081
Total	**179,697,488**	106,763,694

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

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

	Notes	Land	Mining assets	Motor vehicles	Heavy equipment	Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
COST												
January 1, 2012		22,550,000	59,468,120	25,729,265	216,523,390	6,960,753,262	426,642,855	628,544,126	58,921,196	46,265,567	23,508,910	8,468,906,691
Additions during the year		39,000,000	-	-	-	-	-	-	-	1,756,214	-	40,756,214
Transfer from capital work-in-progress	13	-	-	1,655,314	9,299,225	11,042,608,915	1,127,919,455	34,550,802	4,666,080	2,432,378	14,078,635	12,237,210,804
Transfer to intangible assets *	16	-	-	-	-	-	-	(207,804,853)	-	-	-	(207,804,853)
Provision for mine closure and reclamation	24.2	-	1,550,000	-	-	-	-	-	-	-	-	1,550,000
Adjustments / write-offs		-	-	(1,747,389)	(7,246,655)	(760,440)	1,407,659	(76,545)	10,366,256	(15,200,723)	(4,061,299)	(17,319,136)
December 31, 2012		61,550,000	61,018,120	25,637,190	218,575,960	18,002,601,737	1,555,969,969	455,213,530	73,953,532	35,253,436	33,526,246	20,523,299,720
Additions during the year		-	-	60,781,150	-	-	-	-	-	1,907,676	-	62,688,826
Transfer from capital work-in-progress	13	-	-	3,678,979	28,549,783	1,086,952	408,282,435	35,653,736	4,711,102	2,107,429	12,585,888	496,656,304
Adjustments / write-offs		-	-	-	-	-	-	-	104,984	(27,070)	(618,774)	(540,860)
DECEMBER 31, 2013		**61,550,000**	**61,018,120**	**90,097,319**	**247,125,743**	**18,003,688,689**	**1,964,252,404**	**490,867,266**	**78,769,618**	**39,241,471**	**45,493,360**	**21,082,103,990**
ACCUMULATED DEPRECIATION												
January 1, 2012		-	36,200,564	20,320,193	51,414,708	460,729,074	73,378,832	253,871,433	30,371,478	29,750,555	11,536,927	967,573,764
Charge for the year		-	4,052,952	2,313,449	16,804,512	877,022,693	69,042,371	18,147,618	5,858,912	4,259,214	4,935,848	1,002,437,569
Transfer to intangible assets *	16	-	-	-	-	-	-	(17,017,278)	-	-	-	(17,017,278)
Adjustments / write-offs		-	-	(751,470)	(97,209)	-	1,407,659	(2,472,673)	(289,684)	(15,079,789)	(2,279,121)	(19,562,287)
December 31, 2012		-	40,253,516	21,882,172	68,122,011	1,337,751,767	143,828,862	252,529,100	35,940,706	18,929,980	14,193,654	1,933,431,768
Charge for the year		-	4,255,225	2,718,152	19,525,437	882,405,988	63,085,149	21,392,892	11,937,355	4,908,269	8,563,951	1,018,792,418
Adjustments / write-offs		-	-	-	-	-	-	-	10,531	(4,549)	(593,774)	(587,792)
DECEMBER 31, 2013		-	**44,508,741**	**24,600,324**	**87,647,448**	**2,220,157,755**	**206,914,011**	**273,921,992**	**47,888,592**	**23,833,700**	**22,163,831**	**2,951,636,394**
NET BOOK VALUE												
December 31, 2012		61,550,000	20,764,604	3,755,018	150,453,949	16,664,849,970	1,412,141,107	202,684,430	38,012,826	16,323,456	19,332,592	18,589,867,952
DECEMBER 31, 2013		**61,550,000**	**16,509,379**	**65,496,995**	**159,478,295**	**15,783,530,934**	**1,757,338,393**	**216,945,274**	**30,881,026**	**15,407,771**	**23,329,529**	**18,130,467,596**

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

Property, plant and equipment of MPC, MAC and MBAC with a net book value at December 31, 2013 of SAR 16,987,339,719 (December 31, 2012: SAR 17,588,111,799) are pledged as security to lenders under the Common Term Financing Agreement (Note 26.7).

	Notes	Year ended December 31, 2013	2012
Allocation of depreciation charge for the year to:			
Cost of sales	33	1,004,164,132	989,557,298
General and administrative expenses	35	14,628,286	12,880,271
TOTAL		**1,018,792,418**	1,002,437,569

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

13 CAPITAL WORK-IN-PROGRESS

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

COST	Notes	Corporate	Gold	Phosphate	Aluminium	Industrial minerals	Infra-structure	Total
January 1, 2012		19,146,154	27,262,877	12,018,934,354	10,707,918,922	74,335,961	231,980,292	23,079,578,560
Additions during the year		214,934,257	410,044,283	356,517,577	12,144,932,391	6,780,893	278,769,001	13,411,978,402
Transfer to property, plant and equipment	12	(9,953,048)	(30,125,060)	(12,014,193,835)	-	-	(182,938,861)	(12,237,210,804)
Transfer from exploration and evaluation assets	14	4,925,335	19,177,192	-	-	-	-	24,102,527
Transfer to intangible assets	16	-	-	(6,083,733)	-	-	(65,038,026)	(71,121,759)
Credit for pre-commercial production revenue net of cost *	41.1	-	-	(46,523,650)	-	-	-	(46,523,650)
Advances to contractors, net		60,298,728	-	(67,472,504)	221,489,554	-	8,094,910	222,410,688
December 31, 2012		289,351,426	426,359,292	241,178,209	23,074,340,867	81,116,854	270,867,316	24,383,213,964
Additions during the year		680,695,789	562,184,996	324,317,694	10,792,799,836	4,977,430	188,684,006	12,553,659,751
Transferred from inventories during the year		-	-	150,981,092	-	-	-	150,981,092
Transfer to property, plant and equipment	12	(1,020,987)	(12,970,178)	(239,917,991)	-	-	(242,747,148)	(496,656,304)
Transfer from exploration and evaluation assets	14	362,283,896	75,872,085	-	-	-	-	438,155,981
Transfer to intangible assets	16	-	-	-	-	-	(25,033,511)	(25,033,511)
Advances to contractors, net		146,687,957	-	(1,081,469)	(189,655,433)	-	33,424,448	(10,624,497)
DECEMBER 31, 2013		**1,477,998,081**	**1,051,446,195**	**475,477,535**	**33,677,485,270**	**86,094,284**	**225,195,111**	**36,993,696,476**
Advances to contractors capitalized as part of additions to capital work-in-progress								
December 31, 2012		62,841,809	-	10,199,469	682,126,349	-	17,858,690	773,026,317
DECEMBER 31, 2013		**209,529,766**	**-**	**9,118,000**	**492,470,916**	**-**	**51,283,138**	**762,401,820**
Borrowing cost capitalized as part of additions to capital work-in-progress during the year								
December 31, 2012	38.1	-	-	10,686,829	481,062,901	-	-	491,749,730
DECEMBER 31, 2013	38.1	**-**	**-**	-	**481,163,536**	**-**	**-**	**481,163,536**

Capital work-in-progress includes the borrowing cost relating to qualifying assets of MPC, MAC, MRC and MBAC with a book value before consolidation elimination at December 31, 2013 of SAR 34,459,633,329 (December 31, 2012: SAR 23,532,106,570) are pledged as security to the lenders under the Common Term Financing Agreement (Note 26.7).

	Year ended December 31,	
	2013	2012
* DAP pre-commercial production revenue net of production cost (Note 41.1)	**-**	46,523,650

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

14. EXPLORATION AND EVALUATION ASSETS

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

	Notes	Corporate	Gold	Phosphate	Aluminium	Total
January 1, 2012		62,130	61,143,912	82,124,266	-	143,330,308
Additions during the year		25,894,480	85,339,338	111,903,392	4,925,335	228,062,545
Transfer to capital work-in-progress	13	-	(19,177,192)	-	(4,925,335)	(24,102,527)
December 31, 2012		25,956,610	127,306,058	194,027,658	-	347,290,326
Additions during the year		14,311,529	54,181,705	168,256,238	-	236,749,472
Transfer to capital work-in-progress	13	-	(75,872,085)	(362,283,896)	-	(438,155,981)
DECEMBER 31, 2013		**40,268,139**	**105,615,678**	**-**	**-**	**145,883,817**

15. DEFERRED STRIPPING EXPENSES

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

	Notes	Gold	Phosphate	Total
COST				
January 1, 2012		23,269,389	32,894,275	56,163,664
Stripping cost incurred during the year		11,969,575	42,772,606	54,742,181
Adjustment		(24,011,805)	-	(24,011,805)
December 31, 2012		11,227,159	75,666,881	86,894,040
Stripping cost incurred during the year		-	63,003,741	63,003,741
DECEMBER 31, 2013		**11,227,159**	**138,670,622**	**149,897,781**
Accumulated amortization				
January 1, 2012		2,924,644	-	2,924,644
Expensed to cost of sales during the year	33	2,778,203	38,838,055	41,616,258
December 31, 2012		5,702,847	38,838,055	44,540,902
Expensed to cost of sales during the year	33	698,660	71,276,550	71,975,210
DECEMBER 31, 2013		**6,401,507**	**110,114,605**	**116,516,112**
Net book value				
December 31, 2012		5,524,312	36,828,826	42,353,138
DECEMBER 31, 2013		**4,825,652**	**28,556,017**	**33,381,669**

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

16. INTANGIBLE ASSETS

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

	Notes	Corporate	Gold	Phosphate	Infra-structure	Total
Cost						
January 1, 2012		24,964,036	5,902,120	12,334,823	-	43,200,979
Additions during the year		45,364,674	-	5,511,079	-	50,875,753
Transfer from property, plant and equipment	12	-	-	-	207,804,853	207,804,853
Transfer from capital work-in-progress	13	-	-	6,083,733	65,038,026	71,121,759
December 31, 2012		70,328,710	5,902,120	23,929,635	272,842,879	373,003,344
Additions during the year		-	739,374	-	-	739,374
Transfer from capital work-in-progress	13	-	-	-	25,033,511	25,033,511
Adjustments / write-offs		(66,344,755)	-	-	-	(66,344,755)
DECEMBER 31, 2013		**3,983,955**	**6,641,494**	**23,929,635**	**297,876,390**	**332,431,474**
Accumulated amortization						
January 1, 2012		5,263,774	-	-	-	5,263,774
Transfer from property, plant and equipment	12	-	-	-	17,017,278	17,017,278
Charge for the year		1,128,012	5,445,124	4,387,100	11,691,404	22,651,640
December 31, 2012		6,391,786	5,445,124	4,387,100	28,708,682	44,932,692
Charge for the year		1,265,000	973,948	4,785,927	12,986,134	20,011,009
Adjustments / write-offs		(6,696,225)	-	-	-	(6,696,225)
DECEMBER 31, 2013		**960,561**	**6,419,072**	**9,173,027**	**41,694,816**	**58,247,476**
Net book value						
December 31, 2012		63,936,924	456,996	19,542,535	244,134,197	328,070,652
DECEMBER 31, 2013		**3,023,394**	**222,422**	**14,756,608**	**256,181,574**	**274,183,998**

Allocation of amortization charge for the year to:	**Notes**	**Year ended December 31, 2013**	**2012**
Cost of sales	33	**18,746,009**	21,523,628
General and administrative expenses	35	**1,265,000**	1,128,012
TOTAL		**20,011,009**	22,651,640

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

17. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	December 31, 2013	December 31, 2012
Investment of 50% in the issued and paid-up share capital of SAMAPCO at cost (Note 17.1)	450,000,000	450,000,000
Share of the accumulated loss (Note 17.2)	(8,629,386)	(5,148,265)
TOTAL	441,370,614	444,851,735

17.1 THE INVESTMENT OF 50% IN THE ISSUED AND PAID-UP SHARE CAPITAL OF SAMAPCO

Contribution in kind	268,269,815
Cash paid	181,730,185
TOTAL	450,000,000

17.2 SHARE OF THE ACCUMULATED LOSS IN JOINTLY CONTROLLED ENTITY

	2013	2012
January 1	(5,148,265)	(1,845,900)
Share in net loss for year	(3,481,121)	(3,302,365)
DECEMBER 31	(8,629,386)	(5,148,265)

18. DUE FROM JOINT VENTURE PARTNERS

	December 31, 2013	December 31, 2012
Due from Mosaic (Note 39)	450,000,000	-
Due from SABIC (Note 39)	270,000,000	-
TOTAL	720,000,000	-

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

19. PROJECTS AND OTHER PAYABLES

	December 31, 2013	December 31, 2012
Projects	1,753,364,144	1,692,992,140
Trade	234,551,557	254,808,261
Other	63,365,564	63,650,344
TOTAL	2,051,281,265	2,011,450,745

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

Other payables as at December 31, 2013 include SAR 38 million (December 31, 2012: SAR 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.

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

20. ACCRUED EXPENSES

	December 31, 2013	December 31, 2012
Projects	2,543,895,556	2,224,323,712
Trade	447,109,110	412,058,437
Employees	185,300,357	107,095,483
Accrued expenses – Alcoa Inc. (Note 41.2)	83,763,220	72,646,789
Finance charges	953,500	89,687,500
TOTAL	3,261,021,743	2,905,811,921

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

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

21. ZAKAT

21.1 COMPONENTS OF ZAKAT BASE

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

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

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

21.2 ZAKAT PAYABLE

	2013	2012
January 1	63,600,191	141,108,124
Provision for zakat	55,448,293	51,713,294
Current year	54,295,070	63,600,191
Prior year under / (over) provision	1,153,223	(11,886,897)
Paid during the year to the authorities	(64,753,414)	(129,221,227)
DECEMBER 31	54,295,070	63,600,191

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

The provision for zakat for the year consist of:

	Year ended December 31, 2013	December 31, 2012
Saudi Arabian Mining Company	**29,155,558**	15,342,952
Ma'aden Phosphate Company	**13,051,361**	25,793,837
Ma'aden Gold and Base Metals Company (Note 22.2)	**4,317,839**	18,662,794
Industrial Minerals Company	**5,125,202**	1,010,423
Ma'aden Infrastructure Company	**2,645,110**	2,790,185
TOTAL	**54,295,070**	63,600,191

21.3 STATUS OF FINAL ASSESSMENTS

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

22. SEVERANCE FEES PAYABLE

	2013	2012
January 1	**91,516,753**	83,433,989
Provision for severance fee (Note 33)	**37,828,408**	92,603,068
Current year (Note 22.1)	**36,341,127**	91,428,507
Previous year under provision	**1,487,281**	1,174,561
Paid during the year to the authorities	**(92,914,728)**	(84,520,304)
DECEMBER 31	**36,430,433**	91,516,753

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

• the income for each mining license of MGBM is subject to severance fee,
• for low grade bauxite, kaolin and magnesia a fixed tariff per tonne is paid as severance fees,

Severance fee for both are shown as part of cost of sales in the consolidated statement of income.

22.1 PROVISION FOR SEVERANCE FEES CONSISTS OF:

	Year ended December 31, 2013	2012
Gold mines (Note 22.2)	**34,658,401**	89,952,213
Low grade bauxite	**1,410,647**	1,252,414
Kaolin	**136,440**	102,740
Magnesia	**135,639**	121,140
TOTAL (NOTE 22)	**36,341,127**	91,428,507

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

22.2 THE PROVISION FOR SEVERANCE FEES PAYABLE BY GOLD MINES IS CALCULATED AS FOLLOWS:

	Year ended December 31, 2013	2012
Net income from operating mines before severance fee for the year	**210,962,881**	549,947,699
25% of the year's net income as defined	**52,740,720**	137,486,925
Hypothetical income tax based on year's taxable net income	**38,976,240**	108,615,007
Provision based on the lower of the above two computations	**38,976,240**	108,615,007
Provision for zakat (Note 21.2)	**(4,317,839)**	(18,662,794)
Net severance fee provision for the year (Note 22.1)	**34,658,401**	89,952,213

23. OBLIGATION UNDER CAPITAL LEASES

During 2013, MAC entered in a capital lease agreement with a financial institution. The lease payments under such agreements are due in monthly installments. The amounts of future payments under the leases at December 31, were as follows:

	December 31, 2013	December 31, 2012
Future minimum lease payments	**76,710,325**	-
Less: financial charges not yet due	**(16,714,995)**	-
Net present value of minimum lease payments	**59,995,330**	-
Current portion shown under current liabilities	**(9,881,978)**	-
Long term portion of obligation under capital leases	**50,113,352**	-

Maturity profile

Minimum lease payment falling due during years ending December 31:

2014	**15,602,100**	-
2015	**15,602,100**	-
2016	**15,602,100**	-
2017	**15,602,100**	-
2018	**14,301,925**	-
TOTAL	**76,710,325**	-

The present value of minimum lease payments has been discounted at an effective interest rate of approximately 0.858% per month.

24. PROVISION FOR MINE CLOSURE AND RECLAMATION

	December 31, 2013	December 31, 2012
Gold mines (Note 24.1)	**81,440,623**	88,693,156
Low grade bauxite, kaolin and magnesite mines (Note 24.2)	**2,050,000**	2,050,000
TOTAL	**83,490,623**	90,743,156

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

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

24.1 GOLD MINES

	Mahd Ad Dhahab mine	Al Hajar mine	Sukhaybarat mine*	Bulghah mine	Al Amar mine	Total
January 1, 2012	23,756,911	11,282,216	20,467,221	21,661,407	13,217,044	90,384,799
Utilization during the year	(1,320,627)	(371,016)	-	-	-	(1,691,643)
December 31, 2012	22,436,284	10,911,200	20,467,221	21,661,407	13,217,044	88,693,156
Utilization during the year	(1,721,053)	(5,379,390)	(152,090)	-	-	(7,252,533)
DECEMBER 31, 2013	**20,715,231**	**5,531,810**	**20,315,131**	**21,661,407**	**13,217,044**	**81,440,623**
Commenced commercial production in	1988	2001	1991	2001	2008	
Expected closure date in	2018	2014**	2017	2017	2023	

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

** The feasibility study of the Al Hajar copper project, focusing on the resources and reserves estimates was completed on May15, 2013 and the financial module of the project is currently under evaluation. After the finalization of evaluation, the expected date will be determined.

24.2 LOW GRADE BAUXITE, KAOLIN AND MAGNESITE MINES

	Note	Az Zabirah mine	Al-Ghazallah mine	Total
January 1, 2012		300,000	200,000	500,000
Provision for the year	12	1,300,000	250,000	1,550,000
December 31, 2012		1,600,000	450,000	2,050,000
DECEMBER 31, 2013		**1,600,000**	**450,000**	**2,050,000**
Commenced commercial production in		2008	2011	
Expected closure date in		2026	2028	

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

25. EMPLOYEES' BENEFITS

	December 31, 2013	December 31, 2012
Employees' termination benefits (Note 25.1)	**193,438,653**	155,949,095
Employees' savings plan (Note 7 and 25.2)	**21,391,928**	15,006,007
TOTAL	**214,830,581**	170,955,102

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

25.1 EMPLOYEES' TERMINATION BENEFITS

	2013	2012
January 1	**155,949,095**	129,811,062
Provision for the year	**52,392,909**	41,252,535
Paid during the year	**(14,903,351)**	(15,114,502)
DECEMBER 31	**193,438,653**	155,949,095

25.2 EMPLOYEES' SAVINGS PLAN

	2013	2012
January 1	**15,006,007**	9,703,962
Contribution for the year	**13,759,930**	13,100,119
Withdrawals during the year	**(7,374,009)**	(7,798,074)
DECEMBER 31 (NOTE 4.20 AND 7)	**21,391,928**	15,006,007

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

26.LONG-TERM BORROWINGS

26.1 FACILITIES APPROVED

MPC, MAC, MRC and MBAC entered into Common Terms Agreements ("CTA") with the Public Investment Fund and consortiums of financial institutions and the Company (Ma'aden) entered into a Shariah compliant Syndicated Revolving Credit Facility Agreement.

The Group facilities comprise of the following as at December 31, 2013:

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

	MPC facilities granted June 15, 2008	**MAC facilities granted Nov. 30, 2010**	**MRC facilities granted Nov. 30, 2010**	**MBAC facilities granted Nov. 27, 2011**	**Ma'aden facilities granted Dec. 18, 2012**	**Total**
Facilities under Common Term Agreement						
Public Investment Fund ("PIF")	4,000,001,250	4,875,000,000	3,078,750,000	3,750,000,000	-	15,703,751,250
Islamic and commercial banks						
Procurement*	4,269,892,500	5,047,500,000	1,041,000,000	2,690,712,844	-	13,049,105,344
Commercial*	1,491,562,500	900,000,000	-	258,750,000	-	2,650,312,500
Al-Rajhi Bank	2,343,750,000	-	-	-	-	2,343,750,000
The Export Import Bank of Korea	1,500,000,000	-	-	-	-	1,500,000,000
Korea Export Insurance Corporation	750,000,000	-	-	-	-	750,000,000
Wakala	-	787,500,000	-	768,750,000	-	1,556,250,000
	10,355,205,000	6,735,000,000	1,041,000,000	3,718,212,844	-	21,849,417,844
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000	600,000,000	900,000,000	-	2,700,000,000
SUB-TOTAL	**14,955,206,250**	**12,210,000,000**	**4,719,750,000**	**8,368,212,844**	**-**	**40,253,169,094**
Syndicated Revolving Credit Facility Agreement	-	-	-	-	9,000,000,000	9,000,000,000
TOTAL FACILITIES GRANTED	**14,955,206,250**	**12,210,000,000**	**4,719,750,000**	**8,368,212,844**	**9,000,000,000**	**49,253,169,094**

The financing agreements imposed the following conditions and financial covenants on each of the borrowing legal entities of the Group and if the conditions are met, the financial institutions will provide the long-term borrowing:
• the limitation on creation of additional liens and/or financing obligations by MPC, unless specifically allowed under the CTA;
• financial ratio maintenance;
• maximum capital expenditures allowed; and
• restriction on dividend distribution to shareholders.

26.1 FACILITIES APPROVED (CONTINUED)

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

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

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

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

MRC FACILITY
Facility Agent, SABB Securities Limited acts as Onshore Security Agent and Riyadh Bank, London Branch acts as Offshore Security Trustee and Agent.

MBAC FACILITY
SIDF has issued a letter of commitment amounting to US$ 240 million (SAR 900 million). The Company initially decided to avail only US$ 160 million (SAR 600 million), however, on October 1, 2013 it formally confirmed its acceptance to avail the entire facility of US$ 240 million (SAR 900 million). A formal contract for the said facility has not been signed as of December 31, 2013.

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

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

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

26.2 FACILITIES UTILIZED UNDER THE DIFFERENT CTAs

MPC FACILITY

	December 31, 2013	December 31, 2012
Public Investment Fund	**3,667,201,146**	4,000,001,250
Less: Repaid during the year	**332,800,104**	332,800,104
SUB-TOTAL (NOTE 41.2)	**3,334,401,042**	3,667,201,146

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

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

ISLAMIC AND COMMERCIAL BANKS		
Banque Saudi Fransi – as agent for the procurement facility participants	**4,099,096,800**	4,269,892,500
Al-Rajhi Bank	**2,250,000,000**	2,343,750,000
The Export Import Bank of Korea	**1,419,750,000**	1,500,000,000
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	**709,875,000**	1,116,562,500
Korea Export Insurance Corporation	**1,071,900,000**	750,000,000
	9,550,621,800	9,980,205,000
Less: Repaid during the year	**471,609,225**	429,583,200
SUB-TOTAL	**9,079,012,575**	9,550,621,800

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

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

Saudi Industrial Development Fund	**600,000,000**	570,000,000
Less: Repaid during the year	**60,000,000**	-
SUB-TOTAL	**540,000,000**	570,000,000

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

Total MPC borrowings (Note 26.4)	**12,953,413,617**	13,787,822,946

MAC FACILITY

	December 31, 2013	December 31, 2012
PUBLIC INVESTMENT FUND (NOTE 41.2)	**4,875,000,000**	3,993,016,061

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

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

ISLAMIC AND COMMERCIAL BANKS		
Dollar procurement	**930,000,000**	737,274,310
Riyal procurement	**4,117,500,000**	2,861,109,923
Commercial	**900,000,000**	728,172,164
Wakala	**787,500,000**	717,486,636
SUB-TOTAL	**6,735,000,000**	5,044,043,033

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

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

26.2 FACILITIES UTILIZED UNDER THE DIFFERENT CTAs (CONTINUED)

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

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

SAUDI INDUSTRIAL DEVELOPMENT FUND	**420,000,000**	420,000,000

Repayment of the SIDF facility will start from February 4, 2015. The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on June 7, 2020.

TOTAL MAC BORROWINGS (NOTE 26.4)	**12,030,000,000**	9,457,059,094

MRC FACILITY

	December 31, 2013	December 31, 2012
PUBLIC INVESTMENT FUND (NOTE 41.2)	**2,321,849,292**	2,291,061,791

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

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

ISLAMIC AND COMMERCIAL BANKS RIYAL PROCUREMENT	**774,852,281**	774,852,281

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

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

SAUDI INDUSTRIAL DEVELOPMENT FUND	**480,000,000**	360,000,000

Repayment of the SIDF facility will start from January 25, 2016. The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on July 19, 2021.

Total MRC borrowings (Note 26.4)	**3,576,701,573**	3,425,914,072

MBAC facility

	December 31, 2013	December 31, 2012
PUBLIC INVESTMENT FUND (NOTE 41.2)	**1,961,113,684**	-

The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%.
The repayment of the principal amount of PIF facility will be in 21 installments on a six monthly basis starting from June 30, 2017. The repayments are starting at SAR 75 million and increasing over the term of the loan with the final repayment of SAR 435 million on June 30, 2028.

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

ISLAMIC AND COMMERCIAL BANKS		
Dollar procurement	**410,114,437**	-
Riyal procurement	**970,123,442**	-
Commercial	**96,180,686**	-
Wakala	**745,252,305**	-
SUB-TOTAL	**2,221,670,870**	-

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

The repayment of the principal amounts of Islamic and commercial total approved facilities will start from June 30, 2017. The repayments are starting at SAR 74 million and increasing over the term of the loan with the final repayment of SAR 431 million on June 30, 2027.

TOTAL MBAC BORROWINGS	**4,182,784,554**	-

26.3 FACILITIES UTILIZED UNDER THE SYNDICATED REVOLVING CREDIT FACILITY

Ma'aden

Syndicated Revolving Credit Facility	-	-

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

26.4 TOTAL BORROWINGS

	December 31, 2013	December 31, 2012
Facilities utilized under:		
CTA (Note 26.2):		
MPC	**12,953,413,617**	13,787,822,946
MAC	**12,030,000,000**	9,457,059,094
MRC	**3,576,701,573**	3,425,914,072
MBAC	**4,182,784,554**	-
TOTAL	**32,742,899,744**	26,670,796,112
Current portion of borrowings		
MPC	**960,185,354**	861,409,329
MAC	**238,005,000**	-
TOTAL	**1,198,190,354**	861,409,329
Long-term portion of borrowings	**31,544,709,390**	25,809,386,783

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

26.5 MATURITY PROFILE OF LONG-TERM BORROWINGS

2013	**-**	861,409,329
2014	**1,198,190,354**	1,194,190,354
2015	**1,574,221,379**	1,569,721,379
2016	**1,706,319,904**	1,701,819,904
Thereafter	**28,264,168,107**	21,343,655,146
TOTAL	**32,742,899,744**	26,670,796,112

26.6 FACILITIES' CURRENCY DENOMINATION

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

	December 31, 2013 (US$)	December 31, 2012 (US$)
Public Investment Fund	**3,331,297,071**	2,653,674,399
Islamic and commercial banks		
Procurement	**2,605,180,630**	2,062,682,401
Al-Rajhi Bank	**571,875,000**	600,000,000
The Export Import Bank of Korea	**356,600,000**	378,600,000
Korea Export Insurance Corporation	**178,300,000**	189,300,000
Commercial	**547,835,742**	480,019,244
US Dollar procurement	**357,363,850**	196,606,483
Wakala	**398,987,639**	191,329,770
SUB-TOTAL	**5,016,142,861**	4,098,537,898
Saudi Industrial Development Fund	**384,000,000**	360,000,000
Syndicated Revolving Credit Facility	**-**	-
TOTAL	**8,731,439,932**	7,112,212,297

26.7 SECURITY

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

	December 31, 2013	December 31, 2012
Property, plant and equipment (Note 12)	**16,987,339,719**	17,588,111,799
Capital work-in-progress (Note 13)	**34,459,633,329**	23,532,106,570
TOTAL	**51,446,973,048**	41,120,218,369

27. DUE TO JOINT VENTURE PARTNERS

	December 31, 2013	December 31, 2012
Due to Alcoa Inc.*	**139,561,363**	52,411,992
Due to Mosaic **	**187,482,328**	-
Due to SABIC **	**112,489,397**	**-**
TOTAL	**439,533,088**	52,411,992

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

*Due to Alcoa Inc. represents the capital contribution to Ma'aden by its joint venture partner Alcoa Inc. to extend the product mix of their Aluminium complex, currently under construction at Ras Al Khair (Note 1).

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

28. SHARE CAPITAL

	December 31, 2013	December 31, 2012
Authorized, issued and fully paid		
925,000,000 Ordinary shares, with a nominal value of SAR 10 per share (Note 40)	**9,250,000,000**	9,250,000,000

29. SHARE PREMIUM

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

30. TRANSFER OF NET INCOME

	2013	2012
January 1	**393,422,274**	284,327,877
Transfer of 10% of net income for the year	**168,237,845**	109,094,397
DECEMBER 31	**561,660,119**	393,422,274

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

31. NON-CONTROLLING INTEREST

31.1 MA'ADEN PHOSPHATE COMPANY	**Share capital**	**Payments to increase share capital**	**Net income / (loss) attributable to non-controlling interest**	**Total**
January 1, 2012	1,862,544,000	-	114,513,473	1,977,057,473
Share of net income for the year	-	-	392,658,543	392,658,543
December 31, 2012	1,862,544,000	-	507,172,016	2,369,716,016
Dividend paid during the year (Note 41.1)	-	-	(450,000,000)	(450,000,000)
Share of net income for the year	-	-	142,888,111	142,888,111
DECEMBER 31, 2013	**1,862,544,000**	-	**200,060,127**	**2,062,604,127**

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
31.2 MA'ADEN ALUMINIUM COMPANY				
January 1, 2012	674,892,816	518,734,210	(721,383)	1,192,905,643
Share of net loss for the year	-	-	(1,887,558)	(1,887,558)
Payments to increase share capital during the year	-	12,622,355	-	12,622,355
Increase in non-controlling interest during the year	531,356,565	(531,356,565)	-	-
December 31, 2012	1,206,249,381	-	(2,608,941)	1,203,640,440
Share of net loss for the year	-	-	(4,561,284)	(4,561,284)
Payments to increase share capital during the year	-	443,761,869	-	443,761,869
Increase in non-controlling interest during the year	443,761,869	(443,761,869)	-	-
DECEMBER 31, 2013	**1,650,011,250**	**-**	**(7,170,225)**	**1,642,841,025**
31.3 MA'ADEN ROLLING COMPANY				
January 1, 2012	118,503,375	256,278,050	(249,709)	374,531,716
Share of net loss for the year	-	-	(767,251)	(767,251)
Payments to increase share capital during the year	-	175,627,645	-	175,627,645
Increase in non-controlling interest during the year	363,950,000	(363,950,000)	-	-
December 31, 2012	482,453,375	67,955,695	(1,016,960)	549,392,110
Share of net loss for the year	-	-	(1,130,129)	(1,130,129)
DECEMBER 31, 2013	**482,453,375**	**67,955,695**	**(2,147,089)**	**548,261,981**
31.4 MA'ADEN BAUXITE AND ALUMINA COMPANY				
January 1, 2012	128,010,000	46,475,805	(416,182)	174,069,623
Share of net loss for the year	-	-	(1,120,590)	(1,120,590)
Payments to increase share capital during the year	-	711,584,943	-	711,584,943
Increase in non-controlling interest during the year	94,124,986	(94,124,986)	-	-
December 31, 2012	222,134,986	663,935,762	(1,536,772)	884,533,976
Share of net loss for the year	-	-	(3,499,601)	(3,499,601)
Payments to increase share capital during the year	-	112,950,000	-	112,950,000
Increase in non-controlling interest during the year	730,409,986	(730,409,986)	-	-
DECEMBER 31, 2013	**952,544,972**	**46,475,776**	**(5,036,373)**	**993,984,375**
31.5 SUMMARY TOTAL				
January 1, 2012	2,783,950,191	821,488,065	113,126,199	3,718,564,455
Share of net income for the year	-	-	388,883,144	388,883,144
Payments to increase share capital during the year (Note 41.1)	-	899,834,943	-	899,834,943
Increase in non-controlling interest during the year	989,431,551	(989,431,551)	-	-
December 31, 2012	3,773,381,742	731,891,457	502,009,343	5,007,282,542
Dividend paid during the year (Note 41.1)	-	-	(450,000,000)	(450,000,000)
Share of net income for the year	-	-	133,697,097	133,697,097
Payments to increase share capital during the year (Note 41.1)	-	556,711,869	-	556,711,869
Increase in non-controlling interest during the year	1,174,171,855	(1,174,171,855)	-	-
DECEMBER 31, 2013	**4,947,553,597**	**114,431,471**	**185,706,440**	**5,247,691,508**

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

32. SALES

	Year ended December 31, 2013	2012
Phosphate segment		
Diammonium phosphate fertilizer	**3,091,386,007**	2,877,956,038
Ammonia	**1,080,169,556**	1,569,779,028
	4,171,555,563	4,447,735,066
Corporate		
Aluminium	**1,015,155,686**	-
Gold segment		
Gold	**709,253,627**	1,001,542,755
Industrial minerals		
Low grade bauxite	**95,875,428**	84,749,607
Caustic calcined magnesia	**33,410,744**	27,463,795
Kaolin	**21,265,319**	13,653,977
	150,551,491	125,867,379
Infrastructure		
Infrastructure revenue	**748,178**	1,510,183
TOTAL	**6,047,264,545**	5,576,655,383
Gold sales analysis		
Quantity of gold ounces (Oz) sold	**138,512**	160,433
Average realized price per ounce (Oz) in: US$	**1,365**	1,665
Saudi Riyals (equivalent)	**5,121**	6,243

33. COST OF SALES

	Year ended December 31, 2013	2012
Salaries and staff related benefits	**263,455,759**	212,350,537
Contracted services	**125,841,850**	105,260,760
Repairs and maintenance	**51,856,427**	33,507,837
Consumables	**110,807,050**	92,040,878
Overheads	**70,470,827**	56,681,113
Raw materials and utilities consumed	**3,147,614,548**	1,708,155,273
Reversal of inventory obsolescence (Note 10)	**(2,265,620)**	(151,305)
Severance fees (Note 22)	**37,828,408**	92,603,068
Sale of by-products (Note 33.1)	**(31,550,694)**	(42,992,140)
Total cash operating costs	**3,774,058,555**	2,257,456,021
Depreciation (Note 12)	**1,004,164,132**	989,557,298
Deferred stripping expense (Note 15)	**71,975,210**	41,616,258
Amortization (Note 16)	**18,746,009**	21,523,628
Total operating costs	**4,868,943,906**	3,310,153,205
Increase in inventory (Note 10)	**(397,041,028)**	(327,724,132)
TOTAL	**4,471,902,878**	2,982,429,073

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

33.1 SALE OF BY-PRODUCTS COMPRISE OF THE FOLLOWING COMMODITIES:

	Year ended December 31, 2013	2012
Copper	**18,218,080**	27,021,740
Zinc	**9,571,533**	8,114,135
Silver	**3,761,081**	7,856,265
TOTAL	**31,550,694**	42,992,140

34. SELLING, MARKETING AND LOGISTIC EXPENSES

	Year ended December 31, 2013	2012
Selling, marketing and logistic expenses	**246,008,083**	384,810,033

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

35. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31, 2013	2012
Salaries and staff related benefits	**262,808,583**	235,385,355
Contracted services	**143,177,420**	36,244,852
Overheads and other	**87,008,705**	35,891,402
Consumables	**4,523,949**	2,499,196
Repair parts	**531,727**	639,692
Depreciation (Note 12)	**14,628,286**	12,880,271
Amortization (Note 16)	**1,265,000**	1,128,012
TOTAL	**513,943,670**	324,668,780

36. EXPLORATION AND TECHNICAL SERVICES EXPENSES

	Year ended December 31, 2013	2012
Salaries and staff related benefits	**45,570,625**	44,501,391
Contracted services	**71,694,410**	65,724,399
Overheads and other	**13,144,135**	9,121,788
Consumables	**9,821,878**	3,488,859
Repair parts	**1,604,016**	877,130
TOTAL	**141,835,064**	123,713,567

37. INCOME FROM SHORT-TERM INVESTMENTS

	Year ended December 31, 2013	2012
Income received and accrued on short-term investments	**26,627,550**	65,025,678

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

38. FINANCE CHARGES

	Year ended December 31, 2013	2012
Public Investment Fund	**35,096,061**	48,029,945
Banque Saudi Fransi – as agent for the procurement facility participants	**50,691,813**	58,847,261
Al-Rajhi Bank	**28,432,241**	37,664,630
The Export Import Bank of Korea	**14,382,631**	19,052,039
Korea Export Insurance Corporation	**7,532,282**	8,804,106
Mizuho Corporate Bank Limited - as agent for the commercial facility participants	**16,524,306**	17,384,618
Saudi Industrial Development Fund	**5,650,000**	6,306,307
Arrangement fee and administrative charges for Revolving Credit Facility	**-**	89,687,500
Murabaha fee for Revolving Credit Facility	**24,275,816**	-
TOTAL	**182,585,150**	285,776,406

38.1 SUMMARY OF BORROWING COST

	Year ended December 31, 2013	2012
Expensed during the year	**182,585,150**	285,776,406
Capitalized as part of qualifying assets in capital work-in-progress during the year (Note 13)	**481,163,536**	491,749,730
TOTAL	**663,748,686**	777,526,136

39. OTHER INCOME / (EXPENSES), NET

	Year ended December 31, 2013	2012
Other income / (expenses), net	**1,357,387,711**	(5,440,429)

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

As per the agreement Mosaic and SABIC are liable to pay contractual dues to Ma'aden of SAR 1.44 billion in two installments and thereby recorded as other income. This amount is in addition to the historical cost incurred by Ma'aden on the project. First installment, 50% of SAR 1.44 billion, is received by Ma'aden during the year ended December 31, 2013 while the second installment of remaining 50% of the amount is due on June 30, 2016 (Note 18).

40. EARNINGS PER ORDINARY SHARE

	Year ended December 31, 2013	2012
Net income attributable to the shareholders of the parent compan	**1,682,378,450**	1,090,943,970
Weighted average number of ordinary shares in issue during the year (Note 28)	**925,000,000**	925,000,000
Basic and diluted earnings per ordinary share from continuing operations	**1.82**	1.18

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

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

41. RELATED PARTY TRANSACTIONS AND BALANCES

41.1 RELATED PARTY TRANSACTIONS

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

	Year ended December 31, 2013	2012
Sales of MPC through SABIC during the year		
• Since commencement of commercial production on October 1, 2011 for Ammonia and on February 1, 2012 for all other plants, disclosed in the income statement as part of sales	**2,626,763,424**	3,818,121,916
• Before date of commencement of commercial production, the pre-commercial production revenue, net of cost of production during the year ended December 31, 2013 amounting to Nil (December 31, 2012: SAR 46,523,650) has been credited against capital work-in-progress (Note 13)	-	154,560,262
TOTAL	**2,626,763,424**	3,972,682,178
Sales to Alcoa Inc. during the year	**327,839,306**	-
Dividend paid to SABIC during the year (Note 31.1)	**450,000,000**	-
Payments to increase share capital received from Alcoa Inc. (Note 31.5)	**556,711,869**	899,834,943
Saudi Mining Polytechnic – contracted services and others	**50,464,149**	7,418,761

41.2 RELATED PARTY BALANCES

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

	December 31, 2013	December 31, 2012
Receivables from related party		
Due from Alcoa Inc. (Note 9)	**23,948,991**	-
Due from SABIC (Note 9)	**242,382,717**	446,823,500
Due from SAMAPCO (Note 9)	**47,998,419**	47,994,670
Due from Saudi Mining Polytechnic (Note 9)	**50,464,149**	7,418,761
TOTAL	**364,794,276**	502,236,931
Payable to related party		
Accrued expenses – Alcoa Inc. (Note 20)	**83,763,220**	72,646,789
Payments to increase share capital received from Alcoa Inc. (Note 31.5)	**114,431,471**	731,891,457
TOTAL	**198,194,691**	804,538,246
Long-term borrowings from PIF, a 50% shareholder in Ma'aden		
Due to PIF for the financing of the :		
MPC facility (Note 26.2)	**3,334,401,042**	3,667,201,146
MAC facility (Note 26.2)	**4,875,000,000**	3,993,016,061
MRC facility (Note 26.2)	**2,321,849,292**	2,291,061,791
MBAC facility (Note 26.2)	**1,961,113,684**	-
TOTAL	**12,492,364,018**	9,951,278,998

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

42. OPERATING LEASE AGREEMENTS

	Year ended December 31, 2013	2012
Payments under operating leases recognized as an expense during the year	**15,142,551**	19,481,415

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

2013	-	16,056,083
2014	**9,213,856**	15,996,083
2015	**3,728,856**	9,561,083
2016	**3,728,856**	4,336,083
2017 through 2029	**49,809,744**	44,389,258
TOTAL	**66,481,312**	90,338,590

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

43. COMMITMENTS AND CONTINGENT LIABILITIES

	Year ended December 31, 2013	2012
Capital expenditures:		
Contracted for	**12,717,132,437**	15,571,333,296
Guarantees:		
Guarantees in favor of Saudi Aramco, for future diesel and gas feedstock supplies	**220,962,362**	171,000,000
Guarantees for the development of Aluminium project	**225,000,000**	225,000,000
Others	**321,445**	157,080
TOTAL	**446,283,807**	396,157,080

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

Ma'aden has also provided guarantees to SIDF for financing facilities available to MAC and MRC to the extent of its shareholding of 74.9% and to MPC to the extent of its shareholding of 70% (Note 26.1 and 26.2).

44. FINANCIAL RISK MANAGEMENT

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

44.1 CURRENCY RISK

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

44.2 FAIR VALUE

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

MA'ADEN: CFO'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

44.3 COMMISSION RATE RISK

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

The effect on net income of a 1% movement in the US Dollar LIBOR commission rate on the net debt outstanding would be SAR 284 million (December 31, 2012: SAR 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 SAR 709 million, representing 12% of the Group's sales for the year ended December 31, 2013 (December 31, 2012: SAR 1,001 million representing 19% of Group's sales from two major customers). Trade receivables are carried net of allowance for doubtful debts, if needed.

44.6 LIQUIDITY RISK

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

45. EVENTS AFTER THE REPORTING DATE

No events have arisen subsequent to December 31, 2013 and before the date of signing the audit report, that could have a significant effect on the consolidated financial statements as at December 31, 2013.

46. COMPARATIVE FIGURES

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

47. CONTINGENT ASSETS HELD AND LIABILITIES INCURRED UNDER FIDUCIARY ADMINISTRATION

On January 6, 2013 MIC, a wholly owned subsidiary of Ma'aden, received an amount of USD 140 million (in a fiduciary capacity) from the Ministry of Finance of the Kingdom of Saudi Arabia, in accordance with the Council of Ministers' Resolution No 87, dated 28 Rabi ul Awal 1433H (corresponding to February 20, 2012), for the purpose of establishing an industrial city in the Northern Borders Province, by the name of "Wa'ad 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.

48. DETAILED INFORMATION ABOUT THE SUBSIDIARIES AND A JOINTLY CONTROLLED ENTITY

ALL FIGURES IN SAUDI RIYALS IF NOT STATED OTHERWISE

		Issued and paid-up Share capital		Effective group interest %		Cost of investment by parent company	
Subsidiary	Nature of business	December 31, 2013	December 31, 2012	2013	2012	December 31, 2013	December 31, 2012
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining	**300,000,000**	300,000,000	**100**	100	**300,000,000**	300,000,000
Industrial Minerals Company ("IMC")	Kaolin, low grade bauxite and magnesite mining	**344,855,200**	500,000	**100**	100	**344,855,200**	500,000
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects	**500,000**	500,000	**100**	100	**500,000**	500,000
Ma'aden Phosphate Company ("MPC")	Phosphate mining and fertilizer producer	**6,208,480,000**	6,208,480,000	**70**	70	**4,345,936,000**	4,345,936,000
Ma'aden Aluminium Company ("MAC")	Aluminium ingots, t-bars, slabs and billets	**6,573,750,000**	4,805,774,426	**74.9**	74.9	**4,923,738,750**	3,599,525,045
Ma'aden Rolling Company ("MRC")	Aluminium sheets for can body and lids	**1,922,125,000**	1,922,125,000	**74.9**	74.9	**1,439,671,625**	1,439,671,625
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining	**3,794,999,888**	884,999,944	**74.9**	74.9	**2,842,454,916**	662,864,958
						14,197,156,491	10,348,997,628
Jointly controlled entity							
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride	**900,000,000**	900,000,000	**50**	50	**450,000,000**	450,000,000

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

ACKNOWLEDGEMENT

Thank you to all our dedicated staff who have contributed to enriching the content of this annual report and presenting Ma'aden's performance and achievements in 2013.

SECTION

07

GLOSSARY OF TERMS & DIRECTORY

Every industry has its language that includes specialized terminology, product abbreviations and business processes. The mining industry and our other businesses have their own. The glossary of terms offers a greater understanding of our operations and the commonly used business terms. The directory presents an at-a-glance view of our group companies, including location, products and other details.

GLOSSARY OF TERMS

Arabian Shield: an exposure of Precambrian crystalline rocks on the flanks of the Red Sea.

Arable land: in geography and agriculture, arable land is land ploughed or tilled regularly, generally under a system of crop rotation.

Bauxite: an aluminium ore, which is the world's main source of aluminium.

Beneficiation: in mining, beneficiation (occasionally spelled 'benefication') is a variety of processes whereby extracted ore from mining is separated into mineral and gangue, the former suitable for further processing or direct use.

Blast furnace: a type of metallurgical furnace used for smelting to produce industrial metals, generally iron, but also others such as lead or copper.

CCM: caustic calcined magnesia

Competent Person: in the mining industry, the JORC Code stipulates that any public reporting of exploration results, mineral resources or ore reserves must be signed off by a competent person. The person must be a member or fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a recognized overseas professional organization.

Conflict of interest: occurs when an individual or organization is involved in multiple interests, one or more of which could possibly conflict with the rest and corrupt the motivation.

CS: caustic soda.

DAP: diammonium phosphate (chemical formula: $(NH_4)_2HPO_4$), a water-soluble ammonium phosphate salt used as a fertilizer.

Direct employment: employment directly related to the production of products or services or when a person is employed directly by a firm as against by a contractor working for the firm.

Doré: a semi-pure alloy of gold and silver, usually created at the site of a mine. It is then transported to a refinery for further purification. The proportions of silver and gold can vary widely.

Downstream: refers to a business closer to the point of sale than to the point of production or manufacture. For example, with reference to our aluminium business, it means the businesses using the aluminium which has been mined, refined and smelted as raw material to make new products.

EBS: electronic business suite is a collection of business planning and management tools.

EDC: ethylene dichloride , also known as 1,2 dichloroethane ($CL_2C_2H_4$) is a chlorinated hydrocarbon commonly used as a solvent and in the production of PVC.

EHS: environment, health and safety.

ERM: enterprise risk management.

Feedstock: the raw material from which goods, finished products or intermediate materials (that are themselves feedstock for finished products) are manufactured or made.

Hot Metal: the hot, liquid, metallic iron product obtained upon reduction of iron ore (normally in blast furnace or in Corex Furnace). It contains about 93-94% iron (Fe) and other elements/impurities like carbon (4%), silicon (~1%), manganese (+1%) sulphur, phosphorus etc.

MA'ADEN: GLOSSARY OF TERMS & DIRECTORY

Indirect employment: when a business generates employment in other organizations to supply or produce goods and services or when a firm contracts some work to a person or a company.

JORC: the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') is a professional code of practice that sets minimum standards for public reporting of minerals exploration results, mineral resources and ore reserves.

KPI: key performance indicators.

MAP: mono-ammonium phosphate (chemical formula: $NH_4H_2PO_4$), an ammonium phosphate compound used as a fertilizer.

MHF: multiple heat furnace.

Non-ferrous metal: in metallurgy, a non-ferrous metal is any metal, including alloys, that does not contain iron in appreciable amounts. Generally more expensive than ferrous metals, non-ferrous metals are used because of desirable properties such as low weight (eg aluminium), higher conductivity (eg copper),[1] non-magnetic property or resistance to corrosion (eg zinc).

Open-pit mining: a surface mining technique of extracting rock or minerals from the earth by their removal from an open pit or borrow.

PAP: potassium ammonium phosphate.

Pot line: a facility containing a series of 'pots', or large electrolytic cells, in which aluminium is made. Inside the pot, alumina is dissolved in molten cryolite (sodium aluminium fluoride) and other materials. As the electric current is passed through the bath it generates the heat to keep the bath molten and causes the alumina to separate into two constituent elements, aluminium and oxygen.

Potable: water safe enough to be consumed by humans or used with low risk of immediate or long term harm.

Precambrian: is a geological time scale which spans from the formation of the earth about 4600 million years ago to the beginning of the Cambrian Period, about 541 million years ago, a period which accounts for 88 percent of geological time. Ma'aden's gold reserves are hosted in the Precambrian rocks of the Arabian Shield.

Refinery: a production facility composed of a group of chemical engineering unit processes and unit operations refining certain materials or converting raw material into products of value.

ROIC: return on investment capital

Rolling mill: in metalworking, rolling is a metal forming process in which metal stock is passed through one or more pairs of rolls to reduce the thickness and to make the thickness uniform.

SAP: sodium ammonium phosphate

SBU: Strategic Business Unit.

SLDP: Senior Leadership Development Program.

Smelting: a form of extractive metallurgy; its main use is to produce a metal from its ore. This includes production of silver, iron, copper and other base metals from their ores.

Sustainability: a business strategy that drives long-term corporate growth and profitability by mandating the inclusion of environmental and social issues in the business model.

Synergy: the interaction of multiple elements in a system to produce an effect different from or greater than the sum of their individual effects.

Whistleblowing: when a worker reports suspected wrongdoing at work.

MA'ADEN: GLOSSARY OF TERMS & DIRECTORY

DIRECTORY

Company Name(s)	Year of Est.	Legal Status	Partners / Ownership	Products	Product Applications	Address & Contacts
Ma'aden	**1997**	Limited Liability Company	Public Investment Fund 50% General Organization for Social Insurance 9.6% Public Pension Agency (7.3%) General Public (33.1%)	(N/A)	(N/A)	PO Box 68861 Riyadh 11537 Kingdom of Saudi Arabia Tel: +966 (011) 874 8000 Fax: +966 (011) 874 8300
Ma'aden Gold and Base Metals Company ("MGBM")	**1989**	Limited Liability Company	Ma'aden 100%	Au – gold Ag – silver Cu – copper Zn – zinc	Gold: jewelery, financial, electronics, and medical uses. Silver: electrical, pharmaceutical and industrial uses. Copper: electrical, buildings and medical uses. Zinc: automotive, electrical, pharmaceutical uses.	PO Box 13784 23rd floor, King Road Tower King Abdulaziz Rd. Jeddah, Kingdom of Saudi Arabia
Ma'aden Industrial Minerals Company ("MIMC")	**2011**	Limited Liability Company	Ma'aden 100%	Low-grade bauxite Kaolin Caustic calcined magnesia	Low grade bauxite: cement production Kaolin: filler, ceramic industry, and used in Ma'aden phosphoric acid production Caustic calcined magnesia (MgO): animal feed, fertilizers, fiber glass industry, paper & pulp, magnesium chemical manufacturing, abrasives, waste water treatment; abrasives stones manufacturing.	Ma'aden Industrial Minerals Company, 3243 Unit No 1 Industrial City "MODON", Madinah 42524 - 6409, Kingdom of Saudi Arabia
Ma'aden Phosphate Company ("MPC")	**2007**	Limited Liability Company	Ma'aden 70% SABIC 30%"	DAP MAP Ammonia Sulphuric acid Phosphoric acid	DAP & MAP: fertilizer Ammonia: fertilizer Sulphuric acid: industrial production of phosphoric acid Phosphoric acid: fertilizer industry, chemical and food industry, water treatment	Jubail Industrial City 31961 Kingdom of Saudi Arabia Tel: +966 (13) 342 6000 Fax: +966 (13) 342 6638 mktg-online@Ma'aden.com.sa
Ma'aden Aluminium Company ("MAC") Ma'aden Rolling Company ("MRC") Ma'aden Bauxite and Alumina Company ("MBAC")	**2009**	Limited Liability Company	Ma'aden 74.9% Alcoa 25.1%"	Aluminium ingots; t-bars; slabs and billets; aluminium sheets	Automobiles, transportation, electronics, packaging, areospace and construction.	PO Box 32001 Al-Khobar 31952 Kingdom of Saudi Arabia Tel: +966 (03) 881 1970 Fax: +966 (03) 881 1960
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	**2010**	Limited Liability Company	Ma'aden 50% Sahara 50%	Ethylene dichloride; chlorine; caustic soda	Aluminium Industries, food industries, detergents and organics	PO Box 11166 Jubail Industrial City 31961 Kingdom of Saudi Arabia Tel: +966 (013) 356 7777 Fax: +966 (013) 358 8800
Ma'aden Infrastructure Company ("MIC")	**2008**	Limited Liability Company	Ma'aden 100%	Infrastructure services; housing	(N/A)	PO Box 10027 Jubail 31961 Kingdom of Saudi Arabia Tel: +966 (013) 347 6515 Fax: +966 (013) 347 6519 micm@mic.Ma'aden.com.sa

www.maaden.com.sa

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MA'ADEN معادن

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