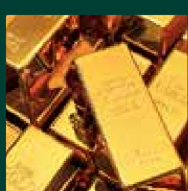
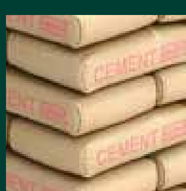
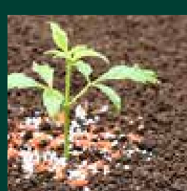
MA'ADEN معادن

Saudi Arabian Mining Company شركة التعدين العربية السعودية







Delivering Results

On the road to excellence from mine to market

Annual Report **2014**

Disclaimer

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

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

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

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

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

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

Additional information about these and other factors are presented in the **Governance, compliance and risks** chapter of this annual report.

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

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

بسم الله الرحمن الرحيم

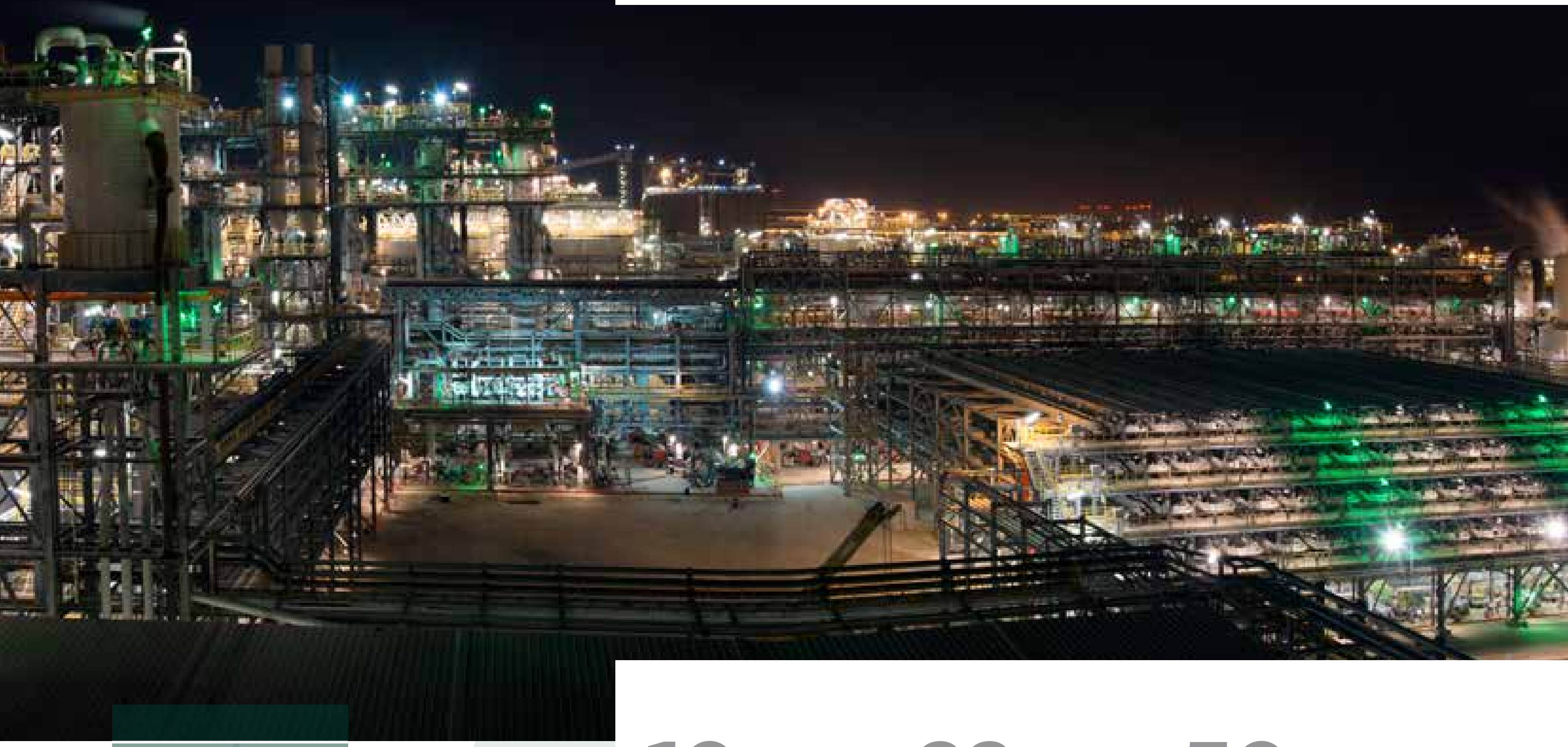
Custodian of the Two Holy Mosques
King Salman Bin Abdulaziz Al Saud

Crown Prince and Deputy Prime Minister
Prince Muqrin Bin Abdulaziz Al Saud

Deputy Crown Prince and Second Deputy Premier
and Interior Minister
Prince Mohammed Bin Naif Bin Abdulaziz Al Saud

Content

Ma'aden Annual Report 2014



01 Ras Al Khair, one of the world's largest and most efficient integrated aluminium plants

84,541
Assets
(SAR million)

1,357
Net profit
(SAR million)

10,791
Sales
(SAR million)

01 An example of bauxite ore

Introduction

2014 has been an extraordinary year for Ma'aden, during which a number of notable achievements clearly illustrate the real progress that we have made towards realizing our vision of becoming a world-class minerals enterprise.

From mine to **market**

18 years

of Ma'aden success

At Ma'aden, we have come a long way in a short time.

We have transformed our company, started to reshape our national mining industry, built a network of supportive national and regional stakeholders, and emerged slowly but surely into multiple global commodities industries that we had little experience of when we began - all in just 18 years, the blink of an eye in the mining industry, making Ma'aden a major contributor to the Kingdom's economic development.

When Ma'aden was established in 1997, it was with the aspiration of building the third pillar of Saudi industry, diversifying from oil and natural gas into mining. As we expanded from gold into phosphate, aluminium, industrial minerals, and base metals; and opened up to shareholders over the years, we made strides towards realizing the Kingdom's other three strategic goals: capacity building, quality job creation, and balanced regional development.

Ma'aden continues to be a lynchpin for the creation of new anchor industries in Saudi Arabia – one that can leverage natural resources to develop people and remote regions through the judicious retrieval, development, manufacturing and export of end products from those natural resources.

Gold and base metals

Our story begins with gold: it was the first of the Ma'aden product lines, the beginning of our mining activity and the foundation of our growth.

By the end of 2013, we managed three actively producing gold mines: the legendary Mahd Ad Dhahab, and Bulghah - both in Al Madinah Province; and Al Amar in Al Riyadh Province. Our Al Hajar mine closed during 2013.

At the same time we were conducting extensive exploration and preparatory work for the future, and making steady progress towards achieving our stated goal of producing 500,000 ounces of gold annually by 2017.

Ma'aden Gold and Base Metals (MGBM) now runs five mines. In 2014, the As Suq mine in Makkah Al Mukaramah Province was opened, raising our production by 15 percent. Additionally, Sukhyabarat mine in Al Qassim Province - which initially closed in 2003 to focus exclusively on processing - was reopened in 2014. A sixth mine at Ad Duwayhi, also in Makkah Al Mukaramah Province, will begin production in 2015.

Despite wild fluctuations in the price of gold, our careful management and strategic investments in infrastructure deployment helped us end 2014 with strong financial and operational growth. And this is not the end: thanks to our new 450km treated water pipeline in the Arabian Shield, we anticipate opening more mining sites in the coming years, including those based on current development projects at Ar Rjum, Mansourah and Masarrah.

We also added another product line with our expansion into copper. Together with the Barrick Gold Corporation of Canada – the world's largest producer of gold – we have acquired the Jabal Sayid copper mine in Madinah Province. Production will

01 Ras Al Khair phosphate plant
02 Safety is our number one priority

begin in 2015, and we estimate peak production of up to 51,000 tonnes of copper in concentrate annually.

Phosphate
For the average consumer, fertilizer may not inspire a great deal of excitement – but for the savvy investor, the opposite is true. Feeding the world's growing population is one of the most pressing concerns of all nations across the world.

Ma'aden, as a rising producer of DAP and MAP, two of the most popular fertilizers in the world, is in a strategic position when it comes to this global commodity thanks to our rapid and efficient transportation to emerging markets, and our ability to respond quickly to changing market conditions and customer needs.

Our phosphate business revolves around two hubs: the Ma'aden Phosphate Company, a joint venture with SABIC operating in Al Jalamid mine in the north and Ras Al Khair Industrial City in the east; and the Ma'aden Wa'ad Al Shamal phosphate project, a joint venture with both MOSAIC, , the world's largest producer of phosphate fertilizers and SABIC. This latter project, with its seven world-class plants and ancillary facilities, is on course to become one of the world's largest phosphate production facilities.

Until then, we continue to break our own production and sales records, this year exceeding one million tonnes of phosphoric acid production and more than SAR5 billion in sales.

Although the Wa'ad Al Shamal project will only debut in 2016, we are using this time to ramp up our market presence at home and abroad. For 2014, our results have been very promising, with inroads into several key Asian, African and American markets. Exploration activity is also continuing, ensuring that we have more than enough mineral resources by the time all our production facilities are engaged.

Industrial minerals
Gold may be historic and fertilizer literally down to earth, but industrial minerals is probably the product line most closely aligned to the modern age.

At Ma'aden, we mine three of these non-fuel, non-metal and non-gem materials: low-grade bauxite, used in the production of cement; kaolin, the classic white clay once used to make porcelain in ancient China and now one of the world's most versatile clays; and caustic calcined magnesia, used for everything from reducing air pollution to improving livestock health.

Some of our output goes towards our

More than
SAR 5 billion

phosphate sales

01 Ras Al Khair at night
02 Daily brief at Ras Al Khair
03 Al Jalamid phosphate plant

30%

increase in Industrial Mineral sales

own internal consumption across Ma'aden operations, and the rest is supplied to national and regional clients. Although our industrial minerals division is relatively young, it is among our fastest growing, and 2014 was no exception. It was one of our strongest years, with overall sales up more than 30 percent over the previous year and double-digit growth across other parameters.

Aluminium

One of our biggest success stories of 2014, and indeed the biggest advance we have accomplished in our history, is with aluminium.

Aluminium, a metal with the capacity to be transformed into a vast array of diverse and downstream products, is symbolic of Ma'aden's development. Over the last 18 years, individuals and business lines across Ma'aden and outside the company have worked diligently to put in place the pillars needed for Ma'aden's transformation into an international-scale, world-class operator.

In Ma'aden's early days, the idea of producing a Saudi can from a Saudi rock was a distant vision. Making it happen would require not just a mountain of infrastructure to mine, treat, and produce high-quality alumina, but also a smelter, a rolling mill, and a recycling facility to create the end products - not to mention the financing, capacity, and resources to pull it all off.

In 2014, however, that vision became a reality for the very first time in the history of the Kingdom – assuring our partners, stakeholders and shareholders that Ma'aden is delivering on its stated goals and is here for the long haul.

We are immeasurably proud to have launched the world's largest and most efficient integrated aluminium processing complex, including a bauxite mine and crushing facility at Al Ba'itha in Al Qassim Province; and a refinery, smelter, and one of the most technologically advanced rolling mills in the world at Ras Al Khair Industrial City.

Fully realized, Ma'aden Aluminium will be able to produce the world's most economical aluminium – and we are well on our way to doing so.

In May, our Al Ba'itha mine produced its first bauxite, and the following month Saudi Arabia's first ever can sheet coil was produced at our Ras Al Khair rolling mill. Our smelter reached full production in July, and in November we produced our first molten metal from our can recycling facility.

With a deep-water port that connects our operations to global markets, and the downstream industries stimulated by our aluminium capabilities, 2014 has been the year that Ma'aden has successfully completed the mine-to-market value chain.

Looking ahead

It has been an exceptional year for Ma'aden during which a number of notable achievements clearly illustrated the very

real progress that we have made towards realizing our vision of becoming a world-class minerals enterprise.

Our aluminium business has led the way, with the completion of the end-to-end value chain that enables us to produce a Saudi can from Saudi bauxite. However, it is the fact that each part of our business has passed similarly significant milestones that makes 2014 such a landmark year in the Ma'aden story.

As well as being a successful year developmentally, 2014 has also been very positive financially. The combination of increasing production and increased sales volumes have resulted in a significant rise in operating income.

During a year in which we have made our mine to market dream a reality, it is clear that the investments we've made since our establishment are finally translating into operational progress and financial results.

Growing our portfolio

Our core business areas are the production of gold and base metals, phosphate and aluminium, but increasingly, we are exploring for and evaluating new minerals, which may mature into promising, standalone businesses.

Some of the industrial minerals we're looking at include refractory clays, kyanite, graphite, pure limestone for ground calcium carbonate (GCC) and precipitated calcium carbonate (PCC) products, potash and iron ore.

Consequently, our industrial minerals company is expanding its market shares, and caustic soda and ethylene dichloride sales continue to rise.

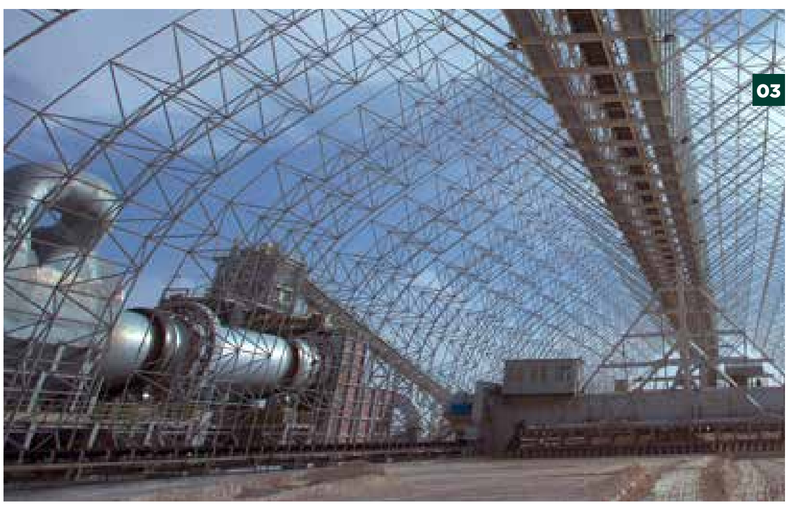
Sustainable growth

Our story is all about building a secure, sustainable business and building resilience throughout our business model has been one of the key themes of 2014.

As we look ahead our strategies will inevitably adjust, adapting to changes in the market and our own growth to extract the maximum value of our assets while making the right investments.

Accordingly, our strategic focus is fourfold: operating excellence, marketing and

"Fully realized, Ma'aden Aluminium will be able to produce the world's most economical aluminium."



01 Conveyor belts at Ras Al Khair

24%

growth in total assets in 2014

sales, exploration and growth, and capability building.

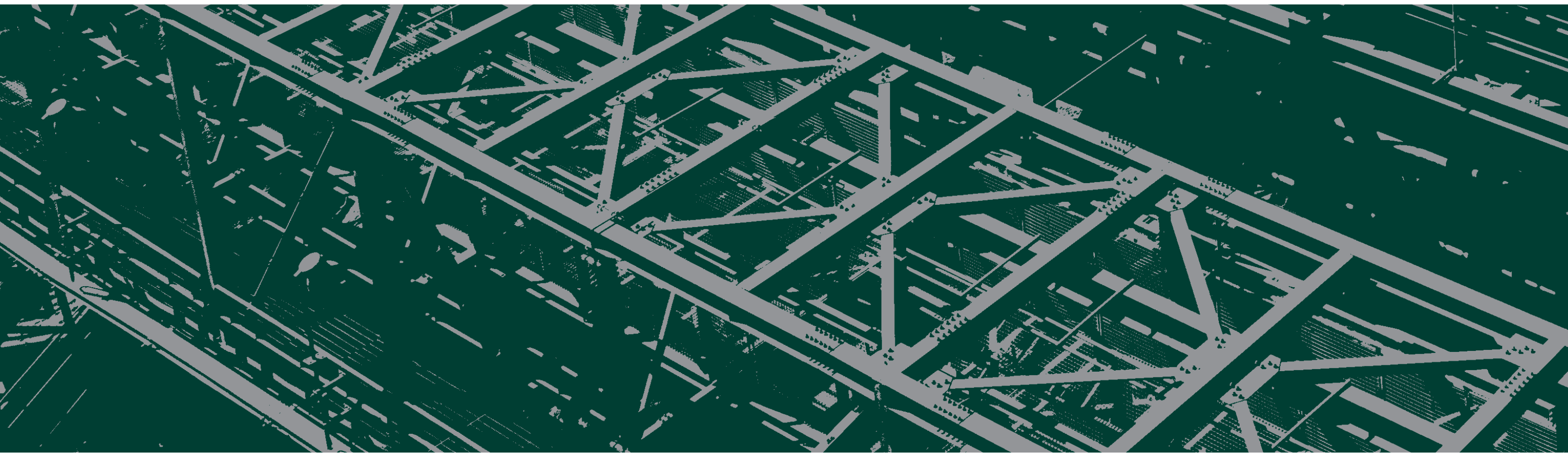
This means making productivity and cost-efficiency part of our DNA. It means delivering best-in-class sustainability metrics and delivering capital projects on time and on budget.

It means continuing the excellent work of our exploration teams to ensure the long-term future of the business, and developing a pipeline of high quality projects. It means continuous improvement of our in-house capabilities by investing in our people and shaping Ma'aden into a lean and efficient operating organization. It also means refining our sales and marketing, being responsive to volatility, opening up new markets, and building and maintaining profitability.

So much has been achieved in such a relatively short time that is easy to forget that Ma'aden is still a very young company. But it is a company built on robust foundations and primed to begin reaping the rewards of a far-sighted investment strategy.

We have invested in our assets and human capital to such a degree that we are now one of the fastest growing mining companies in the world. Over the past decade our workforce has expanded from 800 to 6,149 employees, our assets have grown 11-fold, and our revenue has increased by a factor of 25.

Ma'aden is perfectly positioned for the next stage of its development: to continue contributing to the prosperity of the Kingdom, to create quality jobs for Saudi nationals, to support the communities around our operating sites, to enable the creation of a downstream manufacturing industry, and to generate sound future returns for our investors.

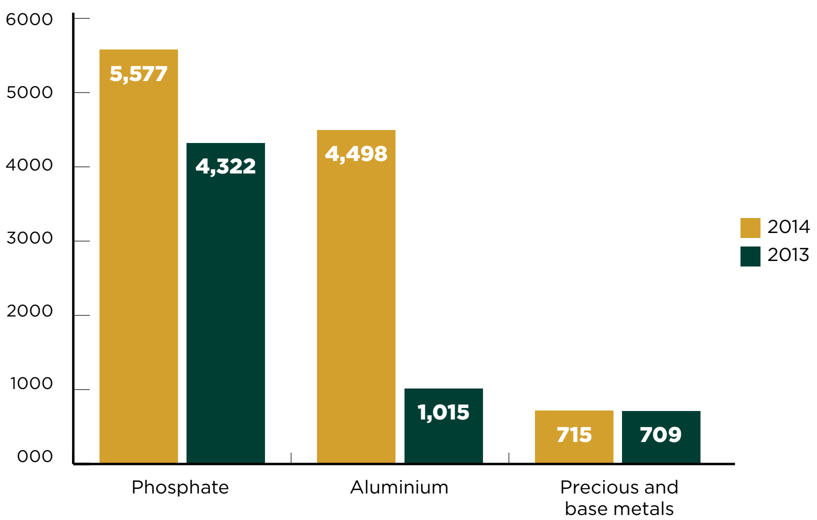


Key strengths and competitive advantages

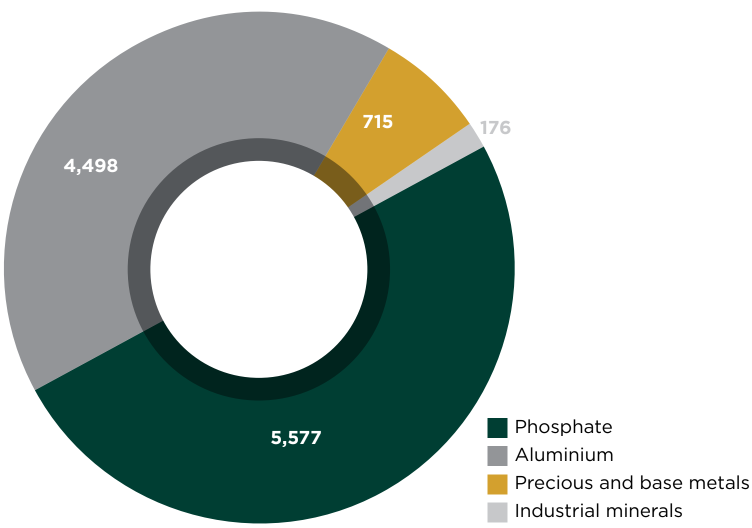
- strong growth opportunities
- attractive long-term fundamentals
- diversified businesses
- significant mineral resource base
- cost effective minerals production
- solid national infrastructure
- strong joint venture partners
- significant synergies between businesses
- experienced multi-national management team

Ma’aden
at a glance

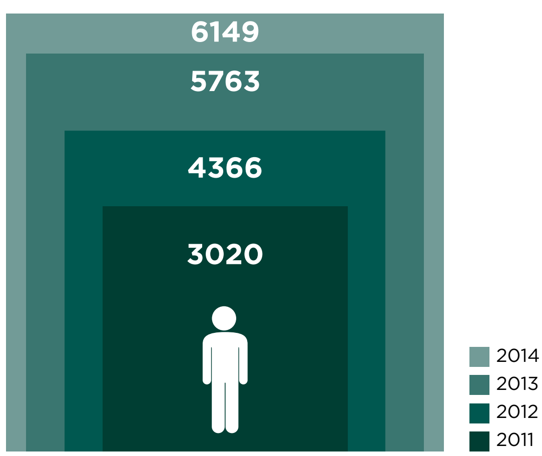
Sales in million SAR



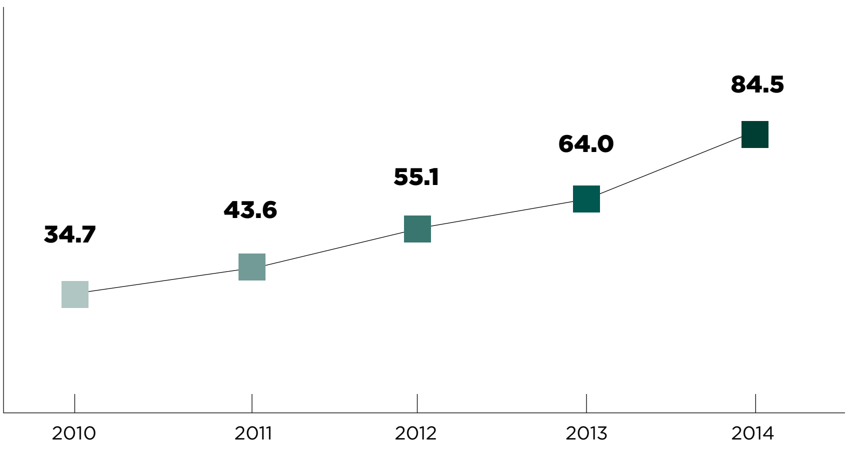
2014 Sales in million SAR



Growth in workforce



Growth in assets in billion SAR



Ma'aden sites

Gold
mine
under development
copper

Phosphate
mine
production
under development

Aluminium
Bauxite mine
Aluminium production

Industrial minerals
Caustic magnesia
Magnesite mine
Kaolin & low grade bauxite

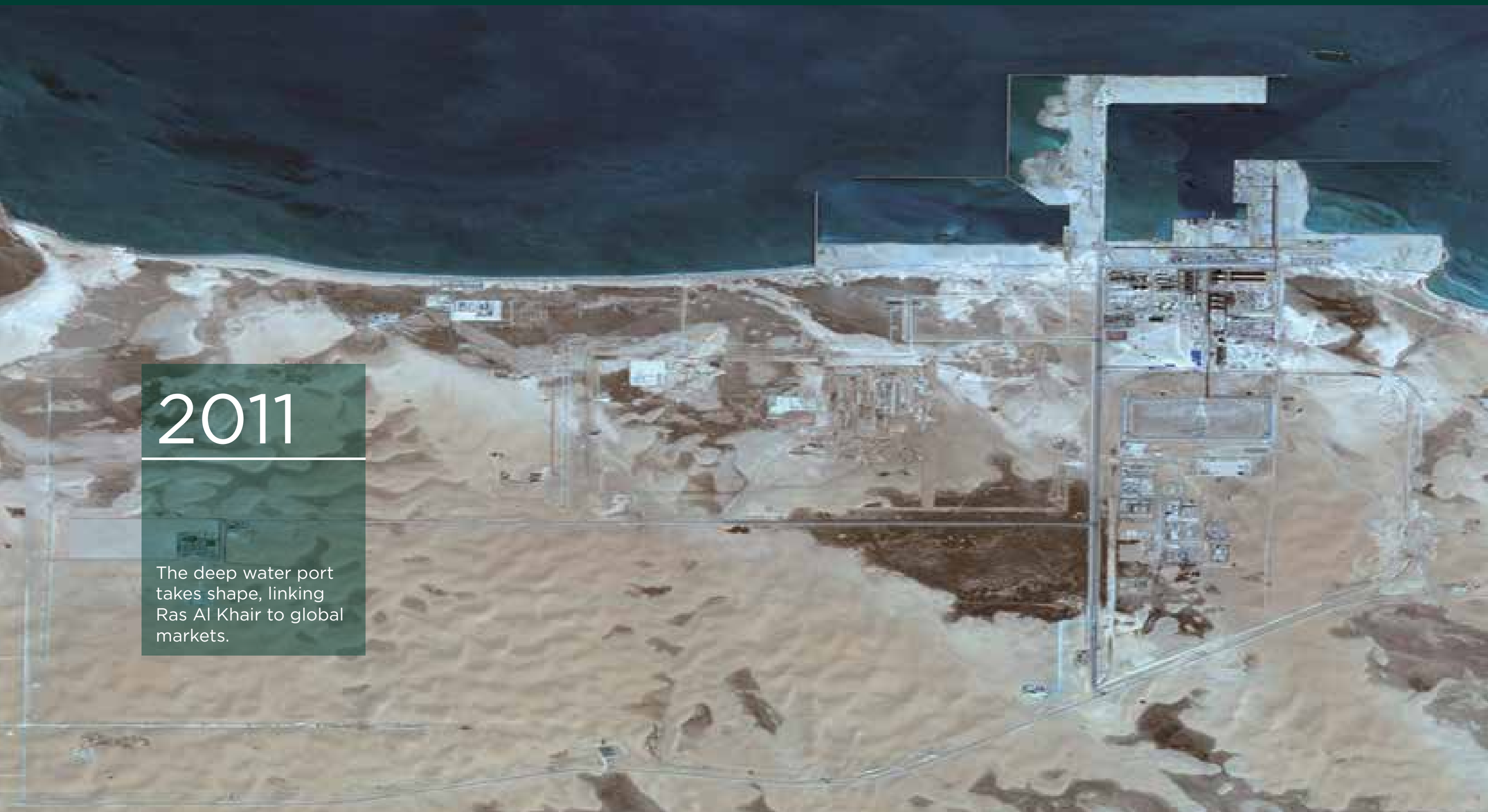
Progress at our Ras Al Khair Industrial City, which is transforming the region both physically and economically.

2005

The undeveloped site at Ras Al Khair, north of Jubail on the Gulf Coast of north east Saudi Arabia

2010

Infrastructure at Ras Al Khair includes the largest desalinization plant of its kind in the world, and a railway connection to our bauxite mine and phosphate deposits.



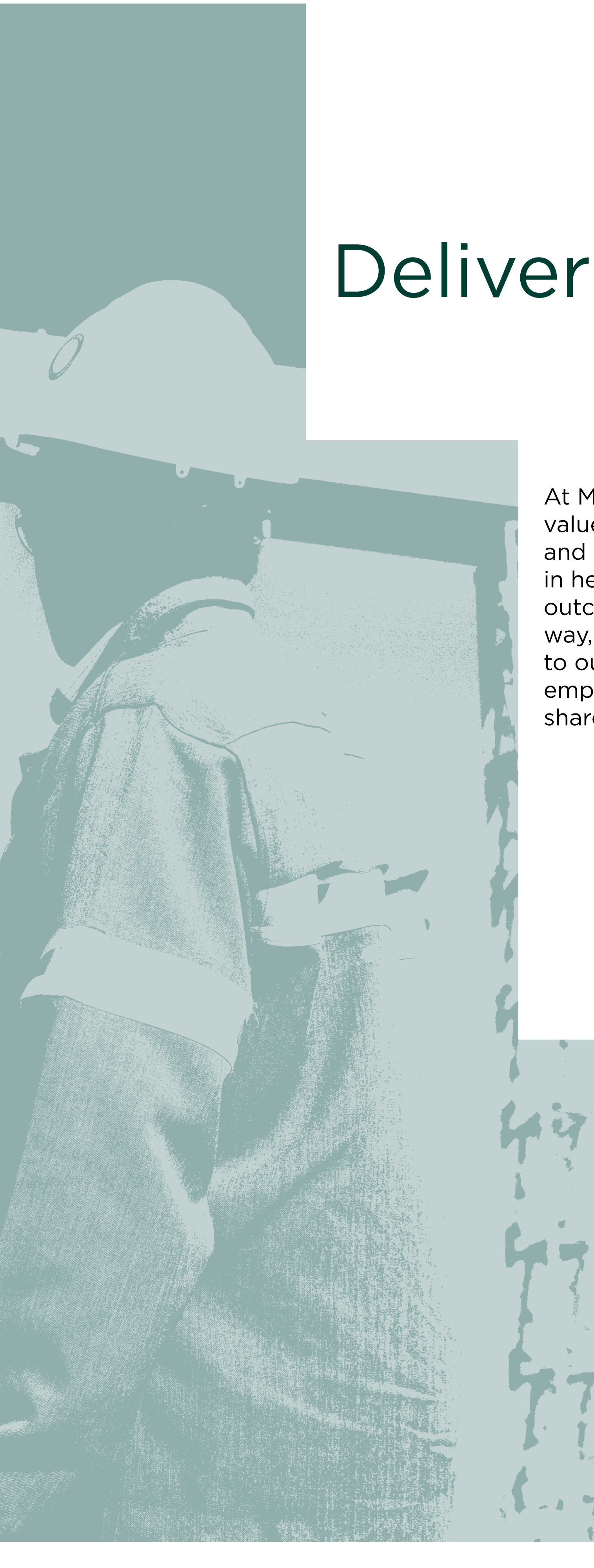
2011

The deep water port takes shape, linking Ras Al Khair to global markets.

2014

Ras Al Khair has helped create some 30,000 new jobs, contributes 2-3% of the Kingdom's non-oil GDP, and has stimulated new downstream industry.

01 Monitoring aluminium processing in Ras Al Khair



Delivering value

At Ma’aden we believe our core values of integrity, care, teamwork, and ownership play a huge role in helping us achieve successful outcomes. At every step of the way, we deliver value, not only to our customers, but also to our employees, stakeholders, and shareholders.


MA'ADEN

Our vision

To be a world class minerals enterprise.

Our mission

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

Our values

Integrity

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

Care

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

Ownership & Accountability

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

Teamwork

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

Delivering value for our Stakeholders

In an industry where even the giant mining companies have been scaling back their activities, Ma’aden has been delivering real growth during 2014.

The achievements recorded in what has been a successful year for Ma’aden, demonstrate our journey from a project-based enterprise to an operational organization. As well as being successful in developmental terms, 2014 has also proved to be encouraging financially. Increased sales and higher prices for the bulk of our products, along with active management of costs and expenses, have resulted in a significant rise in operating income.

This year it became evident that the investments we’ve made since our establishment are translating into operational and financial progress. By focusing on operational excellence, global marketing, exploration and capability building, we are better positioned to deliver value to all our stakeholders. This includes delivering business value to shareholders, social value to the communities where we work, and strategic economic value to the Kingdom.

Clearly, we have made great progress, but have much more to deliver.

Business value for shareholders

Aluminium, one of the world’s most versatile metals, is a fitting symbol of our progress. With our alumina processing facilities now complete, Ma’aden has achieved the vision of producing a Saudi can from Saudi rock. In May, our Al Ba’itha mine in central Saudi Arabia produced its first bauxite, and the following month Saudi Arabia’s first ever can sheet coil was produced at our Ras Al Khair Industrial City Rolling Mill. Then in December our refinery produced its first alumina from Saudi bauxite.

Our smelter reached full production in July, and in November we produced our first molten metal from our used can recycling facility. World class in terms of efficiency, our integrated complex is also world class in terms of scale – and with the refinery entering operations in 2014, our aluminium business now has a measure of inbuilt resilience.

Our phosphate business recorded significantly higher productivity and returns than last year because Ma’aden Phosphate Company is continuously ramping up its production towards full capacity. The improvements in production rates and cost management have helped us leverage our fixed cost and reduce the cost of production while improvements in our sales and marketing division have also bolstered our global market reach and financial results. During 2014, Ma’aden entered eight new markets, and by 2016, when we expect to generate additional tonnage from the launch of the Wa’ad Al Shamal Phosphate project, Ma’aden will take its place as one of the leading phosphate producers in the world. Progress at Wa’ad Al Shamal has been encouraging and is on schedule to be completed in late 2016.

We produced 153,000 ounces of gold – approximately 20,000 ounces higher than last year – thanks to the addition of As Suq mine, which came into operation in March 2014. As Suq production helped Ma'aden raise gold revenues by 10 percent (SAR72 million) despite a drop in global gold prices of 10 percent in 2014. We have also progressed well with Ad Duwayhi mine, which will become our largest mine ever.

Ma'aden was able to deliver on its promise of diversification with the announcement of our entry into the copper market with the acquisition of Jabal Sayid mine in partnership with the Barrick Gold Corporation of Canada, which will enter operations in 2015. Production capacity is expected to reach in 51 thousand tonnes of copper in concentrate per year, and based on the current reported reserves, the expected life of the mine is up to 15 years but may be increased as we expand exploration.

Social value for communities

Ma'aden remains committed to bringing real opportunities to the communities in and around our sites, and in 2014 we published our first Sustainability Report, which includes details of how we work with those often remote communities to ensure that we understand their concerns and satisfy their needs.

In order to support local economies across the country we prioritize local procurement. In 2014, our expenditure on local supply contracts was SAR7.9 billion, which accounted for 78 percent of the total purchases budget, compared to SAR5.4 billion in 2013, or 67 percent of last year's total purchases budget.

Contracts with suppliers specify that 12 percent of suppliers' employees should be from the region and to support the development of regional small and medium enterprises (SMEs), 10 percent of the contract price should be spent on goods and services from the region – which in the example of Wa'ad Al Shamal, will amount to approximately SAR2 billion. We are making special efforts to bring local businesses on board with Ma'aden's procurement process.

Education and training is also a key ingredient in our community development efforts. In the beginning of 2015, our first group of 160 students will graduate from the Saudi Mining Polytechnic in Arar, which prioritizes candidates from remote areas close to our mines. This cohort had an 83 percent success rate, with all the graduates subsequently beginning employment at Ma'aden.

Strategic value for The Kingdom

Ma'aden was tasked with helping to develop the mining sector into the third pillar of Saudi Arabia's industrial landscape and to contribute to the prosperity of the nation. This vision means that our goals are very much aligned to the government's wider strategy for Saudi Arabia: economic diversification, job creation, regional development, and building the capabilities of Saudi youth. We continue to build the essential infrastructure needed as a foundation for future growth.

Our industrial complexes at Ras Al Khair Industrial City and within the King Abdullah Project of Wa'ad Al Shamal City Development – the new industrial city led by the government but being coordinated by Ma'aden in the Northern Borders region of Saudi Arabia – are clear illustrations of our commitment to regional development as both sites are outside of the established economic centers of Riyadh, Jeddah and Dammam.

The primary purpose of the King Abdullah Project for Wa'ad Al Shamal City Development is to promote development in the Northern Borders region. The site will include Wa'ad Al Shamal, nine phosphate processing plants, associated power and energy infrastructure, supporting industries, and a full residential community. Leading the development gives us an opportunity to pilot new strategies to increase our local economic impact, which we will then introduce throughout our network.

Since it is already operational, it is easier to quantify the economic benefits generated at Ras Al Khair Industrial City. The complex will be the catalyst for new downstream industries, and has already brought new technological expertise to Saudi Arabia, from rock beneficiation to refining, smelting and rolling.

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

Khalid Bin Saleh Al-Mudaifer
President and CEO

Partners in **Success**

01 Surface mining at Al Baitha
02 Meeting with the manager of Al Baitha mine
03 Metallurgy work in the laboratory

0

fatal injuries in 2014

For Ma'aden, 2014 was a year of many significant achievements.

Our aspiration to be an international leader in mining is steadfastly becoming a reality. The clear commitment to sustainability policies and our active role in supporting developments that strengthen the Kingdom's economy and diversify sources of revenue demonstrate the progress we have made in 2014 on our path to global recognition.

To reach this goal, we depend on human resources, and consider the people who support us on our path to implementing the 2022 strategy our real source of wealth. As a result, Ma'aden does everything it can to ensure that the company is the best option for employees. We focus on recruiting and retaining qualified national personnel with collaborative and technical skills that enable them to complete high quality projects at all stages, ranging from exploration, drilling, operations, and processing, to commercial production and marketing.

Our HR department has deployed a comprehensive program of training, career development, and reward aimed at retaining Ma'aden employees. It has also continued its efforts to provide a comfortable working environment, maintain the privacy of its people, and facilitate their effective day-to-day performance. Some examples of the benefits to employees include housing, transportation to and from sites, a remote work allowance, sports facilities, and restaurants. Ma'aden also seeks to empower its employees and those in all affiliated companies to establish themselves in the community through the Ma'aden Home Ownership Program which helps finance housing loans.

At Ma'aden, we go beyond improving the quality of our products and services. We also seek to enhance the value of our own employees. In ETGAN Academy, 61 training opportunities were offered during 2014. 422 employees attended these training sessions which included lessons in management and leadership behavior and the development of employee skills in various fields. Ma'aden believes that increasing the knowledge base and skills of employees has a positive correlation with increased financial results.

At a health and safety level, Ma'aden follows strict regulations and rules which contributed to reducing the lost time injury frequency rates in all facilities to 0.04, compared to 0.05 in 2013. Our

02

employees also achieved five million and six million man-hours without a lost time injury at our phosphate and aluminium operations, respectively.

This year, we scored 95.9 percent on the environmental performance index (EPI) which was launched by Ma'aden in 2010 to help measure compliance, performance, awareness and training levels.

As part of our continuing efforts to reach 100 percent on the EPI, sustainability practices have been applied throughout Ma'aden. The Ma'aden team has been able to innovate practical solutions aimed at improving the efficiency of energy and water consumption, optimally utilizing available resources, disposing of waste through recycling and processing, and ensuring the long-term sustainability of our businesses.

Improvements in business technologies, such as business intelligence and performance dashboards which facilitate decision-making based on stored data, have improved working procedures at Ma'aden in 2014. In addition, Ma'aden has automated some procedures that had been carried out manually in the past. Automation increases control and transparency, reduces risks and work injuries, lowers operating expenses, and increases productivity and profitability.

These results indicate that we are well on our way to achieving our vision to be a world class minerals enterprise. The coming year promises to be equally full of achievements as Ma'aden plans to access new markets, optimize its operations, and raise production capacity. We are also studying the feasibility of acquisitions and other projects that will enhance potential growth and raise the value of our shares.

95.9%

2014 score on EPI index

03

01 Ma'aden head office in Riyadh

Our **Strategy**

Ma'aden's strategy stems from its vision, mission and core values, paving the way for it to be a world class mineral enterprise and to effectively contribute to building the third pillar of Saudi industry.

During 2014, we focused on recovery of the maximum value from the company's assets using the following strategy:

- achieve the highest production with the lowest costs through operational excellence
- raise marketing capabilities
- intensify exploration activities
- attract, develop, and retain skilled Saudi personnel.

In operations, Ma'aden seeks to achieve the highest production with the lowest costs, while maintaining the highest standards and the best international practices for safety, environmental stewardship and social impact.

As part of its strategy, Ma'aden continuously focuses on raising the capacity and capability of marketing and sales, allowing us to carry out marketing activities and to manage the expected volatility of the market while maintaining profitability of sales.

The intensification of exploration activities to the highest possible standards is one of the main pillars of Ma'aden's strategy. Records of potential resources contribute to the sustainability and growth of our metallurgical production and manufacturing operations. Since there are many opportunities for exploration of the Kingdom's geology, Ma'aden holds exploration licenses over 37,000 km^2 and in addition has licences under renewal of 11,000 km^2. Ma'aden continues to evaluate potential new phosphate resources adjacent to the operating Al Jalamid mine and in the Umm Wu'al area in the Northern Borders Province. Our exploration team is also evaluating extraction opportunities for copper and zinc from Al Hajar mine in Asir, from which we have already extracted gold oxide.

This year, Ma'aden has taken major steps towards achieving its strategic goals. We entered into engineering, procurement, and construction agreements to develop the phosphate project within the King Abdullah Project for Wa'ad Al Shamal

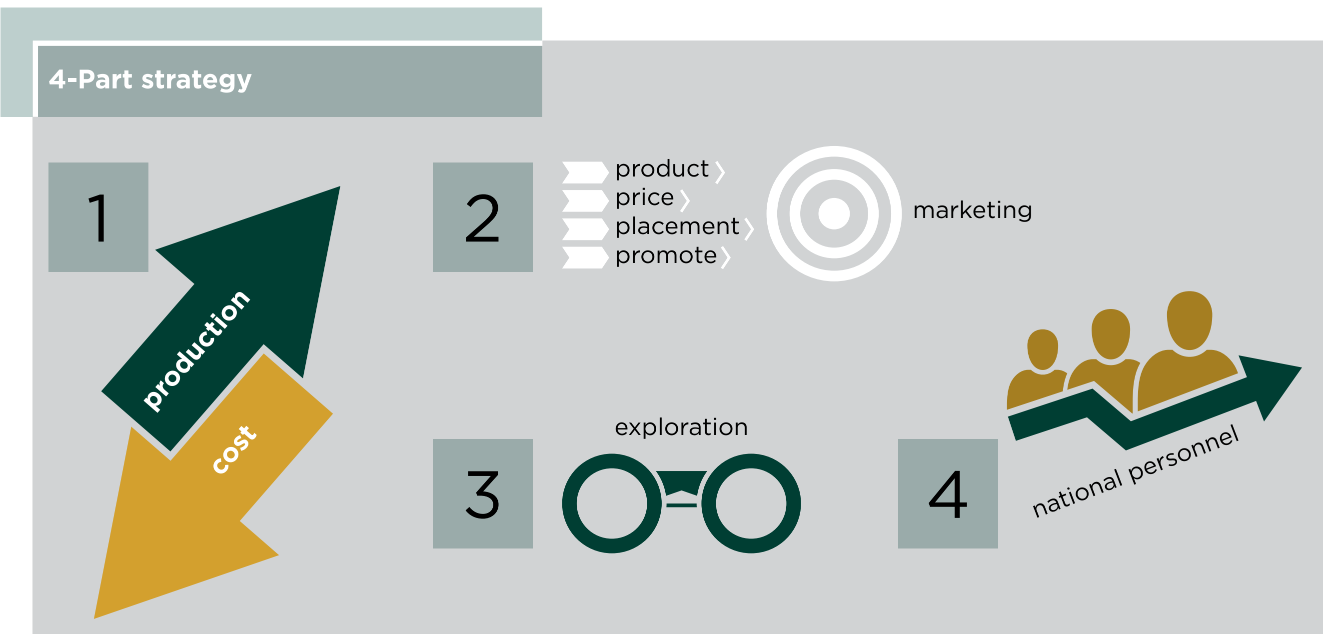
37,000km^2

of exploration licenses

City Development. In addition, Ma'aden Aluminium completed its project to produce aluminium from Saudi ore. For the first time ever, Ma'aden has a complete value chain, from the bauxite mine to the alumina refinery, to the aluminium smelter, the rolling mill, and finally to market.

In base metals, Ma'aden acquired 50 percent of the copper mine at Jabal Sayid, together with the Barrick Gold Corporation establishing the Ma'aden-Barrick Copper Company.

Attracting and developing skilled national personnel and identifying and encouraging promising talent is the basis of our strategy for success. The Ma'aden Human Resources team and Ma'aden Academy work together to attract, recruit, develop and retain qualified national personnel to ensure the accumulation of experience to Ma'aden and the mining industry in the Kingdom as well as building and connecting Ma'aden systems, ensuring an attractive work environment for all Ma'aden personnel.



01

Establishing **Infrastructure**

01 Al Amar residential village
02 Ras Al Khair compound
03 Engineers at field
04 Laboratory analysis

2,024

employees housed in Ras Al Khair

Ma’aden not only provides a comfortable working environment to attract well qualified personnel, but also offers competitive advantages such as the provision of accommodation and homes for those working in mines and remote sites. In addition to benefiting employees, it also facilitates their day-to-day performance and potential work hours. We also provide transportation to and from our sites, always keeping in mind the climate and conditions of the mining and production facilities and the remoteness of some of our work sites.

At the mines and the mining premises scattered throughout the more remote areas of Saudi Arabia, Ma’aden provides quality residential villages for thousands of employees, including rooms and private residential units which maintain the privacy of the employees and feature a comfortable family environment. In addition to a restaurant offering various types of food at no cost to employees, these villages have sport facilities and a first-aid building. In Ras Al Khair Industrial City, the Ma’aden residential village houses 2,024 employees of the Ma’aden Phosphate and the Ma’aden Aluminium Companies. The complex is owned and run by Ma’aden Infrastructure Company, and has a restaurant, sports hall, sports fields and a shopping center. We recently made an agreement to construct 794 new family residential units in Mutrafiah in Jubail Industrial City for our employees working in Ras Al Khair Industrial City. The project will cost SAR1.2 billion. The first 119 units will be ready for distribution by early 2015.

02

Our **People**

Talent acquisition
Ma'aden realizes that human capital development is the cornerstone of its short and long-term strategies. We have been very proactive in sourcing and attracting highly qualified candidates to support our various operations. Ma'aden has also revamped its employee incentive plan to attract and retain employees who demonstrate high performance. We have developed a clear career ladder and an effective performance management process that directly supports employee growth and development.

Human Resources (HR) intensified its efforts and applied best staffing practices in 2014 to position Ma'aden as the employer of choice. Special attention was given to the attraction and retention of Saudis to provide Ma'aden with a team of qualified and stable national employees that will support our operations in the short and long term. The driving objective is to build a workforce of highly qualified, dedicated, and motivated officers, executives, administrators, and professionals who have a wide range of expertise in management, engineering, geology, accounting, IT, and other key specialties.

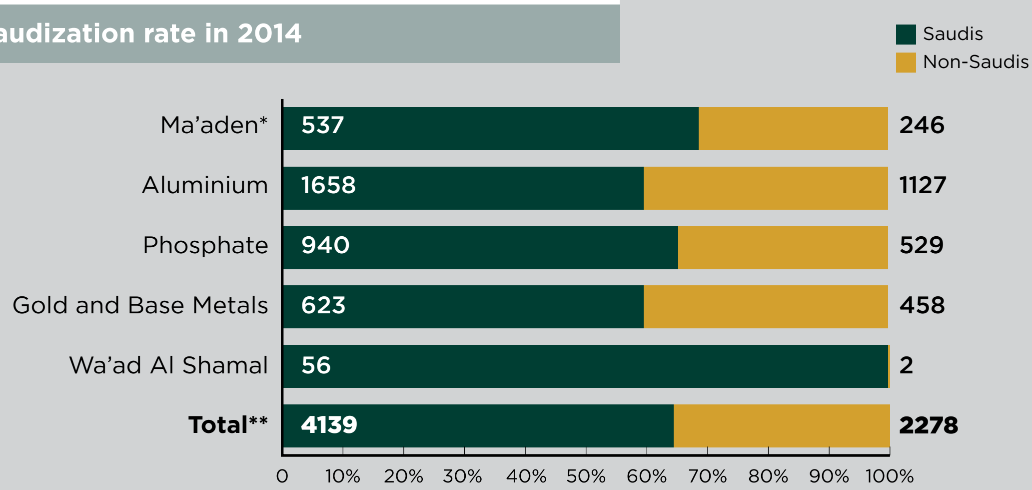
HR's highlight of 2014 was to provide front-end support to the Wa'ad Al Shamal project by designing and developing the career and job architecture that will attract the best talent at the right time for this high profile national endeavor.

New employee onboarding
Ma'aden developed and implemented standardized guidelines for new employee screening and selection. We also institutionalized on-boarding programs for new employees and published them in the employment manual. Hands-on training was delivered to all Ma'aden's affiliate companies to ensure consistency of content and implementation. These initiatives resulted in improved and more efficient processes for screening, hiring,

Ma'aden employees 2014

6,149 Total workforce
921 New employees

Ma’aden Saudization rate in 2014



* Including: head office, Industrial Minerals and Infrastructure
** Including employees and trainees

and on-boarding. New hires received timely introduction and orientation to Ma’aden’s strategic vision as well as operational policies, guidelines, and processes. Special attention was given to Ma’aden’s values and business ethics. On-boarding programs also focus on new employee needs to ensure a soft landing and easy integration into work teams, which expedites employee productivity and performance. Due emphasis is always placed on safety, health and the environment to ensure that a culture valuing employee health and safety is being developed.

Compensation and work processes

Following recognized global consensus that monetary compensation is not the primary driver of employees’ satisfaction and engagement, Ma’aden has developed a comprehensive employee incentive program that aims at boosting satisfaction and hence performance. This comprehensive program addresses both tangible and intangible benefits. Moreover, it takes into consideration Ma’aden’s unique business operations, diversity of processes, and geographical challenges. Non-financial aspects of the program include the need to maintain work-life balance, clear career development ladders, and continuous learning and professional development.

In addition, a number of HR work processes were automated and rolled-out in 2014. This enabled employees to execute personnel transactions electronically with ease and convenience through the HR portal, thus saving time and enhancing satisfaction.

Saudization through training

Ma’aden has adopted a comprehensive program for training and career development with the aim of retaining qualified talent and improving employee and organizational performance.

We expanded our pool of Saudi employees by executing an ambitious program to hire high school graduates and provide them with the required academic and technical skills in-house to qualify them for Ma’aden’s target jobs. This effort is in line with our social responsibility objectives. A total of 921 qualified Saudi employees joined Ma’aden in 2014, making the nationalization rate 64.5 percent. Our total staff, including employees and trainees, reached 6,149 at the end of 2014. This is a significant increase from a staffing level of just 905 employees in 2008. Ma’aden’s strategic expansion plan to become the third pillar of Saudi industry calls for nearly 13,000 employees by 2022.

In 2014, Ma’aden continued its successful Professional Development Program for recent university graduates. The program’s aim is to develop and maintain a pipeline of qualified national employees to meet Ma’aden’s growing needs for leadership

Number of Saudi youth trained in 2014

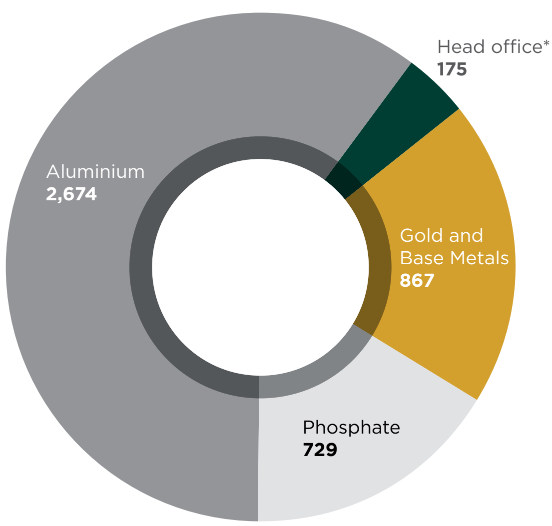
Mubadara	Saudi Mining Polytechnic	Jubail Technical Institute	Jubail Industrial College
474	**484**	**125**	**229**
SAR 3.5 million	**SAR 50 million**	**SAR 12.8 million**	**SAR 30.2 million**

and professional expertise. The program has trained a total of 156 young people since its inception in 2012, mostly recent engineering graduates.

Technical training
Ma'aden established a strategic partnership with the Technical and Vocational Training Corporation (TVTC) and established the Saudi Mining Polytechnic (SMP) in an effort to boost specialized high level training for the mining industry. The SMP, which was established in 2012 in collaboration with the Missouri University for Science and Technology, has trained a total of 484 trainees to date. It is supported with the latest educational technologies and simulators to facilitate learning and equip trainees with specialized mining knowledge and skills that will be used to support Ma'aden's operations as well as those of other national firms.

Ma'aden continued to support the Mubadara program in partnership with the Royal Commission for Jubail and Yanbu. The purpose of this nine-month program is to equip recent high school graduates from the northern region with essential health and safety skills and build their English language proficiency. Successful graduates from Mubadara go on to join technical training programs and earn degrees in various vocational specialties; join any of the various projects in the Northern Borders Area, such as Wa'ad Al Shamal project; or attend universities in the Kingdom or abroad. Mubadara has graduated 474 candidates to date since its inception in September 2013. Ma'aden has also sponsored specialized training for a number of high school graduates in various industrial training programs. Graduates from this sponsorship program include 125 trainees who were trained at Jubail Technical Institute and 229 trainees who were trained at Jubail Industrial College.

Ma'aden's training workshop-participant statistics program in 2014



Statistics include all employees who may have attended multiple training sessions.
* Includes: head office, Industrial Minerals Company, Ma'aden Infrastructure Company

Home Ownership
Ma'aden established a home ownership program for its Saudi employees in collaboration with local financial institutions that provides loans for residential construction. The program requires the employee to bear only the principal of the loan while Ma'aden will bear all administrative expenses. By the end of 2014, the total loan amount awarded to qualified Saudi employees was close to SAR64 million. Ma'aden has also signed a contract to build 794 residential units in Al Mutrafiah District in Jubail Industrial City for Ma'aden employees at Ras Al Khair Industrial City. Eligible employees will begin to be assigned to these units in 2015.

Savings Plan
Ma'aden continues to administer a Savings Plan for its Saudi employees. Under this plan, employees are encouraged to contribute a fixed optional amount of their monthly salary, which will be matched at a relative rate by Ma'aden. Both contributions will be invested on behalf of the employee in a savings account, provided that the plan conditions are satisfied. By the end of 2014, total employee savings under this plan reached nearly SAR31 million, while Ma'aden contributions were nearly SAR16 million.

SAR 16 million

Ma'aden contribution to the employee savings plan program

Sustainability for future generations

01 Ras Al Khair village
02 Ras Al Khair aluminium plant

Ma'aden constantly endeavors to build and promote sustainability in income and job opportunities. We are committed to generating a positive impact on the communities in which we operate. Ma'aden also strives to establish permanent values that positively impact the economic, social and environmental aspects of our businesses and the communities we serve to ensure a promising future for the coming generations.

The real essence of sustainability is represented by our continuing commitment to ethical business practices, including self-reporting any actual or potential violations. This is the essential standard according to which Ma'aden conducts all its business. We support sustainability in all activities and consider it the cornerstone upon which our entire strategy should be built, and encourage our contractors to do the same.

Ma'aden continues to make every effort to optimize all available resources and improve the efficiency of energy and water consumption, which also saves a great deal of money and increases production capacity. We also invest in finding innovative solutions for the environmental issues facing mining processes.

In fact, Ma'aden has wide expertise, both in terms of the mining process and also in administration. Such expertise has certainly enabled the company to innovate practical solutions for the issues that pose a challenge to sustainable development. For instance, our approach to the provision of water resources and waste disposal by means of separation, packing, storage, treatment, recycling and disposal.

To meet the challenges of water supply in a desert environment, Ma'aden receives water from a number of resources, including the Saline Water Conversion Corporation and the National Water Company in addition to its own water wells. Ma'aden not only seeks to achieve optimal utilization of water in all its work sites, but it also tries to reduce the amount of water used by rationing its usage and applying modern water saving technologies.

In 2015 Ma'aden will start operating a 450km pipeline through which the National Water Company will supply the Ad Duwayhi mine and other future Ma'aden projects in the municipality of Taif and surrounding areas with treated waste water. Consequently, we will be able to continue the implementation of our projects in addition to the possibility of recycling the water used in the mining processes several times in order to benefit multiple times from each drop of water and also to curb the extraction of underground water.

450km

length of a new water pipeline to service Ad Duwayhi

01 Water desalination plant at Ras Al Khair complex
02 Around Ma'aden's Ras Al Khair complex
03 Aluminium complex at Ras Al Khair

To highlight this and other innovative approaches to sustainability, Ma'aden is planning to issue a magazine in 2015 which will revolve around sustainability issues.

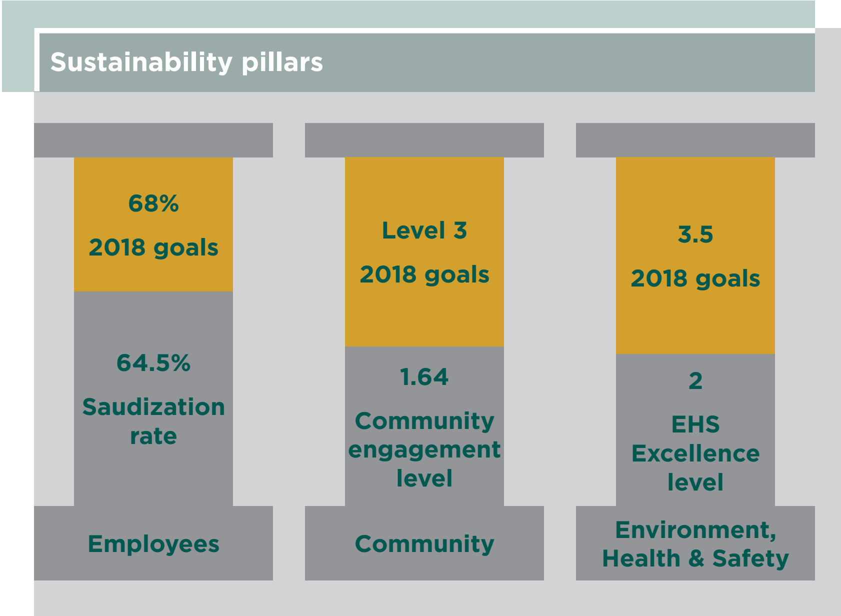
Environmental standards

Ma'aden is keen to conduct all its mining operations in compliance with the standards issued by the Presidency of Meteorology and Environment (PME) and by the Royal Commission for Jubail and Yanbu as well as according to the globally applied environmental systems, mining investment systems and corporate policies. Ma'aden focuses on implementing precautions to protect the environment and it applies preventive measures to diminish any possible negative impacts to the environment.

Ma'aden has firmly established the concepts of sustainability and mining responsibility as part of its vision. Accordingly, in 2010, it introduced the Environmental Scorecard and environment key performance indicators which measure the environmental performance of all company sites on a monthly basis. Indicators are updated annually to guarantee the success of Ma'aden's current operations alongside the development of other projects.

The key performance indicator classifies results according to the commitment, performance, and training of the employees. During 2014, the overall indicator for Ma'aden's environmental performance level was 95.9 percent.

Within the same framework, Ma'aden has conducted 14 environmental reviews and audits with the purpose of assessing possible environmental impacts. Additionally, we have launched



14

environmental reviews conducted in 2014

diverse initiatives related to training and awareness. Only one environment violation was registered in 2014; a minor incident of limited construction waste disposal caused by one of the contractors who work with Ma'aden Aluminium. The violation was addressed immediately.

In light of the supreme importance of the relationship between the company and the local communities close to its operation sites, Ma'aden constantly seeks to reduce its effects on the environment and to invest in specialized research techniques and information technology systems, to precisely measure our environmental impact and provide a platform for setting targets that can lower any impact.

One example is our collaboration with the Emirate of Medinah, where Ma'aden has addressed concerns of residents living near Mahd Ad Dhahab regarding the air, soil and water quality, and the extent of contamination following excavation work. Ma'aden reassured residents by clarifying that the environmental impact was below locally and globally permissible limits as confirmed by a detailed study by the King Abdulaziz City for Science and Technology (KACST).

Health and **Safety**

01 Molten gold leaves the crucible at As Suq
02 Water pipeline construction from Taif to Al-Dowaihy
03 Al Amar safety room in an underground mine
04 Laboratory analysis

20%

decrease in Lost time due to injury

Ma'aden takes the safety and security of its facilities and employees very seriously. Therefore, we strive to ensure that an ideal environment is created for our employees, contractors and surrounding communities. In doing so, Ma'aden follows strict laws that regulate various aspects of our plant sites and mines such as drilling, exploration, development and production. By doing so, we attempt to secure the safety of our staff, environment, mines and materials, and the surrounding communities equally.

With that in mind, the company seeks to create an injury-free work environment, one particularly void of any crippling or permanent injuries. In all its facilities and subsidiaries, Ma'aden measures its progress toward this goal through the Lost Time Injury Frequency Rate, which improved from 0.05 in 2013 to 0.04 this year. There were zero fatilities of Ma'aden employees during 2014. A total of 13 injuries were recorded for employees: two lost time injuries, three restricted duty cases and eight medical treatment cases.

Moreover, Ma'aden has introduced the Diamond system, an occupational health and safety management system to be applied in all company operations. This system is extensively used in all International Organization for Standardization (ISO) standard specifications and is characterized by a sequential process easily remembered through the moto: (Plan – Do – Act – Check).

Ma'aden Phosphate, Ma'aden Gold, Ma'aden Industrial Minerals as well as the main head office were all awarded the (ISO 14001) Environmental standards certificate and the Occupational Health and Safety Standard (OHSAS 18001). The chief objectives of applying these standards are to meet Ma'aden's strategic targets, preserve the environment, protect company assets, and save lives.

In the field of occupational safety, Ma'aden organizes training courses for those working at the various sites to impart a full understanding of the possible risks, and the behaviors that can mitigate them such as defensive driving techniques and the analysis of occupational safety hazards.

Furthermore, Ma'aden has developed a special program for comprehensive management of the environment, health and safety in cooperation with the experts at Alcoa, Ma'aden Aluminium's partner organization. The program includes 112 standards and is implemented across all Ma'aden facilities and directorates. It deals with environmental, health and safety

related issues including water quality, waste management and air emission. These standards have already been set and are currently in the process of being applied.

The application of these standards has been challenging as they included a number of advanced criteria. However, all obstacles are being addressed through five Diamond Stages – allowing the standards to be applied gradually until Ma'aden can reach Diamond Stage Five, by 2022.

11 Commitments to safety

To ensure a safe environment that helps prevent accidents that lead to any fatality, bodily injury, illness, property damage, or negative environmental impact, Ma'aden shall:

1. Develop an Environment, health and safety (EHS) management system for setting and reviewing goals.

2. Conduct regular risk assessment and audits in its facilities to identify and mitigate EHS risks.

3. Communicate this policy to contractors, suppliers and other stakeholders.

4. Train employees and provide them with the resources and tools to maintain job competencies.

5. Comply with applicable legal and regulatory requirements, internal standards and all other requirements adopted by Ma'aden.

6. Assure safe operations at Ma'aden facilities.

7. Report all injuries or incidents sustained in Ma'aden.

8. Promote off-the-job and community EHS awareness.

9. Conserve resources and reduce waste.

10. Continuously improve the effectiveness of the company EHS management system.

11. Cooperate with the Higher Commission for Industrial Security to ensure compliance with the Commission requirements and full coordination at all levels.

Ma’aden and **Community**

01 MGBM employees meeting in Jeddah
02 5th annual ‘Our Day’ employee gathering in Riyadh

Ma’aden believes in its social responsibility and it seeks to achieve sustainable growth through best practices and by developing appropriate procedures. Ma’aden wishes to maintain a close relationship with the local communities by contributing positively to the individuals’ prosperity as well as that of the environment, economy and community.

To help achieve this purpose, Ma’aden is currently in the process of developing a social partnership program to ensure that it fully comprehends and considers the concerns and expectations of the local communities and also to guarantee that the company investments would positively impact the community to the greatest degree possible. Additionally, Ma’aden is working to establish a social responsibility management system to supervise its social performance. The system is expected to be consistent with the best global practices including the standards of participation for all concerned parties as well as the performance standards of the International Finance Cooperation, a member of the World Bank Group.

Within the context of the Ma’aden community engagement framework, Ma’aden has studied the current situation of each mine. We assessed the main risks and key issues including the provision of support, employment, local supply, and investment in the communities. Based on the community engagement framework, Ma’aden’s sites recorded an average performance rate of 1.64. On the Ma’aden community engagement matrix, this 1.64 performance rating ranks between level 1 (inform) and level 2 (consult), however, Ma’aden sites hope to reach a level 3 (involve) by 2018.

1.64

Ma’aden’s score on community engagement level

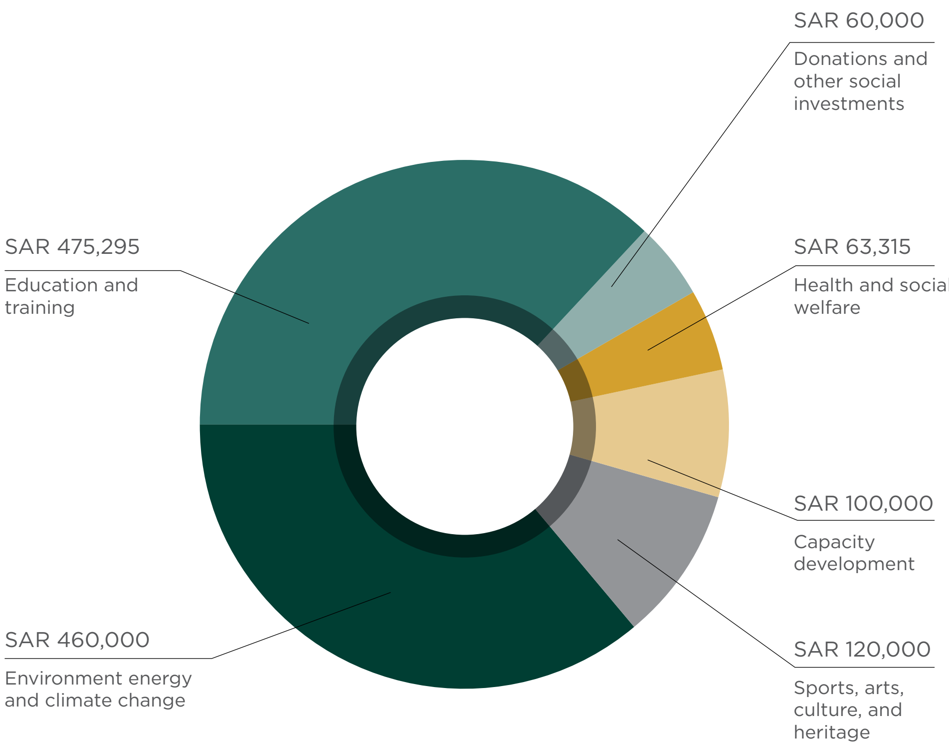
Ma’aden community engagement levels

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

Ma’aden gold and base metals community engagement activities

SAR 4 million

spent to build Mahd Ad Dhahab Center for Public Occasions



Ma'aden is committed to the following ten social responsibility principles:

01 To implement and maintain ethical business practices and sound systems of corporate governance.

02 To integrate sustainable development considerations within the corporate decision-making process.

03 To uphold fundamental human rights and respect cultures, customs and values in dealing with employees and others who are affected by our activities.

04 To implement risk management strategies based on valid data and sound science.

05 To seek continual improvement of our health and safety performance.

06 To seek continual improvement of our environmental performance.

07 Contribute to the conservation of biodiversity and integrated approaches to land use planning.

08 To facilitate and encourage responsible product design, use, re-use, recycling and disposal of waste.

09 To contribute to the social, economic and institutional development of the communities in which we operate.

10 To implement effective and transparent engagement, communication, and independently verified reporting arrangements with our stakeholders.

01

02

Supporting **local Communities**

01 A bird at Ras Al Khair Industrial City coast
02 MGBM sponsors special needs education

Based on the fact that Ma'aden endorses and supports the local communities in which it operates, we have adopted a strategy of inclusion that focuses on three main aspects, namely: local purchases, local recruitment, and community development.

The purchasing department has developed a range of policies and practices to support purchasing from local Saudi suppliers and give them priority over other competitors since such commitments support the national economy.

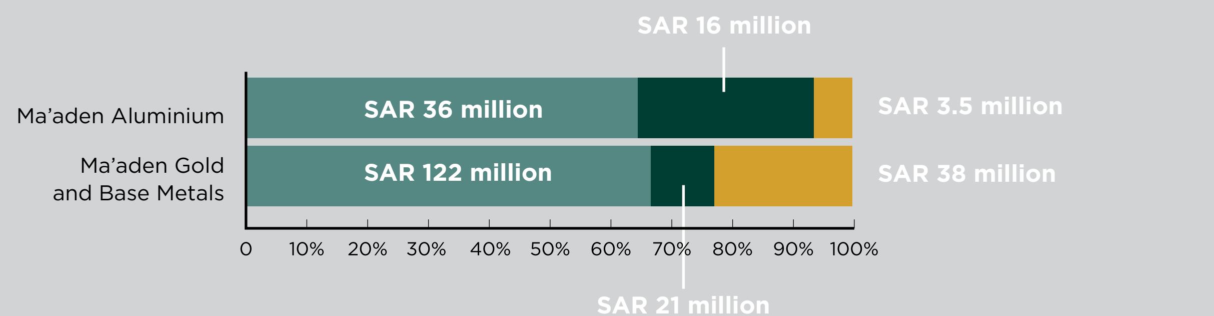
The total value of our expenditure on Saudi supply contracts amounted to SAR7.9 billion – an amount equivalent to 78 percent of our total purchasing budget compared to SAR5.4 billion spent in 2013, which accounted for only 67 percent of our total purchasing budget.

The purchasing department has issued a special policy for contracting with companies and suppliers. Pursuant to this policy, every company should be located in the green category of the Nitaqat program introduced by the Ministry of Labor for the purpose of job localization.

78%

of purchases from local supply contracts

Procurement rates in remote areas



01

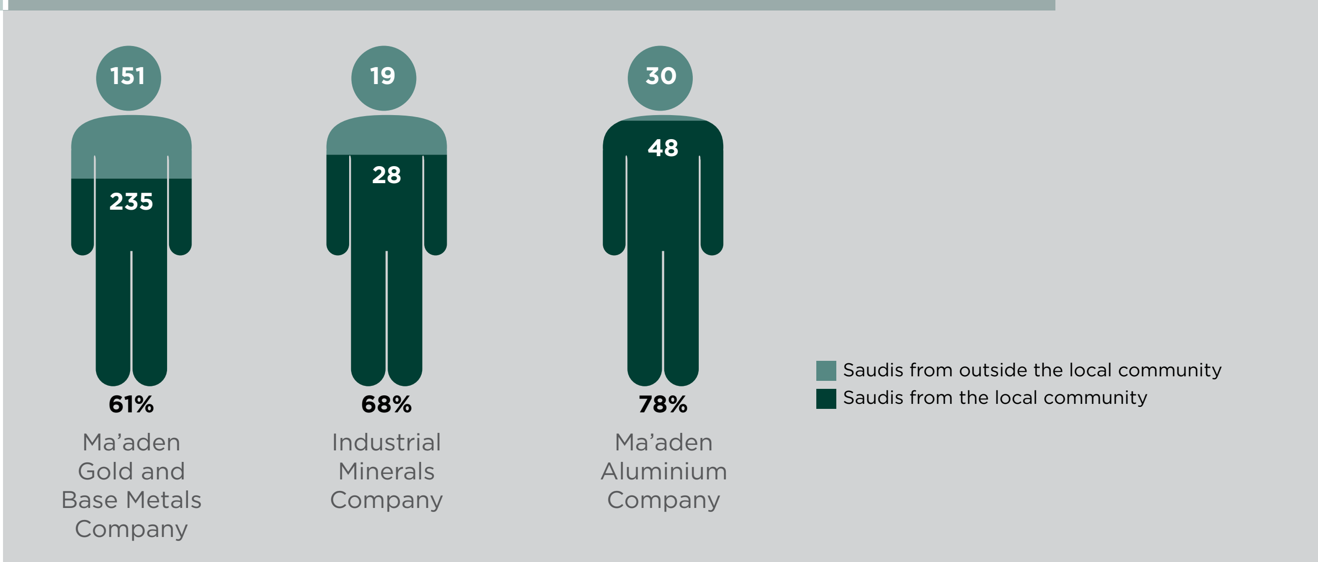
02

Developing capabilities
In order to enhance our interest in national human capacities generally, and in local human capital particularly, Ma'aden has invested a great deal in various development and training initiatives, especially to qualify the youth from the communities close to our operation sites.

In 2014, we spent more than SAR50million to train 484 students at the Saudi Mining Polytechnic. We also qualified 474 of the High school graduates in the Northern areas through the Mubadara initiative which supplies them with basic safety and security skills and improves their English language at a total expense that exceeded SAR3.5 million. 125 youths were trained at Jubail Technical Institute for SAR12.75 million, and 29 youths were trainied at Jubail Industrial College for SAR30.22 million.

Ma'aden also endowed fresh university graduates, especially those specialized in the engineering field, with special attention via its occupational development program which has graduated 156 youths since its inception in 2012. In 2014, we invested SAR3.5 million in this program.

Percentage of Saudi employees who are local hires



03

Training and **development**

01-02 MGBM sponsors special needs education
03 Ma'aden Academy at Ras Al Khair
04 A field engineer at Ras Al Khair Industrial City

"ETGAN aims to build world-class organizational capabilities."

ETGAN
ETGAN is the name of Ma'aden's strategic transformation program which aims to build world-class organizational capabilities. It is structured around a set of initiatives across the various business sectors to support Ma'aden in achieving its vision of becoming a word-class minerals enterprise. ETGAN supports Ma'aden by delivering superior results in critical areas such as projects, operations, and support functions. It targets a range of initiatives run by teams selected from affiliates and functional divisions. Each initiative aims to achieve sustainable development in its area of focus, delivering projects faster and cheaper, running lean and productive operations supported by practical and effective functional teams.
In support of Ma'aden's plans to execute specific initiatives to enhance performance, facilitate change management, and promote Ma'aden values, ETGAN launched a number of initiatives in 2014 to support various organizations throughout Ma'aden in achieving their strategic business goals. These initiatives cover human resources, strategy, planning and organizational performance, the Phosphate Operations Excellence Program, phosphate marketing, sales and strategy, environmental health and safety, exploration, and research and development.

Phosphate operational excellence
In early 2014, the Phosphate Operations Excellence Program was launched, targeting phosphate mining, beneficiation and plant operations at Ma'aden Phosphate Company. This initiative aims to capture throughput production improvement and cost saving opportunities that support profitability and sustainability planning. The focus areas of this initiative in Al Jalamid and Ras Al Khair Industrial City include improving rock beneficiation,

04

01 The Al Baitha team
02 Saudi Mining Polytechnic

achieving satisfactory production cost rates, improving production processes, increasing equipment and machinery utilization rates, and reducing production down times, thus reducing costs and enhancing EBITDA.

Phosphate marketing and sales strategy
In another initiative, Ma'aden Phosphate Marketing, Sales and Logistics Department implemented the Phosphate Program for Excellence and Strategic Transformation to manage the huge growth and increasing complexity of the phosphate business. This initiative aims to realize the performance levels that Ma'aden aspires to achieve, and build an organization which is capable of continual growth and sustainable profitability in the short and long terms. The program strikes a balance between Ma'aden's investments and its international presence as a strategy to enable Ma'aden to realize its vision of becoming a world player in the international phosphate market.

Ma'aden values and culture
This initiative has been launched to promote and reinforce Ma'aden values in order to encourage and adopt key professional practices in all our businesses and build a professional work environment that will embody the corporate values of integrity, care, ownership, and teamwork in order to realize Ma'aden's long-term goals and strategy. It identified the critical behaviors that will be encouraged and spread to form the future Ma'aden work environment and culture through a program with specific objectives. This initiative has been piloted at MPC Gas Operations and Ma'aden's Sukhaybarat and Bulghah gold mines.

ETGAN's 2014 Initiatives

1. Resources and reserves (1)

2. Resources and reserves (2)

3. Operational excellence/phosphate.

4. Health, environment and safety.

5. Research and development.

6. Marketing and sales/phosphate.

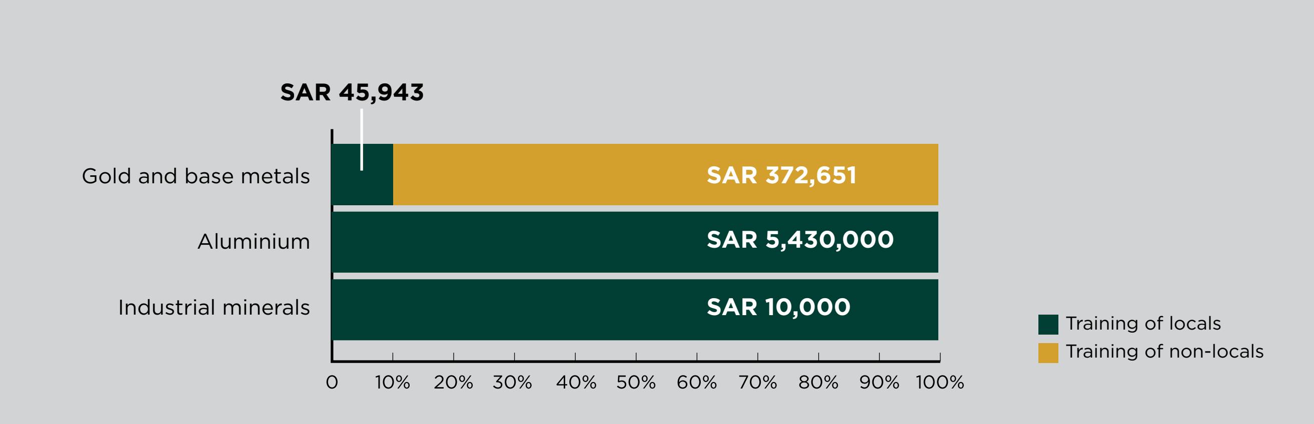
7. Management of human capital.

8. Talent acquisition and onboarding.

9. Systems of performance management.

10. Ma'aden's values

Expenditure on Saudi workforce development in remote areas



Ma'aden Academy
The ETGAN program also includes setting up Ma'aden's own leadership development academy to accelerate its plans of capability building. The objective of the Ma'aden academy is to provide leadership and managerial development to high potential employees that will equip them to become the future leaders of the organization. Ma'aden Academy has continued to play an active role in designing and delivering learning and development programs to build the skills and behaviors which support the 'Ma'aden Way'. The training program targets three types of training:

- functional and management training to initiative team members to equip them with requisite skills and managerial behavior for successful implementation of their respective initiatives
- functional training to the rest of the employees by selected initiative team members who have been prepared to serve as functional trainers
- leadership development which aims to provide Ma'aden leaders with the leadership competencies and behaviors to enable them to lead in an ever-changing and increasingly dynamic business world.

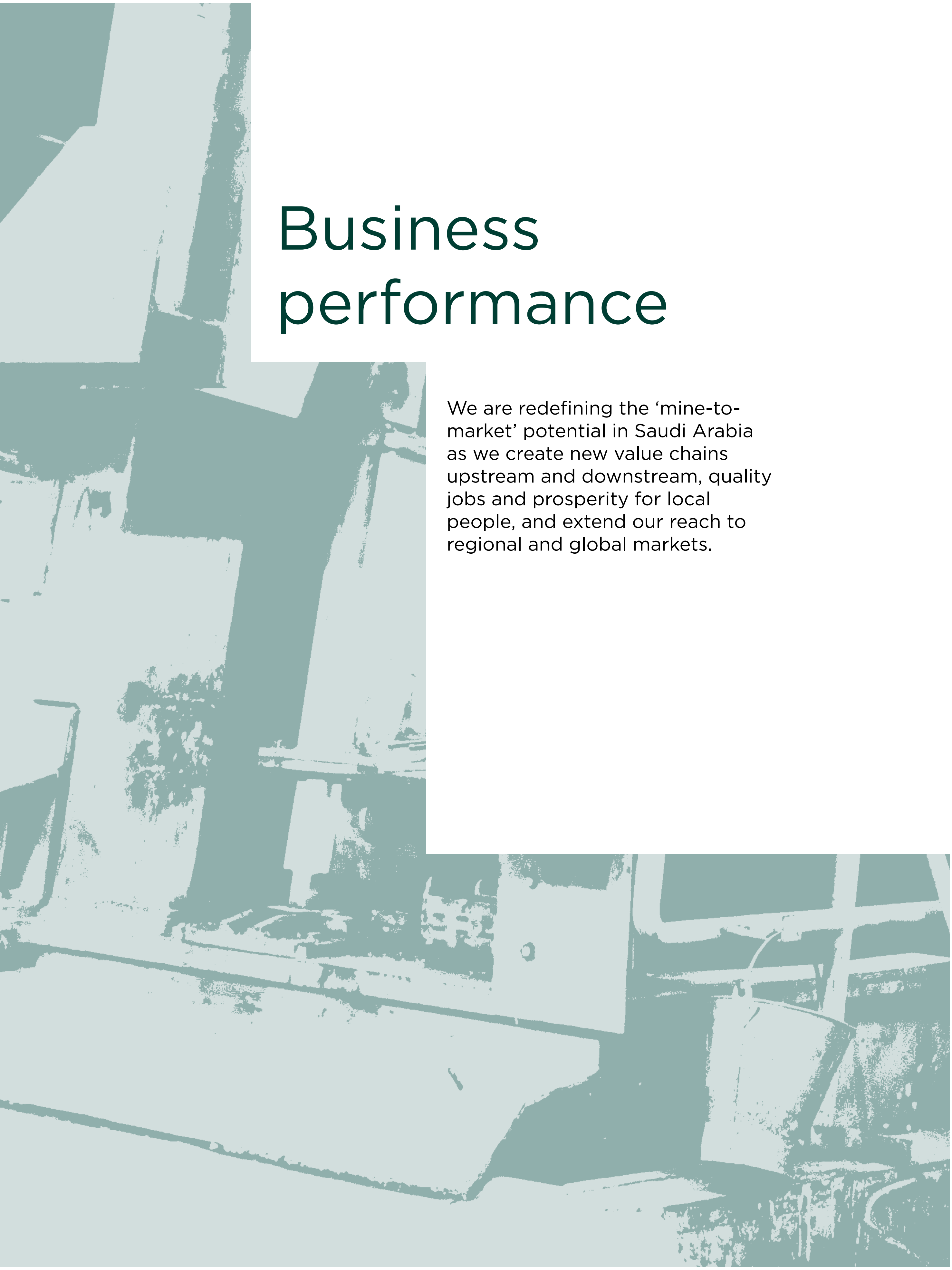
To this effect, Ma'aden Academy has signed a strategic partnership with INSEAD business school to develop and deliver leadership development programs in support of our vision to lead the development of mining as a fundamental pillar of Saudi industry. In 2014, the Academy conducted 61 learning sessions and workshops in leadership development, management, and functional training to 422 employees from various departments across the organization.

61

training sessions in leadership development

02

01 The aluminium smelter at Ras Al-Khair



Business performance

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


Aluminium

01 The alumina refinery
02 Molding molten aluminium

95%

less energy and CO_2 used when recycling vs. making aluminium

Industry overview
Aluminium, the third most abundant metal in the Earth's crust, is also the second most widely used metal in the world today after iron.

Its light weight, high strength-to-weight ratio, good electrical conductivity, machinability, and low cost make aluminium a very popular product base. Aluminium is used in a vast variety of applications ranging from everyday consumer products such as drink cans, kitchen foil, and frying pans to more industrial applications such as the packaging industry, transportation (for the manufacture of cars, aircraft, railway carriages), construction (for the manufacture of doors, windows, facades and cladding), and the electrical industry (for the manufacture of cables and wires).

Consequently, demand for aluminium – and therefore bauxite, which it is made from – is not expected to slow significantly in the near future as the global economy continues to grow. Industry watchers suggest bauxite output will increase at an average of 5.8 percent annually until 2018, with increasing applications expected from transport, packaging, electrical and other industries. Material substitution within the automotive industry will also have an influence on global aluminium demand.

Aluminium is an infinitely recyclable metal. Life cycle and other quantitative assessments have determined that aluminium recycling is significantly less intense in terms of energy, electricity, emissions, water, and minerals than primary aluminium production.

For instance, an aluminium ingot from recycled metal requires only five percent of the energy and emits only five percent of the amount of greenhouse gas emissions associated with primary aluminium ingots.

An aluminium beverage can is the only packaging that consistently raises more than its own recycling cost. Cans subsidize the recycling stream for all other packaging materials.

Replacing conventional vehicle materials with aluminium has the potential to eliminate 20kg of CO_2 per 1kg of aluminium over the life of an average vehicle.

Global aluminium consumption is set to increase to 55 million tonnes annually with a projected growth rate of approximately five percent year-over-year. The global market is going through structural changes, particularly in flat rolled products. In the near future a significant part of the demand will be led by beverage cans and the automotive industry. The global consumption of beverage can sheets should be around 5.5 million tonnes, with another 1.5 million tonnes of automotive sheets in 2015.

The aluminium beverage can market in the Middle East, Asia and Africa is poised for substantial growth in the near future.

02

01 - 02 Ras Al Khair integrated aluminium complex

2014

the year a Saudi can from Saudi ore became a reality

Key numbers

Aluminium ingot (thousand tonnes)

	2014	2013	%change
Production	**665**	187	355
Sales*	**470**	129	364

Ethylene dichloride (edc) and caustic soda (cs) (thousand tonnes)

	2014	2013	%change
Production			
EDC	**225**	83.73	268
CS	**225**	69.66	323
Sales			
EDC	**245**	80.3	305
CS	**225**	58.5	385

* Ma'aden's share

Due to greater efficiency and environmental regulation, the global automotive market is moving toward extensive use of aluminium to reduce weight.

According to the British CRU group, predictions of aluminium rolled product usage is driving the US market towards extraordinary growth; from approximately 150,000 tonnes per year in 2014 to an estimated one million tonnes per year in 2020. This represents a compound annual growth rate (CAGR) of 37 percent over the next six years. Current installed capacity is 440,000 tonnes and is expected to increase with demand.

The CRU group also predicts growth in the European market from approximately 310,000 tonnes per year in 2014 to 690,000 tonnes in 2020, a 14 percent increase in CAGR over the next six years.

Year of milestones

2014 was a landmark year across Ma'aden operations: many long-term infrastructure developments and investments are coming to fruition, allowing our investors and clients to experience first-hand what we have long visualized and worked toward.

Nowhere is this more evident than in our aluminium business. Today, after years of diligently pursuing investments across a series of diverse mining, refining and ancillary activities, we are finally able to produce a 'Saudi can from Saudi rock.' More importantly, we now have the largest and most efficient vertically-integrated aluminium complex in the world – a historic achievement indeed.

In 2014 we also started supporting our local aluminium extrusion industry by supplying primary feedstock billets produced at our Ras Al Khair casthouse.

We are extremely proud to see our 'mine to metal' vision, of owning and managing every aspect of aluminium production, beginning to bear fruit through the combined efforts of the Ma'aden Bauxite and Alumina Company in mining bauxite and refining alumina, the Ma'aden Aluminium Company for producing aluminium, and finally the Ma'aden Rolling Company for the production of aluminium sheets.

Record-breaking

Five years after its establishment, Ma'aden Aluminium is now a fully integrated aluminium processing complex in a joint venture with Alcoa. This project, which combines a world-class bauxite mining operation, refinery, power plant,

355%

increase in aluminium production

01 Transporting raw material at Ras Al Khair
02 Aluminium ingot production line

smelters, casthouse and rolling mills to support beverage can production and the automotive industry, became operational in 2014.

At the front end of the operations, the two-stage crushing plant at our mine in Al-Ba'itha in Qassim Province began operations in May 2014, and delivered the first load of bauxite to our refinery in Ras Al Khair.

Further along the process in Ras Al Khair Industrial City, our smelter is now fully operational with all 720 smelting pots receiving power from the newly constructed power plant at Ras Al Khair Industrial City. The casthouse is also fully operational, producing rolling slabs, billets, standard ingots and T–bars, and the rolling mills are now operating to support our can sheet and automotive customers.

Commitment to sustainability
People are the lynchpin of our success and we are committed to their safety and security.

As a responsible producer and manufacturer, we also recognize our responsibility towards the community, and are supporting various initiatives near our mine, including school improvements and other community projects.

We recognize that bauxite mining and aluminium manufacturing can have an impact on the environment, so our growth aspirations are supported by a commitment to protect the environment by minimizing the negative environmental impact of our activities and taking stronger measures to monitor and reduce any impacts.

The way forward
Our focus for the future is to manage the integrated aluminium complex optimally in order to compete in both local and global markets, and by so doing, to increase value for our shareholders.

665,000

tonnes of aluminium produced in 2014

02

How does a rock become a can?

Refining

The crushed bauxite is mixed with caustic soda to separate the alumina.

600km

The raw ore (bauxite) travels by train from the mine to the Ras Al-Khair refinery.

665,000 tonnes

2014

Total aluminium produced

Moving

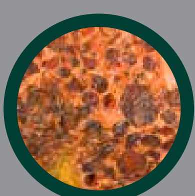
The bauxite is crushed and taken by train to be processed.

878,514 tonnes of raw ore mined

2014

Mining

Bauxite is an ore rich in aluminium oxide, formed over millions of years by chemical weathering of rocks containing aluminium silicates.



Ma'aden extracts bauxite from natural deposits.

Rolling

Slabs are sent to the rolling mill where they are shaped into can body, end and tab sheets, and auto sheets, then to the market.

Power represents approximately 30% of the total cost of producing aluminium.

Smelting

The alumina flows through pot lines, where electricity separates oxygen other chemical elements from the alumina leaving pure aluminium which is taken to the cast houses.

Two pot lines

720 pots

In November 2014, Ma'aden began recycling used cans into molten metal.

Molding

The aluminium is cast into four shapes: ingot, billet, t-bar, slab

Recycling

The process comes full circle when used cans are recycled.

Marketing

Ma'aden sells ingots, billets and t-bars directly to industrial consumers.

Phosphate

01 - 02 Ras Al Khair phosphate processing plant

Both volumes and earnings are significantly higher than last year, firstly because Ma'aden Phosphate Company (MPC) is continuously ramping up its production in order to reach its name-plate capacity and secondly, because of the postponement of a planned maintenance shutdown of the ammonia plant in 2014. The improved production rate has helped us leverage our fixed cost and reduce the cost of production. Improvements across our sales and marketing division have also bolstered our financial results.

Industry overview

According to the Food and Agricultural Organization of the United Nations, world food production has to rise by 70 percent – and to double in developing countries – by 2050 in order to meet the requirements of a predicted global population of nine billion. Consequently, phosphate fertilizers will remain a necessity to help meet this growing demand for food.

Ma'aden produces two of the most widely used phosphate fertilizers in modern agriculture, diammonium phosphate (DAP) and mono-ammonium phosphate (MAP). Ma'aden plans to grow steadily into one of the world's leading suppliers of both.

After phosphate rock is mined, it is processed with sulphuric acid to produce intermediary phosphoric acid, which is then combined with ammonia to produce DAP. The production of MAP follows a similar process, with different levels of phosphoric acid and ammonia inputs and resulting in a product containing more phosphorus and less nitrogen.

Although DAP and MAP have only become commercially viable since the early 1970s, their impact on global agricultural production has been tremendous: they are the primary phosphate fertilizers used worldwide today.

The demand for fertilizers is determined by the outlook for crop production which is driven by food consumption, as well as demand for animal feed, natural fibers and biofuels. With the global population estimated to grow approximately 1.5 percent annually, market specialists predict the demand for MAP and DAP to grow by more than 2 percent per year to reach 30.3 million tonnes of P_2O_5 in 2018.

As there is currently no substitute for phosphorus rock in the production of phosphate fertilizers, we can be confident that demand for phosphate will remain robust.

DAP/MAP producers are usually able to balance their production level between both products in response to changing market conditions and preferences.

SAR 5.4 billion

revenue for phosphate in 2014

02

01 Al Jalamid ore processing facility
02 Train carrying phosphate from Al Jalamid to Ras Al Kair
03 Ras Al Khair Port

Ma'aden's Phosphate Business

With our business relationships, supply chains, markets and feedstock networks spanning continents, Ma'aden is growing into a global enterprise. The Ma'aden Phosphate Company is a significant contributor to this growth.

Our phosphate business illustrates our global reach. Through it, our company - which is located in a desert region - is able to supply the essential ingredients that help to feed populations around the world.

Here in Saudi Arabia, we have all the raw materials and other resources indigenously available to produce DAP and MAP and supply it to the fastest growing nations in the world, all of which are in close proximity to the Arabian Peninsula. India, for example, is one of the largest phosphate importers in the world because it lacks phosphate rock, a key component in producing DAP.

Our phosphate business is based on two giant manufacturing companies: the Ma'aden Phosphate Company and the Ma'aden Wa'ad Al Shammal Phosphate Company.

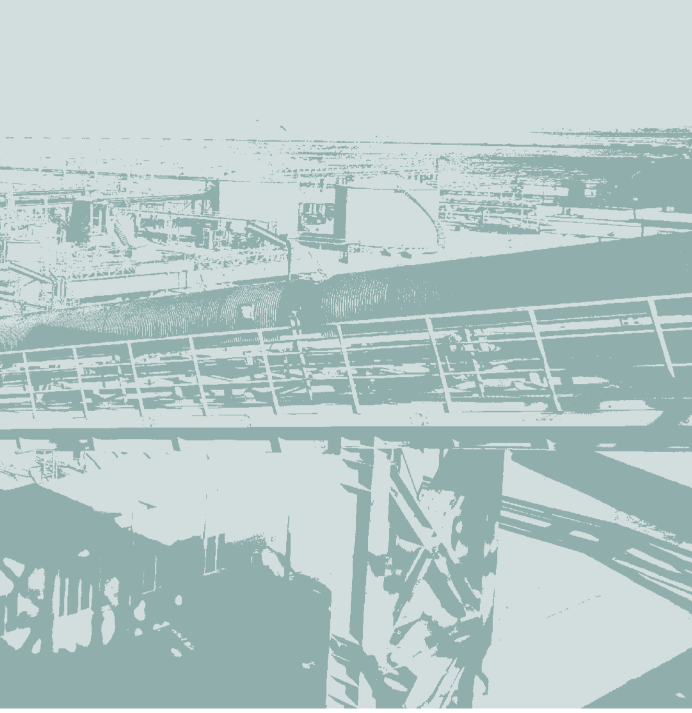
2014 was a milestone year for our performance in phosphates: for the first time, our production of phosphoric acid exceeded one million tonnes and our sales surpassed all previous records, growing by nearly 31 percent and 18 percent over 2013 for DAP and ammonia respectively. DAP and MAP production passed two million tonnes and our revenue reached an all-time high, netting SAR5.4 billion. The successful introduction of Ma'aden MAP and colored DAP into the regional and global markets were other notable achievements.

Mine site improvements played a key role in these achievements. At Al Jalamid, home to our phosphate mine and beneficiation plant (where ore is converted into usable mineral concentrates), we have improved performance in terms of both capacity and yields.

At Wa'ad Al-Shamal, construction for the Ma'aden project has begun with Bechtel and EPC contractors. At Ras Al Khair Industrial City, where our

Ma'aden Phosphate Company (million SAR)

	2014	2013
Revenue	**5401**	4172
Sales: DAP (kMt)	**2384**	1821
Sales: Ammonia (kMt)	**660**	561



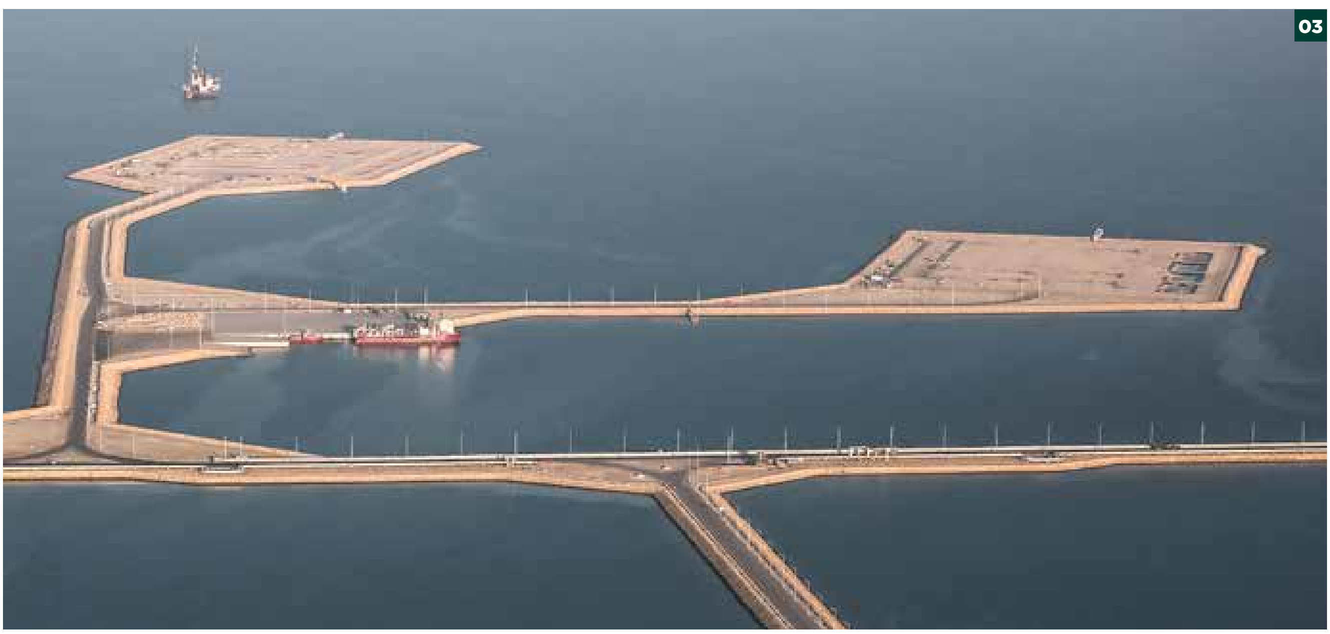
02

fertilizer processing facility includes a phosphoric acid plant, a sulphuric acid plant, an ammonia plant, a DAP fertilizer granulation plant and other key infrastructure, capacity continues to grow.

In July 2014, the Ma'aden Wa'ad Al-Shamal Phosphate Company took a major step forward with the injection of a long-term USD5 billion (SAR18.9 billion) project finance loan from a consortium of 20 financial institutions both in and outside Saudi Arabia, including the Public Investment Fund. Crucially, the commitments received from global institutions far exceeded the amount required, underlining the confidence in this project and Ma'aden itself.

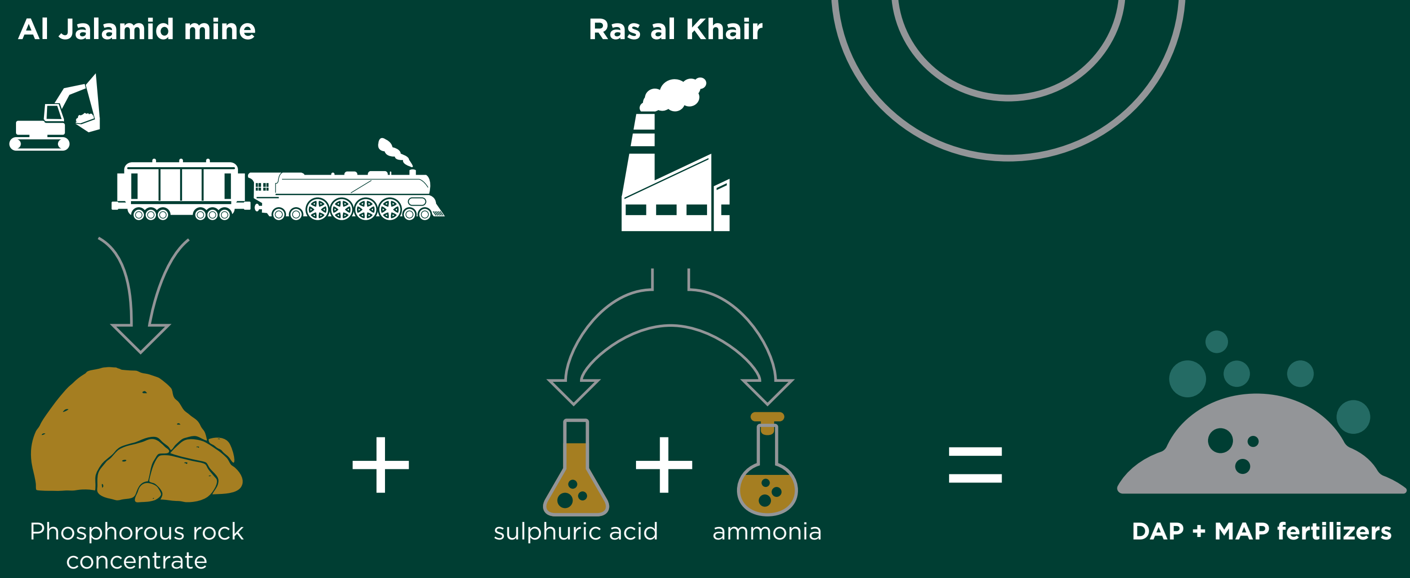
The financing will fund the development of the phosphate project, which is being built at both Wa'ad Al-Shamal Mineral Industrial City and Ras Al-Khair Industrial City to create one of the world's largest integrated phosphate fertilizer facilities. These facilities will effectively double Ma'aden's phosphate production and boost access to strategic global markets. On-site activity continues to move ahead to meet the production start date of late 2016.

Post-production, our sales, marketing



03

Ma’aden’s Phosphate

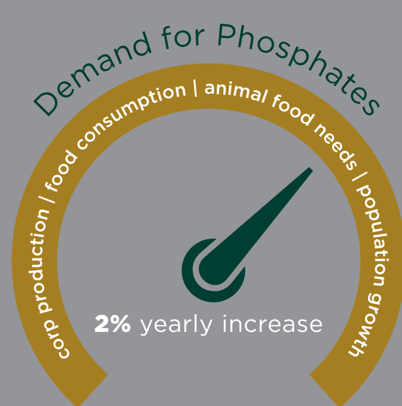


31%

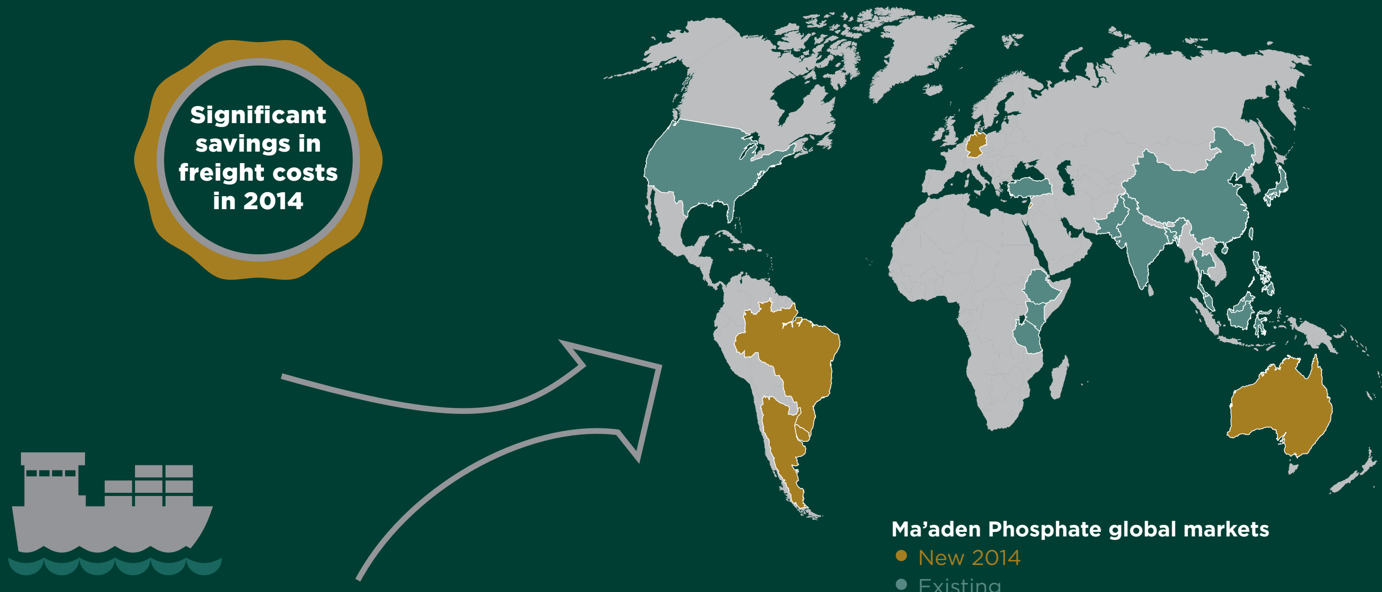
growth in DAP sales

and logistics team played a decisive role in this year’s success. Despite significant turbulence in the global agriculture and fertilizer industries, demand shortfalls in emerging nations, tight European markets, low crop prices, and even fears related to El Niño weather patterns; Ma’aden was able to increase and diversify its market reach, moving us closer to our goal of becoming a global industry player.

Thanks to their efforts, Ma’aden MAP and DAP entered eight new markets in 2014, including Australia and the primary South American markets of Brazil, Uruguay, and Argentina. We also secured important long-term contracts to ensure sustainability and limit any seasonal volatility. Additionally, there were substantial savings in logistics.



Significant savings in freight costs in 2014



01 Ma'aden Phosphate Company head office
02 Ras Al Khair phosphate processing plant

2014

SAR 5.4 billion

Record sales

D e s p i t e   c h a l l e n g e s

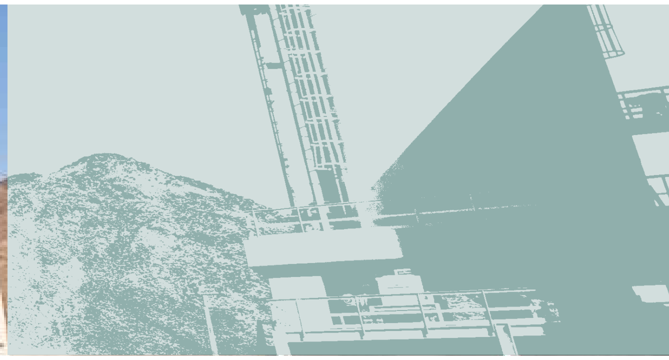
Turbulence in global agricultural and fertilizer markets

Oversupply by China

Low crop prices

Tight European markets

Concerns about El Nino



Gold
and base metals

01 Al Amar processing plant
02 Molton gold leaves the crucible

15%

Increase in gold production

Industry overview
The global price of gold has fallen by a third since 2011 and is expected to stay low in the next few years. That price, a function of global socioeconomic movements and market sentiment, impacts producers and revenues. Consequently, gold accounted for 18 percent of our total sales in 2012, 12 percent in 2013, and seven percent in 2014.

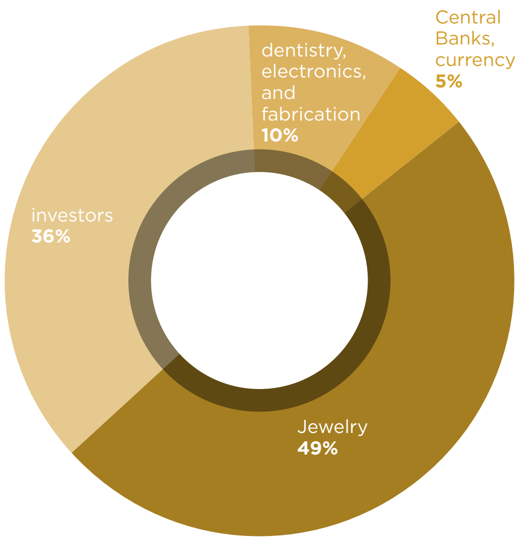
The jewelry industry is responsible for nearly half of global demand for gold. That demand can be shaken by microeconomic factors from changing consumer tastes and trends to the relative attractiveness of alternatives such as platinum and silver.

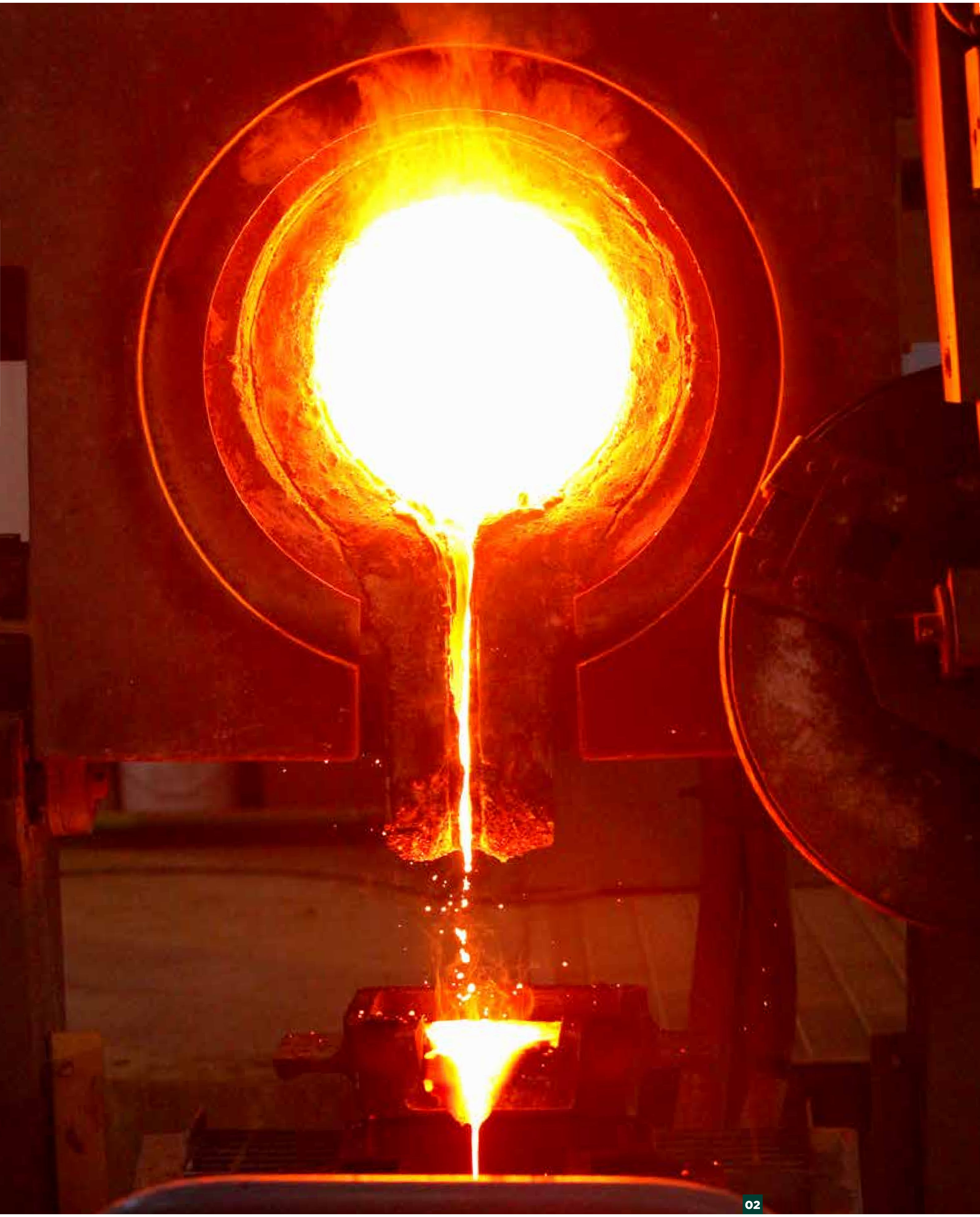
Private investors – largely individuals buying gold bars and coins on retail, followed by professional investors with exchange traded funds – account for an additional 36 percent of gold demand, and industrial fabrication, including dentistry, electronic and other industrial and decorative applications, makes up an additional eight to 10 percent of global demand. Official sector purchases such as those by central banks for bullion and currency make up the remainder.

2014 was a mixed year for global gold, buffeted by factors as diverse as rising demand for gold jewelry in China and restrictions placed on gold imports in India that reduced gold consumption there.

Ma'aden Gold and Base Metals Company
With our 2014 production at 153,000 ounces, our gold operations may not be close to the size of the world's leading producers but at Ma'aden what we lack in size we make up for in impact. Our Gold and Base Metals (MGBM) operations ended 2014 on a high note, advancing strategic infrastructure developments and posting strong financial results, with a 15 percent increase in production over last year.

Global demand for gold




02

01 As Suq ore grading process
02 Moving ore at Al Amar Mine
03 Underground in Al Amar mine
04 Inside As Suq control room

Key numbers

Gold	2014	2013	2012
Mined	**3.86 Mt**	3.28 Mt	2.82 Mt
Produced	**153,984 oz**	133,677 oz	137,787 oz
Sales	**SAR 715.1 million**	SAR 709.3 million	SAR 1 billion

In addition to the production of gold, Ma'aden's gold and base metals division also produces zinc, copper and silver as by-products of gold.

SAR 715 million

gold sales in 2014

Ma'aden advances in copper

In July 2014, Ma'aden and the Barrick Gold Corporation of Canada – the world's largest gold producer – announced a partnership to acquire the copper mine in Jabal Sayid, the largest copper mine in the Kingdom.

Ma'aden's SAR811 million (USD216 million) investment for its 50 percent share of the project, will go towards the development and operation of the mine near Al Madina Al Munawwara. The underground mine is estimated to house 650,000 tonnes of contained reserves. Production at the site is expected to start in late 2015 with estimated peak production of 51,000 tonnes of copper in concentrate annually. The move furthers an important business line for Ma'aden and marks the start of a significant new partnership.

In addition, Ma'aden is in the pre-feasibility study phase of reopening Al-Hajar mine to produce copper. Gold mining operations in Al-Hajar ceased in 2013.

03

04

650,000 tonnes

estimated contained reserves at Ma'aden's new Jabal Sayid mine

A crucial factor in our increased gold production was the addition of As Suq gold mine in March 2014, giving us five strong producing mines: Mahd Ad Dhahab, Al Amar, Bulghah, As Suq and Sukhaybarat. As Suq mine added almost 16,000 ounces of gold, or approximately 10 percent, to our overall production over 2014, and helped us raise revenues by 10 percent to SAR72 million, despite the drop in global gold prices. Bringing As Suq online is one of the great accomplishments of our operations team this year.

We are optimistic about our performance in 2015 for a similar reason; our sixth mine at Ad Duwayhi will start production in 2015 and is expected to produce approximately 180,000 ounces of gold per year at full capacity. For 2015, the Ad Duwayhi mine is expected to yield slightly more than 70,000 ounces, doubling in 2016 and then increasing again in 2017. Bringing Ad Duwayhi online will be a big challenge for our operations team in the coming year, but it is crucial since Ad Duwayhi will produce 30 percent of our total gold next year.

Ad Duwayhi is one of several potential new gold mines in the Central Arabian Gold Region (CAGR) which are made feasible by our 450km treated wastewater pipeline. Located in Makkah Al Mukaramah Province, Ad Duwayhi will be a surface mine, using a gravity circuit and standard carbon leach process to separate the gold from the ore.

Feasibility studies also continue at other prospective sites including Ar Rjum, Mansourah and Masarrah.

In all, Ma'aden holds mining leases covering 110km^2 and exploration licenses covering an additional 37,000km^2, which should ensure sustained returns from our gold and base metals operations.

16,000 ounces

of gold were produced at As Suq

Our mines

Mahd Ad Dhahab

Mahd Ad- Dhahab is in the Hejaz region, in Al Madinah Province of the Kingdom. Commercial production at the mine started in 1988 and the life of the mine has been extended by underground diamond drilling. Mining is carried out through underground methods with a total tunnel development in excess of 60km.

Al Amar

Al Amar is located in the Ar Riyadh Province approximately 195km southwest of Riyadh. It comprises an underground mine which produces gold rich polymetalic ore at a rate of 200 kilotonnes per annum to produce gold in doré, copper and zinc concentrates which are sold to third parties for smelting. Construction was completed in 2007 and the mine started commercial production in 2008.

Bulghah

Bulghah is situated in Al Madinah Province approximately 65km south of the Sukhaybarat processing plant. It is an open-pit mine which mines lower grade ore (less than 1.0 g/t of gold) for processing at the Bulghah heap leach processing facility and higher grade ore (greater than 1.0 g/t of gold) for processing at the Sukhaybarat processing facility. The Bulghah gold mine operates as a satellite open cut mine to the Sukhaybarat mine and was commissioned in October 2002.

Sukhaybarat

Sukhaybarat is situated in Al Qaseem Province approximately 250km north of Mahd Ad-Dhahab. While Sukhaybarat initially ceased open pit mining operations in 2003, open pit mining operations at Sukhaybarat were recommenced in 2014. In addition to an open pit gold mine, a carbon-in-leach processing plant has been built at Sukhaybarat, which processes ore transported from the Bulghah mine, which is located 65km to the south of Sukhaybarat, in addition to the ore mined at Sukhaybarat.

As Suq

As Suq is approximately 25km southeast of the town of Zalim in Makkah Al Mukaramah Province. Gold mineralization is localized in narrow, shallow dipping quartz veins in sediments and volcanics. The mineralized quartz vein system extends over a horizontal length of approximately 1.2km and to a vertical depth of at least 120m. Construction and installation was completed in January 2014, with commercial production commencing in March 2014.

Ad Duwayhi
The Ad Duwayhi Gold Project is located approximately125 km South East of the town of Zalim, 450 km east of Jeddah and 450 km south west of Riyadh. The Prospect involves an open pit gold mine and milling operations to produce a metal product. It is surrounded with sand wash-covered area partially surrounded by a number of hills rising some 50 m above the central basin floor between 950 and 970 m above sea level. Ad Duwayhi commercial production will begin in 2015.

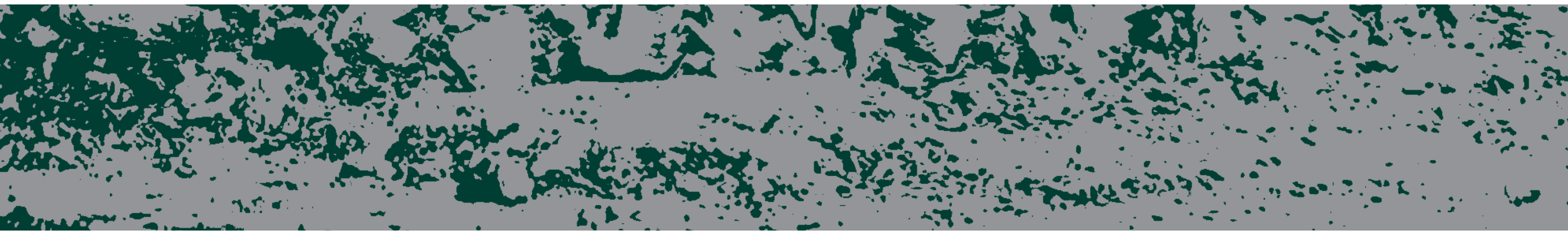
Exploration activity - Gold
Ma'aden depends on mineral exploration to identify and evaluate new mineral resources to sustain and grow its businesses in the Kingdom. Gold exploration is focused in the geological area known as the Arabian Shield, which is divided into three operational areas: Northern Arabian Gold Region, Central Arabian Gold Region and Southern Arabian Gold Region.

Prospects

Mansourah
The Mansourah prospect is located 460km northeast of Jeddah and consists of two discrete adjacent deposits, an upper oxide gold and an underlying sulphide bearing gold mineralization zone.

Masarrah
The Massarrah prospect is located approximately 67km east of Zalim in Makkah Al Mukaramah Province. It consists of two discrete adjacent deposits, an upper oxide gold and an underlying sulphide-bearing gold mineralization zone.

Ar Rjum
The Ar Rjum prospect is located in the Makkah Al Mukaramah Province approximately 20km southeast of the town of Al Muwayh, which is situated on the Taif-Riyadh highway and approximately 300km from Jeddah. The gold mineralization occurs in two discrete, adjacent deposits at Waseemah and Umm Ana'am.



01 As Suq metallurgy lab
02 Processing ore at As Suq

Key numbers

Gold production

	2014	2013	2014	2013	2014	2013
	Mahd Al Dhahab		Al Amar		Bulghah	
Tonnes mined	**200,710**	205,735	**252,550**	229,564	**2,363,286**	2,399,867
Grade (grammes per tonne)	**5.95**	6.52	**6.91**	6.97	**0.99**	0.79
Tonnes milled	**200,031**	199,933	**215,229**	241,268	**2,161,606**	2,048,124
Grade (grammes per tonne)	**5.90**	6.40	**7.4**	7.00	**0.80**	0.70
Recovery %	**93.2**	94.50	**93.2**	87.00	**45.9**	55.70
Ounces produced	**34,280**	37,423	**48,411**	45,288	**54,179**	49,923

	Sukhaybarat		As Suq		Total	
Tonnes mined	**1,702,926**	-	**838,016**	504,675	**3,860,868**	**2,835,166**
Grade (grammes per tonne)	**1.15**	-	**1.06**	0	**1.66**	**1.71**
Tonnes milled	**631,025**	8,957	**758,328**	80,582	**3,966,219**	**2,551,013**
Grade (grammes per tonne)	**1.9**	0.97	**1.10**	0	**1.4**	**1.51**
Recovery %	**83.8**	93.00	**65.8**	0	**88.3**	**70.90**
Ounces produced	**2,687**	213	**14,427**	0	**153,984**	**133,677**

Gold sales

	2014	2013	2014	2013	2014	2013
	Mahd Al Dhahab		Al Amar		Bulghah	
Gold revenues (SAR '000)	**156,183**	198,817	**221,840**	227,119	**256,338**	272,569
Gross profit (SAR '000)	**62,094**	108,539	**148,924**	150,462	**119,006**	127,929
Capital expenditure (SAR '000)	**24,521**	13,258	**33,855**	10,211	**13,727**	7,584
Net cash cost per ounce (USD /oz)	**682**	567	**330**	355	**600**	642
Average realized sales price (USD /oz)	**1,245**	1,335	**1,263**	1,322	**1,262**	1,419
Ounces sold	**33,454**	39,463	**46,834**	45,807	**54,179**	51,222

	Sukhaybarat		As Suq		Total	
Gold revenues (SAR '000)	**12,438**	1,302	**68,333**	0	**715,132**	**709,254**
Gross profit (SAR '000)	**3,640**	3,009	**1,914**	0	**302,883**	**353,242**
Capital expenditure (SAR '000)	**4,936**	25,032	**10,283**	0	**87,322**	**56,085**
Net cash cost per ounce (USD /oz)	**1,197**	468	**835**	0	**566**	**526**
Average realized sales price (USD /oz)	**1,234**	1,631	**1,263**	0	**1,258**	**1,365**
Ounces sold	**2,687**	213	**14,427**	0	**151,582**	**138,513**

Ma'aden's Gold

3,000 years ago

Gold first mined at Mahd Ad Dhahab

750-1258 CE

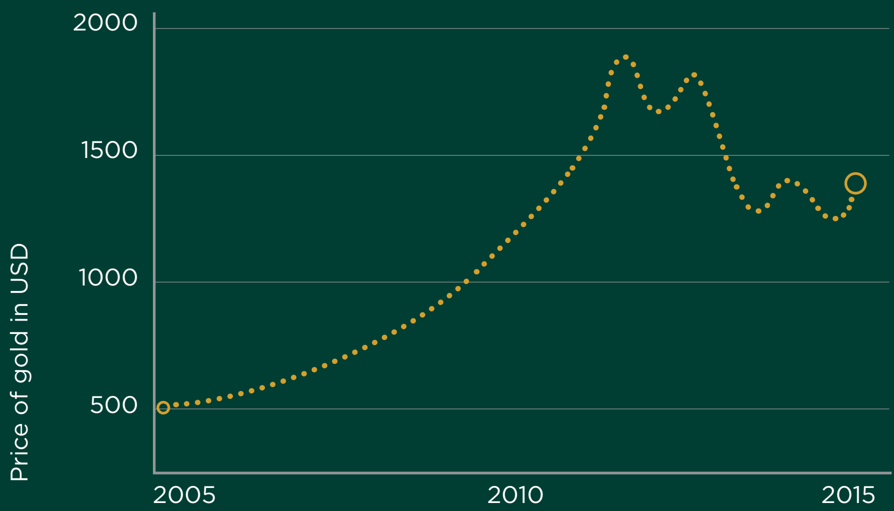
Second wave of mining during Abbasid Caliphate

1997

Ma'aden established; gold is its first commodity

2014

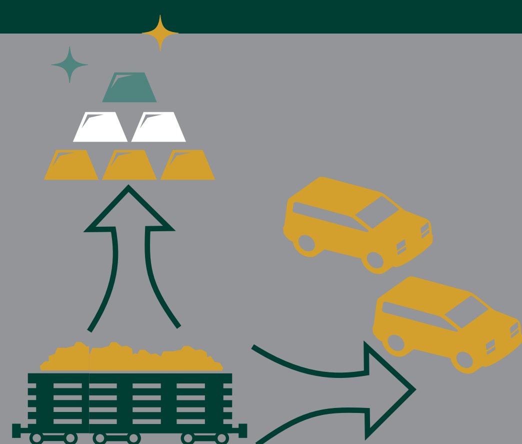
Ma'aden gold sales = SAR715 million



Mahd Ad Dhahab means golden cradle in Arabic

by-products of gold mining

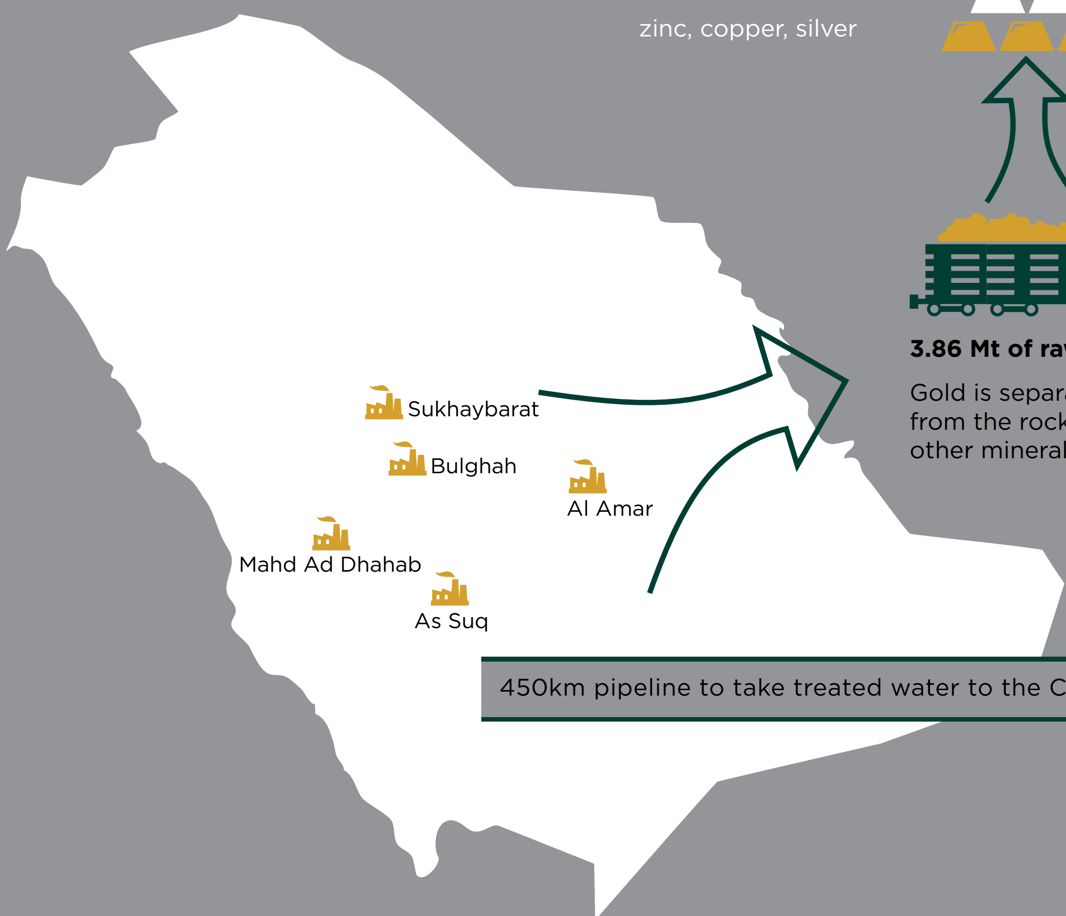
zinc, copper, silver



3.86 Mt of raw ore

Gold is separated from the rock and other minerals

Ma'aden produced **153,984 oz** of gold which is equivalent to the weight of two SUVs



450km

450km pipeline to take treated water to the Central Arabian Gold Region

Industrial minerals

01 Refinery at Ras Al Khair
02 Processing plant at Ras Al Khair

3 %

projected growth in demand for Kaolin annually

Industry overview

Industrial minerals play a significant role in all of our lives, no matter where in the world we live. They are used either as raw materials or additives in industries ranging from construction to ceramics and paints to plastics. They are the nearly invisible components present in all manner of products from the plates on our dinner tables to complex medications. Their physical or elemental properties make them irreplaceable in a variety of applications including chemicals, electronics and paint.

The Industrial Minerals Company (ICM) currently focuses on producing three such industrial minerals: low-grade bauxite (LGB), kaolin, and caustic-calcined magnesia (CCM). Our products are supplied to Ma'aden affiliates, Saudi Arabia, the Gulf Cooperation Council, and other international customers.

Because of its quality, LGB ore cannot be used for production of alumina; instead, its primary use is in the cement industry. We are working to develop other non-metallurgical uses with potential domestic customers.

Kaolin, also known as china clay, is valued for its whiteness and is primarily used as a filler and coating pigment in paper, paints and plastics, paper being the largest market. It is also used in ceramics (the second largest end-market), fiberglass, white cement and refractories. It achieves its whiteness either naturally or through extensive processing. IMC's kaolin is now being used in the phosphate industry for the production of phosphoric acid.

CCM is an essential component in a number of agricultural, environmental, construction and industrial applications. It promotes plant and livestock health, is used to treat industrial wastewater, reduce air pollution, clean up hazardous chemical spills, and create popular flooring cements.

The outlook for each of these minerals varies according to their usage and global demand.

The worldwide kaolin market, for example, is on the road to recovery after significant dips in the late 2000s. Since then, production sources have changed significantly, largely due to a contraction in US output. Global kaolin demand is nonetheless expected to grow more than 3 percent annually every year until 2018, given the continuing drop in the paper market, the post-recession comeback and advances in manufacturing across key markets.

Demand is expected to swing away from the United States and western Europe and towards Asia-Pacific,

01 Minerals processing at As Suq
02 Products that can be made from kaolin: porcelian tiles, cement, plastic cling wrap, paint, paper pigment.

particularly India, China, Malaysia and Thailand, with ceramics as the mainstay of the Asian market and paper fillers and extenders the primary consumer in the western markets. Demand from the ceramic industry is expected to keep rising as population and per capita growth increase across the emerging nations in Asia and the Middle East. Producers in the Middle East and Asia – including Ma'aden – are well placed to take advantage of this, supplying more kaolin in 2012 than in 2000.

In addition, the construction, real estate and ceramics industries in Saudi Arabia and throughout the GCC are on the rise once more, ensuring a ready domestic and regional market for Ma'aden's LGB, kaolin and CCM.

Industrial Minerals Company

At Ma'aden, industrial minerals are an indicator of our future orientation. The versatility, specificity and newness of these resources and their applications require some of our most exacting efforts and challenge us to stay ahead of constantly evolving industries and emerging technologies.

Our relatively young Industrial Minerals division has grown steadily and consistently since its beginning with LGB in 2008, adding kaolin and CCM in 2011 and posting year-over-year growth ever since. 2014 proved just as promising, with total output exceeding 1.2 million tonnes and sales value increasing by 17 percent with strong markets across all portfolios.

Low-grade Bauxite and Kaolin

Az Zabirah in Ha'il Province is home to our LGB and kaolin mine as well as our processing facility. Our joint facility, spread over 28km^2, has been the scene of many major operational improvements this year, leading to enhanced retrieval and product quality.

LGB sales increased 3.5 percent to 967,307 tonnes in 2014 compared to 2013. We were able to respond quickly and effectively to an increased demand from the domestic market, solidifying our long-term domestic base.

Our production from the Az Zabirah mine increased nearly 4 percent in 2014, to 1.086 million tonnes, exceeding one million tonnes for the second consecutive year, thanks in large part to operational improvements at the mine.

Kaolin is one of our biggest success stories of 2014: sales increased 27 percent compared with 2013 to 77,164 tonnes in 2014. Our mined volume grew nearly 29 percent compared with 2013, to 82,697 tonnes.

1.2 million

tonnes total IMC output for 2014

Products that can be made from kaoline

Porcelain tiles

Cement

Plastic cling wrap

Paint

Paper pigment

Magnesite

Magnesium, one of the world's most abundant elements, is at the heart of Ma'aden operations in Al Ghazalah, in the north-central part of Saudi Arabia. From the Al Ghazalah magnesite deposit, where ore is crushed and screened, the different grades of ore travel to the processing plant at Al Madinah Industrial City, where it is converted via a multiple-hearth furnace into caustic calcined magnesia (CCM).

In the few years since Ma'aden's first foray into magnesite, the potential in this industrial mineral has mushroomed. Our annual designed CCM capacity of 39,000 tonnes is currently serving the feedstock needs of applications as diverse as animal feed, fertilizer, fiberglass, metallurgy, abrasives, paper and pulp, waste water treatment and magnesium special compounds.

Stabilizing the CCM production line is one of our major achievements in 2014. Integrating existing inventory in 2014 enabled us to save on mined volume from the Al Ghazalah mine, but we still processed more than 71,000 tonnes of magnesite ore, a 12 percent increase over the previous year. From this, CCM production averaged 31,000 tonnes, a 22 percent jump over 2013. The even better news is that sales increased by 26 percent to 36,786 tonnes in 2014.

The year also brought strong market growth, with development of CCM sales not only in Saudi Arabia, but also across the GCC and Middle East, and into Europe and other markets.

Operational improvements are also imminent, including reducing operating costs at Al Ghazalah mine, expanding product and client portfolios, and opening new avenues for CCM applications in the domestic market. Future prospects are

12%

increase in magnesite ore production

Annual production (tonnes)

	2014	2013
Kaolin	**82,697**	64,298
Low-grade bauxite	**1.086 million**	1 million
Caustic calcined magnesia	**36,169**	29,505

01 The main control room at Ras Al Khair
02 Ras Al Khair plant

also promising; Ma'aden holds exploration licenses for magnesite in the nearby Jabal Al Rokham and Jabal Abt; areas that offer lower magnesite grade but potentially larger yields.

In terms of employment, we have achieved 65 percent Saudization within Ma'aden Industrial Minerals Company, a significant achievement and a number we will strive to improve on in coming years.

A fine year

With overall sales turnover exceeding SAR176 million – an increase of 17 percent compared to 2013 – this has been a strong year for IMC.

We anticipate an even brighter 2015 with further progress in our production capabilities and mine development, as well as the penetration into new markets and an expansion of our product portfolio.

SAR 176 million

IMC sales in 2014

Ma'aden's Industrial minerals

Low Grade Bauxite = LGB

3.5%
LGB sales increase

Ma'aden has produced LGB since 2008

1.086 Mt
2014

LGB
used in cement production

Kaolin

Kaolin can be used in ceramics

Kaolin is used as an additive in **phosphoric acid** manufacturing

Kaolin can be used in plastics and fiberglass

Kaolin can be used to pigment paper and pulp processing

Sales increased by
27%

Mining volume increased
29%

The Industrial Minerals company reached
65%
Saudization in 2014

Caustic Calcinated Magnesia = CCM

CCM is used to treat industrial waste water and reduce air pollution

sales grew by
26%

CCM promotes plant and livestock health

29,505 tonnes of CCM produced in 2014

TOXIC

CCM is used to clean chemical spills

Ma'aden has produced CCM since 2008

01 At Ma'aden's Head Office in Riyadh

Governance, compliance and risks

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

Success built on visionary Leadership

Over the course of 2014, Ma'aden continued to make substantial progress in our mission to develop mining as the third pillar of the Saudi economy alongside oil and petrochemicals.

The importance of many of the achievements of the past year cannot be overstated. In 2014 Ma'aden completed the construction of all its aluminium businesses. In this context, the announcement in December that Ma'aden had produced the first alumina from Saudi Arabian bauxite, is notable for two reasons.

Firstly, for the engineering feat – our alumina refinery at Ras Al Khair Industrial City is the first refinery in the region and a key component of what is now one of the world's most efficient aluminium complexes.

Secondly, for the symbolic importance of this accomplishment. This was the final link in our mine-to-market value chain that Ma'aden has been working towards since establishing our joint venture with Alcoa. We now have the ability to produce a Saudi beverage can from a Saudi rock – and this is translating directly into revenue: the contribution of aluminium to Ma'aden's overall output grew significantly, with production increasing 252 percent and sales 212 percent respectively compared to 2013.

Visionary example

As 2014 ended, Ma'aden was also passing an important milestone in the King Abdullah Project for the Development of the North, which will cover an area of 440 km^2, including a SAR28 billion phosphate facility developed by Ma'aden, Mosaic, and SABIC. This world-class complex will have a production capacity of 16,000 tonnes of phosphate products and begins operation in late 2016. Together with our partners, Ma'aden has begun construction of the residential infrastructure.

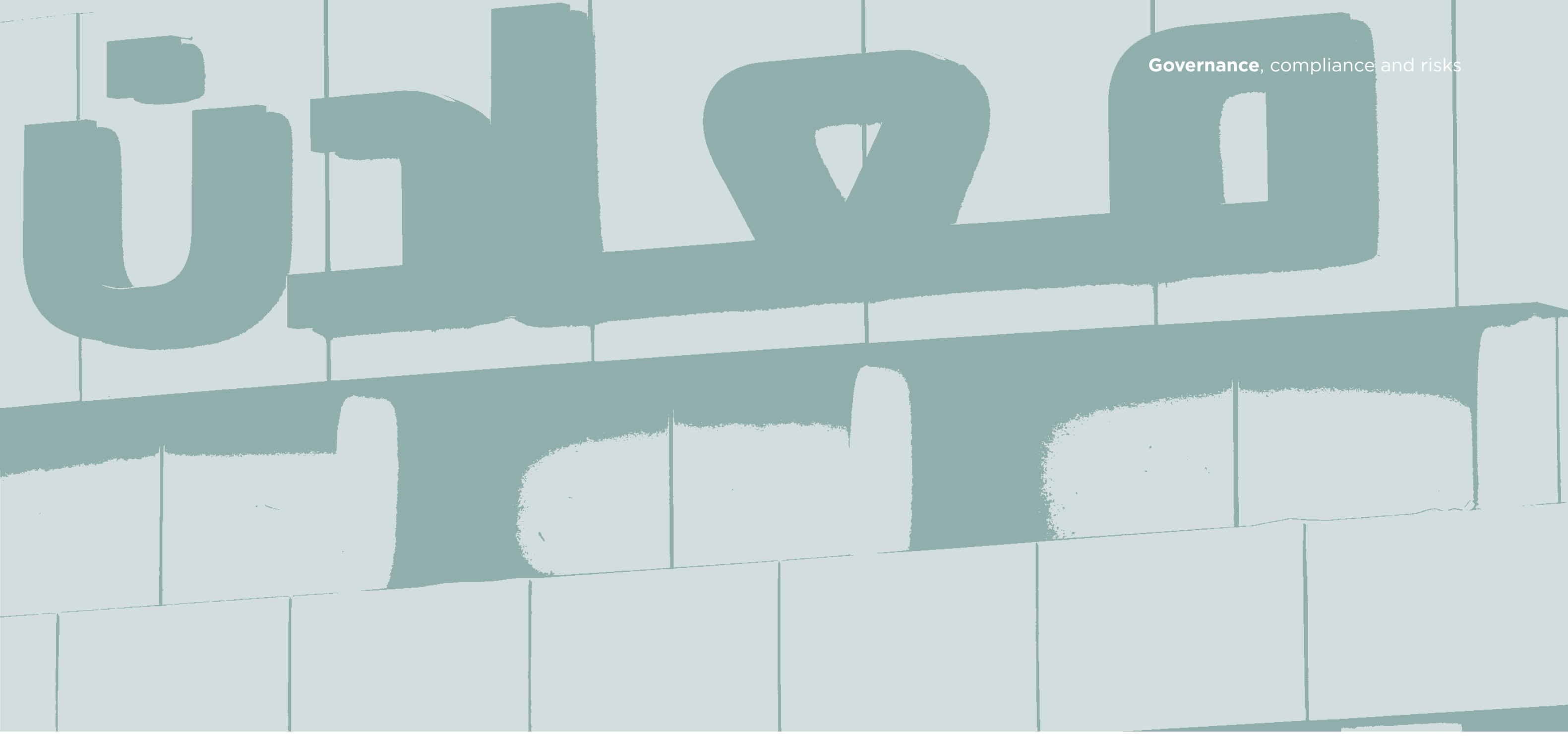
The project is a major landmark in Ma'aden's long-term growth which will enable increased output and revenue. Furthermore, the new development will elevate the living standards of people in the north and open up new economic opportunities.

The King Abdullah Project for the Development of the Northern Region is just one example of the vision of the late King. The Board of Directors and Ma'aden as a whole have benefited greatly from King Abdullah's wise counsel and generous support throughout our history.

After a smooth transition, we are now grateful for continued leadership from King Salman Bin Abdulaziz, the Custodian of the Two Holy Mosques and the Crown Prince, as well as the support of our partners, the Ministry of Petroleum and Mineral Resources and other government agencies.

A maturing company

In adopting 'mine-to-market' as the theme of our 2014 annual report, Ma'aden's intent is to demonstrate our transition from a project-based company to an operational



organization. With the completion of mega projects in aluminium and phosphates, the foundations we have been putting in place since our establishment are now maturing into strong businesses generating increasingly healthy revenues.

A crucial part of all our projects are the accompanying social initiatives to ensure that these projects benefit the local communities around our operating sites. Ma'aden is committed to creating new levels of local employment and community welfare, and is also playing a key role in educating, training and employing a new generation of Saudi nationals who can benefit from the mining and mineral sector's growing opportunities.

The publication of our first Sustainability Report during 2014 is indicative of our pride in these accomplishments, and how deeply sustainability principles are embedded throughout our organization.

Building capability

Ma'aden's world-class vision cannot be achieved without an effective strategy and without an organization that can deliver. The Board of Directors and management continue to work together to ensure that important initiatives are taken to strengthen the organization, its policies and practices. These have included initiatives to embed sustainability, strengthen the company's governance regime, and build capacity in terms of talent, systems and technology.

Ma'aden is thus well on its way to achieving its vision and goals for growth, diversification and higher profitability. To accomplish this we have refreshed our strategy into four key imperatives:

- achieving the highest production while minimizing costs through operational excellence
- raising marketing capabilities
- intensifying exploration activities
- attracting and developing skilled Saudi personnel.

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

Abdullah Bin Saif Al-Saif
Chairman

Board of **Directors**

Eng Abdallah Bin Saif Al-Saif

Chairman of our board of directors. An independent member, he also chairs the Board's Executive Committee and the Nomination and Remuneration Committee. Al-Saif holds a bachelor's degree in petroleum engineering. He also sits on the Board of the Dhahran Emaar Company.

HE Mohammed Bin Abdullah Al-Kharashi

Non-executive member and chairs the Board's Audit Committee. He holds a master's degree in accounting and sits on the boards of Saudi Basic Industries Corp (SABIC), and Saudi Telecom Company (STC).

HE Suleiman Bin Abdulrahman Al-Gwaiz

Non-executive member and sits on the Board's Executive Committee. He holds a bachelor's degree in business administration. He also sits on the board of Banque Saudi Fransi (BSF), the Hassana Investment Company, and the Saudi Investment Group.

Mansour Bin Saleh Al-Maiman

Non-executive member and sits on the Board's Nomination and Remuneration Committee. He holds a master's degree in business administration and a bachelor's degree in accounting and business administration, and is the Chairman of the National Commercial Bank. He sits on the boards of NCB Capital, the Saudi Railway Company (SAR), and Sanabil Investments.

Sultan Bin Jamal Shawli

Non-executive member and sits on the Board's Executive Committee. He holds a master's degree in petrological studies, and specialized in sedimentary environments of phosphate rocks in Saudi Arabia. He does not hold any other board membership in a public company.

Eng Khalid Bin Hamad Al-Senani

Non-executive member and sits on the Board's Audit Committee. He holds a master's degree in construction project management and a bachelor's degree in civil engineering. He does not hold any other board membership in a public company.

Eng Abdulaziz Bin Abdullah Al-Suqair

An independent member and sits on the Board's Executive Committee. He holds a master's degree in electrical engineering and a bachelor's degree in electrical and electronic engineering. He is also the Chairman of the Board of the Saudi Telecom Company (STC).

Dr Ziyad Bin Abdulrahman Al-Sudairy

An independent member and sits on the Board's Nomination and Remuneration Committee. He holds a doctoral degree in law and a bachelor's degree in political science. He does not hold any other board membership in a public company.

Eng Khalid Bin Saleh Al-Mudaifer

President and CEO, is the executive member of the Board. He also sits on the Board's Executive Committee and Nomination and Remuneration Committee. Al-Mudaifer holds a master's degree in business administration and a bachelor's degree in civil engineering. He is also on the board of the Gulf International Bank (GIB).

01 Ma’aden head office in Riyadh
02 Board meeting on December 22, 2014

Governance, compliance and risks

Highest standards and best practices
There are four main bodies in charge of the company’s governance:

1. Shareholders
2. Board of Directors and supporting committees
3. President and CEO
4. Management committee.

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

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

We strive to achieve this through several clearly established by-laws, policies, procedures and directives, including:

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

Role of shareholders
Our General Assembly is the platform where shareholders exercise their voting rights. Shareholder consent is required for key decisions such as the approval of the financial statements, the Board of Directors report on the company’s activities, the review and approval of the Board of Directors’ recommendations on dividend payments, the election of board members, amendments to the articles of association, appointment of external

The corporate governance framework includes:

- Audit Committee Charter
- Nomination and Renumeration Committee Charter
- Executive Committee Charter
- Business Conduct Guidelines
- Whistle-blowing Policy
- Conflict of Interest Policy
- Health Safety and Environmental Policy

02

auditors, and raising registered capital. Each shareholder is entitled to one vote.

Board of Directors

The main functions of the Board are to:

- approve the strategic plans and key objectives of the company and supervise their implementation
- lay down rules for internal control systems and supervise them
- lay down specific and explicit policies, standards and procedures for the membership of the Board of Directors and implement them after they have been approved by the General Assembly
- outline a written policy that regulates the relationship with stakeholders with a view to protecting their respective rights
- approve the quarterly financial statements
- approve policies and procedures to ensure the company's compliance with laws and regulations including the company's obligation to disclose material information to shareholders, creditors and other stakeholders
- appoint the CEO and senior executives
- assess overall operational performance against approved strategic plans and objectives.

As of December 31 2014, our Board of Directors is comprised of nine members. The term of office for each member is three years, and the Board meets at least once every quarter.

Although the Board performs its tasks collectively, it delegates some of its work in order to perform its duties in an effective manner. The committees to whom these tasks are delegated are:

- the Audit Committee
- the Nomination and Remuneration Committee
- the Executive Committee.

3 years

term of service for Board of Directors

01 An example of Ma'aden Aluminium

Members of the Board of Directors

Name	Membership status	Meetings attended	Committee membership
Eng Abdallah Bin Saif Al-Saif	Independent	8	Nomination and Remuneration Committee Executive Committee
HE Mohammed Bin Abdullah Al-Kharashi	Non-executive	8	Audit Committee
HE Suliman Bin Abdulrahman Al-Gwaiz	Non-executive	7	Executive Committee
Mansour Bin Saleh Al-Maiman	Non-executive	7	Nomination and Remuneration Committee
Eng Khalid Bin Hamad Al-Senani	Non-executive	5	Audit Committee
Eng Sultan Bin Jamal Shawli	Non-executive	6	Executive Committee
Dr Ziyad Bin Abdulrahman Al-Sudairy	Independent	4	Nomination and Remuneration Committee
Eng Abdulaziz Bin Abdullah Al-Suqair**	Independent	5	Executive Committee
Eng Khalid Bin Saleh Al-Mudaifer	Executive	8	Nomination and Remuneration Committee Executive Committee
HE Soliman Bin Saad Al-Humayyd*	Independent	0	Executive Committee

Audit Committee

The Audit Committee was formed on November 15, 2008, and its terms are renewed every three years in accordance with Article 14 of the corporate governance regulations issued by the Board of the CMA. Under this article, the General Assembly of shareholders, upon recommendation of the Board of Directors, is authorized to issue rules for appointing the members of the Audit Committee, define the terms of their office and the procedures to be followed by the committee.

The committee completed its second term on October 24, 2014. Accordingly, the members of the committee were appointed for the third term through a Board resolution issued on October 26, 2014.

The newly appointed committee continues to be chaired by HE Mohammed Bin Abdullah Al-Kharashi with the following five members: Eng Khalid Bin Hamad Al-Senani, Eng Abdullah Bin Mohammed Al-Fayez, Dr Abdullah Bin Hassan Al-Abdulqader, Mazen Bin Abdullah Al-Fraih, and Waleed Bin Ibrahim Shukri.

The first meeting of the committee's third term was held on December 14, 2014.

The committee oversees the internal

* Mr. Soliman Bin Saad Al-Humayyd submitted his immediate resignation on Tuesday, December 9, 2014 from his position as an independent member of the Ma'aden Board of Directors, due to his appointment as the Minister of Social Affairs.
** Term of service ended for Eng Abdulaziz Bin Abdullah Al Suqair on October 24, 2014.

Membership on other closed and listed joint-stock companies
Dhahran Emaar Company
Saudi Telecom Company (STC) Saudi Basic Industries (SABIC)
Banque Saudi Fransi (BSF) Hassana Investment Company Saudi Investment Group
National Commercial Bank (NCB) Saudi Railway Company (SAR) NCB Capital Sanabil Investments
None
None
None
Saudi Telecom Company (STC)
Gulf International Bank
Al Faisaliah Group (AFG) Mohammed Abdulaziz Al-Rajhi & Sons Holding Company

audit department's activities which it reports to the committee. The committee also oversees the effectiveness of information systems controls, adequacy of internal controls over financial reporting, review of the financial statements, Enterprise Risk Management (ERM) activities, the appointment of external auditors, and other general activities related to the external audit.

The major roles and responsibilities of the committee include the following:

- review Ma'aden's adopted financial policies and procedures and recommend their final approval to the Board
- review the interim and annual standalone and consolidated financial statements of Ma'aden and its subsidiaries
- recommend the appointment of the external auditors to the Board
- review internal audit reports and approve the annual internal audit plan, internal audit policies and procedures
- conduct or authorize initiation of investigations related to any matter, as it deems appropriate, in the best interest of the company, having unrestricted access to management and information relevant to the investigation.

Members of the Audit Committee

Name	1 19 Jan 2014	2 24 Feb 2014	3 14 April 2014	4 15 July 2014	5 23 Oct 2014	6 14 Dec 2014	total
HE Mohammed Bin Abdullah Al-Kharashi	●	●	●	●	●	●	6
Eng Khalid Bin Hamad Al-Senani	●	●	●	●	●	●	6
Eng Abdullah Bin Mohammed Al-Fayez	●	●	●	●	●	●	6
Dr Abdullah Bin Hassan Al-Abdulqader	●	●	●	●	●	●	6
Mazen Bin Abdullah Al-Fraih	x	x	●	●	●	●	4
Waleed Bin Ibrahim Shukri	-	-	-	-	-	●	1

Members of the Nomination and Remuneration Committee

Name	1 16 feb 2014	2 07 Sep 2014	3 26 Oct 2014	4 13 Nov 2014	5 21 Dec 2014	total
Eng Abdallah Bin Saif Al-Saif	●	●	●	●	●	5
Mansour Bin Saleh Al-Maiman	●	●	●	●	●	5
Dr Ziyad Bin Abdulrahman Al-Sudairy	●	●	●	●	x	4
Eng Khalid Bin Saleh Al-Mudaifer	●	●	●	●	●	5

Nomination and Remuneration Committee

On October 26, 2014, Maaden's Board issued a resolution to appoint the Nomination and Remuneration Committee members for the third session. There are four members; Mansour Bin Saleh Al-Maiman, Dr Ziyad Abdulrahman Al Sudairy, and Eng Khalid Bin Saleh Al Mudaifer, and Eng Abdallah Bin Saif Al-Saif, who serves as chairman. The first meeting of the third session was held on December 21, 2014.

The key duties and responsibilities of the committee are to:

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

Executive Committee

The Executive Committee was formed on November 15, 2008 and consisted of a chairman, Eng Abdallah Bin Saif Al-Saif, and four members; HE Soliman Bin Saad Al-Humayyd, Abdulaziz Bin Abdullah Al Suqair, Eng Sultan Bin Jamal Shawli, and Eng Khalid Bin Saleh Al Mudaifer. The executive committee was formed for the second session on October 24, 2011 with no change in members or chairman.

On October 26, 2014 Maaden's Board issued a resolution to appoint the Executive Committee members for the third session, chaired by Eng Abdallah Bin Saif Al-Saif with members HE Suliman Bin Abdulrahman Al-Gwaiz, Eng Sultan Bin Jamal Shawli, Eng Khalid Bin Saleh Al Mudaifer, and HE Soliman Bin Saad Al-Humayyd, who was re-elected to the Board of Directors on November 13, 2014 by the General Assembly. The first meeting of the third session was held on November 13, 2014.

The duties and responsibilities of the Executive Committee are to:

- review Ma'aden's objectives and strategies, and make recommendations to the Board to help achieve the objectives and execute the business plan and strategies efficiently

Members of the Executive Committee

Name	1 16 Feb 2014	2 29 Jun 2014	3 07 Sep 2014	4 23 Nov 2014	total
Eng Abdallah Bin Saif Al-Saif	●	●	●	●	4
HE Suliman Bin Abdulrahman Al-Gwaiz	●	●	●	●	4
Eng Abdulaziz Bin Abdullah Al-Suqair**	●	●	●	-	3
Eng Sultan Bin Jamal Shawli	●	●	●	●	4
Eng Khalid Bin Saleh Al-Mudaifer	●	●	●	●	4
HE Soliman Bin Saad Al-Humayyd*	-	-	-	●	1

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

Details of the roles and responsibilities of the three committees are explained in their respective charters, which are available on our website: www.maaden.com.sa/en/investor/governance

Role of management

The President and CEO, along with senior executives form the Management Committee, perform a number of key functions. These include setting clear business objectives within an appropriate ethical framework, establishing good processes, providing for transparency and clear lines of responsibility and accountability, implementing sound business planning, integrating business risk management throughout the company, having the right people with the right skills for the job, having sound communication, establishing clear boundaries for acceptable behavior, evaluating and driving performance, recognizing individual and group contributions, and establishing and maintaining adequate internal controls.

Compliance and ethics

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

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

* Mr. Soliman Bin Saad Al-Humayyd submitted his immediate resignation on Tuesday, December 9, 2014 from his position as an independent member of the Ma'aden Board of Directors, due to his appointment as the Minister of Social Affairs.
** Term of service ended for Eng Abdulaziz Bin Abdullah Al Suqair on October 24, 2014.

01 Ma'aden employees working at the head office
02 Ma'aden values teamwork

2015

New Code of Conduct approved by the Board

During 2014, we have undertaken a number of initiatives to further embed ethics and a culture of compliance throughout the Company. We have recommended a new comprehensive Code of Conduct which defines the fundamental principles for doing business consistent with all applicable laws and Ma'aden's values. The new Code of Conduct helps guide stakeholders on how to conduct business on behalf of Ma'aden and provides direction on where to go when there are questions or concerns. The new Code of Conduct also reflects the diversity of Ma'aden's people, their cultures, and their experiences wherever they are located. The new Code of Conduct was approved by Ma'aden's Board in January 2015.

Ma'aden has also performed a gap analysis comparing our procedures to international best practices which helped us identify several policies that were drafted in 2014 and are expected to be rolled-out in 2015. In addition, we developed a broader compliance awareness plan, which includes compliance and ethical training sessions for new employees, and periodical awareness newsletters and emails on compliance topics. We also created a database with all approved compliance policies and forms, which is easily accessible to all employees.

Along with these measures, we enhanced our whistleblowing mechanisms to allow employees to more easily and confidentially report concerns, including establishing an integrity line and a dedicated intranet site. We have also created an on-line mechanism for employees to declare any actual or potential conflicts of interest.

HSE policy

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

Ma'aden's HSE policy provides the foundation for our overriding commitment to continually improve our health, safety, and environmental performance standards in gold, base metals, phosphate, aluminium, and our other industrial minerals projects. The company's objective is to have zero harm to people and the environment.

The guidelines and policies are available on our website: www.maaden.com.sa/en/investor/hse

Managing risks

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

standards on risk management.

Risk is inherent in every business activity. We appreciate that successful business is not about avoiding risk altogether. Rather, it is about finding ways to mitigate negative impacts of risks while capitalizing on opportunities.

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

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

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

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

We use insurance to mitigate the potential impact of some risks centrally. A formal process to review and monitor the implementation status of the risk mitigation plans on a regular basis has also been designed and implemented.

Internal Audit

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

With 12 full time professionals headed by the Chief Audit Executive, IAD provides assurance and consultations to strengthen

12

full time professionals in the internal audit department

01 The lobby of Ma'aden's head office
02 Strategy Manager Fahad Al Onazi
03 Ma'aden uses sophisticated security software

160

audit engagements performed in 2014

all Ma'aden operations. IAD consultancy services include vital management functions, system implementation reviews, and responding to enquiries from management to facilitate risk-centric decisions.

In 2014, we maintained our focus on aligning audit and organizational strategies that have helped us and our subsidiaries improve the level of corporate governance. As a result, the group continued to achieve considerable financial reporting stability and full compliance with the local regulatory framework, the lenders' requirements, and the International Financial Reporting Standards (IFRS) recommended by the Saudi Organization of Certified Public Accountants (SOCPA).

We successfully maintained our efficiency and effectiveness in financial reporting which enabled Ma'aden to make early announcements of audited financial results. We are thus able to hold our annual General Assembly of shareholders before the end of the first quarter of 2015.

Our current practice is aligned with the International Professional Practices Framework (IPPF) and our risk-based methodology allows the assessment of organizational performance along the lines of risk-rating criterion, and our understanding of the different risk profiles for each of the Ma'aden SBUs enables us to tailor audit plans that best suits Ma'aden's risk environment.

The outcome of this process is a risk-based internal audit plan for every year which is presented to the Audit Committee for approval. In 2014, we performed 160 audit engagements, the highest number ever since our formation, and covered a significant proportion of Ma'aden's risk universe.

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

We will continue to equip ourselves with the latest technology-assisted tools and work towards building a continuous auditing model by utilizing the potential offered by our automated audit environment.

Investor Relations

At Ma'aden Investor Relations, we strive to be a world-class investor relations team. Our commitment as a key resource to the financial community and Ma'aden leadership is to be a reliable, responsive and transparent source of valuable information.

We are dedicated to uphold our core values of integrity and high ethical standards in our relationships with all our stakeholders. Our investor relations program ensures transparency in all communications while complying fully with the continuous and consistent disclosure obligations stipulated by the Kingdom's Capital Market Authority.

We also ensure timely flow of information through various channels such

as the website, Tadawul announcements, and conference attendance. In addition, we offer access to our Investor Relations team by phone and email, and host special events for analysts and investors including an Investor Day and earnings calls.

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

Ma'aden has been a member of the Middle East Investor Relations Society (MEIR) since October 2012.

Disclosure

The company is obligated to continuously disclose any material developments and financial information through official channels, such as, the Saudi Stock Exchange (Tadawul) and the company's website. No penalties, sanctions, or reserve restrictions related to disclosure were imposed on the company by regulatory, supervisory, monitoring, or judicial authorities during 2014.

Deals with related parties

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

Remuneration and compensation

Remunerations and compensation paid to the board members and senior executives of the company for the fiscal year ending on December 31, 2014 were as follows:

Remuneration and compensation paid to the Board of Directors and Senior Executives

	Executive members of the Board of Directors	Non-executive/ independent members of the Board of Directors	Five highest earning senior executives including the CEO and the CFO
Salaries and compensation	--	--	8,259,636
Allowances	251,000	2,157,370	2,890,873
Regular and annual remunerations	--	--	650,006
Incentive plans	--	--	3,474,000
Any compensation or benefits in kind paid monthly or annually	--	--	238,288
Total	**251,000**	**2,157,370**	**15,512,803**

All numbers in Saudi Riyals

Management **Committee**

Khalid Bin Salem Al-Rowais
CFO & SVP, Finance & IT

Eng Khalid Bin Saleh Al-Mudaifer
President and CEO

Nabil Bin Abdulaziz Al-Fraih
SVP, HR, Sustainability & Industrial Security

Majid Bin Yousif Al-Mugla
SVP, Northern Promise & Project Mgt.

Thomas Walpole
SVP, Aluminium SBU

Khalil Bin Ibrahim Al-Watban
SVP, Phosphate and IM SBU

Bruce Kirk
SVP, Corporate Exploration

Yahia Bin Mohammed Al-Shangiti
MGBM President/VP Precious Metals SBU (A)

Khaled Bin Sulaiman Al-Ohali
VP Strategy, Planning and Development

Stephen Bodley
Chief Legal Counsel

Kobus Moolman
Chief Audit Executive

01 Taking measurements near As Suq

Exploration, Mineral Resources and Ore Reserves

We have invested significantly in systematically exploring our portfolio of exploration licenses. We continue to grow our mineral resources and ore reserves.

01

Exploration: safeguarding Ma’aden’s future

The Ma’aden Exploration team is responsible for the discovery and evaluation of new mineral resources needed to replace the progressive depletion of our current reserves through mining.

The safety of our people and the conservation of the natural environment is always our first priority in Exploration. Our safety programs continue to be developed to ensure the safety awareness and performance of our team. Continued refresher training in areas such as first aid and defensive driving help ensure the safety of our people. We have also introduced initiatives such as real-time satellite tracking of all field vehicles operating in remote desert areas to allow rapid response in an emergency. Ma’aden conducts regular audits of environmental compliance in Exploration.

The goals of long-term growth and sustainability rely on Exploration delivering a project pipeline of new resources to provide development options to sustain our existing businesses and grow new businesses.

The Exploration division carries out both regional greenfield exploration programs in remote unpopulated areas and near-mine brownfield exploration and resource evaluation for several commodities such as phosphate, metallurgical bauxite, gold, copper and magnesite.

Our greenfield gold exploration operations were fast tracked in 2013 and 2014 on existing Ma’aden exploration licences in the Northern Shield Areas, the Central Arabian Gold Region, the Southern Shield Region and the Eastern Shield Area (Al Amar area). Our greenfield exploration efforts will continue at similarly high levels of activity in 2015.

The Exploration team consists of 111 permanent employees including geologists and support staff and more than 40 contractors of various disciplines. The team completed over 200,000 meters of drilling of all types, and collected over 400,000 geochemical and drilling samples in 2014 in regional and near-mine exploration programs.

The total expenditure on greenfield and near-mine exploration in 2014 was SAR149 million. The size and scale of the Exploration budget and regional exploration program reflects Ma’aden’s commitment to sustained long-term growth of our businesses and the minerals industry in Saudi Arabia.

200,000 meters

of exploratory drilling in 2014

02


03

01 Exploration activities at our Al Baitha mine
02 Underground at Al Amar gold mine
03 Examining a core sample
04 Evaluating rock samples

2014 Exploration highlights:

- Continued exploration over a large area of the Saudi Arabian Shield for gold and base metals using geochemistry and drilling
- Exploration for extensions to metallurgical bauxite resources near Al Baitha mine.
- Completion of phosphate ore resource drilling on phosphate resources at Um Wu'al and Al Jalamid exploration licences
- Deep drilling near our existing gold mines at Mahd Ad Dhahab and Al Amar to explore for extensions to our known ore reserves
- Continued geological assessment and research of the different mineral belts of the Kingdom to select new prospective exploration areas for licence applications
- Continued professional development of Exploration staff to ensure industry best practice in advanced exploration technology, along with health, safety and environmental best practices.

SAR 149 billion

spent on exploration and resource drilling

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

We face many challenges in our mission to secure a long term mineral resource and ore reserve base for Ma'aden but we have built a highly competent Exploration team with the capability, capacity and the budget to achieve these demanding and exciting strategic goals.


04

Mineral Resources and **Ore Reserves**

Ma'aden is committed to a program of continued expansion of our mineral resources and ore reserves through greenfield exploration on our exploration licenses, brownfield exploration around our operating mines, feasibility studies on advanced projects and drilling within operating mines to define extensions to our known resources and reserves.

In 2014, Ma'aden completed an important phase of exploration on our phosphate exploration licenses and lodged applications to convert exploration areas into mining licenses. In addition to the resource evaluation drilling for phosphate, we also progressed resource evaluation of metallurgical bauxite at the Az Zabirah project for an update to be delivered in 2015. Mine operations teams also conducted drilling to define additional resources at our operating gold, phosphate and bauxite mines. The Jabal Sayid copper project was added to the portfolio.

JORC Code

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition (JORC 2012), is an internationally recognized professional code of practice that sets minimum standards for the public reporting of exploration results, mineral resources and ore reserves. It provides a mandatory system for the classification of resources and reserves according to the existing level of confidence in geological knowledge and technical and economic considerations. Reporting in compliance with JORC 2012 is mandatory for listed public companies in jurisdictions such as Australia and New Zealand, while very closely related standards apply in Canada and South Africa. The JORC Code was first published in 1989, and a sixth update was published in 2012.

Ma'aden established a Resources and Reserves Committee in 2013 to assess the quality of previous mineral resource and ore reserve estimates and to review all new estimates. Although significant progress was made during the year in updating the reporting of all material minerals resources and ore reserves estimates against the technical requirements of JORC 2012, several updates remain pending completion in 2015.

The mineral resources and ore reserves presented in this report are clearly stated as having the underlying documentation required for compliance with the public reporting standards of JORC 2012, or the prior 2004 edition, or alternatively as non-compliant. A process of internal and external audit, new estimation and revision of all resources and reserves, will continue to deliver all of our material mineral resources and ore reserves with the underlying documentation required for reporting according to JORC 2012.

Where underlying data does not currently meet the requirements set out in JORC 2012, this may be due to one or more of the following: mineral title pending renewal or conversion, where the strict requirements of competent person professional affiliation and consent for publication are lacking, or where legacy data quality issues do not meet the new JORC 2012 requirements. The name and employer of the competent person consenting to publication by Ma'aden of mineral resource and ore reserve

01 - 02 Ma'aden expanded exploration program covers both greenfield and brown-field sites

estimates is stated for each mineral resource or ore reserve estimate reported. These competent person consents are valid only for the stated date so there is no allowance for mining after this date. Where the underlying documentation for a mineral resource or ore reserve is not reported by an external competent person then allowances are made for depletion by mining to December 31, 2014.

Estimates

There is a degree of uncertainty involved in estimation and classification of ore reserves and mineral resources and the corresponding grades currently being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, quantities and grades must be considered estimates only. The quantity of ore reserves and mineral resources also varies with metal prices, operating costs and other modifying factors and is therefore dynamic.

Ore reserve estimates have been determined based on Ma'aden's or competent persons' long term price forecasts, cut off grades and costs that may prove to be inaccurate. Any material change in the quantity of ore reserves, arising from a change in assumptions on waste removal, plant recoveries, or other operational factors may affect the economic viability of the projects. Extrapolation of operational performance from small scale laboratory tests or pilot plants to full scale production may not prove to be valid and may consequently impact ore reserves. The results of drilling, metallurgical testing, production and evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. Volumes, grades and recoveries of ore reserves mined and processed may not be the same as currently anticipated. Any material reductions in estimates of ore reserves or Ma'aden's ability to extract these could have adverse effects on our businesses, prospects, financial condition and operating results.

With the exception of Jabal Sayid, Ma'aden's mineral resources are stated inclusive of ore reserves — reserves are contained within the larger volume of mineral resources. All tonnage and grade data have been rounded down and reported to appropriate significant figures relative to the accuracy of the estimate; so sums may not total exactly.

Mineral resources and ore reserves are stated on a 100 percent basis irrespective of Ma'aden's ownership interest in each project, but Ma'aden's ownership interest in all projects is expressly stated. Material changes in minerals resources and ore reserves from the 2013 Annual Report are noted below. The stated grade represents estimated contained mineral or ore in the ground and has not been adjusted for metallurgical recovery.

Exploration Licenses (ELs) confer the right to explore and evaluate but not to mine. Unless specifically noted, ore reserves are reported within current Mining Licenses (MLs) for which the right to mine has been granted. Those denoted Mining License Applications (MLAs) are in the process of conversion from exploration to mining title.

For a fuller explanation of terminology, please see the glossary (page 178).

Mineral Resources

Phosphate

	Ma'aden % ownership	Cut-off grade	Measured		Indicated		Inferred		Total	
		% P_2O_5	Mt	% P_2O_5	Mt	% P_2O_5	Mt	% P_2O_5	Mt	% P_2O_5
Al Jalamid	70	12	418	20.2	-	-	-	-	418	20.2
Al Jalamid MLAs	70	12	-	-	-	-	417	16.1	417	16.1
Al Khabra	60	12	204	17.8	175	16.4	47	17.3	426	17.2
WAS Block B6 MLAs	60	15	-	-	473	16.7	-	-	473	16.7
Umm Wu'al MLAs	100	15	-	-	-	-	451	16.6	451	16.6

Metallurgical Bauxite

		% TAA[1]	% TAA[1]			% TAA[1]	Mt	% TAA[1]	Mt	% TAA[1]
Al Ba'itha	74.9	40	84	50.7	141	49.6	31	19.3	256	49.9

Gold

		g/t Au	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au
Mahd Ad Dhahab	100	3.0	1.35	8.44	0.52	7.02	1.08	8.31	2.95	8.14
Al Amar	100	2.0	2.8	5.80	3.4	4.70	0.6	4.20	6.8	5.11
Bulghah	100	0.4	-	-	24.2	0.86	51.7	0.81	75.8	0.82
Sukhaybarat	100	0.4	-	-	19.6	1.14	8.0	1.00	27.6	1.10
As Suq	100	0.34	0.1	1.95	7.0	1.35	1.4	1.12	8.5	1.32
Ad Duwayhi	100	0.4	9.0	2.38	10.0	3.90	11.6	1.22	30.6	2.44
Mansourah	100	0.8	-	-	26.4	2.83	9.3	2.16	35.7	2.66
Masarah	100	0.8	-	-	6.5	2.39	15.8	2.11	22.3	2.19
Ar Rjum Waseemah	100	0.5	-	-	25.3	1.44	2.8	1.20	28.1	1.42
Ar Rjum Umm Naam	100	0.5	-	-	32.9	1.25	0.8	1.10	33.7	1.25

Copper

		% Cu	Mt	% Cu	Mt	% Cu	Mt	% Cu	Mt	% Cu
Jabal Sayid	50	1.5	-	-	0.5	1.45	0.5	2.75	1.0	2.11
Al Hajar	100	0.3	1.1	2.93	2.7	1.23	3.4	1.04	7.2	1.41

Magnesite

		Mt	Mt	Mt	Mt
Al Ghazalah	100	2.20	0.75	-	2.95

Non Metallurgical Bauxite (LGB) and Kaolin

		Mt	Mt	Mt	Mt
Az Zabirah (LGB)	100	2.0	8.3	17.2	27.5
Az Zabirah (Kaolin)	100	2.8	0.7	6.7	10.2

Mining operations in bold
[1] Total Available Alumina
All data on 100% basis
Mansourah and Massarah totals include oxide and sulphides reported separately

Ore Reserves

Phosphate

	Cut-off grade	Proven		Probable		Total	
	% P_2O_5	Mt	% P_2O_5	Mt	% P_2O_5	Mt	% P_2O_5
Al Jalamid	12	275	20.3	33	19.4	308	20.2
Al Khabra	12	210	16.5	154	15.3	364	16.0
WAS Block B6 MLAs	15	-	-	284	16.0	284	16.0

Metallurgical Bauxite

	% TAA[1]	Mt	% TAA[1]	Mt	% TAA[1]	Mt	% TAA[1]
Al Ba'itha	40	79.4	50.7	134.7	48.6	214	49.4

Gold

	g/t Au	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au
Mahd Ad Dhahab	3.0	0.33	7.94	0.51	5.82	0.84	6.65
Al Amar	2.5	2.0	5.1	1.3	3.8	3.3	4.59
Bulghah	0.4	-	-	14.7	0.78	14.7	0.78
Sukhaybarat	0.5	-	-	16.5	1.08	16.5	1.08
As Suq	0.4	-	-	-	-		
Ad Duwayhi	0.4	8.5	2.33	8.4	4.16	16.9	3.24

Copper

	% Cu	Mt	% Cu	Mt	% Cu	Mt	% Cu
Jabal Sayid	1.5	0.5	2.25	24.4	2.56	24.9	2.55

Magnesite

	Mt	Mt	Mt
Al Ghazalah	1.73	0.71	2.44

Non Metallurgical Bauxite (LGB) and Kaolin

	Mt	Mt	Mt
Az Zabirah (LGB)	0.9	2.7	3.6
Az Zabirah (Kaolin)	1.3	1.4	2.7

Reserves are stated at date of last estimate and are not adjusted for subsequent depletion
Reserves are contained within resources except for Jabal Sayid where resources are additive to reserves
As Suq resource estimation updated in 2014, ore reserve estimation remains in progress

Explanatory notes

Phosphate

During the year, the completion of estimates at Al Jalamid, Al Khabra and Wa'ad Al Shamal (WAS) Block 6, allowed the declaration of a 53 percent increase in the ore reserve at Al Jalamid and a maiden ore reserve for WAS Block 6. Total reserves, expressed as contained phosphate (P_2O_5) have increased by 68 percent from 98Mt to 166Mt. Additionally, maiden mineral resource estimates are presented for Al Jalamid MLAs and an update for Umm Wu'al MLAs. Total mineral resources, expressed as contained phosphate (P_2O_5), have increased by 18 percent from 336Mt to 379Mt. All of the phosphate mineral resources and ore reserves have underlying data that would allow them to be reported under JORC 2012.

Metallurgical Bauxite

The Al Ba'itha mine commenced production in 2014. Mineral resource and ore reserve estimates were updated during 2014, leading to no change in ore reserves but a minor 14 percent decrease in mineral resources due

	Resource			Reserve		
	Effective date	JORC 2012	JORC 2004	Effective date	JORC 2012	JORC 2004
Phosphate						
Al Jalamid	Dec 2013	●		Jul 2014	●	
Al Jalamid MLAs	Jul 2014	●		Jul 2014	NR	
Al Khabra	Jun 2012	●		Oct 2013	●	
Umm Wu'al B6	Jun 2014	●		Jun 2014	●	
Umm Wu'al MLAs	Dec 2013	●		Dec 2013	NR	
Metallurgical Bauxite						
Al Bai'tha	Mar 2014	●		Mar 2014	●	
Gold						
Mahd Ad Dhahab	Dec 2014	+		Dec 2014		
Al Amar	Dec 2013	+		Dec 2013	●	
Sukhaybarat	Dec 2014	+		Dec 2014	+	
Bulghah	Dec 2014	+		Dec 2014		
As Suq	Dec 2014					
Ad Duwayhi	Mar 2011		+	Dec 2010		+
Mansourah-Masarrah MLA	Nov 2012		●		NR	
Ar Rjum Waseemah MLA	Nov 2012		●		NR	
Ar Rjum Umm Naam MLA	Jul 2012		●		NR	
Base metals						
Jabal Sayid*	Jul 2014			Jul 2014		
Al Hajar	Sep 2011		●		NR	
Kaolin						
Az Zabirah	Dec 2014			Dec 2014		
Non-Metallurgical Bauxite (LGB)						
Az Zabirah	Dec 2014			Dec 2014		
Magnesite						
Al Ghazalah	Dec 2014			Dec 2014		

to a more conservative approach to the inclusion of inferred resources.

Gold and base metals

Mineral resources in terms of contained gold decreased by 8 percent over 2013, largely due to the exclusion of Humaymah (1Moz) pending a review of potential future economics as a stand-alone project or as part of a larger scale development. Updated mineral resource and ore reserves were estimated at Mahd ad Dhahab and Al Amar with no material change from those presented in 2013.

Magnesite, Kaolin and Non-metallurgical Bauxite

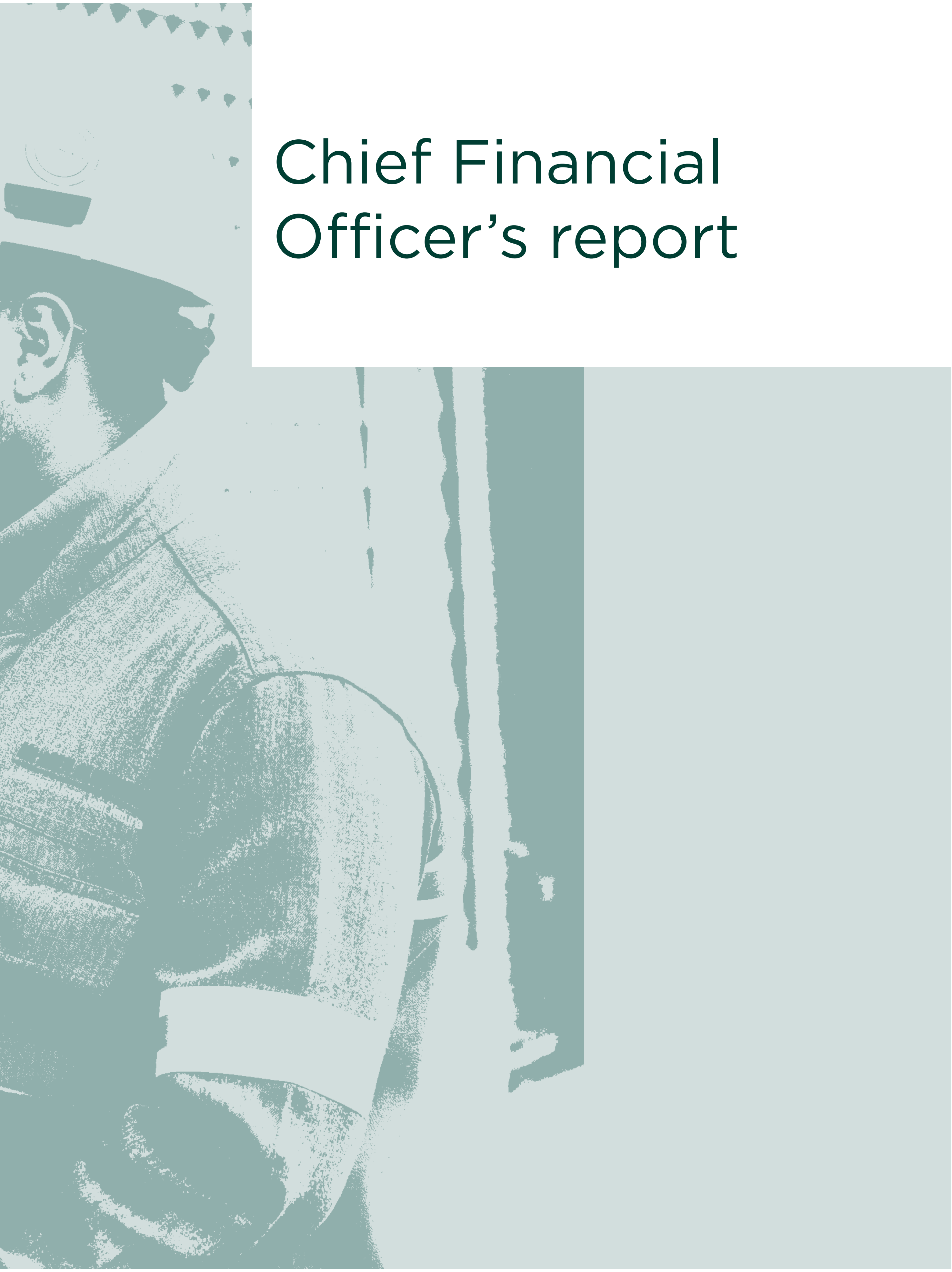
Industrial Minerals Company (IMC) has elected to report saleable product without grades.

Competent Person Resource	Reserve	Company
Daniel Mariton	John Knight	Sofreco
Daniel Mariton		Sofreco
Mark Campodonic	John Miles	SRK
Daniel Mariton	Daniel Mariton	Sofreco
Daniel Mariton		Sofreco
Rod Brown	Scott McEwing	SRK
Frank Golenya		Ma'aden
	Andrew Law	Optiro
		Ma'aden
Ed Sides		AMEC
Ed Sides		AMEC
Ed Sides		AMEC
		Ma'aden
Mark Owen		Wardell Armstrong
		Ma'aden
		Ma'aden
		Ma'aden

Notes: NR - No reserve declared to date
+ Ma'aden estimate based on prior underlying independent third party estimate
* Affiliate estimates under Canadian code
• Independent third party report


DATE
CODE
INSTRUCTIONS

Chief Financial Officer’s report



Chief Financial Officer's Review

Khalid Bin Salem Al-Rowais
Senior Vice President, Finance and CFO

Operating excellence fuels profitability

I am pleased to report that Ma'aden delivered a strong set of financial results in 2014 with positive impacts from the fully integrated aluminium project coming on stream and continued improvements in the operating performance of the phosphate and gold businesses.

Clearly, 2014 has been an extraordinary year for Ma'aden and over the following pages you can see how the progress we have made has translated into the strongest set of financial results it has so far been our privilege to share.

Significantly, it has been a year in which we can proudly talk of Ma'aden progressing from a project-focused company into an operations-focused entity with the completion of the second of our first two mega projects, representing a total investment of over US$ 16 billion. The assets which we have been putting in place since our early days are now yielding benefits. Indeed, in 2014 we posted our highest production figures across our entire product portfolio as a result of increasing our capacity utilization and stabilizing operations.

Revenues for the year grew 78 percent in comparison to 2013 figures, driven by the increase in volumes across all our products. In this regard, the growing contribution of our aluminium business was significant – in 2013 it accounted for just 17 percent of sales, rising to 42 percent in 2014.

Operating income also experienced a steep rise, growing by an impressive 231 percent compared to 2013, a sharp rise generated from the increase in sales revenues and a continued focus on the control of costs.

Similarly, EBITDA grew by 111 percent compared to 2013, largely as a result of the contribution from the aluminium business but also from our focus on operational excellence. With this focus on operational excellence and cost optimisation measures, we have been able to increase the EBITDA margin from 28 percent in 2013 to over 33 percent in 2014.

Net income in 2014, however, showed a slight decline compared to 2013, due to the one-off contractual payments made by our joint venture partners in 2013, thus resulting in the net income figure for 2014 being relatively flat compared to last year. However, if these contractual payments were excluded, underlying net income increased by 362 percent compared to 2013, indicative of the scale of success posted in what has been a remarkable year in Ma'aden's development.

Although 2014 was important in terms of the shift in our focus from projects to operations, we continued to secure long-term resources and invest to develop future projects. In this regard three particular achievements stand out from the last year.

- Firstly, we raised SAR 5.6 billion in equity through a rights issue for the Wa'ad Al Shammal phosphate and aluminium and bauxite projects. This process was a success despite very challenging market conditions.

- Secondly, Ma'aden secured SAR 18.9 billion of project finance debt to complete the debt financing for the Ma'aden Wa'ad Al Shamal phosphate project.
- Finally, the signing of a partnership agreement with Barrick Gold Corporation for a 50 percent ownership stake in the Jabal Sayid copper project – a project that is expected to enter production in 2015 – for SAR 810 million. This represents an important addition to our metal portfolio.

We continue to maintain a relatively high leverage ratio and as our investments continue to mature, there will be significant scope to reduce our debts in future. Nevertheless, we continue to maintain a healthy liquidity position, with cash and secured finance facilities on hand for future growth and to allow us to cope with the volatility we see in the markets for our products.

In the years since our establishment we have progressively added assets to Ma'aden, as we have grown, expanded our operations and developed our capabilities. Now those assets are beginning to generate returns and as we focus on operational excellence in those businesses, we are positioning Ma'aden well to continue upon our path of strategic development and generating value for our shareholders, for the communities in which we operate, and for the benefit of the Kingdom of Saudi Arabia as a whole.

Khalid Bin Salem Al-Rowais
Senior Vice President, Finance and CFO

Consolidated statement of income for the year ended December 31, 2014

(in millions)	Explanatory notes	2014 SAR	2013 SAR	Variance SAR	Variance y-o-y %
Sales	1	**10,792**	6,047	4,745	78
Cost of sales	2	**(7,677)**	(4,538)	(3,139)	69
Gross profit		**3,115**	1,509	1,606	106
Operating expenses					
Selling, marketing and logistic expenses	3	**(483)**	(286)	(197)	69
General and administrative expenses		**(446)**	(478)	32	(7)
Exploration and technical services expenses		**(190)**	(142)	(48)	34
Operating income		**1,996**	603	1,393	231
Share in net loss of jointly controlled entities		**(25)**	(3)	(22)	733
Income from short-term investments		**11**	27	(16)	(59)
Finance charges	4	**(303)**	(183)	(120)	66
Other income, net	5	**102**	1,427	(1,325)	(93)
Income before provision for zakat		**1,781**	1,871	(90)	(5)
Provision for zakat		**(44)**	(55)	11	(20)
Net income for the year		**1,737**	1,816	(79)	(4)
Net income attributable to shareholders' of the parent company		**1,358**	1,682	(324)	(19)
Non-controlling interest's share of current year's net income in a subsidiary		**379**	134	245	183
Basic and diluted earnings per share (SAR)	6	**1.38**	1.73	(0.35)	(20)
Weighted average number of ordinary shares in issue during the year (in millions)		**987**	971		
Gross profit		**29%**	25%		
Earnings before interest, tax, depreciation and amortization (EBITDA)	7	**3,595**	1,704	1,891	111

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

1. Sales

Components of sales (in millions)	2014 SAR	2014 %	2013 SAR	2013 %	Variance SAR	Variance y-o-y %
Aluminium	**4,498**	**42**	1,015	17	3,483	343
Diammonium phosphate fertilizer	**4,098**	**38**	3,091	51	1,007	33
Ammonia	**1,303**	**12**	1,080	18	223	21
Gold	**715**	**7**	709	12	6	1
Industrial minerals	**176**	**2**	151	2	25	17
Infrastructure revenue	**2**	**0**	1	0	1	100
Total sales	**10,792**	**100**	6,047	100	4,745	78

The total consolidated sales revenue increased in 2014 by SAR4,745 million due to increase in sales of all products compared to 2013. Higher sales is driven by increase in quantity sold of all products and increase in average selling prices of all products except gold. Main contributions were from Aluminium which increased by SAR3,483 million, DAP and Ammonia which increased by SAR1,007 and SAR223 million respectively.

Sales breakdown between international and domestic sales

Components of sales	2014 Quantity (thousands)	2014 Value SAR (millions)	2013 Quantity (thousands)	2013 Value SAR (millions)	Variance Quantity (thousands)	Variance Value SAR (millions)	Country
International							
Aluminium (tonnes)	**516**	**4,373**	120	942	396	3,431	Japan, Taiwan, Malaysia, Turkey, Kuwait, Korea, Vietnam, China, Thailand, Brazil, United States, Italy, Indonesia, Netherlands, United Arab Emirates, Singapore, Switzerland, Hong Kong, Spain
DAP (tonnes)	**2,384**	**4,098**	1,821	3,091	563	1,007	Pakistan , India, Bangladesh, Indonesia, China, Ethiopia, Kenya, Turkey, Thailand, Germany, Lebanon, Australia Brazil, Japan, USA
Ammonia (tonnes)	**660**	**1,303**	561	1,080	99	223	India, North America, East and South East Asia, West
Gold (ounces)	**152**	**715**	139	709	13	6	Switzerland
Industrial minerals (tonnes)	**32**	**50**	27	31	5	19	Netherland, Belgium, South Africa, Japan, Egypt, India, France, Hong Kong, UAE, New Zealand, Germany, Spain, Austria, England, Jordan, Tunisia, Ireland, Bahrain, Egypt
Domestic							
Aluminium (tonnes)	**15**	**125**	9	73	6	52	KSA
Infrastructure services	**-**	**2**	-	1	-	1	KSA
Industrial minerals (tonnes)	**1,049**	**126**	997	120	52	6	KSA
Total sales		**10,790**		**6,047**		**4,745**	

Aluminium sales contributed to SAR3,483 million increase as MAC started commercial operations from September 2014 and corporate aluminium quantity sold also increased by 264 percent compared to 2013. Aluminium sales are 42 percent of the total consolidated sales. The total increase in Aluminium quantity sold rose 311 percent and average prices also increased by US$168/mt. The DAP fertilizer quantity sold in 2014 increased by 31 percent while prices increased by US$5/mt. which resulted in a net increase in sales of SAR1,007 million. DAP sales represents 38 percent of total consolidated sales of 2014.

Ammonia sales for 2014 increased by 21 percent due to increase in average prices by US$13/mt and quantity sold by 18 percent. Gold sales for 2014 amounted to SAR715 million (7 percent of total consolidated sales in 2014) compared to SAR709 million in 2013 (12 percent of total consolidated sales in 2013). This is the result of a higher quantity sold (9 percent) mitigated by a decline in average gold prices gold by 8 percent. The volume of industrial minerals sales increased by 5 percent during 2014 resulting in the sales revenue increase of SAR25 million.

Gold ounces sold by mine

	2014		2013		Variance	
	Ounces	%	Ounces	%	Ounces	y-o-y %
Bulghah	**54,179**	**36**	51,222	37	2,957	6
Al Amar	**46,834**	**31**	45,807	33	1,027	2
Mahd Ad Dhahab	**33,454**	**22**	39,708	29	(6,254)	(16)
As Suq	**14,427**	**10**	-	0	14,427	0
Sukhaybarat	**2,687**	**2**	213	0	2,474	1162
Al Hajar	**-**	**0**	1,563	1	(1,563)	(100)
Total gold ounces sold	**151,581**	**100**	138,513	100	13,068	9

2. Cost of sales

(in millions)	2014		2013		Variance	
	SAR	%	SAR	%	SAR	y-o-y %
Salaries and staff related benefits	**465**	**6**	263	6	202	77
Contracted services	**261**	**3**	126	3	135	107
Repairs and maintenance	**68**	**1**	51	1	17	33
Consumables	**110**	**1**	111	2	(1)	(1)
Overheads	**104**	**1**	70	2	34	49
Raw material and utilities consumed	**5,224**	**68**	3,022	67	2,202	73
Provision for inventory loss	**77**	**1**	66	1	11	17
Reversal of inventory obsolescence	**(1)**	**0**	(2)	0	1	(50)
Deferred stripping expense	**2**	**0**	9	0	(7)	(78)
Severance fees	**35**	**0**	38	1	(3)	(8)
Sale of by-products	**(33)**	**0**	(31)	(1)	(2)	6
Total cash operating costs	**6,312**	**82**	3,723	82	2,589	70
Depreciation	**1,497**	**19**	1,019	22	478	47
Amortization	**24**	**0**	19	0	5	26
Total operating costs	**7,833**	**102**	4,761	105	3,072	65
Increase in inventory	**(156)**	**(2)**	(223)	(5)	67	(30)
Total cost of sales	**7,677**	**100**	4,538	100	3,139	69

Gold ounces produced by mine

	2014		2013		Variance	
	Ounces	**%**	**Ounces**	**%**	**ounces**	**y-o-y %**
Bulghah	**54,179**	**35**	49,923	37	4,256	9
Al Amar	**48,411**	**31**	45,288	34	3,123	7
Mahd Ad Dhahab	**34,280**	**22**	37,423	28	(3,143)	(8)
As Suq	**14,427**	**9**	-	0	14,427	0
Sukhaybarat	**2,687**	**2**	213	0	2,474	1162
Al Hajar	**-**	**0**	830	1	(830)	(100)
Total gold ounces sold	**153,984**	**100**	133,677	100	20,307	15

Cost of sales increased by SAR3,139 million as there is an increase in quantity sold of all products. Main contributions from aluminium and MPC (DAP and Ammonia) cost of sales.

Aluminium cost of sales increased by SAR2,647 million as MAC started commercial operations from September 2014 and corporate aluminium quantity sold increased by 264 percent compared to 2013.

MPC cost of sales increased by SAR469 million due to increase in DAP and Ammonia quantity sold which had increased by 31 percent and 18 percent respectively compared to 2013.

3. Selling, marketing and logistic expenses

Increase of SAR197 million (69 percent) is mainly caused by increased freight and overhead charges of SAR94 million compared to 2013. This is due to increase in Aluminium quantity sold from Corporate and MAC as it started commercial operations in September 2014. Remaining increase is related to higher phosphate and ammonia selling, marketing and logistic expenses that includes higher marketing fees and deductibles.

4. Finance charges

Finance charges increased by SAR120 million (66 percent) when compared to 2103. This is mainly due to MAC financial charges of SAR96 million which have been charged as expense by MAC after starting commercial operations. Remaining increase is attributable to Corporate finance charges due to higher level of borrowings compared to 2013.

5. Other income, net

In 2013, the Company entered into an agreement with Mosaic and SABIC to jointly develop Umm Wu'al phosphate project and as per the agreement they are liable to pay contractual dues to Ma'aden of SAR 1.44 billion in two installments which is recorded as other income in 2013. This income in 2013 compared to no such income in 2014 resulting in the decline in other income of 2014.

6. Basic and diluted earnings per share

The basic and diluted earnings per share is calculated by dividing the income attributable to the shareholders of the parent company by the weighted average number of ordinary shares in issue during the financial year under review. In 2014, the rights issue offering resulted in the issuing of 243,478,261 ordinary shares and therefore resulted in the calculation of the new weighted average number of shares for 2014 and 2013.

7. EBITDA

(in millions)	2014	2013	Variance	
	SAR	**SAR**	**SAR**	**y-o-y %**
Operating income for the year	**1,995**	603	1,392	231
Depreciation	**1,527**	1,034	493	48
Amortization of intangible assets	**35**	20	15	75
Provision for severance fees	**35**	38	(3)	(7)
Deferred stripping expenses	**2**	9	(7)	(80)
Other	**1**	-	1	100
EBITDA	**3,595**	1,704	1,891	111

Consolidated statement of financial position as at December 31, 2014

(in millions)	Explanatory notes	2014 SAR	2013 SAR	Variance SAR	Variance y-o-y %
Current assets	8	**16,416**	7,130	9,286	130%
Non-current assets	-				
Property, plant and equipment	9	**38,376**	18,145	20,231	111
Capital work-in-progress	10	**27,083**	36,994	(9,911)	(27)
Exploration and evaluation assets		**175**	146	29	20
Deferred stripping expense		**49**	33	16	48
Intangible assets		**410**	274	136	50
Investment in jointly controlled entities	11	**619**	441	178	40
Due from joint venture partners		**720**	720	0	0
Long-term investment		**50**	50	0	0
Long-term loan	12	**626**	0	626	0
Advances and prepayments		**17**	18	(1)	(6)
Total assets		**84,541**	63,951	20,590	32
Current liabilities		**6,668**	6,611	57	1
Other Non-current liabilities		**1,018**	788	230	29
Long-term borrowings	13	**43,338**	31,545	11,793	37
Total liabilities		**51,024**	38,944	12,080	31
Equity attributable to shareholders' of the parent company		**26,693**	19,760	6,933	35
Non-controlling interest		**6,824**	5,247	1,577	30
Total equity		**33,517**	25,007	8,510	34
Total liabilities and equity		**84,541**	63,951	20,590	32

8. Currents assets
Current assets increased by SAR9,286 million in 2014. Current assets mainly comprises the following:
- Cash and cash equivalents in 2014 are SAR11,974 million compared to SAR4,337 million in 2013. Increase of SAR7,637 million is mainly due to proceeds received from the right issue offering in December 2014
- Short-term investments in 2014 are SAR523 million compared to nil in 2013 (increase of SAR523million)
- Trade and other receivables in 2014 are SAR1,245 million compared to SAR762 million in 2013. Increase of SAR483 million is attributable to higher sales (78 percent) of all products by Ma'aden compared to 2013.
- Inventories in 2014 are SAR2,441 million compared to SAR1,883 million in 2013, higher by SAR558 million mainly resulting from an increase in aluminium inventory since MAC started commercial operations in September 2014.

9. Property. plant and equipment
During the year 2014, SAR21,515 million were transferred from capital work-in- progress to property, plant and equipment on the completion of capital expenditure projects ie:
- MAC contributed an increase of SAR19,463 million as MAC plant and related assets were transferred to PPE since it started commercial operations in September 2014
- MBAC contributed an increase of SAR391 million. This costs relates to Integrated Infrastructure Project cost
- MRC contributed an increase of SAR1,106 million. This costs relates to Integrated Infrastructure Project cost
- MPC contributed an increase of SAR368 million relating mainly to fixed plant and capital spares
- Remaining increase of SAR187 million is accounted for by MGBM and Corporate.

10. Capital work-in-progress
During the year the following movements occurred:
- SAR21,515 million were transferred from capital work-in- progress to property, plant and equipment on the completion of capital expenditure projects
- SAR 11,705 million of additions in 2014 are attributable to aluminium SAR4,058 million, SAR6,049 million phosphate segment, SAR584 million Corporate (auto sheet), SAR979 million to MGBM and SAR35 million to MIC
- SAR102 million transferred to intangible assets.

11. Investment in jointly controlled entities

During 2014, Ma'aden entered into a 50:50 joint venture project with Barrick Middle East PTY Limited and formed a limited liability company 'Ma'aden Barrick Copper Company'. As of December 31, 2014, Ma'aden's equity investment amounted to SAR203 million (2013: Nil).

12. Long term loan

During the year 2014, Ma'aden provided a long term loan to Ma'aden Barrick Copper Company (joint venture project company) amounting to SAR626 million (2013: Nil).

13. Long term borrowings

Total borrowings (including current position) increased by SAR12,169 million as result of drawdowns amounting to SAR13,129 million reduced by repayments of SAR 960 million from the approved facilities. Following is the break up company wise:

- SAR4,842 million drawdown by MWASPC
- SAR4,430 million drawdown outstanding in Corporate Syndicated Revolving Credit facility
- SAR2,685 million drawdown by MBAC
- SAR885 million drawdown by MRC
- SAR287 million drawdown by MAC
- SAR960 million repayments made by MPC.

Following is the approved facility details of drawdowns and repayments of borrowings:

- SAR3,925 million drawdown in PIF , repayment of SAR333 million
- SAR3,814 million drawdown in Islamic and commercial banks , repayment of SAR547 million
- SAR585 million drawdown in SIDF, repayment of SAR80 million
- SAR375 million drawdown in Murabaha Facility
- SAR4,430 million drawdown outstanding in Syndicated Revolving Credit Facility.

Consolidated statement of cash flows for the year ended December 31, 2014.

(in millions)	**2014**	**2013**	**Variance**	
	SAR	**SAR**	**SAR**	**y-o-y %**
Cash and cash equivalents at the beginning of the year - unrestricted	**3,854**	5,742	(1,888)	(33)
Net cash generated from operating activities	**3,234**	1,846	1,388	75
Net cash utilized in investing activities	**(14,704)**	(10,360)	(4,344)	42
Net cash generated from financing activities	**19,050**	6,626	12,424	188
Net change in cash and cash equivalents for the year	**7,580**	(1,888)	9,468	(501)
Cash and cash equivalents at the end of the year - unrestricted	**11,434**	3,854	7,580	197

Consolidated financial statements for the year ended December 31, 2014

Administration and contact details as at December 31,2014

Commercial registration number	1010164391
Directors	Eng. Abdallah Bin Saif Al-Saif – Chairman HE Sulaiman Bin Abdulrahman Al-Gwaiz HE Mohammed Bin Abdullah Al-Kharashi Dr. Ziad Bin Abdulrahman Al-Sudairy Mr. Sultan Bin Jamal Shawli Eng. Khalid Bin Saleh Al-Mudaifer Mr. Mansour Bin Saleh Al-Maiman Eng. Khalid Bin Hamad Al-Senani
Registered address	Building number 395 Abi Bakr Asseddiq Road, South Exit 6, North Ring Road Riyadh Kingdom of Saudi Arabia
Postal address	P.O. Box 68861 Riyadh 11537 Kingdom of Saudi Arabia
Banker	The Saudi British Bank (SABB)
Auditors	Ernst & Young Al Faisaliah Office Tower, 3rd Floor King Fahad Road P.O. Box 2732 Riyadh 11461 Kingdom of Saudi Arabia

Statement of Directors' responsibilities

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, on page 119, is made with a view to distinguish the responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (the "Group")

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of the Group as at December 31, 2014, the results of its operations, changes in equity and cash flows for the year then ended, in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

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

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

The management is also responsible for:

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

The consolidated financial statements for the year ended December 31, 2014 set out on pages 122 to 173, were approved and authorized for issue by the Board of Directors on January 20, 2015 and signed on its behalf by:

Engr. Khalid Bin Hamad Al-Senani Authorized by the Board	Engr. Khalid Bin Saleh Al-Mudaifer President and Chief Executive Officer	Mr. Khalid Bin Salem Al-Rowais Chief Financial Officer

29 Rabi' I 1436H
January 20, 2015
Riyadh
Kingdom of Saudi Arabia

EY
Building a better working world

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Independent auditor's report

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

Scope of audit

We have audited the accompanying consolidated statement of financial position of Saudi Arabian Mining Company (Ma'aden) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at December 31, 2014 and the related consolidated statements of income, changes in equity and cash flows for the year then ended and the notes from 1 to 50 which form an integral part of the consolidated financial statements. These consolidated financial statements are the responsibility of the Group's management and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

Unqualified opinion

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

i) present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

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

For Ernst & Young

Rashid S. AlRashoud
Certified Public Accountant
Registration No. 366

Riyadh: 1 Rabi Thani 1436H
(21 January 2015)

ERNST & YOUNG
PROFESSIONAL LICENCE No. 45

Consolidated statement of financial position as at December 31, 2014

All figures in Saudi Riyals if not stated otherwise

	Notes	December 31, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents	7	**11,973,968,055**	4,336,642,990
Short-term investments	8	**523,320,360**	-
Trade and other receivables	9	**1,245,127,333**	762,883,785
Inventories	10	**2,440,872,603**	1,883,019,869
Advances and prepayments	11	**232,711,854**	147,361,191
		16,416,000,205	7,129,907,835
Non-current assets			
Property, plant and equipment	12	**38,376,128,047**	18,145,146,277
Capital work-in-progress	13	**27,083,158,695**	36,993,696,476
Exploration and evaluation assets	14	**175,506,312**	145,883,817
Deferred stripping expense	15	**49,082,983**	33,381,669
Intangible assets	16	**409,876,545**	274,183,998
Investment in jointly controlled entities	17	**618,889,332**	441,370,614
Due from joint venture partners	18	**720,000,000**	720,000,000
Long-term investment	19	**50,000,000**	50,000,000
Long-term loan	20	**626,197,939**	-
Advances and prepayments	11	**16,541,800**	17,657,616
		68,125,381,653	56,821,320,467
Total assets		**84,541,381,858**	63,951,228,302
Liabilities			
Current liabilities			
Projects and other payables	21	**2,435,631,580**	2,051,281,265
Accrued expenses	22	**2,558,469,084**	3,261,021,743
Zakat payable	23.2	**58,735,918**	54,295,070
Severance fees payable	24	**29,727,477**	36,430,433
Current portion of obligation under capital lease	27	**10,948,977**	9,881,978
Current portion of long-term borrowings	28.4	**1,574,221,379**	1,198,190,354
		6,667,734,415	6,611,100,843
Non-current liabilities			
Employees' benefits	25	**290,375,429**	214,830,581
Provision for mine closure and reclamation	26	**131,295,730**	83,490,623
Obligation under capital lease	27	**39,164,376**	50,113,352
Long-term borrowings	28.4	**43,337,698,408**	31,544,709,390
Due to joint venture partners	29	**558,313,877**	439,533,088
		44,356,847,820	32,332,677,034
Total liabilities		**51,024,582,235**	38,943,777,877
Equity			
Share capital	30	**11,684,782,610**	9,250,000,000
Statutory reserve			
Share premium	31	**8,391,351,697**	5,250,000,000
Transfer of net income	32	**697,394,239**	561,660,119
Retained earnings		**5,919,705,879**	4,698,098,798
Equity attributable to shareholders' of the parent company		**26,693,234,425**	19,759,758,917
Non-controlling interest	33.6	**6,823,565,198**	5,247,691,508
Total equity		**33,516,799,623**	25,007,450,425
Total liabilities and equity		**84,541,381,858**	63,951,228,3021
Commitments and contingent liabilities	45		

Consolidated statement of income for the year ended December 31, 2014

All figures in Saudi Riyals if not stated otherwise

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
Sales	34	**10,791,882,887**	6,047,264,545
Cost of sales	35	**(7,676,872,584)**	(4,537,780,359)
Gross profit		**3,115,010,303**	1,509,484,186
Operating expenses			
Selling, marketing and logistic expenses	36	**(482,841,815)**	(286,471,343)
General and administrative expenses	37	**(445,709,638)**	(477,597,313)
Exploration and technical services expenses	38	**(189,559,465)**	(141,835,064)
Operating income		**1,996,899,385**	603,580,466
Other (expenses) / income			
Share in net loss of jointly controlled entity	17.1	**(24,963,928)**	(3,481,121)
Income from short-term investments	39	**10,563,669**	26,627,550
Finance charges	40	**(302,969,573)**	(182,585,150)
Other income, net	41	**101,534,028**	1,427,382,095
Income before provision for zakat		**1,781,063,581**	1,871,523,840
Provision for zakat	23.2	(44,434,257)	(55,448,293)
Net income for the year		**1,736,629,324**	1,816,075,547
Net income attributable to:			
Shareholders' of the parent company	6.1	**1,357,341,201**	1,682,378,450
Non-controlling interest	33.6	**379,288,123**	133,697,097
		1,736,629,324	1,816,075,547
Earnings per ordinary share (Saudi Riyals)			
Operating income per share inclusive of non-controlling interest's share		**2.02**	0.62
Basic and diluted earnings per share from continuing operations attributable to shareholders' of the parent company	42	**1.38**	1.73

Consolidated statement of changes in equity for the year ended December 31, 2014

All figures in Saudi Riyals if not stated otherwise

		Equity attributable to shareholders'		
			Statutory reserve	
	Notes	Share capital	Share premium	Transfer of net income
January 1, 2013		9,250,000,000	5,250,000,000	393,422,274
Dividend paid to non-controlling interest during the year	33.6	-	-	-
Net income for the year		-	-	-
Net income transferred to statutory reserve	32	-	-	168,237,845
Payments to increase share capital during the year*	33.6	-	-	-
Increase in non-controlling interest/share capital contributed during the year	33.6	-	-	-
December 31, 2013		9,250,000,000	5,250,000,000	561,660,119
Proceeds from the right issue offering		2,434,782,610	3,165,217,434	-
Transaction costs of right issue offering		-	(23,865,737)	-
Net income for the year		-	-	-
Net income transferred to statutory reserve	32	-	-	135,734,120
Payments to increase share capital during the year*	33.6	-	-	-
Increase in non-controlling interest / share capital contributed during the year	33.6	-	-	-
December 31, 2014		**11,684,782,610**	**8,391,351,697**	**697,394,239**

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

	of the parent company		Non-controlling interest				
	Retained earnings	Sub-total	Share capital	Payments to increase share capital*	Net income attributable to non-controlling interest	Sub-total	Total equity
	3,183,958,193	18,077,380,467	3,773,381,742	731,891,457	502,009,343	5,007,282,542	23,084,663,009
	-	-	-	-	(450,000,000)	(450,000,000)	(450,000,000)
	1,682,378,450	1,682,378,450	-	-	133,697,097	133,697,097	1,816,075,547
	(168,237,845)	-	-	-	-	-	-
	-	-	-	556,711,869	-	556,711,869	556,711,869
	-	-	1,174,171,855	(1,174,171,855)	-	-	-
	4,698,098,798	19,759,758,917	4,947,553,597	114,431,471	185,706,440	5,247,691,508	25,007,450,425
	-	5,600,000,044	-	-	-	-	5,600,000,044
	-	(23,865,737)	-	-	-	-	(23,865,737)
	1,357,341,201	1,357,341,201	-	-	379,288,123	379,288,123	1,736,629,324
	(135,734,120)	-	-	-	-	-	-
	-	-	-	344,584,817	-	344,584,817	344,584,817
	-	-	1,154,928,470	(302,927,720)	-	852,000,750	852,000,750
	5,919,705,879	**26,693,234,425**	**6,102,482,067**	**156,088,568**	**564,994,563**	**6,823,565,198**	**33,516,799,623**

Consolidated statement of cash flows for the year ended December 31, 2014

All figures in Saudi Riyals if not stated otherwise

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
Operating activities			
Income before provision for zakat		**1,781,063,581**	1,871,523,840
Adjustments for non-cash flow items:			
Reversal of allowance for inventory obsolescence	10	**(1,046,546)**	(2,265,620)
Depreciation	12	**1,526,786,955**	1,034,014,800
Adjustment / written-off property, plant and equipment	12	**816,277**	(46,933)
Impairment of exploration and evaluation asset	14	**21,306,251**	-
Deferred stripping expense	15	**1,759,937**	8,971,469
Amortization of intangible assets	16	**34,307,746**	20,011,009
Adjustment / written-off intangible assets	16	**-**	62,984,671
Share in net loss of a jointly controlled entity for the year	17.1	**24,963,928**	3,481,121
Provision for severance fees	24	**35,068,957**	37,828,408
Provision for employees' termination benefits	25.1	**92,706,633**	52,392,909
Contribution for the employees' savings plan	25.2	**21,992,430**	13,759,930
Accretion of provision for mine closure and reclamation	26.2	**568,400**	-
Provision for inventory loss	35	**76,849,341**	65,877,481
Income from short term investments	39	**(10,563,669)**	(26,627,550)
Finance charges	40	**302,969,573**	182,585,150
Changes in working capital:			
Trade and other receivables	9	**(483,419,008)**	(197,405,113)
Inventories	10	**(767,041,120)**	(856,697,353)
Advances and prepayments	11	**(84,234,847)**	(58,255,113)
Projects and other payables – Trade	21	**720,034,302**	(20,541,484)
Accrued expenses – Trade	22	**355,701,491**	113,255,547
Zakat paid	23.2	**(39,993,409)**	(64,753,414)
Severance fees paid	24	**(41,771,913)**	(92,914,728)
Employee s' termination benefits paid	25.1	**(31,701,678)**	(14,903,351)
Employees' savings plan withdrawal	25.2	**(7,452,537)**	(7,374,009)
Provision for mine closure and reclamation utilized	26.1	**(5,529,621)**	(7,252,533)
Finance charges paid		**(290,196,305)**	(271,319,150)
Net cash generated from operating activities		**3,233,945,149**	1,846,329,984

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
Investing activities			
Income received from short-term investments		**11,739,129**	41,774,971
Increase in restricted cash		**(56,664,893)**	(50,151,025)
Short-term investments	8	**(523,320,360)**	3,003,763,250
Additions to property, plant and equipment	12	**(120,213,102)**	(92,589,888)
Additions to capital work-in-progress	13	**(11,659,192,255)**	(12,693,893,494)
Additions to exploration and evaluation assets	14	**(50,928,746)**	(236,872,324)
Additions to deferred stripping expense	15	**(17,461,251)**	-
Additions to intangible assets	16	**(52,490,238)**	(4,075,515)
Investment in a jointly controlled entity	17	**(202,482,646)**	-
Due from joint venture partners	18	**-**	(720,000,000)
Long-term loan to a jointly controlled entity	20	**(626,197,939)**	-
Projects and other payables – Projects	21	**(335,683,987)**	60,372,004
Accrued expenses – Projects	22	**(1,071,027,418)**	330,688,275
Net cash utilized in investing activities		**(14,703,923,706)**	(10,360,983,746)
Financing activities			
Obligation under capital lease	27	**(9,881,977)**	59,995,330
Proceeds from long-term borrowings	28.4	**13,129,205,397**	6,936,512,961
Repayment of long-term borrowings	28.4	**(960,185,354)**	(864,409,329)
Due to joint venture partners	29	**118,780,789**	387,121,096
Proceeds from rights issue offering	30,31	**5,576,134,307**	-
Payments to increase share capital by non-controlling interest, net	33.6	**344,584,817**	556,711,869
Increase in share capital of non-controlling interest	33.6	**852,000,750**	-
Dividend paid to non-controlling interest	33.6	**-**	(450,000,000)
Net cash generated from financing activities		**19,050,638,729**	6,625,931,927
Net change in cash and cash equivalents		**7,580,660,172**	(1,888,721,835)
Unrestricted cash and cash equivalents at beginning of the year		**3,853,720,885**	5,742,442,720
Unrestricted cash and cash equivalents at end of the year	7	**11,434,381,057**	3,853,720,885
Non-cash flow transactions			
Transfer of capital spares to property, plant and equipment from inventories	12.10	**133,385,591**	-
Transfer to property, plant and equipment from capital work-in-progress	12,13	**21,514,836,134**	496,656,304
Provision for mine closure capitalized as part of property, plant and equipment	12, 26.1	**34,478,197**	-
Depreciation capitalized as part of capital-work-in-progress	13,12	**27,508,167**	-
Transfer to capital work-in-progress from exploration and evaluation assets	13,14	**-**	438,278,833
Amortization capitalized as part of capital-work-in-progress	13,16	**1,362,790**	-
Provision for mine closure and reclamation capitalized as part of capital-work-in-progress	13,26.2	**18,288,131**	-
Transfer to intangible assets from property, plant and equipment	16.12	**16,819,855**	-
Transfer to intangible assets from capital work-in-progress	16.13	**102,052,990**	25,033,511
Transfer from payments to increase share capital to share capital pertaining to non-controlling interest	33.6	**1,154,928,470**	1,174,171,855

Notes to the consolidated financial statements for the year ended December 31, 2014

All figures in Saudi Riyals if not stated otherwise

1. General information

Saudi Arabian Mining Company ("Ma'aden") (the "Company") was formed as a Saudi joint stock company pursuant to Royal Decree No. M/17 dated 14 Zul Qaida 1417H (corresponding to March 23, 1997) and the Council of Ministers Resolution No. 179 dated 8 Zul Qaida 1417H (corresponding to March 17, 1997), with Commercial Registration No. 1010164391 dated 10 Zul Qaida 1421H (corresponding to February 4, 2001). The Company has an authorized and issued share capital of SAR 11,684,782,610 divided into 1,168,478,261 ordinary shares with a nominal value of SAR 10 each (Note 30).

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

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

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

The Group is involved in the following two major projects:

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

On February 14, 2012 the Board of Directors approved a plan developed by Ma'aden in collaboration with their joint venture partner Alcoa Inc. (Note 29) 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

Phosphate production facility
On March 19, 2013, Ma'aden signed Heads of Agreement with The Mosaic Company ("Mosaic") and SABIC to jointly develop a fully integrated phosphate production facility located at the King Abdullah Project for the development of Wa'ad Al Shamal Mineral Industrial City, in the Northern Region, near the city of Turayf in the Kingdom of Saudi Arabia. Ma'aden, Mosaic and SABIC will own 60%, 25% and 15% of the joint venture respectively. On August 5, 2013, the shareholders agreement to jointly develop a fully integrated phosphate production facility was signed by Ma'aden, Mosaic and SABIC (Note 18 and 41).

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

2. Group structure

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

		Effective ownership as at December 31	
		2014	2013
Subsidiaries	**Type of company**	%	%
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 ("MWASPC")	Limited liability company	60	-
Jointly controlled entities			
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Limited liability company	50	50
Ma'aden Barrick Copper Company ("MBCC")	Limited liability company	50	-

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

MGBM
The company was incorporated in the Kingdom of Saudi Arabia, on August 9, 1989. The objectives of the company are:
- exploration and mining of gold and associated minerals within their existing mining lease area by way of drilling, mining, concentrating, smelting and refining;
- refine, export and sell such minerals in their original or refined form and
- construct, operate and maintain all mines, buildings, highways, pipelines, refineries, treatment plants, communication systems, power plants and other facilities necessary or suitable for the purposes of the lease.

MIC
The company was incorporated in the Kingdom of Saudi Arabia on August 17, 2008. The objectives of the company are to:
- manage the infrastructure project to develop, construct and operate the infrastructure and
- provide services to Ras Al Khair area and other mining and industrial locations in the Kingdom of Saudi Arabia.

IMC
The comp any was incorporated in the Kingdom of Saudi Arabia on March 31, 2009. The objectives of the company are:
- the exploitation of industrial minerals within the existing mining lease area by way of drilling, mining, concentrating, smelting and refining and
- refine, export and sell such minerals in their original or refined form.

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

MAC
The company was incorporated in the Kingdom of Saudi Arabia on October 10, 2010 and is owned:
- 74.9% by Saudi Arabian Mining Company ("Ma'aden") and
- 25.1% by Alcoa Saudi Smelting Inversiones S.L. ("ASSI"), a foreign shareholder, a company wholly owned by Alcoa Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated financial statements.

The objectives of the company are the production of:
- aluminium ingots;
- aluminium T shape ingots;
- aluminium slabs and
- aluminium billets.

MRC
The company was incorporated in the Kingdom of Saudi Arabia on October 10, 2010 and is owned:
- 74.9% 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 Incorporated ("Alcoa Inc."), which is accounted for as a non-controlling interest in these consolidated financial statements.

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

The company is currently in its project development phase.

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

for as a non-controlling interest in these consolidated financial statements.

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

The company is currently in its commissioning phase.

MPC
The company was incorporated in the Kingdom of Saudi Arabia on January 1, 2008 and is owned:
- 70% by Saudi Arabian Mining Company ("Ma'aden") and
- 30% by Saudi Basic Industries Corporation ("SABIC") which is accounted for as a non-controlling interest in these consolidated financial statements.

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

MWASPC
The company was incorporated in the Kingdom of Saudi Arabia on January 27, 2014 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 and
- 15% by Saudi Basic Industries Corporation ("SABIC") which is accounted for as a non-controlling interest in these consolidated financial statements.

The objectives of the Company are the production of:
- purified phosphoric acid,
- phosphoric acid,
- sodium tripolyphosphate,
- Di-calcium and Mono-calcium phosphate,
- Di-ammonium and Mono-ammonium phosphate,
- ammonia,
- nitro phosphate and nitro phosphate potash,
- sulphuric acid,
- products used in the manufacturing of lime and
- purified phosphate rock.

SAMAPCO
The company was incorporated in the Kingdom of Saudi Arabia on August 14, 2011 and is owned:
- 50% by Saudi Arabian Mining Company ("Ma'aden") and
- 50% by Sahara 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 feed stock to the alumina refinery at MBAC and to sell the excess production in the local wholesale and retail market.

MBCC
The company was incorporated in the Kingdom of Saudi Arabia on November 2, 2014 and is owned:
- 50% by Saudi Arabian Mining Company ("Ma'aden") 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;
- silver;
- zinc;
- nickel;
- gold;
- lead;
- sulphur and
- cobalt.

3. Basis of preparation

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

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

4. Summary of significant accounting policies

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

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired or liabilities incurred or assumed at the date of acquisition. Costs directly related to the acquisition, other than those associated with the issue of debt or equity securities that the company incurs in connection with an acquisition, are expensed as incurred and included in general and administrative expenses. The excess of the aggregate of the consideration transferred and the fair value of the minority interest over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "intangible assets" in the accompanying consolidated statement of financial position. Goodwill is tested annually for impairment and carried at cost, net of any accumulated amortization and impairment losses, if any.

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

Jointly controlled entity

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

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

4.2 Foreign currency translation

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

4.3 Cash and cash equivalents

Cash and cash equivalents 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 unit 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 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.

All figures in Saudi Riyals if not stated otherwise

Ore stockpiles
Ore stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed, the cost is expensed as incurred. Where the future processing of this ore can be predicted with confidence because it exceeds the mine's cut-off grade and is economically viable, it is valued at the lower of cost of production or realizable value. 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.

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

	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	Over life of mine

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

All exploration and evaluation costs are expensed until it is concluded that a future economic benefit is more likely to be realized than not, 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, exploration and evaluation asset is reclassified to "Capital work-in progress". Cash flows attributable to capitalized exploration and evaluation expenditures are classified as investing activities in the 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".

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

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

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

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

4.11 Stripping ratio and deferred stripping expense

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

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

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

4.12 Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, where applicable. Intangible assets acquired as part of a business combination are capitalized where those assets are separable or arise from contractual or legal rights and their fair values can be measured reliably on initial recognition. Goodwill arising from a business combination and those intangible assets that are estimated to have indefinite lives are tested annually for impairment. 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. In assessing value in use, the estimated future cash flows are discounted to their net present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which estimates of future cash flows have not been adjusted.

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

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

The 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 35).

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 H.H. Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Group to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Group.

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

4.20 Mine closure and reclamation

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

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

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

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

The full estimated costs are capitalized as part of mining assets under property, plant and equipment and then depreciated as an expense over the expected life-of-mine on 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;
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation and changes in economic sustainability.

4.21 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 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 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 consolidated statement of income on a straight-line basis over the term of the operating lease.

4.22 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.

4.23 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 current market price and adjusted subsequently within revenue at the 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.

4.24 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, general and administrative expenses and cost of sales, when required, are made on a consistent basis.

4.25 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between selling, marketing and logistic expenses, 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 management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

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

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

Ore reserve and mineral resource estimates

There is a degree of uncertainty involved in the estimation and classification of ore reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, the quantity of ore reserve and mineral resource grades must be considered as estimates only. What is more, the quantity of ore reserves and mineral resources may vary depending on, amongst other things, metal prices and currency exchange rates.
The ore reserve estimates of the Group have been determined based on management long-term commodity price, forecasts cut-off grades and costs that may prove to be inaccurate. Any material change in the quantity of reserves, grades or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will give the same result in larger scale tests under on-site conditions or during production.

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

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

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

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

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

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

Allowances
The Group also creates an allowance for obsolete and slow-moving spare parts. At December 31, 2014, the allowance for obsolete slow-moving items amounted to SAR 15,359,183 (December 31, 2013: SAR 16,405,729 million) (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 at the end of the year.

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

Zakat and income taxes
During the year ended December 31, 2014 an amount of SAR 39,993,409 (December 31, 2013: SR 64,753,414) was paid to DZIT pertaining to the year ended December 31, 2013 but no zakat assessments were finalized by the DZIT. Where the final zakat outcome of these matters is different from the amounts that were initially recorded, such differences will impact the zakat provisions in the year in which such determinations are made.

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

6. Segmental information

Segment reporting

6.1 Business segment

A business segment is 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 DAP and MAP 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 and processing plant at Al Madinah Al Munawarah.
- **MWASPC** - the development of a mine to exploit the Al-Khabra and Umm Wu'al phosphate deposits. The project is in the development stage (Note 1).
- **Phosphate and Industrial Minerals division under Corporate** – related cost, marketing fees 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 proportionate share of MIC's revenues, costs and assets 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 Alcoa and produces aluminium products. MAC started commercial production on September 1, 2014.
- **MRC** – in the process of constructing a rolling mill. The project is in the development stage.
- **MBAC** – the mining of bauxite at the Al Baitha mine and the transportation thereof to its refinery at Ras Al Khair. The refinery is in its commissioning phase. Once the refinery is in commercial production MAC will process bauxite supplied by MBAC's Al Baitha mine.
- **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 proportionate share of MIC's revenues, costs and assets have been allocated to this segment.

Precious and Base Metals Strategic Business Unit Segment,
consists of operations related to:

- **MGBM** – that operates four gold mines, i.e. Mahd Ad Dhahab, Al Amar, Bulghah, and As Suq (which came into commercial production on July 1, 2014) and a processing plant at Sukhaybarat which are located in different geographical areas in the Kingdom of Saudi Arabia. The segment also include the Ad Duwayhi mine project which is in the development stage.
- **MBCC** – a jointly controlled entity that produces copper, silver, zinc, nickel, gold, lead, sulphur and cobalt located in the southeast of Al Madinah Al Munawarah. This project is still in the development stage.
- **Precious and base metals division under Corporate** – Related cost and exploration expenses in Ma'aden Corporate has been allocated to this segment.
- **Corporate** – is responsible for effective management and governance including funding of subsidiaries and 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.

All figures in Saudi Riyals if not stated otherwise

6.1 Business segment (continued)

	Notes
December 31, 2014	
Sales	34
Gross profit	-
Income from short-term investments	39
Net income / (loss) attributable to shareholders' of the parent company	-
Property, plant and equipment	12
Capital work-in-progress	13
Exploration and evaluation assets	14
Deferred stripping expense	15
Intangible assets	16
Investment in jointly a controlled entity	17
Total assets	
December 31, 2013	
Sales	34
Gross profit	
Income from short-term investments	39
Net income / (loss) attributable to shareholders' of the parent company	
Property, plant and equipment	12
Capital work-in-progress	13
Exploration and evaluation assets	14
Deferred stripping expense	15
Intangible assets	16
Investment in jointly a controlled entity	17
Total assets	

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.

Phosphate	Aluminium	Precious and base metals	Corporate	Total
5,577,754,186	**4,498,996,234**	**715,132,467**	**-**	**10,791,882,887**
1,853,439,493	**958,687,317**	**302,883,493**	**-**	**3,115,010,303**
4,979,169	**1,036,663**	**905,004**	**3,642,833**	**10,563,669**
955,338,692	**680,022,342**	**85,662,145**	**(363,681,978)**	**1,357,341,201**
16,899,127,067	**20,896,710,314**	**396,247,582**	**184,043,084**	**38,376,128,047**
7,082,221,342	**18,262,630,161**	**1,711,662,424**	**26,644,768**	**27,083,158,695**
-	**-**	**154,251,619**	**21,254,693**	**175,506,312**
27,704,327	**-**	**21,378,656**	**-**	**49,082,983**
115,822,626	**263,644,483**	**14,371,039**	**16,038,397**	**409,876,545**
-	**416,406,686**	**202,482,646**	**-**	**618,889,332**
31,141,658,919	**42,834,246,703**	**3,008,123,856**	**7,557,352,380**	**84,541,381,858**
4,322,356,447	1,015,654,471	709,253,627	-	6,047,264,545
1,073,701,782	82,540,567	353,241,837	-	1,509,484,186
14,704,929	398,485	4,059,283	7,464,853	26,627,550
1,883,289,018	23,362,791	167,173,639	(391,446,998)	1,682,378,450
17,330,732,762	539,102,655	133,089,708	142,221,152	18,145,146,277
1,467,247,206	34,424,247,619	1,051,446,195	50,755,456	36,993,696,476
-	-	105,615,678	40,268,139	145,883,817
28,556,017	-	4,825,652	-	33,381,669
100,150,466	170,787,716	222,422	3,023,394	274,183,998
-	441,370,614	-	-	441,370,614
21,148,056,549	38,577,440,041	1,631,259,903	2,594,471,809	63,951,228,302

All figures in Saudi Riyals if not stated otherwise

7. Cash and cash equivalents

	December 31, 2014	December 31, 2013
Term deposits with original maturities equal to or less than three months at date of acquisition		
– unrestricted	**10,561,438,968**	3,377,583,347
– restricted	**502,412,645**	450,506,302
Sub- total	**11,063,851,613**	3,828,089,649
Cash and bank balance includes		
– unrestricted	**872,942,089**	476,137,538
– restricted	**37,174,353**	32,415,803
Sub- total	**910,116,442**	508,553,341
Total	**11,973,968,055**	4,336,642,990

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 tothe due date, as per the financing agreement	**1,242,532**	11,023,875
Employees' savings plan obligation (Note 4.19 and 25.2)	**35,931,821**	21,391,928
Sub-total	**37,174,353**	32,415,803
Balance portion accumulated for the scheduled repayment of long-term borrowings, six months prior to the due date, invested and included in short-term deposits with original maturities equal to or less than three months at the date of acquisition	**502,412,645**	450,506,302
Total restricted cash	**539,586,998**	482,922,105
Total unrestricted cash	**11,434,381,057**	3,853,720,885

8. Short-term investments

	December 31, 2014	December 31, 2013
Term deposits with original maturities of more than three months and less than a year at acquisition	**523,320,360**	-

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

9. Trade and other receivables

	December 31, 2014	December 31, 2013
Trade*	**1,011,948,967**	561,424,851
Due from SAMAPCO (Note 43.2)	**47,998,419**	47,998,419
Due from Saudi Mining Polytechnic ("SMP") (Note 43.2)	**4,813,789**	50,464,149
Insurance claims**	**141,738,693**	98,300,773
Withholding tax receivable	**31,973,072**	-
Investment income receivable	**1,262,316**	2,437,776
Other	**5,392,077**	2,257,817
Total	**1,245,127,333**	762,883,785

9. Trade and other receivables (continued)

	December 31, 2014	December 31, 2013
*Trade receivables includes:		
Due from Alcoa Inc. (Note 43.2)	-	23,948,991
Due from SABIC (Note 43.2)	**426,937,770**	242,382,717
**Insurance claims relate to:		
• one of the aluminium pot lines on which the production was halted in October 2013. The temporary shutdown was undertaken after a period of pot instability. The pot line has been restored during second quarter of 2014.	**113,934,773**	98,300,773
• an ammonia reformer and conveyor belt claim	**27,803,920**	-
Total	**141,738,693**	98,300,773

10. Inventories

	December 31, 2014	December 31, 2013
Finished goods – ready for sale	**236,049,195**	303,757,498
Work-in-progress	**497,089,525**	360,307,241
Stockpile of mined ore	**187,614,794**	105,632,033
By-products	**9,127,012**	3,764,780
Sub-total	**929,880,526**	773,461,552
Spare parts and consumables materials	**838,757,537**	715,312,264
Allowance for obsolete slow-moving spare parts and consumable materials	**(15,359,183)**	(16,405,729)
	823,398,354	698,906,535
Raw materials	**687,593,723**	410,651,782
Sub-total	**1,510,992,077**	1,109,558,317
Total	**2,440,872,603**	1,883,019,869

The spare parts inventory primarily relates to plant and machinery.
Movement in the allowance for inventory obsolescence is as follows:

	2014	2013
January 1	**16,405,729**	18,671,349
Reversal of allowance for obsolescence (Note 35)	**(1,046,546)**	(2,265,620)
December 31	**15,359,183**	16,405,729

11. Advances and prepayments

	December 31, 2014	December 31, 2013
Current portion:		
Advances to contractors	**158,811,879**	77,482,678
Advances to employees	**22,122,089**	13,700,858
Prepaid rent	**18,913,734**	28,179,145
Prepaid insurance	**15,356,641**	19,774,522
Other prepayments	**17,507,511**	8,223,988
Sub-total	**232,711,854**	147,361,191
Non-current portion:		
Other prepayments	**16,541,800**	17,657,616
Sub-total	**16,541,800**	17,657,616
Total	**249,253,654**	165,018,807

All figures in Saudi Riyals if not stated otherwise

12. Property, plant and equipment

	Notes	Land	Mining assets	Motor vehicles	Heavy equipment
Cost					
January 1, 2013		61,550,000	61,018,120	25,637,190	218,575,960
Additions during the year		-	-	-	60,781,150
Transfer from capital work-in-progress	13	-	-	3,678,979	27,829,783
Adjustments / write-offs		-	-	-	-
December 31, 2013		61,550,000	61,018,120	29,316,169	307,186,893
Additions during the year		-	-	-	-
Transfer of capital spares from inventory		-	-	-	-
Transfer from capital work-in-progress	13	-	397,660	28,700,930	44,908,531
Transfer to intangible assets	16	-	-	-	-
Provision for mine closure capitalized	26.1	-	34,478,197	-	-
Adjustments / write-offs		-	-	(2,692,117)	-
December 31, 2014		**61,550,000**	**95,893,977**	**55,324,982**	**352,095,424**
Accumulated depreciation					
January 1, 2013		-	40,253,516	21,882,172	68,122,011
Charge for the year		-	4,255,225	2,082,557	20,161,032
Adjustments / write-offs		-	-	-	-
December 31, 2013		-	44,508,741	23,964,729	88,283,043
Charge for the year		-	8,064,018	4,967,314	19,513,849
Adjustments / write-offs		-	-	(2,692,117)	-
December 31, 2014		**-**	**52,572,759**	**26,239,926**	**107,796,892**
Net book value					
December 31, 2013		61,550,000	16,509,379	5,351,440	218,903,850
December 31, 2014		**61,550,000**	**43,321,218**	**29,085,056**	**244,298,532**

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
Allocation of depreciation charge for the year to:			
Capital work-in-progress	13	**27,508,167**	-
Cost of sales	35	**1,497,774,622**	1,019,386,513
General and administrative expenses	37	**29,012,333**	14,628,287
Total		**1,554,295,122**	**1,034,014,800**

Property, plant and equipment of MPC, MAC, MRC and MBAC with a net book value at December 31, 2014 of SAR 37,117,483,423 (December 31, 2013: SAR 16,941,872,846) are pledged as security to lenders under the Common Term Financing Agreement (Note 28.7).

Property, plant and equipment of MBAC with a net book value at December 31, 2014 of SAR 52,544,181 (December 31, 2013: SAR 60,145,555) was acquired under a capital lease and are pledged as security to the lessor (Note 27).

Fixed plant and heap leaching	Buildings	Civil works	Other equipment	Office equipment	Furniture and fittings	Total
18,002,601,737	1,555,969,969	455,213,530	74,975,322	34,231,646	33,526,246	20,523,299,720
29,901,062	-	-	-	1,907,676	-	92,589,888
1,806,952	408,282,435	35,653,736	4,711,102	2,107,429	12,585,888	496,656,304
-	-	-	104,984	(27,070)	(618,774)	(540,860)
18,034,309,751	1,964,252,404	490,867,266	79,791,408	38,219,681	45,493,360	21,112,005,052
120,100,602	-	48,000	-	-	64,500	120,213,102
133,385,591	-	-	-	-	-	133,385,591
9,406,935,485	6,170,394,284	3,808,101,145	1,973,695,252	35,071,712	46,631,135	21,514,836,134
(16,819,855)	-	-	-	-	-	(16,819,855)
-	-	-	-	-	-	34,478,197
(3,179,387)	-	-	(927,591)	(33,960)	32,492	(6,800,563)
27,674,732,187	**8,134,646,688**	**4,299,016,411**	**2,052,559,069**	**73,257,433**	**92,221,487**	**42,891,297,658**
1,337,751,767	143,828,862	252,529,100	36,781,064	18,089,622	14,193,654	1,933,431,768
897,628,369	68,429,775	16,048,266	12,036,724	4,808,901	8,563,951	1,034,014,800
-	-	-	10,531	(4,550)	(593,774)	(587,793)
2,235,380,136	212,258,637	268,577,366	48,828,319	22,893,973	22,163,831	2,966,858,775
1,128,358,858	215,936,516	53,820,349	101,127,444	1,222,967	21,283,807	1,554,295,122
(2,326,141)	(180,621)	-	(790,898)	(873)	6,364	(5,984,286)
3,361,412,853	**428,014,532**	**322,397,715**	**149,164,865**	**24,116,067**	**43,454,002**	**4,515,169,611**
15,798,929,615	1,751,993,767	222,289,900	30,963,089	15,325,708	23,329,529	18,145,146,277
24,313,319,334	**7,706,632,156**	**3,976,618,696**	**1,903,394,204**	**49,141,366**	**48,767,485**	**38,376,128,047**

All figures in Saudi Riyals if not stated otherwise

13. Capital work-in-progress

	Notes	Phosphate	Industrial minerals
Cost			
January 1, 2013		241,388,816	81,116,854
Additions during the year		769,886,622	4,977,430
Transfer to property, plant and equipment	12	(239,917,991)	-
Transfer from exploration and evaluation assets	14	362,283,896	-
Transfer to intangible assets	16	-	-
Advances to contractors, net		172,446,542	-
December 31, 2013		1,306,087,885	86,094,284
Additions during the year		5,388,270,447	2,932,848
Transfer to property, plant and equipment	12	(367,949,799)	-
Transfer to intangible assets	16	(9,939,659)	-
Provision for mine closure capitalized	26.2	-	-
Advances to contractors, net		661,433,362	-
December 31, 2014		**6,977,902,236**	**89,027,132**
Advances to contractors capitalized as part of additions to capital work-in-progress			
December 31, 2013		182,646,011	-
December 31, 2014		**844,079,373**	-
Borrowing cost capitalized as part of additions to capital work-in-progress during the year			
December 31, 2013	40.1	-	-
December 31, 2014	40.1	**71,439,588**	-

Capital work-in-progress includes borrowing cost relating to the qualifying assets of MAC, MRC, MBAC and MWASPC with a book value before consolidation elimination at December 31, 2014 of SAR 23,402,531,540 (December 31, 2013: SAR 34,459,633,329) which are pledged as security to the lenders under the Common Term Financing Agreement (Note 28.7).

	Notes	Phosphate	Industrial minerals
Depreciation capitalized as part of capital work-in-progress during the year			
December 31, 2013	12	-	-
December 31, 2014	12	-	-
Amortization capitalized as part of capital work-in-progress during the year			
December 31, 2013	16	-	-
December 31, 2014	16	-	-
Provision for mine closure capitalized as part of capital work-in-progress during the year			
December 31, 2013	26.2	-	-
December 31, 2014	26.2	-	-

Aluminium	Precious and base metals	Infra-structure	Corporate	Total
23,074,340,867	426,359,292	270,867,316	289,140,819	24,383,213,964
10,981,730,735	562,062,144	188,684,007	386,107,953	12,893,448,891
-	(12,970,178)	(242,747,148)	(1,020,987)	(496,656,304)
-	75,994,937	-	-	438,278,833
-	-	(25,033,511)	-	(25,033,511)
(378,586,332)	-	33,424,447	(26,840,054)	(199,555,397)
33,677,485,270	1,051,446,195	225,195,111	647,387,731	36,993,696,476
4,252,048,096	979,219,801	67,021,569	604,631,049	11,294,123,810
(20,571,307,229)	(302,600,769)	(213,764,716)	(59,213,621)	(21,514,836,134)
(75,710,528)	(16,402,803)	-	-	(102,052,990)
18,288,131	-	-	-	18,288,131
(213,977,794)	-	(32,576,041)	(20,940,125)	393,939,402
17,086,825,946	**1,711,662,424**	**45,875,923**	**1,171,865,034**	**27,083,158,695**
240,106,600	-	51,283,138	36,001,755	510,037,504
26,128,806	**-**	**18,707,096**	**15,061,630**	**903,976,905**
481,163,536	-	-	-	481,163,536
519,445,927	**-**	**-**	**-**	**590,885,515**
-	-	-	-	-
27,029,110	**-**	**479,057**	**-**	**27,508,167**
-	-	-	-	-
1,362,790	**-**	**-**	**-**	**1,362,790**
-	-	-	-	-
18,288,131	**-**	**-**	**-**	**18,288,131**

All figures in Saudi Riyals if not stated otherwise

14. Exploration and evaluation assets

	Notes	Phosphate	Precious and base metals	Corporate	Total
January 1, 2013		194,027,658	127,306,058	25,956,610	347,290,326
Additions during the year	13	168,256,238	54,304,557	14,311,529	236,872,324
Transfer to capital work-in-progress		(362,283,896)	(75,994,937)	-	(438,278,833)
December 31, 2013		-	105,615,678	40,268,139	145,883,817
Additions during the year	38	-	48,635,941	2,292,805	50,928,746
Impairment during the year		-	-	(21,306,251)	(21,306,251)
December 31, 2014		**-**	**154,251,619**	**21,254,693**	**175,506,312**

15. Deferred stripping expenses

	Notes	Phosphate	Precious and base metals	Total
Cost				
January 1, 2013		75,666,881	11,227,159	86,894,040
Stripping cost incurred during the year		-	-	-
December 31, 2013		75,666,881	11,227,159	86,894,040
Stripping cost incurred during the year		-	17,461,251	17,461,251
December 31, 2014		**75,666,881**	**28,688,410**	**104,355,291**
Accumulated amortization				
January 1, 2013		38,838,055	5,702,847	44,540,902
Expensed to cost of sales during the year	35	8,272,809	698,660	8,971,469
December 31, 2013		47,110,864	6,401,507	53,512,371
Expensed to cost of sales during the year	35	851,690	908,247	1,759,937
December 31, 2014		**47,962,554**	**7,309,754**	**55,272,308**
Net book value				
December 31, 2013		28,556,017	4,825,652	33,381,669
December 31, 2014		**27,704,327**	**21,378,656**	**49,082,983**

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All figures in Saudi Riyals if not stated otherwise

16. Intangible assets

	Notes	Phosphate	Aluminium
Cost			
January 1, 2013		23,929,635	-
Additions during the year		-	-
Transfer from capital work-in-progress	13	-	-
Adjustments / write-offs		-	-
December 31, 2013		23,929,635	-
Additions during the year		-	38,825,791
Transfer from property, plant and equipment	12	16,819,855	-
Transfer from capital work-in-progress	13	9,939,659	75,710,528
December 31, 2014		**50,689,149**	**114,536,319**
Accumulated amortization			
January 1, 2013		4,387,100	-
Charge for the year		4,785,927	-
Adjustments / write-offs		-	-
December 31, 2013		9,173,027	-
Charge for the year		6,362,645	12,230,133
December 31, 2014		**15,535,672**	**12,230,133**
Net book value			
December 31, 2013		14,756,608	-
December 31, 2014		**35,153,477**	**102,306,186**

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
Allocation of amortization charge for the year to:			
Capital work-in-progress	13	**1,362,790**	-
Cost of sales	35	**23,951,854**	18,746,009
Selling, marketing and logistic expenses	36	**9,706,448**	-
General and administrative expenses	37	**649,444**	1,265,000
Total		**35,670,536**	20,011,009

Intangible assets of MAC, MRC and MBAC with a net book value at December 31, 2014 of SAR 102,306,186 (December 31, 2013: Nil) are pledged as security to lenders under the Common Term Financing Agreement (Note 28.7).

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

Precious and base metals	Infra-structure	Corporate	Total
5,902,120	272,842,879	70,328,710	373,003,344
4,075,515	-	-	4,075,515
-	25,033,511	-	25,033,511
(3,336,141)	-	(66,344,755)	(69,680,896)
6,641,494	297,876,390	3,983,955	332,431,474
-	-	13,664,447	52,490,238
-	-	-	16,819,855
16,402,803	-	-	102,052,990
23,044,297	**297,876,390**	**17,648,402**	**503,794,557**
5,445,124	28,708,682	6,391,786	44,932,692
973,948	12,986,134	1,265,000	20,011,009
-	-	(6,696,225)	(6,696,225)
6,419,072	41,694,816	960,561	58,247,476
2,254,186	14,174,128	649,444	35,670,536
8,673,258	**55,868,944**	**1,610,005**	**93,918,012**
222,422	256,181,574	3,023,394	274,183,998
14,371,039	**242,007,446**	**16,038,397**	**409,876,545**

All figures in Saudi Riyals if not stated otherwise

17. Investment in jointly controlled entities

	December 31, 2014	December 31, 2013
SAMAPCO (Note 17.1)	**416,406,686**	441,370,614
MBCC (Note 17.2)	**202,482,646**	-
Total	**618,889,332**	441,370,614

17.1 SAMAPCO

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

	December 31, 2014	December 31, 2013
Shares at cost (Note 50)	**450,000,000**	450,000,000
Share of the accumulated loss	**(33,593,314)**	(8,629,386)
Total	**416,406,686**	441,370,614

Share of the accumulated loss in SAMAPCO

	2014	2013
January 1	**(8,629,386)**	(5,148,265)
Share in net loss for year	**(24,963,928)**	(3,481,121)
December 31	**(33,593,314)**	(8,629,386)

17.2 MBCC

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

	December 31, 2014	December 31, 2013
Shares at cost (Note 50)	**5,000,000**	-
Payment to increase share capital	**197,482,646**	-
Total	**202,482,646**	-

18. Due from joint venture partners

	December 31, 2014	December 31, 2013
Due from Mosaic	**450,000,000**	450,000,000
Due from SABIC	**270,000,000**	270,000,000
Total	**720,000,000**	720,000,000

Due from joint venture partners represents the second installment of the remaining 50% of SAR 1.44 billion due on June 30, 2016 as per the Shareholders Agreement signed on August 5, 2013 (Note 1 and 41).

19. Long-term investment

	December 31, 2014	December 31, 2013
Securities with original maturities of more than a year at the date of acquisition	**50,000,000**	50,000,000

20. Long-term loan

	December 31, 2014	December 31, 2013
Ma’aden Barrick Copper Company	**626,197,939**	-

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.

21. Projects and other payables

	December 31, 2014	December 31, 2013
Projects	**1,417,680,157**	1,743,690,739
Trade	**810,982,797**	234,551,557
Advances from customers	**143,597,425**	9,673,405
Non-refundable contribution*	**38,000,000**	38,000,000
Other	**25,371,201**	25,365,564
Total	**2,435,631,580**	2,051,281,265

Project payables mainly represents the liability in respect of contracts cost arising from MRC, MBAC and MWASPC. *Contributed by one of the MAC's contractors to support the company's objective to establish a social responsibility fund for the development of a community project.

22. Accrued expenses

	December 31, 2014	December 31, 2013
Projects	**1,452,648,671**	2,543,895,556
Trade	**789,400,136**	447,109,110
Employees	**198,710,822**	185,300,357
Accrued expenses – Alcoa Inc. (Note 43.2)	**103,982,687**	83,763,220
Finance charges	**13,726,768**	953,500
Total	**2,558,469,084**	3,261,021,743

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

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

23. Zakat

23.1 Components of zakat base

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

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

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

All figures in Saudi Riyals if not stated otherwise

23.2 Zakat payable

	2014	2013
January 1	**54,295,070**	63,600,191
Provision for zakat	**44,434,257**	55,448,293
Current year	**58,735,918**	54,295,070
Prior year (over) / under provision	**(14,301,661)**	1,153,223
Paid during the year to the authorities	**(39,993,409)**	(64,753,414)
December 31	**58,735,918**	54,295,070

23.3 Provision for zakat consists of:

	Year ended December 31, 2014	Year ended December 31, 2013
Saudi Arabian Mining Company	**18,759,042**	29,155,558
Ma'aden Phosphate Company	**25,728,204**	13,051,361
Ma'aden Gold and Base Metals Company (Note 24.2)	**2,463,124**	4,317,839
Industrial Minerals Company	**8,404,180**	5,125,202
Ma'aden Infrastructure Company	**3,381,368**	2,645,110
Total (Note 23.2)	**58,735,918**	54,295,070

23.4 Status of final assessments

The Company and its subsidiaries received provisional zakat certificates from the years ended December 31, 2009 to December 31, 2013, however, no zakat assessments were finalized by the DZIT.

24. Severance fees payable

	2014	2013
January 1	**36,430,433**	91,516,753
Provision for severance fee (Note 33)	**35,068,957**	37,828,408
Current year (Note 22.1)	**29,638,171**	36,341,127
Previous year under provision	**5,430,786**	1,487,281
Paid during the year to the authorities	**(41,771,913)**	(92,914,728)
December 31	**29,727,477**	36,430,433

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

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

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

All figures in Saudi Riyals if not stated otherwise

24.1 Provision for severance fees consists of:

	Year ended December 31, 2014	Year ended December 31, 2013
Gold mines (Note 24.2)	**27,848,051**	34,658,401
Low grade bauxite	**1,450,961**	1,410,647
Kaolin	**173,620**	136,440
Magnesia	**165,539**	135,639
Total (Note 24)	**29,638,171**	36,341,127

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

	Year ended December 31, 2014	Year ended December 31, 2013
Net income from operating mines before severance fee for the year	**146,976,824**	210,962,881
25% of the year's net income as defined	**36,744,206**	52,740,720
Hypothetical income tax based on year's taxable net income	**30,311,175**	38,976,240
Provision based on the lower of the above two computations	**30,311,175**	38,976,240
Provision for zakat (Note 23.3)	**(2,463,124)**	(4,317,839)
Net severance fee provision for the year (Note 24.1)	**27,848,051**	34,658,401

25. Employees' benefits

	December 31, 2014	December 31, 2013
Employees' termination benefits (Note 25.1)	**254,443,608**	193,438,653
Employees' savings plan (Note 7 and 25.2)	**35,931,821**	21,391,928
Total	**290,375,429**	214,830,581

25.1 Employees' termination benefits

	2014	2013
January 1	**193,438,653**	155,949,095
Provision for the year	**92,706,633**	52,392,909
Paid during the year	**(31,701,678)**	(14,903,351)
December 31	**254,443,608**	193,438,653

25.2 Employees' savings plan

	2014	2013
January 1	**21,391,928**	15,006,007
Contribution for the year	**21,992,430**	13,759,930
Withdrawals during the year	**(7,452,537)**	(7,374,009)
December 31 (Note 4.19 and 7)	**35,931,821**	21,391,928

All figures in Saudi Riyals if not stated otherwise

26. Provision for mine closure and reclamation

	December 31, 2014	December 31, 2013
Gold mines (Note 26.1)	**110,389,199**	81,440,623
Al-Baitha bauxite mine (Note 26.2)	**18,856,531**	-
Low grade bauxite, kaolin and magnesite mines (Note 26.3)	**2,050,000**	2,050,000
Total	**131,295,730**	83,490,623

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

	Mahd Ad Dhahab mine	Al Hajar mine	Sukhaybarat mine*	Bulghah mine	Al Amar mine	As Suq mine	Total
January 1, 2013	22,436,284	10,911,200	20,467,221	21,661,407	13,217,044	-	88,693,156
Utilization during the year	(1,721,053)	(5,379,390)	(152,090)	-	-	-	(7,252,533)
December 31, 2013	20,715,231	5,531,810	20,315,131	21,661,407	13,217,044	-	81,440,623
Additions during the year (Note 12)	5,416,381	1,727,802	4,457,752	3,286,600	2,611,812	16,977,850	34,478,197
Utilization during the year	-	(5,377,621)	(152,000)	-	-	-	(5,529,621)
December 31, 2014	**26,131,612**	**1,881,991**	**24,620,883**	**24,948,007**	**15,828,856**	**16,977,850**	**110,389,199**
Commenced commercial production in	1988	2001	1991	2001	2008	2014	
Expected closure date in	2019	2014 **	2043	2020	2030	2018	

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

** The feasibility study of the Al Hajar copper project, focusing on the resources and reserves estimates was completed on May 15, 2013 and the financial module of the project is currently under evaluation. After the finalization of evaluation, the expected date will be determined.

26.2 Al-Baitha bauxite mine

	Notes	Total
December 31, 2013		-
Additions during the year	13	18,288,131
Accretion of provision	37	568,400
December 31, 2014		**18,856,531**
Commenced commercial production in		2014
Expected closure date in		2059

26.3 Low grade bauxite, kaolin and magnesite mines

	Az Zabirah mine	Al-Ghazalah mine	Total
December 31, 2013	1,600,000	450,000	2,050,000
December 31, 2014	**1,600,000**	**450,000**	**2,050,000**
Commenced commercial production in	2008	2011	-
Expected closure date in	2026	2028	-

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

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

27. Obligation under capital leases

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

	December 31, 2014	December 31, 2013
Future minimum lease payments	**61,108,225**	76,710,325
Less: financial charges not yet due	**(10,994,872)**	(16,714,995)
Net present value of minimum lease payments	**50,113,353**	59,995,330
Less: Current portion shown under current liabilities	**(10,948,977)**	(9,881,978)
Long term portion of obligation under capital leases	**39,164,376**	50,113,352

Maturity profile

Minimum lease payment falling due during years ending December 31:

2014	**-**	15,602,100
2015	**15,602,100**	15,602,100
2016	**15,602,100**	15,602,100
2017	**15,602,100**	15,602,100
2018	**14,301,925**	14,301,925
Total	**61,108,225**	76,710,325

The present value of minimum lease payments has been discounted at an effective interest rate of approximately 0.858% per month. The leased assets of SAR 52,544,181 (December 31, 2013: SAR 60,145,555) are pledged as security to the lessor (Note 12).

All figures in Saudi Riyals if not stated otherwise

28. Long-term borrowings

28.1 Facilities approved

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

The Group facilities comprise of the following as at December 31, 2014:

	MPC facilities granted Jun. 15, 2008	MAC facilities granted Nov. 30, 2010
Facilities under Common Term Agreement		
Public Investment Fund (“PIF”)	4,000,001,250	4,875,000,000
Islamic and commercial banks		
Procurement*	4,269,892,500	5,047,500,000
Commercial*	1,491,562,500	900,000,000
Al-Rajhi Bank		-
The Export Import Bank of Korea	1,500,000,000	-
Korea Export Insurance Corporation	750,000,000	-
Wakala	-	787,500,000
Subtotal	10,355,205,000	6,735,000,000
Saudi Industrial Development Fund (“SIDF”)	600,000,000	600,000,000
Riyal Murabaha facility (a working capital facility)	2,343,750,000	375,000,000
Sub-total	**14,955,206,250**	**12,585,000,000**
Syndicated Revolving Credit Facility Agreement	-	-
Total facilities granted	**14,955,206,250**	**12,585,000,000**

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

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

MRC facilities granted Nov. 30, 2010	MBAC facilities granted Nov. 27, 2011	MWASPC facility granted Jun. 30, 2014	Ma’aden facilities granted Dec. 18, 2012	Total
3,078,750,000	3,750,000,000	7,500,000,000	-	23,203,751,250
1,041,000,000	2,690,712,844	4,299,854,651	-	17,348,959,995
-	258,750,000	5,450,145,349	-	8,100,457,849
-	-	-	-	2,343,750,000
-	-	-	-	1,500,000,000
-	-	-	-	750,000,000
-	768,750,000	1,650,000,000	-	3,206,250,000
1,041,000,000	3,718,212,844	11,400,000,000	-	33,249,417,844
600,000,000	900,000,000	-	-	2,700,000,000
-	-	-	-	375,000,000
4,719,750,000	**8,368,212,844**	**18,900,000,000**	-	**59,528,169,094**
-	-	-	9,000,000,000	9,000,000,000
4,719,750,000	**8,368,212,844**	**18,900,000,000**	**9,000,000,000**	**68,528,169,094**

All figures in Saudi Riyals if not stated otherwise

28.1 Facilities approved (continued)

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

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

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

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

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

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

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

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

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

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

28.2 Facilities utilized under the different CTAs

MPC facility

	December 31, 2014	December 31, 2013
Public Investment Fund	**3,334,401,042**	3,667,201,146
Less: Repaid during the year	**332,800,104**	332,800,104
Sub-total (Note 43.2)	**3,001,600,938**	3,334,401,042

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

28.2 Facilities utilized under the different CTAs (continued)	December 31, 2014	December 31, 2013
Islamic and commercial banks		
Saudi Riyal procurement	**3,906,951,637**	4,099,096,800
Al-Rajhi Bank	**2,144,531,250**	2,250,000,000
The Export Import Bank of Korea	**1,337,250,000**	1,419,750,000
Commercial	**1,021,654,688**	1,071,900,000
Korea Export Insurance Corporation	**668,625,000**	709,875,000
	9,079,012,575	9,550,621,800
Less: Repaid during the year	**547,385,250**	471,609,225
Sub-total	**8,531,627,325**	9,079,012,575

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is in the range of LIBOR plus 0.5% to 1.15% per annum.
The repayment of facilities started on June 30, 2012. All the repayments of the above facilities will be on a six monthly basis, starting at SAR 255.1 million and increasing over the term of the loan with the final repayment of SAR 1,285 million on December 31, 2023 (Note 7).

Saudi Industrial Development Fund	**540,000,000**	600,000,000
Less: Repaid during the year	**80,000,000**	60,000,000
Sub-total	**460,000,000**	540,000,000

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 with the final repayment of SAR 50 million on June 19, 2019 (Note 7).

Total MPC borrowings (Note 28.4)	**11,993,228,263**	12,953,413,617

MAC facility		
Public Investment Fund (Note 43.2)	**4,775,062,500**	4,875,000,000

The rate of commission on the principal amount of the loan drawdown and outstanding for each commission period is LIBOR plus 1.5%.
The repayment of the loan will be in 24 installments on a six monthly basis starting from December 31, 2014. The repayments are starting at SAR 99.9 million and increasing over the term of the loan with the final repayment of SAR 1,218 million on June 30, 2026.

Islamic and commercial banks		
Dollar procurement	**910,935,000**	930,000,000
Saudi Riyal procurement	**4,033,091,250**	4,117,500,000
Commercial	**881,550,000**	900,000,000
Wakala	**771,356,250**	787,500,000
Sub-total	**6,596,932,500**	6,735,000,000

The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the US Dollar facilities is LIBOR plus a margin (mark-up in case of Wakala facilities) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of Wakala facilities) that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.75% per annum.
The repayment of the principal amounts of loans will start from December 31, 2014. The repayments are starting at SAR 138 million and increasing over the term of the loan with the final repayment of SAR 1,684 million on June 30, 2026.

All figures in Saudi Riyals if not stated otherwise

28.2 Facilities utilized under the different CTAs (continued)

	December 31, 2014	December 31, 2013
MAC facility		
Saudi Industrial Development Fund	**570,000,000**	420,000,000
Repayment of the SIDF facility will start from February 4, 2015. The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on June 7, 2020.		
Riyal Murabaha facility	**375,000,000**	-
The rate of profit on the purchase price i.e. principal amount of the loan drawn for each commission period is Saudi Interbank Offered Rate ("SIBOR") plus 1.75%. The repayment of Murabaha facility is on 31 Mar 2016.		
Total MAC borrowings (Note 28.4)	**12,316,995,000**	12,030,000,000
MRC facility		
Public Investment Fund (Note 43.2)	**2,938,383,972**	2,321,849,292
The rate of commission on the principal amount of the loan draw for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%. The repayment of the principal amount of loan will be in 20 installments on a six monthly basis starting from December 31, 2016. The repayments are starting at SAR 30.8 million and increasing over the term of the loan with the final repayment of SAR 153.9 million on June 30, 2026.		
Islamic and commercial banks		
Riyal procurement	**983,317,601**	774,852,281
The rate of commission on the principal amount of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.65% to 2.45% per annum. The repayment of the principal amounts of loans will start from December 31, 2016. The repayments are starting at SAR 10.4 million and increasing over the term of the loan with the final repayment of SAR 13.5 million on June 30, 2026.		
Saudi Industrial Development Fund	**540,000,000**	480,000,000
Repayment of the SIDF facility will start from January 25, 2016. The repayments are starting at SAR 25 million and increasing over the term of the loan with the final repayment of SAR 62.5 million on July 19, 2021.		
Total MRC borrowings (Note 28.4)	**4,461,701,573**	3,576,701,573
MBAC facility		
Public Investment Fund (Note 43.2)	**3,220,543,013**	1,961,113,684
The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%. The repayment of the principal amount of PIF facility will be in 21 installments on a six monthly basis starting from June 30, 2017. The repayments are starting at SAR 75 million and increasing over the term of the loan with the final repayment of SAR 435 million on June 30, 2028.		

28.2 Facilities utilized under the different CTAs (continued)

MBAC facility

	December 31, 2014	December 31, 2013
Islamic and commercial banks		
Dollar procurement	**678,624,769**	410,114,437
Riyal procurement	**1,605,283,155**	970,123,442
Commercial	**219,629,971**	132,729,346
Wakala	**768,749,963**	708,703,645
Sub-total	**3,272,287,858**	2,221,670,870

The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on the all the dollar facilities is LIBOR plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The rate of commission on the principal amount (lease base amount in case of wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is Saudi Interbank Offered Rate ("SIBOR") plus a margin (mark-up in case of wakala facilities) that varies over the term of the loan. The margin/mark-up on the principal amount of the loan drawn for each commission period is in the range of 1.45% to 2.4% per annum.
The repayment of the principal amounts of Islamic and commercial total approved facilities will start from June 30, 2017. The repayments are starting at SAR 74 million and increasing over the term of the loan with the final repayment of SAR 431 million on June 30, 2027.

Saudi Industrial Development Fund	**375,000,000**	-

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 2021. SIDF has withheld loan processing and evaluation fee of SAR 75 million.

Total MBAC borrowings (Note 28.4)	**6,867,830,871**	**4,182,784,554**

MWASPC facility

Public Investment Fund (Note 43.2)	**2,149,327,518**	-

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 1.5% 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.

Islamic and commercial banks		
Dollar procurement facility	**90,144,283**	-
Saudi Riyal procurement facility	**775,955,587**	-
Wakala	**448,518,845**	-
Commercial facility	**1,378,217,847**	-
Sub-total	**2,692,836,562**	-

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.

Total MWASPC borrowings (Note 28.4)	**4,842,164,080**	**-**

All figures in Saudi Riyals if not stated otherwise

28.3 Facilities utilized under the Syndicated Revolving Credit Facility

	December 31, 2014	December 31, 2013
Ma'aden		
Syndicated Revolving Credit Facility (Note 28.4)	**4,430,000,000**	-

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

28.4 Total borrowings

	December 31, 2014	December 31, 2013
Facilities utilized under:		
CTA (Note 28.2):		
MPC	**11,993,228,263**	12,953,413,617
MAC	**12,316,995,000**	12,030,000,000
MRC	**4,461,701,573**	3,576,701,573
MBAC	**6,867,830,871**	4,182,784,554
MWASPC	**4,842,164,080**	-
Syndicated Revolving Credit Facility (Note 28.3):		
Ma'aden	**4,430,000,000**	-
Sub-total	**44,911,919,787**	32,742,899,744
Less: Current portion of borrowings shown under current liabilities		
MPC	**1,048,211,379**	960,185,354
MAC	**526,010,000**	238,005,000
Sub-total	**1,574,221,379**	1,198,190,354
Long-term portion of borrowings	**43,337,698,408**	31,544,709,390

28.5 Maturity profile of long-term borrowings

	December 31, 2014	December 31, 2013
2014	**-**	1,198,190,354
2015	**1,574,221,379**	1,574,221,379
2016	**1,756,319,904**	1,756,319,904
2017	**6,601,245,918**	2,171,245,918
2018	**2,403,152,068**	2,403,152,068
Thereafter	**32,576,980,518**	23,639,770,121
Total	**44,911,919,787**	32,742,899,744

28.6 Facilities' currency denomination

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

	December 31, 2014 (US$)	December 31, 2013 (US$)
Public Investment Fund	**4,289,311,451**	3,331,297,071
Islamic and commercial banks		
Procurement	**2,957,627,895**	2,605,180,630
Al-Rajhi Bank	**540,625,000**	571,875,000
The Export Import Bank of Korea	**328,000,000**	356,600,000
Korea Export Insurance Corporation	**164,000,000**	178,300,000
Commercial	**918,726,501**	547,835,742
US Dollar procurement	**447,921,081**	357,363,850
Wakala	**530,300,015**	398,987,639
Sub-total	**5,887,200,492**	5,016,142,861
Saudi Industrial Development Fund	**518,666,667**	384,000,000
Riyal Murabaha facility	**100,000,000**	-
Syndicated Revolving Credit Facility	**1,181,333,333**	-
Total	**11,976,511,943**	8,731,439,932

28.7 Security

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

	December 31, 2014	December 31, 2013
Property, plant and equipment (Note 12)	**37,117,483,423**	16,941,872,846
Capital work-in-progress (Note 13)	**23,402,531,540**	34,459,633,329
Intangible assets (Note 16)	**102,306,186**	-
Total	**60,622,321,149**	51,401,506,175

29. Due to joint venture partners

	December 31, 2014	December 31, 2013
Due to Alcoa Inc.*	**241,875,238**	139,561,363
Due to Mosaic **	**203,949,242**	187,482,328
Due to SABIC **	**112,489,397**	112,489,397
Total	**558,313,877**	439,533,088

*Due to Alcoa Inc. represents their share of 25.1% in joint venture project cost 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 (Note 1).

**Due to Mosaic and SABIC represents their capital contribution to jointly develop a fully integrated phosphate production facility at Wa'ad Al Shamal Mineral Industrial City, such facility was incorporated in the Kingdom of Saudi Arabia under MWASPC (Note 1).

All figures in Saudi Riyals if not stated otherwise

30. Share capital

		December 31, 2014	December 31, 2013
Authorized, issued and fully paid			
925,000,000	Ordinary shares with a nominal value of SAR 10 per share	**9,250,000,000**	9,250,000,000
243,478,261	Ordinary shares with a nominal value of SAR 10 per share, following a rights issue	**2,434,782,610**	**-**
1,168,478,261		**11,684,782,610**	9,250,000,000

On 20 Rabi Awal 1436H (corresponding to November 13, 2014) in the Extraordinary General Assembly Meeting, the shareholders of the Company approved the Board of Directors' recommendation to increase the share capital of the Company by way of a rights issue offering, amounting to SR 5,600,000,000. The rights issue offering resulted in the issuing of 243,478,261 ordinary shares at an exercise price of SR 23 per share (SR 10 nominal value plus premium of SR 13 per share) thereby increasing the share capital by SR 2,434,782,610 and share premium by SR 3,165,217,434.

During December 2014, the Company completed the rights issue offering and received the proceeds from the offering.

31. Share premium

		December 31, 2014	December 31, 2013
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	**3,165,217,434**	-
	Less: Transaction cost	**23,865,737**	-
	Net increase in share premium	**3,141,351,697**	-
768,478,261		**8,391,351,697**	**5,250,000,000**

32. Transfer of net income

	December 31, 2014	December 31, 2013
January 1	**561,660,119**	393,422,274
Transfer of 10% of net income for the year	**135,734,120**	168,237,845
December 31	**697,394,239**	561,660,119

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

33. Non-controlling interest

33.1 Ma'aden Aluminium Company

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
January 1, 2013	1,206,249,381	-	(2,608,941)	1,203,640,440
Share of net loss for the year	-	-	(4,561,284)	(4,561,284)
Payments to increase share capital during the year	-	443,761,869	-	443,761,869
Increase in non-controlling interest during the year	443,761,869	(443,761,869)	-	-
December 31, 2013	1,650,011,250	-	(7,170,225)	1,642,841,025
Share of net income for the year	-	-	17,240,749	17,240,749
December 31, 2014	**1,650,011,250**	**-**	**10,070,524**	**1,660,081,774**

33.2 Ma'aden Rolling Company

January 1, 2013	482,453,375	67,955,695	(1,016,960)	549,392,110
Share of net loss for the year	-	-	(1,130,129)	(1,130,129)
December 31, 2013	482,453,375	67,955,695	(2,147,089)	548,261,981
Share of net loss for the year			(4,263,464)	(4,263,464)
Payments to increase share capital during the year	-	85,185,220	-	85,185,220
Increase in non-controlling interest during the year	132,247,720	(132,247,720)	-	-
December 31, 2014	**614,701,095**	**20,893,195**	**(6,410,553)**	**629,183,737**

33.3 Ma'aden Bauxite and Alumina Company

January 1, 2013	222,134,986	663,935,762	(1,536,772)	884,533,976
Share of net loss for the year	-	-	(3,499,601)	(3,499,601)
Payments to increase share capital during the year	-	112,950,000	-	112,950,000
Increase in non-controlling interest during the year	730,409,986	(730,409,986)	-	-
December 31, 2013	952,544,972	46,475,776	(5,036,373)	993,984,375
Share of net loss for the year			(2,406,099)	(2,406,099)
Payments to increase share capital during the year	-	259,399,597	-	259,399,597
Increase in non-controlling interest during the year	170,680,000	(170,680,000)	-	-
December 31, 2014	**1,123,224,972**	**135,195,373**	**(7,442,472)**	**1,250,977,873**

33.4 Ma'aden Phosphate Company

January 1, 2013	1,862,544,000	-	507,172,016	2,369,716,016
Dividend paid during the year (Note 43.1)	-	-	(450,000,000)	(450,000,000)
Share of net income for the year	-	-	142,888,111	142,888,111
December 31, 2013	1,862,544,000	-	200,060,127	2,062,604,127
Share of net income for the year	-	-	369,953,099	369,953,099
December 31, 2014	**1,862,544,000**	**-**	**570,013,226**	**2,432,557,226**

All figures in Saudi Riyals if not stated otherwise

33.5 Ma'aden Wa'ad Al Shamal Phosphate Company

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
January 27, 2014 – date of incorporation	600,750	-	-	600,750
Issuance of non-controlling interest during the period	851,400,000	-	-	851,400,000
Share of net loss for the period	-	-	(1,236,162)	(1,236,162)
December 31, 2014	**852,000,750**	-	**(1,236,162)**	**850,764,588**

33.6 Summary total

	Share capital	Payments to increase share capital	Net income / (loss) attributable to non-controlling interest	Total
January 1, 2013	3,773,381,742	731,891,457	502,009,343	5,007,282,542
Dividend paid during the year (Note 43.1)	-	-	(450,000,000)	(450,000,000)
Share of net income for the year	-	-	133,697,097	133,697,097
Payments to increase share capital during the year (Note 43.1)	-	556,711,869	-	556,711,869
Increase in non-controlling interest during the year	1,174,171,855	(1,174,171,855)	-	-
December 31, 2013	4,947,553,597	114,431,471	185,706,440	5,247,691,508
Share of net income for the year			379,288,123	379,288,123
Payments to increase share capital during the year (Note 43.1)	-	344,584,817	-	344,584,817
Increase in non-controlling interest during the period / year	1,154,928,470	(302,927,720)	-	852,000,750
December 31, 2014	**6,102,482,067**	**156,088,568**	**564,994,563**	**6,823,565,198**

34. Sales

	Year ended December 31, 2014	Year ended December 31, 2013
Phosphate segment		
Diammonium phosphate fertilizer	**4,098,250,476**	3,091,386,007
Ammonia	**1,302,796,696**	1,080,169,556
Low grade bauxite	**99,531,392**	95,875,428
Caustic calcined magnesia	**49,855,257**	33,410,744
Kaolin	**26,793,657**	21,265,319
Sub-total	**5,577,227,478**	4,322,107,054
Aluminium segment		
Since commencement of commercial production September 1, 2014	**2,376,424,767**	-
Before commencement of commercial production	**2,121,518,050**	1,015,155,686
Sub-total	**4,497,942,817**	1,015,155,686
Precious and base metals segment		
Gold	**715,132,467**	709,253,627
Infrastructure		
Infrastructure revenue	**1,580,125**	748,178
Total	**10,791,882,887**	6,047,264,545
Gold sales analysis		
Quantity of gold ounces (Oz) sold	**151,582**	138,512
Average realized price per ounce (Oz) in:		
US$	**1,258**	1,365
Saudi Riyals (equivalent)	**4,718**	5,121

35. Cost of sales

	Year ended December 31, 2014	Year ended December 31, 2013
Salaries and staff related benefits	**464,574,216**	263,455,759
Contracted services	**261,196,410**	125,841,850
Repairs and maintenance	**67,569,105**	51,856,427
Consumables	**110,504,633**	110,807,050
Overheads	**104,139,350**	70,470,827
Raw materials and utilities consumed	**5,223,561,025**	3,021,983,236
Provision for inventory loss	**76,849,341**	65,877,481
Reversal of inventory obsolescence (Note 10)	**(1,046,546)**	(2,265,620)
Deferred stripping expense (Note 15)	**1,759,937**	8,971,469
Severance fees (Note 24)	**35,068,957**	37,828,408
Sale of by-products (Note 35.1)	**(32,611,346)**	(31,550,694)
Total cash operating costs	**6,311,565,082**	3,723,276,193
Depreciation (Note 12)	**1,497,774,622**	1,019,386,513
Amortization (Note 16)	**23,951,854**	18,746,009
Total operating costs	**7,833,291,558**	4,761,408,715
Increase in inventory (Note 10)	**(156,418,974)**	(223,628,356)
Total	**7,676,872,584**	4,537,780,359

35.1 Sale of by-products comprise of the following commodities:

Copper	**15,327,002**	18,218,080
Zinc	**13,339,033**	9,571,533
Silver	**3,945,311**	3,761,081
Total	**32,611,346**	31,550,694

36. Selling, marketing and logistic expenses

	Year ended December 31, 2014	Year ended December 31, 2013
Salaries and staff related benefits	**26,271,024**	21,624,168
Contracted services	**32,367,085**	2,617,306
Freight and overheads	**109,177,070**	14,576,398
Consumables	**234,946**	187,995
Deductibles	**144,417,478**	124,093,201
Marketing fees	**132,489,189**	101,231,466
Other selling expenses	**28,178,575**	22,140,809
Amortization (Note 16)	**9,706,448**	-
Total	**482,841,815**	286,471,343

All figures in Saudi Riyals if not stated otherwise

37. General and administrative expenses

	Year ended December 31, 2014	Year ended December 31, 2013
Salaries and staff related benefits	**278,692,388**	241,184,415
Contracted services	**87,922,295**	140,560,114
Overheads and other	**44,300,370**	75,091,816
Consumables	**3,618,949**	4,335,954
Repair parts	**945,459**	531,727
Depreciation (Note 12)	**29,012,333**	14,628,287
Amortization (Note 16)	**649,444**	1,265,000
Accretion of provision for mine closure and reclamation (Note 26.2)	**568,400**	-
Total	**445,709,638**	477,597,313

38. Exploration and technical services expenses

	Year ended December 31, 2014	Year ended December 31, 2013
Salaries and staff related benefits	**61,667,647**	45,570,625
Contracted services	**88,945,684**	71,694,410
Overheads and other	**12,693,334**	13,144,135
Consumables	**3,407,632**	9,821,878
Repair parts	**1,538,917**	1,604,016
Impairment of exploration and evaluation asset (Note 14)	**21,306,251**	-
Total	**189,559,465**	141,835,064

39. Income from short-term investments

	Year ended December 31, 2014	Year ended December 31, 2013
Income received and accrued on short-term investments	**10,563,669**	26,627,550

40. Finance charges

	Year ended December 31, 2014	Year ended December 31, 2013
Public Investment Fund	**57,944,575**	35,096,061
Procurement	**86,722,727**	50,691,813
Al-Rajhi Bank	**26,727,423**	28,432,241
The Export Import Bank of Korea	**11,739,610**	14,382,631
Korea Export Insurance Corporation	**6,194,535**	7,532,282
Commercial	**20,512,072**	16,524,306
US Dollar procurement	**7,404,592**	-
Wakala	**9,370,520**	-
Saudi Industrial Development Fund	**8,748,000**	5,650,000
Riyal Murabaha Facility	**3,474,935**	-
Revolving Credit Facility	**62,238,584**	24,275,816
Others	**1,892,000**	-
Total (Note 40.1)	**302,969,573**	182,585,150

40.1 Summary of finance charges

	Year ended December 31, 2014	Year ended December 31, 2013
Expensed during the year (Note 40)	**302,969,573**	182,585,150
Capitalized as part of qualifying assets in capital work-in-progress during year (Note 13)	**590,885,515**	481,163,536
Total	**893,855,088**	663,748,686

41. Other income, net

	Year ended December 31, 2014	Year ended December 31, 2013
Other income, net	**101,534,028**	1,427,382,095

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

As per the agreement Mosaic and SABIC are liable to pay contractual dues to Ma'aden of SAR 1.44 billion in two installments and thereby recorded as other income. This amount is in addition to the historical cost incurred by Ma'aden on the project. First installment, 50% of SAR 1.44 billion, is received by Ma'aden during the year ended December 31, 2013while the second installment of remaining 50% of the amount is due on June 30, 2016 (Note 18).

42. Earnings per ordinary share

	Year ended December 31, 2014	Year ended December 31, 2013
Net income attributable to the shareholders of the parent company	**1,357,341,201**	1,682,378,450
Weighted average number of ordinary shares in issue during the year (Note 30)	**986,920,191**	970,791,589
Basic and diluted earnings per ordinary share from continuing operations	**1.38**	1.73

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

All figures in Saudi Riyals if not stated otherwise

43. Related party transactions and balances

43.1 Related party transactions

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

	Year ended December 31, 2014	Year ended December 31, 2013
Sales through SABIC	**2,036,470,447**	2,626,763,424
Sales to Alcoa	**1,093,112,211**	327,839,306
Cost of seconded employees from Alcoa Inc.	**466,488,587**	410,233,253
Technology fee paid to Alcoa Inc.	**18,750,000**	18,750,000
Dividend paid to SABIC (Note 33.4 and 33.6)	**-**	450,000,000
Payments to increase share capital received from:		
Alcoa Inc. (Note 31.5)	**344,584,817**	556,711,869

43.2 Related party balances

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

	December 31, 2014	December 31, 2013
Receivables from related parties		
Due from Alcoa Inc. (Note 9)	**-**	23,948,991
Due from SABIC (Note 9)	**426,937,770**	242,382,717
Due from SAMAPCO (Note 9)	**47,998,419**	47,998,419
Due from Saudi Mining Polytechnic (Note 9)	**4,813,789**	50,464,149
Due from Ma'aden Barrick Copper Company (Note 20)	**626,197,939**	-
Total	**1,105,947,917**	364,794,276
Payable to related parties		
Accrued expenses – Alcoa Inc. (Note 22)	**103,982,687**	83,763,220
Payments to increase share capital received from Alcoa Inc. (Note 33.6)	**156,088,568**	114,431,471
Total	**260,071,255**	198,194,691
Long-term borrowings from PIF, a 50% shareholder in Ma'aden		
Due to PIF for the financing of the :		
MPC facility (Note 28.2)	**3,001,600,938**	3,334,401,042
MAC facility (Note 28.2)	**4,775,062,500**	4,875,000,000
MRC facility (Note 28.2)	**2,938,383,972**	2,321,849,292
MBAC facility (Note 28.2)	**3,220,543,013**	1,961,113,684
MWASPC facility (Note 28.2)	**2,149,327,518**	-
Total	**16,084,917,941**	12,492,364,018

44. Operating lease agreements

	Year ended December 31, 2014	Year ended December 31, 2013
Payments under operating leases recognized as an expense during the year	**15,048,473**	19,782,551
Future minimum operating lease commitments due under these operating leases are as follows:		
2014	**-**	20,088,856
2015	**8,428,856**	8,428,856
2016	**8,428,856**	8,428,856
2017	**7,206,356**	7,928,856
2018 through 2041	**55,655,288**	45,405,288
Total	**79,719,356**	90,280,712

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.

45. Commitments and contingent liabilities

	December 31, 2014	December 31, 2013
Capital expenditures:		
Contracted for	**15,228,351,512**	12,717,132,437
Guarantees:		
Guarantees in favor of Saudi Aramco, for future diesel and gas feedstock supplies	**220,962,362**	220,962,362
Guarantees for the development of Aluminium project*	**225,000,000**	225,000,000
Others	**157,080**	321,445
Total	**446,119,442**	446,283,807

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

Ma'aden has also provided guarantees to SIDF for making financing facilities available to:
- MAC, MRC and MBAC to the extent of its shareholding of 74.9% (Note 28.1 and 28.2), and
- MPC to the extent of its shareholding of 70% (Note 28.1 and 28.2).

46. 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.

46.1 Currency risk

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

46.2 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.

All figures in Saudi Riyals if not stated otherwise

46.3 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, 2014, the effect on net earnings of a 1% movement in the US Dollar LIBOR commission rate would be SAR 399 million (December 31, 2013: SAR 288 million). These balances will not remain consistent throughout 2014.

46.4 Commodity price risk

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

46.5 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 two major customers which account for sales of approximately SAR 715 million, representing 7% of the Group's sales for the year ended December 31, 2014 (December 31, 2013: SAR 709 million representing 12% of Group's sales from two major customers). Trade receivables are carried net of allowance for doubtful debts, if needed.

46.6 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.

47. Events after the reporting date

No events have arisen subsequent to December 31, 2014 and before the date of signing the audit report, that could have a significant effect on the consolidated financial statements as at December 31, 2014.

48. 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.

50. Detailed information about the subsidiaries and jointly controlled entities

Subsidiaries	Nature of business
Ma'aden Gold and Base Metals Company ("MGBM")	Gold mining
Ma'aden Infrastructure Company ("MIC")	Manage and develop infrastructure projects
Industrial Minerals Company ("IMC")	Kaolin, low grade bauxite and magnesite mining
Ma'aden Aluminium Company ("MAC")	Aluminium ingots, t-bars, slabs and billets
Ma'aden Rolling Company ("MRC")	Aluminium sheets for can body and lids
Ma'aden Bauxite and Alumina Company ("MBAC")	Bauxite mining and refining
Ma'aden Phosphate Company ("MPC")	Phosphate mining and fertilizer producer
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWASPC")	Phosphate mining and fertilizer producer
Total	
Jointly controlled entities	
Sahara and Ma'aden Petrochemical Company ("SAMAPCO")	Production of concentrated caustic soda and ethylene dichloride
Ma'aden Barrick Copper Company ("MBCC")	Production of copper, silver, zinc, nickel, gold, lead, sulphur and cobalt

All the subsidiaries and jointly controlled entities listed above are incorporated in the Kingdom of Saudi Arabia (Note 1).

49. 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.

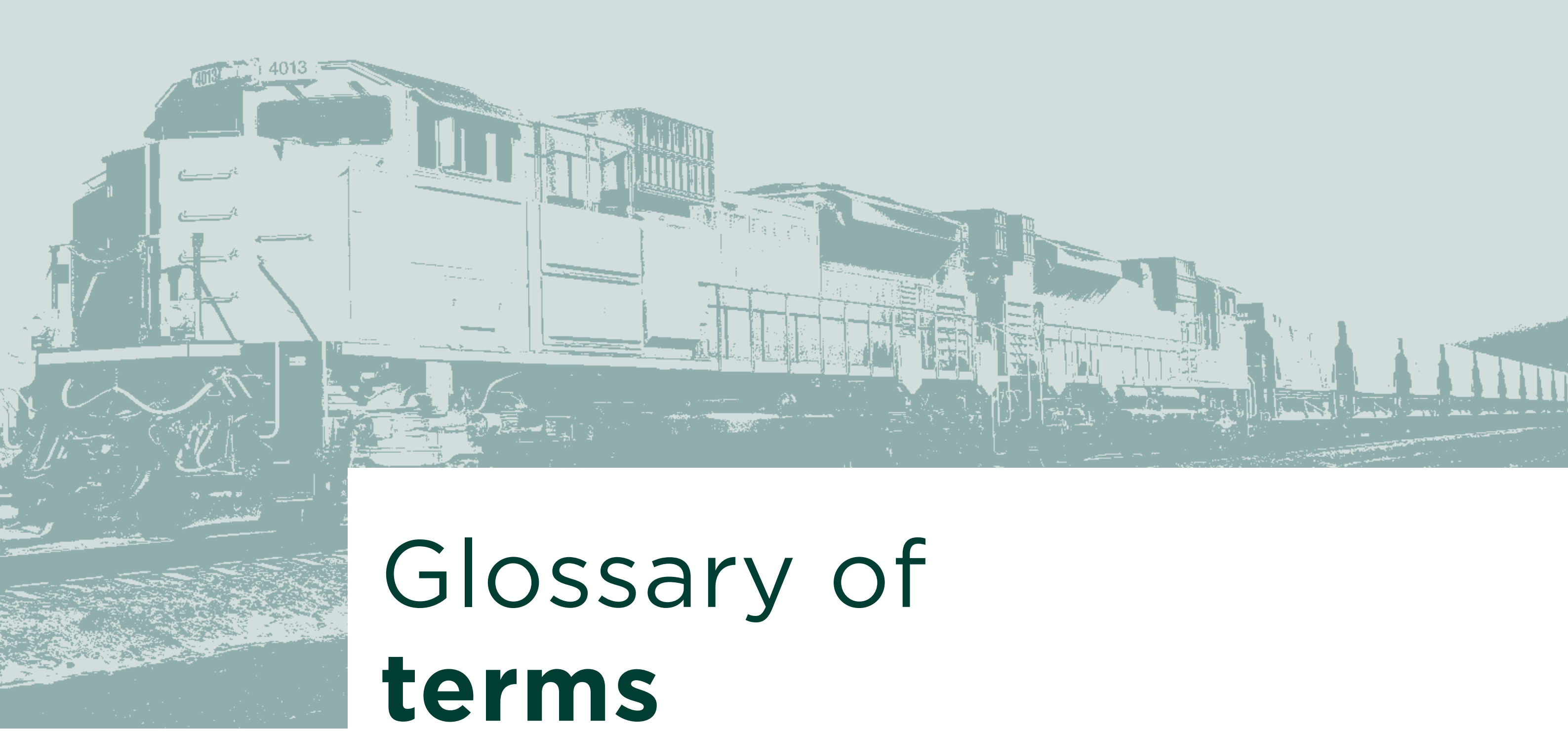
An additional amount of USD 250 million has been received during the year and these amounts have been deposited in a separate bank account and does not form part of MIC's available cash resources and has been accounted for in its own standalone accounting records and has not been integrated with MIC's accounting records. The amounts can only be utilized for the designated purpose in accordance with the Council of Ministers Resolution and replenished based on the presentation of supporting documents for the expenditures incurred, in accordance with the applicable Governments Regulations. Total net assets of the project as of December 31, 2014 amounted to SAR 1,462,500,000 (December 31, 2013: SAR 525,000,000).

	Issued and paid-up share capital		Effective group interest %		Cost of investment by parent company	
	December 31, 2014	December 31, 2013	2014	2013	December 31, 2014	December 31, 2013
	867,000,000	300,000,000	**100**	100	**867,000,000**	300,000,000
	500,000	500,000	**100**	100	**500,000**	500,000
	344,855,200	344,855,200	**100**	100	**344,855,200**	344,855,200
	6,573,750,000	6,573,750,000	**74.9**	74.9	**4,923,738,750**	4,923,738,750
	2,449,008,348	1,922,125,000	**74.9**	74.9	**1,834,307,253**	1,439,671,625
	4,474,999,888	3,794,999,888	**74.9**	74.9	**3,351,774,916**	2,842,454,916
	6,208,480,000	6,208,480,000	**70**	70	**4,345,936,000**	4,345,936,000
	2,130,001,875	-	**60**	-	**1,278,001,125**	-
					16,946,113,244	14,197,156,491
	900,000,000	900,000,000	**50**	50	**450,000,000**	450,000,000
	10,000,000	-	**50**	-	**5,000,000**	-

Acknowledgement

Thank you to all our dedicated staff who have contributed to enriching the content of this annual report and presenting Ma'aden's performance and achievements in 2014.

Additional information



Glossary of **terms**

Arabian Shield: an exposure of Precambrian crystalline rocks on the flanks of the Red Sea.

Bauxite: the most common ore of aluminium.

Beneficiation: (occasionally spelled ‘benefication’) is a variety of processes whereby extracted ore from mining is separated into mineral and gangue, or waste material, the former suitable for further processing or direct use.

Casthouse: the stage in aluminium production where the molten aluminium is poured from the crucibles into moulds to produce one of four products: T-bars, ingots, slabs or billets.

CCM: caustic calcined magnesia

CS: caustic soda.

DAP: diammonium phosphate, chemical formula: $(NH_4)_2HPO_4$, a water-soluble ammonium phosphate salt used as a fertilizer.

Direct employment: employment directly related to the production of products or services or when a person is employed directly by a firm as opposed to by a contractor working for the firm.

Doré: a semi-pure alloy of gold and silver, usually created at the site of a mine. It is then transported to a refinery for further purification. The proportions of silver and gold can vary widely.

Downstream: refers to a business closer to the point of sale than to the point of production or manufacture. For example, with reference to our aluminium business, it means the businesses using the aluminium which has been mined, refined and smelted as raw material to make new products.

EBITDA: earnings before interest, taxes, depreciation, and amoritization.

EBS: electronic business suite is a collection of business planning and management tools.

EDC: ethylene dichloride, also known as 1,2 dichloroethane ($CL_2C_2H_4$) is a chlorinated hydrocarbon commonly used as a solvent and in the production of PVC.

EHS: environment, health and safety.

ERM: enterprise risk management.

EPI: Environmental Performance Index, Ma’aden’s monthly environmental measurement.

ETGAN: Ma’aden’s in-house training and behavioral initiative addressing engagement, talent, growth, ability, and nurturing aimed at helping Ma’aden become a world class mining enterprise.

Indirect employment: when a business generates employment in other organizations to supply or produce goods and services or when a firm contracts some work to a person or a company.

JORC: the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves is a professional code of practice that sets minimum standards for public reporting of minerals exploration results, mineral resources and ore reserves.

KPI: key performance indicators.

MAP: mono-ammonium phosphate (chemical formula: $NH_4H_2PO_4$), an ammonium phosphate compound used as a fertilizer.

MHF: multiple herth furnace.

Non-ferrous metal: in metallurgy, a non-ferrous metal is any metal, including alloys, that does not contain iron in appreciable amounts. Generally more expensive than ferrous metals, non-ferrous metals are used because of desirable properties such as low weight (aluminium), higher conductivity (copper) or resistance to corrosion (zinc).

Open-pit mining: a surface mining technique of extracting rock or minerals from the earth by their removal from an open pit or borrow.

PAP: Phosphoric acid plant.

Phosphorite: a sedimentary rock composed principally of phosphate minerals.

Phosphorous: chemical symbol P, non-metallic element occurring mainly as phosphate, essential ingredient for life, used by plant and animal cells to store energy.

Pot line: a facility containing a series of 'pots', or large electrolytic cells, in which aluminium is made. Inside the pot, alumina is dissolved in molten cryolite (sodium aluminium fluoride) and other materials. As the electric current is passed through the bath it generates the heat to keep the bath molten and causes the alumina to separate into two constituent elements, aluminium and oxygen.

Precambrian: is a geological time scale which spans from the formation of the earth about 4600 million years ago to the beginning of the Cambrian Period, about 541 million years ago, a period which accounts for 88 percent of geological time. Ma'aden's gold reserves are hosted in the Precambrian rocks of the Arabian Shield.

Refinery: a production facility composed of a group of chemical engineering unit processes and unit operations refining certain materials or converting raw material into products of value.

ROIC: return on investment capital

Rolling mill: in metalworking, rolling is a metal forming process in which metal stock is passed through one or more pairs of rolls to reduce the thickness and to make the thickness uniform.

SAP: Sulphuric acid plant.

SBU: Strategic Business Unit.

SLDP: Senior Leadership Development Program.

Smelting: a form of extractive metallurgy; its main use is to produce a metal from its ore. This includes production of silver, iron, copper and other base metals from their ores.

Sustainability: a business strategy that drives long-term corporate growth and profitability by mandating the inclusion of environmental and social issues in the business model.

JORC terminology

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves is a professional code of practice that sets minimum standards for public reporting of minerals exploration results, mineral resources and ore reserves. The code is based on the following precise definitions:

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

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

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

Measured mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits,

workings and drill holes, and is sufficient to confirm geological and grade/quality continuity between points where data and samples are gathered. A measured mineral resource has a higher level of confidence than that applying to either an indicated mineral resource or an inferred mineral resource. It may be converted to a proved ore reserve or under certain circumstances to a probable ore reserve.

Modifying factors are considerations used to convert mineral resources to ore reserves. These include, but are not restricted to mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

Ore reserve is the economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The key underlying assumptions and outcomes of the pre-feasibility study or feasibility study must be disclosed at the time of reporting of a new or materially changed ore reserve. Ore reserves are sub-divided in order of increasing confidence into probable and proved.

Probable ore reserve is the economically mineable part of an indicated, and in some circumstances, a measured mineral resource. The confidence in the modifying factors applying to a probable ore reserve is lower than that applying to a proved ore reserve. A probable ore reserve has a lower level of confidence than a proved ore reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.

Proved ore reserve is the economically mineable part of a measured mineral resource. A proved ore reserve implies a high degree of confidence in the modifying factors. A proved ore reserve represents the highest confidence category of reserve estimate. The style of mineralization or other factors could mean that proved ore reserves are not achievable in some deposits.

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

MA'ADEN معادن

Saudi Arabian Mining Company شركة التعدين العربية السعودية

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