



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

Consolidated financial statements
for the year ended December 31, 2016

Contents	Page
Administration and contact details	2
Statement of Directors' responsibilities	3
Independent auditor's report	4
Consolidated statement of financial position	5
Consolidated statement of income	6
Consolidated statement of cash flows	7 – 8
Consolidated statement of changes in equity	9
Notes to the consolidated financial statements	10 – 69

Commercial registration number 1010164391

Directors	H.E. Eng. Khalid Bin Abdulaziz Al-Faleh - Chairman (Appointed April 28, 2016) H.E. Sulaiman Bin Abdulrahman Al-Gwaiz Mr. Abdullah Bin Mohammed Al-Issa - (Appointed April 28, 2016) Ms. Lubna Bint Suliman Al-Olayan - (Appointed April 28, 2016) Engr. Abdullah Bin Ibrahim Al-Saadan - (Appointed April 28, 2016) Dr. Ziad Bin Abdulrahman Al-Sudairy Engr. Azzam Bin Yaser Shalabi - (Appointed April 28, 2016) Dr. Jean-Lou Chameau - (Appointed April 28, 2016) Engr. Khalid Saleh Al-Mudalfer Engr. Abdallah Bin Salf Al-Salf - Past chairman (Resigned April 28, 2016) H.E. Mohammed Bin Abdullah Al-Kharashi - (Replaced April 28, 2016) Engr. Sultan Bin Jamal Shawli - (Replaced April 28, 2016) Mr. Mansour Bin Saleh Al-Malman - (Replaced April 28, 2016) Engr. Khalid Bin Hamad Al-Senani - (Replaced April 28, 2016) Engr. Abdulaziz Bin Abdallah Al-Sugair - (Resigned April 28, 2016)
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Kingdom of Saudi Arabia

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Banker The Saudi British Bank (SABB)

Auditors Ernst & Young
Al Faisaliah Office Tower, 3rd Floor
King Fahad Road
P.O. Box 2732
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Kingdom of Saudi Arabia

Statement of Directors' responsibilities for the preparation and approval of the consolidated financial statements for the year ended December 31, 2016

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, inclusive of all the notes, that present fairly the consolidated financial position of the Group as at December 31, 2016, the results of its operations, cash flows and changes in equity for the year then ended, in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

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

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

The management is also responsible for:

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

The consolidated financial statements for the year ended December 31, 2016 set out on pages 5 to 69, were approved and authorized for issue by the Board of Directors on January 19, 2017 and signed on its behalf by:



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



Engr. Khalid Al-Mudalfer
President and
Chief Executive Officer



Mr. Darren C. Davis
VP Finance and
Chief Financial Officer

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



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Independent auditor's report

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

Scope of audit

We have audited the accompanying consolidated statement of financial position of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 December 2016 and the related consolidated statements of income, cash flows and changes in equity for the year then ended and the notes from 1 to 49 which form an integral part of the consolidated financial statements. These consolidated financial statements are the responsibility of the Group's management and have been prepared by them in accordance with the requirement of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

Unqualified opinion

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

- i) present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.
- ii) comply with the requirements of the Regulations for Companies and the Company's by-laws in so far as these affect the preparation and presentation of the consolidated financial statements.

for Ernst & Young

Rashid S. AlRashoud
Certified Public Accountant
Registration No. 366

Riyadh: 21 Rabi Thani 1438H
(19 January 2017)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated statement of financial position as at December 31, 2016
(All amounts in Saudi Riyals unless otherwise stated)



	Notes	December 31, 2016	December 31, 2015
Assets			
Current assets			
Cash and cash equivalents	7	4,389,714,529	4,308,309,524
Short-term investments	8	2,711,000,000	899,052,989
Trade and other receivables	9	1,272,918,678	1,252,143,611
Inventories	10	3,116,373,317	2,941,847,487
Advances and prepayments	11	154,794,162	248,716,039
Due from joint venture partners	12	-	720,000,000
		<u>11,624,800,686</u>	<u>10,370,069,650</u>
Non-current assets			
Property, plant and equipment	13	48,887,551,021	36,682,188,547
Capital work-in-progress	14	34,637,282,390	40,402,433,837
Exploration and evaluation assets	15	269,803,530	233,233,575
Deferred stripping expense	16	77,344,278	44,172,991
Intangible assets	17	369,123,208	372,426,562
Jointly controlled entities	18	1,127,666,676	1,201,454,824
Long-term investment	19	50,000,000	50,000,000
Advances and prepayments	11	29,730,480	21,645,868
		<u>85,448,501,581</u>	<u>79,007,556,204</u>
Total assets		<u>97,073,302,267</u>	<u>89,377,625,854</u>
Liabilities			
Current liabilities			
Projects and other payables	20	1,408,200,382	1,810,013,001
Accrued expenses	21	2,629,438,338	4,520,925,588
Zakat payable	22.2	85,308,278	50,962,237
Severance fees payable	23	8,270,636	16,096,147
Current portion of obligation under capital lease	25	13,441,040	12,131,184
Current portion of long-term borrowings	27.6	2,752,508,517	2,131,319,904
		<u>6,887,167,171</u>	<u>8,541,448,061</u>
Non-current liabilities			
Projects and other payables	20	2,106,338,263	1,334,387,629
Employees' benefits	24	425,133,069	353,304,330
Obligation under capital lease	25	13,342,081	27,033,193
Provision for mine closure and reclamation	26	157,077,029	158,111,874
Long-term borrowings	27.6	51,223,162,526	43,267,718,094
Due to joint venture partner	28	306,780,113	300,703,363
		<u>54,231,843,081</u>	<u>45,441,258,483</u>
Total liabilities		<u>61,129,010,252</u>	<u>53,982,706,544</u>
Equity			
Share capital	29	11,684,782,610	11,684,782,610
Statutory reserve			
Share premium	30	8,391,351,697	8,391,351,697
Transfer of net income	31	787,975,542	757,911,634
Retained earnings		<u>6,824,937,601</u>	<u>6,464,362,429</u>
Equity attributable to shareholders' of the parent company		<u>27,699,047,450</u>	<u>27,298,408,370</u>
Non-controlling interest	32.6	8,245,244,565	8,096,510,940
Total equity		<u>35,944,292,015</u>	<u>35,394,919,310</u>
Total liabilities and equity		<u>97,073,302,267</u>	<u>89,377,625,854</u>
Commitments and contingent liabilities	44		

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated statement of income for the year ended December 31, 2016
(All amounts in Saudi Riyals unless otherwise stated)



	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Sales	33	9,506,241,216	10,956,125,938
Cost of sales	34	(7,459,968,483)	(8,517,081,736)
Gross profit		2,046,272,753	2,439,044,202
Operating expenses			
Selling, marketing and logistic expenses	35	(410,054,943)	(531,872,951)
General and administrative expenses	36	(333,517,983)	(448,378,831)
Exploration and technical services expenses	37	(51,090,792)	(143,756,853)
Write-off of plant and equipment	13,14	(57,752,626)	(10,494,925)
Operating income		1,193,856,409	1,304,540,642
Other (expenses) / income			
Share in net loss of jointly controlled entities	18.1,18.2	(73,788,148)	(91,630,866)
Income from short-term investments	38	151,636,138	35,583,877
Finance charges	39	(825,853,491)	(450,452,843)
Other income, net	40	33,143,164	56,410,062
Income before zakat		476,994,072	854,450,872
Zakat expense	22.2	(76,428,404)	(46,374,297)
Net income for the year		400,565,668	808,076,575
Net income / (loss) attributable to:			
Shareholders' of the parent company	6.1,41	400,639,080	605,173,945
Non-controlling interest	32.6	(73,412)	202,902,630
		400,565,668	808,076,575
Earnings per ordinary share (Saudi Riyals)			
Operating income per share inclusive of non-controlling interest's share		1.02	1.12
Basic and diluted earnings per share from continuing operations attributable to shareholders' of the parent company	41	0.34	0.52

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated statement of cash flows for the year ended December 31, 2016
(All amounts in Saudi Riyals unless otherwise stated)



	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Operating activities			
Income before zakat		478,994,072	854,450,872
<u>Adjustments for non-cash flow items:</u>			
Allowance for doubtful debts	9,36	312,475	3,200,000
(Reversal) / Increase in allowance for inventory obsolescence	10,34	(131,520)	625,666
Depreciation	13	2,431,733,140	2,209,631,051
Write-off of plant and equipment	13	23,661,182	10,494,925
Adjustment to plant and equipment	13	20,186,947	25,550,171
Write-off of capital work-in-progress	14	34,091,444	-
Impairment of exploration and evaluation asset	15	-	20,306,493
Deferred stripping expense	16	11,177,572	36,589,184
Amortization of intangible assets	17	35,728,426	74,118,583
Share in net loss of jointly controlled entities	18.1,18.2	73,788,148	91,630,866
Provision for severance fees	23	8,278,039	17,934,852
Provision for employees' termination benefits	24.1	80,095,845	79,567,555
Contribution for the employees' savings plan	24.2	26,408,207	23,582,534
Accretion of provision for mine closure and reclamation	26.2	1,465,156	1,394,847
Inventory loss	34	-	121,212,929
Income from short term investments	38	(151,836,138)	(35,583,877)
Finance charges	39	824,388,335	449,057,996
<u>Changes in working capital:</u>			
Trade and other receivables	9	14,697,484	(45,997,665)
Inventories	10	(398,280,847)	(622,813,479)
Advances and prepayments	11	85,837,265	(25,651,450)
Projects and other payables -- Trade	20	193,979,981	49,311,794
Accrued expenses -- Trade	21	(43,782,164)	(104,756,055)
Zakat paid	22.2	(44,082,363)	(54,147,978)
Severance fees paid	23	(16,103,550)	(31,476,875)
Employee s' termination benefits paid	24.1	(18,801,273)	(29,513,887)
Employees' savings plan withdrawal	24.2	(15,874,040)	(10,707,301)
Provision for mine closure and reclamation utilized	26.1	(2,500,001)	(1,881,991)
Finance charges paid		(1,464,625,709)	(691,904,935)
Net cash generated from operating activities		2,189,006,123	2,214,224,825
Investing activities			
Income received from short-term investments		144,658,139	27,910,042
Decrease / (increase) in restricted cash	7	534,022,035	(53,776,258)
Short-term investments	8	(1,811,947,011)	(375,732,629)
Due from joint venture partners	12	720,000,000	-
Additions to property, plant and equipment	13	(55,461,920)	(293,475,275)
Additions to capital work-in-progress	14	(8,017,917,270)	(13,122,022,226)
Additions to exploration and evaluation assets	15	(36,569,955)	(80,181,699)
Additions to deferred stripping expense	16	(44,348,857)	(31,679,192)
Additions to intangible assets	17	(1,285,986)	(3,992,516)
Projects and other payables -- Projects	20	176,158,014	659,457,256
Accrued expenses -- Projects	21	(1,854,673,101)	2,066,960,240
Net cash utilized in investing activities		(10,247,365,912)	(11,206,532,257)

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian Joint stock company)
Consolidated statement of cash flows for the year ended December 31, 2016
(All amounts in Saudi Riyals unless otherwise stated)



Continued

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Financing activities			
Due from SABIC	9	(28,807,037)	-
Obligation under capital lease	25	(12,381,256)	(10,948,976)
Proceeds from long-term borrowings received	27.6	22,599,305,720	6,475,610,600
Repayment of long-term borrowings	27.6	(14,059,224,385)	(6,004,221,579)
Due to joint venture partner	28	6,086,750	(257,610,514)
Payments to increase share capital by non-controlling interest, net	32.6	-	50,043,112
Increase in share capital of non-controlling interest	32.6	600,000,000	1,350,000,000
Dividend paid to non-controlling interest	32.6	(451,192,963)	(330,000,000)
Net cash generated from financing activities		8,653,786,829	1,272,872,643
Net change in cash and cash equivalents		585,427,040	(7,719,434,789)
Unrestricted cash and cash equivalents at beginning of the year	7	3,714,946,268	11,434,381,057
Unrestricted cash and cash equivalents at end of the year	7	4,310,373,308	3,714,946,268
Non-cash flow transactions			
Transfer of capital spares to property, plant & equipment from inventories	13,10	223,886,537	-
Transfer to property, plant and equipment from capital work-in-progress	13,14	14,457,146,382	321,532,962
Provision for mine closure capitalized as part of property, plant and equipment	13, 26.1, 26.3	-	1,053,288
Depreciation capitalized as part of capital-work-in-progress	14,13	55,551,096	63,439,623
Transfer to capital work-in-progress from exploration and evaluation assets	14,15	-	2,147,943
Amortization capitalized as part of capital-work-in-progress	14,17	9,576,144	5,729,831
Provision for mine closure and reclamation capitalized as part of capital-work-in-progress	14, 26.1	-	26,250,000
Amortization of transaction cost capitalized as part of capital-work-in-progress	14, 27.2	36,551,710	15,729,190
Borrowing cost capitalized as part of capital work-in-progress	14, 39.1	647,205,389	443,009,951
Transfer to intangible assets from property, plant and equipment	17,13	-	885,255
Transfer to intangible assets from capital work-in-progress	17,14	40,715,230	37,520,660
Transfer from payments to increase share capital to share capital pertaining to non-controlling interest	32.6	-	83,278,002

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Consolidated statement of changes in equity for the year ended December 31, 2016
(All amounts in Saudi Riyals unless otherwise stated)



	Equity attributable to shareholders' of the parent company					Non-controlling Interest			
	Statutory reserve					Share capital	Payments to increase share capital*	Net income attributable to non-controlling interest	Total equity
	Notes	Share capital	Share premium	Transfer of net income	Retained earnings				
January 1, 2015		11,664,782,610	8,391,351,697	697,394,239	5,919,705,879	26,693,234,425	6,102,482,067	564,994,563	33,516,799,623
Net income for the year		-	-	-	606,173,945	606,173,945	-	202,902,630	808,076,575
Net income transferred to statutory reserve	31	-	-	60,517,395	(60,517,395)	-	-	-	-
Dividend paid to non-controlling interest during the year	32.6	-	-	-	-	-	-	(330,000,000)	(330,000,000)
Payments to increase share capital during the year*	32.6	-	-	-	-	-	50,043,112	-	50,043,112
Increase in non-controlling interest / share capital contributed during the year	32.6	-	-	-	-	-	(83,278,002)	-	1,350,000,000
December 31, 2015		11,664,782,610	8,391,351,697	757,911,634	6,464,362,429	27,298,408,370	7,535,760,069	437,897,193	35,394,919,310
Net income for the year		-	-	-	400,639,080	400,639,080	-	(73,412)	400,565,668
Net income transferred to statutory reserve	31	-	-	40,063,908	(40,063,908)	-	-	-	-
Dividend paid to non-controlling interest during the year	32.6	-	-	-	-	-	-	(451,192,963)	(451,192,963)
Increase in non-controlling interest / share capital contributed during the year	32.6	-	-	-	-	-	(12,560,821)	-	600,000,000
December 31, 2016		11,664,782,610	8,391,351,697	797,975,542	6,824,937,601	27,699,047,450	8,148,320,890	(13,369,182)	35,944,292,015

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



1. General information

Saudi Arabian Mining Company ("Ma'aden") (the "Company") was formed as a Saudi joint stock company pursuant to the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to March 17, 1997) and Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to March 23, 1997), with Commercial Registration No. 1010164391 dated 10 Zul Qaida 1421H (corresponding to February 4, 2001). The Company has an authorized and issued share capital of Saudi Riyals ("SAR") 11,684,782,610 divided into 1,168,478,261 ordinary shares with a nominal value of SAR 10 each (Note 29).

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

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

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

On February 14, 2012 the Board of Directors approved a plan, developed by the Company in collaboration with its joint venture partner Alcoa Corporation (Note 28), to extend the product mix of their aluminium complex, currently under construction at Ras Al-Khair, to include:

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

2. Group structure

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

Subsidiaries	Type of company	Effective ownership as at December 31,	
		2016	2015
Ma'aden Gold and Base Metals Company ("MGBM")	Limited liability company	100%	100%
Ma'aden Infrastructure Company ("MIC")	Limited liability company	100%	100%
Industrial Minerals Company ("IMC")	Limited liability company	100%	100%
Ma'aden Aluminium Company ("MAC")	Limited liability company	74.9%	74.9%
Ma'aden Rolling Company ("MRC")	Limited liability company	74.9%	74.9%
Ma'aden Bauxite and Alumina Company ("MBAC")	Limited liability company	74.9%	74.9%
Ma'aden Phosphate Company ("MPC")	Limited liability company	70%	70%
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")	Limited liability company	60%	60%
Jointly controlled entities			
Sahara and Ma'aden Petrochemicals Company ("SAMAPCO")	Limited liability company	50%	50%
Ma'aden Barrick Copper Company ("MBCC")	Limited liability company	50%	50%

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



2.1 MGBM

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

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

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

2.2 MIC

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

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

2.3 IMC

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

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

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

2.4 MAC

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

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Smelting Inversiones S.L. ("ASSI"), a foreign shareholder, a company wholly owned by Alcoa Corporation (previously Alcoa Incorporated), which is accounted for as a non-controlling interest in these consolidated financial statements (Note 32.1).

The objectives of the company are the production of primary aluminium products:

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

2.5 MRC

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

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Rolling Inversiones S.L. ("ASRI"), a foreign shareholder, a company wholly owned by Alcoa Corporation, which is accounted for as a non-controlling interest in these consolidated financial statements (Note 32.2).



2.5 MRC (continued)

The objectives of the company are the production of:

- can body sheets and
- can ends stock.

The company is currently in its commissioning phase.

2.6 MBAC

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

- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by AWA Saudi Limited ("AWA"), a foreign shareholder, which is owned 60% by Alcoa Corporation and 40% by Alumina Limited, an unrelated third party, which is accounted for as a non-controlling interest in these consolidated financial statements (Note 32.3).

The objectives of the company are to:

- produce and refine bauxite and
- produce alumina.

The company started commercial production on October 1, 2016.

2.7 MPC

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

- 70% by Saudi Arabian Mining Company ("Ma'aden") and
- 30% by Saudi Basic Industries Corporation ("SABIC") which is accounted for as a non-controlling interest in these consolidated financial statements (Note 32.4).

The objectives of the company are to:

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

2.8 MWSPC

The company was incorporated on January 27, 2014 in the Kingdom of Saudi Arabia and is owned:

- 60% by Saudi Arabian Mining Company ("Ma'aden");
- 25% by Mosaic Phosphate B.V., a foreign shareholder, a limited liability company registered in Netherlands wholly owned by The Mosaic Company ("Mosaic") which is accounted for as a non-controlling interest in these consolidated financial statements (Note 32.5) and
- 15% by SABIC which is accounted for as a non-controlling interest in these consolidated financial statements (Note 32.5).

The objectives of the Company are the production of:

- Di-ammonium and Mono-ammonium phosphate fertilizer,
- ammonia,
- purified phosphoric acid,
- phosphoric acid,
- sulphuric acid and
- sulphate of potash.

Trial production of ammonia plant has commenced during the third quarter of 2016 and the company announced the commencement of commercial production of the ammonia plant with effect from January 1, 2017 (Note 46).



2.9 SAMAPCO

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

- 50% by Saudi Arabian Mining Company ("Ma'aden") (Note 18.1) and
- 50% by Sahara Petrochemical Company.

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

The objectives of the company are the production of:

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

The operations of the company includes the production and supply of:

- concentrated caustic soda ("CCS") feed stock to the alumina refinery at MBAC and to sell any excess production in the local wholesale and retail markets and
- ethylene dichloride ("EDC") in the international and local wholesale and retail markets.

SAMAPCO has started commercial production on July 1, 2014.

2.10 MBCC

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

- 50% by Saudi Arabian Mining Company ("Ma'aden") (Note 18.2) and
- 50% by Barrick Middle East PTY Limited ("Barrick").

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

The objectives of the company are the production of copper and associated minerals within their existing mining lease area by way of drilling, mining, concentrating, smelting and refining.

MBCC has started commercial production at the Jabel Sayid mine on July 1, 2016.

3. Basis of preparation

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

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

Effective from January 1, 2017, the Group is required to perform their financial reporting in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted and endorsed by SOCPA which might require the Group to adopt certain accounting policies that are different from those currently being adopted.

4. Summary of significant accounting policies

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

4.1 Basis of consolidation

Subsidiaries

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

Inter-company investments, transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of all the subsidiaries are in consistency with those adopted by the Group.

Jointly controlled entities

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

The Group recognises its interests in jointly controlled entities using the equity method of accounting. The Group's share of the results of joint ventures is based on the financial statements prepared up to a date of the consolidated statement of financial position date, adjusted to conform with the accounting policies of the Group, if any. Intragroup gains on transactions are eliminated to the extent of the Group's interest in the investee. Intragroup losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

4.2 Foreign currency translation

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

4.3 Cash and cash equivalents

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

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

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

4.4 Short-term investments

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

4.5 Trade receivables

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

4.6 Inventories

Finished goods

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

Production costs include:

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

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

Work-in-process

The cost of work-in-process is determined using unit cost of production for the period based on the percentage of completion at the applicable stage and includes:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore and the amortization of any deferred stripping assets and
- production overheads;

Ore stockpiles

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

Spare parts, consumables and raw materials

Spare parts, consumable and raw materials are valued at the weighted average cost basis less an allowance for obsolete and slow moving items or net realizable value.

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

4.7 Financial assets and liabilities

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

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

4.8 Property, plant and equipment

Property, plant and equipment are carried at the historical cost less accumulated depreciation. Land is not depreciated. Depreciation is charged to the consolidated statement of income, using the straight line method or on a units of production basis for certain mining assets and processing plants where applicable, to allocate the costs of the related assets less their residual values over the following estimated economic useful lives:

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

Maintenance and normal repairs which do not materially extend the estimated economic useful life of an asset or increase its production capacity are charged to the consolidated statement of income as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

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

Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets until the commencement of commercial production.

4.9 Capital work-in-progress

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

4.10 Exploration and evaluation assets

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

- acquisition of exploration rights to explore;
- topographical, geological, geochemical and geophysical studies;
- exploration drilling;
- trenching;
- sampling and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

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

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

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

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

All exploration and evaluation costs incurred after it is concluded that economic benefit is more likely to be realized than not, i.e. 'probable' are capitalized as "Exploration and evaluation assets" only until the technical feasibility and commercial viability of extracting of mineral resource are demonstrable. Once the technical and commercial viability is demonstrable i.e. economic benefit will or will not be realized, the asset is tested for impairment and any impairment loss is recognized. Based on the final technical scope, receipt of mining license and commercial feasibility, if the economic benefit will be realized and management intends to develop and execute the mine, only then is the exploration and evaluation asset reclassified to "Capital work-in progress".

Cash flows attributable to capitalized exploration and evaluation expenditures are classified as investing activities in the consolidated statement of cash flow. Once the commercial production stage is reached, the capitalized capital work-in-progress is reclassified to "Property, plant and equipment"

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

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once it has been identified that exploration and evaluation asset may be impaired, the entity performs an impairment and the reversal of impairment on exploration and evaluation assets, as specified in note 4.13.

4.11 Stripping ratio and deferred stripping expense

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

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

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

Stripping cost incurred during the development stage of an open pit mine in order to access the underlying ore deposit are capitalized prior to the commencement of commercial production. Such costs are then amortized over the remaining life of the component of the ore body (for which access has improved), using the units of production method over proven and probable reserves.

Production stripping costs in an open pit mine is capitalized as deferred stripping expense to the extent that it is probable that the future economic benefits will flow to the company through improved access to the particular component of the ore body. The Deferred stripping expense asset is depreciated / amortized using the units of production method, based on the proven and probable reserves contained in the component, which is expected to be shorter than the life-of-the mine. The depreciation / amortization of the deferred stripping expense is considered to be a period production cost and is recorded in inventory (and subsequently as a cost of sale when the inventory is sold).

4.12 Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, where applicable. Intangible assets are amortized over the shorter of their estimated economic / statutory useful lives using the straight-line method. Amortization methods, residual values and estimated economic useful lives are reviewed at least annually.

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

4.13 Asset impairment

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

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

4.14 Projects, other payables and accrued expenses

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

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

4.15 Zakat, income tax and withholding tax

The Company is subject to zakat in accordance with the regulations of the General Authority for Zakat and Tax (GAZT). A provision for zakat for the Company and zakat related to the Company's wholly owned subsidiaries is charged to the consolidated statement of income. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Foreign shareholders in subsidiaries are subject to income tax which is included in non-controlling interest in the consolidated statement of income.

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

4.16 Severance fees

Effective from year 2005 onwards, as per Article No. 71 of the Saudi Mining Investment Code issued based on the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to October 4, 2004), the Group is required to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is the lower. The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the consolidated statement of income (Note 34).

However, the minimum severance fee payable for a small mine license based on sales is:

Minerals	Base	Rate
Low grade bauxite	Actual metric tonnes sold	SAR 1.50 per metric tonne
Kaolin	Actual metric tonnes sold	SAR 2.25 per metric tonne
Magnesia	Actual metric tonnes sold	SAR 4.50 per metric tonne

The minimum severance fee payable is SAR 90,000 if the minimum mining capacity is not achieved. Provision for severance fees is charged to the cost of sales in the statement of income and not included in the valuation of inventory.

4.17 Provisions

Provisions are recognized when the Group has:

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

4.18 Employees' termination benefits

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

4.19 Employees' savings plan program

In accordance with Article 145 of the Labor Regulations, and in furtherance to Article 76 of the Company's Internal Work Regulation approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to July 19, 1999) issued by His Highness the Minister of Labor and Social development, a Savings Plan Program was introduced to encourage the Saudi employees of the Group to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Group.

Participation in the Savings Plan Program is restricted to Saudi Nationals only and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SAR 300 per month.

The Group will contribute an amount equaling 10% per year of the monthly savings of each member per annum for the first year and increase it by 10% per year and the years thereafter until it reaches 100% in the 10th year, which will in turn be credited to the savings accounts of the member. The Group's portion is charged to the consolidated statement of income on a monthly basis. The Group's portion will only be paid upon termination or resignation of the employee.

4.20 Home owners plan

The interest cost associated with the funding of the acquisition or construction of the employees' house is borne by the Group in accordance with the approved Home owners plan, and expenses as part of finance cost.

4.21 Mine closure and reclamation

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

The full estimated costs are capitalized as part of mining assets under property, plant and equipment and then amortized as an expense over the expected life-of-mine on a straight-line basis.

Adjustments to the estimated amount and timing of future closure and reclamation cash flows are a normal occurrence in light of the significant judgments and estimates involved. Factors influencing those changes include:

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

The costs for reclamation of ongoing site damage arise from rectifying work and are reported through the consolidated statement of income, as part of Cost of sales. Mine closure and reclamation costs should be provided at the present value of the expenditures expected to settle the obligation, using estimate cash flows based on current prices, without any adjustment for inflation.

The appropriate discount rate to be used should be based on the company's weighted average cost of capital or if it's not available than the borrowing rate currently available to the entity for a long term loan for a similar period for which the provision is created. The provision for Mine closure and reclamation costs will accordingly increase over time, as the discount unwinds. The unwinding of the discount is recorded as a charge through financial charges within the consolidated statement of income.

Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation. The timing of the actual closure and reclamation expenditure is dependent upon a number of factors such as:

- the life-of-mine;
- developments in technology;
- the operating license conditions;
- the environment in which the mine operates and
- changes in economic sustainability.

4.22 Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under capital leases are recognized as assets of the Group at the lower of the present value of the future minimum lease payments or the fair market value of the assets at the inception of the lease. Depreciation is provided over the estimated economic useful lives of the assets.

Finance costs, which represent the difference between the total lease commitments and the lower of the present value of the future minimum lease payments or the fair market value of the assets at the inception of the lease, are charged to the consolidated statement of income over the term of the relevant lease in order to produce a constant periodic rate of return on the remaining balance of the obligation for each accounting year.

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

4.23 Borrowings

Borrowings are initially recognized at the proceeds received, net of transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowings are measured at amortized cost using the effective interest rate method. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. Other borrowing costs are charged to the consolidated statement of income.

Transaction costs incurred upfront which are amortized over the term of the loan, is capitalized as part of the cost of the qualifying asset until the commencement of commercial production and then charged to the consolidated statement of income as an expense.

4.24 Revenue recognition

Revenue is recognized when all the following conditions are met:

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

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

Sales revenue is commonly subject to an adjustment based on an inspection of the product by the customer or post assay finalization. In such cases, sales revenue is initially recognized on a provisional basis using the Company's best estimate of the product at the current market price and adjusted subsequently within revenue at the quantity and market price when finalized.

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

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

4.25 Selling, marketing and logistic expenses

Selling, marketing and logistic expenses comprise of all costs for selling and marketing the Group's products and include expenses for advertising, marketing fees and other sales related overheads. Basis of allocations between selling, marketing and logistic expenses and cost of sales, when required, are made on a consistent basis.

4.26 General and administrative expenses

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

5. Critical accounting estimates, assumptions and judgments

The preparation of consolidated financial statements in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia, requires the Group's management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

5.1 Critical judgements in applying accounting standards

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

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

Economic useful lives of property, plant and equipment

The Group's property, plant and equipment, are depreciated on a straight-line basis over the economic useful lives or on a units of production basis for certain mining assets and processing plants over the life-of-mine. When determining the life-of-mine, assumptions that were valid at the time of estimation, may change when new information becomes available.

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

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

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

Impairment and reversal of impairment of assets

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

Zakat and income tax

During the year ended December 31, 2016 an amount of SAR 44,082,363 was paid to GAZT pertaining to the year ended December 31, 2015 (during the year ended December 31, 2015 an amount of SAR 54,147,978 was paid to GAZT pertaining to the year ended December 31, 2014).

No zakat assessments were finalized by the GAZT and where the final zakat outcome of an assessment is different from the amounts that were initially recorded, such differences will impact and be recorded in the zakat provisions in the period in which such determinations are made.

5.2 Key sources of estimation uncertainty

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

- ore reserve and mineral resource estimates;
- mine closure and environmental obligations;
- allowances and
- contingencies

Ore reserve and mineral resource estimates

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

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

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

Mine closure and environmental obligations

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

Allowances

The Group also creates an allowance for obsolete and slow-moving spare parts. At December 31, 2016, the allowance for obsolete slow-moving items amounted to SAR 15,853,329 (December 31, 2015: SAR 15,984,849) (Note 10). These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing as at the end of the year.

Contingencies

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

6. Segmental Information

6.1 Business segment

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

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

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

- **Phosphate Strategic Business Unit segment**, consist of operations related to:
 - **MPC** – the mining and beneficiation of phosphate concentrated rock at Al-Jalamid. The utilization of natural gas and sulphur to produce phosphate fertilizers as well as ammonia products at Ras Al-Khair.
 - **IMC** – the mining of industrial minerals at a kaolin and low grade bauxite mine in the central zone of Az Zabirah and a high grade magnesite mine at Al-Ghazailah and a processing plant at Al-Madinah Al-Munawarah.
 - **MWSPC** – the development of a mine to exploit the Al-Khabra phosphate deposit. The project is in the development stage, however, ammonia plant has commenced trial production during the third quarter of 2016 and the company announced commencement of commercial production of the ammonia plant with effect from January 1, 2017.
 - **Phosphate and Industrial Minerals division under Corporate** – related cost and exploration expenses in Ma'aden Corporate has been allocated to this segment.
 - **MIC** – is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al-Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a 33% proportionate share of MIC's revenues, costs, assets and liabilities have been allocated to this segment.
- **Aluminium Strategic Business Unit segment**, consists of the operations related to:
 - **MAC** – operates the smelter at Ras Al-Khair and it currently processes the alumina feedstock that it purchases from MBAC and Alcoa and produces aluminium products. MAC started commercial production on September 1, 2014.
 - **MRC** – the constructing of a rolling mill project is in the commissioning phase.
 - **MBAC** – the mining of bauxite at the Al-Ba'itha mine and the transportation thereof to its refinery at Ras Al-Khair. MBAC started commercial production on October 1, 2016.
 - **SAMAPCO** – a jointly controlled entity that produces concentrated caustic soda, chlorine and ethylene dichloride and supply all the required feedstock for use in the alumina refinery at MBAC, any excess production is sold in the international and domestic market. SAMAPCO started commercial production on July 1, 2014.
 - **Automotive sheet** project include automotive heat treated and non-treated sheet, building and construction sheet and foil stock sheet. The project is in the development stage (Note 1).
 - **Aluminium division under Corporate** – related cost and external sales revenue have been allocated to this segment.
 - **MIC** – is responsible for the development, construction and delivery of services to Ma'aden entities in the Ras Al-Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia. Therefore, a 67% proportionate share of MIC's revenues, costs, assets and liabilities have been allocated to this segment.



6.1 Business segment (continued)

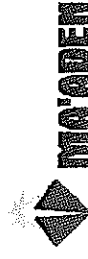
- **Gold and Base Metals Strategic Business Unit segment**, consists of operations related to:
 - **MGBM** – that operates five gold mines, i.e. Mahd Ad Dahab, Al-Amar, Bulghah, As Suq and Ad Duwayhi (which came into commercial production on April 1, 2016) and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia.
 - **MBCC** – a jointly controlled entity that produces copper and associated minerals located in the southeast of Al-Madinah Al-Munawarah. MBCC started commercial production on July 1, 2016.
 - **Gold and base metals division under Corporate** – related cost and exploration expenses in Ma'aden Corporate has been allocated to this segment.
- **Corporate**
 - Is responsible for effective management and governance including funding of subsidiaries and jointly controlled entities that carry out various projects related to all stages of the mining industry, including development, advancement and improvement of the mineral industry, mineral products and by products.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

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

(All amounts in Saudi Riyals unless otherwise stated)



6.1 Business segment (continued)

	Notes	Phosphate	Aluminium	Gold and base metals	Corporate	Total
December 31, 2016						
Sales	33	4,205,441,851	4,252,091,633	1,048,707,732	-	9,506,241,216
Gross profit		731,014,209	990,484,643	324,773,901	-	2,046,272,753
Income from short-term investments	38	9,517,140	351	-	142,118,647	151,936,138
Net income / (loss) attributable to shareholders' of the parent company		122,949,453	299,561,330	120,009,375	(141,901,078)	400,638,080
Property, plant and equipment	13	15,136,810,273	31,294,466,162	2,302,164,458	154,110,127	48,887,551,021
Capital work-in-progress	14	25,582,932,152	8,719,761,172	294,843,609	39,745,457	34,637,282,390
Exploration and evaluation assets	15	44,652,530	-	225,151,000	-	269,803,530
Deferred stripping expense	16	6,797,356	-	70,546,920	-	77,344,276
Intangible assets	17	94,853,821	250,771,085	8,800,450	14,697,852	369,123,208
Jointly controlled entities	18	-	295,260,561	832,406,115	-	1,127,666,676
Total assets		45,704,594,694	43,277,873,838	4,158,312,183	3,932,521,552	97,073,302,267
Obligation under capital lease	25	-	26,783,121	-	-	26,783,121
Long-term borrowings	27.6	27,878,968,248	25,195,651,734	901,051,061	-	53,975,671,043
December 31, 2015						
Sales	33	5,488,120,120	4,762,790,070	705,215,748	-	10,956,125,938
Gross profit		1,573,632,405	633,938,596	231,473,201	-	2,439,044,202
Income from short-term investments	38	4,649,146	1,308,870	204,583	29,421,278	35,583,877
Net income / (loss) attributable to shareholders' of the parent company		778,571,323	95,350,777	29,693,379	(298,441,534)	605,173,945
Property, plant and equipment	13	16,018,926,848	20,096,644,324	394,163,343	172,454,032	36,682,188,547
Capital work-in-progress	14	18,158,641,217	19,985,250,415	2,221,964,021	36,578,184	40,402,433,837
Exploration and evaluation assets	15	30,299,653	-	202,933,922	-	233,233,575
Deferred stripping expense	16	11,321,503	-	32,851,488	-	44,172,991
Intangible assets	17	108,102,300	237,527,524	10,993,133	15,803,605	372,426,562
Jointly controlled entities	18	-	372,774,239	828,680,585	-	1,201,454,824
Total assets		39,961,604,497	43,841,700,223	4,068,524,729	1,505,796,405	89,377,625,854
Obligation under capital lease	25	-	39,164,377	-	-	39,164,377
Long-term borrowings	27.6	20,096,862,780	25,066,983,321	235,191,897	-	45,399,037,998

6.2 Geographical segment

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group's operation is conducted only in the Kingdom of Saudi Arabia and therefore all the non-current assets of the Group is located within the Kingdom of Saudi Arabia. All the subsidiaries and jointly controlled entities included in the above consolidated numbers are incorporated in the Kingdom of Saudi Arabia.



7. Cash and cash equivalents

	December 31, 2016	December 31, 2015
Term deposits with original maturities equal to or less than three months at the date of acquisition		
- unrestricted	3,853,142,872	3,397,121,398
- restricted	-	544,554,663
Sub-total	3,853,142,872	3,941,676,061
Cash and bank balances		
- unrestricted	357,230,436	317,824,870
- restricted	59,341,221	48,808,593
Sub-total	416,571,657	366,633,463
Total	4,369,714,529	4,308,309,524

Restricted cash and cash equivalents are related to the following:

Cash accumulated in the debt service reserve account for the next scheduled repayment of long-term borrowings, six months prior to the due date, as per the financing agreement (Note 27.7)	-	1,539
Employees' savings plan obligation (Note 4.19 and 24.2)	59,341,221	48,807,054
Sub-total	59,341,221	48,808,593
Balance portion accumulated for the scheduled repayment of long-term borrowings, six months prior to due date, invested and included in short-term deposits with original maturities equal to or less than three months at the date of acquisition (Note 27.7)	-	544,554,663
Total restricted cash	59,341,221	593,363,256
Total unrestricted cash	4,310,373,308	3,714,946,268

8. Short-term investments

	December 31, 2016	December 31, 2015
Term deposits with original maturities of more than three months and less than a year at the date of acquisition	2,711,000,000	899,052,989

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



9. Trade and other receivables

	Notes	December 31, 2016	December 31, 2015
Trade receivables			
Other third party receivables		885,073,675	657,438,173
Due from Alcoa Inespai, S.A.	42.2	88,987,620	87,897,065
Due from SABIC	42.2	185,110,088	407,155,456
Sub-total		1,169,171,393	1,152,490,694
Due from Saudi Ports Authority		7,439,820	5,896,500
Allowance for doubtful debts*		(3,512,475)	(3,200,000)
Sub-total		3,927,345	2,696,500
Due from Saudi Mining Polytechnic ("SMP")	42.2	3,951,088	2,166,504
Insurance claims**		-	13,304,480
Withholding tax receivable		446,724	31,850,982
Investment income receivable		15,914,150	8,936,151
Due from SABIC	42.2	28,807,037	-
Other		50,700,840	40,698,300
Total		1,272,918,678	1,252,143,611

*Movement in the allowance for doubtful debts is as follows:

		2016	2015
January 1		3,200,000	-
Increase in allowance for doubtful debts	36	312,475	3,200,000
December 31		3,512,475	3,200,000

**Insurance claims relate to:

	December 31, 2016	December 31, 2015
• one of the aluminium pot lines on which the production was halted in October 2013. The temporary shutdown was undertaken after a period of pot instability. The pot line has been restored during second quarter of 2014	-	9,892,253
• an ammonia reformer and conveyor belt claim	-	3,412,227
Total	-	13,304,480

**10. Inventories**

	December 31, 2016	December 31, 2015
Finished goods – ready for sale	293,875,243	243,049,951
Work-in-process	496,309,808	583,756,631
Stockpile of mined ore	189,409,046	173,176,988
By-products	3,124,158	710,227
Sub-total	982,718,256	1,000,693,797
Spare parts and consumables materials	1,316,552,321	1,312,816,035
Allowance for obsolete slow-moving spare parts and consumable materials	(15,853,329)	(15,984,849)
	1,300,698,992	1,296,831,186
Raw materials	832,956,069	644,322,504
Sub-total	2,133,655,061	1,941,153,690
Total	3,116,373,317	2,941,847,487

The spare parts inventory primarily relates to plant and machinery.

*Movement in the allowance for obsolete slow-moving spare parts and consumables materials is as follows:

	2016	2015
January 1	15,984,849	15,359,183
Increase in allowance for obsolescence (Note 34)	(131,520)	625,666
December 31	15,853,329	15,984,849

11. Advances and prepayments

	December 31, 2016	December 31, 2015
Current portion		
Advances to contractors	119,463,370	172,113,193
Advances to employees	14,012,651	12,889,197
Prepaid rent	9,335,197	14,396,416
Prepaid insurance	8,060,774	44,442,651
Other prepayments	3,922,170	4,874,582
Sub-total	154,794,162	248,716,039
Non-current portion		
Other prepayments	29,730,480	21,645,868
Total	184,524,642	270,361,907

SAUDI ARABIAN MINING COMPANY (MA'ADEN)**(A Saudi Arabian Joint stock company)****Notes to the consolidated financial statements for the year ended December 31, 2016****(All amounts in Saudi Riyals unless otherwise stated)****12. Due from joint venture partners**

	Notes	December 31, 2016	December 31, 2015
Due from Mosaic	42.2	-	450,000,000
Due from SABIC	42.2	-	270,000,000
Total		-	720,000,000

On August 5, 2013, the Company entered into an agreement with Mosaic and SABIC to jointly develop a fully integrated phosphate production facility known as the Umm Wu'al phosphate project (Note 2.8).

As per the agreement Mosaic and SABIC are liable to pay contractual dues to Ma'aden of SAR 1.44 billion in two installments for the historical cost incurred by Ma'aden on the project. First Installment, 50% of SAR 1.44 billion, was received by Ma'aden during the year ended December 31, 2013 and the remaining 50% of SAR 1.44 billion due on June 30, 2016 was received in full.

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

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

(All amounts in Saudi Riyals unless otherwise stated)



13. Property, plant and equipment

	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, 2015		61,550,000	158,675,127	55,324,992	291,314,274	27,741,519,931	8,134,795,688	4,288,367,411	1,985,675,977	74,757,433	90,316,835	42,891,297,658
Additions during the year		-	-	-	-	293,475,275	-	-	-	-	-	293,475,275
Transfer from capital work-in-progress	14	-	-	7,987,306	31,683,966	127,527,082	53,166,536	13,172,395	75,073,497	8,818,773	4,093,407	321,532,962
Transfer to intangible assets	17	-	-	-	-	(885,255)	-	-	-	-	-	(885,255)
Provision for mine closure capitalized	26.1,28.3	-	1,053,288	-	-	-	-	-	-	-	-	1,053,288
Write-off during the year		-	-	-	-	-	-	-	(8,057,425)	-	-	(8,057,425)
Adjustments		-	(397,860)	(1,384,014)	(17,142,815)	(91,543,971)	(8,277,332)	(9,615,767)	(27,021,684)	(2,890,953)	(674,017)	(158,958,023)
December 31, 2015		61,550,000	157,330,755	61,928,274	305,855,625	28,070,093,052	8,179,884,892	4,302,924,038	2,025,670,365	80,865,243	93,736,225	43,339,458,480
Additions during the year		-	-	-	-	55,440,154	-	-	-	21,766	-	55,461,920
Transfer of capital spares from inventory		-	-	-	-	223,886,537	-	-	-	-	-	223,886,537
Transfer from capital work-in-progress	14	-	1,181,271,558	6,335,910	4,960,633,670	993,940,155	5,425,122,004	1,175,975,755	680,922,603	8,048,142	14,886,125	14,457,146,362
Write-off during the year		-	-	-	-	-	-	-	(44,237,425)	-	-	(44,237,425)
Adjustments		-	-	(32,836)	(2,572,487)	(15,975,469)	-	(11,741,940)	(68,000)	(2,908,902)	(3,820,591)	(37,119,905)
December 31, 2016		61,550,000	1,338,602,313	68,231,348	5,263,917,028	29,327,384,439	13,604,806,896	5,467,157,854	2,672,267,803	85,846,549	104,811,759	57,994,595,969
Accumulated depreciation												
January 1, 2015		-	80,809,728	26,239,926	101,881,353	3,357,412,853	429,147,115	323,093,944	151,035,969	24,114,721	41,454,002	4,515,169,611
Charge for the year		-	13,528,122	11,564,978	19,096,088	1,561,622,189	248,716,014	132,800,542	256,617,774	13,053,538	16,069,449	2,273,070,674
Write-off during the year		-	-	-	2,437,500	-	-	-	-	-	-	2,437,500
Adjustments		-	(397,860)	(2,080,889)	(17,880,540)	(13,489,956)	(94,349,659)	(809,831)	(6,097,486)	(2,283,001)	(984,752)	(133,407,852)
December 31, 2015		-	73,940,190	35,724,035	105,714,381	4,905,585,086	583,515,470	455,284,555	401,556,237	39,431,290	58,538,899	6,857,269,933
Charge for the year		-	20,584,584	11,918,300	80,123,490	1,552,696,410	360,523,819	154,310,817	280,420,355	9,184,844	17,521,637	2,487,284,236
Write-off during the year		-	-	-	-	-	-	-	(20,576,243)	-	-	(20,576,243)
Adjustments		-	-	(32,836)	(2,572,488)	-	-	(7,650,995)	(68,000)	(2,902,640)	(3,706,019)	(16,932,858)
December 31, 2016		-	94,524,754	47,609,499	183,265,403	6,458,261,496	944,039,289	601,944,377	681,332,368	45,713,464	70,354,317	9,107,044,968
Net book value												
December 31, 2015		61,550,000	83,390,565	26,204,239	200,141,244	23,164,527,976	7,596,169,422	3,847,639,484	1,624,114,108	41,253,953	37,197,526	36,082,159,547
December 31, 2016		61,550,000	1,244,077,559	20,621,849	5,080,651,625	22,869,122,943	12,660,767,607	4,865,213,477	2,010,955,434	40,133,085	34,457,442	48,887,551,021

13. Property, plant and equipment (continued)

Property, plant and equipment of MAC, MRC, MBAC and MGBM with a net book value before consolidation elimination at December 31, 2016 of SAR 33,283,863,678 (December 31, 2015: SAR 35,706,647,560) are pledged as security to SIFD and other lenders (Note 27.9).

Property, plant and equipment of MBAC with a net book value at December 31, 2016 of SAR 45,365,593 (December 31, 2015: SAR 45,947,425) was acquired under a capital lease and are pledged as security to the lessor (Note 25).

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Allocation of depreciation charge for the year to:			
Capital work-in-progress	14	55,551,096	63,439,623
Cost of sales	34	2,397,846,116	2,171,612,693
General and administrative expenses	36	31,348,323	34,748,428
Exploration and technical services expenses	37	2,538,701	3,269,930
Total		2,487,284,236	2,273,070,674



14. Capital work-in-progress

Cost	Notes	Phosphate	Industrial minerals	Aluminium	Gold and base metals	Infra-structure	Corporate	Total
January 1, 2015		6,977,902,237	89,027,132	17,086,825,945	1,711,662,424	45,875,923	1,171,865,034	27,083,158,695
Additions during the year		11,435,440,779	16,188,982	1,856,499,035	567,185,003	5,954,651	142,084,133	14,023,352,583
Transfer to property, plant and equipment	13	(26,685,001)	(4,805,545)	(187,734,216)	(85,281,349)	(9,306,019)	(7,720,832)	(321,532,962)
Transfer from exploration and evaluation assets	15	-	-	-	2,147,943	-	-	2,147,943
Transfer to intangible assets	17	(14,429,805)	-	(22,798,085)	-	(292,770)	-	(37,520,660)
Provision for mine closure capitalized	26.1	-	-	-	26,250,000	-	-	26,250,000
Advances to contractors, net		(323,541,209)	-	(21,218,078)	-	(13,600,845)	(15,061,630)	(373,421,762)
December 31, 2015		18,048,687,001	100,410,569	18,711,574,601	2,221,964,021	28,630,940	1,291,166,705	40,402,433,837
Additions during the year		7,649,832,956	26,138,396	954,890,798	207,134,104	11,919,021	126,565,032	8,976,480,307
Transfer to property, plant and equipment	13	(43,611,313)	(492,660)	(12,293,445,634)	(2,100,163,072)	(19,377,639)	(56,064)	(14,457,146,382)
Transfer to intangible assets	17	-	-	(35,977,468)	-	(1,076,344)	(3,661,418)	(40,715,230)
Write-off during the year		-	-	-	(34,091,444)	-	-	(34,091,444)
Advances to contractors, net		(204,613,492)	-	(4,910,728)	-	(154,478)	-	(209,678,698)
December 31, 2016		25,450,295,152	126,056,305	7,332,131,569	294,843,609	19,941,500	1,414,014,255	34,637,282,390
Advances to contractors capitalized as part of additions to capital work-in-progress								
December 31, 2015		520,538,164	-	4,910,728	-	5,106,251	-	530,555,143
December 31, 2016		315,924,672	-	-	-	4,951,773	-	320,876,445

14. Capital work-in-progress (continued)

	Notes	Phosphate	Industrial minerals	Aluminium	Gold and base metals	Infra-structure	Corporate	Total
Depreciation capitalized as part of capital work-in-progress during the year								
December 31, 2015	13	-	-	60,981,176	-	2,458,447	-	63,439,623
December 31, 2016	13	-	-	52,052,474	-	3,498,622	-	55,551,096
Amortization capitalized as part of capital work-in-progress during the year								
December 31, 2015	17	-	-	5,729,831	-	-	-	5,729,831
December 31, 2016	17	-	-	9,032,051	-	544,093	-	9,576,144
Amortization of transaction cost capitalized as part of capital work-in-progress during the year								
December 31, 2015	27.2	15,729,190	-	-	-	-	-	15,729,190
December 31, 2016	27.2	36,551,710	-	-	-	-	-	36,551,710
Borrowing cost capitalized as part of capital work-in-progress during the year								
December 31, 2015	39.1	211,518,555	-	231,491,396	-	-	-	443,009,951
December 31, 2016	39.1	354,963,358	-	292,242,031	-	-	-	647,205,389

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

The net book value of MAC, MRC, MBAC, MWSPC and MGBM before consolidation elimination at December 31, 2016 of SAR 31,183,895,066 (December 31, 2015: SAR 37,197,115,376) are pledged as security to SIFD and other lenders (Note 27.9).



15. Exploration and evaluation assets

	Note	Corporate	Gold and base metals	Total
January 1, 2015		21,254,693	154,251,619	175,506,312
Additions during the year		29,351,453	50,830,246	80,181,699
Transfer to capital work-in-progress	14	-	(2,147,943)	(2,147,943)
Impairment during the year	37	(20,306,493)	-	(20,306,493)
December 31, 2015		30,299,653	202,933,922	233,233,575
Additions during the year		14,352,877	22,217,078	36,569,955
December 31, 2016		44,652,530	225,151,000	269,803,530

16. Deferred stripping expense

	Notes	Phosphate	Gold and base metals	Total
Cost				
January 1, 2015		75,666,881	25,763,766	101,430,647
Stripping cost incurred during the year		18,704,693	12,974,499	31,679,192
December 31, 2015		94,371,574	38,738,265	133,109,839
Stripping cost incurred during the year		-	44,348,857	44,348,857
December 31, 2016		94,371,574	83,087,122	177,458,696
Accumulated amortization				
January 1, 2015		47,962,554	4,385,110	52,347,664
Expensed to cost of sales during the year	34	35,087,517	1,501,667	36,589,184
December 31, 2015		83,050,071	5,886,777	88,936,848
Expensed to cost of sales during the year	34	4,524,147	6,653,425	11,177,572
December 31, 2016		87,574,218	12,540,202	100,114,420
Net book value				
December 31, 2015		11,321,503	32,851,488	44,172,991
December 31, 2016		6,797,356	70,546,920	77,344,276



17. Intangible assets

	Note	Phosphate	Aluminium	Gold and base metals	Infra- structure	Corporate	Total
Cost							
January 1, 2015		50,689,149	114,536,319	22,538,863	297,876,390	17,648,402	503,288,923
Additions during the year		-	-	-	-	3,992,516	3,992,516
Transfer from property, plant and equipment	13	885,255	-	-	-	-	885,255
Transfer from capital work-in-progress	14	14,429,805	22,798,085	-	292,770	-	37,520,660
December 31, 2015		66,004,209	137,334,404	22,538,863	298,169,160	21,640,918	545,687,354
Additions during the year		-	-	1,285,986	-	-	1,285,986
Transfer from capital work-in-progress	14	-	35,977,468	-	1,076,344	3,661,418	40,715,230
December 31, 2016		66,004,209	173,311,872	23,824,849	299,245,504	25,302,336	587,688,570
Accumulated amortization							
January 1, 2015		15,535,672	12,230,133	8,167,624	55,868,944	1,610,005	93,412,378
Charge for the year		18,442,934	39,730,141	3,377,906	14,070,125	4,227,308	79,848,414
December 31, 2015		33,978,606	51,960,274	11,545,530	69,939,069	5,837,313	173,260,792
Charge for the year		9,902,348	18,245,602	3,478,669	8,910,780	4,767,171	45,304,570
December 31, 2016		43,880,954	70,205,876	15,024,199	78,849,849	10,604,484	218,565,362
Net book value							
December 31, 2015		32,025,603	85,374,130	10,993,133	228,230,091	15,803,605	372,426,562
December 31, 2016		22,123,255	103,105,996	8,800,450	220,395,655	14,697,852	369,123,208

Intangible assets of MAC, MRC and MBAC with a net book value at December 31, 2016 of SAR 103,105,996 (December 31, 2015: SAR 85,374,130) are pledged as security to SIFD and other lenders (Note 27.9).

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

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

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

(All amounts in Saudi Riyals unless otherwise stated)



17. Intangible assets (continued)

Allocation of amortization charge for the year to:

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Capital work-in-progress	14	9,576,144	5,729,831
Cost of sales	34	30,869,399	40,771,932
Selling, marketing and logistic expenses	35	-	29,119,343
General and administrative expenses	36	4,859,027	4,227,308
Total		45,304,570	79,848,414

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

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

(All amounts in Saudi Riyals unless otherwise stated)


18. Jointly controlled entities

	December 31, 2016	December 31, 2015
SAMAPCO (Note 18.1)	295,260,561	372,774,239
MBCC (Note 18.2)	632,406,115	828,680,585
Total	1,127,666,676	1,201,454,824

18.1 SAMAPCO

The investment of 50% in the issued and paid-up share capital (Note 2.9) is as follows:

	December 31, 2016	December 31, 2015
Shares at cost (Note 49)	450,000,000	450,000,000
Share of the accumulated loss	(202,737,858)	(125,224,180)
Carrying value of investment	247,262,142	324,775,820
Long-term loan (Note 42.2)	47,998,419	47,998,419
Total (Note 18)	295,260,561	372,774,239

Share of the accumulated loss in SAMAPCO

	2016	2015
January 1	(125,224,180)	(33,593,314)
Share in net loss for year	(77,513,678)	(91,630,866)
December 31	(202,737,858)	(125,224,180)

18.2 MBCC

The investment of 50% in the issued and paid-up share capital (Note 2.10) is as follows:

	December 31, 2016	December 31, 2015
Shares at cost (Note 49)	202,482,646	202,482,646
Share of the accumulated income	3,725,530	-
Carrying value of investment	206,208,176	202,482,646
Long-term loan (Note 42.2)	626,197,939	626,197,939
Total (Note 18)	832,406,115	828,680,585

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

Share of the accumulated income in MBCC

	2016	2015
January 1	-	-
Share in net Income for year	3,725,530	-
December 31	3,725,530	-

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

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

(All amounts in Saudi Riyals unless otherwise stated)

**19. Long-term investment**

	December 31, 2016	December 31, 2015
Securities with original maturities of more than a year at the date of acquisition	50,000,000	50,000,000

20. Projects and other payables

	December 31, 2016	December 31, 2015
Current portion:		
Projects	209,652,421	780,749,784
Trade	812,591,885	649,763,200
Retentions	101,896,885	126,592,142
Advances from customers	245,066,728	232,969,329
Other	38,892,663	19,938,546
Sub-total	1,408,200,382	1,810,013,001
Non-current portion:		
Retentions and other payables	1,980,257,388	1,251,081,664
Non-refundable contributions*	126,080,875	83,305,965
Sub-total	2,106,338,263	1,334,387,629
Total	3,514,538,625	3,144,400,630

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

*Contributed by one of the MAC's and MWSPC's contractors to support the companies' objective to establish a social responsibility fund for the development of a community project.

21. Accrued expenses

	December 31, 2016	December 31, 2015
Projects	1,643,252,732	3,542,581,483
Trade	637,160,076	635,989,401
Employees	291,501,870	246,454,809
Accrued expenses – Alcoa Corporation (Note 42.2)	32,180,363	67,026,655
Accrued expenses – Mosaic (Note 42.2)	4,475,402	14,983,460
Finance charges	20,857,795	13,889,780
Total	2,629,438,338	4,520,925,588

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

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

Accrued expenses for Mosaic mainly represents the personnel and other cost accruals related to the Mosaic employees seconded to MWSPC.

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

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

- shareholders' equity at the beginning of the quarter / period / year;
- provisions at the beginning of the quarter / period / year;
- long term borrowings;
- adjusted net income;
- spare parts and consumable materials;
- net book value of property, plant and equipment;
- net book value of capital work-in-progress;
- net book value of exploration and evaluation assets;
- net book value of intangible assets;
- carrying value of investment in a jointly controlled entity; and
- other items.

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

22.2 Zakat payable

	Note	2016	2015
January 1		50,962,237	58,735,918
Provision for zakat		78,428,404	46,374,297
Current year		85,308,278	50,962,237
Prior year over provision		(6,879,874)	(4,587,940)
Paid during the year to GAZT		(44,082,363)	(54,147,978)
December 31	22	85,308,278	50,962,237

22.3 Provision for zakat consist of:

	Note	Year ended December 31, 2016	Year ended December 31, 2015
Saudi Arabian Mining Company		79,345,905	19,789,600
Ma'aden Phosphate Company		2,748,153	23,097,236
Ma'aden Gold and Base Metals Company	23.2	-	1,076,248
Industrial Minerals Company		1,788,962	3,010,998
Ma'aden Infrastructure Company		1,415,258	3,988,155
Total		85,308,278	50,962,237

22.4 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates for the years ended December 31, 2008 to December 31, 2015, however, no zakat assessments were finalized by the GAZT.

23. Severance fees payable

	Note	2016	2015
January 1		16,096,147	29,638,170
Provision for severance fee	34	8,278,038	17,934,852
Current year	23.1	8,270,636	16,096,147
Previous year under provision		7,403	1,838,705
Paid during the year to the authorities		(16,103,550)	(31,476,875)
December 31		8,270,636	16,096,147

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

Severance fees are paid by IMC, the registered holder of a small mining license, at a fixed tariff per tonnes sold of low grade bauxite, kaolin and magnesite.

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

23.1 Provision for severance fees consists of:

	Note	Year ended December 31, 2016	Year ended December 31, 2015
Gold mines	23.2	6,949,653	14,323,021
Low grade bauxite		952,382	1,383,664
Kaolin		246,268	240,154
Magnesite		122,333	149,308
Total	23	8,270,636	16,096,147

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

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Net income from operating mines before severance fee for the year		125,745,630	72,814,394
25% of the year's net income as defined		31,436,457	18,228,599
Hypothetical income tax based on year's taxable net income		6,949,653	15,399,269
Provision based on the lower of the above two computations		6,949,653	15,399,269
Provision for zakat	22.1	-	(1,076,248)
Net severance fee provision for the year	23.1	6,949,653	14,323,021



24. Employees' benefits

	December 31, 2016	December 31, 2015
Employees' termination benefits (Note 24.1)	365,791,848	304,497,276
Employees' savings plan (Note 7 and 24.2)	59,341,221	48,807,054
Total	425,133,069	353,304,330

24.1 Employees' termination benefits

	2016	2015
January 1	304,497,276	254,443,608
Provision for the year	80,095,845	79,567,555
Paid during the year	(18,801,273)	(29,513,887)
December 31	365,791,848	304,497,276

24.2 Employees' savings plan

	2016	2015
January 1	48,807,054	35,931,821
Contribution for the year	26,408,207	23,582,534
Withdrawals during the year	(15,874,040)	(10,707,301)
December 31 (Note 4.19 and 7)	59,341,221	48,807,054

25. Obligation under capital lease

During 2013, MAC on behalf of MBAC entered in a capital lease agreement with a financial institution. The lease payments under such agreements are due in monthly instalments. The amounts of future payments under the leases are as follows:

	December 31, 2016	December 31, 2015
Future minimum lease payments	29,904,027	45,506,127
Less: Financial charges not yet due	(3,120,906)	(6,341,750)
Net present value of minimum lease payments	26,783,121	39,164,377
Less: Current portion shown under current liabilities	(13,441,040)	(12,131,184)
Long term portion of obligation under capital leases	13,342,081	27,033,193

25. Obligation under capital lease (continued)***Maturity profile***

	December 31, 2016	December 31, 2015
Minimum lease payment falling due during years ending December 31:		
2016	-	15,602,100
2017	15,602,100	15,602,100
2018	<u>14,301,927</u>	<u>14,301,927</u>
Total	<u>29,904,027</u>	<u>45,506,127</u>

The present value of minimum lease payments has been discounted at an effective interest rate of approximately 0.858% per month. The leased assets as at December 31, 2016 of SAR 45,365,593 (December 31, 2015: SAR 45,947,425) are pledged as security to the lessor (Note 13).



26. Provision for mine closure and reclamation

	Notes	December 31, 2016	December 31, 2015
Gold mines			
Al-Ba'itha bauxite mine	26.1	131,045,895	133,545,896
Low grade bauxite, kaolin and magnesite mines	26.2	21,716,534	20,251,378
	26.3	4,314,800	4,314,600
Total		157,077,029	158,111,874

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

26.1 Gold mines

	Notes	Al Hajar mine	Bulghah mine	Mahad mine	As Suq mine	Al Amar mine	Ad Duwayhi mine	Sukhaybarat mine	Total
January 1, 2015		1,881,991	24,948,007	26,131,612	16,977,850	15,828,856	-	24,620,883	110,389,193
Adjustment on provision during the year	13	-	-	-	(1,211,312)	-	-	-	(1,211,312)
Additions during the year	14	-	-	-	-	-	26,250,000	-	26,250,000
Utilization during the year		(1,881,991)	-	-	-	-	-	-	(1,881,991)
December 31, 2015	26	-	24,948,007	26,131,612	15,766,538	15,828,856	26,250,000	24,620,883	133,545,896
Utilization during the year		-	-	(2,500,001)	-	-	-	-	(2,500,001)
December 31, 2016	26	-	24,948,007	23,631,611	15,766,538	15,828,856	26,250,000	24,620,883	131,045,895

Commenced commercial production in
Expected closure date in

2001 2016 2001 2018 1988 2014 2008 2016 1991
2016 2018 2019 2021 2026 2027 2039

SAUDI ARABIAN MINING COMPANY (MA'ADEN)
(A Saudi Arabian joint stock company)
Notes to the consolidated financial statements for the year ended December 31, 2016
(All amounts in Saudi Riyals unless otherwise stated)

26. Provision for mine closure and reclamation (continued)

26.2 Al-Ba'itha bauxite mine

	Notes	Total
January 1, 2015		18,856,531
Accretion of provision during the year	39	1,394,847
December 31, 2015	26	20,251,378
Accretion of provision during the year	39	1,465,156
December 31, 2016	26	21,716,534
Commenced commercial production in		2014
Expected closure date in		2059

26.3 Low grade bauxite, kaolin and magnesite mines

		Az Zabirah mine	Al-Ghazallah mine	Total
January 1, 2015		1,600,000	450,000	2,050,000
Additions during the year	13	2,264,600	-	2,264,600
December 31, 2015	26	3,864,600	450,000	4,314,600
December 31, 2016	26	3,864,600	450,000	4,314,600
Commenced commercial production in		2008	2011	
Expected closure date in		2026	2028	

The provision for mine closure and reclamation represents the full amount of the estimated future closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when determined.

The provision for mine closure and reclamation relates to the Group's gold, bauxite, low grade bauxite, kaolin and magnesite mining activity. An updated estimation of the phosphate mine and plant closure and rehabilitation works including facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation is in progress.



27. Long-term borrowings

27.1 Facilities approved

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

The Group facilities granted comprise of the following as at December 31, 2016:

	MAC agreement signed on Nov. 30, 2010	MRC agreement signed on Nov. 30, 2010	MBAC agreement signed on Nov. 27, 2011	Ma'aden agreement signed on Dec. 18, 2012	MWSPC agreement signed on Jun. 30, 2014 and Apr. 26, 2015	MGBM agreements signed on Mar. 24, 2015	MIC agreement signed on Dec. 30, 2015	MPC agreement signed on Feb. 26, 2016	Total
Public Investment Fund ("PIF")	4,875,000,000	3,078,750,000	3,750,000,000	-	7,500,000,000	-	-	-	19,203,750,000
<u>Islamic and commercial banks</u>									
Procurement*	5,047,500,000	1,041,000,000	2,690,712,844	-	4,257,610,466	-	-	-	13,036,823,310
Commercial*	900,000,000	-	258,750,000	-	5,439,889,534	-	-	-	6,598,639,534
Wakala	787,500,000	-	768,750,000	-	1,650,000,000	-	-	-	3,206,250,000
Sub-total	6,735,000,000	1,041,000,000	3,718,212,844	-	11,347,500,000	-	-	-	22,841,712,844
Saudi Industrial Development Fund ("SIDF")	600,000,000	600,000,000	900,000,000	-	-	1,379,000,000	-	-	3,479,000,000
Murabaha facility	-	-	-	-	-	-	1,000,000,000	11,493,750,000	12,493,750,000
Riyal Murabaha facility (a working capital facility)	375,000,000	375,000,000	-	-	-	-	-	-	750,000,000
Sub-total	12,585,000,000	5,094,750,000	8,368,212,844	-	18,847,500,000	1,379,000,000	1,000,000,000	11,493,750,000	58,768,212,844
Syndicated Revolving Credit Facility Agreement	-	-	-	9,000,000,000	-	-	-	-	9,000,000,000
Total facilities granted	12,585,000,000	5,094,750,000	8,368,212,844	9,000,000,000	18,847,500,000	1,379,000,000	1,000,000,000	11,493,750,000	67,768,212,844

27.1 Facilities approved (continued)

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

- the limitation on the creation of additional liens and/or financing obligations by MAC, MRC, MBAC and MWSPC, unless specifically allowed under the CTA;
- financial ratio maintenance;
- maximum capital expenditures allowed;
- restriction on dividend distribution to shareholders and
- restriction on the term of the short-term investment with maturities of not more than six (6) months from the date of acquisition, of any Saudi Arabian commercial bank or any other international commercial bank of recognized standing.

The MFAs imposed certain conditions and special covenants which include:

- safeguarding the entities' existence as a limited liability company validly existing under the laws of the Kingdom of Saudi Arabia;
- restriction to substantial change in the general nature of company's business, unless specifically allowed under the MFA;
- restriction to enter into a single transaction or a series of transactions and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset, unless specifically allowed under the MFA;
- payment obligations under MFA at all times rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies;
- financial ratio maintenance and
- restriction on dividend distribution to shareholders.

MAC facility

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

***Facility Agents:**

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

MRC facility

***Facility Agents:**

- Riyadh Bank acts as Inter-creditor Agent
- Bank Al Jazira acts as Riyal Procurement Facility Agent
- Banque Saudi Fransi acts as Onshore Security Agent
- Riyadh Bank, London Branch acts as Offshore Security Trustee and Agent

MBAC facility

***Facility Agents:**

- HSBC Saudi Arabia Limited acts as Inter-creditor Agent and as Commercial Facility Agent,
- National Commercial bank acts as Dollar Procurement Facility Agent and Riyal Procurement Facility Agent,
- Bank Al Jazira acts as Wakala Facility Agent,
- HSBC Saudi Arabia Limited acts as Onshore Security Agent and
- Riyadh Bank, London Branch acts as Offshore Security Trustee and Agent.

27.1 Facilities approved (continued)**MWSPC facility*****Facility Agents:**

- Islamic Development Bank and HSBC Saudi Arabia act as agents for procurement facility and
- Mizuho Corporate Bank Limited and Sumitomo Mitsui Banking Corporation act as agents for commercial facility.

Saudi Arabian Mining Company ("Ma'aden")

On December 18, 2012, the Company entered into a Shanah compliant Syndicated Revolving Credit Facility Agreement ("Murabaha Facility Agreement") and other agreements (together referred to as "financing agreements") totaling to SAR 9 billion. Final maturity for repayment of the loan is five years from the date of signing of the agreement. The facility is with a syndicate of local and international financial institutions, comprising of the following financial institutions:

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

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

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

MGBM Facility

The company entered into two secured loan arrangements with Saudi Industrial Development Fund ("SIDF"). The facilities granted to the Company comprise of the following:

<u>Date approved</u>	<u>Purpose</u>	<u>Facility SAR</u>
March 24, 2015	To provide funding for the production of a semi alloy of gold at As Suq mine	179,000,000
April 26, 2015	To provide funding for the capital expenditure of the new gold mine at Ad-Duwayhi and water pipeline	1,200,000,000
Total facilities granted		<u>1,379,000,000</u>

The financing arrangements impose certain conditions and special covenants which include:

- the limitation of the creation of additional liens and/or financing obligations by the Company, unless specifically allowed under the loan agreement,
- financial ratio maintenance,
- maximum capital expenditures allowed,
- restriction on dividend distribution to shareholders, and
- restriction on the term of the short-term investment with maturities of not more than six (6) months from the date of acquisition, of any Saudi Arabian commercial bank or any other international commercial bank of recognized standing.

27.1 Facilities approved (continued)***MIC facility***

On December 30, 2015 the company entered into a Murabaha Facility Agreement ("MFA") with HSBC Saudi Arabia Limited, comprising of:

Murabaha facility	<u>Facility granted</u>
HSBC Saudi Arabia Limited – as agent for the Murabaha facility participants	<u>1,000,000,000</u>

The facility was drawn down on February 17, 2016.

MPC facility

On June 15, 2008 the company had entered into a CTA with a consortium of financial institutions, however, the facility had been repaid in full from a drawing on March 30, 2016 under a new MFA signed by the company on February 25, 2016 with a Murabaha facility participants comprising of:

Murabaha facility	<u>Facility granted</u>
Riyad Bank – as agent for the Murabaha facility participants	<u>11,493,750,000</u>

The details of the CTA signed on June 15, 2008 were as follows:

Public Investment Fund ("PIF")	4,000,001,250
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Islamic and commercial banks

Banque Saudi Fransi – as agent for the procurement facility participants	4,269,892,500
Mizuho Corporate Bank Limited – as agent for the commercial facility participants	1,491,562,500
Al-Rajhi Bank	2,343,750,000
The Export Import Bank of Korea	1,500,000,000
Korea Export Insurance corporation	<u>750,000,000</u>
Sub-total	10,355,205,000

Saudi Industrial Development Fund ("SIDF")	600,000,000
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Total facilities granted	<u>14,955,206,250</u>
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**27.2 Facilities utilized under the different CTAs****MPC facility**

This loan was repaid in full on February 25, 2016.

	December 31, 2016	December 31, 2015
Public Investment Fund	2,668,800,835	3,001,600,938
Less: Repaid during the year	2,668,800,835	332,800,103
Sub-total (Note 42.2)	-	2,668,800,835

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period was LIBOR plus 0.5% per annum.

Loan repayment started on June 30, 2012, on a six monthly basis, in equal principal repayments of SAR 166.4 million over the term of the loan (Note 27.7).

Islamic and commercial banks

Saudi Riyal procurement	3,458,812,925	3,693,457,013
Al-Rajhi Bank	1,898,437,500	2,027,343,750
The Export Import Bank of Korea	1,098,500,000	1,230,000,000
Commercial	804,415,625	965,826,563
Korea Export Insurance Corporation	548,250,000	615,000,000
	7,906,216,050	8,531,627,326
Less: Repaid during the year	7,906,216,050	625,411,276
Sub-total	-	7,906,216,050

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

The repayment of this loan started on June 30, 2012, on a six monthly basis, starting at SAR 255.1 million and increasing over the term of the loan (Note 27.7).

Saudi Industrial Development Fund	370,000,000	460,000,000
Less: Repaid during the year	370,000,000	90,000,000
Sub-total	-	370,000,000

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

Repayment of this loan started on February 26, 2013, on a six monthly basis, starting at SAR 40 million and increasing over the term of the loan (Note 27.7).

Total MPC borrowings (Note 27.6)	-	10,945,016,885
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27.2 Facilities utilized under the different CTAs (continued)**MAC facility**

	December 31, 2016	December 31, 2015
Public Investment Fund	4,575,187,500	4,775,062,500
Less: Repaid during the year	199,875,000	199,875,000
Sub-total (Note 42.2)	4,375,312,500	4,575,187,500

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

The repayment of the loan started on December 31, 2014, on a six monthly basis, starting at SAR 99.9 million and increasing over the term of the loan with the final repayment of SAR 1,218 million on June 30, 2026 (Note 27.7).

Islamic and commercial banks

Dollar procurement	872,805,000	910,935,000
Saudi Riyal procurement	3,864,273,750	4,033,091,250
Commercial	844,650,000	881,550,000
Wakala	739,068,750	771,356,250
	6,320,797,500	6,596,932,500
Less: Repaid during the year	276,135,000	276,135,000
Sub-total	6,044,662,500	6,320,797,500

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

The repayment of the loans started from December 31, 2014, starting at SAR 138 million and increasing over the term of the loan with the final repayment of SAR 1,684 million on June 30, 2026 (Note 27.7).

Saudi Industrial Development Fund	550,000,000	570,000,000
Less: Repaid during the year	100,000,000	50,000,200
Sub-total	450,000,000	519,999,800

Repayment of the SIDF facility started from February 4, 2015. The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on June 7, 2020 (Note 27.7).

Riyal Murabaha facility	375,000,000	375,000,000
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During the quarter ended March 31, 2016, the rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is revised to SIBOR plus 1.25% from SIBOR plus 1.75%.

The repayment of the Murabaha facility is due on March 31, 2018 (Note 27.7).

Total MAC borrowings (Note 27.6)	11,244,975,000	11,790,984,800
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27.2 Facilities utilized under the different CTAs (continued)**MRC facility**

	December 31, 2016	December 31, 2015
Public Investment Fund	3,078,750,000	3,078,750,000
Less: Repaid during the year	30,787,500	-
Sub-total (Note 42.2)	3,047,962,500	3,078,750,000

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

The repayment of the loan started on December 31, 2016, on a six monthly basis, starting at SAR 30.8 million and increasing over the term of the loan with the final repayment of SAR 153.9 million on June 30, 2026 (Note 27.7).

Islamic and commercial banks

Riyal procurement	1,041,000,000	1,041,000,000
Less: Repaid during the year	10,410,000	-
Sub-total	1,030,590,000	1,041,000,000

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

The repayment of the loan started on December 31, 2016, starting at SAR 10.4 million and increasing over the term of the loan with the final repayment of SAR 13.5 million on June 30, 2026 (Note 27.7).

Saudi Industrial Development Fund	600,000,000	570,000,000
Less: Repaid during the year	50,000,000	-
Sub-total	550,000,000	570,000,000

Repayment of the SIDF facility started from January 25, 2016, starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on July 19, 2021 (Note 27.7).

Riyal Murabaha facility	375,000,000	375,000,000
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The rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is Saudi Interbank Offered Rate ("SIBOR") plus 0.95%.

The repayment of Murabaha facility is due on August 31, 2017 (Note 27.7).

Total MRC borrowings (Note 27.6)	5,003,552,500	5,064,750,000
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SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

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

(All amounts in Saudi Riyals unless otherwise stated)

**27.2 Facilities utilized under the different CTAs (continued)****MBAC facility**

	December 31, 2016	December 31, 2015
Public Investment Fund (Note 42.2)	3,750,000,000	3,750,000,000

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

The repayment of the principal amount of PIF facility will be in 21 instalments on a six monthly basis starting from June 30, 2017. The repayments are starting at SAR 75 million and increasing over the term of the loan with the final repayment of SAR 435 million on June 30, 2027 (Note 27.7).

Islamic and commercial banks

Dollar procurement	798,500,000	798,500,000
Riyal procurement	1,891,212,844	1,891,212,844
Commercial	258,750,000	258,750,000
Wakala	768,750,000	768,750,000
Sub-total	3,716,212,844	3,718,212,844

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

The repayment of the principal amounts of Islamic and commercial total approved facilities will start from June 30, 2017. The repayments are starting at SAR 74 million and increasing over the term of the loan with the final repayment of SAR 431 million on June 30, 2027 (Note 27.7).

Saudi Industrial Development Fund	841,071,390	743,035,677
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Repayment of the SIDF facility will start from July 2017. The repayments are starting at SAR 40 million and increasing over the term of the loan with the final repayment of SAR 80 million in April 2024 (Note 27.7).

SIDF has withheld loan processing and evaluation fee of SR 75 million. The fee will be amortized over the term of the loan and the unamortized fee is SR 59 million as of December 31, 2016.

Total MBAC borrowings (Note 27.6)	8,309,284,234	8,211,248,521
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**27.2 Facilities utilized under the different CTAs (continued)****MWSPC facility**

	December 31, 2016	December 31, 2015
Public Investment Fund	6,839,278,174	3,954,229,920
Less: Transaction cost balance at the yearend	64,842,843	71,307,385
Sub-total (Note 42.2)	6,774,435,331	3,882,922,535

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

The repayment of the principal amount of loan will be in 24 installments on a six monthly basis starting from June 30, 2019. The repayments are starting at SAR 112.5 million and increasing over the term of the loan with the final repayment of SAR 606 million on December 31, 2030 (Note 27.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 6,484,542 (December 31, 2015: SAR 2,171,240) (Note 14).

Islamic and commercial banks

Dollar procurement facility	304,392,518	174,565,346
Saudi Riyal procurement facility	2,620,254,420	1,502,683,523
Wakala	1,488,141,198	853,430,583
Commercial	5,061,772,152	2,847,314,693
Sub-total	9,474,560,288	5,377,994,145
Less: Transaction cost balance at the yearend	78,983,617	109,070,785
Sub-total	8,395,576,671	5,268,923,360

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is LIBOR plus 1.25% to 2.10% per annum.

The repayment of the principal amounts of loans will start from June 30, 2019. The repayments are starting at SAR 171 million and increasing over the term of the loan with the final repayment of SAR 809 million on December 31, 2030 (Note 27.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 30,087,168 (December 31, 2015: SAR 13,557,950) (Note 14).

Total MWSPC borrowings (Note 27.6)	16,170,012,002	9,151,845,895
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27.3 Facilities utilized under the Syndicated Revolving Credit Facility**Ma'aden**

	December 31, 2016	December 31, 2015
Syndicated Revolving Credit Facility (Note 27.6)	-	-

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

27.4 MGBM facility

	December 31, 2016	December 31, 2015
<i>As Suq Mine</i>		
Saudi Industrial Development Fund	179,000,000	143,200,000
Less: Transaction cost balance at the yearend	9,256,917	12,008,103
Sub-total	169,741,083	131,191,897
Less: Repaid during the year	6,000,000	-
Sub-total	161,741,083	131,191,897

The repayment of this loan started on July 20, 2016, on a six monthly basis, starting at SAR 8 million and increasing over the term of the loan with the final repayment of SAR 18 million on November 9, 2022 (Note 27.7).

Transaction incurred and is amortized over the term of the loan amounted to SAR 2,749,186 (December 31, 2015: SAR 1,391,897) (Note 39).

Ad-Duwayhi Mine and water pipeline

Saudi Industrial Development Fund	804,507,000	120,000,000
Less: Transaction cost balance at the yearend	65,197,022	16,000,000
Sub-total	739,309,978	104,000,000

The repayment of this loan will start on July 9, 2017, on a six monthly basis, starting at SAR 60 million and increasing over the term of the loan with the final repayment of SAR 100 million on October 30, 2022 (Note 27.7).

Transaction incurred and is amortized over the term of the loan amounted to SAR 14,802,978 (December 31, 2015: Nil) (Note 39).

Total MGBM borrowings (Note 27.6)	901,051,061	235,191,897
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27.5 Facilities utilized under the different MFAs**MIC facility**

	December 31, 2016	December 31, 2015
HSBC Saudi Arabia Limited – as agent for the Murabaha facility participants	1,000,000,000	-
Less: Transaction cost balance at the yearend	9,000,000	-
Sub-total	991,000,000	-
Less: Repaid during the year	39,000,000	-
Total MIC borrowings (Note 27.6)	952,000,000	-

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of SIBOR plus 1 % per annum.

The repayment of the principal amount of the loan will commence on December 30, 2016, in equal principal repayments of SAR 39 million, on a semi-annual over a 10 year period with the final principal repayment of SAR 298 million on December 30, 2025 (Note 27.7).

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 1,185,000 (December 31, 2015: Nil) (Note 39).

27.5 Facilities utilized under the different MFAs (continued)**MPC facility**

	December 31, 2016	December 31, 2015
Riyad Bank – as agent for the Murabaha facility participants	11,493,750,000	-
Less: Transaction cost balance at the yearend	98,953,754	-
Total MPC borrowings (Note 27.6)	11,394,796,246	-

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period, is in the range of LIBOR plus 1% per annum for SAR Murabaha facility and LIBOR plus 1.1% per annum for US Dollar Murabaha facility.

The repayment of this loan will start from February 25, 2017, starting at SAR 575 million and increasing over the term of the loan with the final repayment of SAR 3,448 million on February 25, 2023.

Transaction cost incurred and is amortized over the term of the loan amounted to SAR 15,983,746 (December 31, 2015: Nil) (Note 39).

27.6 Total borrowings

	December 31, 2016	December 31, 2015
Facilities utilized under:		
CTAs (Note 27.2):		
MPC	-	10,945,016,885
MAC	11,244,975,000	11,790,984,800
MRC	5,003,552,500	5,064,750,000
MBAC	8,309,284,234	8,211,248,521
MWSPC	16,170,012,002	9,151,845,895
Syndicated Revolving Credit Facility (Note 27.3):		
Ma'aden	-	-
MGBM facility (Note 27.4)	901,051,061	235,191,897
MFAs (Note 27.5):		
MIC	952,000,000	-
MPC	11,394,796,246	-
Sub-total	53,975,671,043	45,399,037,998
Less: Current portion of borrowings shown under current liabilities		
MPC	1,149,375,000	1,089,112,404
MAC	576,010,000	951,010,000
MRC	532,395,000	91,197,500
MBAC	338,728,517	-
MGBM	78,000,000	-
MIC	78,000,000	-
Sub-total	2,752,508,517	2,131,319,904
Long-term portion of borrowings	51,223,162,526	43,267,718,094

27.7 Maturity profile of long-term borrowings

	December 31, 2016	December 31, 2015
2016	-	2,131,319,904
2017	2,752,508,518	2,562,245,922
2018	3,111,859,645	3,185,503,199
2019	3,634,171,943	3,347,766,713
2020	3,893,420,400	3,473,132,097
2021	4,621,562,506	3,945,767,134
2022	6,003,649,012	4,291,783,358
2023 through 2030	28,958,499,019	22,461,519,671
Total	53,875,671,043	45,399,037,998

As of December 31, 2015, current portion of MPC's long-term borrowings of SAR 1,089,112,404 is included in the maturity profile due in the next 12 months. Out of this amount, SAR 544,556,202 was restricted in the debt service reserve account for the next schedule repayment, six months prior to the due date, as per the facility agreement (Note 7).

27.8 Facilities' currency denomination

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

	December 31, 2016 (US\$)	December 31, 2015 (US\$)
Public Investment Fund	4,786,056,088	4,788,176,231
Islamic and commercial banks		
Procurement	2,453,712,992	3,122,118,824
Al-Rajhi Bank	-	506,250,000
The Export Import Bank of Korea	-	292,400,000
Korea Export Insurance Corporation	-	146,200,000
Commercial	1,628,007,077	1,286,141,272
US Dollar procurement	515,833,718	490,955,406
Wakala	786,190,750	623,974,433
Sub-total	5,383,744,537	6,468,039,935
Saudi Industrial Development Fund	731,232,654	650,193,966
Murabaha facility	3,282,478,999	-
Riyal Murabaha facility (a working capital facility)	200,000,000	200,000,000
Syndicated Revolving Credit Facility	-	-
Total	14,393,512,278	12,106,410,132

27.9 Security

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

	December 31, 2016	December 31, 2015
Property, plant and equipment (Note 13)	33,283,863,678	35,706,647,560
Capital work-in-progress (Note 14)	31,183,895,086	37,197,115,376
Intangible assets (Note 17)	103,105,986	85,374,130
Total	64,570,864,740	72,989,137,066

**28. Due to joint venture partner**

	December 31, 2016	December 31, 2015
Due to Alcoa Corporation (Note 42.2)	306,790,113	300,703,363

Due to Alcoa Corporation represents their share of 25.1% in the joint venture project cost to extend the product mix of the aluminium complex, currently under construction at Ras Al-Khair, to include:

- automotive heat treated and non-heat treated sheet,
- building and construction sheet and
- foil stock sheet (Note 1).

29. Share capital

	December 31, 2016	December 31, 2015
Authorized, issued and fully paid		
1,168,478,261 Ordinary shares with a nominal value of SAR 10 per share (Note 1 and 41)	11,684,782,610	11,684,782,610

30. Share premium

	December 31, 2016	December 31, 2015
525,000,000 Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 10 per share	5,250,000,000	5,250,000,000
243,478,261 Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 13 per share, net after transaction cost	3,141,351,697	3,141,351,697
768,478,261 Total	8,391,351,697	8,391,351,697

31. Transfer of net income

	2016	2015
January 1	757,911,634	697,394,239
Transfer of 10% of net income for the year	40,083,908	60,517,395
December 31	797,995,542	757,911,634

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

**32. Non-controlling interest**

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
32.1 Ma'aden Aluminium Company				
January 1, 2015	1,650,011,250	-	10,070,524	1,660,081,774
Share of net loss for the year	-	-	(52,641,695)	(52,641,695)
December 31, 2015	1,650,011,250	-	(42,571,171)	1,607,440,079
Share of net income for the year	-	-	43,113,576	43,113,576
December 31, 2016	1,650,011,250	-	542,405	1,650,553,655
32.2 Ma'aden Rolling Company				
January 1, 2015	614,701,095	20,893,195	(6,410,553)	629,183,737
Share of net loss for the year	-	-	(9,821,403)	(9,821,403)
Payments to increase share capital during the year	-	28,363,458	-	28,363,458
December 31, 2015	614,701,095	49,256,653	(16,231,956)	647,725,792
Share of net loss for the year	-	-	(4,914,420)	(4,914,420)
Increase in non-controlling interest during the year	7,119,228	(7,119,228)	-	-
December 31, 2016	621,820,323	42,137,425	(21,146,376)	642,811,372
32.3 Ma'aden Bauxite and Alumina Company				
January 1, 2015	1,123,224,972	135,195,373	(7,442,472)	1,250,977,873
Share of net loss for the year	-	-	(2,568,300)	(2,568,300)
Payments to increase share capital during the year	-	21,679,654	-	21,679,654
Increase in non-controlling interest during the year	83,278,002	(83,278,002)	-	-
December 31, 2015	1,206,502,974	73,597,025	(10,010,772)	1,270,089,227
Share of net loss for the year	-	-	(26,271,767)	(26,271,767)
Increase in non-controlling interest during the year	5,441,593	(5,441,593)	-	-
December 31, 2016	1,211,944,567	68,155,432	(36,282,539)	1,243,817,460



32. Non-controlling Interest (continued)

	Share capital	Payments to increase share capital	Net Income / (loss) attributable to non-controlling interest	Total
32.4 Ma'aden Phosphate Company				
January 1, 2015	1,862,544,000	-	570,013,226	2,432,557,226
Dividend paid during the year (Note 42.1)	-	-	(330,000,000)	(330,000,000)
Share of net income for the year	-	-	270,315,026	270,315,026
December 31, 2015	1,862,544,000	-	510,328,252	2,372,872,252
Dividend paid during the year (Note 42.1)	-	-	(451,192,963)	(451,192,963)
Share of net loss for the year	-	-	(7,056,627)	(7,056,627)
December 31, 2016	1,862,544,000	-	52,078,662	1,814,622,662
32.5 Ma'aden Wa'ad Al Shamal Phosphate Company				
January 1, 2015	852,000,750	-	(1,236,162)	850,764,588
Share of net loss for the year	-	-	(2,380,998)	(2,380,998)
Issuance of non-controlling interest during the year	1,350,000,000	-	-	1,350,000,000
December 31, 2015	2,202,000,750	-	(3,617,160)	2,198,383,590
Share of net loss for the year	-	-	(4,944,174)	(4,944,174)
Issuance of non-controlling interest during the year	600,000,000	-	-	600,000,000
December 31, 2016	2,802,000,750	-	(8,561,334)	2,793,439,416
32.6 Summary total				
January 1, 2015	6,102,482,067	156,088,568	564,994,563	6,823,565,198
Dividend paid during the year (Note 42.1)	-	-	(330,000,000)	(330,000,000)
Share of net income for the year	-	-	202,902,630	202,902,630
Payments to Increase share capital during the year (Note 42.1)	-	50,043,112	-	50,043,112
Increase in non-controlling interest during the year	1,433,278,002	(83,278,002)	-	1,350,000,000
December 31, 2015	7,535,760,069	122,853,678	437,897,193	8,096,510,940
Dividend paid during the year (Note 42.1)	-	-	(451,192,963)	(451,192,963)
Share of net loss for the year	-	-	(73,412)	(73,412)
Increase in non-controlling interest during the year	612,560,821	(12,560,821)	-	600,000,000
December 31, 2016	8,148,320,890	110,292,857	(13,369,182)	8,245,244,565

33. Sales

	Year ended December 31, 2016	Year ended December 31, 2015
Phosphate segment		
Phosphate fertilizer	3,241,417,836	4,542,770,526
Ammonia	814,908,407	761,572,269
Low grade bauxite	70,497,397	96,837,110
Caustic calcined magnesia	38,224,871	48,532,148
Kaolin	40,386,328	38,388,067
Sub-total	4,205,434,839	5,488,100,120
Aluminium segment		
Primary aluminium	4,252,077,395	4,762,750,070
Gold and base metals segment		
Gold	1,048,707,732	705,215,748
Infrastructure		
Infrastructure revenue	21,250	60,000
Total	8,506,241,216	10,956,125,938
Gold sales analysis		
Quantity of gold ounces (Oz) sold	224,576	164,938
Average realized price per ounce (Oz) in:		
US\$	1,245	1,140
Saudi Riyals (equivalent)	4,670	4,276

34. Cost of sales

	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and staff related benefits	754,733,708	766,935,805
Contracted services	469,566,072	407,524,000
Repairs and maintenance	62,732,179	61,641,329
Consumables	143,671,934	104,894,447
Overheads	359,225,698	358,339,102
Raw material and utilities consumed	3,244,737,027	4,507,871,792
Inventory loss	-	121,212,929
(Decrease) / Increase in allowance for inventory obsolescence (Note 10)	(131,520)	625,666
Deferred stripping expense (Note 16)	11,177,572	36,589,184
Severance fees (Note 23)	8,278,039	17,934,852
Sale of by-products (Note 34.1)	(40,715,302)	(8,058,724)
Total cash operating costs	5,013,277,407	6,375,510,382
Depreciation (Note 13)	2,397,846,116	2,171,612,693
Amortization (Note 17)	30,869,389	40,771,932
Total operating costs	7,441,992,922	8,587,895,007
Decrease / (Increase) in Inventory (Note 10)	17,875,541	(70,813,271)
Total	7,459,868,463	8,517,081,736

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

	Year ended December 31, 2016	Year ended December 31, 2015
Copper	17,854,052	4,066,547
Zinc	17,599,494	2,931,306
Silver	5,261,756	1,060,871
Total (Note 34)	40,715,302	8,058,724

35. Selling, marketing and logistic expenses

	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and staff related benefits	43,183,374	33,908,210
Contracted services	3,311,801	20,076,668
Freight and overheads	117,377,469	156,026,900
Consumables	63,942	122,947
Deductibles	151,350,159	128,752,748
Marketing fees	69,196,820	125,843,044
Other selling expenses	25,571,378	38,023,091
Amortization (Note 17)	-	29,119,343
Total	410,054,943	531,872,951

36. General and administrative expenses

	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and staff related benefits	229,491,952	306,316,781
Contracted services	30,023,053	52,519,186
Overheads and other	34,918,046	43,374,730
Consumables	1,735,433	3,284,681
Repair parts	829,674	707,717
Allowance for doubtful debts (Note 9)	312,475	3,200,000
Depreciation (Note 13)	31,348,323	34,748,428
Amortization (Note 17)	4,859,027	4,227,308
Total	333,517,983	448,378,831

37. Exploration and technical services expenses

	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and staff related benefits	35,736,710	59,273,382
Contracted services	8,813,299	52,003,363
Overheads and other	3,743,012	6,164,744
Consumables	248,258	1,546,428
Repair parts	10,812	1,190,513
Depreciation (Note 13)	2,538,701	3,269,930
Impairment of exploration and evaluation asset (Note 15)	-	20,306,493
Total	51,090,792	143,756,853

SAUDI ARABIAN MINING COMPANY (MA'ADEN)

(A Saudi Arabian joint stock company)

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

(All amounts in Saudi Riyals unless otherwise stated)


38. Income from short-term investments

	Year ended December 31, 2016	Year ended December 31, 2015
Income received and accrued on short-term investment	151,636,138	35,563,877

39. Finance charges

	Year ended December 31, 2016	Year ended December 31, 2015
Public Investment Fund	140,705,757	117,755,419
Saudi Riyal procurement	176,104,082	152,174,784
Al-Rajhi Bank	8,226,879	26,552,371
The Export Import Bank of Korea	2,194,015	11,479,391
Korea Export Insurance Corporation	5,728,642	5,567,746
Commercial	31,031,974	34,243,013
US Dollar procurement	31,179,532	22,436,639
Wakala	36,748,886	22,555,454
Saudi Industrial Development Fund	8,900,991	6,266,101
Riyal Murabaha Facility	274,871,707	10,119,728
Revolving Credit Facility	64,297,882	34,247,548
Amortization of transaction cost (Note 27.4 and 27.5)	34,720,910	1,391,897
Others	8,677,076	4,267,905
Sub-total (Note 39.1)	824,388,335	449,057,996
Accretion of provision for mine closure and reclamation (Note 26.2)	1,465,156	1,394,847
Total	825,853,491	450,452,843

39.1 Summary of finance charges

	Year ended December 31, 2016	Year ended December 31, 2015
Expensed during the year (Note 39)	824,388,335	449,057,996
Capitalized as part of qualifying assets in capital work-in-progress during the year (Note 14)	647,205,389	443,009,951
Total	1,471,593,724	892,067,947

40. Other income, net

	Year ended December 31, 2016	Year ended December 31, 2015
Other income / (expenses), net	33,143,164	56,410,062

41. Earnings per ordinary share

	Year ended December 31, 2016	Year ended December 31, 2015
Net income attributable to the shareholders of the parent company	400,838,080	605,173,945
Weighted average number of ordinary shares in issue during the year (Note 29)	1,168,478,261	1,168,478,261
Basic and diluted earnings per ordinary share from continuing operations	0.34	0.52

Basic earnings per ordinary share is calculated by dividing the net income attributable to the shareholders of the parent company by the weighted average number of ordinary shares in issue during the year.

42. Related party transactions and balances**42.1 Related party transactions**

Transactions with related parties carried out during the year, in the normal course of business, are summarized below:

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Sales through SABIC during the year		1,805,740,841	3,107,384,719
Sales to Alcoa Inespal, S.A. during the year		1,012,405,329	1,110,685,573
Cost of seconded employees, technology fee and other cost paid to Alcoa Corporation during the year		194,440,171	530,834,985
Raw material feedstock purchased from Alcoa Australia		34,810,059	668,007,797
Dividend paid to SABIC	32.4,32.6	451,192,963	330,000,000
Payments to increase share capital received from Alcoa Corporation	32.6	-	50,043,112

42.2 Related party balances

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

	Notes	December 31, 2016	December 31, 2015
Receivables from related parties			
Trade receivables from Alcoa Inespal, S.A.	9	88,987,620	87,897,065
Trade receivables from SABIC	9	195,110,098	407,155,456
Other receivables from SABIC	9	28,807,037	-
Due from Saudi Mining Polytechnic	9	3,951,089	2,166,504
Sub-total		316,855,844	497,219,025
Due from joint venture partners			
Due from Mosaic	12	-	450,000,000
Due from SABIC	12	-	270,000,000
Sub-total		-	720,000,000
Total		-	1,217,219,025

42.2 Related party balances (continued)

	Notes	December 31, 2016	December 31, 2015
Long-term loan due from a related party			
Due from SAMAPCO	18.1	47,998,419	47,998,419
Due from MBCC	18.2	626,197,939	626,197,939
Total		674,196,358	674,196,358
Payable to related party			
Accrued expenses – Alcoa Corporation	21	32,190,363	67,026,655
Payments to increase share capital received from Alcoa Corporation	32.6	110,292,657	122,653,678
Long-term borrowings from PIF, a 50% shareholder in Ma'aden			
Due to PIF for the financing of the :			
MPC facility	27.2	-	2,668,800,835
MAC facility	27.2	4,375,312,500	4,575,187,500
MRC facility	27.2	3,047,982,500	3,078,750,000
MBAC facility	27.2	3,750,000,000	3,750,000,000
MWSPC facility	27.2	6,774,435,331	3,882,922,535
Total		17,947,710,331	17,955,660,870
Due to joint venture partners			
Due to Mosaic	21	4,475,402	14,983,460
Due to Alcoa Corporation	28	306,790,113	300,703,363
Total		311,265,515	315,686,823

43. Operating lease agreements

	Year ended December 31, 2016	Year ended December 31, 2015
Payments under operating leases recognized as an expense during the year	8,342,904	8,081,750
Future minimum operating lease commitments due under these operating leases are as follows:		
2016	-	7,206,356
2017	3,608,344	3,718,856
2018	2,264,096	3,718,856
2019	1,411,760	3,718,856
2020	1,267,200	3,608,856
2021	1,267,200	3,608,856
2022	1,267,200	3,608,856
2023 through 2041	10,759,111	34,394,143
Total	21,844,911	63,583,635

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

44. Commitments and contingent liabilities**44.1 Commitments**

	December 31, 2016	December 31, 2015
Capital expenditures:		
Contracted for	3,046,598,129	9,798,486,724
Guarantees:		
Guarantees in favor of Saudi Aramco, for future diesel and gas feedstock supplies	310,887,405	302,492,405
Guarantees in favor of Ministry of Energy, Industry and Mineral Resources for future purified phosphoric acid project, fuel and feed stocks supplies	262,500,000	262,500,000
Guarantees in favor of SIDF and other financial institutions for financing facilities available to:		
SAMAPCO	450,000,000	450,000,000
MBCC	375,000,000	375,000,000
Sub-total	825,000,000	825,000,000
Guarantee in favor of Saudi Ports Authority	18,512,402	18,162,608
Others	39,617,412	41,106,162
Total	1,456,517,219	1,449,261,175

*Ma'aden guarantees to SIDF and other financial institutions for granting financing facilities to SAMAPCO and MBCC to the extent of its shareholding of 50% in the jointly controlled entities.

44.2 Contingent liabilities

The Group has contingent liabilities from time to time with respect to certain disputed matters, including claims by and against contractors and lawsuits and arbitrations involving a variety of issues. These contingent liabilities arise out of the ordinary course of business. It is not anticipated that any material liabilities will be incurred as a result of these contingent liabilities. There are no material environmental obligations or decommissioning liabilities.

45. Financial risk management

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

45.1 Currency risk

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

45.2 Fair value risk

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

45.3 Commission rate risk

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

Based on the Groups net debt outstanding as at December 31, 2016, the effect on its annual net earnings of a 1% movement in the US Dollar LIBOR and SAR SIBOR commission rate would be SAR 459 million (December 31, 2015: SAR 408 million). These effects will not remain consistent throughout 2017 due to drawdown and repayment of long-term borrowing facilities.

45.4 Commodity price risk

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

45.5 Credit risk

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

The Group currently has three major customers which account for sales of approximately SAR 3,338 million, representing 35% of the Group's sales for the year ended December 31, 2016 (December 31, 2015: SAR 4,544 million representing 41% of Group's sales from three major customers). Trade receivables are carried net of allowance for doubtful debts, if needed.

45.6 Liquidity risk

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

46. Events after the reporting date

On January 1, 2017, the Company announced the commencement of commercial production of the ammonia plant of its subsidiary MWSPC at Ras Al-Khair. The ammonia plant has achieved stable operations and has a designed production capacity of 1.1 million tonnes of ammonia per year. The financial impact of this event will be reflected from the first quarter of 2017 onwards.

47. Comparative figures

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

48. Contingent assets held and liabilities incurred under fiduciary administration

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

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

In 2014, an additional amount of USD 250 million has also been received and deposited in a separate bank account and does not form part of MIC's available cash resources and has been accounted for in its own standalone accounting records and has not been integrated with MIC's accounting records.

In 2016, the remaining balance of USD 310 million was received. These amounts can only be utilized for the designated purpose in accordance with the Council of Ministers Resolution and replenished based on the presentation of supporting documents for the expenditures incurred, in accordance with the applicable Government's Regulations. Total net assets of the project as of December 31, 2016 amounted to SAR 2,625,000,000 (December 31, 2015: SAR 1,462,500,000).

49. Detailed information about the subsidiaries and jointly controlled entities

Subsidiaries	Nature of business	Issued, paid-up and partly paid-up share capital		Effective group Interest %		Cost of investment by parent company	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining	867,000,000	867,000,000	100	100	867,000,000	867,000,000
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects	500,000	500,000	100	100	500,000	500,000
Industrial Minerals Company ("IMC")	Kaolin, low grade bauxite and magnesite mining	344,855,200	344,855,200	100	100	344,855,200	344,855,200
Ma'aden Aluminium Company ("MAC")	Aluminium ingots, T-shape ingots, slabs and billets	6,573,750,000	6,573,750,000	74.9	74.9	4,923,738,750	4,923,738,750
Ma'aden Rolling Company ("MRC")	Aluminium sheets for can body and lids	2,477,371,807	2,449,008,348	74.9	74.9	1,855,551,484	1,834,307,253
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining	4,828,484,412	4,806,784,758	74.9	74.9	3,616,519,845	3,600,281,784
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 Wa'ad Al Shamal Phosphate Company ("MWSPC")	Phosphate mining and fertilizer producer	7,005,001,875	5,505,001,875	60	60	4,203,001,125	3,303,001,125
Total						20,157,102,404	19,219,620,112
Jointly controlled entities							
Sahara and Ma'aden Petrochemicals Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride	900,000,000	900,000,000	50	50	450,000,000	450,000,000
Ma'aden Barrick Copper Company ("MBCC")	Production of copper and associated minerals	404,965,291	404,965,291	50	50	202,482,646	202,482,646
Total						652,482,646	652,482,646

All the subsidiaries and jointly controlled entities listed above are incorporated in the Kingdom of Saudi Arabia and all their operations are within the Kingdom.