Prospectus

شركة المصانع الكبرى للتعدين

AMAK

Al Masane Al Kobra Mining Co.

A Saudi joint stock company established under Commercial Registration No. 5950017523 dated 03/11/1431H (corresponding to 11 October 2010G) pursuant to Ministerial Resolution No. Q/247 dated 09/10/1428H (corresponding to 21 October 2007G).

Offering of nineteen million eight hundred thousand (19,800,000) Shares representing 30% of the Al Masane Al Kobra Mining Company's capital, following the capital increase (which represents 35.15% of the Company's share capital before the capital increase) through a public offering at an Offer Price of Sixty Three (63) SAR per share.

Offering Period: (3) Three days commencing on Wednesday 06/08/1443H (corresponding to 09/03/2022G) and ending on Friday 08/08/1443H (corresponding to 11/03/2022G).

Al Masane Al Kobra Mining Company (hereinafter "**the Company**") is a Saudi Closed joint stock company established pursuant to Ministerial Resolution No. Q/247 dated 09/10/1428H (corresponding to 21 October 2007G), with Commercial Register. No. 5950017523 dated 03/11/1431H (corresponding to 11 October 2010G). On 21/07/1435H (corresponding to 20 May 2014G), the Company's head office was moved from Jeddah to Najran. Accordingly, the Najran Commercial Register dated No. 5950017523 dated 03/11/1431H (corresponding to 11 October 2010G) was modified to be the main Commercial Register. The current share capital of the Company is five hundred and sixty three million two hundred and eighty-eight thousand six hundred and fifty Saudi Riyals (SAR 563,288,650) divided into fifty-six million three hundred twenty eight thousand eight hundred and sixty-five (56,328,865) Ordinary Shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per Share (the "**Shares**" and each a "**Share**").

The Company was established as a Saudi Closed joint stock company under Commercial Registration. No. 4030175345 dated 07/01/1429H (corresponding to 16 January 2008G) issued in Jeddah with a capital of four hundred and fifty million Saudi Riyals (SAR 450,000,000) divided into forty five million shares (45,000,000) Shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per share Pursuant to the General Assembly resolution dated 02/05/1432H (corresponding to 06 April 2011G) the Company's share capital was increased from four hundred and fifty million Saudi riyals (SAR 450,000,000) to five hundred million Saudi riyals (SAR 500,000,000) divided into fifty million (50,000,000) fully paid shares with a nominal value of ten Saudi Riyals (SAR 10) each through cash subscriptions for five million (5,000,000) new Shares by a Shareholder. Pursuant to the General Assembly resolution dated 25/01/1434H (corresponding to 09 December 2012G), the Company's capital was increased from five hundred million Saudi riyals (SAR 500,000,000) to five hundred and fifty million Saudi riyals (SAR 550,000,000) through cash subscriptions for five million (5,000,000) new Shares by Shareholders and a new Shareholder. Pursuant to the General Assembly resolution dated 10/06/1436H (30 March 2015G), the Company's capital was increased from five hundred and fifty million Saudi riyals (SAR 550,000,000) to seven hundred and forty million Saudi riyals (SAR 740,000,000) divided into seventy four million (74,000,000) ordinary shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per share through the offer of (19) shares for each (55) shares owned by each shareholder and share premium conversion of SAR (190,000,000) according to the certificate issued by the certified public accountant. Pursuant to the General Assembly resolution dated 10/08/1437H (17 May 2016G), the Company's capital was increased from seven hundred and forty million Saudi riyals (SAR 740,000,000) to seven hundred and eighty million Saudi riyals (SAR 780,000,000) divided into seventy eight million (78,000,000) ordinary shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per share through the issuance of four million (4,000,000) new shares, paid in cash. Pursuant to the General Assembly resolution dated 17/02/1440H (28 October 2018G), the Company's capital was increased from seven hundred and eighty million Saudi riyals (SAR 780,000,000) to eight hundred and twenty million Saudi riyals (SAR 820,000,000) divided into eighty two million (82,000,000) ordinary shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per Share through the offer of (2) shares for each (39) shares owned by each shareholder and a share premium conversion of SAR (40,000,000) according to the certificate issued by the certified public accountant. Pursuant to the General Assembly resolution dated 17/02/1440H (corresponding to 28 October 2018G) the Board was authorized to buy back 10% of the Company's share capital at a share price of thirty Saudi riyals (SAR 30) to be designated as treasury shares. Pursuant to the General Assembly resolution dated 23/03/1440H (corresponding to 02 December 2018G), the Company purchased two million four hundred and ninety thousand four hundred and forty five (2,490,445) shares from the shareholders to be designated as treasury shares. On 03/01/1441H (corresponding to 2 September 2019G), the Company purchased five million seven hundred and nine thousand five hundred and fifty five (5,709,555) Shares from one of the founding shareholders, Trecora Resources (formerly Arabian Shield Development Company) which sold its entire shareholding to the Company and certain shareholders, and such shares were designated as treasury shares. Pursuant to the General Assembly resolution dated 10/08/1442H (23 March 2021G), the Company's capital was decreased from eight hundred and twenty million Saudi riyals (SAR 820,000,000) to four hundred and sixty seven million Saudi riyals (SAR 467,000,000) divided into forty six million and seven hundred thousand (46,700,000) ordinary Shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per Share through cancelling six million nine hundred ninety thousand and five hundred twenty six (6,990,526) treasury shares and twenty eight million three hundred and nine thousand and four hundred seventy four (28,309,474) ordinary Shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per Share were cancelled to offset the Company's losses amounting to 29.35% of the share capital.

Pursuant to the General Assembly resolution dated 26/02/1443H (corresponding to 3 October 2021G), the Company's capital was increased from four hundred and seventy six million Saudi riyals (SAR 467,000,000) to five hundred and sixty three million two hundred and eighty-eight thousand six hundred and fifty Saudi riyals (SAR 563,288,650) divided into fifty-six million three hundred twenty eight thousand eight hundred and sixty-five (56,328,865) ordinary Shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per share, by granting a free share for every (4.85) Shares owned by the Shareholders registered in the Company's records on the day of the Extraordinary General Assembly, including the allocation of two hundred and fifty thousand two hundred and ninety (250,290) Shares as treasury Shares. The increase was covered by capitalizing the increase amount from the Company's profit account and statutory reserve account. On 13/04/1443H (corresponding to 18/11/2021G), the General Assembly approved the Company's capital increase from five hundred and sixty-three million two hundred and eighty-eight thousand six hundred and fifty (563,288,650) Saudi riyals to six hundred and sixty million (660,000,000) Saudi riyals, divided into sixty-six million (66,000,000) Ordinary Shares with a fully paid nominal value of ten (10) Saudi riyals per Share and nineteen million eight hundred thousand (19,800,000) Ordinary Shares through an initial public offering.

The initial public offering (the "**Offering**") of nineteen million eight hundred thousand (19,800,000) Shares consists of (i) the sale of ten million one hundred twenty-eight thousand eight hundred and sixty-five (10,128,865) existing Shares (the "**Sale Shares**"); and (ii) the issue of nine million six hundred and seventy-one thousand one hundred thirty-five (9,671,135) new Shares (the "**New Shares**"). The Sale Shares and the New Shares are collectively referred to as the "**Offer Shares**" (each being an "**Offer Shares**"). The offer price shall be Sixty Three (63) Saudi riyals per share (hereinafter the "**Offer Price**"), which represents a fully paid nominal value of ten Saudi Riyals (SAR 10) per fully paid Share. On a post-Offering basis, the Sale Shares and the New Shares will, on completion of the Offering, represent 15.35% and 14.65% of the issued share capital of the Company (respectively) which, in aggregate, represent 30% of the issued share capital of the Company.

The Offering shall be restricted to the following two groups of investors:

Tranche A - Participating Parties: This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions (as defined in the Prospectus) (collectively, the "**Participating Parties**" and individually a "**Participating Party**") (For further details, please refer to Section 1 ("**Definitions and Abbreviations**")). The number of Offer Shares to be initially allocated to the Participating Parties is nineteen million eight hundred thousand (19,800,000) Offer Shares, representing 100% of the total Offer Shares. In the event that there is sufficient demand from Individual Investors, the Bookrunner have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of thirteen million eight hundred sixty thousand (13,860,000) Offer Shares, representing 70% of the total Offer Shares. The Financial Advisor, in coordination with the Company shall determine the number and percentage of Offer Shares to be allocated to Participating Parties, using the discretionary allocation mechanism.

Tranche B - Individual Investors: This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any countries of the Cooperation Council for the Arab States of the Gulf (the "**GCC**"), in each case who has a bank account and is entitled to open an investment account with one of the Receiving Agents (as defined in this Prospectus) (collectively, the "**Individual Investors**" and each an "**Individual Investor**"). Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of five million nine hundred forty thousand (5,940,000) Shares representing 30% of the Offer Shares shall be allocated to Individual Investors. In the event that the Individual Investors do not subscribe in full for the Offer Shares allocated to them, the Financial Advisor may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for by them.

The Sale Shares are being sold by the shareholders whose names appear on Table 4-29 ("**Overview of Share Ownership before and after the Offering**") (collectively, the "**Selling Shareholders**") and who collectively own the entirety of the Shares before the Offering. Upon completion of the Offering, the Selling Shareholders shall own approximately seventy percent (70%) of the Shares and will consequently retain a controlling interest in the Company. The proceeds from the Offering, after deduction of offering expenses ("**Net Proceeds from the Offering**"), will be distributed as follows: (i) SAR Six Hundred Twenty Two Million Seven Hundred Seventy One Thousand Seven Hundred Thirty Saudi riyals (SAR 622,771,730) will be distributed to the Selling Shareholders on a pro-rata basis based on each Selling Shareholder's percentage ownership in the Sale Shares being sold in the Offering; and (ii) SAR Five Hundred Ninty Four Million Six Hundred Twenty Eight Thousand Two Hundred Seventy Saudi riyals (SAR 594,628,270) will be distributed to the Company to be used to finance the Moyeath orebody development project, and the current prospects of copper, gold, zinc, and nickel under its current Exploration Licenses and for the general objectives of the Company (For more information, see Section 8 ("**Use of Offering Proceeds**")). The Offering will be fully underwritten by the Underwriter (For more information, see Section 14 ("**Underwriting**")). Substantial Shareholders who each own, as at the date of this Prospectus, 5% or more of the Shares currently in issue (the "**Substantial Shareholders**"), will be prohibited from disposing of their Shares during the 6-month period (hereinafter the "**Lock-up Period**") starting from the commencement of trading of the Shares on the Saudi Exchange (the "**Tadawul**", "**Exchange**"). Following the lock-up period, the Substantial Shareholders will be free to dispose of their Shares. The Substantial Shareholders are: Arab Mining Company (ARMICO), Asas Mining Company, Mohammed Aballala, Prince Meshal Bin Saud Bin Abdulaziz Al Saud, National Lead Smelting Company (Rassas) and Arab Mining Company - Fujairah. Details of their respective ownership percentages are set out in Table 1-2 (**Overview of Substantial Shareholders of the Company Pre- and Post-Offering**) of the Offering Summary on page (xii).

The Offering to Individual Investors will commence on Wednesday 06/08/1443H (corresponding to 09/03/2022G) and ending on Friday 08/08/1443H (corresponding to 11/03/2022G) for a period of Three (3) days. Purchase of the Offer Shares by Individual Investors can be made through electronic channels offered by the receiving agents (the "**Receiving Agents**") listed on Page (x) during the Offering Period (For further details, please refer to Section 19 ("**Subscription Terms and Conditions**"). Participating Parties can subscribe for the Offer Shares through the Bookrunner (as defined in Section 1 ("**Definitions and Abbreviations**")) during the bookbuilding Process taking place prior to Offering to Individual Investors.

Each Individual Investor who subscribes to the Offer Shares must apply for a minimum of ten (10) Offer Shares. The maximum number of Offer Shares that can be subscribed for is two hundred fifty thousand (250,000) Shares per Individual Investor. The minimum number of allocated shares will be ten (10) Offer Shares per Individual Investor, and the balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Investor. In the event that the number of Individual Investors exceeds five hundred and ninty four thousand (594,000), five the Company will not guarantee the minimum allocation of Offer Shares per Individual Investor, and the Offer Shares will be allocated equally between all Individual Investors. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the relevant Receiving Agent. Notification of the final allotment and refund of subscription monies, if any, will be made at the latest by Thursday 14/08/1443H (corresponding to 17/03/2022G) (for further details, please refer to "**Key Dates and Subscription Procedures**" on page (xvii) and Section 19 ("**Subscription Terms and Conditions**")).

The Company has one class of ordinary Shares. Each Share entitles its holder to one vote. Each shareholder (hereinafter "**Shareholder**") has the right to attend and vote at general assembly meetings of the Company (hereinafter the "**General Assembly**"). No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle holders to receive dividends declared and paid by the Company from the date of this prospectus ("**Prospectus**") and in subsequent fiscal years (For more information, please refer to Section 13 ("**Legal Information**") and Section 7 ("**Dividend Distribution Policy**")). Prior to the Offering, there has been no public trading or listing of the Shares in any market in the KSA or elsewhere. Applications have been submitted to: (i) the Capital Market Authority (referred to as the "**CMA**") for the registration and offering of the Shares, and (ii) the Exchange for the listing of the Shares. All relevant regulatory and corporate approvals required from the CMA and the Exchange to conduct the Offering have been granted, including approvals pertaining to the publication of this Prospectus and all supporting documents have been submitted to the CMA. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and satisfaction of necessary conditions and procedures (For further details, please refer to "**Key Dates and Subscription Procedures**" on page (xvii).

Following the registration and listing of the Shares on the Exchange, Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, and companies, banks, and investment funds established in the Kingdom or in countries of the GCC as well as GCC nationals will be permitted to trade in the Shares after trading therein starts on the Exchange. Qualified Foreign Investors will be permitted to trade in the Shares pursuant to the CMA Rules for Qualified Foreign Financial Institutions Investment in Listed Securities and Foreign Strategic Investors will be permitted to trade the Shares in accordance with the FSI Instructions (as defined in this Prospectus). Non-GCC individuals living outside the Kingdom and non-GCC institutions registered outside the Kingdom (hereinafter "**Foreign Investors**") will have the right to invest indirectly to acquire an economic benefit in the Shares by entering into Swap Agreements with Capital Market Institutions to purchase Shares listed on the Exchange and to trade these Shares for the benefit of Foreign Investors. It should be noted that the Capital Market Institutions will remain as legal owners of the Shares subject to the Swap Agreements.

An investment in Offer Shares involves certain risks and uncertainties. For a discussion of certain factors to be considered in connection with an investment in the Offer Shares, please refer to ("**Important Notice**") on page (i) and Section 2 ("**Risk Factors**"), which should be carefully considered prior to making a decision to invest in the Offer Shares.

This Prospectus includes information provided as part of the application for the registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority (the "**CMA**") and the application for listing securities in compliance with the Listing Rules of the Saudi Stock Exchange. The Board Members, whose names appear on Page (vi), collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 18/05/1443H (corresponding to 22/12/2021G)

Financial Advisor, Lead Manager, Bookrunner and Underwriter

الراجحي المالية
Al Rajhi Capital

Receiving Agents

مصرف الراجحي alrajhi bank

SNB

بنك الرياض riyad bank


شركة المصانع الكبرى للتعدين
أماك
AMAK
Al Masane Al Kobra Mining Co.

Important Notice

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting a subscription application form for the Offer Shares, Participating Parties and Individual Investors will be considered to be applying solely based on the information contained in this Prospectus, copies of which can be obtained from the Company, the Lead Manager, the Receiving Agents, or by visiting the Company's website (www.amak.com.sa), the CMA's website (www.cma.org.sa), the Saudi Exchange's website (www.saudiexchange.sa), or the Financial Advisor's website (www.alrajhi-capital.com).

In respect of the Offering, the Company has appointed Al-Rajhi Capital as financial advisor (hereinafter the "**Financial Advisor**"), and as underwriter (hereinafter "**Underwriter**"). The Company has also appointed Al-Rajhi Capital to act as the Bookrunner and Lead Manager (hereinafter "**Bookrunner**" or "**Lead Manager**").

This Prospectus includes information provided in compliance with the OSCOs (as defined in Section 1 ("**Definitions and Abbreviations**")), in addition to the Listing Rules issued by Tadawul. The Directors, whose names appear on page (vi), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would render any statement herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date of its publication, a substantial portion of the information in this Prospectus relevant to the markets and industry in which the Company operates is derived from external sources. While none of the Company, the Financial Advisor, or any of the Company's other advisors whose names appear on pages (viii) and (ix) of this Prospectus (such advisors together with the Financial Advisor, the "**Advisors**"), have any reason to believe that any of the market and industry information is materially inaccurate, none of the Company or any of the Advisors has independently verified such information. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political and any other factors, over which the Company has no control (for further details, please refer to Section 2 ("**Risk Factors**")). Neither the delivery of this Prospectus nor any oral or written information in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Selling Shareholders, the Receiving Agents or the Advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of prospective investors. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA licensed financial advisor in relation to the Offering and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual investment objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others, and prospective investors should not rely on another party's decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering is restricted to two groups of investors which are: (A) Participating Parties: this comprises the parties entitled to participate in the book-building process in accordance with the Book-Building Instructions (see Section 1 ("**Definitions and Abbreviations**") of this Prospectus); and (B) Individual Investors: this includes Saudi Arabian natural persons, including Saudi women who are divorced or widowed and have minor children by a non-Saudi husband, who may subscribe for Offer Shares in their name(s) for their own benefit, provided she submits proof of her marital status and motherhood, in addition to non-Saudi natural persons who reside in the Kingdom and GCC nationals who are holders of a bank account and entitled to open an investment account with one of the Receiving Agents.

A subscription for the Offer Shares made by a person in the name of his divorced wife shall be deemed invalid, and the Individual Investor who filed the subscription shall be prosecuted. If any Subscriber subscribes for shares twice, the second subscription shall be considered void and only the first subscription will be considered.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Offer Shares offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

It is expressly prohibited to distribute this Prospectus or to sell the Offer Shares to any person outside the Kingdom of Saudi Arabia, other than to Qualified Foreign Investors, certain other Foreign Investors pursuant to Swap Agreements and GCC Corporate Investors, in each case subject to applicable rules and regulations. All recipients of this Prospectus must inform themselves of any legal or regulatory restrictions relevant to this Offering and the sale of the Offer Shares and to observe all such restrictions. Each eligible Individual Investor and Participating Party should read the entire Prospectus and seek and rely on their own counsel, financial advisors and other professional advisors for advice concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Offer Shares and will be responsible for the fees of their own counsel, accountants and other advisors as to all matters concerning an investment in the Offer Shares. No assurance can be made that profits will be achieved.

Market and Industry Data

The information in Section 3 ("**Market and Sector Overview**") is derived from the market study report dated 2 June 2021G prepared by CRU Consulting (the "**Market Study Consultant**") for the benefit of the Company in relation to the mining sector in the Kingdom ("**Market Study**").

The Directors believe that the Market Study information and data from other sources contained in this Prospectus, including that provided by the Market Study Consultant, is reliable. However, this information and data has not been independently verified by the Company, the Directors, the Advisors, or the Selling Shareholders, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information.

The Market Study Consultant was established in 1969G, and over 290 employees in over 11 offices worldwide work exclusively therefor as at 30 June 2021G. The Market Study Consultant is headquartered in the United Kingdom. For more information, please visit the Market Study Consultant's website (www.crugroup.com).

The Market Study Consultant does not, nor do any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives own any Shares or any interest of any kind in the Company. As at the date of this Prospectus, the Market Study Consultant has given and not withdrawn its written consent for the use of its name, logo, the information, and market research supplied by it to the Company in the manner and format set out in this Prospectus.

Mineral Resources and Reserves Data

The information regarding the Company's Mineral Resources and Ore Reserves and certain other mining relation information in Section 4 ("**The Company**") is derived from the "**Competent Persons' Report on the Mineral Assets of Amak, Kingdom of Saudi Arabia dated June 2021G (the "Competent Person Report**") prepared by SRK Consulting (UK) Limited (the "**Competent Person**") for the benefit of the Company.

The Directors believe that the information and data extracted from the Competent Persons Report is reliable. However, this information and data has not been independently verified by the Company, the Directors, the Advisors, or the Shareholders, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information.

The Competent Person is part of an international group (the SRK Group) which was established in 1974 and has over 1,500 professional staff working in over 45 offices worldwide as at 30 June 2021G. The Competent Person is headquartered in the United Kingdom. For more information, please visit the Competent Person's website (www.srk.com).

The Competent Person does not, nor do any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives own any Shares or any interest of any kind in the Company. As at the date of this Prospectus, the Competent Person has given and not withdrawn its written consent for the use of its name, logo, the information, and data extracted from the Competent Person Report in the manner and format set out in this Prospectus.

There is a degree of uncertainty involved in estimating and classifying ore reserves and mineral resources and the corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, quantities and grades are estimates only. The quantity of ore reserves and mineral resources varies with metal prices, operating costs and other extenuating factors, and ore reserve estimates have been determined based on the Company's long-term price forecasts, cut-off grades and costs, which may prove to be inaccurate. Any material change in the quantity of ore reserves or stripping ratio may affect the economic viability of projects. Small-scale laboratory tests of gold recoveries or other metal recoveries may not be duplicated in larger scale tests under on-site conditions or during production. Commodity price fluctuations, drilling outcomes, metallurgical testing, and the production and evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. Volumes and grades of ore reserves mined and processed with recovery rates may not be the same as currently anticipated. Any material reductions in ore reserve estimations or the company's ability to extract these ore reserves could have adverse effects on the company's businesses, prospects, financial condition and operating results. Prospective subscribers should read this section together with the "**Risk Factors**" section of this Prospectus, particularly the risk that "ore reserves and mineral resources are estimates, and the actual volume and grade of the Company's ore reserves and mineral resources and their rate of production may not conform to current expectations, as ore reserves and mineral resources are merely estimates".

The Reporting Standard adopted for reporting of the Mineral Resource and Ore Reserve Statements for the Mineral Assets in this Prospectus is that defined by the terms and definitions given in "The 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia" (the "JORC Code (2012)").

The JORC Code defines a "Mineral Resource" as a "concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories". Specifically:

- An "**Inferred Mineral Resource**" is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and / or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability. An Inferred Mineral 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.
- An "**Indicated Mineral Resource**" is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and / or grade continuity but are spaced closely enough for continuity to be assumed. 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.
- A "**Measured Mineral Resource**" is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are spaced closely enough to confirm geological and grade continuity. 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 Proven Ore Reserve or to a Probable Ore Reserve.

The Mineral Resource Statements presented in this Prospectus are inclusive of those Mineral Resources modified to generate Ore Reserves.

The JORC Code defines an "**Ore Reserve**" as the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves. 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.

Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proven Ore Reserves. A Probable Ore Reserve has a lower level of confidence than a Proven Ore Reserve. Specifically:

- A "**Probable Ore Reserve**" is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. 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.
- A "**Proven Ore Reserve**" is the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve represents the highest confidence category of reserve estimate and implies a high degree of confidence in the Modifying Factors. The style of mineralization or other factors could mean that Proved Ore Reserves are not achievable in some deposits

Financial and Statistical Information

The following financial statements are attached to this Prospectus:

a- The audited financial statements for the years ended 31 December 2018G ("**Statements of FY18G**") and 31 December 2019G ("**Statements of FY19G**") together with the notes thereto, in each case prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA ("**IFRS-KSA**") and audited by AlMajed & AlEnzi (Certified Public Accountants) as stated in the report included herein.

b- The audited financial statements for the year ended 31 December 2020G ("**Statements of FY20G**") together with the notes thereto, and the reviewed financial statements for the three-month and six-month periods ending on 30 June 2021G ("**Statements of the Six-Month Period Ended 30 June 2021G**"), prepared in accordance with IFRS-KSA and audited by Ernst & Young & Co. Public Accountant (Professional Limited Liability Company) as stated in their respective reports included herein.

The above financial statements are contained in Section 21 ("**Financial Statements and Auditors' Reports**"). The Company publishes its financial statements in Saudi riyals.

The Company uses certain measures to assess the operational and financial performance of its business that are unaudited supplemental measures that are not required by, or presented in accordance with, Saudi GAAP or IFRSKSA. These non-GAAP financial measures include gross profit margin (based on financial statements), gross profit margin (as adjusted), operating margin, net profit margin, gearing ratio, return on equity, return on assets, EBITDA, Adjusted EBITDA (as defined in this Prospectus), Adjusted EBITDA margin and funds from operations. Management uses such measures to measure operating performance and as a basis for strategic planning and forecasting. Management believes that these and similar measures are used widely by certain investors, securities analysts and other interested parties as supplemental measures of performance. These non-GAAP measures may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Company's operating results as reported under Saudi GAAP or IFRS-KSA. For an explanation of how the Company calculates gross profit margin (based on financial statements), gross profit margin (as adjusted), operating margin, net profit margin, gearing ratio, return on equity, return on assets, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin and funds from operations, see the footnotes to the table of selected financial information included under "**Summary of Financial Information**", below.

The financial and statistical information contained in this Prospectus is subject to rounding. Accordingly, the figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. In cases where the amounts included in this Prospectus were converted from a foreign currency into Saudi Riyal, the Saudi Riyal exchange rate against the relevant currency is the one in effect as at the date hereof.

Throughout this Prospectus, Hijri dates are presented along with corresponding Gregorian dates, where relevant. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month, as a result of which conversions from the Hijri to Gregorian calendars are often subject to discrepancies of one day. In addition, unless otherwise expressly stated in this Prospectus, any reference to "**year**" or "**years**" means Gregorian years.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions relating to the Company's business information as derived from its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that, to the best of its knowledge, statements have been made hereunder following the required due diligence.

Certain statements in this Prospectus constitute, or may be deemed to constitute, "**forward-looking statements**". Such statements can generally be identified by their use of forward-looking words such as "**plans**", "**estimates**", "**believes**", "**expects**", "**anticipates**", "**may**", "**will**", "**should**", "**expected**", "**would be**" or the negative thereof or other variations of such terms or comparable terminology.

These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, please refer to Section 2 ("**Risk Factors**")). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned or expected.

Subject to the requirements of the OSCOs, the Company must submit a supplementary prospectus to the CMA if, at any time after the date of the Prospectus and prior to completion of the Offering, the Company becomes aware that:

- a- there has been a significant change in any material information contained in this Prospectus or any document required by the OSCOs; or
- b- significant additional issues have arisen whose inclusion in this Prospectus would have been necessary.

With the exception of these two cases, the Company does not intend to update or change any sector or market information or the forward-looking-statements included in this Prospectus, whether as a result of new information, future events or otherwise. As a result, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Therefore, investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Corporate Directory

Company's Board of Directors

Table (1-1): Company's Board Members[1]

No.	Name	Position	Nationality	Status	Independence	Date of Appointment	Direct Ownership (%)		Indirect Ownership (%)	
							Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1.	Mohammed Aballala	Chairman	Saudi	Non-executive	Non-independent	28/10/2018G	8.33%	5.80%	6.16%*	4.28%
2.	Ibrahim Bin Musallam	Vice Chairman	Saudi	Non-executive	Non-independent	28/10/2018G	2.59%	1.80%	7.36%**	5.12%
3.	Talal Al Saadi	Member	Jordanian	Non-executive	Independent	28/10/2018G	-	-	-	-
4.	Ayman AlShibl	Member	Saudi	Non-executive	Independent	28/10/2018G	2.04%	1.42%	-	-
5.	Mehaideb S. Al Mehaideb	Member	Saudi	Non-executive	Non-independent	28/10/2018G	-	-	-	-
6.	Fekry Youssef	Member	Egyptian	Non-executive	Non-independent	23/03/2021G	-	-	-	-
7.	Mohammed Ahmed Al Shehhi	Member	Emirati	Non-executive	Non-independent	23/03/2021G	-	-	-	-
8.	Majed Al Mugla	Member	Saudi	Non-executive	Independent	23/03/2021G	-	-	-	-
9.	Majid Ali Bin Musallam	Member	Saudi	Non-executive	Non-independent	23/03/2021G	2.28%	1.59%	6.16%***	4.28%

Source: The Company

* Mohammed Aballala has an indirect ownership percentage of 6.16% prior to the offering as a result of ownership percentage of 31.30% in Asas Mining Company which owns 19.67% of the Company before the Offering.

** Ibrahim Ali Bin Muslim has an indirect ownership percentage of 7.36% prior to the offering as a result of ownership percentage of 37.40% in Asas Mining Company which owns 19.67% of the Company before the Offering.

*** Majid Ali Bin Musallam has an indirect ownership percentage of 6.16% prior to the offering as a result of ownership percentage of 31.30% in Asas Mining Company which owns 19.67% of the Company before the Offering.

The current Secretary of the Company's Board of Directors is Ayman AlShibl, who owns 1,149,451 shares in the Company.

1 On 20/04/1443H (corresponding to 25 November 2021G), the Company's Ordinary General Assembly approved the election of the members of the Board of Directors for the next term, which starts from 9 January 2022G and ends on 8 January 2025G. It should be noted that the Board of Directors for the next term consists of the same members as the current term, except for Talal Al-Saadi, Mehaideb Saleh Al-Mehaideb and Majed Yousef Al-Mugla, who will be replaced by Abdulilah Othman AlSaleh, Abdulsalam Abdullah AlDraibi and Savas Sahin.

Company's Address, Representatives and Board Secretary

Al Masane Al Kobra Mining Company
P. O. Box: 66244 - 3181
Najran
Kingdom of Saudi Arabia
Tel: +966 17 529 2264
Fax: +966 17 523 8722
Website: www.amak.com.sa
Email: info@amak.com.sa

Company's Representatives

Ayman Abdulrahman AlShibl
Board Director
P. O. Box: 66244
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Direct Tel: +966 17 529 2264 (ext. 109)
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Website: www.amak.com.sa
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Kamran Bakhsh
Finance Director
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Kingdom of Saudi Arabia
Direct Tel: +966 17 529 2264 (ext. 107)
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Secretary of the Board

Ayman Abdulrahman AlShibl
P. O. Box 66244
Najran 3181
Kingdom of Saudi Arabia
Direct Tel: +966 175292264 (ext. 109)
Fax: +966 175238722
Website: www.amak.com.sa
Email: aalshibl@amak.com.sa

Stock Exchange

Saudi Stock Exchange
King Fahd Road - Al Olaya 6897
Unit No. 15
Riyadh 12211- 3388
Kingdom of Saudi Arabia
Tel: +966 92 000 1919
Fax: +966 11 218 9133
Website: www.saudiexchange.sa
Email: csc@saudiexchange.sa

Financial Advisor, Lead Manager, Bookrunner and Underwriter

Al-Rajhi Capital
King Fahad Road
P.O. Box 5561
Riyadh 11432
Kingdom of Saudi Arabia
Tel: +966 920005856
Fax: +966 11 4600625
Website: www.alrajhi-capital.com
Email: PR@alrajhi-capital.com

The Issuer's Legal Advisor

Legal Advisors, Abdulaziz Alajlan & Partners, Lawyers and Legal Advisors
Licensed to practice the legal profession and to provide Shariah and legal advice under professional company registration certificate No. 498/12/323
Olayan Complex, Tower II, 3rd Floor
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P.O. Box 69103
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Tel: +966 11 265 8900
Fax: +966 11 265 8999
Website: www.legal-advisors.com
Email: legal.advisors@legal-advisors.com

Financial Due Diligence Advisor

KPMG Professional Services
Riyadh Front, Airport Road
P.O. Box 92876
Riyadh 11663,
Kingdom of Saudi Arabia
Telephone: +966 874 8500
Fax: +966 11 874 8600
Website: www.kpmg.com/sa
Email: marketingsa@kpmg.com

Market Study Consultant

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1st floor, 71 High Holborn
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Tel: +44 20 7903 2000
Website: www.crugroup.com
Email: aurelien.henry@crugroup.com

Competent Person

SRK Consulting (UK) Limited
5th floor, Churchill House
17 Churchill Way
City and County of Cardiff, CF10 2HH
Wales, United Kingdom
Tel: +44 29 2034 8150
Website: www.srk.com
Email: enquiries@srk.co.uk

Independent Auditors (for the financial years ended 31 December 2018G and 2019G)

AlMajed & AlEnzi (Certified Public Accountants)
Nemer Center 2, 5th floor, office 503
P.O. Box: 230240
Riyadh 11321
Kingdom of Saudi Arabia
Tel: +966 11 464 0801
Fax: +966 11 217 6230
Website: www.mfcpa.com.sa
Email: info@mfcpa.com.sa

Independent Auditors (for the FY20G financial statements and the financial statements of the three-month and six-month periods ended 30 June 2021)

Ernst & Young & Co. Public Accountant (Professional Limited Liability Company)
King's Road Tower, 13th Floor
King Abdulaziz Road (Malik Road)
P.O. Box 1994
Jeddah 21441
Kingdom of Saudi Arabia
Tel: +966 12 221 8400
Fax: +966 12 221 8575
Website: www.ey.com/mena
Email: ey.ksa@sa.ey.com

Note:

All the above-mentioned Advisors and Independent Auditors have given, and have not withdrawn up to the date of this Prospectus, their written consent, for the publication of the names and logos attributed to each of them in the form and content appearing herein. Moreover, they do not themselves, or any of their employees or relatives have any shareholding or interest of any kind in the Company or any affiliate as at the date of this Prospectus.

Receiving Agents

Al Rajhi Bank
Olaya Road
P. O. Box 28, Riyadh 11411
Kingdom of Saudi Arabia
Unified Tel: +966 (11) 609 8888
Fax: +966 (11) 609 8881
Website: www.alrajhibank.com.sa
Email: contactcenter1@alrajhibank.com.sa

Riyad Bank
Al Shuhada District
P.O. Box 22622, Riyadh 11416
Kingdom of Saudi Arabia
Tel.: +966 (11) 4013030
Fax: +966 (11) 4865909
Website: www.riyadbank.com
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Saudi National Bank
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Fax: +966126437426
Website: www.alahli.com
E-mail: contactus@alahli.com

Summary of the Offering

This summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary must be read as an introduction to this Prospectus, and prospective investors should read all the information contained in this Prospectus in full. Any decision to invest in the Offer Shares by prospective investors should be based on a consideration of this Prospectus as a whole.

In particular, it is important to carefully consider the (**Important Notice**) on page (i) and Section 2 (Risk Factors), respectively, prior to making any decision in the Offer Shares.

Company Name, Description and Establishment Information	Al Masane Al Kobra Mining Company (hereinafter "**the Company**") is a Saudi Closed joint stock company established pursuant to Ministerial Resolution No. Q/247 dated 09/10/1428H (corresponding to 21 October 2007G), with Commercial Register. No. 5950017523 dated 03/11/1431H (corresponding to 11 October 2010G). On 21/07/1435H (corresponding to 20 May 2014G), the Company's head office was moved from Jeddah to Najran. Accordingly, the Najran Commercial Register dated No. 5950017523 dated 03/11/1431H (corresponding to 11 October 2010G) was modified to be the main Commercial Register. The current share capital of the Company is five hundred and sixty three million two hundred and eighty-eight thousand six hundred and fifty Saudi Riyals (SAR 563,288,650) divided into fifty-six million three hundred twenty eight thousand eight hundred and sixty-five (56,328,865) Ordinary Shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per Share (the "**Shares**" and each a "**Share**"). The Company was established as a Saudi Closed joint stock company under Commercial Registration. No. 4030175345 dated 07/01/1429H (corresponding to 16 January 2008G) issued in Jeddah with a capital of four hundred and fifty million Saudi Riyals (SAR 450,000,000) divided into forty five million shares (45,000,000) Shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per share Pursuant to the General Assembly resolution dated 02/05/1432H (corresponding to 06 April 2011G) the Company's share capital was increased from four hundred and fifty million Saudi riyals (SAR 450,000,000) to five hundred million Saudi riyals (SAR 500,000,000) divided into fifty million (50,000,000) fully paid shares with a nominal value of ten Saudi Riyals (SAR 10) each through cash subscriptions for five million (5,000,000) new Shares by a Shareholder. Pursuant to the General Assembly resolution dated 25/01/1434H (corresponding to 09 December 2012G), the Company's capital was increased from five hundred million Saudi riyals (SAR 500,000,000) to five hundred and fifty million Saudi riyals (SAR 550,000,000) through cash subscriptions for five million (5,000,000) new Shares by Shareholders and a new Shareholder. Pursuant to the General Assembly resolution dated 10/06/1436H (30 March 2015G), the Company's capital was increased from five hundred and fifty million Saudi riyals (SAR 550,000,000) to seven hundred and forty million Saudi riyals (SAR 740,000,000) divided into seventy four million (74,000,000) ordinary shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per share through the offer of (19) shares for each (55) shares owned by each shareholder and share premium conversion of SAR (190,000,000) according to the certificate issued by the certified public accountant. Pursuant to the General Assembly resolution dated 10/08/1437H (17 May 2016G), the Company's capital was increased from seven hundred and forty million Saudi riyals (SAR 740,000,000) to seven hundred and eighty million Saudi riyals (SAR 780,000,000) divided into seventy eight million (78,000,000) ordinary shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per share through the issuance of four million (4,000,000) new shares, paid in cash. Pursuant to the General Assembly resolution dated 17/02/1440H (28 October 2018G), the Company's capital was increased from seven hundred and eighty million Saudi riyals (SAR 780,000,000) to eight hundred and twenty million Saudi riyals (SAR 820,000,000) divided into eighty two million (82,000,000) ordinary shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per Share through the offer of (2) shares for each (39) shares owned by each shareholder and a share premium conversion of SAR (40,000,000) according to the certificate issued by the certified public accountant. Pursuant to the General Assembly resolution dated 17/02/1440H (corresponding to 28 October 2018G) the Board was authorized to buy back 10% of the Company's share capital at a share price of thirty Saudi riyals (SAR 30) to be designated as treasury shares. Pursuant to the General Assembly resolution dated 23/03/1440H (corresponding to 02 December 2018G), the Company purchased two million four hundred and ninety thousand four hundred and forty five (2,490,445) shares from the shareholders to be designated as treasury shares. On 03/01/1441H (corresponding to 2 September 2019G), the Company purchased five million seven hundred and nine thousand five hundred and fifty five (5,709,555) Shares from one of the founding shareholders, Trecora Resources (formerly Arabian Shield Development Company) which sold its entire shareholding to the Company and certain shareholders, and such shares were designated as treasury shares. Pursuant to the General Assembly resolution dated 10/08/1442H (23 March 2021G), the Company's capital was decreased from eight hundred and twenty million Saudi riyals (SAR 820,000,000) to four hundred and sixty seven million Saudi riyals (SAR 467,000,000) divided into forty six million and seven hundred thousand (46,700,000) ordinary Shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per Share through cancelling six million nine hundred ninety thousand and five hundred twenty six (6,990,526) treasury shares and twenty eight million three hundred and nine thousand and four hundred seventy four (28,309,474) ordinary Shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per Share were cancelled to offset the Company's losses amounting to 29.35% of the share capital.

Pursuant to the General Assembly resolution dated 26/02/1443H (corresponding to 3 October 2021G), the Company's capital was increased from four hundred and seventy six million Saudi riyals (SAR 467,000,000) to five hundred and sixty three million two hundred and eighty-eight thousand six hundred and fifty Saudi riyals (SAR 563,288,650) divided into fifty-six million three hundred twenty eight thousand eight hundred and sixty-five (56,328,865) ordinary Shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per share, by granting a free share for every (4.85) Shares owned by the Shareholders registered in the Company's records on the day of the Extraordinary General Assembly, including the allocation of two hundred and fifty thousand two hundred and ninety (250,290) Shares as treasury Shares. The increase was covered by capitalizing the increase amount from the Company's profit account and statutory reserve account. On 13/04/1443H (corresponding to 18/11/2021G), the General Assembly approved the Company's capital increase from five hundred and sixty-three million two hundred and eighty-eight thousand six hundred and fifty (563,288,650) Saudi riyals to six hundred and sixty million (660,000,000) Saudi riyals, divided into sixty-six million (66,000,000) Ordinary Shares with a fully paid nominal value of ten (10) Saudi riyals per Share and nineteen million eight hundred thousand (19,800,000) Ordinary Shares through an initial public offering.

Company's Activities

The Company's primary operations are the operation of the Al Masane Mine and Guyan Mine. Al Masane Mine is located at the main Al Masane mining camp and produces copper and zinc concentrates and silver and gold Doré. The Guyan Mine is located approximately 12km from the Al Masane Mine and produces gold and silver Doré.

The main objectives of the Company in accordance with its Bylaws include:

- Production of gold and silver bars.
- Production of Zinc concentrates.
- Production of Copper concentrates.
- Extraction of granite, Nickel concentrates and lead concentrates.
- Manufacturing of granite.
- Rock blasting.
- Establishment of factories to produce tiles and other building materials.

Number of Shares held by Substantial Shareholders Pre- and Post-Offering

The following table sets out the names as well as pre-Offering and post-Offering ownership percentages of Substantial Shareholders.

Table (1-2): Overview of Substantial Shareholders of the Company Pre- and Post-Offering

Shareholders	Pre-Offering			Post-Offering		
	No. of Shares	Nominal Value (SAR)	Direct Ownership (%)	No. of Shares	Nominal Value (SAR)	Direct Ownership (%)
Arab Mining Company (ARMICO)	11,526,049	115,260,490	20.46%	9,398,371	93,983,710	14.24%
Asas Mining Company	11,080,674	110,806,740	19.67%	9,035,210	90,352,100	13.69%
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	4,958,771	49,587,710	8.80%	4,043,395	40,433,950	6.13%
National Lead Smelting Company (Rassas)	4,916,416	49,164,160	8.73%	4,008,858	40,088,580	6.07%
Mohammed Aballala	4,691,441	46,914,410	8.33%	3,825,413	38,254,130	5.80%
Arab Mining Company-Fujairah	2,973,984	29,739,840	5.28%	2,424,994	24,249,940	3.67%
Total	**37,173,351**	**371,733,510**	**71.27%**	**32,736,241**	**327,362,410**	**49.60%**

The Company's Capital (as at the date of this Prospectus)	Five hundred and sixty three million two hundred and eighty-eight thousand six hundred and fifty Saudi riyals (563,288,650) Saudi Riyals
The Company's Capital (after the capital increase)	Six hundred and sixty million (660,000,000) Saudi Riyals
Total Number of Issued Shares (as at the Date of this Prospectus)	Fifty-six million three hundred twenty eight thousand eight hundred and sixty-five (56,328,865) Shares
Total Number of Issued Shares (after the capital increase)	Sixty-six million (66,000,000) Shares
Offering	Offering of nineteen million eight hundred thousand (19,800,000) Ordinary Shares representing 30% of the Company's capital following the Offering, and consisting of the following: • the sale of ten million one hundred twenty-eight thousand eight hundred and sixty-five (10,128,865) existing Shares (the "**Sale Shares**"); and • the issue of nine million six hundred and seventy-one thousand one hundred thirty-five (9,671,135) new Shares (the "**New Shares**"), at an Offer Price of Sixty Three Saudi riyals (SAR 63) per Offer Share, with a fully paid nominal value of ten SAR 10 per share.
Total Number of Offer Shares	Nineteen million eight hundred thousand (19,800,000) fully paid Ordinary Shares.
Nominal Value per Share	Ten Saudi riyals (SAR 10) per share.
Percentage of Offer Shares to the total number of issued Shares	The Offer Shares represent 30% of the Company's share capital, following the capital increase (which represents 35.15% of the Company's capital prior to the capital increase)
Offer Price	Sixty Three Saudi riyals (SAR 63) per Share.
Total value of Offer Shares	One Billion Two Hundred Fourty Seven Million Four Hundred Thousand Saudi riyals (SAR 1,247,400,000)
Use of Proceeds	The net proceeds from the Offering amounting to approximately One Billion Two Hundred Seventeen Million Four Hundred Thousand Saudi riyals (SAR 1,217,400,000) after deducting the full Offering expenses estimated at Thirty Million Saudi riyals (SAR 30,000,000) will be distributed as follows: (i) Six Hundred Twenty Two Million Seven Hundred Seventy One Thousand Seven Hundred Thirty Saudi riyals (SAR 622,771,730) will be distributed to the Selling Shareholders on a pro-rata basis based on each Selling Shareholder's percentage ownership in the Sale Shares being sold in the Offering; and (ii) Five Hundred Ninty Four Million Six Hundred Twenty Eight Thousand Two Hundred Seventy Saudi riyals (SAR 594,628,270) will be distributed to the Company and will be used to finance the Moyeath orebody development project, and the current prospects of copper, gold, zinc, and nickel under its current Exploration Licenses . For more information, see Section 8 ("**Use of Offering Proceeds**").
Number of Offer Shares Underwritten	Nineteen million eight hundred thousand (19,800,000) Ordinary Shares
Total Underwritten Offering Amount	One Billion Two Hundred Fourty Seven Million Four Hundred Thousand Saudi riyals (SAR 1,247,400,000)

Categories of Targeted Investors	Subscription for Offer Shares is restricted to: **Tranche A - Participating Parties:** This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions (collectively, the "**Participating Parties**" and individually a "**Participating Party**") (For further details, please refer to Section 1 ("**Definitions and Abbreviations**")). The number of Offer Shares to be initially allocated to the Participating Parties is nineteen million eight hundred thousand (19,800,000) Offer Shares, representing 100% of the total Offer Shares. In the event that there is sufficient demand from Individual Investors, the Bookrunner have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of thirteen million eight hundred sixty thousand (13,860,000) Offer Shares, representing 70% of the total Offer Shares. The Financial Advisor, in coordination with the Company shall determine the number and percentage of Offer Shares to be allocated to Participating Parties, using the discretionary allocation mechanism. **Tranche B - Individual Investors:** This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has a bank account and is entitled to open an investment account with one of the Receiving Agents (collectively, the "**Individual Investors**" and individually an "**Individual Investor**"). Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of five million nine hundred forty thousand (5,940,000) Shares representing 30% of the Offer Shares shall be allocated to Individual Investors. In the event that the Individual Investors do not subscribe in full for the Offer Shares allocated to them, the Financial Advisor may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for by them.
Total Offer Shares Available for each Targeted Investor Category	
Number of Shares Offered to Participating Parties	Nineteen million eight hundred thousand (19,800,000) ordinary Shares, representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, and the Participating Parties subscribe for all of the Shares allocated to them, the Financial Advisor may decide to reduce the number of Shares allocated to Participating Parties to thirteen million eight hundred sixty thousand (13,860,000) Shares, representing 70% of the Offer Shares.
Number of Shares Offered to Individual Investors	A maximum of five million nine hundred forty thousand (5,940,000) Offer Shares, representing 30% of the total Offer Shares.
Subscription Method for each Targeted Investor Category	
Subscription Method for Participating Parties	Participating Parties may submit Participating Parties Subscription Form or a Bid/Subscription Order during the Book-Building Period to be made available by the Bookrunner in accordance with the instructions described in Section 19 ("**Subscription Terms and Conditions**"). Participating Parties must complete the Participating Parties Subscription Form after the allocation of Offer Shares based on the number of Offer Shares allocated to them.
Subscription Methods for Individual Investors	Retail Subscription Forms will be available during the Retail Offering Period at all Receiving Agents' branches. Retail Subscription Forms must be completed in accordance with the instructions described in Section 19 ("**Subscription Terms and Conditions**"). Individual Investors who have participated in recent initial public offerings in the Kingdom can also subscribe through the internet, telephone banking or automated teller machines ("**ATMs**") of any of the Receiving Agents' branches that offer any or all such services to its customers, provided that the following requirements are satisfied: (i) the Individual Investor must have a bank account at a Receiving Agent which offers such services, and (ii) there have been no changes in the personal information or data of the Individual Investor since such person's subscription to the last initial public offering.
Minimum Number of Offer Shares to be Applied for by each Category of Target Investors	
Minimum Number Offer Shares to be Applied for by Participating Parties	One hundred thousand (100,000) Shares.
Minimum Number Offer Shares to be Applied for by Individual Investors	Ten (10) Shares.

Minimum Subscription Amount by each Category of Targeted Investors	
Minimum Subscription Amount for Participating Parties	Six Million Three Hundred Thousand Saudi riyals (SAR 6,300,000)
Minimum Subscription Amount for Individual Investors	Six Hundred Thirty Saudi riyals (SAR 630)
Maximum Number of Offer Shares to be Applied for by each Category of Targeted Investors	
Maximum Number of Offer Shares to be Applied for by Participating Parties	Three million two hundred and ninety-nine thousand nine hundred and ninety-nine (3,299,999) Shares
Maximum Number of Offer Shares to be Applied for by Individual Investors	Two hundred and fifty thousand (250,000) Shares.
Maximum Subscription Amount by each Category of Targeted Investors	
Maximum Subscription Amount for Participating Parties	Two Hundred Seven Million Eight Hundred Ninty Nine Thousand Nine Hundred Thirty Seven Saudi riyals (SAR 207,899,937)
Maximum Subscription Amount for Participating Parties	Fifteen Million Seven Hundred Fifty Thousand Saudi riyals (SAR 15,750,000)
Allocation and Refund Method for each Category of Target Investors	
Allocation of Offer Shares to Participating Parties	Final allocation of the Offer Shares to Participating Parties shall be made by the Financial Advisor in consultation with the Company using the discretionary allocation mechanism. The number of Offer Shares to be initially allocated to the Participating Parties is nineteen million eight hundred thousand (19,800,000) Offer Shares, representing 100% of the total Offer Shares. If there is sufficient demand by Individual Investors, the Bookrunner have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of thirteen million eight hundred sixty thousand (13,860,000) Offer Shares, representing 70% of the total Offer Shares.
Allocation of Offer Shares to Individual Investors	Allocation of the Offer Shares to Individual Investors is expected to be completed no later than Tuesday 12/08/1443H (corresponding to 15/03/2022G). Each Individual Investor who subscribes to the Offer Shares must apply for a minimum of ten (10) Offer Shares. The maximum number of Offer Shares that can be subscribed for is two hundred and fifty thousand (250,000) Shares per Individual Investor. The minimum number of allocated shares will be ten (10) Offer Shares per Individual Investor, and the balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Investor. In the event that the number of Individual Investors exceeds five hundred and ninty four thousand (594,000),the Company will not guarantee the minimum allocation of Offer Shares per Individual Investor, and the Offer Shares will be allocated equally between all Individual Investors.
Refund of Excess Subscription Monies	Surplus subscription amounts (if any) will be refunded without any charge or with holding by the relevant Receiving Agent, as specified in the Retail Subscription Form. Notification of the final allotment and refund of subscription monies, if any, will be made at the latest by Thursday 14/08/1443H (corresponding to 17/03/2022G). (For further details, see Page (xvii) ("**Key Dates and Subscription Procedures**") and Section 19 ("**Subscription Terms and Conditions**")).
Offering Period	The Offering Period will commence on Wednesday 06/08/1443H (corresponding to 09/03/2022G) and will remain open for a period of (3) Three days until the end of Friday 08/08/1443H (corresponding to 11/03/2022G) (For further details, see Page (xvii) ("**Key Dates and Subscription Procedures**").
Distribution of Dividend	The Offer Shares will be entitled to receive any dividends declared and paid by the Company as at the date of this Prospectus and for subsequent fiscal years. (For further details, see Section 7 ("**Dividend Distribution Policy**")).
Voting Rights	The Company has one class of Shares (ordinary shares), which does not carry any preferential voting rights. Each Share entitles the holder to one vote at the General Assembly. A Shareholder may authorize another Shareholder that is not a member of the Board of Directors to attend the General Assembly and vote on its behalf (For further details, see Section 13.15 ("**Description of the Shares**")).

Share Restrictions (Lock-Up Period)	The Substantial Shareholders (whose ownership percentage details are set out in Table 1-2 ("**Overview of Substantial Shareholders of the Company Pre- and Post-Offering**") page (xii)) will be subject to the Lock-up Period of 6 months starting from the commencement of trading of the Shares on the Exchange ("**Tadawul**", "**Saudi Exchange**"), during which they shall be prohibited from disposing of their Shares. Following the Lock-up Period of 6 months, the Substantial Shareholders will be free to dispose of their Shares.
Listing of Shares	Prior to the Offering, there has been no public market for the Shares in the KSA or elsewhere. An application has been made to the CMA for the registration and offering of the Shares in accordance with the OSCOs, and the Company has made an application to the Tadawul Group to list its Shares in accordance with the Listing Rules. All relevant approvals required to conduct the Offering have been granted. Trading is expected to commence on the Exchange soon after the final allocation of the Shares (for further details, please refer to "**Key Dates and Subscription Procedures**" on page (xvii).
Risk Factors	There are certain risks related to investing in the Offering. Such risks can be classified as follows: (i) risks related to the Company's operations; (ii) risks related to the market, industry and regulatory environment; and (iii) risks related to the Offer Shares. These risks are described in Section 2 ("**Risk Factors**") and should be considered carefully prior to making a decision to invest in the Offer Shares.
Offering Expenses	The expenses and costs associated with the Offering are estimated at around thirty million (SAR 30,000,000). These costs shall include the fees of the Joint Financial Advisors, Stabilizing Manager, and other Advisors, in addition to the fees of the Receiving Agents, marketing, printing and distribution expenses, as well as other relevant expenses. The Offering expenses will be apportioned to the Selling Shareholders and the Company on a pro rata basis.
Financial Advisor, Lead Manager, Bookrunner and Underwriter	**Al-Rajhi Capital** King Fahad Road P.O. Box 5561 Riyadh 11432 Kingdom of Saudi Arabia Tel: +966 920005856 Fax: +966 11 4600625 Website: www.alrajhi-capital.com Email: PR@alrajhi-capital.com

Note: the 'Important Notice" on page (i) and Section 2 ("**Risk Factors**") should be considered carefully prior to making a decision to invest in the Offer Shares.

Key Dates and Subscription Procedures

Table (1-3): Expected Offering Timetable

Expected Offering Timetable	Date
Offering Period for Participating Parties and Book-Building Period	The Offering Period will last for (7) Seven days, commencing on Wednesday 22/07/1443H (corresponding to 23/02/2022G), until the end of Tuesday 28/07/1443H (corresponding to 01/03/2022G)
Submission Period for Individual Investors	The Offering Period (3) Three days commencing on Wednesday 06/08/1443H (corresponding to 09/03/2022G) and ending on Friday 08/08/1443H (corresponding to 11/03/2022G).
Deadline for submission of Subscription Forms by Participating Parties based on the initial allocation of Offer Shares	Tuesday 05/08/1443H (corresponding to 08/03/2022G)
Deadline for submission of Retail Subscription Forms and payment of the subscription monies by Individual Investors	Friday 08/08/1443H (corresponding to 11/03/2022G)
Deadline for payment of subscription money by Participating Parties based on their initially allocated Offer Shares	Thursday 07/08/1443H (corresponding to 10/03/2022G)
Announcement of final Offer Shares allotment	Tuesday 12/08/1443H (corresponding to 15/03/2022G)
Refund of excess subscription monies (if any)	Thursday 14/08/1443H (corresponding to 17/03/2022G)
Expected trading commencement date for the Shares	Trading of the Offer Shares on the Exchange is expected to commence after all relevant legal requirements and procedures have been fulfilled. Trading will be announced in local newspapers and on the Tadawul website: www.saudiexchange.sa

Note: The above timetable and dates therein are indicative. Actual dates will be communicated through announcements appearing in national daily newspapers, on the Tadawul website, (www.saudiexchange.sa), the Financial Advisor's website, (www.alrajhi-capital.com) and the Company website, (www.amak.com.sa).

How to Apply for the Offering

Subscription in the Offer Shares is restricted to the following categories of Investors:

Tranche A - Participating Parties: parties eligible to participate in the book-building process as specified under the Book-Building Instructions (for further details, see Section 1 ("**Definitions and Abbreviations**") and Section 19 ("**Subscription Terms and Conditions**").

Tranche B - Individual Investors: individual investors comprising Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has a bank account and is entitled to open an investment account with one of the Receiving Agents. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, then the relevant regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

Participating Parties:

Participating Parties can obtain the Participating Parties Subscription Forms from the Bookrunner during the Book-Building Period, and obtain the Participating Parties Subscription Form from the Bookrunner following the initial allocation. The Bookrunner shall, after the approval of the CMA, offer the Offer Shares to Participating Parties only during the Book-Building Period. Subscriptions by the Participating Parties shall commence during the Offering Period, which shall also include the Individual Investors, according to the terms and conditions detailed in the Participating Parties Subscription Form. A signed Participating Parties Subscription Form shall be submitted to the Bookrunner, with such Participating Parties Subscription Form representing a binding agreement between the Company and the applicant Participating Party.

Individual Investors:

Retail Subscription Forms for Individual Investors will be available during the Offering Period on all Receiving Agents' websites offering such service. Individual Investors can subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents offering any or all such services to its customers, provided that the following requirements are satisfied:

- the Individual Investor must have a bank account at the Receiving Agent which offers such services; and
- there have been no changes in the personal information or data of the Individual Investor (by way of exclusion or addition of any member of his family) since such person last participated in an initial public offering.

Each Individual Investor is required to fill out the Retail Subscription Form according to the instructions described in Section 19 ("**Subscription Terms and Conditions**"). Each Individual Investor must complete all the relevant sections in the Retail Subscription Form. The Company reserves the right to reject any Retail Subscription Form, in part or in whole, if any of the subscription terms and conditions are not met. If two Subscription Forms are submitted, the second shall be deemed void and only the first one shall be taken into consideration. The Retail Subscription Form cannot be amended or withdrawn once submitted. Furthermore, the Retail Subscription Form shall, upon submission, be considered to be a legally binding offer between the applicant and the Selling Shareholders.

Excess subscription monies, if any, will be refunded to the primary Individual Investor's account held with the Receiving Agent from which the subscription value has been debited in the first place, without withholding any charge or commission by the relevant Receiving Agent. Excess subscription monies shall not be refunded in cash or to third party accounts.

For more information on the subscription of Individual Investors and the Participating Parties, see Section 19 ("**Subscription Terms and Conditions**") of this Prospectus.

Summary of Key Information

This summary of key information aims to give an overview of the information contained in this Prospectus. As it is a summary, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary should be treated as an introduction to this Prospectus. Recipients of this Prospectus should read the Prospectus in its entirety, as any decision by prospective investors to invest in the Offer Shares should be based on a study of this Prospectus as a whole. In particular, it is important to carefully consider the (**Important Notice**) on page (i) and Section 2 ("**Risk Factors**"), respectively, prior to making any investment decision in relation to the Offer Shares.

Overview of the Company

The Al Masane Al Kobra Mining Company was incorporated as a Saudi Closed joint stock company in Jeddah pursuant to Ministerial Resolution No. Q/247 dated 09/10/1428H (corresponding to 21 October 2007G), with Commercial Register. No. 4030175345 dated 07/01/1429H (corresponding to 16 January 2008G).

On 21/07/1435H (corresponding to 20 May 2014G), the Company's head office was moved from Jeddah to Najran. Accordingly, the Najran Commercial Register dated No. 5950017523 dated 03/11/1431H (corresponding to 11 October 2010G) of Thar, Najran, P.O. 46, Zip Code: 55461, was modified to become the main Commercial Register. The Company's actual head office is located in Building 7847, Unit No. 2, 66244-3181, Najran. The Company was formed for the objective of producing Zinc and Copper concentrates and silver and gold bars. The Company's current share capital is five hundred and sixty three million two hundred and eighty-eight thousand six hundred and fifty Saudi Riyals (SAR 563,288,650) divided into fifty-six million three hundred twenty eight thousand eight hundred and sixty-five (56,328,865) Ordinary Shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per Share

The Company's total sales for the six-month period ended 30 June 2021G amounted to SAR 264,209,935 (compared to sales of SAR 145,084,213 for the six-month period ended 30 June 2020G). The Company also achieved sales of SAR 375,150,752, SAR 297,837,262, and SAR 263,384,837, for the financial years ending on 31 December 2020G, 2019G and 2018G, respectively. The gross profit for the period ended 30 June 2021G amounted to SAR 126,504,396 (compared to gross profit of SAR 38,173,961 for the period ended 30 June 2020G). The Company also achieved gross profit of SAR 134,513,579, SAR 80,877,575, and SAR 69,015,318 for the financial years ended 31 December 2020G, 2019G and 2018G, respectively. The total value of the Company's assets as at 30 June 2021G amounted to SAR 1,008,878,827 (compared to SAR 946,917,474, SAR 820,450,923 and SAR 826,992,227 for the financial years ending on 31 December 2020G, 2019G and 2018G, respectively). Total liabilities amounted to SAR 464,679,058 on 30 June 2021G (compared to SAR 494,931,426, SAR 398,937,065, and SAR 357,512,521 for the financial years ending on 31 December 2020G, 2019G and 2018G, respectively).

The Company's primary operations are the operation of the Al Masane Mine and Guyan Mine. Al Masane Mine is located at the main Al Masane mining camp and produces copper and zinc concentrates and silver and gold Doré. The Guyan Mine is located approximately 12km from the Al Masane Mine and produces gold and silver Doré.

As at 30 June 2021, the Company employed 454 employees (excluding contractors and consultants), of which 31.5% were Saudi nationals, compared to 417 employees as at 31 December 2020G, of which 32.4% were Saudi nationals (for further details please refer to Section 5, ("**Company Organizational Structure and Corporate Governance**")).

The following table summarizes the ownership structure of the Company pre- and post-offering:

Table (1-4): Direct Ownership of the Company Pre- and Post-Offering

No.	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Par Value (SAR)	Ownership Percentage	No. of Shares	Par Value (SAR)	Ownership Percentage
1.	Arab Mining Company (ARMICO)	11,526,049	115,260,490	20.46%	9,398,371	93,983,710	14.24%
2.	Asas Mining Company	11,080,674	110,806,740	19.67%	9,035,210	90,352,100	13.69%
3.	Prince Meshal Bin Saud Bin Abdulaziz Al Saud	4,958,771	49,587,710	8.80%	4,043,395	40,433,950	6.13%
4.	National Lead Smelting Company (Rassas)	4,916,416	49,164,160	8.73%	4,008,858	40,088,580	6.07%
5.	Mohammed Mana Aballala	4,691,441	46,914,410	8.33%	3,825,413	38,254,130	5.80%
6.	Arab Mining Company- Fujairah	2,973,984	29,739,840	5.28%	2,424,994	24,249,940	3.67%
7.	Wadha Bint Hussein Bin Jaber Nasseb	2,203,064	22,030,640	3.91%	1,796,384	17,963,840	2.72%
8.	Ibrahim Bin Ali Bin Hussein Bin Musallam	1,460,404	14,604,040	2.59%	1,190,817	11,908,170	1.80%
9.	Majed Bin Ali Bin Hussein Bin Musallam	1,286,750	12,867,500	2.28%	1,049,219	10,492,190	1.59%
10.	Al Shair Co. for Trading Industry & Contracting	1,191,071	11,910,710	2.11%	971,202	9,712,020	1.47%
11.	Ayman Bin Abdulrahman AlShibl	1,149,451	11,494,510	2.04%	937,265	9,372,650	1.42%
12.	Khalid Bin Ali Bin Omar Babtain	1,097,002	10,970,020	1.95%	894,498	8,944,980	1.36%
13.	Badr Bin Mana Bin Sultan Aballala	844,330	8,443,300	1.50%	688,469	6,884,690	1.04%
14.	Dalal Bint Ali Bin Hussein Bin Musallam	698,026	6,980,260	1.24%	569,172	5,691,720	0.86%
15.	Warif Investments LLC	669,147	6,691,470	1.19%	545,624	5,456,240	0.83%
16.	Lama Bint Ali Bin Musallam	558,420	5,584,200	0.99%	455,337	4,553,370	0.69%
17.	Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	509,788	5,097,880	0.91%	415,682	4,156,820	0.63%
18.	Abdulaziz Bin Ali Bin Musallam	418,815	4,188,150	0.74%	341,503	3,415,030	0.52%
19.	Abdulsalam Bin Abdullah Bin Abdulaziz Draibi	371,748	3,717,480	0.66%	303,124	3,031,240	0.46%
20.	Nasser Bin Ali Bin Ahmad Mansour AlSharif	371,748	3,717,480	0.66%	303,124	3,031,240	0.46%
21.	Savas Sahin[2]	237,920	2,379,200	0.42%	194,001	1,940,010	0.29%
22.	Raydah Bint Hamel Bin Hamad AlYami	223,049	2,230,490	0.40%	181,875	1,818,750	0.28%
23.	Salem Bin Ali Bin Salem Bajandouh	195,798	1,957,980	0.35%	159,654	1,596,540	0.24%
24.	Abdulilah Bin Othman Bin Nasser AlSaleh	148,700	1,487,000	0.26%	121,250	1,212,500	0.18%
25.	Noura Bint Ali Bin Musallam	139,605	1,396,050	0.25%	113,834	1,138,340	0.17%

2 For further information on the shares of Savas Sahin, please refer to Section 4.6 (Corporate Overview of the Company and Evolution of its Capital)

No.	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Par Value (SAR)	Ownership Percentage	No. of Shares	Par Value (SAR)	Ownership Percentage
26.	Fatima Bint Ali Bin Musallam	139,605	1,396,050	0.25%	113,834	1,138,340	0.17%
27.	Abdullah Bin Mohamed Bin Hussein Bin Musallam	116,048	1,160,480	0.21%	94,626	946,260	0.14%
28.	Talal Bin Mohamed Bin Hussein Bin Musallam	116,048	1,160,480	0.21%	94,626	946,260	0.14%
29.	Nawal Bint Ali Bin Musallam	92,937	929,370	0.16%	75,781	757,810	0.11%
30.	Hassan Bin Ali AlSairafi	90,936	909,360	0.16%	74,149	741,490	0.11%
31.	Mesfer Salem AlWisamer	89,219	892,190	0.16%	72,749	727,490	0.11%
32.	Abdullah Bin Ali Bin Mohamed Al Moshaigeh	75,458	754,580	0.13%	61,529	615,290	0.09%
33.	Salman Bin Abdulaziz Bin Saad Bin Shehween	74,349	743,490	0.13%	60,624	606,240	0.09%
34.	Yasser Bin Faisal Bin Yahya AlSharif	48,327	483,270	0.09%	39,406	394,060	0.06%
35.	Jaber Bin Abdullah Bin Jaber Al-Yami	37,890	378,900	0.07%	30,896	308,960	0.05%
36.	Lila Bint Abdullah Bin Ali Al-Moshaikah	18,587	185,870	0.03%	15,156	151,560	0.02%
37.	Ali Bin Mansour Bin Yahya Bidi	15,156	151,560	0.03%	12,358	123,580	0.02%
38.	Ahmad Bin Abdullah Bin Sulaiman AlSulaiman	8,857	88,570	0.02%	7,222	72,220	0.01%
39.	Hajir Bint Abdullah Bin Ali Al-Moshaikah	7,435	74,350	0.01%	6,063	60,630	0.01%
40.	Meryam Bint Abdullah Bin Ali Al-Moshaikah	7,435	74,350	0.01%	6,063	60,630	0.01%
41.	Lana Bint Ahmad Bin Abdullah AlSulaiman	5,877	58,770	0.01%	4,792	47,920	0.01%
42.	Anas Bin Sulaiman Bin Salem Hafiz	3,680	36,800	0.01%	3,001	30,010	0.00%
43.	Treasury Shares	1,458,850	14,588,500	2.59%	1,458,850	14,588,500	2.21%
44.	Public	-	-	-	19,800,000	198,000,000	30.00%
Total		**56,328,865**	**563,288,650**	**100.00%**	**66,000,000**	**660,000,000**	**100.00%**

Source: Company information

Vision and Mission of the Company

Vision

The Company's goal is to be the leading mining company in Saudi Arabia and the GCC region with sustainable value created for all stakeholders including shareholders, employees, the communities it operates in, contractors and suppliers.

Mission

The Company will continue to create long-term and sustainable value through exploration, discovery, and development of mining projects which will add value to Vision 2030 aspiration. The Company is aligned to a long-term strategy of investing in local and regional mining projects with a track record of strong financial and operational performance.

Competitive Advantages, Strengths and Strategies of the Company

The Company believes that its key competitive advantages and key strengths are as follows:

- **Government Support for the mining sector**

Saudi Arabia's metals and mining sector is expecting a significant expansion in accordance with the Vison 2030 objectives. As the country embarks on its journey to diversify from oil and gas, the role of the metals and mining sector is gaining increasing importance.

Vision 2030 sets out a goal for the mining sector to significantly contribute to the national economy. The development of the mining sector is therefore a national priority and is listed as the third pillar of economic diversification after oil, gas and petrochemicals production. Vision 2030's emphasis on the sector is driven by the expectation that metals and mining will have a significant positive impact on the economy. According to Vision 2030, Saudi Arabia's mining industry could generate up to 219,000 jobs and increase its contribution to the Kingdom's GDP to SAR 240 billion by 2030

- **The Company's growth potential**

The Company has demonstrated solid growth in its operations and financial performance in the last three financial years ending 31 December 2018G, 31 December 2019G and 31 December 2020G and the six month period ended 30 June 2021G, and believes this growth will continue. In late 2020, the Company commissioned the Guyan Mine, which is an open pit gold mine with more than 1.7 million tons of Ore Reserves. In addition, the Company continues its exploration activities based on its existing mining licenses and plans to conduct further exploration.

- **Demand for the Company's products**

According to the Market Study, strong demand for Copper and Zinc is expected to continue for the next 15 years. Demand for Copper is largely driven by broader economic growth and the increased use of renewable energy and electric vehicles. The Market Study states that over the next fifteen years, global Copper consumption is expected to increase from 26.9 Mt in 2020G to 37.6 Mt in 2035G, representing a 2.2% CAGR.

The Market Study also states that over the long-term, global refined Zinc demand is forecasted to rise from 13.1 Mt in 2020G to 15.4 Mt in 2035G, i.e. a 1.1% CAGR. There is also a potential upside for Zinc demand as the move towards renewable energy sources and carbon neutrality drives the ramp up of global production and installation of wind turbines, solar panels and utility-scale batteries.

- **Long life of mine in excess of 10 years with more exploration potential at deeper levels of existing deposits, extensions to known mineralization and across expansive exploration and mining concessions.**

According to the CPR, the Al Masane Mine has a total of Proven and Probable Ore Reserves of approximately 7.9 Mt which is equal to a life of mine of 10 years without any further exploration. In addition, the CPR mentions that the Guyan Mine has a total of Proven and Probable Ore Reserves of approximately 1.7 million tons, which is equal to a life of mine of 6 years without any further exploration.

- **The pioneer mining Company operating in Saudi Arabia.**

The Company considers itself as the leading mining company focused on base metal and precious metal mining in Saudi Arabia. With an established human resources base, a reliable network of suppliers and strong relationships with lenders, the Company is well positioned to increase the footprint of mineral projects in the Asir-Najran region and other regions of Saudi Arabia in the coming years. With the addition of the new exploration licenses to existing license portfolio, the Company has an expansive area to explore, develop and mine all across the country, particularly in the southern regions of Saudi Arabia.

With a strong local presence and a track record of successful project development and execution, the Company is well positioned to grow its business with organic and inorganic opportunities inside and outside the Saudi Arabia.

- **Strong and well-established team in the mining industry**

The Company's management team has a very diversified international mining experiences in various strong mining countries such as Australia, South Africa, and Turkey. This brings a great combination of experiences in underground mining, project development and execution, gold processing, base metal processing and exploration of new near-mine and greenfield mineral resources. The Company's CEO, a mining engineer, has almost 25 years of experience in base metal and gold mining companies in Turkey and Australia. The Operations Director, a mining engineer, has more than 35 years of experience in similar mining operations in Canada, South Africa and Australia. The Finance Director of AMAK is a chartered CPA and member of ACCA, with significant experience in mining accounting and IFRS reporting standards.

- **Strong financial performance despite turmoil in the metal markets due to Covid-19 pandemic in the last two years**

The Company has demonstrated strong financial performance over the last three financial years ending 31 December 2018G, 31 December 2019G and 31 December 2020G, and the six-month period ending 30 June 2021G, as revenue grew by a CAGR of 19.3% from SAR 263.4 million during the financial year ending 31 December 2018G to SAR 375.2 million during the financial year ending 31 December 2020G. Net income also grew by 622.9% from SAR 12.8 million during the six-month period ending 30 June 2020G to SAR 92.8 million in 2020G and the six-month period ending 30 June 2021G. This growth was mainly driven by increased mine production and throughput, effective cost management and low production costs, increased availabilities and utilization of assets, coupled with strengthening commodity prices.

- **Low-cost producer of Copper and Zinc**

According to the Market Study cash costs, which include by-product credits, at Copper mines have averaged around $2,250/t in 2020. The Market Study Consultant estimates that the Al Masane Mine has a cash cost of -$65/t and is in the first quartile of the 2020 global Copper cost curve. This negative cash cost is a result of the credits received from gold and silver by-products in the concentrates produced at the Al Masane Mine.

According to the Market Study, globally underground Zinc cash costs have averaged around $950/t in 2020G. The Market Study Consultant estimates that Al Masane Mine has positive cash cost of $493/t and is in the first quartile of the 2020G global Zinc cost curve.

- **High grade gold and base metal orebodies**

According to the CPR, the Al Masane Mine has an average feed grade of 0.7% Copper and 3.5% Zinc as the primary metal content. In addition to these base metals, Al Masane orebodies have premium from gold and silver content in the processed ore. Gold content in the ore feed is around 0.9 g per tonne and silver content is 40 grams per tonne. Together with the gold and silver premiums, Al Masane ore Copper equivalent becomes 2.5% Copper. This is a high grade as compared to industry standards. This is also shown in the Market Study which states that the Company's Copper production cost is -$65 due to credits from gold and silver. With this, the Company is one of the lowest cost producers of Copper in the global market.

Al Masane orebodies (Saadah, Al Houra, and Moyeath) are massive sulphide which allows mass mining. The mining method used at Al Masane Mine is longhole stopping, which is comparatively a productive method. The Company estimates the underground production costs at around $17-18 per tonne, which is generally considered low for an underground mine. Whereas the milling cost are estimated to be around $20-22 per tonne (including leaching and SART circuit which produces gold and silver by-products).

The Guyan Mine is an open pit operation and has a resource gold grade of around 3.0 grams per tonne. Moreover, the metallurgical recovery rate of this ore through the Guyan Processing Plant is high at 93% i. According to the Market Study, when compared to similar open pit operations, the high grade and high recovery nature of the Guyan ore positions the Company in the third quartile of the gold producers cost curve. According to CPR, the Company's gold producing cost during the life of mine is estimated to be around $755 per ounce.

- **Large exploration concessions in the region for base metals (Cu, Zn, Pb, Ni) and gold**

The Company currently holds license rights to approximately 152 km^2 of exploration area at Guyan and Qatan and 54 km^2 pursuant to the Al Masane Mining License and the Guyan Mining License. With the new exploration licenses covering an additional area of 474 km^2 granted by the DMMR, the Company's total exploration footprint increased to approximately 679 km^2, including existing licensed (Al Masane, Guyan, Qatan) and new licensed areas. The current exploration and mining licenses of Al Masane, Guyan and Qatan include a number of exploration objectives.

Strategy

The main strategies of the Company that aim to grow its business include the following:

- Extend the life of mine to more than 20 years with resource development at deeper levels, nearby exploration, local areas exploration, greenfield reconnaissance and exploration in new concessions acquired from DMMR.
- Expand the Company's exploration license areas. To this end the Company has recently more than tripled the exploration license area near the existing Al Masane Mining License and intends to conduct further exploration in this area. This area includes four known mineralization and also identified in the CPR. The Company believes that the most promising prospects are in the Wadi Shann and the Company intends to commence diamond drilling at these prospects in 2021G for Wadi Shan. In the Al Masane Mining License, there are several other mineral occurrences identified and needs further geological works and studies.
- Maintain position in the 25th percentile of the low-cost producers of copper, zinc, and gold to mitigate against the impact of the metal price cycles. The Company is a low cost Copper and Zinc producer due to gold and silver premiums in the Copper concentrate as well as cost effective mass production method from underground.
- Sustain high quality and lowest impurity Copper and Zinc concentrates and continue to be a producer of choice for Copper and Zinc smelters in South East Asia. Zinc concentrate produced at the Company is tradeable to Chinese smelters due to very low impurities and high Zinc metal content in the concentrate. Also, Copper concentrate has considerable amount of gold (+5 gpt) and silver (+300 gpt) which makes this product more attractive for certain smelters. This makes the Company products more easily marketable with higher payability rates.
- Train Saudi human resources to decrease the dependency on expatriate workforce. The Company will especially focus on training and education of Saudi engineers and technicians, who will be developing and managing mining operations in the Kingdom and region.
- Invest in digital transformation of our mining operations to minimize employee exposure to risky working conditions where applicable. Automation at new mines' operations and underground production areas are the two priority digitalization aspects that the Company is implementing.
- Respect the environment and communities, we operate in, the Company aims to optimize water usage to minimize waste of water resources whist adhering to Zero Harm and Zero Discharge Policies.

Overview of the Mining Market and Sector

The Company derives substantially its revenues and operating cash flow from the production and sale of copper, zinc, gold, and silver. A brief overview of these products is set out below;

Copper

The copper industry is the world's largest base metal industry. Refined copper is made by mining, processing and refining a variety of copper oxide and sulphide ores. The ore is concentrated and the concentrate is shipped to smelter-refinery complexes close to the main consuming markets in Western Europe, USA, Japan and China for processing where it is transformed into various semi-fabricated products including wire rod, rods, strip and sheet. Below is the summary of long term forecasts to 2035 for copper;

- The Market Study Consultant expects average annual global growth in refined copper consumption to be 1.7% over the next 15 years, with the role of electric vehicles (EVs) paramount.
- The long-term fundamentals of copper indicate that such growing demand will outpace committed mine production leading to a significant supply gap opening from the mid-2020s, providing strong price support. The pipeline of uncommitted projects is indeed sufficient to incentivize new supply and meet demand.
- The Market Study Consultant forecasts a 2035 LME cash price of $11,071/t nominal ($8,370/t real 2021) from $6,181/t in 2020.
- Annual nominal treatment and refining charges (TC/RCs) are expected to more than double in nominal terms through to 2035, due to reduced smelter capacity and increasing smelter costs.

Zinc

Zinc mines produce zinc oxide and sulfide ores, which are processed, usually at the mine site, to produce zinc concentrate. This is then sent to a smelter where zinc metal is produced. Zinc ore can also be a by-product of copper, gold and silver. Below is the summary of long term forecasts to 2035 for zinc;

- The Market Study Consultant expects average annual global growth in zinc consumption to be 1.1% over the next 15 years. There is potential upside for copper demand thanks to the installation of wind turbines, solar panels and utility-scale batteries.
- The fundamentals story is similar to copper's, but with a tighter pipeline of projects. Long-term supply will also be impacted by simultaneous mine closures at the end of this decade.
- LME cash zinc prices are forecast to rise to a nominal $3,403/t ($2,573/t in real 2021) from $2,376/t in 2020.
- Annual nominal treatment charges (TCs) will decrease by around 40% in nominal terms through to 2035 as smelters respond to lower concentrate availability.

Gold

Gold can be found in grains or particles embedded into rocks and in alluvial deposits. Most gold mines are open cast operations. Similar to other minerals, gold ores are first mined then crushed and ground for further processing. Gold is extracted by amalgamation or cyanidation to produce gold Doré, which generally contains 50-75% of gold metal.

Doré is further treated at a refinery to produce refined gold such as minted gold bars or granules. Gold is a highly corrosion-resistant and an exceptionally malleable precious metal. Its ductility makes it easy to cast, making it an attractive choice for making jewelry. Its high thermal and electricity conductivity properties also make it popular in the industrial and electronic sectors. Below is the summary of long term forecasts to 2035 for gold;

- The gold price will receive support from the ongoing monetary easing programs, extensive government fiscal stimulus and the continuing geopolitical risks. These drivers will support the gold price until the normalization of monetary policies, expected around 2024.
- Looking out to 2035, the Market Study Consultant's gold price forecasts are based on the Long Run Marginal Cost (LRMC) of mined gold production. The Market Study Consultant forecasts gold prices will return towards their historical LRMC of US $1,400/oz in real terms (2021 basis) from the average of US $1,766/oz in 2020 and $1,852/oz at the time of the Market Study.

Silver

Silver is a malleable, white and lustrous precious metal which has the highest electrical and thermal conductivity of all metals. This, coupled with other properties like photosensitivity, reflectivity and resistance to corrosion make silver an essential industrial metal. Silver also has a long history of being a monetary metal and it therefore continues to attract investor interest as a store of value. It is often viewed as a safe haven against unfavorable macroeconomic or geopolitical events, as is gold. Below is the summary of long term forecasts to 2035 for silver;

- The Market Study Consultant expects the current market surplus on a Covid-impacted economy to turn into a deficit in the mid-2020's as economic woes wear off. In the long-term, supply will outpace declining demand in the grey metal as the digital age hurts end-use sector like photography or coins & medals.
- The Market Study Consultant considers the gold/silver ratio as the most reliable guideline in the long-term and estimates the silver price will peak at $34.4/oz in 2025 before falling to $28.5/oz by 2035 ($21.5/oz in real 2021 terms).

Table (1-5): Summary of CRU price forecasts to 2035

Price	Unit	2015	2020	2025	2030	2035
LME Copper Cash	$/t (nominal)	5,497	6,181	8,990	9,761	11,071
LME Copper Cash	$/t (real 2021)	6,096	6,312	8,283	8,148	8,370
LME Zinc Cash	$/t (nominal)	1,928	2,376	2,170	2,743	3,403
LME Zinc Cash	$/t (real 2021)	2,139	2,427	1,999	2,290	2,573
Gold	$/oz (nominal)	1,160	1,766	2,010	1,931	1,852
Gold	$/oz (real 2021)	1,293	1,800	1,860	1,612	1,400
Silver	$/oz (nominal)	15.7	20.5	34.4	31.9	28.5
Silver	$/oz (real 2021)	16.3	20.9	31.8	26.6	21.5

Source: Market Study

Summary of Financial Information

The selected financial information should be read jointly with the audited financial statement for the fiscal years ended in 31 December 2018G, 2019G and 2020G, as well as the reviewed financial statements for the period ended 30 June 2021G, which were prepared in accordance with IFRS-KSA, and in addition to the information contained in "**Financial and Statistical Information**" above. Such audited consolidated financial statements and notes thereto are each included in Section 21 ("**Financial Statements and Auditors' Reports**").

Income Statement

Saudi Riyals	Financial year ended 31 December 2018G	Financial year ended 31 December 2019G	Financial year ended 31 December 2020G	6-month period ended 30 June 2021G
Revenue, net	263,384,837	297,837,262	375,150,752	264,209,935
Costs of revenue	-194,369,519	-216,959,687	-240,637,173	(137,705,539)
Gross Profit	69,015,318	80,877,575	134,513,579	126,504,396
Operating Profit	28,354,877	40,185,784	97,991,137	100,387,537
Net profit of the year	15,868,282	27,288,305	88,803,707	92,753,328
Income before Concession, Zakat & Income tax	21,558,921	35,614,589	91,446,934	93,852,965
Total comprehensive income of the year	15,868,282	26,849,144	87,567,740	92,213,721

Source: The audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and the reviewed financial statements for the three- and six-month periods ended 30 June 2021G

Statement of Financial Position

Saudi Riyals	As at 31 December 2018G	As at 31 December 2091G	As at 31 December 2020G	As at 30 June 2021G
Total current assets	196,518,219	197,359,189	202,906,313	258,664,960
Total non-current assets	630,474,008	623,091,734	744,011,161	750,213,867
Total assets	826,992,227	820,450,923	946,917,474	1,008,878,827
Total current liabilities	71,569,846	104,244,817	149,340,224	163,014,398
Total non-current liabilities	285,942,675	294,692,248	345,591,202	301,664,660
Total liabilities	357,512,521	398,937,065	494,931,426	464,679,058
Share capital	820,000,000	820,000,000	820,000,000	467,000,000
Retained earnings (accumulated losses)	(352,262,829)	(328,200,241)	(240,632,501)	92,213,721
Statuary reserve	1,742,535	4,427,449	4,427,449	4,427,449
Total Shareholders' Equity	469,479,706	421,513,858	451,986,048	544,199,769

Source: The audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and the reviewed financial statements for the three- and six-month periods ended 30 June 2021G

Statement of Cash-flows

Saudi Riyals	Financial year ended 31 December 2018G	Financial year ended 31 December 2019G	Financial year ended 31 December 2020G	6-month period ended 30 June 2021G
Net cash-flow from operating activities	69,015,860	63,735,008	119,040,159	54,661,225
Net cash from used in investing activities	(20,227,872)	(44,023,022)	(150,892,035)	(31,322,862)
Net cash used in financing activities	(49,555,431)	1,022,312	14,776,700	(42,066,101)
Cash and cash equivalents at the end of the year	31,510,496	52,244,794	35,169,618	16,441,880

Source: The audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and the reviewed financial statements for the three- and six-month periods ended 30 June 2021G

Key Performance Indicators

Key Performance Indicators	Financial year ended 31 December 2018G	Financial year ended 31 December 2019G	Financial year ended 31 December 2020G	6-month period ended 30 June 2021G
Gross profit margin	26%	27%	36%	48%
Net profit margin	6%	9%	24%	35%
Current assets / Current liabilities	275%	189%	136%	159%
Total Liabilities / Total Assets	43%	49%	52%	46%
Total Liabilities / Total Equity	76%	95%	110%	85%
Return On Equity	3%	6%	20%	17%
Return On Assets	2%	3%	10%	9%
Revenue Growth rate	93%	13%	26%	82%
Net Income Growth rate	N/A	72%	225%	623%

Source: Calculated pursuant to the audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and the reviewed financial statements for the three- and six-month periods ended 30 June 2021G

Summary of Risk Factors

Before considering an investment in the Offer Shares, prospective investors should carefully study all the information included in this Prospectus, in particular the risk factors listed below and described in detail in Section 2 ("**Risk Factors**").

A- Risks Related to the Company's Operations

1- Risks associated with increases in production costs
2- Risks related to reliance on supporting infrastructure including transportation and shipping
3- Risks related to operational difficulties affecting production
4- Risks related to the establishment of new projects and the development of existing projects
5- Risks related to Exploration
6- Risks relating to additional requirements for funding
7- Risks related to customer concentration
8- Risks related to the actual volume of ore reserves and mineral resources available to the Company
9- Risks related to compliance with environmental laws and standards
10- Risks relating to the occurrence of environmental hazards
11- Risks related to possible Zakat dues
12- Risks associated with the ability to achieve continued positive growth in the Company's business and future projects
13- Risk related to current lack of clarity with respect to the application of the New Mining Investment Law to the Company's licenses
14- Risks related to the absence of implementing regulations for the Environmental Law
15- Risks related to the calculation of financial consideration under the Mining Investment Law
16- Risk related to the Company being unable to comply with the terms of mining licenses
17- Operational risks and unexpected interruptions to the Company's business
18- Risks associated with Covid-19
19- Risks associated with Financing Documents
20- Risks related to restrictions on the distribution of dividends under the financing documents
21- Risks associated with the Company's use of third-party service providers
22- Risks related to ambiguities in the Company's material agreements
23- Risks related to fluctuation of currency exchange rates
24- Risks related to the Company's reliance on its senior management and key personnel
25- Risks related to management's lack of experience in managing a publicly listed company
26- Risks related to the inadequacy of the Company's insurance to cover all losses
27- Risks associated with litigation involving the Company
28- Risks associated with interest rate fluctuations
29- Risks associated with errors or misconduct by employees of the Company
30- Risks related to transactions and contracts with Related Parties
31- Risks related to non-compliance with the Companies Law
32- Risks related to the Company's application of international accounting standards
33- Risks related to the depreciation of fixed assets

B- Risks Related to Market, Industry and Regulatory Environment

1- Risks related to general Changes in the Metal Market
2- Risks related to variations in the volume of concentrates sold by the Company
3- Government fees applicable to non-Saudi employees of the Company
4- The impact of political and economic risks on the Company's operations
5- Compliance by the Company with Saudization and other Labor Law Requirements
6- The impact of prices for energy, water and related services on the Company's operating expenses
7- The impact of changes in laws and government policies in Saudi Arabia

C- Risks Related to Offer Shares

1- The impact of the Substantial Shareholders on the interests of the Company and other shareholders
2- Absence of a prior market for the Shares
3- Risks of selling a large number of shares post-Offering
4- Fluctuation in the Share price post-Offering
5- Risks relating to the Company's ability to distribute dividends

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1. Definitions and Abbreviations

Advisors	The Company's advisors in relation to the Offering, whose names appear on pages (viii) and (ix) of this Prospectus.
Agent	Ocean Partners UK Ltd acting as an agent pursuant to the Agency Agreement.
Agency Agreement	Agency agreement between the Company and Ocean Partners UK Ltd dated 25 September 2016G (as amended on 1 August 2017G and 31 December 2020G).
Audit Committee	The Company's audit committee.
Al Masane Mine	An underground copper, zinc, silver, and gold mine operated by the Company as further described in Section 4.8.2 ("**Al Masane Mine**").
Al Masane Mining License	Means the Current Al Masane Mining License or the New Al Masane Mining License.
Al Masane Processing Plant	The processing plant of Al Masane Mine
Bid/Subscription Orders	Bid or subscription orders submitted telephonically or electronically to the Bookrunner without the need to complete and sign a Participating Parties Subscription Form in accordance with the instructions set out in Section 19 ("**Subscription Terms and Conditions**").
Bid Form	The bid form to be used by Participating Parties registered in the Kingdom to bid for the Offer Shares during the Book-Building Period and to be submitted to the Bookrunner.
Board of Directors or Board	The Company's board of directors.
Book-Building Instructions	Instructions on Book-Building and Allocation of Shares in Initial Public Offerings issued by the Board of the CMA pursuant to resolution number 2-94-2016 dated 15/10/1437H (corresponding to 20 July 2016G) as amended by CMA resolution number 3-102-2019 dated 18/01/1441H (corresponding to 17 September 2019G).
Book-Building Period	The period during which Participating Parties may submit Participating Parties Subscription Forms, which is specified in "**Key Dates and Subscription Procedures**" on page (xvii).
Bookrunner	Al-Rajhi Capital.
Business Day	Any day (with the exception of Fridays, Saturdays and official holidays) on which the Receiving Agents are open for business in Saudi Arabia.
Bylaws	The Company's Bylaws, a summary of which is set out in Section 13.14 ("**Summary of the Bylaws**").
Capital Market Law	The Capital Market Law issued by Royal Decree Number M/30 dated 2/6/1424H (corresponding to 31 July 2003G), and its amendments.
Chairman	The Chairman of the Board of Directors.
Chief Executive Officer	The Company's chief executive officer.
Class A Minerals	Metallic minerals, precious and semi-precious stones and ores requiring advanced processing.
CMA	The Capital Market Authority in KSA.
Committees	The Audit Committee, the Nomination and Remuneration Committee, the Executive Committee and the Commercial Committee.
Companies Law	The Companies Law, issued under Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10 November 2015G), as amended.
Company or Issuer	Al Masane Al Kobra Mining Company (AMAK), a Saudi joint stock company holding Commercial Registration No. 5950017523 dated 03/11/1431H (corresponding to 11 October 2010G) pursuant to Ministerial Resolution No. Q/247 dated 09/10/1428H (corresponding to 21 October 2007G).
Competent Person	SRK Consulting (UK) Limited.
Competent Person's Report or CPR	Means the report dated June 2021G, prepared by the Competent Person.
Corporate Governance Manual	The Company's Corporate Governance Manual, approved by the Board of Directors on 20/08/1439 AH (corresponding to 6 May 2018G), as amended.

Corporate Governance Regulations	The Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13 February 2017G) (pursuant to the Companies Law) as amended by Resolution No 1-07-2021 dated 01/06/1442H (corresponding to 14 January 2021G).
Council of Ministers	The council of ministers of Saudi Arabia.
Current Al Masane Mining License	Al Masane Mine Mining License issued by Royal Decree No, M/17 dated 01/12/1413H (corresponding to 2 May 1993G), permitting the extraction and exploitation of copper, zinc, lead ores and associated minerals, which expires on 01/12/1443H (corresponding to 30 June 2022G).
Directors	Members of the Board of Directors.
DMMR	Deputy Ministry of Industry and Mineral Resources in Saudi Arabia.
dmt	Dry metric ton.
Doré	Bullions of silver or gold.
Environmental Law	The Environmental Law enacted by Royal Decree No. M/165 dated 19/11/1441H (corresponding to 10 July 2020G).
Exchange	The Saudi Arabian Stock Exchange (Tadawul).
Executive Committee	The Board of Directors' executive committee.
Extraordinary General Assembly	An extraordinary general assembly of the Shareholders convened in accordance with the Bylaws.
Exploitation Licenses	Exploitation Licenses grant the holder (among other things and subject to the terms and conditions of the exploitation license), the exclusive right to produce and exploit licensed minerals at the license site, export and sell those minerals and construct, operate and maintain mines and supporting infrastructure in the license area (including utilities and transport infrastructure). For more information please refer to Section 12.1 ("**Mining Investment Laws and Regulations**").
Financial Advisor	Al-Rajhi Capital.
Financial Institutions	Banks and financial services companies.
Financial Statements	The financial statements audited by the auditor in relation to: (1) the financial year ended on 31 December 2018G, and the notes attached thereto, which were prepared in accordance with the accounting standards as endorsed in the Kingdom of Saudi Arabia; (2) the financial year ended on 31 December 2019G, and (3) the financial year ended on 31 December 2020, and the notes attached thereto, and (4) the reviewed financial statements for the period ended 30 June 2021G, which were reviewed and audited in accordance with the International Financial Reporting Standards (IFRS), as endorsed in the Kingdom of Saudi Arabia (IFRS-KSA). Also referred to herein as the "**Audited Financial Statements**".
Foreign Strategic Investor	A foreign legal entity aiming to acquire a strategic interest in listed companies in accordance with the FSI Instructions. "**Strategic interest**" means the direct ownership percentage in the listed company's shares, through which the owner aims to contribute to enhancing the financial or operating performance of the listed company.
FSI Instructions	Instructions for foreign strategic investors to acquire strategic stakes in listed companies issued by the Board of the CMA pursuant to Resolution No. 3-65-2019 dated 17/10/1440H (corresponding to 17 June 2019G), as amended.
FY18G	The period commencing 1 January 2018G and ended 31 December 2018G.
FY19G	The period commencing 1 January 2019G and ended 31 December 2019G.
FY20G	The period commencing 1 January 2020G and ended 31 December 2020G.
G	Gregorian.
GCC	Gulf Cooperation Council.

GCC Corporate Investor	Any company in which the majority of its share capital is owned by nationals of GCC countries or governments having the nationality of a GCC country in accordance with the definition contained in the Resolution of the Supreme Council of the Gulf Cooperation Council issued at its fifteenth session and approved by Council of Ministers Resolution No. 16 dated 20/01/1418H, as well as GCC funds established in one of the GCC countries whose units are offered in a public offering to investors from those countries in which the majority of the fund's capital is owned by citizens of the GCC countries or their governments.
GDP	Gross Domestic Product (the broadest quantitative measure of a nation's total economic activity, representing the monetary value of all goods and services produced within a nation's geographic borders over a specified period of time).
GDP per capita	GDP per capita is a measure of a country's economic output that account for its number of people (calculated by dividing the GDP by the population).
General Assembly	An Extraordinary General Assembly and / or an Ordinary General Assembly. "**General Assembly**" shall mean any Company general assembly.
GOSI	General Organization of Social Insurance in Saudi Arabia.
Government, Saudi Government, government or Saudi government	Government of Saudi Arabia, with "**Governmental**" interpreted accordingly.
Guyan Mine	An open pit gold mine located approximately 12 km by paved road to the north-northwest of the Al Masane Mine and Processing Plant as described in Section 4.8.3 ("**Guyan Mine**").
Guyan Exploration License	The Guyan Exploration License issued by virtue of the Ministry of Energy, Industry and Mineral Resources' ministerial decision No. 9599/Q, dated 24/11/1436H (corresponding to 8 September 2015G), to the Company, for the exploration of gold, silver, copper, zinc and associated minerals at the Guyan Mountain, in Najran.
Guyan Mining License	The Guyan Mine Mining License issued by the Ministry of Petroleum and Mineral Resources ministerial decision No. 9598/Q, dated 24/11/1436H (corresponding to 8 September 2015G), to the Company, for the exploitation of gold, silver and mineral ores.
Guyan Processing Plant	The processing plant of Guyan Mine.
H	Hijri.
Six month period ended 30 June 2021G	The period started on 1 January 2021 and ending on 30 June 2021
Head Office	The office in which the Company's executive management and key managerial and support staff are based, which is located, according to the Commercial Register, at Thar, Najran, Thar, Najran, P.O. Box 46, Zip Code: 55461. The Company's actual head office is located in Building 7847, Unit No. 2, 66244-3181, Najran.
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board.
IFRS-KSA	IFRS, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA, comprising IFRS with additional requirements and disclosures added by SOCPA and other standards and pronouncements that are endorsed by SOCPA, which include standards and technical releases relating to matters not covered by IFRS, such as the subject of Zakat.
Individual Investors	Individuals who are Saudi Arabian nationals, including Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has an investment account with a Capital Market Institution.
Individual Investors Subscription Form	The subscription form used by Individual Investors to apply for Offer Shares during the offering period for Individual Investors.
Issuer	Al Masane Al Kobra Mining Company.

Participating Parties	Means: a- public and private funds that invest in securities listed on the Exchange, if permissible according to the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book-Building Instructions; b- persons authorized by the CMA to deal in securities as principals, in compliance with the provisions set forth in the Prudential Rules; c- clients of a person authorized by the CMA to conduct management services in accordance with the provisions and restrictions set forth in the Book-Building Instructions; d- legal persons allowed to open an investment account in the Kingdom and an account with the Depository Center with the exception of non-resident foreign investors, other than Qualified Foreign Investors as per the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities, in compliance with the CMA Circular No. 6/05158, dated 11/8/1435H (corresponding to 9 June 2014G), issued pursuant to the CMA Board Resolution No. 9-28-2014, dated 20/7/1435H (corresponding to 19 May 2014G), as amended; e- Government entities and any supranational authority recognized by the CMA, the Exchange or any other exchange recognized by the CMA or the Depository Center; f- companies owned by the Government, directly or through a portfolio manager; and g- GCC companies and GCC funds if the terms and conditions of the fund permit it.
ISO	International Organization of Standardization.
KSA, the Kingdom, Saudi Arabia or Saudi	The Kingdom of Saudi Arabia.
Labor Law	The Saudi Arabian Labor Law issued under Royal Decree No. M/51 dated 23/8/1426H (corresponding to 27 September 2005G), as amended.
Lead Manager	Al-Rajhi Capital.
Listing	Listing of all the Shares on the Saudi Stock Exchange in accordance with the Listing Rules.
Listing Rules	The Listing Rules of Tadawul issued by the board of the CMA pursuant to resolution No. 3-123-2017 dated 9/4/1439H (corresponding to 27 December 2017G), as amended.
Lock-up Period	The six-month period during which the Substantial Shareholders may not dispose of any of their Shares, in each case starting from the commencement of trading of the Shares on the Exchange. Following the Lock-up Period, the Substantial Shareholders are free to dispose of their Shares.
m	meter
Management	The executive directors and Senior Executives of the Company.
Market Study Consultant	CRU Consulting
Market Study	The market study in relation to the metal prices forecast and costs dated 2 June 2021G and prepared by the Market Study Consultant.
MEWA	Ministry of Environment, Water and Agriculture in Saudi Arabia.
Merrill-Crowe Recovery Process	A separation technique for removing gold from the solution obtained by the cyanide leaching of gold ores.
Mineral Resource	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.
Ministry of Human Resources and Social Development	The Ministry of Human Resources and Social Development in Saudi Arabia.
MOC	Ministry of Commerce in Saudi Arabia.
MOIMR	Ministry of Industry and Mineral Resources.
MOMRAH	Ministry of Municipal and Rural Affairs and Housing in Saudi Arabia.
New Al Masane Mining License	Al Masane Mine Mining License issued by the decision of the Ministry of Industry and Mineral Resources No. 1443/1/2202 dated 10/05/1443H (corresponding to 14 December 2021G), permitting the exploitation of copper, zinc, lead, gold and silver ores, which expires on 30/11/1473H (corresponding to 8 August 2051G).

New Mining Investment Law	The Mining Investment Law and Implementing Regulations enacted pursuant to Royal Decree M/140 on 19/10/1441H (corresponding to 11 June 2020G).
New Shares	Nine million six hundred and seventy-one thousand one hundred thirty-five (9,671,135) new Shares to be allotted and issued by the Company in connection with the Offering.
Nomination and Remuneration Committee	The nomination and remuneration committee of the Board of Directors.
Offer Price	Sixty Three Saudi riyals (SAR 63) per Share.
Offer Shares	Nineteen million eight hundred thousand (19,800,000) Shares comprising the New Shares and the Sale Shares.
Offering	The initial public offering of the Offer Shares.
Official Gazette	Um Al Qura, the official gazette of the Government of Saudi Arabia.
Ordinary General Assembly	An ordinary general assembly of the Shareholders convened in accordance with the Bylaws.
OSCOs	The Rules on the Offer of Securities and Continuing Obligations Issued by the board of the CMA pursuant to its resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27 December 2017G) based on the Capital Market Law, as amended by resolution number 1-7-2021 dated 01/06/1441H (corresponding to 14 January 2021G).
Participating Parties Subscription Form	The subscription form used by Participating Parties to apply for Offer Shares during the bookbuilding period; this term includes (as the case may be) the appendix application form when changing the price range.
PH	A measure of how acidic/basic water is
Public Environmental Law	Public Environmental Law enacted by Royal Decree No. M/34 dated 28/7/1422H (corresponding to 16 October 2001G).
Prospectus	This document prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued pursuant to the CMA Board Resolution No. 1-40-2012, dated 17/2/1434H (corresponding to 30/12/2012G), as amended.
Public	Persons other than the following: a- affiliates of the Company; b- Substantial Shareholders; c- Directors and Senior Executives; d- directors and senior executives of the affiliates of the Company; e- directors and senior executives of the Substantial Shareholders; f- any relatives of the persons referred to in ((a), (b), (c) (d) or (e)) above; g- any company controlled by any person referred to in ((a), (b), (c), (d), (e) or (f)) above; and h- persons acting in concert and, collectively, holding 5% or more of the class of shares to be listed.
QFI or Qualified Foreign Investor	A foreign investor that has been qualified in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities to invest in listed securities. Qualification Application shall be submitted to a Capital Market Institution to evaluate and approve the application in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities.
Qatan Exploration License	The Qatan Exploration License issued by virtue of the Ministry of Energy, Industry and Mineral Resources' ministerial decision No. 9797/Q, dated 29/11/1436H (corresponding to 13 September 2015G), to the Company, for the exploration of nickel and associated minerals at Qatan valley, in Najran.
Receiving Agents	Al Rajhi Bank, Riyad Bank, Saudi National Bank
Related Party Transactions	Transactions entered into between the Company and its Related Parties as set out in Section 13.6 ("**Transactions and Contracts with Related Parties**").

Related Party(ies)	In this Prospectus and pursuant to the Glossary of defined terms used in the regulations and rules of the CMA issued pursuant to the CMA Board Resolution No. 4-11-2004, dated 20/8/1425H (corresponding to 4 October 2004G), as amended pursuant to the CMA Board Resolution No. 1-127-2019, dated 21/03/1441H (corresponding to 18 November 2019G), a "**related party**" includes any of the following: a- affiliates of the Company; b- Substantial Shareholders; c- Directors and Senior Executives; d- directors and senior executives of an affiliate of the Company; e- directors and senior executives of Substantial Shareholders; f- any relatives of the persons described in paragraphs (a), (b), (c), (d), and (e); or g- any company controlled by any person described in paragraphs (a), (b), (c), (d), (e) and (f). In paragraph (g), "**control**" means the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate: (i) holding 30% or more of the voting rights in a company; or (ii) having the right to appoint 30% of more of the members of the governing body, and a "**controller**" shall be construed accordingly.
Relatives	A "**relative**" includes the husband, wife and minor children. For purposes of the Corporate Governance Regulations a "**relative**" includes any of the following: a- fathers, mothers, grandfathers, grandmothers and ancestors thereof; b- children, grandchildren and descendants thereof; c- brothers, sisters and half-siblings; and d- husbands and wives.
Rules for Qualified Foreign Financial Institutions Investment in Listed Securities	The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued by the CMA's Board pursuant to Resolution No. 1-42-2015 dated 15/07/1437H (corresponding to 04 May 2015G) by Resolution No. 1-3-2018 dated 22/4/1439H (corresponding to 9 January 2018G) issued by the CMA's Board.
Run of Mine (ROM)	Means the raw unprocessed or uncrushed material in its natural state obtained after blasting or digging, from the mineralized zone of a lease area.
SART Circuit	A circuit which uses Sulphidisation, Acidification, Recycling and Thickening to recover and recycle cyanide.
Sales Agreement	Means the sales agreement between the Company, Ocean Partners UK Ltd and IXM SA.
Sale Shares	Ten million one hundred twenty-eight thousand eight hundred and sixty-five (10,128,865) existing Shares of the Company to be sold by the Selling Shareholders in connection with the Offering.
Saudi Geological Survey	The Saudi Geological Survey.
Saudi Riyal(s) or SAR	Saudi Arabian Riyal(s), the official and legal currency of Saudi Arabia.
Saudization	Saudization requirements applicable in Saudi Arabia with respect to the labor market.
Saudization Rate	The percentage of employees within any workforce who are deemed to count towards the level of Saudization within the workforce of any company, including Saudi nationals and persons married to Saudi nationals, with certain categories of persons, such as disabled Saudi national employees, given greater weighting when counted towards the Saudization level.
Secretary	The secretary of the Board of Directors.
Selling Shareholders	The Shareholders whose names and ownership percentages are set out in Table [●] ("**Direct Ownership of the Company Pre- and Post-Offering**") who will sell some of their Shares in the Offering.
Senior Executives	Members of the Company's senior management whose names are set out in Table 5-7 ("**Senior Management Details**").
Shareholder	Any holder of Shares or other ordinary shares in the Company.
Shares	Any fully paid ordinary share of the Company with a nominal value of SAR 10 per share in the capital of the Company in issue from time to time.
SIDF	Saudi Industrial Development Fund.
SOCPA	Saudi Organization for Chartered and Professional Accountants.

Subscriber(s)	Any Participating Party or Individual Investor.
Subscription Form	The Participating Parties Subscription Form or the Individual Investor Subscription Form.
Substantial Shareholder	A person who owns 5% or more of the Shares.
Tadawul or Saudi Stock Exchange or Exchange	Saudi Tadawul Group
Underwriter	Al-Rajhi Capital.
Underwriting Agreement	The underwriting agreement entered into between the Company, the Selling Shareholders and the Underwriter in connection with the Offering.
USD	United States Dollar, the lawful currency of the United States of America.
VAT	Value Added Tax (also known as the goods and services tax).
Vision 2030	Vision 2030 issued in 2016G by the Saudi government.
Zakat	A form of alms-giving treated in Islam as a religious obligation or tax.
Zakat Authourity	Zakat, Tax and Customs Authority.
Zakat Certificates	Zakat certificates issued by the Zakat Authority.

2. Risk Factors

Before deciding whether to invest in the Offer Shares, prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risk factors described below. These risk factors may not include all the risks that the Company may encounter, and additional risks may exist that are not currently known by the Company, or that may be deemed immaterial but may nevertheless affect the Company's operations.

The Company's business, financial position, results of operations and prospects could be adversely and materially affected if any of the following risks, which are identified as material, or if any other risks that the Directors have not identified or are currently considered not to be material, actually occur or become material. As a result of such risks or other factors that may affect the Company, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company and / or the Directors expect, or at all. Investors should consider all forward-looking statements in this Prospectus in light of these explanations and should not place any reliance on forward-looking statements (see ("**Forecasts and Forward-Looking Statements**") on page (v), Section 11 ("**Declarations**") and Section 17 ("**Company Post-Listing Undertakings**")).

The Directors also confirm that, to the best of their knowledge and belief, there are no other material risks besides those mentioned in this section, the exclusion of which would affect investors' decisions to invest in any Offer Shares as at the date of this Prospectus.

An investment in the Offer Shares is only appropriate for investors who are capable of assessing the risks and merits of such an investment and who have sufficient resources to bear any loss that might result from this investment. Any prospective investor who has any doubts concerning the appropriate action to be taken should consult a financial advisor licensed by the CMA for advice in connection with any investment in the Offer Shares.

The risks and uncertainties described below are presented in an order that does not reflect their importance or anticipated effect on the Company. Additional unknown risks and uncertainties or those deemed immaterial now by the Company may have the impact or consequences described in this Prospectus. The risks set out in this Section 2 ("**Risk Factors**") do not purport to be: (a) a complete or composite list of all risks which may affect the Company or in any case its operations, activities, assets or markets in which it operates; and / or (b) an explanation of all the risks involved in investing in the Offer Shares.

2.1 Risks Related to the Company's Operations

2.1.1 Risks associated with increases in production costs

The Company's costs of production may increase and could have a significant impact on profitability. Currently, the Company's main production costs include the cost of consumables such explosives and chemical reagents used in the mining and production process; the cost of diesel used to fuel the Company's power generators; power consumption costs; labor costs; and repair, spare parts and maintenance costs.

Changes in any of the above production costs could occur as a result of unforeseen events which are outside of the Company's control. For example the prices of consumables and spare parts depend on supply and demand relationships, and could be subject to volatility. The price at which diesel is currently supplied to the Company could increase in future and labor costs could be impacted by changes in minimum wage levels or additional government fees associated with the employment of foreign workers.

Any material increases in production costs could have a material adverse effect on the Company's business, prospects, results of operations and financial condition and / or on its Share price.

2.1.2 Risks related to reliance on supporting infrastructure including transportation and shipping

The Company's mining, processing, development and exploration activities depend on adequate infrastructure. In particular, the Company requires on reliable roads, storage facilities and the Jizan Port to access, to transport, store and ship its finished product. The Company also relies on transportation for the delivery of consumables, spare parts and diesel. Heavy rainfall or other weather or natural events, could interrupt the use of road networks whilst access to the port could be interrupted if the port was closed for any reason. The availability and cost of those means of transportation have a direct impact on the Company's capital and operating costs, as well as the Company's ability to maintain expected levels of production and sales.

Furthermore, any failure or unavailability of the Company's supporting infrastructure such as the Company's fuel tanks which are used to store large quantities of diesel or the Company's water wells which are used to supply the significant quantities of water used in the Company's operations or a failure maintain or manage water infrastructure generally, could adversely affect the production output from its mines.

Any interruption in transportation or supporting infrastructure would have an adverse effect on the Company's ability to deliver its products by the deadlines, which would have a material adverse effect on the Company's business, prospects, results of operations and financial condition and / or on its Share price.

2.1.3 Risks related to operational difficulties affecting production

The Company's financial performance depends significantly on its ability to maintain smooth, uninterrupted production at expected or desired production rates. The Company's production of metals may be affected by several factors:

- The Al Masane Processing Plant is currently operating at full capacity, being 2,400 tpd which equates to 800,000 tpa, and therefore any increase in processing capacity would require an increase of the plant capacity.
- Mechanical equipment performance problems or accidents at its processing plants or shutdowns due to unexpected repairs or maintenance.
- A decline in the Company's mining operations due to factors such as labor shortages or force majeure events, which would result in a decrease in the quantity of ore mined, higher unit costs and lower production and revenues.
- Fluctuations in the grade of the ore mined or other unexpected geological conditions, which could lead to increased processing costs at the expense of production efficiency.
- Difficulties in processing volumes of inventory in an efficient manner, resulting in higher working capital costs reducing cash flow from operating activities.

It is also worth noting that the Company does not have detailed lists showing the aging of its inventory for the financial years ending in 2018G and 2019G, and it also does not have a policy regarding provisions for aging goods in the inventory for the same period (for more information, please refer to subsection 6.7.8 ("**Inventories**") of Section 6 ("**Management's Discussion and Analysis of Financial Position and Results of Operations**")). An inability on the Company's part to find solutions to problems that occur during the production process, including the factors referred to above, would render it unable to achieve its production objectives and the required sales levels, and this would affect the Company's cash flows and increase the costs of the relevant production unit. This could consequently have an adverse effect on the Company's business, prospects, results of operations and financial condition and / or on its Share price.

2.1.4 Risks related to the establishment of new projects and the development of existing projects

The Company's planned and potential exploration and development activities include the development of the Moyeath orebody into a standalone producing mine, the extension of the Guyan Mine life of mine through further exploration within the area covered by the Guyan Exploration and Mining License, exploration of new copper and zinc ore bodies within the area covered by the Al Masane Mining License and new exploration licenses and the exploration for Nickel and related minerals in the Qatan Exploration License. Successful completion of the Company's development projects is subject to various factors, many of which are not within its control. These factors include:

- The viability of the project is subject to a successful completion of feasibility studies which confirm that the development project is economic.
- The granting of required exploration and mining licenses and other consents, approvals and permits on time and on reasonable conditions;
- Estimates related to operating and capital costs during the development phase are approximate, and it is possible that the actual costs will be higher than estimated;
- Delays in commissioning and bringing into production the new process plant or mine for the Moyeath orebody or any other process plant or mine in the future, which may result in lower revenues and/ or higher unit costs of production, as the mining of mines at either the beginning or end of their operational lives is less cost-effective and the profit margins and cash flows attributable to those assets are correspondingly lower.
- Potential difficulties in procuring key supplies, consumables, diesel, and water;

- The possibility that the grade and volume of ore recovered, and the mix of minerals contained in that ore, may differ from that indicated by drilling results and that the processing of that ore may prove less economically viable than had been expected;
- Potential shortages of equipment, experienced engineering, procurement and construction contracting firms, skilled operating personnel, plants and equipment, and building materials;
- Funding the capital expenditure required to develop extraction and processing facilities and infrastructure;
- Changing market conditions, including declines in demand for and the market prices of Company products;
- Operational difficulties, such as unexpected geological and geotechnical variations that could result in significant failure, could affect the costs and viability of the Company's operations for indeterminate periods.

There can be no guarantee as to when the Company's development projects will be completed, whether the resulting operations will achieve the anticipated production volumes or whether the costs in developing these projects will be in line with those anticipated. This could consequently have a material adverse effect on the Company's business, prospects, results of operations and financial condition and / or on its Share price

2.1.5 Risks related to Exploration

The Company has a number of exploration prospects situated within the Al Masane Mining License, Guyan Exploration License and Qatan Exploration License which are at various stages of exploration. Minerals exploration involves many risks and factors beyond the control of the Company and not all exploration activities result in the development of an operating mine.

Success in the minerals exploration process involves, among other things:

- discovery and proving-up, or acquiring, an economically recoverable resource or reserve;
- access to adequate capital throughout the acquisition, discovery and project development phases;
- securing and maintaining title to exploration and mining licenses;
- obtaining the required development consents and approvals necessary for the acquisition, exploration, development and production phases; and
- accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants, and employees.

There can be no assurance that exploration of the exploration prospects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. There is no assurance that exploration or project studies by the Company will result in the definition of an economically viable mineral deposit. The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The budgeted exploration costs of the Company described in Section 8 ("**Use of Offering Proceeds**") are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realized in practice, which could have a material adverse effect on the Company's business, prospects, results of operations and financial condition and / or on its Share price.

2.1.6 Risks relating to additional requirements for funding

The Offer proceeds are considered sufficient to develop the Moyeath orebody development project into a standalone operating mine and to meet budgeted exploration costs as described in Section 8 ("**Use of Offering Proceeds**"). Additional funding may be required to effectively implement the Company's long term strategy, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. In addition, should the Company consider that its exploration results justify commencement of production on any of its projects, additional funding will be required to implement the Company's development plans, the quantum of which remain unknown at the date of this Prospectus. The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means.

Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development, or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favorable to the Company and might involve substantial dilution to Shareholders which would have a material adverse effect on the Company's business, prospects, results of operations and financial condition and / or on its Share price.

2.1.7 Risks related to customer concentration

All of the revenue generated from sales of the Company's Copper and Zinc concentrates for the last three financial years ended 31 December 2018G, 31 December 2019G, 31 December 2020G, and the six-month period ended 30 June 2021G, was derived from sales to five customers and all revenue generated from the sale of Gold and Silver Doré was derived from sales to MKS. Accordingly, the loss of one of or all of these customers would have an adverse effect on the Company's business, prospects, results of operation and financial condition and / or Share price.

Periods of prolonged or significant economic contraction may cause one or more of the Company's largest customers to be unable to perform their obligations under their contracts with the Company, potentially resulting in renegotiation of these contracts, or a breach thereof by its customers. The default of those customers in meeting payments to the Company would result in higher bad debt provisions that the Company shall take into consideration and observe in its financial statements, and would significantly lower the Company's revenues and cash flows. No assurance can be given that the Company would be able to find an alternative customer on equivalent contractual terms, or that there would be sufficient demand from other sources for its products, especially in relation to the sales of Copper and Zinc concentrates, which would have an adverse effect on its business, prospects, results of operation and financial condition and / or Share price.

2.1.8 Risks related to the actual volume of Ore Reserves and Mineral Resources available to the Company

According to the Competent Persons Report, as at 31 December 2020G, the total amount of Ore Reserves for the AlMasane Mine was 7,872 tons and the total amount of Ore Reserves for the Guyan Mine was 1,732 tons (for more information please see Section 4.8.1 ("**Key Performance Indicators**"). As at 31 December 2020G, the estimated life of AlMasane Mine is 10 years, as per the Competent Persons Report, whereas the New Al Masane Mining License will expire on 30/11/1473H (corresponding to 8 August 2051G) (For more information, see Section 13.4.2.1 "**Al Masane Project Mining License**")). To extend the lives of its mines, ensure the continued operation of the business and realize its growth strategy, the Company must continue to realize its existing identified Ore Reserves into actual production, convert Inferred Resources into Ore Reserves, develop its resource base through the realization of identified mineralized potential, and / or undertake successful exploration or acquire new resources.

The Company's Ore Reserves and Mineral Resources set forth in this Prospectus constitute estimates that comply with standard evaluation methods generally used in the international mining industry and are stated in compliance with the JORC Code. In respect of these estimates, no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that Mineral Resources can be mined or processed profitably. Actual Ore Reserves may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may be below the estimated levels. In addition, there can be no assurance that mineral recoveries in small scale laboratory tests will be duplicated in larger-scale tests under on-site conditions or during production. Lower market prices, increased production costs, reduced recovery rates and other factors may render the Company's reserves uneconomic to exploit and may result in revision of its Ore Reserve estimates from time to time. Ore Reserve data are not indicative of future results of operations. If the Company's actual Ore Reserves and Mineral Resources are less than current estimates or, if the Company fails to develop its resource base through the realization of identified mineralized potential, it could have a material adverse effect on the Company's business, prospects, results of operations and financial condition and / or on its Share price.

2.1.9 Risks related to compliance with environmental laws and standards

The Company's operations, exploration and development activities are subject to extensive laws and regulations governing various matters. These include laws and regulations relating to environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production, taxation, concession fees, labor standards and occupational health and safety (please see Section 12 ("**Overview of the Mining and Environmental Regulatory Framework in the Kingdom**") of this Prospectus).

The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations (including the imposition of higher taxes and concession fees) or more stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its projects.

A failure to comply fully with environmental or other regulation could result in the closure of the Company's operating facilities and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. If material, these compliance costs, claims or fines would have an adverse effect on the Company's business, prospects, results of operations and financial condition and / or Share price.

Environmental protection in Saudi Arabia is regulated under the Environmental Law, which was recently enacted and came into force in July 2020G. Prior to the enactment of the Environmental Law, the Public Environmental Law and its implementing regulations regulated environmental protection in Saudi Arabia. Upon enactment, the Environmental Law repealed and replaced the Public Environmental Law and its implementing regulations. It is important to note that the implementing regulations for the Environmental Law addressing the terms and conditions for issuing and maintaining environmental permits and licenses to be granted under the Environmental Law have not been published yet. Accordingly, it is possible that such implementing regulations could become more restrictive than those previously in force under the Public Environmental Law, particularly for companies involved in heavy industries such as the exploration for copper, zinc, silver and gold ores, and in the production, procession and refining of copper, zinc, silver and gold.

If the Company's environmental compliance obligations were to change as a result of the new Environmental Law or its implementing regulations or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions were to arise in its operations, the Company's expenses and provisions would increase to reflect these changes. If these costs and provisions are significant, they would have an adverse effect on the Company's business, prospects, results of operations and financial condition and / or Share price.

2.1.10 Risks relating to the occurrence of environmental hazards

Mining activities are generally subject to environmental hazards as a result of the processes and chemicals used in the extraction and production methods. For example, the Company employs cyanide in the production of its Gold Doré. In addition, the storage of tailings may present a risk to the environment, property and persons if there is a leakage from or failure of the Company's tailings dam or if the tailings contain acid generating materials which are not appropriately managed to limit impacts on ground and surface water.

The Company may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial action or to pay for governmental remedial actions, even in cases where such hazards have been caused by the past or present owners of adjacent properties or by natural conditions. Although the Directors believe the Company is in substantial compliance with applicable laws and regulations, they cannot guarantee that any such law, regulation, enforcement or private claim will not have a material adverse effect on the Company's business, prospects, results of operations and financial condition and / or Share price.

2.1.11 Risks related to possible Zakat dues

The Company is subject to the Zakat, Tax and Customs Authority's laws and regulations, and has submitted its zakat and tax declarations for the financial years ended 31 December 2008G through to 31 December 2020G, and accordingly received the Zakat certificates for said years. However, the Company did not obtain the final zakat and tax assessments for any of these years, as all of its zakat and tax declarations are still under review by the Zakat, Tax and Customs Authority. The Company's zakat provisions amounted to SAR 3,275,326, SAR 4,475,659, SAR 2,307,918, and SAR 2,741,150 for the years ended 31 December 2018G, 31 December 2019G, 31 December 2020G, and the six-month period ended 30 June 2021G, respectively.

The Company has made provisions for zakat and income tax assessments in its accounts for all historical periods, however these provisions may not be sufficient to meet the zakat and income tax obligations for the historical periods noted above. In the event that zakat and income tax provisions in its accounts are not sufficient to meet any additional zakat or income tax obligations imposed by the Zakat, Tax and Customs Authority, the Company will create additional provisions to cover its zakat or tax liabilities, and will pay any additional amounts the Zakat, Tax and Customs Authority may claim. This will have a material adverse effect on the Company's business, prospects, results of operations and financial condition and / or Share price, financial condition or results of operations.

2.1.12 Risks associated with the ability to achieve continued positive growth in the Company's business and future projects

In the event that the Company is successful in the expansion of its exploration activities, the Company expects to experience significant growth in the next few years. As a result, the operating complexity of the Company's businesses and the responsibilities of its Management will increase significantly.

The Company's ability to manage its future business growth is dependent upon a number of factors, including its ability to effectively increase the scope of its operational and financial systems to handle the increased complexity and expanded geographic area of its operations; to recruit, train and retain qualified staff to manage and operate its growing business; to obtain necessary permits or approvals from governmental authorities and agencies; to secure adequate financing on commercially reasonable terms; to explore new markets; and to run new businesses. It will also depend on the Company's ability to adjust and optimize the organization of its management and operating structure.

There can be no assurance that the Company will be able to attract further managers of the quality and experience it desires or successfully manage its future growth. Any inability of the Company to successfully manage its growth could have a material adverse effect on the Company's business, prospects, results of operations and financial condition and / or its Share price.

2.1.13 Risk related to current lack of clarity with respect to the application of the New Mining Investment Law to the Company's licenses

The laws and regulations relating to the mining sector in Saudi Arabia have gone through a number of changes in the past 50 years. The first mining law was issued under the Royal Decree No. M/21 dated 20/05/1392H (corresponding to 2 July 1972G) (the "**Original Mining Law**").

The Original Mining Law was replaced by the Mining Investment Law promulgated under the Royal Decree No. (M/47) dated 20/08/1425H (corresponding to 5 October 2004G) (the "**Old Mining Investment Law**"). The Guyan Mining License was granted under the Old Mining Investment Law and was therefore subject to the obligations and requirements under the Old Mining Investment Law.

The new Mining Investment Law and its Regulations came into force on 21/04/1442H (corresponding to 6 December 2020G) (the "**New Mining Investment Law**") and replaced the Old Mining Investment Law, superseding all contrary provisions.

It is not clear from the New Mining Investment Law whether a holder of a Mining or Exploration License which was issued under the Original Mining Law or the Old Mining Investment Law, is now required to comply with requirements of the New Mining Investment Law which are generally more onerous, or the requirements of the law that the license was originally issued under. In particular, it is not clear if holder of a license granted under one of the previous mining laws is now required to obtain a financial guarantee for rehabilitation and closure of a mine site, provide a social impact study as part of a license renewal application or comply with the more comprehensive requirements for license renewal applications, such more detailed economic feasibility and environmental studies.

If the obligations and requirements of the New Mining Investment Law are deemed to apply, then to the extent of such obligations and requirements will be more onerous than the obligations and requirements the Company was previously required to comply with, this could have an adverse effect on the Company's business.

Moreover, uncertainties regarding the interpretation of the Mining Investment law, and the policies around its application and enforcement, could result increased costs, potential fines and sanction, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its mining assets, which could materially and adversely affect the Company's business, prospects, results of operations and financial condition and / or on its Share price.

2.1.14 Risks related to the absence of implementing regulations for the Environmental Law

Environmental protection in Saudi Arabia is regulated under the Environmental Law. The Environmental Law came into force 180 days following its publication in Umm Al Qura on 26/11/1441H (corresponding to 17 July 2020G). Upon enactment, the Environmental Law repealed and replaced the Public Environmental Law and its implementing regulations.

Article 48 of the Environmental Law provides that the Ministry of Environment, Water and Agriculture's ("**MEWA**") minister shall publish the Implementing Regulations to the Environmental Law during a period not exceeding 180 days from the publication of the Environmental Law. Notably, the MEWA has published several separate implementing regulations to the Environmental Law, including the Implementing Regulations for the Environmental Rehabilitation of Degraded Sites and Treatment of Contaminated Sites, the Implementing Regulations for the Prevention and Treatment of Soil Pollution and the Implementing Regulations for Recording Violations and Imposing Penalties. However, as at the date of this Prospectus, implementing regulations relating to the terms and conditions for issuing and maintaining environmental permits and licenses have not yet been published.

In absence of the publication of the implementing regulations relating to the terms and conditions for issuing and maintaining environmental permits and licenses for the Environmental Law there are uncertainties regarding the interpretation of the licensing requirements of the Environmental Law which could result increased costs, potential fines and sanctions, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its mining assets, which could materially and adversely affect the Company's business, prospects, results of operations and financial condition and / or on its Share price.

2.1.15 Risks related to the calculation of financial consideration under the Mining Investment Law

Under the New Mining Investment Law and its Regulations, holders of Exploitation Licenses for Class A Minerals which are not subject to income tax in the Kingdom are required to pay an 'Income Tax Equivalent' payment, as set out in the Regulations. Any Zakat due will be debited from this amount. In addition, all holders of Exploitation Licenses for Class A Minerals (regardless of whether they are subject to income tax), are required to pay a 'Financial Consideration' based on a specified percentage of the value of the Minerals extracted by the licensee. The relevant percentages for each Mineral and the methodology for calculating the required payment are set out in the Regulations.

The Company is the holder of the Al Masane and Guyan Mining Licenses (which are Exploitation Licenses) from which the Company is mining zinc, copper, silver and gold (which are Class A Minerals). Given that the Company has both Saudi and Non-Saudi Shareholders, the Company expects that it will be required to pay both 'Income Tax Equivalent' and a 'Financial Consideration' payments in respect of its mining activities at the Al Masane Mine and Guyan Mine. If Al-Masane Mining License is granted, the second part of the Financial Consideration, i.e. an amount per ton of Ore produced or a rate of the net revenue from the activity covered by the license, will not be paid for a period of five years from the date of granting such license.

The provisions of the New Mining Investment Law and its Regulations dealing with the levy and calculation of 'Income Tax Equivalent' and a 'Financial Consideration' payments are complex and ambiguous, and the Company has not received any guidance on the methodology that will be used in calculating these payments.

In the past the Company has been required to make similar payments under the Old Mining Investment Law which was in operation up until 6 December 2020G.

Given the uncertainties around the calculation of 'Income Tax Equivalent' and 'Financial Consideration' under the New Mining Investment Law, it is not possible to estimate the levels of payments which the Company will be required to make for the financial year ended 2021G or for future financial years. In the event that the amounts of the payments are significantly more than the equivalent payments made in previous financial years, this could materially and adversely affect the Company's business, prospects, and results of operations and financial condition and / or on its Share price.

2.1.16 Risk related to the Company being unable to comply with the terms of mining licenses

The Company's mining licenses are subject to conditions set by the MoMIR. There is no guarantee that the Company will meet the agreed expenditure requirements imposed by the MoMIR or any other obligations imposed by the New Mining Investment Law, and the MoMIR may terminate a mining license or order the suspension of activity if certain conditions are not satisfied. The MoMIR may also terminate the Company's mining licenses if the Company fails to comply with any term of the license or the New Mining Investment Law and its Regulations, within 60 days of written notice of the MoMIR. Additionally, the MoIMR may terminate the Company's mining licenses if the Company fails to pay the sums due to the Government for a period exceeding 180 days, or if the Company submits to the MoIMR incorrect information of material effect to the business or any information relating to the business. If a mining license is terminated, the previous licensee, may not apply for another mining license for the same site or part thereof for a period of three years following the termination of the mining license.

Each of the Company's mining licenses is for a limited duration and their renewal is subject to applicable requirements. The MoMIR has the discretion to renew mining licenses for a period or periods not to exceed 30 years. Failure to have a license renewed will have a negative impact on the Company through loss of opportunity to extract any mineral resources within the license area. The ability of the Company to renew its licenses depends on the rules and procedures provided in the New Mining Investment Law as well as the rules provided in the license to be renewed.

Failure to meet any conditions under a mining license or under the Mining Investment Law could lead to financial penalties, the suspension of mining activities, the cancellation of the license, and the confiscation of machinery and equipment used in committing the violation. The MOIMR also has the right to recover minerals, ores and derivatives (or revenue derived therefrom) which are extracted in violation of the law or license conditions. Violations may also have an impact on the Company's ability to successfully renew its licenses. The suspension, cancellation or non-renewal of the Company's mining licenses, or any financial penalties imposed, could have an adverse effect on the Company's business, prospects, results of operations and financial condition and / or Share price.

2.1.17 Operational risks and unexpected interruptions to the Company's business

The Company operates large-scale, complex mining operations and processing facilities that are subject to operational risks generally associated with mining companies. These risks include unusual or unexpected geological conditions, industrial accidents and natural disasters which all fall outside of the Company's control. Hazards associated with open-pit mining include accidents involving the operation of open-pit mining that is subject to collapses due to the blasting relating to mining activities and natural floodings. Hazards associated with processing at the Company's mines include the risk of accidents associated with operating crushing and concentrating plant and equipment. The Company and its operations may also suffer as a result of other general force majeure type events.

Such events could cause significant damage to the Company's facilities, harm to its workforce, major disruption to production processes and the Company's ability to deliver its products and / or result in significant losses or liabilities, any of which, if incurred, may have a material adverse effect on the Company's business, prospects, results of operations, financial condition and / or Share price.

2.1.18 Risks associated with Covid-19

The outbreak of infectious diseases, such as Middle East Respiratory Syndrome (MERS), H1N1, SARS and, most recently, the Novel Coronavirus (COVID-19) in the Middle East and / or elsewhere would have a materially negative impact on the Kingdom's economy and business operations of the Company. Since late December 2019G, there has been an outbreak of COVID-19, first in China and then globally. COVID-19 is an infectious disease caused by a highly contagious virus causing respiratory infection and other symptoms such as fever, cough and shortness of breath.

Following the outbreak of COVID-19, governments in numerous countries have implemented travel restrictions and / or mandatory quarantine measures on international travelers and, in many cases, on residents within cities, regions or provinces of certain countries. The Saudi Government implemented a range of containment measures in response to the outbreak many of which have since been lifted as the levels of infections have decreased.

In the event that the spread of COVID-19 in Saudi Arabia increases again, it is possible that the Saudi Government could impose containment measures again which could impact the movement of people.

In the event that there was a further increase in the spread of COVID-19 it is difficult to estimate the potential impact that this might have on the Kingdom's economy and the business operations of the Company. Furthermore, there can be no assurance that any containment measures (such as those outlined above) would be effective in stopping or curtailing future outbreaks in the Kingdom. Moreover, it is likely that any containment measures (such as those outlined above) would have a material and adverse effect on the Saudi economy and investor and business confidence to an extent which is difficult to predict. This would, in turn, materially and adversely affect the Company's business, results of operation, financial condition and prospects.

Any future outbreak of COVID-19 in Saudi Arabia or elsewhere, could subject the Company to business continuity risks. In particular, the supply of certain raw materials purchased by the Company could be suspended, delayed or otherwise adversely affected from relevant suppliers based in materially affected countries, including in China and several European countries. In addition, if any of the Company's Directors, Senior Executives or other employees contract COVID-19, the Company's operations would be affected temporarily and / or the affected individuals would be subject to quarantine. This would, in turn, disrupt the normal operations of the Company's business which would have a material adverse impact on the Company's business, prospects, results of operation, financial condition and / or on its Share price.

2.1.19 Risks associated with Financing Documents

The Company has entered into a master financing facilities with Banque Saudi Fransi ("**BSF**") dated 17 December 2019G for SAR 50,000,000 and certain payment guarantees in the amount of SAR 518,400 ("**BSF Facility**"), a loan agreement with the Saudi Industrial Development Fund ("**SIDF**") dated 1 September 2010G, as amended, for SAR 330,000,000 ("**2010 SIDF Facility**") and a further loan agreement with the SIDF dated 28 June 2020G for SAR 94,300,000 ("**2020 SIDF Facility**") (together the BSF Facility, the 2010 SIDF Facility and the 2020 SIDF Facility are the "**Finance Documents**") (for more information about the facilities set out in the Finance Documents, see Section 13.7 ("**Credit Facilities and Loans**")).

Under Finance Documents, the Company must comply with various negative undertakings and financial covenants, including restrictions on incurring further debt, disposal of assets, creating or permitting to exist security over the Company's real estate assets, distributing dividends and operational expenditure. The Finance Documents also impose strict financial covenants requiring certain financial ratios to be met and impose certain restrictions on dividend distributions. The Company also has various information undertakings to relevant banks under their respective Finance Documents which include matters relating to changes to the Company's financial, management, shareholding and legal status. The Finance Documents contain provisions that restrict changes to the legal structure, capital or control of the Company or its properties and whilst the Company has obtained no objection letters from BSF dated 20/10/1442H (corresponding to 01 June 2021G) and from SIDF dated 25/07/1442H (corresponding to 9 March 2021G) and 19/08/1442H (corresponding to 02 April 2021G), waiving such restrictions and acknowledging the initial public offering of the Company, the waiver letters do not expressly waive all the other restrictions set out above.

The BSF Facility includes unilateral amendment rights such as the right to amend, cancel, or reduce the facilities, amend the relevant rates and demand repayment of all outstanding amounts regardless of the occurrence of an event of default.

In the event of non-compliance with any provisions set out under the Finance Documents, the relevant lender would have the right to take any steps to preserve its rights such as accelerating the payment of the amounts due and terminate the facilities, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects. The Company may also not be able to obtain alternative sources of financing to repay such debts.

It should be noted that the 2010G and 2020G SIDF Facilities are guaranteed by a mortgage note with the Company's assets, properties, devices, and equipment related to the financed projects pledged as collateral. Accordingly, in the event of any breach of the terms of such facilities, the SIDF has the right to seize such assets, which would negatively affect the Company's business, financial position, results of operations, and future prospects.

Finally, the obligations of the Company under the BSF Facility are guaranteed by individual guarantees provided by Mohammed Mana Aballala, Ibrahim Ali Hussein Bin Musallam and Majid Ali Hussein Bin Musallam; whereas the 2020G SIDF Facility is guaranteed by individual guarantees provided by Prince Meshal Bin Saud Bin Abdulaziz Al Saud, Majid Ali Hussein Bin Musallam, and Ibrahim Ali Hussein Bin Musallam; and both the 2010 SIDF Facility and 2020 SIDF Facility are guaranteed by a mortgage note and provides for an obligation on the Company to create further mortgages as may be requested by SIDF from time to time. In the event that any of the Guarantors withdraws or does not renew its guarantees (when requested by the financiers), or if such guarantees or any mortgage note becomes invalid for any reason, this may be construed by the financiers as a breach by the Company under the relevant loan agreements, which may result in demanding immediate repayment of the amounts owing. In such a case, there is no guarantee that the Company will be able to obtain sufficient alternative sources of financing to repay these debts. In addition, there can be no assurance that the Guarantors will continue to provide guarantees after the Offering, which would affect the Company's ability to secure necessary credit facilities in the future.

2.1.20 Risks related to restrictions on the distribution of dividends under the Financing Documents

Under the Financing Documents, the Company is required to observe certain restrictions on the payment of dividends, which are:

1- Dividends shall not exceed (a) 25% of the Company's paid-up capital, or (b) the amounts payable to the SIDF during one financial year.
2- Dividends shall not be paid in the event of any breach of the relevant SIDF facilities.

The Company's inability to pay dividends due to the restrictions imposed under the Financing Documents could have an adverse and material impact on the Company's business, financial position, results of operations, and prospects. For more information about the facilities set out in the Financing Documents, see Section 13.7 ("**Credit Facilities and Loans**").

2.1.21 Risks associated with the Company's use of third-party service providers

The Company enters into contracts with a range of counterparties based on the needs of its businesses, including contractors, subcontractors, architects, engineers, operators, project managers, other service providers, suppliers and customers. Accordingly, the Company is subject to the risk that a counterparty might be unable or unwilling to honor its contractual obligations. The Company's counterparties may default on their obligations for any number of reasons, including as a result of their bankruptcy, a lack of liquidity or operational failure. Such counterparty risk is more acute in difficult market conditions where there is an enhanced risk of default by counterparties.

Moreover, the Company is exposed to the risk of actions resulting from counterparties' actions causing damage or injury to members of the public and / or employees of the Company, in which case the Company may be held liable in such situations and subject to a claim for compensation. In addition, the Company may not be able to engage counterparties with the right experience in the places in which it operates. The Company's counterparties may engage in risky undertakings, encounter financial or other difficulties, or prioritize other projects and divert resources away from the Company. Any of the foregoing would have a negative impact on the Company's reputation and adversely and materially affect the Company's business, results of operations, financial condition and prospects.

As at the date of this Prospectus, the Company depends on an Agency Agreement entered into with Ocean Partners, pursuant to which it has appointed Ocean Partners to act as sole and exclusive agent of the Company to market and sell Zinc and Copper concentrates which it produces at the Al Masane Mine. During the term of said agreement, the Company shall sell the Zinc and Copper concentrates it produces at the Al Masane Mine exclusively through Ocean Partners, and can only sell through Ocean Partners throughout the term of the agreement. This agreement is one of the Company's material agreements, as the Company generated through Ocean Partners a total net sales of SAR 251.3 million, SAR 268.6 million, SAR 318.2 million, and SAR 199.3 million, representing 95.4%, and 90.2%, 84.8%, and 75.4% of the Company's total net sales for the financial years ended 31 December 2018G, 2019G, 2020G, and the six-month period ended 30 June 2021G, respectively. The Company depends on third-party contractors and consultants for services such as project management, engineering, construction, process design and planning. For example, various EPC contractors may be engaged to construct the facilities required for new development projects. Some of the services required for the Company's operations and project developments may only be available on commercially reasonable terms from one or a limited number of appropriately skilled providers. These operations and project developments may be interrupted or otherwise adversely affected by a failure to supply, or delays in the supply of these services by third-party providers, by any material change to the terms on which these services are made available by third-party providers, and / or by the failure of third-party providers to provide services that meet the Company's quality requirements.

If the Company is forced to terminate its contractual relationship with any of the service providers referred to above, it would be compelled to enter into an agreement with a new service provider, consequently experiencing additional costs, potential interruptions to current operations or to the development of projects, or some other adverse effect that depends on said service provider (such as contractors), or some other adverse impact on its business. There is also no guarantee that the Company would be able to find a new replacement service provider on a timely basis or at all. The Company may not be able to obtain indemnification from its contractors with respect to any damages it might sustain due to any breaches, failures or delays on the part of the new provider; thus the Company would be compelled to bear additional costs to complete the relevant project. Any of these risks would have an adverse effect on the Company's business, prospects, results of operations and financial condition and / or Share price.

2.1.22 Risks related to ambiguities in the Company's material agreements

The Company has entered into an Agency Agreement dated 25 September 2016G, and amended on 31 December 2020G, with Ocean Partners, pursuant to which it has appointed Ocean Partners to act as sole and exclusive agent of the Company to market and sell zinc and copper concentrates which it produces at the Al Masane Mine. Pursuant to the terms of the Agency Agreement, Ocean Partners has entered into two Seller's Contracts to sell the concentrates to different buyers.

The provisions of each of the Seller's Contracts are drafted so as to apply between the "**Seller**" (Ocean Partners) and the "**Buyer**", but there is a general provision that all terms and conditions as between the Seller and Buyer are on a back-to-back basis between the Seller and the Company (as "**Producer**"), and the Company is a party to the Seller's Agreement. It is unclear whether the effect of the agreement is to provide contractual recourse to the Company for any default of Ocean Partners as Seller.

Moreover, the Agency Agreement envisages that the Ocean Partners may act as an intermediary and purchase Concentrates from the Company and sell to customers, provided always that there shall be a separate purchase contract between the Company and the Ocean Partners and a separate "**back-to-back**" sales contract between the Ocean Partners as "**Seller**" and the customer as "**Buyer**". However, there are no separate "**back-to-back**" agreements between the Company and the Seller which mirrors the terms of the Seller's Agreement. In absence of a separate 'back to back' agreement between the Company and Ocean Partners which mirrors the Seller's Contract it is not clear to what extent the Company could be responsible for damages caused by Ocean Partners to third parties.

In addition, the Company has entered into four equipment lease agreements and a real estate lease agreement with AJIL Financial Services Company, all of which provide that the lease period commences on the handover date. However, the Company has not received the necessary handover minutes and as such there are uncertainties concerning the starting date and term of each of the lease agreements.

These ambiguities could lead to disputes, which could have a negative and material impact on relationships with the Company's agent and its customers, which could in turn have a material adverse effect on the Company's business, prospects, results of operations and financial condition and / or Share price.

2.1.23 Risks related to fluctuation of currency exchange rates

The Company imports (directly and indirectly) certain products from suppliers outside the Kingdom in foreign currency (primarily in US dollars and European Union euros). Any depreciation of the Saudi Riyal against these and other foreign currencies will lead to an increase of the operating costs of the Company. If the Company is unable to pass on any increases in operating costs caused by a depreciation in the Saudi Riyal to consumers through higher retail prices, this in turn would have a material adverse effect on the Company's business, prospects, results of operations, financial condition and / or Share price.

2.1.24 Risks related to the Company's reliance on its senior management and key personnel

The Company's success depends upon the continued service and performance of its senior management and other key personnel, as well as its ability to identify, hire, develop, motivate and retain qualified personnel in the future. The Company relies on a number of key individuals in its senior management team, who have valuable experience within the mining industry and who have made substantial contributions to the development of the Company's operations and expansion. The Company cannot guarantee that it will be able to retain its personnel or attract new, suitably qualified personnel.

The Company may need to invest significant financial and human resources to attract and retain new senior management members and / or employees. The loss of the services of members of the Company's senior management or key employees could prevent or delay the implementation and completion of its strategic objectives, divert management's attention to seeking certain qualified replacements or adversely affect its ability to manage its business effectively. Each member of senior management, as well as key employees, may resign at any time. If the Company loses the ability to hire and retain key senior management and employees with high levels of skills in appropriate domains, this would materially and adversely affect the Company's business, results of operations, financial condition and prospects and increase its expenses.

The Company's senior management or key personnel could behave in a manner which negatively impacts the Company's business, including through misuse of information or systems, disclosure of confidential information, or disseminating misleading information. Additionally, the Company may not always be able to prevent its senior management and key personnel from committing any gross misconduct or ensure compliance with internal regulations and policies of the Company, which could result in losses, fines or financial liabilities for the Company, or cause harm to the Company's reputation and would have a material adverse effect on the Company's business, prospects, results of operations, financial condition and / or Share price.

2.1.25 Risks related to management's lack of experience in managing a publicly listed company

The Senior Executives have limited or no experience in managing a public listed joint stock company in the Kingdom and complying with the laws and regulations pertaining to such companies. In particular, the internal and / or external training that the Senior Executives will receive in managing a Saudi Arabian publicly listed company, coupled with the regulatory oversight and reporting obligations imposed on public companies, will require substantial attention from the Senior Executives, which may divert their attention away from the day-to-day management of the Company. Failure to comply in a timely manner with the regulations and disclosure requirements imposed on listed companies will expose the Company to regulatory sanctions and fines. The imposition of fines on the Company would have a material adverse effect on the Company's business, prospects, results of operations, financial condition and / or Share price.

2.1.26 Risks related to the inadequacy of the Company's insurance to cover all losses

The Company's operations may be affected by a number of risks, including natural disasters, industrial accidents, terrorist acts and war-related events, encountering of unusual or unexpected geological formations and cave-ins, for which full insurance coverage is either not available or not available on commercially reasonable terms (for more information about insurance policies maintained by the Company, see Section 13.8 ("**Insurance**")). In addition, the severity and frequency of various other events, such as accidents, business interruptions or potential damage to its facilities, property and equipment caused by inclement weather, human error, pollution, labor disputes and natural catastrophes, could result in losses or expose the Company to liabilities in excess of its insurance coverage. The Company cannot give assurance to investors that its insurance coverage will be sufficient to cover losses arising from any, or all, of such events, or that it will be able to renew existing insurance coverage on commercially reasonable terms, if at all.

In addition, the Company's insurance policies are subject to deductibles, exclusions and limitations related to insurance coverage that are negotiated with insurance companies. Therefore, the possibility that the Company may obtain due compensation depends on the solvency of the insurance company and its ability to pay the value of that compensation. Therefore, insurance may not cover all losses incurred by the Company and no assurance is given that the Company will not suffer losses beyond the limits of, or outside the coverage provided by, its insurance policies. Should an incident occur in relation to which the Company has inadequate insurance coverage, the Company could lose the capital invested in, and anticipated future revenues relating to, any property that is damaged or destroyed and, in certain cases, the Company may remain liable for financial obligations related to the impacted property. Similarly, in the event that any assessments are made against the Company in excess of any related insurance coverage that it may maintain, its assets could be subject to attachment, confiscation or restraint under various judicial procedures.

Any of these factors will have a material adverse effect on the Company's business, prospects, results of operation, financial condition and / or Share price.

2.1.27 Risks associated with litigation involving the Company

The Company, its directors and / or its officers may become involved in lawsuits and regulatory actions with one or more parties including suppliers, employees, competitors, clients or regulatory authorities. The Company may also be the claimant in such lawsuits or litigation.

Any unfavorable outcome in such litigation and regulatory proceedings could have a material adverse effect on the Company's business, financial condition, results of operations or prospects. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that the Company devote substantial resources to defend against these claims, which would have a material adverse effect on the Company's business, prospects, results of operations, financial condition and / or Share price.

2.1.28 Risks associated with interest rate fluctuations

Borrowings under the Company's BSF Facility are primarily at variable rates of interest. Increases in variable interest rates that are unhedged according to hedging agreements may increase its cost of borrowing, increasing interest expenses and reducing cash flows. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, international and domestic economic and political conditions, and other factors beyond the Company's control. The Company is not currently hedged against any fluctuations in interest rates, and this could cause the Company to sustain losses if the interest rates increase, which would have a material adverse effect on the Company's business, prospects, results of operations and financial condition and / or Share price.

2.1.29 Risks associated with errors or misconduct by employees of the Company

The Company's employees could behave in a manner which negatively impact the Company's business, including through misuse of machinery, equipment, information or systems, disclosure of confidential information, or disseminating misleading information. Additionally the Company may not always be able to prevent its employees from committing any gross misconduct or ensure compliance with internal regulations and policies of the Company, which could result in losses, fines or financial liabilities for the Company, or cause harm to the Company's reputation. Any such fines, losses or claims could negatively affect the Company's profitability. In addition, negative publicity in relation to employee misconduct could affect the Company's reputation and revenues. Any such employee misconduct would have a material adverse effect on the Company's business, prospects, results of operations, financial condition and / or Share price.

2.1.30 Risks related to transactions and contracts with Related Parties

In its ordinary course of business, the Company deals with several Related Parties. As at the date of this Prospectus, the Company has three transactions that are not governed under formal contracts with Najran Cement Company, Najran Mineral Water Company, and Arab Commercial Enterprise for Travel, which are Related Parties. For more information, see Section 13.6 ("**Transactions and Contracts with Related Parties**"). The General Assembly has approved all of the Company's transactions with Related Parties for the financial years ended 31 December 2018G, 31 December 2019G and 31 December 2020G[3]. The total value of Related Parties contracts amounted to SAR 3,192,718, SAR 2,726,086, SAR 2,104,078, and SAR 829,793 for the years ended 31 December 2018G, 31 December 2019G, 31 December 2020G, and the six-month period ended 30 June 2021G, respectively. These values represent 1.21%, 0.92%, 0.56% and 0.31% of the Company's total revenues as at 31 December 2018G, 31 December 2019G, 31 December 2020G, and the six-month period ended 30 June 2021G, respectively.

As at the date of this Prospectus, all Company Related Party transaction have been concluded on an arm's length basis. Should the Company enter into Related Party transactions not concluded on an arm's length basis and / or if such transactions unjustly transfer benefits to Related Parties, that could adversely affect the Company's costs and revenues, which in turn would adversely and materially affect the Company's business, results of operations, financial condition, and prospects.

If any such Related Parties transactions are not renewed when expired, the Board or General Assembly do not approve the renewal, or the Related Parties do not agree to renew them under the current terms and conditions or otherwise on terms that are favorable to the Company, the Company may be unable to conclude alternative transactions under the same terms or on terms that are favorable to the Company, which would adversely and materially affect the Company's business, financial position, results of operations, and prospects.

2.1.31 Risks related to non-compliance with the Companies Law

The Companies Law, issued under Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), sets out some of the legal requirements that the Company must comply with. The Companies Law requires the Company to take specific mandatory steps, such as restatement of the Company's Bylaws to comply with the Companies Law. In the past, the Company had not fully complied with the Regulations and Controls of Joint Stock Companies issued by the Ministry of Commerce, whereby the Company's treasury shares had previously exceeded its retained earnings, as the Company purchased its shares from a number of its former shareholders for SAR 74.7 million in the fiscal year ended 31 December 2018G. Moreover, it purchased more of its shares from a former shareholder for SAR 57.1 million in the fiscal year ended 31 December 2020G. As at 31 December 2020G, the value of the treasury shares amounted to SAR 131.8 million, and the Company's accumulated losses amounted to SAR 240.6 million.

3 The Company undertakes to obtain the General Assembly's approval with respect to the Related Party transactions for the financial year ended 31 December 2021G, prior to Listing.

The Companies Law imposes harsh penalties for violations of its mandatory provisions and rules. Violations of said law's provisions are punishable by penalties of up to SAR 500,000. Therefore, if the Company were to be punished by such penalties as a result of its non-compliance, or if it fails to comply with its Bylaws, that would have an adverse and material impact on the Company's business, financial position, and results of operations.

2.1.32 Risks related to the Company's application of International Accounting Standards (IFRS)

Pursuant to the resolution issued by the board of directors of the Saudi Organization for Charted and Professional Accountants (SOCPA), the Company has prepared its financial statements in accordance with the International Accounting Standards (IFRS) for the financial years ended 31 December 2018G, 31 December 2019G, and 31 December 2020G, and for the three- and six-month periods ended in 30 June 2021G. The Company used to prepare its financial statements in accordance with the accounting standards issued by SOCPA.

There are a number of fundamental differences between the IFRS and the accounting standards issued by SOCPA, which brought considerable changes in the accounting treatment of several items on the Company's financial statements. Additionally, since the Company's implementation of the IFRS until the six-month period ended 30 June 2021G, some fixed assets (spare parts), amounting to SAR 4 million, have been classified in the financial statements under the item Inventory. As a result, the Company has not made a provision allocated for the depreciation of such fixed assets.

Based on the foregoing, the Company's implementation of the IFRS brought about changes in its financial statements for the financial years ended 31 December 2018G, 31 December 2019G, and 31 December 2020G, and for the three- and six-month periods ended 30 June 2021G, and would cause similar changes in the subsequent financial years or other material changes whose effects have yet to run their course or are unknown to the Company as at the date of this Prospectus. The recent adoption of the KSA-IFRS may result in fundamental changes in the Company's financial statements. Therefore, any changes in such standards or the mandatory application of new ones could adversely affect the financial statements, and by extension the Company's financial results and position.

2.1.33 Risks related to the depreciation of fixed assets

The Company had previously adopted the straight-line depreciation method to quantify the depreciation of its assets, properties, and equipment. Since the fiscal year ended 2018G, the adopted method to calculate depreciation changed from straight-line depreciation to units of production depreciation, as is generally accepted in the mining sector. The depreciation value of the Company's assets, properties, and equipment amounted to SAR 72.4 million, SAR 61.5 million, SAR 58.4 million, and SAR 25.8 million in the last three fiscal years ended 31 December 2018G, 31 December 2019G, and 31 December 2020G, and the six-month period ended 30 June 2021G, respectively. If the Company did not implement this change, the depreciation rate of the Company's assets, properties, and equipment would have amounted to SAR 103.9 million, SAR 90.8 million, and SAR 61.8 million, during the last three fiscal years ended 31 December 2018G, 31 December 2019G, and 31 December 2020G, respectively. It should be noted that some items included under fixed assets, namely cars, equipment, civil works and waste dams, depreciated by 99%, 64% and 63.7%, respectively, as at the six-month period ended 30 June 2021G. Nonetheless, the Company continues to use said fixed assets.

In the event that the Company returns to implementing the straight-line depreciation method, this may lead to an increase in the cost of depreciation and consequently a decrease in the Company's net profits, which will negatively and materially affect the company's business, results of its operations, financial position, future expectations and / or the price of its shares that would adversely and materially affect the Company's business, results of operations, financial position, prospects and / or the Share price.

2.2 Risks Relating to the Market, Industry and Regulatory Environment

2.2.1 Risks related to General Changes in the Metal Market

Fluctuations in the market prices of zinc, copper, gold and silver products are subject to numerous factors beyond the Company's control, including international macro-economic and political conditions and outlook, levels of supply and demand, global or regional consumption patterns, prices of raw materials necessary for processing or producing products, any actual or potential threats to the stability of supply and / or demand, inventory levels maintained by users, availability of alternative mineral sources, and oil prices.

In the case of gold, additional factors affecting market prices include:

- changes in the demand for gold use in jewelry, for industrial uses and for investment;
- changes in the production of gold, as well as scale of investment and hedging;
- financial market expectations regarding the rate of inflation; the strength of the US dollar (the currency in which gold trades are affected internationally) relative to other currencies; changes in interest rates;
- actual or expected gold sales by central banks;
- gold sales by gold producers in forward transactions;
- global or regional political or economic events; and
- costs of gold production in major gold-producing nations, such as South Africa, the United States and Australia.

In addition, it is possible that market prices may change between the time a shipment is made and the time when the product is delivered and the final price is paid.

These market price fluctuations may also increase in severity as a result of positions taken by speculators or financial investors. Speculators and investors make it more difficult to accurately predict future supply and demand and may contribute to additional price volatility. The price of these metal products may also be affected by various other uncertain market factors, such as financial market expectations regarding interest and inflation rates (see Section 3, "**Market and Sector Overview**", of this Prospectus for further details regarding the market prices of copper, zinc, silver and gold).

Periods of economic contraction or weak growth may depress demand for and prices of the Company's products and, therefore, reduce its profitability and cash flows. Recent global financial conditions have been characterized by volatility and uncertainty, which makes it more difficult to predict the effects of these factors and of demand and supply dynamics on the price of the Company's products. Due to limited forward visibility, any changes in the levels of production and / or sales by the Company in response to present or projected prices could be based on incorrect estimates as to future market prices. Any of these factors would have a material adverse effect on the Company's business, prospects, results of operations, financial condition and / or Share price.

2.2.2 Risks related to variations in the volume of concentrates sold by the Company

The Company's revenue is primarily determined by (i) the volume of payable metal in the concentrate produced; and (ii) the price at which the concentrates are sold. Therefore variations in the volumes of payable metal and / or price of the Company's concentrates will impact the level of revenue that the Company can achieve from sales.

The volume levels of zinc, copper, gold or silver contained in the concentrates sold may be impacted by several factors beyond the Company's control, including levels of supply and demand, prices of raw materials necessary for extracting the concentrates, availability of the necessary mineral resources, cutoff grade and the assay of the concentrate sold.

Fluctuations in the market prices of zinc, copper, gold or silver concentrates are also subject to numerous factors beyond the Company's control (for more details, please refer to Section 2.2.1 ("**Risks related to General Changes in the Metal Market**").

Any decrease in the volumes of payable metal in the concentrates produced by the Company or any decline in the market prices of the Company's concentrates would result in a decrease in the Company's revenues which would in turn have a material adverse effect on the Company's business, prospects, results of operations, financial condition and / or Share price.

2.2.3 Government fees applicable to non-Saudi employees of the Company

In 2016G, the government of Saudi Arabia approved a number of decisions intended to make comprehensive reforms in the labor market in the Kingdom, including imposing additional fees for each non-Saudi employee working for a Saudi organization as at 1 January 2018G, as well as increasing residency permit fees for the families of non-Saudi employees as at 1 July 2017G. These fees are expected to increase each year until 2020G, meaning that there will be an increase in the government fees paid by the Company for its non-Saudi employees in general. In 2020G, the aggregate additional fees for its non-Saudi employees were SAR 2,868,329 (resulting in monthly additional average fees of SAR 239,027). During the six-month period ended 30 June 2021G, the fees the Company incurred for its non-Saudi employees amounted to SAR 1,515,582 (resulting in an average monthly additional fees of SAR 252,597). Higher residency permit fees for the families of non-Saudi employees may also result in increased costs of living to the detriment of non-Saudi employees.

In consequence of the above, non-Saudi employees may seek work in other countries with lower costs of living. In such a case, the Company may find it difficult to obtain, attract or retain employees with the requisite skillsets and competencies and may have to bear the cost of the increase in government fees for the residency permits of the families of non-Saudi employees, which may cause an increase in the Company's costs. Accordingly, this would have a material adverse effect on the Company's business, prospects, results of operations, financial condition and / or Share price.

2.2.4 The impact of political and economic risks on the Company's operations

The entirety of the Company's assets are located in Saudi Arabia, and the Company's financial performance is therefore dependent on the prevailing economic and political conditions in Saudi Arabia and on global economic conditions that affect Saudi Arabia's economy.

The oil sector still constitutes a large share of the GDP of Saudi Arabia. Fluctuations in oil prices may occur, and adversely affect the economy of Saudi Arabia. Economic growth in the Kingdom has also slowed in recent years. Saudi Arabia is also facing the challenge of relatively high levels of population growth. All such conditions could have an adverse effect on the Saudi Arabian economy, which in turn would have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

In addition, although the Kingdom generally enjoys domestic political stability and healthy international relations, many countries in the Middle East suffer from political or security instability at the present time, which may adversely and materially affect the Company's business, results of operations, financial position, prospects and / or the Share price.

As all of the Company's products are exported, the Company's performance also depends on the economic and political conditions prevailing in the countries to which the Company exports its products, including, amongst others, China, South Korea and Switzerland.

There can be no assurance that the negative diplomatic relations with, or economic and political conditions in, those countries or other countries will not have a negative impact on the economy, foreign direct investment or financial markets in Saudi Arabia in general, and on the Company's business, results of operation, financial condition and prospects.

Any unexpected major changes in the political, economic or legal environment in Saudi Arabia and / or other countries in the Middle East, which include without limitation normal market fluctuations, recession, insolvency, weakness in employment levels, technological shifts and other such developments, would have a material adverse effect on the Company's business, prospects, results of operations, financial condition and / or Share price.

2.2.5 Compliance by the Company with Saudization and other Labor Law Requirements

Compliance with Saudization requirements is a local regulatory requirement necessitating that all companies active in Saudi Arabia, including the Company, employ and maintain a certain ratio of Saudi personnel among their staff. The percentage of Saudi workers varies on the basis of a company's activities. The Company has been classified under the "**Platinum**" category, which means that the Company complies with the current Saudization requirements, which allow compliant companies to secure work visas. As at 30 September 2021G, 32.2% of employees of the Company were Saudi nationals. The Company has obtained the relevant certificate to this effect from the Ministry of Human Resources and Social Development.

The Company may not be able to fulfil current or enhanced Saudization or other Labor Law requirements in the future and / or that the minimum wage required to be paid by the Company will not increase (for more information about the risks related the requirements applicable on non-Saudi employees, please see Section 2.2.3 ("**Government fees applicable to non-Saudi employees of the Company**")). In case of non-compliance with the Saudization requirements, the Company could face sanctions by governmental authorities, such as suspension of work visa requests and of transfers of sponsorship for non-Saudi employees. In addition, there can be no assurance that the Company will be able to provide the required workforce or recruit the required number of Saudi nationals and / or foreign workers without incurring additional costs, if at all, which would have a material adverse effect on the Company's business, prospects, results of operations and financial condition. For further details, please refer to Section 5.8 ("**Saudization**").

Under a catering and cleaning contract entered into on 05/07/1437H (corresponding to 12 April 2016G) between the Company and Ayadi Aljoud Company, Ayadi Aljoud Company provides 16 employees to provide catering, cleaning, and other services. It should be noted that Ayadi Aljoud Company is not a licensed recruitment company, the Ajeer certificates granted to said employees have expired, and the various professions of the employees set out on their Ajeer certificates are not part of Ayadi Aljoud Company's activities, all of which violates the provisions of the Labor Law.

The penalties imposed on violating entities include a fine of SAR 25,000, which may double in the case of repeated violation, and suspension of recruitment of non-Saudi employees for one year. If the Company faces any such fines, that would adversely and materially affect the Company's business, results its operations, financial position, prospects and / or the Share price.

2.2.6 The impact of prices for energy, water and related services on the Company's operating expenses

The Saudi Council of Ministers issued the Resolution No. 95, dated 17/3/1437H (corresponding to 28 December 2015G), to raise energy prices (including fuel) and electricity, water and using sanitation services tariffs for residential, commercial and industrial sectors in 2016G, as part of the Kingdom's policies aimed at rationalizing the government subsidy program. The Ministry of Energy and Industry issued a statement, dated 24/3/1439H (corresponding to 12 December 2017G), on Fiscal Balance Program Plan to reform prices of energy products. It resulted in an increase in prices of Gasoline 91, Gasoline 95, Diesel for industry and facilities, Diesel for transportation and Kerosene as at 14/4/1439H (corresponding to 1 January 2018G).

The Company's water expenses amounted to SAR 634,240 (representing 0.24% of revenues) during the financial year ended on 31 December 2018G, SAR 80,064 (representing 0.03% of revenues) during the financial year ended 31 December 2019G, and SAR 1,017,041 (representing 0.27% of revenues) during the financial year ended on 31 December 2020G, and SAR 1,744,638 (representing 0.66% of revenues) during the six month period ended 30 June 2021G.

The price increases set out above, as well as any other potential increases, may lead to a decrease in discretionary spending or income available to customers in general. Consequently, sales in the Company's Stores may be negatively impacted and the Company's operating expenses might increase, which will have a material adverse effect on the Company's operations, prospects, results of operations and financial condition.

2.2.7 The impact of changes in laws and government policies in Saudi Arabia

The Company subject to the laws of Kingdom, and consequently, the Company operates in a regulatory environment that is subject to change. Changes in the country's laws and policies, including those relating to labor (including Saudization), taxation, concession fees, divestment, imports, exports, currency, repatriation of capital, environmental protection, management of natural resources, use of hazardous substances and explosives, exploration, development of mines, production and post-closure reclamation and rehabilitation, labor standards and occupational health and safety, and historic and cultural preservation would have an adverse effect on the Company's business, prospects, results of operations and financial condition and / or Share price. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations and changes to existing laws and regulations could cause additional expense, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its mining assets.

Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of the Company's past, current and future operations, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. If material, these compliance costs, claims or fines could have a material adverse effect on the Company's business, prospects, results of operations and financial condition and / or Share price.

2.3 Risks Related to the Offer Shares

2.3.1 The impact of the Substantial Shareholders on the interests of the Company and other shareholders

Following completion of the Offering, the current Substantial Shareholders will collectively hold (directly or indirectly) at least 49.60% of the issued Shares. The Substantial Shareholders will therefore be able to influence all matters and decisions requiring the approval of the Shareholders including the election of the Directors, approval of contracts and important Company activities and amendments which might be made to the Company's share capital and Bylaws.

The interests of the Substantial Shareholders may differ from those of the Company's other shareholders, and the Substantial Shareholders may prevent the Company from making certain decisions or taking certain actions that would protect the interests of the Company's other shareholders. This may also have the effect of delaying, deferring or preventing a change in control or distribution of dividends and discourage bids for the Shares, which could deprive other shareholders of an opportunity to receive a premium for their Shares as part of a future sale of the Company's business and may adversely affect the value of the Shares.

Such powers might be used in a manner which would have a material adverse effect on the Company's business, prospects, results of operations and financial condition.

2.3.2 Absence of a prior market for the Shares

There has been no previous public market for offering or trading the Shares, and there can be no assurance that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, the trading price of the Shares would be adversely affected or result in the loss of all or a portion of the Subscribers' investment in the Company, which would adversely and materially affect their anticipated returns.

2.3.3 Risks of selling a large number of shares post-Offering

Sales of large numbers of the Shares on the market after the completion of the Offering, or the perception that those sales will occur, could adversely affect the market price of the Shares.

Upon the successful completion of the Offering, the Substantial Shareholders will be subject to a lock-up period of six months starting from the commencement of trading of the Shares on the Exchange, during which they may not dispose of any Shares that they own. The sale of a substantial number of Shares by any of the Substantial Shareholders following their six month lock-up period could have an adverse effect on the market for the Shares, and may result in a lower market price.

The Company does not currently intend to issue additional Shares after the end of the Offering. If the Company decides to raise additional capital by issuing new Shares, the newly issued Shares may cause the value of the Shares to drop. The occurrence of any of the foregoing factors would have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2.3.4 Fluctuation in the Share price post-Offering

The Offer Price has been determined based upon several factors, including the past performance of the Company, the prospects for the Company's business, the industry in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. The Offer Price may not be equal to the price at which the Shares will be traded following completion of the Offering and investors may not be able to resell the Offer Shares at the Offer Price or above, or may not be able to sell them at all.

The stock market in general experiences from time to time extreme price and volume fluctuations. Market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares, with price volatility being worse if the trading volume of the Shares is low. The price of Shares may be negatively affected by various factors, including the Company's performance and results of anticipated operations, departures of key personnel, changes in earnings estimates or forecasts, changes in the business strategy, market conditions in its industry, the general situation of the Saudi Arabian economy, changes in laws and regulations, terrorist acts, acts of war or periods of widespread civil unrest, natural disasters and other calamities and stock market price fluctuations. The realization of any of these risks or other factors would have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2.3.5 Risks relating to the Company's ability to distribute dividends

Future distribution of dividends will depend on several factors including, among other things, future earnings, financial conditions, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. In addition to other factors, the Company may not be able to pay dividends, and the Directors may not recommend and the Shareholders may not approve the payment of dividends. Additionally, the Company is restricted by the terms of financing and facilities agreements executed with financing entities from making dividend payments to Shareholders in certain circumstances. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for distribution of dividends. If the Company does not pay dividends on the Shares, Shareholders may not receive any return on investment in the Shares unless they sell the Shares at a price higher than the price at the time of purchase, which would have a material adverse effect on Subscribers' anticipated returns. For further details regarding the dividends policy of the Company, please see Section 7 ("**Dividend Distribution Policy**").

3. Market and Sector Overview

3.1 Introduction

The source of the information in Section 3 ("**Market and Sector Overview**") is the report prepared by the Market Study Consultant, CRU Consulting, on 2 June 2021G for the benefit of the Company in relation to the mining sector in the Kingdom. For more information please visit the Market Study Consultant's website (www.crugroup.com).

CRU International is a fully-independent global company providing analysis and consulting services focused on the metals, mining and fertilizers industries. It was established in 1969G in the United Kingdom and has a diversified client portfolio that includes the largest companies in the metals and mining space. CRU Consulting is the management consultancy division of CRU International and acts as an independent provider of bespoke strategic market research, market data and analysis on a wide array of commodities and products.

The information in this report is based on an independent market study conducted by the Market Study Consultant, CRU Consulting. The Market Study Consultant gave its written consent to use its name, logo, market information and data provided by it to the company in the manner stated in this prospectus, and that consent was not withdrawn until the date of this prospectus. CRU Consulting does not itself, nor do any of its shareholders, partners, subsidiaries, members of its board of directors, directors, or any of their relatives, have shares or interests of any kind in the Company or any of its Subsidiaries.

Estimates and prospects set out in this section have been prepared by CRU Consulting thanks to CRU's in-house analysis and forecasts, which are formed based on the expertise of CRU's independent analysts, market research and strong relationships with key market participants around the world.

Therefore, CRU Consulting believes that it has used suitable sources of information and methodologies for this study. CRU Consulting's full terms and conditions apply with regard to the accuracy and completeness of the information provided on the basis of methodologies and sources of information.

The Company's Board of Directors consider that the information and data provided in this Prospectus from other sources, including those provided by the Market Study Consultant, are reliable data and information. However, the Company did not itself, nor any of the members of the Board of Directors, any of the senior management thereof, the Selling Shareholders, vendors, or other consultants, verify or validate the accuracy or completeness of the information contained in this Section 3 ("**Market and Sector Overview**"), and none of them bears any responsibility in relation to this information.

3.2 Copper Industry Overview

3.2.1 Background of the Copper Industry

The copper industry is the world's largest base metal industry. Refined copper is made by mining, processing and refining a variety of copper oxide and sulphide ores. The ore is concentrated and the concentrate is shipped to smelter-refinery complexes close to the main consuming markets in Western Europe, USA, Japan and China for processing where it is transformed into various semi-fabricated products including wire rod, rods, strip and sheet.

3.2.2 Copper Demand

Civil and building construction has been the largest end-use sector in recent years, consuming around 30% of total annual copper. The utility sector, in particular power and cables, and machinery, are the next two largest copper consuming sectors and comprised 16% and 15% of total copper demand, respectively, in 2020. Consumer durables (i.e. microwaves and washing machines, transport, air conditioners and refrigeration) and transportation both represent a 10% share of total demand in that same year (as shown in Table 3-1 below).

Table (3-1): Copper demand by end-use (refined copper and scrap-sourced copper), 2020

	Total, '000 t Cu	Share, %
Civil and building construction	7,609	28%
Utility	4,411	16%
Machinery	4,157	15%
Consumer Durables	3,514	13%
Transport	2,619	10%
Air conditioning and refrigeration	2,114	8%
Other	2,568	10%
World	26,991	100%

Source: Market Study

Copper demand growth is largely driven by broader economic growth and changes in intensity of use. Refined copper typically represents over 80% of global consumption, while the balance comes from copper scrap. Over the next fifteen years, global copper consumption is expected to increase from 26.9 Mt in 2020 to 37.6 Mt in 2035, representing a 2.2% CAGR.

China is widely considered to be nearing an inflexion point. Even accounting for continuing increases in productivity, China's future economic growth will be markedly slower in the next fifteen years than in the last two decades. More importantly, that economic growth is changing from being investment-led to consumer-led, which is inevitably less copper- intensive. As a result, China's forecast consumption of refined copper is expected to peak in 2029 at 13.3 Mt. Between 2020 and 2035, this means demand will grow slightly at 0.3% CAGR in China.

In the developed countries, which encompasses North America, Europe, North East Asia and Australasia, the story is more positive. Continuing declines in copper intensity of use due to further deindustrialization and falling metal requirements per dollar of manufactured output will have a negative impact on growth, but this will be more than offset by increased use of renewables and electric vehicles. Total copper demand growth will range from -0.1% to 2.6% CAGR in those regions over the forecast period.

On the back of the growing population and copper intensity of use, most of the increase in demand for the red metal will be in the developing world ex-China and most notably in the other emerging countries of Asia which will require 3.6 Mt of additional copper by 2035 to fulfil their needs. In general, South and Central America, Africa, the Middle East, India will also see growth.

New copper demand related to battery electric vehicles ("**BEVs**") has emerged in recent years, covering multiple end-use sectors as it includes motors, chargers, battery storage and grid infrastructure. CRU believes the key inflection point for the e-mobility transition will be the mid- to late-2020s when original equipment manufacturers have the resources and experience necessary to begin widespread mass production of BEVs. When it comes to the copper market, the role BEVs play in continuing demand growth is paramount. CRU forecasts that total copper demand from the BEV sector will rise from ~400 kt in 2020 to ~1,200 kt in 2025. However, it is after this that BEVs and the associated infrastructure will start to have a more significant impact on copper demand. Copper demand from the BEV sector should increase to 4,678 kt in 2035 with China representing 40% of this demand. The share of total demand coming from transportation through BEV-related copper consumption will increase from 10% in 2020 to 14% in 2035.

Table (3-2): Copper demand by region (refined copper and scrap-sourced copper), 2015G-2035G

Region	Unit	2015	2020	2025	2030	2035
China	'000 t Cu	11,560	13,205	15,176	15,945	15,960
Asia ex-China	'000 t Cu	5,047	4,746	5,854	7,004	8,354
Middle East & Turkey	'000 t Cu	1,304	1,277	1,522	2,021	2,316
Europe	'000 t Cu	4,992	4,382	5,142	5,617	5,941

Region	Unit	2015	2020	2025	2030	2035
North America	'000 t Cu	2,732	2,692	3,143	3,659	3,940
South and Central America	'000 t Cu	660	495	593	662	685
Africa	'000 t Cu	302	171	244	322	425
Australasia	'000 t Cu	22	22	21	21	21
World	'000 t Cu	26,600	26,991	31,694	35,251	37,642
Share						
China	%	43.5%	48.9%	47.9%	45.2%	42.4%
Asia ex-China	%	18.9%	17.6%	18.5%	19.9%	22.2%
Middle East & Turkey	%	4.9%	4.7%	4.8%	5.7%	6.2%
Europe	%	18.8%	16.2%	16.2%	15.9%	15.8%
North America	%	10.3%	10.0%	9.9%	10.4%	10.5%
South and Central America	%	2.5%	1.8%	1.9%	1.9%	1.8%
Africa	%	1.1%	0.6%	0.8%	0.9%	1.1%
Australasia	%	0.1%	0.1%	0.1%	<0.1%	<0.1%

Source: Market Study

3.2.3 Copper Production

South and Central America is historically the main copper mining region and produced 40% of the world's mined copper in 2020; with Chile representing the lion's share of the continent's output. It is followed by Asia ex-China, Africa and North America, each representing a 12% share of global copper mine output.

Copper ore can be processed in several ways. Sulphide ores are usually treated by pyrometallurgy resulting in a copper concentrate that is subsequently smelted and refined. Oxide ores are processed by hydrometallurgy and its three keys stages: heap leaching, solvent extraction, and electrowinning (EW). There are other, less common processes including cementation, where the copper is precipitated out of a solution by contact with metallic iron. Copper production in concentrate represents over 80-85% of copper production (as shown in Table 3-3 below).

Besides the benchmark copper cathodes that result from the smelting-refining and the SX-EW processes, copper is sold throughout the world in lower purity forms at earlier stages in the production process, for example, as copper concentrate, blister or anode.

Table (3-3): Copper mine production by process, 2015-2035

Process	Unit	2015	2020	2025	2030	2035
Concentrate	'000 t Cu	14,616	16,456	17,746	14,908	13,140
Electrowinning (EW)	'000 t Cu	4,079	3,843	3,590	2,863	2,209
Other	'000 t Cu	328	230	188	128	74
World	'000 t Cu	19,024	20,529	21,524	17,899	15,423
Share						
Concentrate	%	76.8%	80.2%	82.4%	83.3%	85.2%
Electrowinning (EW)	%	21.4%	18.7%	16.7%	16.0%	14.3%
Other	%	1.7%	1.1%	0.9%	0.7%	0.5%

Source: Market Study

Actual and committed global copper mine production is expected to peak in 2023 at 22.2 Mt before declining towards 15.4 Mt in 2035 due to resource depletion and lowering ore grades. Between 2020 and 2025, committed copper mine production will decline at a 1.9% CAGR, with 75% of the 5.1Mt volume contraction occurring in the Americas and Africa (as shown in Table 3-4 below).

Table (3-4): Actual and committed copper mine production by region, 2015-2035

Region	Unit	2015	2020	2025	2030	2035
China	'000 t Cu	1,417	1,624	1,877	1,640	1,648
Asia	'000 t Cu	2,182	2,389	2,475	2,433	2,021
Middle East & Turkey	'000 t Cu	102	167	101	81	19
Europe	'000 t Cu	1,627	1,841	2,095	1,794	1,643
North America	'000 t Cu	2,729	2,552	2,341	1,953	1,476
South and Central America	'000 t Cu	7,907	8,510	9,126	7,366	6,536
Africa	'000 t Cu	2,040	2,443	2,610	2,181	1,714
Australasia	'000 t Cu	1,020	1,002	899	452	364
World	'000 t Cu	19,024	20,529	21,524	17,899	15,423
Share						
China	%	7.4%	7.9%	8.7%	9.2%	10.7%
Asia	%	11.5%	11.6%	11.5%	13.6%	13.1%
Middle East & Turkey	%	0.5%	0.8%	0.5%	0.5%	0.1%
Europe	%	8.6%	9.0%	9.7%	10.0%	10.7%
North America	%	14.3%	12.4%	10.9%	10.9%	9.6%
South and Central America	%	41.6%	41.5%	42.4%	41.2%	42.4%
Africa	%	10.7%	11.9%	12.1%	12.2%	11.1%
Australasia	%	5.4%	4.9%	4.2%	2.5%	2.4%

Source: Market Study

The Market Study Consultant believes that growing demand and declining committed supply will lead to a significant supply gap opening from the mid-2020G, providing strong price support. The supply gap exists between the Market Study Consultant's forecast for primary / mine copper demand and the forecast for mine production from actual or existing operations and committed projects (referred to as committed production).

This translates into the requirement for new copper mine production to fill the supply gap and we believe the demand will have to be met. Our project universe contains 67 probable and 132 possible projects that could come into production and we have modelled capital and operating costs for each to derive the incentive price required for each project. Assuming all uncommitted projects come online as scheduled, committed production and probable projects will be able to meet demand until 2026, with possible projects comfortably meeting demand through to the end of the outlook. Under these assumptions there will be no need for any speculative projects (as shown in Table 3-5 below).

Table (3-5): Actual and committed copper mine supply with potential supply from pipeline of uncommitted projects and primary copper demand, 2015-2035

	Unit	2015	2020	2025	2030	2035
Mine supply						
Actual and committed production	'000 t Cu	19,024	20,529	21,524	17,899	15,423
Probable projects	'000 t Cu	-	-	3,164	12,277	17,494
Possible projects	'000 t Cu	-	-	1,684	3,346	2,921
Speculative projects	'000 t Cu	-	-	1,460	6,790	7,534
World	'000 t Cu	19,024	20,529	27,833	40,312	43,373
Primary copper demand	'000 t Cu	19,030	20,690	22,586	23,485	24,345

Source: Market Study

3.2.4 Redefined Copper Production

China and the rest of Asia – mainly Japan and South Korea – currently account for 46% and 19% of world's refined copper capacity, respectively. The remaining capacity can be found in South America and Europe with 13% each, while Africa and North America have ~9% of global refining capacity each.

China has been at the center of the growth in smelting and refining capacity in recent years, and this will not change over the medium term as the next wave of Chinese smelter projects comes online.

In theory, a lack of smelting and refining capacity can result in lower production of refined metal even if there is no shortage of raw material. However, commissioning and building a new copper smelter and refinery takes a relatively short time. Smelter-refiners can be built in areas that are the most economically advantageous to the owner as they are not, like mines, resource-dependent. The smelting and refining sector can, therefore, respond quickly to the need for new processing capacity whenever new mine supply is coming online. Overall, smelting and refining capacity are not expected to be a constraint for copper supply in the long term.

The decrease in committed copper mine production will lead to a similar trend in refined metal production which will decrease from 22.6 Mt in 2020 to 19.2 Mt in 2035, a decline at a 1.4% CAGR.

3.3 Copper Costs and Price

Until the turn of the century, a combination of sluggish demand growth, the development of several super pits, falling cost of capital and economization through scale had resulted in lower costs and high stocks. Prices languished below $2,205/t before increasing in 2005 on the back of unforeseen demand growth from China coupled with significant under-investment in the mining sector. After the Global Financial Crisis (GFC), 2010 was a good year with demand from emerging markets improving. LME cash copper prices averaged $7,539/t in nominal terms for the year. With mine production struggling to meet expectations, the market touched $9,921/t in early 2011, before renewed concerns about the global economy, particularly in Europe, helped temper consumption growth and prices during the remainder of the year, which averaged $8,811/t.

During the 2011-2014 period, the copper price underwent corrections; the price trend continued downward in 2015 and 2016 as a result of supply excess and increasing worries about the Chinese economy. The price bottomed at $4,862/t in 2016.

Strong refined copper consumption growth supported prices rising to $6,166/t in 2017 for LME cash, and $6,523/t in 2018. Between the end of 2020 and the opening weeks of 2021, the cash copper price rose by well over $1,000/t to almost $8,000/t. This can be attributed to a range of factors, including increased investor appetite for risk assets, vaccine developments and weakness in the US dollar. Copper-specific factors have also supported this rise: low exchange stocks, continued capital inflows into net long copper positions and positive Chinese economic data.

We expect 2021 prices to benefit from this trend, overcoming the impact of market surplus, and forecast a 2020-21 short lived increase with peak nominal prices of $9,348/t in 2021. Subsequently, the post-Covid-19 demand momentum slows, the first tones from a wave of new committed projects and resulting expected market surpluses between 2022-24 draw nearer weigh on prices that reduces towards below $8,500/t in 2022-23.

In the long-term, the Market Study Consultant looked at the supply pipeline of uncommitted copper projects required to meet future demand and the price that is required to incentivize that supply being into production. Looming market deficits in relation only to commit mine supply will push prices up over the forecast period to reach $11,071/t in nominal terms in 2035 (as shown in Table 3-6).

Table (3-6): LME Cash copper price in nominal and real 2021 terms and refined & concentrate copper market balance[4], 2015-2035

	Unit	2015	2020	2025	2030	2035
Balances						
Refined copper	'000 t Cu	-20	964	-654	-6,240	-9,733
Copper concentrate	'000 t Cu	-182	-337	-558	-3,107	-2,381

4 The balance of refined and concentrate minerals shown in Figure 1 is based on committed mine production only.

	Unit	2015	2020	2025	2030	2035
Price						
LME Cash	$/t (nominal)	5,497	6,181	8,990	9,761	11,071
LME Cash	$/t (real 2021)	6,096	6,312	8,283	8,148	8,370

Source: Market Study

3.3.1 Copper treatment and refining charges

Treatment and refining charges (TC/RCs) are deducted by smelters from the price of the copper concentrate. TCs are expressed in $/t of concentrate. RCs are expressed as US¢/lb payable copper.

TC/RCs forecasts depend on the concentrate market equilibrium, smelter economics and capacity utilization rates. If primary mine production falls, TC/RCs increase as smelters have more options to secure supplies of copper concentrate. If there is a shortage of copper concentrate in the market, TC/RCs fall as smelters compete for feed. A theoretical floor is set by smelters' operating margins and is the level to which terms can fall before losses start to result in smelter closures. The theoretical ceiling is set at the level at which miners decide it is more economic to be vertically integrated.

Annual TC/RCs are forecast to increase in nominal terms from $62/t – 6¢/lb in 2020 to $138/t – 14¢/lb in 2035. We expect current low TC/RCs and raw materials' scarcity to result in reduced smelter capacity (i.e. closure of high-cost smelters), leading to an increase in TC/RCs for the remaining capacity. And then, further increases in TC/RCs will reflect rising smelter costs (as shown in Table 3-7 below).

Table (3-7): Copper treatment and refining charges (TC/RCs), 2015-2035

	Unit	2015	2020	2025	2030	2035
Annual TC	$/t (nominal)	107	62	75	120	138
Annual RC	¢/lb (nominal)	11	6	8	12	14
Annual TC	$/t (real 2021)	119	63	69	101	104
Annual RC	¢/lb (real 2021)	12	6	7	11	11

Source: Market Study

3.4 Zinc Industry Overview

3.4.1 Background of the Copper Industry

Zinc mines produce zinc oxide and sulfide ores, which are processed, usually at the mine site, to produce zinc concentrate. This is then sent to a smelter where zinc metal is produced. Zinc ore can also be a by-product of copper, gold and silver.

3.4.2 Zinc Demand

The strong zinc consumption that characterized China since the start of the millennium came to a halt around 2017, when the country seemed to have hit a zinc intensity peak. Chinese demand has remained stable since then, even in 2020 during the Covid-19 crisis. The country's strong recovery from the Covid-19 crisis helped limit global demand losses which still amounted to an 8.9% y/y fall in demand ex-China. Overall, global refined zinc demand contracted by 5.6% y/y in 2020 (i.e. 625kt) from 13.7 to 13.1 Mt.

The construction and transportation sectors, which represent 70% of global demand for zinc in 2020 (as shown in Table 3-8 below), were the main drivers of China's recovery, facilitated by government stimulus and a lifting of Covid-19 restrictions. The surge in fixed asset investment in real estate and infrastructure boosted metals demand and the booming steel sector led to a 5.2% y/y increase in galvanized sheet output, which was very positive for zinc demand. Unlike in the other major vehicle-producing countries, China's auto sector also recovered well, with a full-year loss in vehicle output of just 1.9% y/y in 2020. Strong demand from both domestic and export markets helped support the manufacturing sector.

Table (3-8): Refined zinc demand by end-use, 2020

	Total, '000 t Zn	Share, %
Construction	5,886	45%
Transportation	3,270	25%
Consumer goods	3,008	23%
Industrial machinery	916	7%
World	**13,080**	**100%**

Source: Market Study

In the long-term, global refined zinc demand is forecast to rise from 13.0 Mt in 2020 to 15.4 Mt in 2035, i.e. a 1.1% CAGR (as shown in Table 3-9 below). There is potential upside for zinc demand as the move towards renewable energy sources and carbon neutrality could prove beneficial through the ramp up of global production and installation of wind turbines, solar panels and utility-scale batteries.

Between 2020 and 2035, Chinese consumption is forecast to increase by 894 kt at 0.8% CAGR. This is the largest increase in volumes for any region globally, but growth will be slower than the rest of the world ex-China as the effects of the Chinese stimulus will begin to fade and growth will decelerate in the 2022-25 period. Ex-China, Asian countries will be growth drivers in the same period with zinc demand increasing at 2.0% CAGR due to population and strong IP growth. This is compared to a relatively slow growth of 0.6-0.7% CAGR in Europe and North America where zinc demand per capita will shrink as the economies gradually shift towards to being more services-based, requiring less zinc. Zinc demand in Europe and North America will increase by 181 kt and 130 kt respectively; however, we expect European future zinc demand to shrink slightly compared to the pre-Covid-19 world.

Table (3-9): Refined zinc demand by region, 2015-2035

Region	Unit	2015	2020	2025	2030	2035
China	'000 t Zn	6,250	6,650	7,120	7,405	7,544
Asia ex-China	'000 t Zn	2,203	1,995	2,396	2,541	2,700
North America	'000 t Zn	1,279	1,257	1,349	1,354	1,387
Europe	'000 t Zn	2,106	1,907	2,155	2,111	2,088
Russia	'000 t Zn	219	194	226	246	280
Rest of World	'000 t Zn	1,192	1,077	1,314	1,355	1,388
World	'000 t Zn	13,249	13,080	14,560	15,012	15,386
Share						
China	%	47.2%	50.3%	48.5%	49.3%	49.0%
Asia ex-China	%	16.6%	15.3%	16.5%	16.9%	17.5%
North America	%	9.7%	9.6%	9.3%	9.0%	9.0%
Europe	%	15.9%	14.6%	14.8%	14.1%	13.6%
Russia	%	1.7%	1.5%	1.6%	1.6%	1.8%
Rest of World	%	9.0%	8.8%	9.0%	9.0%	9.0%

Source: Market Study

3.5 Zinc Production

3.5.1 Zinc Mines Production

China is currently the largest zinc producer and smelter, producing a third of the global mine output and producing 45% of the world's refined zinc. South & Central America, North America, Asia ex-China and Australasia are also large mining regions for zinc, while Asia ex-China and Europe are other smelting hubs.

Actual and committed global zinc mine production is expected to rebound from 12.2 Mt in 2020 to 13.1 Mt in 2021 as mines shake off the effects of the disruptions from Covid-19 and new projects ramp-up, partially offset by the loss of ~200-250,000t of supply due to price-induced closures in 2020 Q1. We expect committed production to peak in 2023 followed by a decrease at a CAGR of 2.7% towards 2035 due to contractions and closures, particularly in South and Central America (as shown in Table 3-10). This results in the loss of 3.9 Mt in zinc production between 2023 (13.8 Mt) and 2035 (9.9Mt). The significant 1.3 Mt production drop observed in 2031 is a result of several concurrent mine closures, e.g. Red Dog in the US, Vazante in Brazil or Huize in China to name the largest ones.

Table (3-10): Actual and committed zinc mine production by region and refined zinc production, 2015-2035

Region	Unit	2015	2020	2025	2030	2035
China	'000 t Zn	4,100	4,066	5,088	5,378	4,840
Asia	'000 t Zn	1,523	1,507	1,919	1,698	1,587
Middle East & Turkey	'000 t Zn	135	139	151	151	130
Europe	'000 t Zn	1,028	1,099	1,122	970	553
North America	'000 t Zn	1,781	1,715	1,789	1,375	1,164
South and Central America	'000 t Zn	2,009	1,819	1,902	1,017	489
Africa	'000 t Zn	288	499	442	403	332
Australasia	'000 t Zn	1,618	1,316	1,248	853	802
World	'000 t Zn	12,482	12,160	13,660	11,845	9,896
Share						
China	%	32.8%	33.4%	37.2%	45.4%	48.9%
Asia, ex. China	%	12.2%	12.4%	14.0%	14.3%	16.0%
Middle East & Turkey	%	1.1%	1.1%	1.1%	1.3%	1.3%
Europe	%	8.2%	9.0%	8.2%	8.2%	5.6%
North America	%	14.3%	14.1%	13.1%	11.6%	11.8%
South and Central America	%	16.1%	15.0%	13.9%	8.6%	4.9%
Africa	%	2.3%	4.1%	3.2%	3.4%	3.3%
Australasia	%	13.0%	10.8%	9.1%	7.2%	8.1%

Source: Market Study

Like copper, CRU believes that growing demand for zinc and declining production will lead to a supply gap opening from the mid-2020's, providing strong price support. This supply deficit calls for new mines to enter production. Under the scenario where all uncommitted projects outside China come online as scheduled, committed production and probable projects will be able to meet demand until 2025, with all other projects in the pipeline being necessary to meet demand through to 2035 (as shown in Table 3-11 below).

Table (3-11): Actual and committed zinc mine supply with potential supply from pipeline of uncommitted projects ex-China and primary zinc demand, 2015-2035

	Unit	2015	2020	2025	2030	2035
Mine supply						
Actual and committed production	'000 t Zn	12,482	12,160	13,660	11,845	9,896
Probable projects	'000 t Zn	0	0	1,375	1,995	1,696
Possible projects	'000 t Zn	0	0	765	1,352	1,144
Speculative projects	'000 t Zn	0	0	1,119	1,347	1,395
World	**'000 t Zn**	**12,482**	**12,160**	**16,918**	**16,539**	**14,132**
Primary zinc demand	'000 t Zn	12,738	12,439	13,367	13,756	14,091

Source: Market Study

3.5.2 Refined zinc Production

As with copper, a bottleneck at smelter level can cause disruptions to refined metal supply even when concentrate is plentiful. The Market Study Consultant forecasts global smelting capacity will rise from 15.10 Mt in 2020 to reach 16.85 Mt in 2025, an increase of 1.75 Mt. Western smelters will most likely keep producing under their long-term contracts with utilization rates staying around 90%. Refined output in China will also continue growing, but utilization rates are expected to come down due to the forecast increase in smelting capacity. In China there is a healthy pipeline of smelter projects, encouraged by improving smelter margins over the last few years, with a focus on higher capacity operations and plant design able to better respond to concentrate volume fluctuations.

Encouraged by stricter environmental regulations and the increasing availability of secondary (recycled) feed, secondary zinc smelting capacity is also growing fast. Existing secondary smelters are commonly increasing output by around 10,000-50,000 t/y, and some old primary zinc smelters have changed their technology to produce only secondary zinc or increase secondary zinc output instead of primary ingots.

Refined zinc production will decrease over the next fifteen years, directly impacted by the downward trend of committed mine production. The declining primary zinc production is offset during 2024-2025 by increasing volumes of secondary production. Production peaks in 2025 before seeing output falling by 4.1 Mt towards 2035, at a CAGR of 1.6%.

3.6 Zinc costs and price

3.6.1 Market balance & LME zinc price

LME zinc cash prices ranged (in nominal terms) between $1,900/t and $2,100/t during the period 2012-2016 before being propelled to around $2,900/t in 2017 and 2018 to reach 10-year highs as investors front-ran the market tightness. Prices fell as a result of the refined zinc market deficit, and the concentrate market surplus, which precipitated the exit of bullish investors. LME zinc cash prices fell to $2,617/t in 2019 and again to a low of $1,842/t in H1 2020 as Covid-19 hit demand. China's return to work helped support a strong price recovery and this, combined with the global economic stimulus, drove LME cash prices back to $2,600/t. Since then, the combination of Chinese demand, a tightening concentrates market and investor optimism over the Covid-19 vaccine, combined to drive the price to close to $2,900/t in early February 2021.

The Market Study Consultant expects nominal prices to be supported by a stimulus-driven demand recovery and concentrate market tightness in 2021, but to trend lower to the $2,000-2,400/t range subsequently. As concentrate surpluses join metal surpluses from 2022, combined stocks will reach historic highs and prices will need to cut deep into the cost curve to bring the market to a sensible balance.

Although the Market Study Consultant still considers zinc's price to be overbought at current levels it is likely that investors will remain bullish for commodities given the key role the industrial sector will play in the stimulus-driven recovery. Even as zinc's refined metal surplus continues to build as much of the world ex-China struggles to return to pre-pandemic levels of demand, concentrate market tightness, positive investor sentiment and a weakening US dollar are likely to support zinc's price.

In the long-term, CRU looked at the supply pipeline of uncommitted zinc projects required to meet future demand and what price is required to incentivize that supply to be brought into production. As the supply/demand picture changes with a growing deficit of concentrate (or primary) and refined zinc based on committed mine supply, we expect the zinc price to trend higher towards 2035 and reach a nominal price of $3,403/t (as shown in Table 3-12 below).

Table (3-12): LME Cash zinc price in nominal and real 2021 terms and refined & concentrate zinc market balance, 2015-2035

	Unit	2015	2020	2025	2030	2035
Balances						
Refined zinc	'000 t Zn	471	508	260	-2,162	-4,649
Zinc concentrates	'000 t Zn	-256	-279	294	-1,912	-4,195
Price						
LME Cash	$/t (nominal)	1,928	2,376	2,170	2,743	3,403
LME Cash	$/t (real 2021)	2,139	2,427	1,999	2,290	2,573

Source: Market Study

3.6.2 Zinc treatment and refining charges

Zinc treatment charges (TCs) behave in a similar way as copper TCs, please refer to section 2.3.3 for further explanation.

With the expected build in concentrate stocks from 2021 to 2025, smelters should be able to push TCs back up. There is limited information though to how high conversion costs can go given the lackluster price forecast, and the Market Study Consultant therefore sees TCs peaking, in nominal terms, at $240/t in 2025 from $159/t in 2021 (as shown in Table 3-13 below). The Market Study Consultant forecasts that TCs will ease to reach $174/t in nominal terms in 2035. This is in accordance with the anticipated concentrate deficit that could reach 4.2 Mt in 2035 from the surplus of 0.3 Mt in 2025.

Table (3-13): Zinc treatment charges, 2015-2035

	Unit	2015	2020	2025	2030	2035
Annual TC	$/t (nominal)	247	300	240	208	174
Annual TC	$/t (real 2021)	274	306	221	174	131

Source: Market Study

3.7 Gold Industry Overview

3.7.1 Background on the Gold industry

Gold can be found in grains or particles embedded into rocks and in alluvial deposits. Most gold mines are open cast operations. Like other minerals, gold ores are first mined then crushed and ground for further processing. Gold is extracted by amalgamation or cyanidation to produce gold Doré, which generally contains 50-75% of gold metal. Doré is further treated at a refinery to produce refined gold such as minted gold bars or granules.

Gold is a highly corrosion-resistant and an exceptionally malleable precious metal. Its ductility makes it easy to cast, making it an attractive choice for making jewelry. Its high thermal and electricity conductivity properties also make it popular in the industrial and electronic sectors.

3.7.2 Gold Demand

Gold has two main areas of demand, fabrication and investment Jewelry has always been the largest consuming sector of gold fabrication with an average share of 77% from 2010 to 2020. Gold jewelry demand is usually related to disposable income and therefore negatively related to price, especially in the developed world where it is considered a luxury, rather than an investment. Jewelry accounted for 69% of total fabrication gold demand in 2020 as jewelry sales were impacted by Covid-19. Official coins and medallions accounted for 18% of fabrication demand in 2020, electrical/electronics 12%, dental and other industrial applications combined accounted for the balance (as shown in Table 3-14 below). In terms of investment, gold usually outperforms fiat currencies in the long run and hence is used as a hedge against inflation. It is also a haven asset to mitigate risks or periods of uncertainty.

Table (3-14): Gold demand by end-use, 2020

	Total, t Au	Share, %
Jewelry	1,412	69%
Coins & medallions	367	18%
Electrical / Electronics	248	12%
Dental	12	<1%
Other industrial	17	<1%
World	2,055	100%

Source: Market Study

In 2020, China and India accounted for 24% and 23% of total gold fabrication demand, respectively. Western Europe and North America combined accounted for 13.4% of global demand for gold fabrication in 2020 (as shown in Table 3-15 below).

Table (3-15): Gold fabrication demand by region, 2015-2035

Region	Unit	2015	2020	2025	2030	2035
India	t Au	738	474	638	751	865
China	t Au	778	503	675	794	913
Japan	t Au	80	55	74	87	101
North America	t Au	279	196	263	309	355
Western Europe	t Au	117	83	113	133	152
Rest of World	t Au	1,057	745	1,017	1,200	1,382
World	t Au	3,050	2,055	2,780	3,274	3,768
Share						
India	%	23.9%	22.8%	22.8%	22.8%	22.8%
China	%	25.2%	24.2%	24.1%	24.0%	24.0%
Japan	%	2.6%	2.7%	2.7%	2.6%	2.6%
North America	%	9.0%	9.4%	9.4%	9.3%	9.3%
Western Europe	%	5.2%	5.2%	5.2%	5.2%	5.2%
Rest of World	%	34.2%	35.7%	36.0%	36.0%	36.1%

Source: Market Study

3.7.3 Gold Production

Asia is the world's largest gold producing region, accounting for 24% of total mined gold supply in 2020. The largest single producing country, China, has seen supply fall in 2019 and 2020 as the Chinese government cracked down on pollution across all industries. As a result, dozens of gold mines which failed to meet stringent emissions requirements were forced to shut down. Outside Asia, Australasia is the second largest mined gold supplier, accounting for 12% of total global mined gold supply in 2020. Other major mined gold suppliers include Russia, Canada, the U.S. and South Africa.

CRU estimates that in 2020, global mined gold supply decreased by 4.7% from 2019 due to a reduction in output from mature mines and to Covid-19 disruptions. This reduction has more than offset the increased production from new gold mines and the ramp-up at PT Freeport Indonesia's ("**PTFI**") Grasberg mine after its transition from open pit to underground mining.

Global gold mine production is forecast to increase slightly in 2035 at 2,979 tons compared to 2,916 tons in 2020 with growth being mainly driven by Asian countries (including China, Indonesia, Uzbekistan, and Philippines) and North American countries. China will account for 15% of global production in 2035, compared to 13% in 2020, while Europe's production will drop from 10% to 8% in the same period.

Table (3-16): Gold mine production by region, 2015-2035

Region	Unit	2015	2020	2025	2030	2035
China	t Au	450	374	401	420	440
Asia ex-China	t Au	415	407	463	501	538
Europe	t Au	294	342	320	276	233
North America	t Au	491	469	541	579	614
South and Central America	t Au	484	423	461	462	463
Africa	t Au	550	523	549	547	544
Australasia	t Au	346	378	279	197	148
World	t Au	3,030	2,916	3,014	2,982	2,979
Share						
China	%	14.9%	12.8%	13.5%	14.1%	14.8%
Asia ex-China	%	13.7%	14.0%	15.7%	16.8%	18.0%

Region	Unit	2015	2020	2025	2030	2035
Europe	%	9.7%	11.7%	10.4%	9.3%	7.8%
North America	%	16.2%	16.1%	18.4%	19.4%	20.6%
South and Central America	%	16.0%	14.5%	15.4%	15.5%e	15.5%
Africa	%	18.1%	17.9%	18.3%	18.3%	18.3%
Australasia	%	11.4%	13.0%	8.3%	6.6%	5.0%

Source: Market Study

3.7.4 Gold Price

The global benchmarks for gold are set by the London Bullion Market Association (LBMA). These prices replaced the London Gold Fix in 2015 and are used as benchmarks for the bulk of global gold trading activity. Gold is traded on several exchanges, including CME, the Shanghai Gold Exchange and the Shanghai Futures Exchange.

The London Gold Fix was volatile between 2007 and 2015. After the GFC, the U.S. Federal Reserve began its policy of quantitative easing, which decreased the value of the U.S. dollar and led to an increase in investment in gold as an inflation hedge. LMBA gold prices remained relatively stable from 2015 to 2019 at average prices of between $1,200/oz and $1,400/oz.

The unstable political and economic environment in 2019 and 2020, compounded by the Covid-19 pandemic and the continued quantitative easing polices, made gold more attractive to investors as a safe haven asset and provided support to prices throughout 2020. In late July 2020, the LBMA price moved above the 2011 intraday peak of $1,921/oz, before setting a record high of $2,067/oz on August 6 2020. In the second half of 2020, the gold price began to drop. Several factors contributed to the decline: central banks became net sellers of gold as the pandemic forced some to tap into their gold reserves, uncertainty over the next the U.S. stimulus package lowered inflation expectations, while temporary bursts of dollar strength and news of a Covid-19 vaccine also placed pressure on the price. Despite this decline, the average gold price was $1,766/oz in 2020, representing an increase of 27% y/y.

Despite the development of vaccines which has begun to mitigate the threat of Covid-19 to the global economy, it is still too early to conclude that the pandemic is under control, especially in emerging economies such as India. As a result, gold is likely to remain an important part of diversified investment portfolios and will receive support from the ongoing monetary easing programs, extensive government fiscal stimulus and continuing geopolitical risks. The combination of these drivers will strengthen our gold price forecasts until the normalization of monetary policies takes place; this is expected around 2024. CRU expects this to be a turning point for gold prices.

Starting from 2023, output at more mature mines may begin to wane as they draw closer to the end of their economic lifetimes. As such, a steady flow of new mines coming into production will be required to replace the production that is being lost and keep growth momentum intact. However, this may prove difficult for reasons including, but not limited to, the natural thinning of the project pipeline, the lack of major discoveries, rising capital and operating costs, and rapidly tightening Environment, Social and Governance (ESG) requirements. As a result, the downward trend in new mine supply which CRU expects to begin in 2023 is projected to accelerate out to 2026. CRU forecasts that between 2020 and 2035, the fundamental market surplus will decrease as the market adjusts in the wake of the significant oversupply in 2020.

Although CRU expects to see some improvement in gold's demand and supply fundamentals post-2024, these factors alone, even supplemented by the occasional episodes of safe haven demand, are unlikely to provide a bullish impetus strong enough to enable a sustainable rally in gold. Therefore, CRU forecasts that gold prices will begin to trend downwards in 2024 until market fundamentals become more balanced and the headwinds from the normalization of global monetary policies begin to dissipate.

Looking out to 2035, CRU's gold price forecasts are based on the Long Run Marginal Cost (LRMC) of mined gold production. CRU forecasts gold prices to return towards an historical LRMC of $1,400/oz in real 2035 terms ($1,852/oz nominal) (as shown in Table 3-17 below).

Table (3-17): Gold price in nominal and real 2021 terms and gold market balance, 2015-2035

	Unit	2015	2020	2025	2030	2035
Balance	t Au	387	1,962	1,539	1,026	531
Price						
Gold	$/oz (nominal)	1,160	1,766	2,010	1,931	1,852
Gold	$/oz (real 2021)	1,293	1,800	1,860	1,612	1,400

Source: Market Study

3.8 Silver Industry Overview

3.8.1 Background on the Silver industry

Silver is a malleable, white and lustrous precious metal which has the highest electrical and thermal conductivity of all metals. This, coupled with other properties like photosensitivity, reflectivity and resistance to corrosion make silver an essential industrial metal. Silver also has a long history of being a monetary metal and it therefore continues to attract investor interest as a store of value. It is often viewed as a safe haven against unfavorable macroeconomic or geopolitical events, as is gold.

3.8.2 Silver Demand

Pure industrial demand accounts for more than 60% of physical silver consumption with the rest split between jewelry and coins/bars. Fabricated demand for silver is found primarily jewelry and silverware (27%), electrical and electronics (24%), photovoltaics (6%), coins and medals (10%) and photography (10%). Some of the other notable uses of silver are in soldering, brazing, manufacturing mirrors/glasses and producing chemicals like ethylene oxide and formaldehyde – they make up the remaining 23% (as shown in Table 3-18 below).

Table (3-18): Silver demand by end-use, 2020

	Total, t Ag	Share, %
Jewelry	7,854	27%
Electrical / Electronics	6,998	24%
Photovoltaics	1,658	6%
Coins & medals	2,908	10%
Photography	2,830	10%
Other	6,709	23%
World	**28,957**	**100%**

Source: Market Study

Silver consumption in 2020 was of 29.0 kt, a 7.4% y/y contraction as Covid-19 impacted the global economy. We expect demand to rebound in 2021 but peak in 2024 at 32.8 kt before declining to 26.9 kt in 2035. The further entrenchment of consumer habits typical of the digital age is expected to impact demand for photography or coins & medals in the developed world and emerging economies like China and India

3.8.3 Silver Production

Global silver mine production totaled 25.2 kt in 2020. 55% of the global mine production comes from the Americas while China and Europe produced 17% and 12% of global mine output respectively.

Since 2020, the silver market has been going through a phase of market rebalancing as it shifts from deficit to surplus. This transition is being driven by a growth in mine supply due to an influx of new metal from base metal operations. This swing is largely out of silver miners’ control since primary silver producers account for less than 25% of global silver mine production.

The largest share of silver is supplied from copper mines, followed by lead/zinc mines. The share of silver supply by source can change due to both silver market fundamentals as well as copper and lead/zinc market fundamentals. Global silver production fell by 5.9% y/y to 25.2kt in 2020, but our forecast is that production will then peak in 2023 at 27.7 kt, before slowly reverting in 2035 to levels seen in 2020 (as shown in Table 3-19).

Table (3-19): Silver mine production by region, 2015-2035

Region	Unit	2015	2020	2025	2030	2035
China	t Ag	3,720	4,365	4,474	4,561	4,643
Asia ex-China	t Ag	1,963	2,137	2,425	2,467	2,494
Middle East & Turkey	t Ag	195	202	209	202	189
Europe	t Ag	3,567	3,127	2,946	2,779	2,505
North America	t Ag	7,445	6,901	8,350	8,469	8,427
South and Central America	t Ag	9,128	6,739	7,570	7,121	6,561
Africa	t Ag	450	448	493	460	428
Australasia	t Ag	1,605	1,256	1,161	1,041	881
World	t Ag	28,073	25,175	27,628	27,101	26,129
Share						
China	%	13.3%	17.3%	16.2%	16.8%	17.8%
Asia ex-China	%	7.0%	8.5%	8.8%	9.1%	9.5%
Europe	%	12.7%	12.4%	10.7%	10.3%	9.6%
Middle East & Turkey	%	0.7%	0.8%	0.8%	0.7%	0.7%
North America	%	26.5%	27.4%	30.2%	31.3%	32.3%
South and Central America	%	32.5%	26.8%	27.4%	26.3%	25.1%
Africa	%	1.6%	1.8%	1.8%	1.7%	1.6%
Australasia	%	5.7%	5.0%	4.2%	3.8%	3.4%

Source: Market Study

3.8.4 Silver Price

Historically, the silver market has been more volatile than gold. Demand for safe haven assets during the GFC drove prices to a high of $20.9/oz. In 2011, the ratings agency S&P issued a negative outlook on US sovereign debt and investors turned to precious metals as a hedge against the possible economic deterioration. Spot silver traded up to $49.8/oz.

After the 2011 silver boom, the industry began digesting excess inventories at both the new silver and scrap levels. The price eased until the end of 2015 when the market was virtually in balance and the LBMA spot price averaged $15.7/oz. Demand then began to recover and the market moved into deficit from 2017 to 2019.

In October 2020, central banks became gold sellers for the first time since 2010, some producing nations taking advantage of the high prices to relieve the economic pressures caused by the pandemic. According to the World Gold Council, gold selling was driven by Uzbekistan and Turkey. Russia was a net seller for the first time in 13 years.

Silver, like gold, has benefited from demand for capital safe-havens during the Covid-19 pandemic. From the start of 2020 until December 16, the silver price appreciated by 40.2%.

The direction of silver prices may depend on which of silver's identities is in the ascendancy: that of an industrial commodity or of a safe-haven asset. For prices to rally and sustain higher price levels, both physical market fundamentals and investor inflows are required. But this is a rare combination since a rise in industrial demand usually occurs during periods of economic growth and in this environment, demand for safe havens tends to dwindle.

Silver's safe-haven credentials are not as strong as those of gold, but investor activity in the gold market does, on occasion, spill over into the silver market. Despite the physical market surplus, therefore, increasing gold prices stemming from loose monetary policies will also drive demand for silver. CRU expects average nominal silver prices to increase from $20.4/oz in 2020 to $28.0/oz by 2023. Thereafter, the silver market is expected to swing into deficit as mine supply contracts, which is expected to further stimulate silver prices to reach $34.4/oz by 2025.

Given the mainly by-product nature of silver and investor interest in the material, in our view the gold/silver ratio is the most reliable guideline for a long-term forecast. In the long-term, CRU believes that a gold/silver ratio can be expected to converge at around 60-70. The gold price increase has brought this ratio as high as 128 in Q1-Q2 2020, but we expect it to stabilize in the long run.

The Market Study Consultant expects the silver nominal price to have peaked at $35.1/oz by 2026 and in the post-Covid-19 economy, eventual looser monetary policies will disincentive investment buyers and a market surplus will appear, triggering a price decline to $28.5/oz by 2035 (as shown in Table 3-20).

Table (3-20): Silver price in nominal and real 2021 terms and silver market balance, 2015-2035

	Unit	2015	2020	2025	2030	2035
Balance	t Ag	781	456	-21	2,608	4,758
Price						
Silver	$/oz (nominal)	15.7	20.5	34.4	31.9	28.5
Silver	$/oz (real 2021)	16.3	20.9	31.8	26.6	21.5

Source: Market Study

4. The Company

4.1 Overview of the Company and its Business Activities

The Al Masane Al Kobra Mining Company was incorporated as a Saudi Closed joint stock company in Jeddah pursuant to Ministerial Resolution No. Q/247 dated 09/10/1428H (corresponding to 21 October 2007G), with Commercial Register. No. 4030175345 dated 07/01/1429H (corresponding to 16 January 2008G).

On 21/07/1435H (corresponding to 20 May 2014G), the Company's head office was moved from Jeddah to Najran. Accordingly, the Najran Commercial Register dated No. 5950017523 dated 03/11/1431H (corresponding to 11 October 2010G) of Thar, Najran, P.O. 46, Zip Code: 55461, was modified to become the main Commercial Register. The Company's actual head office is located in Building 7847, Unit No. 2, 66244-3181, Najran. The Company was formed for the objective of producing Zinc and Copper concentrates and silver and gold bars. The Company's current share capital is five hundred and sixty three million two hundred and eighty-eight thousand six hundred and fifty Saudi Riyals (SAR 563,288,650) divided into fifty-six million three hundred twenty eight thousand eight hundred and sixty-five (56,328,865) Ordinary Shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per Share

The Company's total sales for the six-month period ended 30 June 2021G amounted to SAR 264,209,935 (compared to sales of SAR 145,084,213 for the six-month period ended 30 June 2020G). The Company also achieved sales of SAR 375,150,752, SAR 297,837,262, and SAR 263,384,837, for the financial years ending on 31 December 2020G, 2019G and 2018G, respectively. The gross profit for the period ended 30 June 2021G amounted to SAR 126,504,396 (compared to gross profit of SAR 38,173,961 for the period ended 30 June 2020G). The Company also achieved gross profit of SAR 134,513,579, SAR 80,877,575, and SAR 69,015,318 for the financial years ended 31 December 2020G, 2019G and 2018G, respectively. The total value of the Company's assets as at 30 June 2021G amounted to SAR 1,008,878,827 (compared to SAR 946,917,474, SAR 820,450,923 and SAR 826,992,227 for the financial years ending on 31 December 2020G, 2019G and 2018G, respectively). Total liabilities amounted to SAR 464,679,058 on 30 June 2021G (compared to SAR 494,931,426, SAR 398,937,065, and SAR 357,512,521 for the financial years ending on 31 December 2020G, 2019G and 2018G, respectively).

The Company's primary operations are the operation of the Al Masane Mine and Guyan Mine. Al Masane Mine is located at the main Al Masane mining camp and produces copper and zinc concentrates and silver and gold Doré. The Guyan Mine is located approximately 12km from the Al Masane Mine and produces gold and silver Doré.

As at 30 June 2021, the Company employed 454 employees (excluding contractors and consultants), of which 31.5% were Saudi nationals, compared to 417 employees as at 31 December 2020G, of which 32.4% were Saudi nationals (for further details please refer to Section 5, ("**Company Organizational Structure and Corporate Governance**")). As at the date of this Prospectus, the Company does not have any subsidiaries.

4.2 Company Mission and Vision

4.2.1 Vision

The Company's goal is to be the leading mining company in Saudi Arabia and the GCC region with sustainable value created for all stakeholders including shareholders, employees, the communities it operates in, contractors and suppliers.

4.2.2 Mission

The Company will continue to create long-term and sustainable value through exploration, discovery, and development of mining projects which will add value to Vision 2030 aspiration. The Company is aligned to a long-term strategy of investing in local and regional mining projects with a track record of strong financial and operational performance.=

4.3 Competitive Advantages and Key Strengths

The Company believes that its key competitive advantages and key strengths are as follows:

- **Government Support for the mining sector**

Saudi Arabia's mining sector is expecting a significant expansion in accordance with the Vison 2030 objectives. As the country embarks on its journey to diversify from oil and gas, the role of the metals and mining sector is gaining increasing importance.

Vision 2030 sets out a goal for the mining sector to significantly contribute to the national economy. The development of the mining sector is therefore a national priority and is listed as the third pillar of economic diversification after oil, gas and petrochemicals production. Vision 2030's emphasis on the sector is driven by the expectation that metals and mining will have a significant beneficial impact on the economy. According to Vision 2030, Saudi Arabia's mining industry could generate up to 219,000 additional jobs and increase its contribution to the Kingdom's GDP to SAR 240 billion by 2030G.

- **The Company's growth potential**

The Company has demonstrated solid growth in its operations and financial performance in the last three financial years ending 31 December 2018G, 31 December 2019G and 31 December 2020G as well as the six-month period ended 30 June 2021G, and believes this growth will continue. In late 2020, the Company commissioned the Guyan Mine, which is an open pit mine with more than 1.7 million tons of Ore Reserves. In addition, the Company continues its exploration activities based on its existing mining licenses and plans to conduct further exploration.

- **Demand for the Company's products**

According to the Market Study, strong demand for Copper and Zinc is expected to continue for the next 15 years. Demand for Copper is largely driven by broader economic growth and the increased use of renewable energy and electric vehicles. The Market Study states that over the next fifteen years, global Copper consumption is expected to increase from 26.9 Mt in 2020G to 37.6 Mt in 2035G, representing a 2.2% CAGR.

The Market Study also states that over the long-term, global refined Zinc demand is forecasted to rise from 13.1 Mt in 2020G to 15.4 Mt in 2035G, i.e. a 1.1% CAGR. There is also a potential upside for Zinc demand as the move towards renewable energy sources and carbon neutrality drives the ramp up of global production and installation of wind turbines, solar panels and utility-scale batteries.

- **Long life of mine in excess of 10 years with more exploration potential at deeper levels of existing deposits, extensions to known mineralization and across expansive exploration and mining concessions.**

According to the CPR, the Al Masane Mine has a total of Proven and Probable Ore Reserves of approximately 7.9 million Mt which is equal to a life of mine of 10 years without any further exploration. In addition, the CPR mentions that the Guyan Mine has a total of Proven and Probable Ore Reserves of approximately 1.7 million Mt which is equal to a life of mine of 6 years without any further exploration.

- **The pioneer mining Company operating in Saudi Arabia.**

The Company considers itself as the leading mining company focused on base metal and precious metal mining in Saudi Arabia. With an established human resources base, a reliable network of suppliers and strong relationships with lenders, the Company is well positioned to increase the footprint of mineral projects in the Asir-Najran region and other regions of Saudi Arabia in the coming years. With the addition of the new exploration licenses to existing license portfolio, the Company has an expansive area to explore, develop and mine all across the country, particularly in the southern region of Saudi Arabia.

With a strong local presence and a track record of successful project development and execution, the Company is well positioned to grow its business with organic and inorganic opportunities inside and outside the Saudi Arabia.

- **Strong and well-established team in the mining industry**

The Company's management team has a very diversified international mining experiences in various strong mining countries such as Australia, South Africa, and Turkey. This brings a great combination of experiences in underground mining, project development and execution, gold processing, base metal processing and exploration of new near-mine and greenfield mineral resources. The Company's CEO, a mining engineer, has almost 25 years of experience in base metal and gold mining companies in Turkey and Australia. The Operations Director, a mining engineer, has more than 35 years of experience in similar mining operations in Canada, South Africa and Australia. The Finance Director of AMAK is a chartered CPA and member of ACCA, with significant experience in mining accounting and IFRS reporting standards.

- **Strong financial performance despite turmoil in the metal markets due to Covid-19 pandemic in the last two years**

The Company has demonstrated strong financial performance over the last three financial years ending 31 December 2018G, 31 December 2019G, 31 December 2020G, and the six-month period ending 30 June 2021G as revenue grew by a CAGR of 19.3% from SAR 263.4 million in the financial year ended 31 December 2018G to SAR 375.2 million in the financial year ended 31 December 2020G and net income grew by 136.6% from SAR 12.8 for the six-month period ended 30 June 2020G to SAR 92.8 million for the six-month period ended 30 June 2021G. This growth was mainly driven by increased production from the mine and throughput at the mine, effective cost management and low production costs, increased availabilities and utilization of assets, coupled with strengthening commodity prices.

- **Low-cost producer of Copper and Zinc**

According to the Market Study cash costs, which include by-product credits, at international Copper mines have averaged around $2,250/t in 2020G. The Market Study Consultant estimates that the Al Masane Mine has a cash cost of -$65/t and is in the first quartile of the 2020G global Copper cost curve. This negative cash cost is a result of the credits received from gold and silver by-products in the concentrates produced at the Al Masane Mine.

According to the Market Study, globally underground Zinc cash costs have averaged around $950/t in 2020G. The Market Study Consultant estimates that Al Masane Mine has positive cash cost of $493/t and is in the first quartile of the 2020G global Zinc cost curve.

- **High grade gold and base metal orebodies**

According to the CPR, the Al Masane Mine has an average feed grade of 0.7% Copper and 3.5% Zinc as the primary metal content. In addition to these base metals, Al Masane orebodies have premium from gold and silver content in the processed ore. Gold content in the ore feed is around 0.9 g per tonne and silver content is 40 grams per tonne. Together with the gold and silver premiums, Al Masane ore Copper equivalent becomes 2.5% Copper. This is a high grade as compared to industry standards. This is also shown in the Market Study which states that the Company's Copper production cost is -$65 due to credits from gold and silver. With this, the Company is one of the lowest cost producers of Copper in the global market.

Al Masane orebodies (Saadah, Al Houra, Moyeath) are massive sulphide which allows mass mining. The mining method used at Al Masane Mine is longhole stopping. The Company estimates the underground production costs at around $17-18 per tonne, which is generally considered low for an underground mine. Whereas the milling cost is estimated to be around $20-22 per tonne (including leaching and the Merrill–Crowe Process which produces gold and silver by-products).

The Guyan Mine is an open pit operation and has a resource gold grade of around 2.35 grams per tonne. Moreover, the metallurgical recovery rate of this ore through the Guyan Processing Plant is high at 93%. According to the Market Study, when compared to similar open pit operations, the high grade and high recovery nature of the Guyan ore positions the Company in the third quartile of the gold producers cost curve. According to the Market Study, the Company's gold producing cost during the life of mine is estimated to be around $755 per ounce.

- **Large exploration concessions in the region for base metals (Cu, Zn, Pb, Ni) and gold**

The Company currently holds license rights to approximately 152 km^2 of exploration area at Guyan and Qatan and 54 km^2 pursuant to the Al Masane Mining License and the Guyan Mining License. There are numerous exploration objectives listed on the current exploration and mining licenses for each of Al Masane, Guyan, and Qatan.

4.4 Strategy

The main strategies of the Company that aim to grow its business include the following:

- Extend the life of mine to more than 20 years with resource development at deeper levels, with great potential for further resource development, nearby exploration, local areas exploration, greenfield reconnaissance and exploration in new concessions acquired from DMMR.
- Expand the Company's exploration license areas. To this end, the Company has recently more than tripled the exploration license area near the existing Al Masane Mining License and intends to conduct further exploration in this area. This area includes four known mineralization and also identified in the CPR. The Company believes that the most promising prospects are in the Wadi Shann and the Company intends to commence drilling at these prospects in 2021G for Wadi Shan. In the Al Masane Mining License, there are several other mineral occurrences identified and needs further geological works and studies.
- Maintain the Company's position in the 25th percentile of the low-cost producers of copper, zinc, and gold to mitigate against the impact of the metal price cycles. The Company is a low cost Copper and Zinc producer due to gold and silver premiums in the Copper concentrate as well as cost effective mass production method from underground.
- Sustain high quality and lowest impurity Copper and Zinc concentrates and continue to be a producer of choice for Copper and Zinc smelters in South East Asia. Zinc concentrate produced at the Company is tradeable to Chinese smelters due to very low impurities and high Zinc metal content in the concentrate. Also, Copper concentrate has considerable amount of gold (+5 gpt) and silver (+300 gpt) which makes this product more attractive for certain smelters. This makes the Company products more easily marketable with higher payability rates.
- Train Saudi human resources to decrease the dependency on expatriate workforce. The Company will especially focus on training and education of Saudi engineers and technicians, who will be developing and managing mining operations in the country and region.
- Invest in digital transformation of our mining operations to minimize the workers exposure to risky working conditions where applicable. Automation at new mines and underground production areas are the two priority digitalization aspects that the Company is implementing.
- Respect the environment and communities, we operate in, the Company aims to optimize water usage to minimize waste of water resources whist adhering to Zero Harm and Zero Discharge Policies.

4.5 Key Developments of the Company since Establishment

The following table shows the Company's key developments since its establishment up to the date of this Prospectus.

Table (4-1): Key developments since the Company's establishment:

Year	Event/Development
2007G	• Al Masane Al Kobra Mining Company was incorporated as a joint stock company with the principal activity of producing zinc and copper concentrates and gold and silver Doré. • Obtained SIDF loan to fund the construction of the Al Masane Mine. • Construction contracts were signed with Nesma Construction Company and China National Geological and Mining Corporation for the construction of the Al Masane Mine.
2008G	• The Al Masane Mining License was transferred from Trecora Resources (formerly Arabian Shield Development Company) to the Company
2011G	• The Al Masane Mine was commissioned. • The Company increased its capital to five hundred million Saudi Riyals (SAR 500,000,000) divided into fifty million (50,000,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) through cash subscriptions for five million (5,000,000) new Shares by a Shareholder.
2012G	• The Al Masane Mine commenced commercial production.
2013G	• The Company increased its capital to five hundred and fifty million Saudi Riyals (SAR 550,000,000) divided into fifty five million (55,000,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) through cash subscriptions for five million (5,000,000) additional Shares by Shareholders

Year	Event/Development
2015G	• Mining activities at the Al Masane Mine were suspended due to declining commodity prices and operations at the Al Masane Mine were limited to care and maintenance. • The Company increased its capital to seven hundred and forty million Saudi Riyals (SAR 740,000,000) divided into seventy four million (74,000,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) through the conversion of Share premium.
2016G	• The Al Masane Processing Plant was upgraded through a comprehensive mill refurbishment • Exploration drilling program for the Guyan Gold Project commenced. • The Company increased its capital to seven hundred and eighty million Saudi Riyals (SAR 780,000,000) divided into seventy eight million (78,000,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) through cash subscriptions for four million (4,000,000) additional Shares by Shareholders.
2017G	• The Company resumed commercial copper and zinc production at the Al Masane Mine and made various improvements to the plant to increase the milling capacity, processing performance and product quality.
2018G	• The Al Masane Processing Plant processed 617,756t of ore and produced a total of 26,889dmt of copper concentrate and 32,348dmt of zinc concentrate. • First gold and silver Doré were first produced as byproducts at the Al Masane Mine and sold to the market. • Feasibility study confirming the economic viability of the Guyan Gold Project was prepared by an independent consultant • The Company increased its capital to eight hundred and twenty million Saudi Riyals SAR 820,000,000 divided into eighty two million (82,000,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) through the conversion of Share premium..
2019G	• Al Masane Processing Plant processed a record 768,044 dmt of ore and produced a total of 23,246 dmt copper concentrate and 40,194 dmt zinc concentrate. • Gold production (as byproduct of Cu-Zn production line) increased by 260.8% to 5,805 oz. • Mill production costs at the Al Masane Mine decreased by approximately 9% compared to 2018G as a result of better capacity utilization and some automation improvement projects. • Obtained SIDF loan to fund the construction of Guyan Mine.
2020G	• Al Masane Processing Plant processed a record of 800,798 dmt ore and produced a total of 24,592 dmt of copper concentrate and 45,825 dmt of zinc concentrate. • The Company and certain Shareholders purchased the entire shareholding of Trecora Resources (formerly Arabian Shield Development Company). • Construction of the Guyan Mine was completed. • The Guyan Processing Plant was cold commissioned.
2021G	• First gold bullion produced at the Guyan Processing Plant. • The Company decreased its capital to four hundred and sixty seven million Saudi riyals (SAR 467,000,000) divided into forty million and seven hundred thousand (46,700,000) shares through the cancellation of (6,990,526) treasury shares and (112,367,499) ordinary shares to offset the accumulated losses amounting to SR 240,632,501. • The Company increased its capital from four hundred and sixty seven million Saudi riyals (SAR 467,000,000) to five hundred and sixty-three million two hundred and eighty-eight thousand six hundred and fifty Saudi riyals (SAR 563,288,650) divided into fifty-six million three hundred and twenty-eight thousand eight hundred and sixty-five (56,328,865) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) by granting a free share for every 4.85 Shares owned by the Shareholders registered in the Company's records on the day of the Extraordinary General Assembly, including the allocation of two hundred and fifty thousand two hundred and ninety (250,290) Shares as treasury Shares. The increase was covered by capitalizing the increase amount from the Company's profit account and statutory reserve account.

Source: Company information

4.6 Corporate Overview of the Company and Evolution of its Capital

Al Masane Al Kobra Mining Company was incorporated as a Saudi Closed joint stock company in Jeddah pursuant to Ministerial Resolution number 247/Q dated 9/10/1428H (21 October 2007), with Commercial Register No. 4030175345 dated 07/01/1429H (corresponding to 16 January 2008G) with an authorized capital of four hundred and fifty million Saudi riyals (SAR 450,000,000) divided into forty five million shares (45,000,000) shares. The authorized share capital was fully paid up on 14/08/1430H (corresponding to 05 August 2009G). Upon the Company's incorporation, its shares were allocated as follows:

Table (4-2): Company's Ownership Structure upon Incorporation

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	50%	22,500,000	10
Mohammed Bin Mana Bin Sultan Aballala	16%	7,200,000	10
Al Shaer Trading, Manufacturing and Contracting Company	10%	4,500,000	10
Prince Nawaf Bin Meshal Bin Saud Al Saud	8%	3,600,000	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	5%	2,250,000	10
Majid Bin Ali Bin Hussein Bin Musallam	5%	2,250,000	10
Thamarat Najran Company Limited	4%	1,800,000	10
Omar Ali Omar Babtain	2%	900,000	10
Total	**100%**	**45,000,000**	-

Source: The Company

On 03/01/1431H (corresponding to 20 December 2009G), Trecora Resources transferred (i) one million two hundred and ninety six thousand (1,296,000) shares to Mohammed Aballala, (ii) eight hundred and ten thousand (810,000) shares to Al Shaer Trading, Manufacturing and Contracting Company, (iii) six hundred and forty-eight thousand (648,000) shares to Prince Nawaf Bin Meshal Bin Saud Bin Abdulaziz Al Saud, (iv) four hundred and five thousand (405,000) shares to Ibrahim Bin Ali Bin Hussein Bin Musallam, (v) four hundred and five thousand (405,000) shares to Majid Bin Ali Bin Hussein Bin Musallam, (vi) three hundred and twenty four thousand (324,000) shares to Thamarat Najran Company Limited and (viii) one hundred and sixty two thousand (162,000) shares to Omar Ali Omar Babtain.

The following table shows the Company's ownership structure following the above-mentioned share transfers:

Table (4-3): The Company's Ownership Structure as at 03/01/1431H (corresponding to 20 December 2009G)

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	41%	18,450,000	10
Mohammed Bin Mana Bin Sultan Aballala	18.88%	8,496,000	10
Al Shaer Trading, Manufacturing and Contracting Company	11.80%	5,310,000	10
Prince Nawaf Bin Meshal Bin Saud Al Saud	9.44%	4,248,000	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	5.90%	2,655,000	10
Majid Bin Ali Bin Hussein Bin Musallam	5.90%	2,655,000	10
Thamarat Najran Company Limited	4.72%	2,124,000	10
Omar Ali Omar Babtain	2.36%	1,062,000	10
Total	**100%**	**45,000,000**	-

Source: The Company

On 17/07/1431H (corresponding to 29 June 2010G), Trecora Resources transferred one thousand (1,000) shares in the Company to each of: Ghazi Hashim Sultan, Robert Kennedy, Nicholas Carter and Elaine Mackie. Al Shaer Trading, Manufacturing and Contracting Company transferred one thousand (1,000) shares to Talal Ali Hussein Al Shaer. Thamarat Najran Company Limited transferred one thousand (1,000) shares in the Company to Ayman Abdulrahman AlShibl.

The following table shows the Company's ownership structure following the above-mentioned share transfers:

Table (4-4): The Company's Ownership Structure as at 17/07/1431H (corresponding to 29 June 2010G)

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	40.99%	18,446,000	10
Mohammed Bin Mana Bin Sultan Aballala	18.88%	8,496,000	10
Al Shair Co. for Trading, Industry & Contracting	11.80%	5,309,000	10
Prince Nawaf Bin Meshal Bin Saud Al Saud	9.44%	4,248,000	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	5.90%	2,655,000	10
Majid Bin Ali Bin Hussein Bin Musallam	5.90%	2,655,000	10
Thamarat Najran Company Limited	4.72%	2,123,000	10
Omar Ali Omar Babtain	2.36%	1,062,000	10
Ghazi Hashim Sultan	0%	1,000	10
Robert Kennedy	0%	1,000	10
Nicholas Carter	0%	1,000	10
Elaine Mackie	0%	1,000	10
Talal Ali Hussein Al Shaer	0%	1,000	10
Ayman Abdulrahman AlShibl	0%	1,000	10
Total	**100%**	**45,000,000**	-

Source: The Company

On 17/10/1431H (corresponding to 26 September 2010G), Mohammed Aballala transferred one million and seventy five thousand (1,075,000) shares in the Company to Ibrahim Bin Ali Bin Hussein Bin Musallam. The following table shows the Company's ownership structure following the above-mentioned share transfer:

Table (4-5): The Company's Ownership Structure as at 17/07/1431H (corresponding to 26 September 2010G)

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	40.99%	18,446,000	10
Mohammed Bin Mana Bin Sultan Aballala	16.49%	7,421,000	10
Al Shair Co. for Trading, Industry & Contracting	11.80%	5,309,000	10
Prince Nawaf Bin Meshal Bin Saud Al Saud	9.44%	4,248,000	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	8.29%	3,730,000	10
Majid Bin Ali Bin Hussein Bin Musallam	5.90%	2,655,000	10
Thamarat Najran Company Limited	4.72%	2,123,000	10
Omar Ali Omar Babtain	2.36%	1,062,000	10
Ghazi Hashim Sultan	0%	1,000	10
Robert Kennedy	0%	1,000	10
Nicholas Carter	0%	1,000	10
Elaine Mackie	0%	1,000	10
Talal Ali Hussein Al Shaer	0%	1,000	10
Ayman Abdulrahman AlShibl	0%	1,000	10
Total	**100%**	**45,000,000**	-

Source: The Company

Pursuant to the General Assembly resolution dated 02/05/1432H (corresponding to 06 April 2011G) the Company's share capital was increased from four hundred and fifty million Saudi riyals (SAR 450,000,000) to five hundred million Saudi riyals (SAR 500,000,000) divided into fifty million (50,000,000) shares of equal value with a par value of ten Saudi riyals (SAR 10) each through cash subscriptions for five million (5,000,000) new Shares by a Shareholder, Arab Mining Company (Armico). The following table shows the Company's ownership structure following the above-mentioned capital increase:

Table (4-6): The Company's Ownership Structure as at 02/05/1432H (corresponding to 06 April 2011G):

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	36.89%	18,446,000	10
Arab Mining Company (ARMICO)	10%	5,000,000	10
Mohammed Bin Mana Bin Sultan Aballala	14.84%	7,421,000	10
Al Shair Co. for Trading, Industry & Contracting	10.62%	5,309,000	10
Prince Nawaf Bin Meshal Bin Saud Al Saud	8.5%	4,248,000	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	7.46%	3,730,000	10
Majid Bin Ali Bin Hussein Bin Musallam	5.31%	2,655,000	10
Thamarat Najran Company Limited	4.25%	2,123,000	10
Omar Ali Omar Babtain	2.12%	1,062,000	10
Ghazi Hashim Sultan	0%	1,000	10
Robert Kennedy	0%	1,000	10
Nicholas Carter	0%	1,000	10
Allen McKee	0%	1,000	10
Talal Ali Hussein Al Shaer	0%	1,000	10
Ayman Abdulrahman AlShibl	0%	1,000	10
Total	**100%**	**50,000,000**	-

Source: The Company

On 16/07/1432H (corresponding to 18 June 2011G), Al Shair Co. for Trading, Industry & Contracting transferred three million and six hundred thousand (3,600,000) shares in the Company to National Lead Smelting Company (Rassas). The following table shows the Company's ownership structure following the above-mentioned share transfer:

Table (4-7): The Company's Ownership Structure as at 16/07/1432H (corresponding to 18 June 2011G):

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	36.89%	18,446,000	10
Arab Mining Company (ARMICO)	10%	5,000,000	10
Mohammed Bin Mana Bin Sultan Aballala	14.84%	7,421,000	10
Al Shair Co. for Trading, Industry & Contracting	3.42%	1,709,000	10
Prince Nawaf Bin Meshal Bin Saud Al Saud	8.5%	4,248,000	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	7.46%	3,730,000	10
Majid Bin Ali Bin Hussein Bin Musallam	5.31%	2,655,000	10
Thamarat Najran Company Limited	4.25%	2,123,000	10
Omar Ali Omar Babtain	2.12%	1,062,000	10
Ghazi Hashim Sultan	0%	1,000	10
Robert Kennedy	0%	1,000	10

Name	Ownership (%)	No. of Shares	Share Value
Nicholas Carter	0%	1,000	10
Allen McKee	0%	1,000	10
Talal Ali Hussein Al Shaer	0%	1,000	10
Ayman Abdulrahman AlShibl	0%	1,000	10
National Lead Smelting Company (Rassas)	7.20%	3,600,000	10
Total	**100%**	**50,000,000**	-

Source: The Company

On 02/11/1432H (corresponding to 30 September 2011G), Mohammed Aballala transferred (i) twenty-nine thousand and five hundred (29,500) shares to Ayman Abdulrahman AlShibl, and (ii) five hundred thousand (500,000) shares to Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen. The following table shows the Company's ownership structure following the above-mentioned share transfers:

Table (4-8): The Company's Ownership Structure as at 02/11/1432H (corresponding to 30 September 2011G):

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	36.89%	18,446,000	10
Mohammed Bin Mana Bin Sultan Aballala	13.78%	6,891,500	10
Al Shair Co. for Trading, Industry & Contracting	3.42%	1,709,000	10
Prince Nawaf Bin Meshal Bin Saud Al Saud	8.50%	4,248,000	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	7.46%	3,730,000	10
Majid Bin Ali Bin Hussein Bin Musallam	5.31%	2,655,000	10
Thamarat Najran Company Limited	4.25%	2,123,000	10
Omer Ali Omer Babtain	2.12%	1,062,000	10
Ghazi Hashim Sultan	0%	1,000	10
Robert Kennedy	0%	1,000	10
Nicholas Carter	0%	1,000	10
Elaine Mackie	0%	1,000	10
Talal Ali Hussein Al Shaer	0%	1,000	10
Ayman Abdulrahman AlShibl	0.06%	30,500	10
Arab Mining Company (Armico)	10%	5,000,000	10
National Lead Smelting Company (Rassas)	7.20%	3,600,000	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	1%	500,000	10
Total	**100%**	**50,000,000**	-

Source: The Company

On 26/03/1433H (corresponding to 19 February 2012G), Thamarat Najran Company Limited transferred (i) one million and twenty thousand (1,020,000) shares to Mohamed Aballala, and (ii) one million and twenty thousand (1,020,000) shares to Prince Nawaf Bin Meshal Bin Saud Bin Abdulaziz Al Saud. Prince Nawaf Bin Meshal Bin Saud Bin Abdulaziz Al Saud transferred his entire shareholding in the Company being five million two hundred and sixty-eight thousand (5,268,000) shares to Prince Meshal Bin Saud Bin Abdulaziz Al Saud. The following table shows the Company's ownership structure following the above-mentioned share transfers:

Table (4-9): The Company's Ownership Structure as at 26/03/1433H (corresponding to 19 February 2012G):

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	36.89%	18,446,000	10
Arab Mining Company (Armico)	10%	5,000,000	10
Mohammed Bin Mana Bin Sultan Aballala	15.82%	7,911,500	10
Al Shair Co. for Trading, Industry & Contracting	3.42%	1,709,000	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	10.54%	5,268,000	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	7.46%	3,730,000	10
Majid Bin Ali Bin Hussein Bin Musallam	5.31%	2,655,000	10
Thamarat Najran Company Limited	0.17%	83,000	10
Omer Ali Amer Babtain	2.12%	1,062,000	10
Ghazi Hashim Sultan	0%	1,000	10
Robert Kennedy	0%	1,000	10
Nicholas Carter	0%	1,000	10
Elaine Mackie	0%	1,000	10
Talal Ali Hussein Al Shaer	0%	1,000	10
Ayman Abdulrahman AlShibl	0.06%	30,500	10
National Lead Smelting Company (Rassas)	7.20%	3,600,000	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	1%	500,000	10
Total	**100%**	**50,000,000**	-

Source: The Company

On 23/06/1433H (corresponding to 15 May 2012G), Arab Mining Company (Armico) transferred one thousand (1,000) shares in the Company to Sultan Jamal Shawli. Mohammed Aballala transferred twelve thousand (12,000) shares in the Company to Abdullah Ali Mohammed Moshaikah. Robert Kennedy transferred one thousand (1,000) shares in the Company to Charlie Goehringer. The following table shows the Company's ownership structure following the above-mentioned transfers of shares:

Table (4-10): The Company's Ownership Structure as at 23/06/1433H (corresponding to 15 May 2012G)

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (Arabian Shield Development Company)	36.89%	18,446,000	10
Mohammed Bin Mana Bin Sultan Aballala	15.80%	7,899,500	10
Al Shair Co. for Trading, Industry & Contracting	3.42%	1,709,000	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	10.54%	5,268,000	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	7.46%	3,730,000	10
Majid Bin Ali Bin Hussein Bin Musallam	5.31%	2,655,000	10
Thamarat Najran Company Limited	0.17%	83,000	10
Omer Ali Omer Babtain	2.12%	1,062,000	10
Ghazi Hashim Sultan	0%	1,000	10
Charlie Goehringer	0%	1,000	10
Sultan Jamal Shawli	0%	1,000	10
Nicholas Carter	0%	1,000	10

Name	Ownership (%)	No. of Shares	Share Value
Elaine Mackie	0%	1,000	10
Talal Ali Hussein Al Shaer	0%	1,000	10
Ayman Abdulrahman AlShibl	0.06%	30,500	10
Arab Mining Company (ARMICO)	10%	4,999,000	10
National Lead Smelting Company (Rassas)	7.20%	3,600,000	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	1%	500,000	10
Abdullah Ali Mohammed Moshaikah	0.02%	12,000	10
Total	**100%**	**50,000,000**	-

Source: The Company

Pursuant to the General Assembly resolution dated 25/01/1434H (corresponding to 09 December 2012G), the Company's capital was increased from five hundred million Saudi riyals (SAR 500,000,000) to five hundred and fifty million Saudi riyals (SAR 550,000,000) through cash subscriptions for five million (5,000,000) new Shares by Shareholders and a new Shareholder. Ghazi Hashim Sultan transferred one thousand (1,000) shares to Trecora Resources. Charlie Goehringer transferred one thousand (1,000) shares to Trecora Resources. Sultan Jamal Shawli transferred one thousand (1,000) shares to Arab Mining Company (ARMICO). Nicholas Carter transferred one thousand (1,000) shares to Trecora Resources. Elaine Mackie transferred one thousand (1,000) shares to Trecora Resources. Talal Ali Hussein Al Shaer transferred one thousand (1,000) shares to Al Shair Co. for Trading, Industry & Contracting. Al Shair Co. for Trading, Industry & Contracting transferred six hundred and forty eight (648,000) shares to National Lead Smelting Company (Rassas). The following table shows the Company's ownership structure following the above-mentioned capital increase and share transfers:

Table (4-11): The Company's Ownership Structure as at 25/01/1434H (corresponding to 09 December 2012G)*

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (Arabian Shield Development Company)	36.90%	18,450,000	10
Mohammed Bin Mana Bin Sultan Aballala	15.80%	7,899,500	10
Al Shair Co. for Trading, Industry & Contracting	2.12%	1,062,000	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	10.54%	5,268,000	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	7.46%	3,730,000	10
Majid Bin Ali Bin Hussein Bin Musallam	5.31%	2,655,000	10
Thamarat Najran Company Limited	0.17%	83,000	10
Omer Ali Omer Babtain	2.12%	1,062,000	10
Ayman Abdulrahman AlShibl	0.06%	30,500	10
Arab Mining Company (ARMICO)	10%	5,000,000	10
National Lead Smelting Company (Rassas)	8.50%	4,248,000	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	1%	500,000	10
Abdullah Ali Mohammed Moshaikah	0.02%	12,000	10
Total	**100%**	**50,000,000**	-

Source: The Company

*The Capital increase from five hundred million Saudi riyals (SAR 500,000,000) to five hundred and fifty million Saudi riyals (SAR 550,000,000) was completed and reflected in the 2013 financial year.

On 18/07/1434H (corresponding to 28 May 2013G), the new Shares issued pursuant to the Company's capital increase from five hundred million Saudi riyals (SAR 500,000,000) to five hundred and fifty million Saudi riyals (SAR 550,000,000) were fully subscribed by the Shareholders.

Table (4-12): The Company's Ownership Structure as at 18/07/1434H (corresponding to 28 May 2013G)

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	35.25%	19,387,500	10
Mohammed Bin Mana Bin Sultan Aballala	14.36%	7,899,500	10
Al Shaer Trading, Manufacturing and Contracting Company	2.12%	1,168,200	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	9.58%	5,268,000	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	6.78%	3,730,000	10
Majid Bin Ali Bin Hussein Bin Musallam	4.83%	2,655,000	10
Thamarat Najran Company Limited	0.15%	83,000	10
Omer Ali Omer Babtain	1.93%	1,062,000	10
Ayman Abdulrahman AlShibl	0.06%	33,550	10
Arab Mining Company (ARMICO)	15.49%	8,521,550	10
National Lead Smelting Company	8.50%	4,675,000	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.91%	500,000	10
Abdullah Ali Mohammed Moshaikah	0.02%	13,200	10
Anas Sulaiman Hafiz	0.01%	3,500	10
Total	**100%**	**55,000,000**	-

Source: The Company

Pursuant to the General Assembly resolution dated 10/06/1436H (corresponding to 30 March 2015G), the Company's capital was increased from five hundred and fifty million Saudi riyals (SAR 550,000,000) to seven hundred and forty million Saudi riyals (SAR 740,000,000) divided into seventy four million (74,000,000) ordinary shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per share through the offer of (19) shares for each (55) shares owned by each Shareholder and share premium conversion of SAR (190,000,000) according to the certificate issued by the certified public accountant. Ibrahim Bin Ali Bin Hussein Bin Musallam transferred (i) one hundred and thirty four thousand and five hundred and forty five (134,545) shares to Abdullah Musallam, and (ii) sixty seven thousand and two hundred and seventy three (67,273) shares to Talal Musallam. The following table shows the Company's ownership structure following the above-mentioned capital increase and share transfers:

Table (4-13): The Company's Ownership Structure as at 10/06/1436H (corresponding to 30 March 2015G)

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	35.25%	26,085,000	10
Mohammed Bin Mana Bin Sultan Aballala	14.36%	10,628,418	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	9.58%	7,087,855	10
Arab Mining Company (ARMICO)	15.49%	11,465,358	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	6.51%	4,816,727	10
National Lead Smelting Company (Rassas)	8.50%	6,290,000	10
Majid Bin Ali Bin Hussein Bin Musallam	4.83%	3,572,182	10
Al Shair Co. for Trading, Industry & Contracting	2.12%	1,571,760	10
Omar Ali Omar Babtain	1.93%	1,428,873	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.91%	672,727	10
Abdullah M. Musallam	0.18%	134,545	10
Thamarat Najran Company Limited	0.15%	111,673	10

Name	Ownership (%)	No. of Shares	Share Value
Talal M. Musallam	0.09%	67,273	10
Ayman Abdulrahman AlShibl	0.06%	45,140	10
Abdullah Ali Al Moshaigeh	0.02%	17,760	10
Anas Sulaiman Hafiz	0.01%	4,709	10
Total	**100%**	**74,000,000**	-

Source: The Company

On 02/03/1437H (corresponding to 14 December 2015G), Mohammed Aballala transferred (i)fifty thousand (50,000) shares to Jaber A. Al-Yami, (ii) twenty thousand (20,000) shares to Ali Mansour Yehia Bidi, and (iii) six hundred thousand (600,000) shares to Ibrahim Musallam. Prince Meshal Bin Saud Bin Abdulaziz Al Saud transferred six hundred thousand (600,000) shares to Ibrahim Musallam. Omar Babtain transferred one hundred and twenty thousand (120,000) shares to Malik Hassan Al Harbi. Ibrahim Musallam transferred one hundred thirty eight thousand seven hundred and fifty (138,750) shares to Ismail Mohammed Amin Hassan. The following table shows the Company's ownership structure following the above-mentioned transfers of shares:

Table (4-14): The Company's Ownership Structure as at 02/03/1437H (corresponding to 14 December 2015G)

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	35.25%	26,085,000	10
Mohammed Bin Mana Bin Sultan Aballala	13.46%	9,958,418	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.77%	6,487,855	10
Arab Mining Company (ARMICO)	15.49%	11,465,358	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	7.94%	5,877,977	10
National Lead Smelting Company (Rassas)	8.50%	6,290,000	10
Majid Bin Ali Bin Hussein Bin Musallam	4.83%	3,572,182	10
Al Shair Co. for Trading, Industry & Contracting	2.12%	1,571,760	10
Omar Ali Omar Babtain	1.77%	1,308,873	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.91%	672,727	10
Ismail Mohammed Amin Hassan	0.19%	138,750	10
Abdullah Mohammed Hussein Musallam	0.18%	134,545	10
Malik Hassan Al Harbi	0.16%	120,000	10
Thamarat Najran Company Limited	0.15%	111,673	10
Talal Muhammed Hussein Musallam	0.09%	67,273	10
Jaber A. Al-Yami	0.07%	50,000	10
Ayman Abdulrahman AlShibl	0.06%	45,140	10
Ali Mansour Yehia Bidi	0.03%	20,000	10
Abdullah Ali Al Moshaigeh	0.02%	17,760	10
Anas Sulaiman Hafiz	0.01%	4,709	10
Total	**100%**	**74,000,000**	-

Source: The Company

Pursuant to the General Assembly resolution dated 10/08/1437H (corresponding to 17 May 2016G), the Company's capital was increased from seven hundred and forty million Saudi riyals (SAR 740,000,000) to seven hundred and eighty million Saudi riyals (SAR 780,000,000) divided into seventy eight million (78,000,000) ordinary shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per share through the issuance of four million (4,000,000) new

Shares, paid in cash. Thamarat Najran Company Limited transferred (i) fifty five thousand and eight hundred and thirty six (55,836) to Mohammed Aballala, and (ii) fifty five thousand and eight hundred and thirty seven (55,837) to Prince Meshal Bin Saud Bin Abdulaziz Al Saud and exited the Company. The following table shows the Company's ownership structure following the above-mentioned capital increase and share transfers:

Table (4-15): The Company's Ownership Structure as at 10/08/1437H (corresponding to 17 May 2016G)*

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	35.25%	26,085,000	10
Mohammed Bin Mana Bin Sultan Aballala	13.53%	10,014,254	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.84%	6,543,692	10
Arab Mining Company (ARMICO)	15.49%	11,465,358	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	7.94%	5,877,977	10
National Lead Smelting Company (Rassas)	8.50%	6,290,000	10
Majid Bin Ali Bin Hussein Bin Musallam	4.83%	3,572,182	10
Al Shair Co. for Trading, Industry & Contracting	2.12%	1,571,760	10
Omar Ali Omar Babtain	1.77%	1,308,873	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.91%	672,727	10
Ismail Mohammed Amin Hassan	0.19%	138,750	10
Abdullah Mohammed Hussein Musallam	0.18%	134,545	10
Malik Hassan Al Harbi	0.16%	120,000	10
Talal Muhammed Hussein Musallam	0.09%	67,273	10
Jaber A. Al-Yami	0.07%	50,000	10
Ayman Abdulrahman AlShibl	0.06%	45,140	10
Ali Mansour Yehia Bidi	0.03%	20,000	10
Abdullah Ali Al Moshaigeh	0.02%	17,760	10
Anas Sulaiman Hafiz	0.01%	4,709	10
Total	**100%**	**74,000,000**	

Source: The Company

* The new Shares issued as a result of the Capital increase from f seven hundred and forty million Saudi riyals (SAR 740,000,000) to seven hundred and eighty million Saudi riyals (SAR 780,000,000) were fully subscribed by Arab Mining Company (ARMICO) on 16/08/1437H (corresponding to 24 May 2016G).

On 13/09/1437H (corresponding to 19 June 2016G), Abdullah Ali Al Moshaigeh purchased ten thousand (10,000) shares from the capital increase. The following table shows the Company's ownership structure following the above-mentioned capital increase and share transfer:

Table (4-16): The Company's Ownership Structure as at 13/09/1437H (corresponding to 19 June 2016G)

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	33.44%	26,085,000	10
Mohammed Bin Mana Bin Sultan Aballala	12.84%	10,014,254	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.39%	6,543,692	10
Arab Mining Company (ARMICO)	19.81%	15,455,358	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	7.54%	5,877,977	10
National Lead Smelting Company (Rassas)	8.06%	6,290,000	10

Name	Ownership (%)	No. of Shares	Share Value
Majid Bin Ali Bin Hussein Bin Musallam	4.58%	3,572,182	10
Al Shair Co. for Trading, Industry & Contracting	2.02%	1,571,760	10
Omar Ali Omar Babtain	1.68%	1,308,873	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.86%	672,727	10
Ismail Mohammed Amin Hassan	0.18%	138,750	10
Abdullah Mohammed Hussein Musallam	0.17%	134,545	10
Malik Hassan Al Harbi	0.15%	120,000	10
Talal Muhammed Hussein Musallam	0.09%	67,273	10
Jaber A. Al-Yami	0.06%	50,000	10
Ayman Abdulrahman AlShibl	0.06%	45,140	10
Ali Mansour Yehia Bidi	0.03%	20,000	10
Abdullah Ali Al Moshaigeh	0.04%	27,760	10
Anas Sulaiman Hafiz	0.01%	4,709	10
Total	**100%**	**78,000,000**	

Source: The Company

On 09/07/1439H (corresponding to 26 March 2018G), Trecora Resources transferred (i) eleven thousand three hundred and thirty two (11,332) shares to Ahmed Al-Sulaiman, and (ii) seven thousand five hundred and eighteen (7,518) shares to Lana Al-Sulaiman. The following table shows the Company's ownership structure following the above-mentioned share transfers:

Table (4-17): The Company's Ownership Structure as at 09/07/1439H (corresponding to 26 March 2018G):

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources formerly Arabian Shield Development Company)	33.42%	26,066,150	10
Mohammed Bin Mana Bin Sultan Aballala	12.84%	10,014,254	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.39%	6,543,692	10
Arab Mining Company (ARMICO)	19.81%	15,455,358	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	7.54%	5,877,977	10
National Lead Smelting Company (Rassas)	8.06%	6,290,000	10
Majid Bin Ali Bin Hussein Bin Musallam	4.58%	3,572,182	10
Al Shair Co. for Trading, Industry & Contracting	2.02%	1,571,760	10
Omar Ali Omar Babtain	1.68%	1,308,873	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.86%	672,727	10
Ismail Mohammed Amin Hassan	0.18%	138,750	10
Abdullah Mohammed Hussein Musallam	0.17%	134,545	10
Malik Hassan Al Harbi	0.15%	120,000	10
Talal Muhammed Hussein Musallam	0.09%	67,273	10
Jaber A. Al-Yami	0.06%	50,000	10
Ayman Abdulrahman AlShibl	0.06%	45,140	10
Ali Mansour Yehia Bidi	0.03%	20,000	10

Name	Ownership (%)	No. of Shares	Share Value
Abdullah Ali Al Moshaigeh	0.04%	27,760	10
Anas Sulaiman Hafiz	0.01%	4,709	10
Ahmed Al-Sulaiman	0.01%	11,332	10
Lana Al-Sulaiman	0.01%	7,518	10
Total	**100%**	**78,000,000**	

Source: The Company

On 17/12/1439H (corresponding to 28 August 2018G), Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen transferred his entire shareholding being six hundred and seventy two thousand and seven hundred and twenty seven (672,727) shares to the Ministry of Finance. Arab Mining Company (ARMICO) transferred (i) two hundred thousand and three hundred and fifty eight (200,358) shares to Majid Bin Ali Bin Hussein Bin Musallam, and (ii) (45,000) shares to Abdullah Ali Mohammed Moshaikah. The following table shows the Company's ownership structure following the above-mentioned share transfers:

Table (4-18): The Company's Ownership Structure as at 17/12/1439H (corresponding to 28 August 2018G):

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (formerly Arabian Shield Development Company)	33.42%	26,066,150	10
Mohammed Bin Mana Bin Sultan Aballala	12.84%	10,014,254	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.39%	6,543,692	10
Arab Mining Company (ARMICO)	19.50%	15,210,000	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	7.54%	5,877,977	10
National Lead Smelting Company (Rassas)	8.06%	6,290,000	10
Majid Bin Ali Bin Hussein Bin Musallam	4.84%	3,772,540	10
Al Shair Co. for Trading, Industry & Contracting	2.02%	1,571,760	10
Omar Ali Omar Babtain	1.68%	1,308,873	10
Ismail Mohammed Amin Hassan	0.18%	138,750	10
Abdullah Mohammed Hussein Musallam	0.17%	134,545	10
Malik Hassan Al Harbi	0.15%	120,000	10
Talal Muhammed Hussein Musallam	0.09%	67,273	10
Jaber A. Al-Yami	0.06%	50,000	10
Ayman Abdulrahman AlShibl	0.06%	45,140	10
Ali Mansour Yehia Bidi	0.03%	20,000	10
Abdullah Ali Al Moshaigeh	0.09%	72,760	10
Anas Sulaiman Hafiz	0.01%	4,709	10
Ahmed Al-Sulaiman	0.01%	11,332	10
Lana Al-Sulaiman	0.01%	7,518	10
Ministry of Finance	0.86%	672,727	10
Total	**100%**	**78,000,000**	-

Source: The Company

Pursuant to the General Assembly resolution dated 17/02/1440H (corresponding to 28 October 2018G), the Company's capital was increased from seven hundred and eighty million Saudi riyals (SAR 780,000,000) to eight hundred and twenty million Saudi riyals (SAR 820,000,000) divided into eighty two million (82,000,000) ordinary shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per Share through the offer of (2) shares for each (39) shares owned by each shareholder and share premium conversion of forty million Saudi (SAR 40,000,000) according to the certificate issued by the certified public accountant.

The following table shows the Company's ownership structure following the above-mentioned capital increase:

Table (4-19): The Company's Ownership Structure as at 17/02/1440H (corresponding to 28 October 2018G)

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (previously Arabian Shield Development Company)	33.42%	27,402,876	10
Mohammed Bin Mana Bin Sultan Aballala	12.84%	10,527,805	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.39%	6,879,266	10
Arab Mining Company (ARMICO)	19.50%	15,990,000	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	7.54%	6,179,412	10
National Lead Smelting Company (Rassas)	8.06%	6,612,564	10
Majid Bin Ali Bin Hussein Bin Musallam	4.84%	3,966,004	10
Al Shair Co. for Trading, Industry & Contracting	2.02%	1,652,363	10
Omar Ali Omar Babtain	1.68%	1,375,994	10
Ministry of Finance	0.86%	707,226	10
Ismail Mohammed Amin Hassan	0.18%	145,865	10
Abdullah Mohammed Hussein Musallam	0.17%	141,445	10
Malik Hassan Al Harbi	0.15%	126,154	10
Talal Muhammed Hussein Musallam	0.09%	70,723	10
Jaber A. Al-Yami	0.06%	52,564	10
Ayman Abdulrahman AlShibl	0.06%	47,455	10
Ali Mansour Yehia Bidi	0.03%	21,026	10
Abdullah Ali Al Moshaigeh	0.09%	76,491	10
Anas Sulaiman Hafiz	0.01%	4,950	10
Ahmed Al-Sulaiman	0.01%	11,913	10
Lana Al-Sulaiman	0.01%	7,904	10
Total	**100%**	**82,000,000**	

Source: The Company

On 17/01/1441H (corresponding to 16 September 2019G), Trecora Resources transferred one hundred thousand (100,000) shares to Savas Sahin. Mohammed Aballala transferred (100,000) one hundred thousand shares to Salman Abdulaziz Bin Shehween and (25,000) twenty-five thousand shares to Savas Sahin. Ibrahim Bin Ali Bin Hussein Bin Musallam transferred twenty-five thousand (25,000) shares to Savas Sahin. The following table shows the Company's ownership structure following the above-mentioned share transfers[5]:

5 These shares were transferred to Savas Sahin as an incentive for his work as the Company's CEO. As on the date of this Prospectus, the ownership of these shares is subject to obtaining the approval of the Ministry of Investment or complying with all necessary legal procedures in accordance with the applicable laws and regulations.

Table (4-20): The Company's Ownership Structure as at 17/01/1441H (corresponding to 16 September 2019G)

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (previously Arabian Shield Development Company)	32.28%	26,467,422	10
Mohammed Bin Mana Bin Sultan Aballala	12.05%	9,880,232	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.13%	6,669,532	10
Arab Mining Company (ARMICO)	18.91%	15,502,500	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	7.28%	5,966,015	10
National Lead Smelting Company (Rassas)	8.06%	6,612,564	10
Majid Bin Ali Bin Hussein Bin Musallam	4.69%	3,845,089	10
Al Shair Co. for Trading, Industry & Contracting	1.95%	1,601,986	10
Ismail Mohammed Amin Hassan	0.17%	141,418	10
Abdullah Mohammed Hussein Musallam	0.17%	141,445	10
Malik Hassan Al Harbi	0.15%	122,308	10
Talal Muhammed Hussein Musallam	0.09%	70,723	10
Jaber A. Al-Yami	0.06%	50,961	10
Ayman Abdulrahman AlShibl	0.06%	46,008	10
Ali Mansour Yehia Bidi	0.02%	20,385	10
Abdullah Ali Al Moshaigeh	0.09%	76,491	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.84%	685,664	10
Anas Sulaiman Hafiz	0.01%	4,950	10
Ahmed Al-Sulaiman	0.01%	11,913	10
Lana Al-Sulaiman	0.01%	7,904	10
Khalid Ali Babtain	1.63%	1,334,045	10
Savas Sahin	0.18%	150,000	10
Salman Abdulaziz Bin Shehween	0.12%	100,000	10
Treasury Shares	3.04%	2,490,445	10
Total	**100%**	**82,000,000**	-

Source: The Company

On 28/08/1441H (corresponding to 22 April 2020G), Trecora Resources transferred four million (4,000,000) shares to Arab Mining Company (ARMICO). Mohammed Aballala transferred (i) Seventy thousand (70,000) shares to Abdullah Ali Mohammed Moshaikah, (ii) five hundred thousand (500,000) shares to Abdulsalam A. Draibi, (iii) five hundred thousand (500,000) shares to Ayman Abdulrahman AlShibl, (iv) two hundred thousand (200,000) shares to Abdulilah Othman AlSaleh, and (v) (20,000) to Salem Bajandouh. Ibrahim Musallam transferred five hundred thousand (500,000) shares to Nasser Ali AlSharif. Majed Musallam transferred nine hundred thirty eight thousand eight hundred and forty three (938,843) shares to Dalal Bin Musallam. The following table shows the Company's ownership structure following the above-mentioned transfers of shares:

Table (4-21): The Company's Ownership Structure as at 28/08/1441H (corresponding to 22 April 2020G)

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (previously Arabian Shield Development Company)	27.40%	22,467,422	10
Mohammed Bin Mana Bin Sultan Aballala	10.48%	8,590,232	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.13%	6,669,532	10
Arab Mining Company (ARMICO)	23.78%	19,502,500	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	6.67%	5,466,015	10
National Lead Smelting Company (Rassas)	8.06%	6,612,564	10
Majid Bin Ali Bin Hussein Bin Musallam	3.54%	2,906,246	10
Al Shair Co. for Trading, Industry & Contracting	1.95%	1,601,986	10
Ismail Mohammed Amin Hassan	0.17%	141,418	10
Abdullah Mohammed Hussein Musallam	0.17%	141,445	10
Malik Hassan Al Harbi	0.15%	122,308	10
Talal Muhammed Hussein Musallam	0.09%	70,723	10
Jaber A. Al-Yami	0.06%	50,961	10
Ayman Abdulrahman AlShibl	0.67%	546,008	10
Ali Mansour Yehia Bidi	0.02%	20,385	10
Abdullah Ali Al Moshaigeh	0.18%	146,491	10
Anas Sulaiman Hafiz	0.01%	4,950	10
Ahmed Al-Sulaiman	0.01%	11,913	10
Lana Al-Sulaiman	0.01%	7,904	10
Khalid Ali Babtain	1.63%	1,334,045	10
Savas Sahin	0.18%	150,000	10
Salman Abdulaziz Bin Shehween	0.12%	100,000	10
Treasury Shares	3.04%	2,490,445	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.84%	685,664	10
Dalal Bin Musallam	1.14%	938,843	10
Abdulsalam A. Draibi	0.61%	500,000	10
Nasser Ali AlSharif	0.61%	500,000	10
Abdulilah Othman AlSaleh	0.24%	200,000	10
Salem Bajandouh	0.02%	20,000	10
Total	**100%**	**82,000,000**	

Source: The Company

On 27/09/1441H (corresponding to 20 May 2020G), Ibrahim Musallam transferred three hundred thousand (300,000) shares to Raydah Hamel Al Yami. The following table shows the Company's ownership structure following the above-mentioned transfer of shares:

Table (4-22): The Company's Ownership Structure as at 27/09/1441H (corresponding to 20 May 2020G)

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (previously Arabian Shield Development Company)	27.40%	22,467,422	10
Mohammed Bin Mana Bin Sultan Aballala	10.48%	8,590,232	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.13%	6,669,532	10
Arab Mining Company (ARMICO)	23.78%	19,502,500	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	6.30%	5,466,015	10
National Lead Smelting Company (Rassas)	8.06%	6,612,564	10
Majid Bin Ali Bin Hussein Bin Musallam	3.54%	2,906,246	10
Al Shair Co. for Trading, Industry & Contracting	1.95%	1,601,986	10
Ismail Mohammed Amin Hassan	0.17%	141,418	10
Abdullah Mohammed Hussein Musallam	0.17%	141,445	10
Malik Hassan Al Harbi	0.15%	122,308	10
Talal Muhammed Hussein Musallam	0.09%	70,723	10
Jaber A. Al-Yami	0.06%	50,961	10
Ayman Abdulrahman AlShibl	0.67%	546,008	10
Ali Mansour Yehia Bidi	0.02%	20,385	10
Abdullah Ali Al Moshaigeh	0.18%	146,491	10
Anas Sulaiman Hafiz	0.01%	4,950	10
Ahmed Al-Sulaiman	0.01%	11,913	10
Lana Al-Sulaiman	0.01%	7,904	10
Khalid Ali Babtain	1.63%	1,334,045	10
Savas Sahin	0.18%	150,000	10
Salman Abdulaziz Bin Shehween	0.12%	100,000	10
Treasury Shares	3.04%	2,490,445	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.84%	685,664	10
Dalal Bin Musallam	1.14%	938,843	10
Abdulsalam A. Draibi	0.61%	500,000	10
Nasser Ali AlSharif	0.61%	500,000	10
Abdulilah Othman AlSaleh	0.24%	200,000	10
Salem Bajandouh	0.02%	20,000	10
Raydah Hamel Al Yami	0.37%	300,000	10
Total	**100%**	**82,000,000**	

Source: The Company

On 01/01/1442H (corresponding to 20 August 2020G), Trecora Resources transferred (i) nine hundred and seventy five thousand (975,000) shares to Ayman AlShibl, (ii) seventy thousand and one (70,001) shares to Savas Sahin. Mohammed Aballala transferred five hundred thousand (500,000) shares to Warif Investment LLC. Ismail Hassan transferred one hundred and forty one thousand and four hundred and eighteen (141,418) shares to Khalid Ali Babtain. Abdullah Moshaikah transferred (i) twenty five thousand (25,000) shares to Lila Abdullah Al-Moshaikah, (ii) ten thousand (10,000) shares to Hajir Abdullah Al-Moshaikah, and (iii) ten thousand (10,000) shares to Meryam Abdullah Al-Moshaikah.

In addition, the Company bought back five million seven hundred and nine thousand and five hundred and fifty five (5,709,555) shares from Trecora Resources and designated them as treasury shares. The following table shows the Company's ownership structure following the above-mentioned transfers of shares[6]:

Table (4-23): The Company's Ownership Structure as at 01/01/1442H (corresponding to 20 August 2020G)

Name	Ownership (%)	No. of Shares	Share Value
Trecora Resources (previously Arabian American Development Company)	19.16%	15,712,866	10
Mohammed Bin Mana Bin Sultan Aballala	9.87%	8,090,232	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.13%	6,669,532	10
Arab Mining Company (ARMICO)	23.78%	19,502,500	10
National Lead Smelting Company (Rassas)	8.06%	6,612,564	10
Majid Bin Ali Bin Hussein Bin Musallam	3.54%	2,906,246	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	6.30%	5,166,015	10
Al Shair Co. for Trading, Industry & Contracting	1.95%	1,601,986	10
Abdullah Mohammed Hussein Musallam	0.17%	141,445	10
Malik Hassan Al Harbi	0.15%	122,308	10
Talal Muhammed Hussein Musallam	0.09%	70,723	10
Jaber A. Al-Yami	0.06%	50,961	10
Ayman Abdulrahman AlShibl	1.85%	1,521,008	10
Ali Mansour Yehia Bidi	0.02%	20,385	10
Abdullah Ali Al Moshaigeh	0.12%	101,491	10
Anas Sulaiman Hafiz	0.01%	4,950	10
Ahmed Al-Sulaiman	0.01%	11,913	10
Lana Al-Sulaiman	0.01%	7,904	10
Khalid Ali Babtain	1.80%	1,475,463	10
Savas Sahin	0.27%	220,001	10
Salman Abdulaziz Bin Shehween	0.12%	100,000	10
Treasury Shares	10.00%	8,200,000	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.84%	685,664	10
Dalal Bin Musallam	1.14%	938,843	10
Abdulsalam A. Draibi	0.61%	500,000	10
Nasser Ali AlSharif	0.61%	500,000	10
Abdulilah Othman AlSaleh	0.24%	200,000	10
Salem Bajandouh	0.02%	20,000	10
Raydah Hamel Al Yami	0.37%	300,000	10
Warif Investment LLC	0.61%	500,000	10
Lila Abdullah Al-Moshaikah	0.03%	25,000	10
Hajir Abdullah Al-Moshaikah	0.01%	10,000	10
Meryam Abdullah Al-Moshaikah	0.01%	10,000	10
Total	**100%**	**82,000,000**	

Source: The Company

6 These shares were transferred to Savas Sahin as an incentive for his work as the Company's CEO. As on the date of this Prospectus, the ownership of these shares is subject to obtaining the approval of the Ministry of Investment or complying with all necessary legal procedures in accordance with the applicable laws and regulations.

On 13/02/1442H (corresponding to 01 October 2020G), Trecora Resources transferred its entire shareholding in the Company as per the following: (i) fourteen million nine hundred and three thousand and four hundred and seventy-two (14,903,472) shares to Asas Mining Company, (ii) three hundred and eighteen thousand and four hundred and ninety seven (318,497) shares to Mohammed Aballala, (iii) one hundred and forty seven and four hundred (147,400) shares to Ibrahim Musallam, (iv) three hundred and eighteen thousand and four hundred and ninety seven (318,497) shares to Majid Musallam and (v) twenty five thousand (25,000) shares to Ayman AlShibl. The following table shows the Company's ownership structure following the above-mentioned transfers of shares:

Table (4-24): The Company's Ownership Structure as at 13/02/1442H (corresponding to 01 October 2020G)

Name	Ownership (%)	No. of Shares	Share Value
Mohammed Bin Mana Bin Sultan Aballala	10.25%	8,408,729	10
Asas Mining Company	18.17%	14,903,472	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.13%	6,669,532	10
Arab Mining Company (ARMICO)	23.78%	19,502,500	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	6.48%	5,313,415	10
National Lead Smelting Company (Rassas)	8.06%	6,612,564	10
Majid Bin Ali Bin Hussein Bin Musallam	3.93%	3,224,743	10
Al Shair Co. for Trading, Industry & Contracting	1.95%	1,601,986	10
Abdullah Mohammed Hussein Musallam	0.17%	141,445	10
Malik Hassan Al Harbi	0.15%	122,308	10
Talal Muhammed Hussein Musallam	0.09%	70,723	10
Jaber A. Al-Yami	0.06%	50,961	10
Ayman Abdulrahman AlShibl	1.89%	1,546,008	10
Ali Mansour Yehia Bidi	0.02%	20,385	10
Abdullah Ali Al Moshaigeh	0.12%	101,491	10
Anas Sulaiman Hafiz	0.01%	4,950	10
Ahmed Al-Sulaiman	0.01%	11,913	10
Lana Al-Sulaiman	0.01%	7,904	10
Khalid Ali Babtain	1.80%	1,475,463	10
Savas Sahin	0.27%	220,001	10
Salman Abdulaziz Bin Shehween	0.12%	100,000	10
Treasury Shares	10.00%	8,200,000	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.84%	685,664	10
Dalal Bin Musallam	1.14%	938,843	10
Abdulsalam A. Draibi	0.61%	500,000	10
Nasser Ali AlSharif	0.61%	500,000	10
Abdulilah Othman AlSaleh	0.24%	200,000	10
Salem Bajandouh	0.02%	20,000	10
Raydah Hamel Al Yami	0.37%	300,000	10
Warif Investment LLC	0.61%	500,000	10
Lila Abdullah Al-Moshaikah	0.03%	25,000	10
Hajir Abdullah Al-Moshaikah	0.01%	10,000	10
Meryam Abdullah Al-Moshaikah	0.01%	10,000	10
Total	**100%**	**82,000,000**	

Source: The Company

On 11/03/1442H (corresponding to 28 October 2020G), Arab Mining Company (ARMICO) transferred four million (4,000,000) shares in the Company to Arab Mining Company - Fujairah. The following table shows the Company's ownership structure following the above-mentioned transfer of shares:

Table (4-25): The Company's Ownership Structure as at 11/03/1442H (corresponding to 28 October 2020G)

Name	Ownership (%)	No. of Shares	Share Value
Mohammed Bin Mana Bin Sultan Aballala	10.25%	8,408,729	10
Asas Mining Company	18.17%	14,903,472	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.13%	6,669,532	10
Arab Mining Company (ARMICO)	18.91%	15,502,500	10
Arab Mining Company - Fujairah	4.88%	4,000,000	10
National Lead Smelting Company (Rassas)	8.06%	6,612,564	10
Majid Bin Ali Bin Hussein Bin Musallam	3.93%	3,224,743	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	6.48%	5,313,415	10
Al Shair Co. for Trading, Industry & Contracting	1.95%	1,601,986	10
Abdullah Mohammed Hussein Musallam	0.17%	141,445	10
Malik Hassan Al Harbi	0.15%	122,308	10
Talal Muhammed Hussein Musallam	0.09%	70,723	10
Jaber A. Al-Yami	0.06%	50,961	10
Ayman Abdulrahman AlShibl	1.89%	1,546,008	10
Ali Mansour Yehia Bidi	0.02%	20,385	10
Abdullah Ali Al Moshaigeh	0.12%	101,491	10
Anas Sulaiman Hafiz	0.01%	4,950	10
Ahmed Al-Sulaiman	0.01%	11,913	10
Lana Al-Sulaiman	0.01%	7,904	10
Khalid Ali Babtain	1.80%	1,475,463	10
Savas Sahin	0.27%	220,001	10
Salman Abdulaziz Bin Shehween	0.12%	100,000	10
Treasury Shares	10.00%	8,200,000	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.84%	685,664	10
Dalal Bin Musallam	1.14%	938,843	10
Abdulsalam A. Draibi	0.61%	500,000	10
Nasser Ali AlSharif	0.61%	500,000	10
Abdulilah Othman AlSaleh	0.24%	200,000	10
Salem Bajandouh	0.02%	20,000	10
Raydah Hamel Al Yami	0.37%	300,000	10
Warif Investment LLC	0.61%	500,000	10
Lila Abdullah Al-Moshaikah	0.03%	25,000	10
Hajir Abdullah Al-Moshaikah	0.01%	10,000	10
Meryam Abdullah Al-Moshaikah	0.01%	10,000	10
Total	**100%**	**82,000,000**	

Source: The Company

On 07/04/1442H (corresponding to 23 November 2020G), Mohammed Aballala transferred (i) four hundred thousand (400,000) shares in the Company to Warif Investment LLC, and (ii) twenty thousand (20,000) shares to Yasser Faisal Al Sharif. The following table shows the Company's ownership structure following the above-mentioned transfer of shares:

Table (4-26): The Company's Ownership Structure as at 07/04/1442H (corresponding to 23 November 2020G)

Name	Ownership (%)	No. of Shares	Share Value
Mohammed Bin Mana Bin Sultan Aballala	9.74%	7,988,729	10
Asas Mining Company	18.17%	14,903,472	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.13%	6,669,532	10
Arab Mining Company (ARMICO)	18.91%	15,502,500	10
Arab Mining Company - Fujairah	4.88%	4,000,000	10
National Lead Smelting Company (Rassas)	8.06%	6,612,564	10
Majid Bin Ali Bin Hussein Bin Musallam	3.93%	3,224,743	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	6.48%	5,313,415	10
Al Shair Co. for Trading, Industry & Contracting	1.95%	1,601,986	10
Abdullah Mohammed Hussein Musallam	0.17%	141,445	10
Malik Hassan Al Harbi	0.15%	122,308	10
Talal Muhammed Hussein Musallam	0.09%	70,723	10
Jaber A. Al-Yami	0.06%	50,961	10
Ayman Abdulrahman AlShibl	1.89%	1,546,008	10
Ali Mansour Yehia Bidi	0.02%	20,385	10
Abdullah Ali Al Moshaigeh	0.12%	101,491	10
Anas Sulaiman Hafiz	0.01%	4,950	10
Ahmed Al-Sulaiman	0.01%	11,913	10
Lana Al-Sulaiman	0.01%	7,904	10
Khalid Ali Babtain	1.80%	1,475,463	10
Savas Sahin	0.27%	220,001	10
Salman Abdulaziz Bin Shehween	0.12%	100,000	10
Treasury Shares	10.00%	8,200,000	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.84%	685,664	10
Dalal Bin Musallam	1.14%	938,843	10
Abdulsalam A. Draibi	0.61%	500,000	10
Nasser Ali AlSharif	0.61%	500,000	10
Abdulilah Othman AlSaleh	0.24%	200,000	10
Salem Bajandouh	0.02%	20,000	10
Raydah Hamel Al Yami	0.37%	300,000	10
Warif Investment LLC	1.10%	900,000	10
Lila Abdullah Al-Moshaikah	0.03%	25,000	10
Hajir Abdullah Al-Moshaikah	0.01%	10,000	10
Meryam Abdullah Al-Moshaikah	0.01%	10,000	10
Yasser Faisal Al Sharif	0.02%	20,000	10
Total	**100%**	**82,000,000**	**-**

Source: The Company

On 09/07/1442H (corresponding to 21 February 2021G), Mohammed Aballala transferred (i) fifty thousand (50,000) shares in the Company to Savas Sahin, and (ii) one hundred and twenty thousand (120,000) shares to Mesfer Salem Al Wisamer. Ibrahim Musallam transferred (i) (25,000) shares in the Company to Savas Sahin, and (ii) two million and nine hundred and sixty three thousand and one hundred and fifteen (2,963,115) shares to Wadha Hussein Nasseb. The following table shows the Company's ownership structure following the above-mentioned transfers of shares[7]:

Table (4-27): The Company's Ownership Structure as at 09/07/1442H (corresponding to 21 February 2021G)

Name	Ownership (%)	No. of Shares	Share Value
Mohammed Bin Mana Bin Sultan Aballala	9.54%	7,818,729	10
Asas Mining Company	18.17%	14,903,472	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.13%	6,669,532	10
Arab Mining Company (ARMICO)	18.91%	15,502,500	10
Arab Mining Company - Fujairah	4.88%	4,000,000	10
National Lead Smelting Company (Rassas)	8.06%	6,612,564	10
Majid Bin Ali Bin Hussein Bin Musallam	3.90%	3,199,743	10
Ibrahim Bin Ali Bin Hussein Bin Musallam	2.84%	2,325,300	10
Al Shair Co. for Trading, Industry & Contracting	1.95%	1,601,986	10
Abdullah Mohammed Hussein Musallam	0.17%	141,445	10
Malik Hassan Al Harbi	0.15%	122,308	10
Talal Muhammed Hussein Musallam	0.09%	70,723	10
Jaber A. Al-Yami	0.06%	50,961	10
Ayman Abdulrahman AlShibl	1.89%	1,546,008	10
Ali Mansour Yehia Bidi	0.02%	20,385	10
Abdullah Ali Al Moshaigeh	0.12%	101,491	10
Anas Sulaiman Hafiz	0.01%	4,950	10
Ahmed Al-Sulaiman	0.01%	11,913	10
Lana Al-Sulaiman	0.01%	7,904	10
Khalid Ali Babtain	1.80%	1,475,463	10
Savas Sahin	0.39%	320,001	10
Salman Abdulaziz Bin Shehween	0.12%	100,000	10
Treasury Shares	10.00%	8,200,000	10
Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	0.84%	685,664	10
Dalal Bin Musallam	1.14%	938,843	10
Abdulsalam A. Draibi	0.61%	500,000	10
Nasser Ali AlSharif	0.61%	500,000	10
Abdulilah Othman AlSaleh	0.24%	200,000	10
Salem Bajandouh	0.02%	20,000	10
Raydah Hamel Al Yami	0.37%	300,000	10
Warif Investment LLC	1.10%	900,000	10
Lila Abdullah Al-Moshaikah	0.03%	25,000	10
Hajir Abdullah Al-Moshaikah	0.01%	10,000	10
Meryam Abdullah Al-Moshaikah	0.01%	10,000	10
Yasser Faisal Al Sharif	0.02%	20,000	10
Wadha Hussein Nasseb	3.61%	2,963,115	10
Mesfer Salem Al Wisamer	0.15%	120,000	10
Total	**100%**	**82,000,000**	

Source: The Company

7 These shares were transferred to Savas Sahin as an incentive for his work as the Company's CEO. As on the date of this Prospectus, the ownership of these shares is subject to obtaining the approval of the Ministry of Investment or complying with all necessary legal procedures in accordance with the applicable laws and regulations.

And on 09/08/1442H (corresponding to 23 March 2021G), the Company's capital was decreased from eight hundred and twenty million Saudi riyals (SAR 820,000,000) to four hundred and sixty seven million Saudi riyals (SAR 467,000,000) divided into forty six million and seven hundred thousand (46,700,000) ordinary shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per share through cancelling six million nine hundred and ninety thousand and five hundred and twenty six (6,990,526) treasury shares and twenty eight million three hundred and nine thousand and four hundred seventy four (28,309,474) ordinary Shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per Share to offset the accumulated losses amounting to 29.35% of the Company's share capital.

Malik Hassan Al Harbi transferred his entire shareholding in the Company being one hundred and twenty-two thousand and three hundred and eight (122,308) shares to Hassan Al Sairafi. Ibrahim Bin Ali Bin Hussein Bin Musallam transferred (i) fourteen thousand six hundred and thirty nine (14,639) shares to Abdullah Musallam (ii) eighty five thousand three hundred and sixty one (85,361) shares to Talal Musallam (iii) twenty two thousand five hundred (22,500) shares to Yasir Faisal AlSharif (iv) one hundred twenty five thousand (125,000) shares to Nawal Ali Bin Musallam. Majid Bin Ali Bin Hussein Bin Musallam transferred (i) twenty two thousand five hundred (22,500) shares to Yasser Faisal Al Sharif (ii) Seven hundred fifty one thousand and seventy four (751,074) shares to Lama Ali Musallam (iii) five hundred sixty three thousand and three hundred and six (563,306) shares to Abdulaziz Bin Musallam (iv) one hundred eighty seven thousand and seven hundred and sixty eight (187,768) shares to Noura Ali Musallam (v) one hundred eighty seven thousand and seven hundred and sixty eight (187,768) shares to Fatima Ali Musallam.

The following table shows the Company's ownership structure following the above-mentioned capital decrease and share transfer:

Table (4-28): The Company's Ownership Structure as at 09/08/1442H (corresponding to 23 March 2021G)*

Name	Ownership (%)	No. of Shares	Share Value
Arab Mining Co (ARMICO)	20.46%	9,555,784	10
Asas Mining Company	19.67%	9,186,542	10
Mohammed Aballala	10.32%	4,819,486	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.80%	4,111,118	10
National Lead Smelting Company (Rassas)	8.73%	4,076,003	10
Arab Mining Company - Fujairah	5.28%	2,465,611	10
Wadha Hussein Nasseb	3.91%	1,826,472	10
Ibrahim Bin Musallam	2.74%	1,280,762	10
Al Shair Co. for Trading, Industry & Contracting	2.11%	987,469	10
Ayman AlShibl	2.04%	952,964	10
Majed Bin Musallam	1.96%	916,793	10
Khalid Ali Babtain	1.95%	909,480	10
Dalal Bin Musallam	1.24%	578,705	10
Warif Investments LLC	1.19%	554,763	10
Lama Ali Musallam	0.99%	462,964	10
Abdulmohsen Al Mohaisen	0.91%	422,645	10
Abdulaziz Bin Ali Bin Musallam	0.74%	347,223	10
Abdulsalam A. Draibi	0.66%	308,201	10
Savas Sahin	0.42%	197,250	10
Raydah Hamel AlYami	0.40%	184,921	10
Abdulilah Othman AlSaleh	0.26%	123,281	10
Noura Ali Musallam	0.25%	115,741	10
Faima Ali Musallam	0.25%	115,741	10
Abdullah M. Bin Musallam	0.21%	96,211	10
Talal M. Bin Musallam	0.21%	96,211	10
Nawal Ali Bin Musallam	0.16%	77,050	10

Name	Ownership (%)	No. of Shares	Share Value
Hassan Ali AlSairafi	0.16%	75,391	10
Nasser Ali AlSharif	0.66%	308,201	10
Mesfer Salem AlWisamer	0.16%	73,968	10
Abdullah Al Moshaigeh	0.13%	62,559	10
Salman Abdulaziz Bin Shehween	0.13%	61,640	10
Yasser Faisal AlSharif	0.09%	40,066	10
Jaber A. Al-Yami	0.07%	31,413	10
Lila Abdullah Al-Moshaikah	0.03%	15,410	10
Ali M. Bidi	0.03%	12,565	10
Salem Ali Bajandouh	0.03%	12,328	10
Ahmad A. AlSulaiman	0.02%	7,343	10
Hajir Abdullah Al-Moshaikah	0.01%	6,164	10
Meryam Abdullah Al-Moshaikah	0.01%	6,164	10
Lana A. AlSulaiman	0.01%	4,872	10
Anas Sulaiman Hafiz	0.01%	3,051	10
Treasury Shares	2.59%	1,209,474	10
Total	**100%**	**46,700,000**	-

Source: The Company

On 09/02/1443H (corresponding to 16 September 2021G), Mohammed Aballala transferred: (i) seven hundred thousand (700,000) shares in the Company to Badr Aballala, and (ii) one hundred and fifty thousand (150,000) shares to Salem Bajandouh. The following table shows the Company's ownership structure after the above-mentioned share transfer:

Table (4-29): The Company's Ownership Structure as at 09/02/1443H (corresponding to 16 September 2021G)

Name	Ownership (%)	No. of Shares	Share Value
Arab Mining Co (ARMICO)	20.46%	9,555,784	10
Asas Mining Company	19.67%	9,186,542	10
Mohammed Aballala	8.50%	3,969,486	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.80%	4,111,118	10
National Lead Smelting Company (Rassas)	8.73%	4,076,003	10
Arab Mining Company - Fujairah	5.28%	2,465,611	10
Wadha Hussein Nasseb	3.91%	1,826,472	10
Ibrahim Bin Musallam	2.74%	1,280,762	10
Al Shair Co. for Trading, Industry & Contracting	2.11%	987,469	10
Ayman AlShibl	2.04%	952,964	10
Majed Bin Musallam	1.96%	916,793	10
Khalid Ali Babtain	1.95%	909,480	10
Badr Aballala	1.50%	700,000	10
Dalal Bint Musallam	1.24%	578,705	10
Warif Investments LLC	1.19%	554,763	10
Lama Ali Musallam	0.99%	462,964	10
Abdulmohsen Al Mohaisen	0.91%	422,645	10
Abdulaziz Bin Ali Bin Musallam	0.74%	347,223	10
Abdulsalam A. Draibi	0.66%	308,201	10
Savas Sahin	0.42%	197,250	10

Name	Ownership (%)	No. of Shares	Share Value
Raydah Hamel AlYami	0.40%	184,921	10
Salem Bajandouh	0.35%	162,328	10
Abdulilah Othman AlSaleh	0.26%	123,281	10
Noura Ali Musallam	0.25%	115,741	10
Faima Ali Musallam	0.25%	115,741	10
Abdullah M. Bin Musallam	0.21%	96,211	10
Talal M. Bin Musallam	0.21%	96,211	10
Nawal Ali Bin Musallam	0.16%	77,050	10
Hassan Ali AlSairafi	0.16%	75,391	10
Nasser Ali AlSharif	0.66%	308,201	10
Mesfer Salem AlWisamer	0.16%	73,968	10
Abdullah Al Moshaigeh	0.13%	62,559	10
Salman Abdulaziz Bin Shehween	0.13%	61,640	10
Yasser Faisal AlSharif	0.09%	40,066	10
Jaber A. Al-Yami	0.07%	31,413	10
Lila Abdullah Al-Moshaikah	0.03%	15,410	10
Ali M. Bidi	0.03%	12,565	10
Ahmad A. AlSulaiman	0.02%	7,343	10
Hajir Abdullah Al-Moshaikah	0.01%	6,164	10
Meryam Abdullah Al-Moshaikah	0.01%	6,164	10
Lana A. AlSulaiman	0.01%	4,872	10
Anas Sulaiman Hafiz	0.01%	3,051	10
Treasury Shares	2.59%	1,209,474	10
Total	**100%**	**46,700,000**	**-**

Source: The Company

On 15/02/1443H (corresponding to 22 September 2021G), Mohammed Aballala transferred eighty thousand (80,000) shares in the Company to Majed Bin Musallam. Ibrahim Bin Musallam also transferred seventy thousand (70,000) shares in the Company to Majed Bin Musallam. The following table shows the Company's ownership structure after the above-mentioned share transfer:

Table (4-30): The Company's Ownership Structure as at 15/02/1443H (corresponding to 22 September 2021G)

Name	Ownership (%)	No. of Shares	Share Value
Arab Mining Co (ARMICO)	20.46%	9,555,784	10
Asas Mining Company	19.67%	9,186,542	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.80%	4,111,118	10
National Lead Smelting Company (Rassas)	8.73%	4,076,003	10
Mohammed Aballala	8.33%	3,889,486	10
Arab Mining Company - Fujairah	5.28%	2,465,611	10
Wadha Hussein Nasseb	3.91%	1,826,472	10
Ibrahim Bin Musallam	2.59%	1,210,762	10
Majed Bin Musallam	2.28%	1,066,793	10
Al Shair Co. for Trading, Industry & Contracting	2.11%	987,469	10
Ayman AlShibl	2.04%	952,964	10
Khalid Ali Babtain	1.95%	909,480	10
Badr Aballala	1.50%	700,000	10

Name	Ownership (%)	No. of Shares	Share Value
Dalal Bint Musallam	1.24%	578,705	10
Warif Investments LLC	1.19%	554,763	10
Lama Ali Musallam	0.99%	462,964	10
Abdulmohsen Al Mohaisen	0.91%	422,645	10
Abdulaziz Bin Ali Bin Musallam	0.74%	347,223	10
Abdulsalam A. Draibi	0.66%	308,201	10
Savas Sahin	0.42%	197,250	10
Raydah Hamel AlYami	0.40%	184,921	10
Salem Bajandouh	0.35%	162,328	10
Abdulilah Othman AlSaleh	0.26%	123,281	10
Noura Ali Musallam	0.25%	115,741	10
Faima Ali Musallam	0.25%	115,741	10
Abdullah M. Bin Musallam	0.21%	96,211	10
Talal M. Bin Musallam	0.21%	96,211	10
Nawal Ali Bin Musallam	0.16%	77,050	10
Hassan Ali AlSairafi	0.16%	75,391	10
Nasser Ali AlSharif	0.66%	308,201	10
Mesfer Salem AlWisamer	0.16%	73,968	10
Abdullah Al Moshaigeh	0.13%	62,559	10
Salman Abdulaziz Bin Shehween	0.13%	61,640	10
Yasser Faisal AlSharif	0.09%	40,066	10
Jaber A. Al-Yami	0.07%	31,413	10
Lila Abdullah Al-Moshaikah	0.03%	15,410	10
Ali M. Bidi	0.03%	12,565	10
Ahmad A. AlSulaiman	0.02%	7,343	10
Hajir Abdullah Al-Moshaikah	0.01%	6,164	10
Meryam Abdullah Al-Moshaikah	0.01%	6,164	10
Lana A. AlSulaiman	0.01%	4,872	10
Anas Sulaiman Hafiz	0.01%	3,051	10
Treasury Shares	2.59%	1,209,474	10
Total	**100%**	**46,700,000**	-

Source: The Company

On 26/02/1443H (corresponding to 3 October 2021G), the General Assembly approved the increase of the Company's capital from four hundred and sixty-seven million Saudi riyals (SAR 467,000,000) to five hundred and sixty-three million two hundred and eighty-eight thousand six hundred and fifty Saudi riyals (SAR 563,288,650) divided into fifty-six million three hundred twenty-eight thousand eight hundred and sixty-five (56,328,865) ordinary shares with a fully paid nominal value of ten Saudi riyals (SAR 10) per share, by granting a free share for every 4.85 Shares owned by the Shareholders registered in the Company's records on the day of the Extraordinary General Assembly, including the allocation of two hundred and fifty thousand two hundred and ninety (250,290) Shares as treasury Shares. The increase was covered by capitalizing the increase amount from the Company's profit account and statutory reserve account.

The following table shows the company's ownership structure after the above-mentioned capital increase:

Table (4-31): The Company's Ownership Structure as at 26/02/1443H (corresponding to 03 October 2021G)

Name	Ownership (%)	No. of Shares	Share Value
Arab Mining Co (ARMICO)	20.46%	11,526,049	10
Asas Mining Company	19.67%	11,080,674	10
Mohammed Aballala	8.33%	4,691,441	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.80%	4,958,771	10
National Lead Smelting Company (Rassas)	8.73%	4,916,416	10
Arab Mining Company - Fujairah	5.28%	2,973,984	10
Wadha Hussein Nasseb	3.91%	2,203,064	10
Ibrahim Bin Musallam	2.59%	1,460,404	10
Al Shair Co. for Trading, Industry & Contracting	2.11%	1,191,071	10
Ayman AlShibl	2.04%	1,149,451	10
Majed Bin Musallam	2.28%	1,286,750	10
Khalid Ali Babtain	1.95%	1,097,002	10
Dalal Bint Musallam	1.24%	698,026	10
Warif Investments LLC	1.19%	669,147	10
Lama Ali Musallam	0.99%	558,420	10
Abdulmohsen Al Mohaisen	0.91%	509,788	10
Abdulaziz Bin Ali Bin Musallam	0.74%	418,815	10
Abdulsalam A. Draibi	0.66%	371,748	10
Nasser Ali AlSharif	0.66%	371,748	10
Savas Sahin	0.42%	237,920	10
Raydah Hamel AlYami	0.40%	223,049	10
Abdulilah Othman AlSaleh	0.26%	148,700	10
Noura Ali Musallam	0.25%	139,605	10
Fatima Ali Musallam	0.25%	139,605	10
Abdullah M. Bin Musallam	0.21%	116,048	10
Talal M. Bin Musallam	0.21%	116,048	10
Nawal Ali Bin Musallam	0.16%	92,937	10
Hassan Ali AlSairafi	0.16%	90,936	10
Mesfer Salem AlWisamer	0.16%	89,219	10
Abdullah Al Moshaigeh	0.13%	75,458	10
Salman Abdulaziz Bin Shehween	0.13%	74,349	10
Yasser Faisal AlSharif	0.09%	48,327	10
Jaber A. Al-Yami	0.07%	37,890	10
Lila Abdullah Al-Moshaikah	0.03%	18,587	10
Ali M. Bidi	0.03%	15,156	10
Salem Bajandouh	0.35%	195,798	10
Ahmad A. AlSulaiman	0.02%	8,857	10
Hajir Abdullah Al-Moshaikah	0.01%	7,435	10
Meryam Abdullah Al-Moshaikah	0.01%	7,435	10
Lana A. AlSulaiman	0.01%	5,877	10
Anas Sulaiman Hafiz	0.01%	3,680	10
Badr Aballala	1.50%	844,330	10
Treasury Shares	2.59%	1,458,850	10
Total	**100%**	**56,328,865**	-

Source: The Company

Table (4-32): The Company's Current Ownership Structure

Name	Ownership (%)	No. of Shares	Share Value
Arab Mining Co (ARMICO)	20.46%	11,526,049	10
Asas Mining Company	19.67%	11,080,674	10
Mohammed Aballala	8.33%	4,691,441	10
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	8.80%	4,958,771	10
National Lead Smelting Company (Rassas)	8.73%	4,916,416	10
Arab Mining Company - Fujairah	5.28%	2,973,984	10
Wadha Hussein Nasseb	3.91%	2,203,064	10
Ibrahim Bin Musallam	2.59%	1,460,404	10
Al Shair Co. for Trading, Industry & Contracting	2.11%	1,191,071	10
Ayman AlShibl	2.04%	1,149,451	10
Majed Bin Musallam	2.28%	1,286,750	10
Khalid Ali Babtain	1.95%	1,097,002	10
Dalal Bint Musallam	1.24%	698,026	10
Warif Investments LLC	1.19%	669,147	10
Lama Ali Musallam	0.99%	558,420	10
Abdulmohsen Al Mohaisen	0.91%	509,788	10
Abdulaziz Bin Ali Bin Musallam	0.74%	418,815	10
Abdulsalam A. Draibi	0.66%	371,748	10
Nasser Ali AlSharif	0.66%	371,748	10
Savas Sahin[8]	0.42%	237,920	10
Raydah Hamel AlYami	0.40%	223,049	10
Abdulilah Othman AlSaleh	0.26%	148,700	10
Noura Ali Musallam	0.25%	139,605	10
Fatima Ali Musallam	0.25%	139,605	10
Abdullah M. Bin Musallam	0.21%	116,048	10
Talal M. Bin Musallam	0.21%	116,048	10
Nawal Ali Bin Musallam	0.16%	92,937	10
Hassan Ali AlSairafi	0.16%	90,936	10
Mesfer Salem AlWisamer	0.16%	89,219	10
Abdullah Al Moshaigeh	0.13%	75,458	10
Salman Abdulaziz Bin Shehween	0.13%	74,349	10
Yasser Faisal AlSharif	0.09%	48,327	10
Jaber A. Al-Yami	0.07%	37,890	10
Lila Abdullah Al-Moshaikah	0.03%	18,587	10
Ali M. Bidi	0.03%	15,156	10
Salem Bajandouh	0.35%	195,798	10
Ahmad A. AlSulaiman	0.02%	8,857	10
Hajir Abdullah Al-Moshaikah	0.01%	7,435	10
Meryam Abdullah Al-Moshaikah	0.01%	7,435	10
Lana A. AlSulaiman	0.01%	5,877	10
Anas Sulaiman Hafiz	0.01%	3,680	10
Badr Aballala	1.50%	844,330	10
Treasury Shares	2.59%	1,458,850	10
Total	**100%**	**56,328,865**	-

Source: The Company

8 These shares were transferred to Savas Sahin as an incentive for his work as the Company's CEO. As on the date of this Prospectus, the ownership of these shares is subject to obtaining the approval of the Ministry of Investment or complying with all necessary legal procedures in accordance with the applicable laws and regulations.

4.7 Overview of the Structure of the Company

4.7.1 Company Ownership Structure before and after the Offering

As at the date of this Prospectus, the Company's current share capital is five hundred and sixty three million two hundred eighty thousand six hundred and fifty Saudi riyals (SAR 563,288,650) divided into fifty six million three hundred twenty-eight thousand eight hundred and sixty-five (56,328,865) Shares with a value of SAR 10 per Share. The following table provides an overview of the ownership of the Shares:

Table (4-33): Overview of Share Ownerhsip before and after the Offering:

No.	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Par Value (SAR)	Ownership Percentage	No. of Shares	Par Value (SAR)	Ownership Percentage
1.	Arab Mining Company (ARMICO)	11,526,049	115,260,490	20.46%	9,398,371	93,983,710	14.24%
2.	Asas Mining Company	11,080,674	110,806,740	19.67%	9,035,210	90,352,100	13.69%
3.	Prince Meshal Bin Saud Bin Abdulaziz Al Saud	4,958,771	49,587,710	8.80%	4,043,395	40,433,950	6.13%
4.	National Lead Smelting Company (Rassas)	4,916,416	49,164,160	8.73%	4,008,858	40,088,580	6.07%
5.	Mohammed Mana Aballala	4,691,441	46,914,410	8.33%	3,825,413	38,254,130	5.80%
6.	Arab Mining Company-Fujairah	2,973,984	29,739,840	5.28%	2,424,994	24,249,940	3.67%
7.	Wadha Bint Hussein Bin Jaber Nasseb	2,203,064	22,030,640	3.91%	1,796,384	17,963,840	2.72%
8.	Ibrahim Bin Ali Bin Hussein Bin Musallam	1,460,404	14,604,040	2.59%	1,190,817	11,908,170	1.80%
9.	Majed Bin Ali Bin Hussein Bin Musallam	1,286,750	12,867,500	2.28%	1,049,219	10,492,190	1.59%
10.	Al Shair Co. for Trading Industry & Contracting	1,191,071	11,910,710	2.11%	971,202	9,712,020	1.47%
11.	Ayman Bin Abdulrahman AlShibl	1,149,451	11,494,510	2.04%	937,265	9,372,650	1.42%
12.	Khalid Bin Ali Bin Omar Babtain	1,097,002	10,970,020	1.95%	894,498	8,944,980	1.36%
13.	Badr Bin Mana Bin Sultan Aballala	844,330	8,443,300	1.50%	688,469	6,884,690	1.04%
14.	Dalal Bint Ali Bin Hussein Bin Musallam	698,026	6,980,260	1.24%	569,172	5,691,720	0.86%
15.	Warif Investments LLC	669,147	6,691,470	1.19%	545,624	5,456,240	0.83%
16.	Lama Bint Ali Bin Musallam	558,420	5,584,200	0.99%	455,337	4,553,370	0.69%
17.	Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	509,788	5,097,880	0.91%	415,682	4,156,820	0.63%
18.	Abdulaziz Bin Ali Bin Musallam	418,815	4,188,150	0.74%	341,503	3,415,030	0.52%
19.	Abdulsalam Bin Abdullah Bin Abdulaziz Draibi	371,748	3,717,480	0.66%	303,124	3,031,240	0.46%
20.	Nasser Bin Ali Bin Ahmad Mansour AlSharif	371,748	3,717,480	0.66%	303,124	3,031,240	0.46%
21.	Savas Sahin[9]	237,920	2,379,200	0.42%	194,001	1,940,010	0.29%
22.	Raydah Bint Hamel Bin Hamad AlYami	223,049	2,230,490	0.40%	181,875	1,818,750	0.28%
23.	Salem Bin Ali Bin Salem Bajandouh	195,798	1,957,980	0.35%	159,654	1,596,540	0.24%
24.	Abdulilah Bin Othman Bin Nasser AlSaleh	148,700	1,487,000	0.26%	121,250	1,212,500	0.18%
25.	Noura Bint Ali Bin Musallam	139,605	1,396,050	0.25%	113,834	1,138,340	0.17%

9 For further information on the shares of Savas Sahin, please refer to Section 4.6 (Corporate Overview of the Company and Evolution of its Capital)

No.	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Par Value (SAR)	Ownership Percentage	No. of Shares	Par Value (SAR)	Ownership Percentage
26.	Fatima Bint Ali Bin Musallam	139,605	1,396,050	0.25%	113,834	1,138,340	0.17%
27.	Abdullah Bin Mohamed Bin Hussein Bin Musallam	116,048	1,160,480	0.21%	94,626	946,260	0.14%
28.	Talal Bin Mohamed Bin Hussein Bin Musallam	116,048	1,160,480	0.21%	94,626	946,260	0.14%
29.	Nawal Bint Ali Bin Musallam	92,937	929,370	0.16%	75,781	757,810	0.11%
30.	Hassan Bin Ali AlSairafi	90,936	909,360	0.16%	74,149	741,490	0.11%
31.	Mesfer Salem AlWisamer	89,219	892,190	0.16%	72,749	727,490	0.11%
32.	Abdullah Bin Ali Bin Mohamed Al Moshaigeh	75,458	754,580	0.13%	61,529	615,290	0.09%
33.	Salman Bin Abdulaziz Bin Saad Bin Shehween	74,349	743,490	0.13%	60,624	606,240	0.09%
34.	Yasser Bin Faisal Bin Yahya AlSharif	48,327	483,270	0.09%	39,406	394,060	0.06%
35.	Jaber Bin Abdullah Bin Jaber Al-Yami	37,890	378,900	0.07%	30,896	308,960	0.05%
36.	Lila Bint Abdullah Bin Ali Al-Moshaikah	18,587	185,870	0.03%	15,156	151,560	0.02%
37.	Ali Bin Mansour Bin Yahya Bidi	15,156	151,560	0.03%	12,358	123,580	0.02%
38.	Ahmad Bin Abdullah Bin Sulaiman AlSulaiman	8,857	88,570	0.02%	7,222	72,220	0.01%
39.	Hajir Bint Abdullah Bin Ali Al-Moshaikah	7,435	74,350	0.01%	6,063	60,630	0.01%
40.	Meryam Bint Abdullah Bin Ali Al-Moshaikah	7,435	74,350	0.01%	6,063	60,630	0.01%
41.	Lana Bint Ahmad Bin Abdullah AlSulaiman	5,877	58,770	0.01%	4,792	47,920	0.01%
42.	Anas Bin Sulaiman Bin Salem Hafiz	3,680	36,800	0.01%	3,001	30,010	0.00%
43.	Treasury Shares	1,458,850	14,588,500	2.59%	1,458,850	14,588,500	2.21%
44.	Public	-	-	-	19,800,000	198,000,000	30.00%
Total		**56,328,865**	**563,288,650**	**100.00%**	**66,000,000**	**660,000,000**	**100.00%**

Source: The Company

The following table lists the Substantial shareholders in the Company, directly and indirectly, before and after the Offering.

Table (4-34): Substantial Shareholders before and after the Offering

Shareholders	Pre-Offering			Post-Offering		
	No. of Shares	Nominal Value (SAR)	Direct Ownership (%)	No. of Shares	Nominal Value (SAR)	Direct Ownership (%)
Arab Mining Company (ARMICO)	11,526,049	115,260,490	20.46%	9,398,371	93,983,710	14.24%
Asas Mining Company	11,080,674	110,806,740	19.67%	9,035,210	90,352,100	13.69%
Prince Meshal Bin Saud Bin Abdulaziz Al Saud	4,958,771	49,587,710	8.80%	4,043,395	40,433,950	6.13%
National Lead Smelting Company (Rassas)	4,916,416	49,164,160	8.73%	4,008,858	40,088,580	6.07%
Mohammed Aballala	4,691,441	46,914,410	8.33%	3,825,413	38,254,130	5.80%
Arab Mining Company-Fujairah	2,973,984	29,739,840	5.28%	2,424,994	24,249,940	3.67%
Total	**37,173,351**	**371,733,510**	**71.27%**	**32,736,241**	**327,362,410**	**49.60%**

Source: The Company

4.7.2 Overview of the Substantial Shareholders

4.7.2.1 Arab Mining Company (ARMICO)

Arab Mining Company (ARMICO) was established as an Arab Joint stock company with its headquarters in Jordan based on the Arab Economic Unity Council's resolution dated on 10/06/1974G. It has a current share capital of two hundred million (USD 200,000,000) divided into two hundred thousand (200,000) shares with a value of USD 1,000.

The main objective of the company is to invest in productivity and development projects in the Arab countries. The company offers different types of technical, industrial and commercial activities related to and complementary to mining such as its detection and extraction, concentration, processing, transportation, and marketing and manufacturing.

The following table sets out the ownership structure of Arab Mining Company (ARMICO) as at the date of this Prospectus.

Table (4-35): Arab Mining Company (ARMICO) shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
United Arab of Emirates	20.20%
Kingdom of Saudi Arabia	20.20%
The Republic of Iraq	20.20%
The Kuwait Investment Authority	20.20%
Libyan Foreign Investment Company	10.10%
Arab Republic of Egypt	2.75%
Republic of Yemen	1.43%
Arab Investment Company	1.10%
Office National des Hydrocarbures et des Mines / The Kingdom of Morocco	1.10%
The Hashemite Kingdom of Jordan	1%
Republic of Somalia	1%
Syrian Arab Republic	0.46%
Republic of Tunisia	0.11%
Islamic Republic of Mauritania	0.11%
Republic of Sudan	0.04%
Total	100%

Source: Company

4.7.2.2 Asas Mining Company

Asas Mining Company is a limited liability company with a capital of one hundred thousand (SAR 100,000) divided into one thousand (1,000) Shares with a nominal value of SAR 100 and registered in the commercial register in the city of Jeddah under commercial registration certificate number 4030211171, dated 07/05/1432H (corresponding to 11 April 2011G). Asas Mining Company's head office is located at the city of Jeddah, Saudi Arabia. Asas Mining Company is owned by Mohammed Aballala, Ibrahim Bin Musallam and Majed Bin Musallam.

The business activities of Asas Mining Company, as permitted by its commercial registration certificate, include mining of precious metals, metal and non-metal ores including aluminum, copper and lead.

4.7.2.3 Mohammed Aballala

Mr. Mohammed Aballala is one of the founders and is the Chairman of the Board of the Company. He is a holder of a bachelor's degree in civil engineering and has a wide experience through his working in Military Works Offices in Riyadh, the Eastern Province, Bahrain and Southern Province. He holds a number of positions (For more details, please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**")).

4.7.2.4 Prince Meshal Bin Saud Bin Abdulaziz Al Saud

Prince Meshal Bin Saud Bin Abdulaziz Al Saud was born on 01/07/1366H (corresponding to 21 May 1947G), has a bachelor's degree in aviation sciences. He has been a shareholder of the Company since 30 March 2015G.

4.7.2.5 National Lead Smelting Company (Rassas)

National Lead Smelting Company (Rassas) is a limited liability company with a capital of forty four million (SAR 44,000,000) divided into four hundred and forty thousand (440,000) Shares with a nominal value of SAR 100 and registered in the commercial register in the city of Riyadh under commercial registration certificate number 1010077017, dated 25/ 10/ 1410H (corresponding to 20 May 1990G). The company's head office is located at the city of Riyadh, Saudi Arabia.

The business activities of National Lead Smelting Company (Rassas), as permitted by its commercial registration certificate, include production of sodium sulfate, polypropylene, and pure lead.

The following table sets out the ownership structure of National Lead Smelting Company (Rassas) as at the date of this Prospectus.

Table (4-36): National Lead Smelting Company (Rassas) shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
National Industrialization Company	96.84%
The International National Company for Industrial Development	3.16%
Total	100%

Source: Company

4.7.2.6 Arab Mining Company - Fujairah

Arab Mining Company - Fujairah is a single shareholder limited liability company with a capital of AED (300,000) divided into 300 Shares with a nominal value of AED 1000 and registered in the commercial register in the Emirate of Fujairah under commercial registration certificate number 11315818, dated 02/01/1440H (corresponding to 12 September 20018G). The company's head office is located at the city of Fujairah, UAE. It is a fully owned subsidiary of Arab Mining Company (ARMICO).

The main objective of Arab Mining Company - Fujairah is the study, development, and implementation of a project for the production of basalt fibers and rods in Fujairah.

4.8 Overview of the Company's Principal Activities

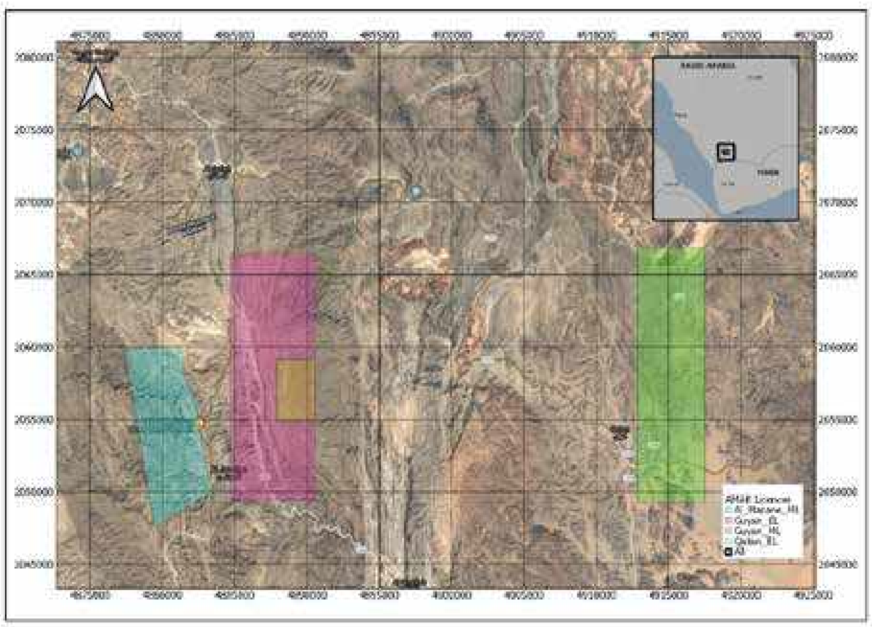
The Company's primary operations are the operation of the Al Masane Mine and Guyan Mine. The Al Masane mine produces copper and zinc concentrates and silver and gold Doré. The Guyan Mine is located approximately 12km from the Al Masane Mine and produces gold and silver Doré.

The following map shows the location of the Company's operations in Saudi Arabia:

Figure (4-1): Locations of the Company's Mines in Saudi Arabia

Set out below is a map that shows all of the concessions held by the Company.

Figure (4-2): The Company's exploration and mining locations in Saudi Arabia



As at the date of this Prospectus, the Company has no new material activities or products that are not described herein.

4.8.1 Key Performance Indicators

The following table shows the key operating metrics for the Al Masane Mine for the years ended 31 December 2018G, 2019G and 2020G. Operating metrics for a full year of production at the Guyan Mine will be available at the end of 2021G, once it has completed its first full year of operation.

Table (4-37): Operational performance of the Al Masane Mine during 2018G, 2019G, 2020G and the Six Months Ended 30 June 2021G

	Al Masane Mine			
	2018G	2019G	2020G	Six Months Ended 30 June 2021G
Production statistics				
Tonnes mined (underground) (metric tonnes)	664,797	748,672	823,537	387,551
Cu (%)	1.02	0.94	1.01	0.76
Zn (%)	3.55	3.74	4.42	3.49
Au (gpt)	0.92	0.96	1.02	0.80
Ag (gpt)	29.49	30.81	37.14	30.48
Tonnes milled (metric tonnes)	699,885	768,821	800,798	387,168
Cu (%)	1.10	0.97	1.00	0.74
Zn (%)	3.27	3.54	3.74	3.15
Au (gpt)	0.86	1.12	0.95	0.93
Ag (gpt)	25.62	28.10	33.13	30.09
Cu Recovery (%)	80.78	80.69	81.12	78.99
Zn Recovery (%)	72.73	79.85	80.53	80.17
Zn Concentrate (dmt)	32,348	40,194	45,825	19,515
Cu Concentrate (dmt)	26,889	23,246	24,592	9,714
Gold (oz)	1,609	5,805	8,172	10,888
Silver (oz)	12,150	35,193	63,572	19,204
Financial results				
Gold revenues (SAR)	7,527,865	28,803,661	51,967,436	63,134,180
Silver revenues (SAR)	621,023	2,024,072	4,975,510	1,820,603
Copper Revenues (SAR)	142,320,314	162,544,171	183,811,078	101,588,244
Zinc Revenues (SAR)	108,940,942	106,029,546	134,396,728	97,666,908
Gross profit (SAR.)	69,015,318	80,877,575	134,513,579	126,504,396
Capital expenditure (SAR)	20,654,280	25,211,002	163,697,103	31,322,862
Average realized sales price (USD / oz.)	1,247.62	1,323.14	1,695.79	1,791.46
Ounces sold (Gold)	1,609	5,805	8,172	9,398

Source: The Company

The following table shows the Company's total Mineral Resources (inclusive of Ore Reserves) as at 31 December 2020G, as reported in the Competent Person's Report.

Table (4-38): Total Mineral Resources (inclusive of Ore Reserves) as at 31 December 2020G

Mine	Type	Category	Tonnes (kt)	Grade			
				Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
Al Masane	Underground	Measured	2,902	1.0	4.8	1.1	36.3
		Indicated	3,879	1.0	5.1	1.0	39.0
		Inferred	1,793	1.0	5.1	1.0	38.6
		All	8,574	1.0	5.0	1.0	38.0
Jabal Guyan	Surface	Measured					
		Indicated	1,783			2.9	
		Inferred	112			2.6	
		All	1,895			2.9	
Jabal Guyan	Underground	Measured					
		Indicated	277			2.1	
		Inferred	424			3.5	
		All	701			2.9	
Al Aqiq	Surface	Measured					
		Indicated	177			1.9	
		Inferred					
		All	177			1.9	
Al Aqiq	Underground	Measured					
		Indicated	85			2.9	
		Inferred					
		All	85			2.9	

Source: Competent Person's Report

The following table shows the Company's total Ore Reserves as at 31 December 2020G, as reported in the Competent Person's Report.

Table (4-39): Total Ore Reserves as at 31 December 2020G

Mine	Type	Category	Tonnes (kt)	Grade			
				Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
Al Masane	Underground	Proven	3,508	0.7	3.2	0.7	24.2
		Probable	4,364	0.7	3.8	0.8	30.3
		All	7,872	0.7	3.5	0.7	27.6
Jabal Guyan	Surface	Proven / Probable	1,732			2.4	
		All	1,732			2.4	

Source: Competent Person's Report

4.8.2 Al Masane Mine

4.8.2.1 Overview

The Company operates an underground copper, zinc, silver, and gold mine (Al Masane Mine) and a surface gold mine (Guyan Gold Mine) in the Najran province of South West Saudi Arabia. The mines are located approximately 820km South East of Jeddah, 68km North North-West of Najran and 220km East of Abha. The Al Masane Mine site is linked to the port of Jizan by sealed roads and has access to major regional airports located at Abha and Najran.

The Al Masane Mine and its processing plant produces copper and zinc concentrates from the mine's volcanogenic massive sulphide ore deposits by the flotation process. The Company also produces gold and silver Doré as a by-product of the concentrate process, using the Merrill-Crowe Recovery Process.

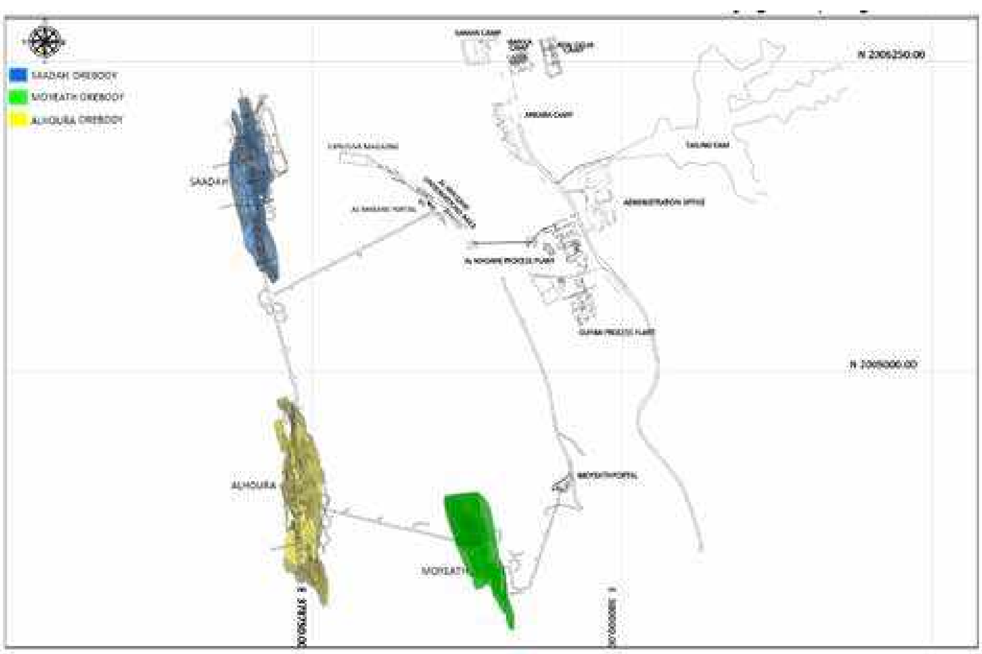
The Al Masane Mine and its processing plant have a processing capacity of 2400 tpd, with a full capacity of 800,000 tpa.

Ore is mined from two main orebodies, Saadah and Al Houra, at a depth of 100 to 400m below surface. A third orebody, known as Moyeath, is currently under development from surface and underground (for more details, please see Section 4.8.4 "**Moyeath Orebody Development Project**").

All mining and exploration activities for the Al Masane Project are undertaken within the area of the Al Masane Mining License which covers 44 square kilometers in the Najran region. For more information regarding the Al Masane Mining License please refer to Section 13.4.2.1 ("**Al Masane Project Mining License**").

The Al Masane Mining License area and the location of the Al Masane Mine are shown in the map below.

Figure (4-3): Location of Al Masane Mine in Saudi Arabia



4.8.2.2 History

The Saadah and Al Houra orebodies are situated within the Al Masane Mining License area and were discovered by Trecora Resources (formerly Arabian Shield Development Company) in 1967G and an exploration license was jointly awarded to Trecora Resources and National Mining Company in 1971G.

During the next 10 years, extensive prospecting and exploration by diamond drilling was undertaken, with preliminary metallurgical test work and technical studies being completed. In 1980G, the third orebody, Moyeath, was discovered.

In 1982G a feasibility study focusing on the economic viability of producing copper and zine concentrates from the Saadah and Al Houra orebodies, was published. After several years of further exploration, Trecora Resources was granted the Al Masane Mining License in 1993G.

The Company was formed for the purpose of funding development at Al Masane in 2007, with Trecora Resources holding 50% of the issued Share capital, and a number of the founding shareholders holding the balance of the Share capital. Following this, the Al Masane Mining License was transferred from Trecora Resources to the Company and the Company undertook the development of the Al Masane Mine.

4.8.2.3 Operational Performance

Commercial production at the Al Masane Mine commenced in 2012G and continued until 2015G when mining activities were suspended due to declining metal prices and operations at the Al Masane Mine were limited to care and maintenance. The Al Masane Processing Plant was upgraded through a comprehensive mill refurbishment in 2016G and commercial operations recommenced in 2017G.

Since the resumption of commercial operations in 2017G, the output of Al Masane Mine and its processing plant has steadily increased as a result of various improvements to the plant to increase the production capacity, processing performance and product metal quality.

In 2020G, the Company mined approximately 823,537Mt of ore from the Al Masane Mine, producing approximately 45,825 dmt of zinc concentrate and 24,592 dmt of copper concentrate generating sales of SAR 375,150,752 compared to mined ore of approximately 720,486 Mt of ore producing approximately 40,193dmt of zinc concentrate and 23,246 tonnes of copper concentrate and sales of SAR 297,837,262 in 2019G.

A summary of the results of production from the Al Masane Mine for the financial years ended 31 December 2018G, 31 December 2019G, 31 December 2020G and the six month Period Ended 30 June 2021G is shown in the table below:

Table (4-40): Al Masane Mine Production for the financial years ended 31 December 2018G, 31 December 2019G, 31 December 2020G and the six month Period Ended 30 June 2021G

	Underground Production Tonnes	Mill Feed Tonnes	Copper Concentrate Produced Dmt	Zinc Concentrate Produced Dmt
2018	664,797	617,756	26,889	32,348
2019	748,627	768,044	23,246	40,194
2020	823,537	800,798	24,592	45,825
Six Months Ended 30 June 2021G	387,551	387,168	10,113	20,169

Source: The Company

Currently, the Al Masane Processing Plant also processes approximately 1gpt of gold and 35gpt of silver to produce gold and silver bullions as by-product. These provide valuable credits, effectively reducing the cost of zinc and copper concentrate production.

4.8.2.4 Mining Operations

The Al Masane Mine consists of two main orebodies, Saadah and Al Houra which are mined by underground methods and are reached from the surface via a declining portal tunnel approximately 700m long. This tunnel intersects a horizontal tunnel which provides access for haulage trucks to reach the Saadah ore body (to the North) and the Al Houra ore body (to the South).

Each orebody is mined with several sub-levels which are 15 to 25m vertically apart and linked by spiral ramp systems.

The mineralization of the ore bodies is followed by developing tunnels at different levels underground. These tunnels are made by drilling and blasting and are linked by spiral ramp systems. Ore and waste rock is hauled by trucks up the portal tunnel to the surface where the ore is deposited on the Run of Mine (ROM) stockpile. Waste rock produced is used to backfill depleted production stopes.

The mining method used at the Al Masane Mine is known as "**sub-level long-hole open stopping with waste rock backfill**". "**Longhole**" drilling rigs are used to drill holes between the levels of the mine and these holes are blasted to fragment the ore. The broken ore is then hauled by trucks to the surface. The void space in the ground which is created by the blasting is known as a "**stope**". The stope is backfilled using waste rock which enables the next block of ore to be mined, and then the mining sequence is repeated.

Sampling of the ore quality (grade) is performed throughout the process to control the ore mining and blending operations.

Ore from the ROM stockpile is used to produce a final mill feed which is then fed through a primary jaw crusher. The jaw crusher breaks the ore down to a manageable size for further processing in the Al Masane Processing Plant.

Operations at the Al Masane Mine site are conducted on the basis of two twelve-hour shifts per day, 365 days per year.

Essential services for mining, such as electricity, water, ventilation, communications, and wastewater pumping systems are supplied down through the decline and distributed throughout the mine.

4.8.2.5 Al Masane Processing Plant

The processing of the copper, zinc, silver and gold ore occurs at the Al Masane Processing Plant, located approximately 500m from the portal tunnel which leads to the underground mine. The Al Masane Processing Plant commenced commercial operations in 2012G and was upgraded in 2016-17G to increase production capacity beyond its designed capacity of 700,00tpa.

The Al Masane Processing Plant has a capacity of 2,400tpd, which equates to 800,000tpa allowing for scheduled shutdowns and maintenance. The planned mechanical availability of the plant for the year ended 31 December 2020 was 92%. However, the actual availability of the plant was 94.8%, therefore exceeding planned availability. The Company optimizes the plant's availability by ensuring that it stocks spare parts for critical components, such as the mill gearbox and conducts planned preventative shut downs each month.

The Al Masane Processing Plant uses several stages to recover the semi-precious and precious metals from crushed ore. The crushed ore is produced at a separate crushing station where ROM ore is fed into a jaw crusher and then loaded onto the crushed ore stockpile. The crushed ore is then fed into the Al Masane Processing Plant where it is processed through the following stages:

- **Grinding:** The crushed ore is fed through two separate grinding mills which grinds the ore in two stage into a very fine powder which is then prepared with suitable chemicals to adjust for PH levels and make it suitable for the floatation process.
- **Flotation:** The material received from the grinding mills is then fed into three flotation cells. The first floatation removes talc. The processed material is then fed into a second floatation cell which removes copper, and then a third floatation cell which removes zinc.
- **Filtering:** Filters are then used to reduce the quantity of water from the material received from the copper and zinc floatation units to produce cakes with copper content and cakes with zinc content, known as copper concentrate and zinc concentrate respectively.
- **Leaching:** Zinc tailings are sent to additional tanks where sodium cyanide is added to dissolve (leach) gold and silver.
- **Precious Metals Recovery:** The solution produced by the leaching process is then treated in Merrill-Crowe and SART circuits which are specialized units designed to recover residual gold, silver, copper, and cyanide. The recovered cyanide is then re-used in the leaching process.
- **Bullion Production:** The cakes produced are then treated with acid and then smelted into bars of gold and silver Doré in a furnace.

Copper and Zinc concentrates produced from the Al Masane Processing Plant are sampled for quality and trucked to the Company's storage warehouse at the port of Jizan ready for transport to the Company's customers.

Waste products produced from the Al Masane Processing Plant, known as 'tailings', are deposited into a dry tailings storage facility which is designed to store the waste in compliance with applicable environmental standards.

4.8.2.6 Mineral Resources and Ore Reserves

The following table shows the Mineral Resources (inclusive of Ore Reserves) for the Al Masane Project as at 31 December 2020G, as reported in the Competent Person's Report.

Table (4-41): Al Masane Project Mineral Resources (inclusive of Ore Reserves) as at 31 December 2020G

Mineral Resource Category	Ore location	Tonnes (Mt)	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)	CuEq (%)
Measured	Saadah	1.22	1.11	4.37	1.08	33.20	3.35
	Al Houra	1.44	0.96	4.14	1.04	33.72	3.11
	Moyeath	0.24	1.03	10.95	1.20	67.78	5.43
Indicated	Saadah	1.40	1.42	3.84	0.82	24.64	3.24
	Al Houra	1.12	0.81	3.72	1.04	31.30	2.82
	Moyeath	1.36	0.70	7.50	1.22	60.17	4.11
Measured+Indicated	6.78	1.01	4.96	1.04	37.86	3.42	
Inferred	Saadah	1.01	1.12	3.20	0.85	23.17	2.79
	Al Houra	-	-	-	-	-	-
	Moyeath	0.79	0.80	7.55	1.22	58.44	4.21
Inferred		1.79	0.98	5.11	1.01	38.63	3.41
Mineral Resource		8.57	1.00	4.99	1.04	38.02	3.42

Source: Competent Person's Report

The following table shows the Ore Reserves for the Al Masane Project as at 31 December 2020G, as reported in the Competent Person's Report

Table (4-42): Al Masane Project Ore Reserves as at 31 December 2020G

Ore Reserve Classification Category	Mining Type	Tones (kt)	Grade					Metal Content				
			Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)	CuEq (%)	Cu (kt)	Zn (kt)	Au (koz)	Ag (koz)	CuEq (kt)
Proved	Underground	3,508	0.7	3.2	0.7	24.2	2.4	23	111	79	2,731	83
	Stockpile											
Sub-Total Proved	Underground	3,508	0.7	3.2	0.7	24.2	2.4	23	111	79	2,731	83
	Stockpile	-	-	-	-	-	-	-	-	-	-	-
	ALL	3,508	0.7	3.2	0.7	24.2	2.4	23	111	79	2,731	83
Probable	Underground	4,277	0.7	3.9	0.8	30.2	2.7	28	165	103	4,132	114
	Stockpile	87	0.7	3.5	0.8	37.6	2.7	1	3	2	105	2
Sub-Total Probable	Underground	4,277	0.7	3.9	0.8	30.2	2.7	28	165	103	4,152	114
	Stockpile	87	0.7	3.5	0.8	37.6	2.7	1	3	2	105	2
	ALL	4,364	0.7	3.8	0.8	30.3	2.7	29	168	106	4,257	117
Total	Underground	7,785	0.7	3.5	0.7	27.5	2.5	51	276	183	6,883	198
	Stockpile	87	0.7	3.5	0.8	37.6	2.7	1	3	2	105	2
Total Ore Reserve	ALL	7,872	0.7	3.5	0.7	27.6	2.5	52	279	185	6,988	200

Source: Competent Person's Report

4.8.2.7 Exploration Activities

Currently, all exploration activity undertaken in relation to the Al Masane Mining Project occurs within for the area of the Al Masane Mining License which covers 44 km^2 in Najran Province in the southwest of Saudi Arabia.

There has been significant exploration within the area defined by the Al Masane Mining License since the 1960s. This activity has produced extensive geochemical and geophysical surveys, geological and structural mapping campaigns, and diamond drilling programs which has assisted the Company in understanding the mineral potential of the area.

Most of the exploration activity conducted by the Company at Al Masane since 2016 has been targeted at the definition and extension of the Mineral Resources of the Saadah, Al Houra and Moyeath deposits.

The Competent Person has confirmed that, based on the drilling conducted to date, the mineralization for each of the Saadah, Al Houra and Moyeath deposits has not yet been closed off down dip, or along strike. In particular, Al Houra has potential to extend the current deposit along strike to the north nearer surface towards Saadah and is open to the south at depth. Saadah and Moyeath are both open along strike to the north and south and at depth, as no drilling or development has yet excluded these areas.

Currently, the Company has seventeen other Prospects within the Al Masane Mining License area which have identified copper, zinc, lead, silver, and gold values.

The Company's budget for its exploration program at Al Masane is set out in Section 8 ("**Use of Offering Proceeds**")

4.8.2.8 Infrastructure

The Company has two electrical power generator sets comprised of eight diesel generators with a diesel tank feeding the underground mine and the Al Masane Processing Plant. A third power generator set comprised of three diesel generators has been built to supply power to the Guyan Processing Plant.

The Company also has 4 accommodation camps, a kitchen, maintenance workshops, warehousing and storage facilities for spares and consumables, raw water storage tanks, a potable water treatment plant, and waste-water treatment plant.

4.8.3 Guyan Mine

4.8.3.1 Overview

The Guyan Mine is a surface pit gold mine located approximately 12 km by paved road to the north-northwest of the Al Masane Mine and Processing Plant.

Construction of the Guyan Mine was completed in August 2020G when mining operations commenced with waste stripping and ore stockpiling. The Guyan crushing plant was constructed and commissioned in September 2020G.

Completion of construction and cold commissioning of the Guyan Processing Plant occurred in December 2020G.

The Guyan Mine extracts the Jabal Guyan South and North deposits and its processing plant produces gold Doré using the gravity and carbon absorption processes. The mine produced its first gold bullion in January 2021G.

The Guyan Mine and its processing plant have a processing capacity of 1,000 tpd or 300,000 tpa and, based on this and taking into account expected ore grade and recovery factors, has a capacity to produce up to 36,000 oz of gold per year.

This production rate is estimated as an average rate for the current life of mine which has been estimated at 6 years. However, the Company believes that there is potential to extend the life of mine based on other nearby surface ore deposits which have been discovered and require more drilling to be upgraded to the Indicated and Measured Resources categories. Beyond the life of mine of surface operations the Company will undertake a further assessment on continuing South and North deposits as an underground mine targeting deposited beneath the current open pit.

The Guyan Mining License and Guyan Exploration License cover a combined area of 87.96 km^2. The Guyan Mine is located within the area of the Guyan Mining License which covers approximately 10.057 km^2 in the Najran region and is surrounded on the north, west and southern sides by the Guyan Exploration License. The Guyan Exploration License covers 79.338 km^2. The Guyan Mining License expires on 01/12/1456 (corresponding to 10 February 2035G) and the Guyan Exploration License expires on 24/05/1444H (corresponding to 18 December 2022G). For more information please refer to Section 13.4 "**Government Consents, Licenses and Certificates**".

The location of the Guyan Mining License and Guyan Exploration License is set out in figure 4.2 above. A number of exploration prospects have been identified within these areas. The most advanced prospect is the Al Aqiq deposit where sufficient work has been carried out to define a Mineral Resource.

4.8.3.2 History

Ancient mining across the Guyan project area dates to at least 1500 years ago, with some estimates placing the first diggings at around 3,000 years ago. Airborne reconnaissance carried out in the 1960s rediscovered the old Guyan workings which prompted modern exploration activity including extensive geochemical and geophysical surveys, geological and structural mapping campaigns, and diamond drilling campaigns.

Following the issue of the Guyan Mining and Exploration Licenses to the Company in 2015G, the Company carried geophysical surveys and then commenced an extensive exploration program in 2016G to define the Gold mineralization within the license area.

4.8.3.3 Development, Commissioning and Operational Performance

Following the successful completion of metallurgical test work and advanced scoping studies in 2017G, mineral resource estimates were prepared by the Competent Person and the Company commissioned a feasibility study in respect of the Guyan Mine in 2018G.

The feasibility study concluded that based on the mineral resource estimations the proposed open pit operation and Guyan Processing Plant could produce and process 300,000 tpa of gold bearing ore with a 6 year life of mine. These findings have since been confirmed in the Competent Person's Report.

In 2019G the Company engaged consultants to complete the design of the Guyan Processing Plant and a contract for the construction of the plant was signed in November 2019G. In December 2019G earthworks on site were completed and the construction contractor was mobilized.

The ore crushing plant, located near the open pit mine, was commissioned in September 2020G ahead of commissioning of the Guyan Processing Plant.

Construction of the Guyan Processing Plant was completed in December 2020G and the plant was commissioned in December 2020G and the first production of gold bars was carried out in January 2021G.

The Guyan Mine and Processing Plant are designed to process 1000 tpd (300,000tpa) and has a capacity to produce up to 36,000 ounces of gold per annum depending on the feed grade. It should be noted that production capacity of the Guyan Mine and Processing Plant exceeded their design capacity of 400,000 tpa.

4.8.3.4 Mining Operations

The Jabal Guyan deposits at the Guyan Mine comprises two sectors; the North and South veins. Each vein is a gold bearing quartz mineralization which extends in a north west to south east direction. The length of the north vein mineralization is approximately 1430 metres and the length of the south vein mineralization is approximately 900 metres.

The mining method at the Guyan Mine is a conventional truck and excavator operation with standard waste rock dumps and ore stockpiling. Blast holes are drilled into which explosives are loaded. The blasting fragments the ore which is then excavated and hauled to the top of the pit using trucks. The mine will operate 24 hours per day, 6 days a week.

Stockpiled ore is crushed at the crusher station, which is located near to the mine. Crushed and blended ore is then trucked to the Guyan Processing Plant, which is located adjacent to the existing Al Masane Processing Plant. Whilst mining operations are under the supervision of the mining contractor, ore grade control is the responsibility of the Company.

Once surface mining has been completed, it is planned to continue mining of the deposit by underground methods, similar in nature to those at the existing Al Masane Mine. Studies and planning for underground operations are underway.

4.8.3.5 Guyan Processing Plant

The processing of the silver and gold ore occurs at the Guyan Processing Plant. Ore is crushed at the crusher station, which is located near to the open pit. The crushed ore is then transported by land to the Guyan Processing Plant.

The crushed ore is processed at the Guyan Processing Plant through the following stages:

- **Grinding:** The crushed ore is fed through two separate grinding mills which grinds the ore in two stage into a very fine powder which is suitable for leaching.
- **Leaching:** The ground material is then processed through a set of 6 Leach Tanks, where cyanide is added to dissolve the gold over a period of 24 hours.
- **Carbon Absorption:** The dissolved gold solution is then added to carbon-in-leach tanks where "activated carbon" extracts and absorbs the gold and silver from the solution.
- **Filtering:** Excess water is then removed from the activated carbon which contains the gold using an automated filter-press machine.
- **Elution and Electrowinning:** Once the gold content in the activated carbon reaches a certain level, the gold is removed from the carbon in the "elution process" which uses a solution to remove the gold from the carbon. The gold is then deposited onto the steel cathodes using a process called "electro-winning". The carbon is then re-used.
- **Bullion Production:** The resulting gold bearing material taken from the cathodes is then smelted into bars of gold and silver bullions (Doré) in a furnace.

Waste products resulting from the process are placed in the tailings dam.

4.8.3.6 Mineral Resources and Ore Reserves

The following table shows the Mineral Resources (inclusive of Ore Reserves) for the Guyan Project as at 31 December 2020G, as reported in the Competent Person's Report.

Table (4-43): Guyan Mineral Resources (inclusive of Ore Reserves) as at 31 December 2020G

Project	Type	Category	Quantity	Au	
			kt	g/t	k oz
Jabal Guyan	Surface	Indicated	1,783	2.9	166.2
		Inferred	112	2.6	9.4
		Indicated, and Inferred	1,895	2.9	175.6
	Underground	Indicated	277	2.1	18.7
		Inferred	424	3.5	47.7
		Indicated, and Inferred	701	2.9	66.4
Al Aqiq	Surface	Indicated	-	-	-
		Inferred	177	1.9	10.8
		Indicated, and Inferred	177	1.9	10.8
	Underground	Indicated	-	-	-
		Inferred	85	2.9	7.9
		Indicated, and Inferred	85	2.9	7.9

Source: Competent Person's Report

The following table shows the Ore Reserves for the Guyan Project as at 31 December 2020G, as reported in the Competent Person's Report. The Ore Reserves are reported in relation to the Jabal Guyan deposit only as currently there is no defined Ore Reserve for the Al Aqiq deposit.

Table (4-44): Guyan Ore Reserves as at 31 December 2020G

Ore Reserve Classification Category	Mining Type	Material Type	Tonnes (kt)	Grade Au (g/t)	Metal Content Au (koz)	Cut-Off Grade (g/t)
Proved	Surface					
	Stockpile					
Sub-Total Proved	Surface	ALL				
	Stockpile	ALL				
	ALL	ALL				
Probable	Surface	CIL	1,732	2.35	131	0.63
	Stockpile	CIL				
Sub-Total Probable	Surface	ALL	1,732	2.35	131	0.63
	Stockpile	ALL				
	ALL	ALL	1,732	2.35	131	0.63
Total	Surface	ALL	1,732	2.35	131	0.63
	Stockpile	ALL				
Total Ore Reserve	ALL	ALL	1,732	2.35	131	0.63

Source: Competent Person's Report

4.8.3.7 Exploration Activity

The exploration of the Guyan Mine started in February 2016G and in December 2019G. During this period the Company drilled a total of 26,450 metres in 224 drill holes using the diamond core drilling to define the mineralization for the Guyan North and South Veins of the Jabal Guyan Deposit as well as the veins associated with the Al Aqiq Deposit. These holes were drilled for the purpose of infill and extension of the Guyan North and South veins and Al Aqiq Deposit, to increase confidence in the geological model, upgrade the Mineral Resource classification and provide more accurate volume and grade information for mine planning.

The Competent Person's Report has confirmed that, based on the drilling conducted to date, the mineralization for each of the Jabal Guyan and Al Aqiq orebody have not yet been closed off down dip. The Competent Person recommends that the Company attempt to drill down the dip/plunge of the known high-grade structures in Jabal Guyan as identification of these high-grade structures still requires further work (including infill drilling). The deeper zone drilling is ongoing in 2021 to increase the resource base and upgrade Inferred Resources to Indicated Resources at the lower levels of the South deposit.

As of the date of this Prospectus, the Company has identified 23 prospects have been defined at Guyan Exploration License.

The Company's budget for its exploration program at Guyan is set out in Section 8 ("**Use of Offering Proceeds**")

4.8.3.8 Infrastructure

Given that the Guyan Process Plant is located at the Al Masane camp, existing infrastructure is used to support the process plant with the addition of 3 diesel generator sets which are dedicated for use by the Guyan Processing Plant.

The existing maintenance workshops at Al Masane are used for the Guyan Processing Plant maintenance. Administration, warehousing, water, diesel storage, laboratory and camps are also shared.

As surface mining and ore crushing is undertaken at the Guyan Mine site additional infrastructure has been built onsite, which includes offices, a small camp, and maintenance facilities.

In addition, to improve access to the Guyan Mine site from the Al Masane Mine a new 5 km asphalted road from the main highway to the Guyan Mine site was completed in 2019G.

4.8.4 Moyeath Orebody Development Project

4.8.4.1 Overview

The Moyeath orebody located within the Al Masane Mine area contains higher levels of zinc, less copper, and more silver than the average grades encountered at the current main orebodies. Accordingly, a different plant design to that of the Al Masane Process Plant is required to optimize the recovery of Zinc and Copper Concentrate. Accordingly, the Company plans to construct a stand-alone Moyeath Process Plant to process ore mined form the Moyeath orebody where ore minera performance differs from factory ore.

Based on certain preliminary work, including trail mining of two production stopes in 2020G, flotation test work and the completion of a metallurgical study in February 2021G, the Company is now proceeding with processing plant design work and a feasibility study for the Moyeath Orebody Development Project and has sent out the tender for the EPCM contract for construction of the Moyeath Process Plant to potential bidders.

Work completed to date envisages the design and engineering of the new Moyeath Process Plant with an anticipated processing capacity of 350 ktpa processing capacity at the Al Masane Mine site.

The Competent Person has performed a number of technical-economic tests on the proposal to process ore from the Moyeath deposit through Moyeath Process Plant (verses through the AlMasane Process Plant) and has confirmed that this approach shows positive economics, and would therefore pass the positive economic viability test required as one of the considerations in the declaration of Ore Reserves for the Moyeath Orebody Development Project.

4.8.4.2 Project Status and Key Milestones

Set out below is a summary of the key milestones achieved or to be achieved before the Moyeath Processing Plant can commence commercial production:

- EPCM contract award to South Africa's Senet/Dra.
- Completion of final plant design in Q4 2021G through South Africa's Senet/Dra and Australia's Mincore.
- Completion of feasibility study and engineering - Q4 2021
- Commence construction – Q2 2022
- Commissioning of Moyeath Processing Plant and commencement of production - Q2 2023

Whilst the Company currently anticipates completing the milestones as described above, the dates mentioned are indicative only and may change due to factors beyond the Company's control.

4.8.4.3 Processing Plant

The design capacity of the Moyeath Processing Plant will be 350 ktpa of ore and will be located in the same mining camp of Al Masane. The design of the Moyeath Processing Plant will be similar to that of the Al Masane Processing Plant (as described in Section 4.8.2.5 "**Al Masane Processing Plant**") but calibrated to process higher zinc and lower copper feed grades than those currently processed at the Al Masane Processing Plant. The main difference in process will be that, due to the high precious metal recoveries achieved in flotation, the process will not require the 'leaching' unit where tailings are sent to tanks where sodium cyanide is added to leach gold and silver.

4.8.4.4 Infrastructure

Given the close proximity of the Moyeath Processing Plant site to the Al Masane Processing Plant and mine site, only limited additional infrastructure will be required. The main additional infrastructure will include additional power generation sets and an expanded accommodation camp.

4.8.4.5 Project Costs

The capital cost for the construction of the Moyeath Processing Plant is estimated at approximately SAR 303,907,945.

It should be noted that the Moyeath orebody is one of the Company's important new projects, where the entire cost of the Moyeath Processing Plant will be funded from the proceeds of the Offering. For more information please see Section 8 ("**Use of Offering Proceeds**").

4.8.5 Qatan Exploration License

In addition to the Al Masane and Guyan Exploration Licenses, the Company also holds the Qatan Exploration License which expires on 23 December 2022G. The license covers an area of 73.42 square kilometers and is located in the Qatan valley, Najran approximately 10 km east of the Guyan Project. The Qatan Exploration License permits the exploration of nickel and associated minerals. The Qatan Exploration License was renewed by virtue of the Ministry of Energy, Industry and Mineral Resources' ministerial decision No. 6065/Q, dated 20/07/1440H (corresponding to 27 March 2019G).

No mineral resource estimation has been completed to date, since none of the prospects within the Qatan Exploration License have sufficient exploration and supporting studies to support this.

It should be noted that the Qatan Exploration Project is one of the Company's important new projects The Company's budget for its exploration program for the Qatan Exploration Project is set out in Section 8 ("**Use of Offering Proceeds**").

4.8.6 Other Reconnaissance Projects

The Company obtained other reconnaissance licenses from the Ministry of Industry and Mineral Resources for a number of minerals (gold, lead, zinc, silver, copper, nickel and iron ore) in various regions of the Kingdom, which include Riyadh, Hail, Al-Jawf, Al-Baha, Najran, Asir, Tabuk, Al-Qassim, the northern borders, Medina and Makkah. It should be noted that reconnaissance projects undertaken by the Company are considered among the important new projects of the Company. For more information, please see Section 13-4-5 ("**Other Reconnaissance Licenses**").

4.8.7 Health and Safety

The Company has several occupational and environmental health programs in place to protect its workforce, contractors and various communities from hazards that may arise from its operations or activities, including the Management System Assessment, Environmental Impact Assessment, Mine Waste Management, Energy Conversation and GHG Management and Competence Awareness and Training.

The Company employs a Health, Safety and Environment Management System ("**HSEMS**") aligned with the Company's safety policy that drives a disciplined approach in establishing specific safety expectations and provides a framework for managers to fulfil their safety and loss prevention obligations. The Company works proactively to deliver and improve its safety performance with respect to the expectations and objectives articulated in the HSEMS and its underlying programs, processes, procedures, rules, standards and instructions.

The Company benchmarks its safety performance against industry standards and performance targets that are set in line with industry practices to improve safety performance. The Company's key performance indicator for its health and safety programs is its lost time injury frequency rate ("**LTIFR**"), which measures the number of occurrences of lost time injuries ("**LTI**") per 200,000 hours worked. The Company's performance (excluding contractors) across a number of health and safety indicators for the years 2018G, 2019G, 2020G and the six month Period ended 30 June 2021G, is set out below.

Table (4-45): The Company's total performance (excluding contractors) across a number of health and safety indicators from 2018G to the six month Period ended 30 June 2021G.

	2018G	2019G	2020G	Six months ended 30 June 2021G
Total man-hours worked	1,555,776	1,403,717	1,627,314	721,471
Number of LTI	8	2	3	1
Number of first-aid cases	17	33	13	23
LTIFR	1.03	0.23	0.37	1.02
Fatalities	0	0	0	1

Source: The Company

4.8.8 Environmental

In common with other natural resource and mineral processing companies, the Company inevitably has an impact on the environment in which it operates.

The Company is committed to protecting the environment in which it operates; striving to minimize the damage caused to the environment. The Company has established an environmental management plan to manage environmental compliance and enhance environmental performance. In addition, the Company developed the Environmental Management Plan ("**EMP**") and HSEMS in order to manage the environmental impacts related to the processes on site. Furthermore, the Company also conducts environmental impact assessments when evaluating new projects, including assessments of project design, construction, operations and decommissioning in compliance with applicable environmental laws, regulations, protocols and policies.

The primary objective of the EMP is to identify emerging environmental risks and to prepare and execute a response plan to mitigate potential impacts of those risks. The EMP is divided into:

- Water Management
- Land Management
- Air Management
- Noise Management
- Lighting Management
- Waste Management
- Resource Management
- Environmental Reports
- Closure Plans
- Environmental Training and Awareness
- Community Involvement
- Hazard Information on Concentrate Products

4.9 Sales and Marketing

4.9.1 Copper and Zinc

The Company markets its zinc and copper concentrates through its Agent Ocean Partners, which sells the products into the international markets in return for a percentage commission of the value of the concentrates sold. The Agent is appointed under the terms of Agency Agreement which will expire on 31 December 2021G.

Pursuant to the terms of the Agency Agreement, the Agent enters into separate contracts with each buyer for the sale of the concentrates. Each Sales Agreement contains a general provision that all terms and conditions as between the Agent (as seller) and the buyer are on a back-to-back basis between the Agent and the Company (as producer), and the Company is a party to the Sales Agreement.

Currently, there are two such Sales Agreements in place (please see Section 13 "**Legal Information**" for additional details). Each agreement provides for the delivery of quarterly shipments of concentrates with specified mineral compositions to ports of the buyers choice.

Buyers are selected through a formal tender process conducted by the Agent. Tenders are generally offered for a set number of shipments within the calendar year. Interested buyers generally compete on the basis of treatment charges and costs, as zinc and copper prices are set internationally. Selected buyers are recommended by the Agent and Company to the Commercial Committee for consideration. The Commercial Committee then selects the preferred buyer for specific shipments.

The zinc and copper concentrates are stored at the Company's storage warehouse at the port of Jizan where the Company stockpiles the necessary quantities of concentrate to delivery by ship to the buyer.

The Company invoices the Agent for each shipment once the ship leaves the port, with payment by the Agent for each shipment being fully secured against the original shipping documents. Typically the Company receives 95% of payment within 7 days of shipping the product.

4.9.2 Gold and Silver

The Company sells its gold and silver bullion pursuant to the terms of a Refining Agreement (for more information please see Section 13.5 "**Material Agreements**").

4.10 Future Plans and Growth Opportunities

4.10.1 Geographical Expansion

4.10.1.1 Expansion in Saudi Arabia

The Company has a vast exploration concession in the same region where all operations are currently based. Total size of the registered exploration and mining licenses is 205 sq km now. With the additional new exploration licenses around the existing licenses, total exploration area reaches up to 679 sq km.

The Company is currently producing and carrying out exploration in the mining licenses at Al Masane and Guyan. Especially Al Masane Mining License has a very high potential of further discoveries similar to currently producing ore deposits, Saadah, Al Houra and Moyeath. Moreover, these three producing ore deposits are still open at depth and extensions. The Company continues step out drilling and deeper exploration drilling and increasing the mineral resources and mine reserves in these three orebodies.

There are several target areas with very similar geological features and compositions within the same mining license. Similarly, Guyan mining and exploration licenses have several development targets. Out of these many exploration and development targets only two ore deposits (Guyan South and Guyan North) are being produced at the moment. The Company is planning to increase the amount of diamond drilling to identify the mineral resources potential to further extend the mine life in Guyan and Al Masane Mines.

The Company's main growth target country is the Kingdom of Saudi Arabia, where mining legislation is quite supportive to develop new mining projects as well as sustain current producing mines. The Company is planning to grow by developing operating mines rather than acquisitions of operations. Also, with the introduction of new mining legislation which allows transfer of mining licenses between mining companies, the Company is looking for opportunities to progress into partnerships with other smaller exploration companies. Joint ventures might also be used in countries outside Saudi Arabia, such as North and Eastern African countries where a more liberal mining jurisdiction exists. As at the date of this Prospectus, the Company does not have any commercial activity or substantial assets outside the Kingdom.

Key drivers for The Company's growth are operational excellence, agile project development and long term planning. Our main strengths are our people, our focus on mining of base and precious metals. The Company is well aligned with the Vision 2030 of Saudi Arabia, where mining is set as one of the pillars of revenue diversification, with its experienced human resources, its well-known reliability in the region, established national and international cadres, and a clear vision of growth in the mining sector.

4.11 Certifications

The Company currently holds the following certifications:

No.	Awarding Entity	Type	Description of Licensed Activities / Purpose	Issue Date	Expiry Date
1.	Active Business International	ISO 14001:2015	Environmental Management System	29 April 2021	28 April 2024
2.	Active Business International	ISO 9001:2015	Quality Management System	29 April 2021	28 April 2024
3.	Active Business International	ISO 45001:2018	Occupational Health and Safety Management System	29 April 2021	28 April 2024

4.12 Administration and Support Functions

4.12.1 Operations

The Company's production departments are headed by the Operations Director. The department is responsible for day-to-day operation of the production and related services to achieve production targets. The operations of the Company are divided into the following:

Al Masane Mine

For details of the Al Masane Mine's operations, see sub-Section 4.8.2.4 ("**Mining Operations**") of Section 4.8.2 ("**Al Masane Mine**").

Guyan Mine

For details of the Guyan Mine's operations, see sub-Section 4.8.3.4 ("**Mining Operations**") of Section 4.8.3 ("**Guyan Mine**").

4.12.2 Exploration

The Company's exploration department is responsible for discovering and evaluating new mineral prospects on the company´s leases. Its objective is to identify new mineral prospects and evaluate their economic feasibility for mining. Exploration department is also responsible for adding resources to the existing mining reserves through near-mine exploration programs.

The position of Exploration Director is vacant as at the date of this prospectus. However, the Guyan director of geology undertakes exploration activities as in the Guyan Mining and Exploration License, and the Al Masane director of geology undertakes exploration activities as in the Al Masane Mining License.

4.12.3 Supply Chain

The Company's Supply Chain department is responsible for ensuring the following: the provision of tendering services and implementation of strategic partnerships; ensuring that the Company has [raw materials / consumables] reserve; the procurement of materials, supplies, equipment and services on the most competitive terms; tracking products through depots to make sure they arrive at their destination; overseeing arrival of shipments; and ensuring development and updating of the preferred list of suppliers in coordination with the relevant supplier evaluations. The department also ensures effective supplier management and review.

4.12.4 Loss Prevention and Site Services

Loss Prevention Department ("**LPD**") is responsible for ensuring that adequate systems of safety are in place and that these are complied with by all stakeholders. The LPD ensures that maintenance of these systems is carried out regularly to prevent all incidents. To ensure accident-free operation at the Al Masane and Guyan Mine sites, the LPD has prepared and manages the OHSE Management system including standard operating procedures for high-risk activities such as working at height, hot work, lifting and working in confined spaces.

In addition, the LPD keeps the Company's risk and hazard register which records the actions for all operational activities which are necessary to prevent accidents. The action lists are continuously updated with new field audits and observations. All improvement actions are monitored and being closed regularly.

Management of Covid-19 related precautions and monitoring compliance with the Ministry of Health's instructions are also part of the LPD's responsibilities.

The LPD is also responsible for the environmental management of the Company's operations by ensuring compliance with all applicable environmental regulations issued by GAMEP and other related government offices. The LPD also conducts regular environmental monitoring through certified offices and oversees the periodic reporting to GAMEP which is necessary to maintain and renew the Company's environmental licenses.

The Site Service team provides all accommodation related services to the Company's employees, contractors and visitors (if required). Site Services ensures that all basic amenities such as air conditioning, beds, furniture and drinking water are available in the accommodation to ensure that all employees can live comfortably at the Al Masane and Guyan Mine sites.

The Site Services team is also responsible for managing the Company's the fuel farm to ensure that there are adequate supplies of fuel for power generators and for all vehicles at the Company's mine sites.

4.12.5 Finance and Information Technology

4.12.5.1 Finance

The Finance team's primary responsibilities include: leading the annual budgeting process and ensuring the Company's departments adhere to it over the course of the financial year; managing the evaluation of the Company's financial structure and the identification of funding structures; identifying options and sources of capital and managing the evaluation of financing needs; and structuring the potential sources of financing in coordination with development and delivery. The Finance team plays a significant role in managing the Company's relationship with banks and insurers, negotiating interest rates, financing terms and insurance policies, and in managing all relations with the Company's shareholders

4.12.5.2 Information Technology

The Information Technology team is headed by the Information Technology Manager, who reports to the Chief Financial Officer. The Information Technology team handles matters such as the development of required IT systems and applications to serve other departments and specific project needs and maintaining communication networks across the Company.

The Information Technology team has also developed plans to ensure business continuity, continuously monitors all systems and infrastructure and conducts periodic tests of these disaster recovery systems.

4.12.6 Government Relations

The Government Relations department is the central point of contact with all government authorities such as DMMR, MoC and GAMEP. The department handles critical communication between the Company and the relevant government authority. The department is also responsible for reviewing internal policies to ensure their compliance with relevant government regulations and directives.

4.12.7 Human Resources

The Company's Human Resources department's primary functions include: creating and implementing strategies that emphasize the integrity of the Company with regards to the management of human resources and administration; establishing policies and procedures for the effective management, development and utilization of the Company's human resources; and administration and overseeing the Company's organization structure and job descriptions.

The Human Resources department also oversees the setting and review of the Company's overall grading, salary structure, compensation and benefit framework. The department promotes a culture of performance and enablement that encourages the achievement of individual and business objectives and aims to achieve effective recruitment and development of employees

4.12.8 Industrial Security

The Industrial Security department is responsible for maintaining the safety and security of the Company's industrial control systems. The department's primary functions include: administering all information systems and processing all visit clearances to the sites; administer and ensuring efficient protocol to all employees and contractors and providing control procedures for all visitors and provide personal identification numbers to all access users; developing and maintaining databases for all clearances and preparing required reports and ensure compliance to all industrial security management processes.

The department conducts regular inspection of all industrial facilities and in security processes.

4.13 Business Continuity

There has been no suspension or interruption in the Company's business during the twelve-month period preceding the date of this Prospectus which would affect or have a significant impact on their financial position and no material change in the nature of its or their business is contemplated.

4.14 Research and Development

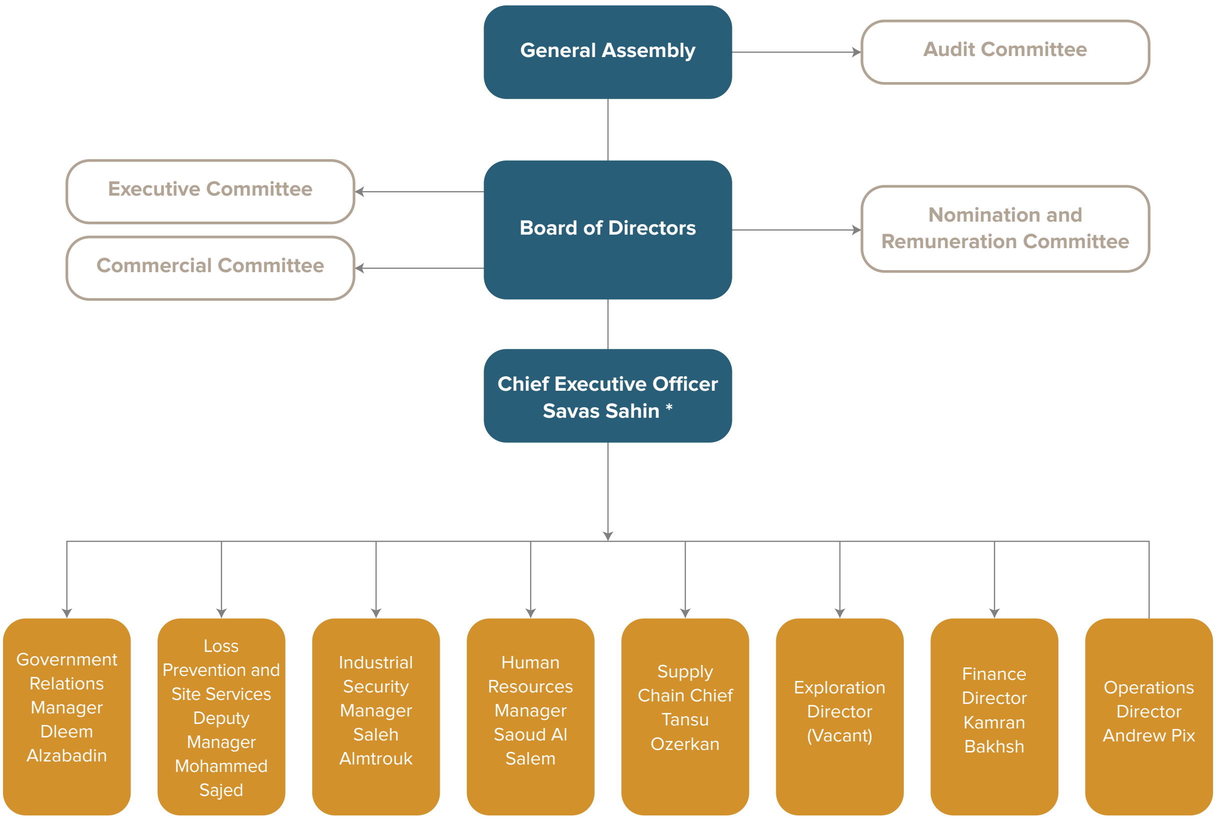
The Company does not carry out any research and development activities.

5. Company Organizational Structure and Corporate Governance

The organizational structure of the Company consists of the Board of Directors ("**Board of Directors**" or "**Board**") and the Board committees, namely the Audit Committee, the Nomination and Remuneration Committee, the Commercial Committee and the Executive Committee. The Board assumes final responsibility for guidance, general supervision and general control over the Company and the Senior Executives.

The following chart sets out the organizational structure of the Company as at the date of this Prospectus.

Figure (5-1): Company structure chart as at the date of this Prospectus



* Savas Sahin is the Company's CEO until 31 December 2021G, and Yahya Al-Shanqiti has been appointed as the Company's CEO, effective from 1 January 2022G.

Table (5-1): Ownership in the Company pre and post offering

No.	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Par Value (SAR)	Ownership Percentage	No. of Shares	Par Value (SAR)	Ownership Percentage
1.	Arab Mining Company (ARMICO)	11,526,049	115,260,490	20.46%	9,398,371	93,983,710	14.24%
2.	Asas Mining Company	11,080,674	110,806,740	19.67%	9,035,210	90,352,100	13.69%
3.	Prince Meshal Bin Saud Bin Abdulaziz Al Saud	4,958,771	49,587,710	8.80%	4,043,395	40,433,950	6.13%
4.	National Lead Smelting Company (Rassas)	4,916,416	49,164,160	8.73%	4,008,858	40,088,580	6.07%
5.	Mohammed Mana Aballala	4,691,441	46,914,410	8.33%	3,825,413	38,254,130	5.80%
6.	Arab Mining Company-Fujairah	2,973,984	29,739,840	5.28%	2,424,994	24,249,940	3.67%

No.	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Par Value (SAR)	Ownership Percentage	No. of Shares	Par Value (SAR)	Ownership Percentage
7.	Wadha Bint Hussein Bin Jaber Nasseb	2,203,064	22,030,640	3.91%	1,796,384	17,963,840	2.72%
8.	Ibrahim Bin Ali Bin Hussein Bin Musallam	1,460,404	14,604,040	2.59%	1,190,817	11,908,170	1.80%
9.	Majed Bin Ali Bin Hussein Bin Musallam	1,286,750	12,867,500	2.28%	1,049,219	10,492,190	1.59%
10.	Al Shair Co. for Trading Industry & Contracting	1,191,071	11,910,710	2.11%	971,202	9,712,020	1.47%
11.	Ayman Bin Abdulrahman AlShibl	1,149,451	11,494,510	2.04%	937,265	9,372,650	1.42%
12.	Khalid Bin Ali Bin Omar Babtain	1,097,002	10,970,020	1.95%	894,498	8,944,980	1.36%
13.	Badr Bin Mana Bin Sultan Aballala	844,330	8,443,300	1.50%	688,469	6,884,690	1.04%
14.	Dalal Bint Ali Bin Hussein Bin Musallam	698,026	6,980,260	1.24%	569,172	5,691,720	0.86%
15.	Warif Investments LLC	669,147	6,691,470	1.19%	545,624	5,456,240	0.83%
16.	Lama Bint Ali Bin Musallam	558,420	5,584,200	0.99%	455,337	4,553,370	0.69%
17.	Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	509,788	5,097,880	0.91%	415,682	4,156,820	0.63%
18.	Abdulaziz Bin Ali Bin Musallam	418,815	4,188,150	0.74%	341,503	3,415,030	0.52%
19.	Abdulsalam Bin Abdullah Bin Abdulaziz Draibi	371,748	3,717,480	0.66%	303,124	3,031,240	0.46%
20.	Nasser Bin Ali Bin Ahmad Mansour AlSharif	371,748	3,717,480	0.66%	303,124	3,031,240	0.46%
21.	Savas Sahin[10]	237,920	2,379,200	0.42%	194,001	1,940,010	0.29%
22.	Raydah Bint Hamel Bin Hamad AlYami	223,049	2,230,490	0.40%	181,875	1,818,750	0.28%
23.	Salem Bin Ali Bin Salem Bajandouh	195,798	1,957,980	0.35%	159,654	1,596,540	0.24%
24.	Abdulilah Bin Othman Bin Nasser AlSaleh	148,700	1,487,000	0.26%	121,250	1,212,500	0.18%
25.	Noura Bint Ali Bin Musallam	139,605	1,396,050	0.25%	113,834	1,138,340	0.17%
26.	Fatima Bint Ali Bin Musallam	139,605	1,396,050	0.25%	113,834	1,138,340	0.17%
27.	Abdullah Bin Mohamed Bin Hussein Bin Musallam	116,048	1,160,480	0.21%	94,626	946,260	0.14%
28.	Talal Bin Mohamed Bin Hussein Bin Musallam	116,048	1,160,480	0.21%	94,626	946,260	0.14%
29.	Nawal Bint Ali Bin Musallam	92,937	929,370	0.16%	75,781	757,810	0.11%

10 These shares were transferred to Savas Sahin as an incentive for his work as the Company's CEO. As at the date of this prospectus, the ownership of these shares is subject to obtaining the approval of the Ministry of Investment or complying with all necessary legal procedures in accordance with the applicable laws and regulations. For more details on Savas Sahin's shares, please see Section 4.6 ("**Corporate Overview of the Company and Evolution of its Capital**").

No.	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Par Value (SAR)	Ownership Percentage	No. of Shares	Par Value (SAR)	Ownership Percentage
30.	Hassan Bin Ali AlSairafi	90,936	909,360	0.16%	74,149	741,490	0.11%
31.	Mesfer Salem AlWisamer	89,219	892,190	0.16%	72,749	727,490	0.11%
32.	Abdullah Bin Ali Bin Mohamed Al Moshaigeh	75,458	754,580	0.13%	61,529	615,290	0.09%
33.	Salman Bin Abdulaziz Bin Saad Bin Shehween	74,349	743,490	0.13%	60,624	606,240	0.09%
34.	Yasser Bin Faisal Bin Yahya AlSharif	48,327	483,270	0.09%	39,406	394,060	0.06%
35.	Jaber Bin Abdullah Bin Jaber Al-Yami	37,890	378,900	0.07%	30,896	308,960	0.05%
36.	Lila Bint Abdullah Bin Ali Al-Moshaikah	18,587	185,870	0.03%	15,156	151,560	0.02%
37.	Ali Bin Mansour Bin Yahya Bidi	15,156	151,560	0.03%	12,358	123,580	0.02%
38.	Ahmad Bin Abdullah Bin Sulaiman AlSulaiman	8,857	88,570	0.02%	7,222	72,220	0.01%
39.	Hajir Bint Abdullah Bin Ali Al-Moshaikah	7,435	74,350	0.01%	6,063	60,630	0.01%
40.	Meryam Bint Abdullah Bin Ali Al-Moshaikah	7,435	74,350	0.01%	6,063	60,630	0.01%
41.	Lana Bint Ahmad Bin Abdullah AlSulaiman	5,877	58,770	0.01%	4,792	47,920	0.01%
42.	Anas Bin Sulaiman Bin Salem Hafiz	3,680	36,800	0.01%	3,001	30,010	0.00%
43.	Treasury Shares	1,458,850	14,588,500	2.59%	1,458,850	14,588,500	2.21%
44.	Public	-	-	-	19,800,000	198,000,000	30.00%
	Total	**56,328,865**	**563,288,650**	**100.00%**	**66,000,000**	**660,000,000**	**100.00%**

Source: Company information

5.1 Board Members and Secretary

5.1.1 Composition of the Board of Directors

Under the Bylaws, the Board of Directors shall be comprised of nine (9) Directors appointed by the Shareholders Ordinary General Assembly. The Companies' Law, Corporate Governance Regulations, the Company's Bylaws and Corporate Governance Manual determine the duties and responsibilities of the Board of Directors. The term of the Board of Directors, including the Chairman, is three (3) years.

At the date of this Prospectus, the Board of Directors is comprised of nine (9) Directors. The members of the Board of Directors were appointed at the meeting of the Extraordinary General Assembly, held on 19/02/1440H (corresponding to 28/10/2018G) and at the meeting of the Extraordinary General Assembly, held on 10/08/1442H (corresponding to 23/03/2021G). The Board's term commenced on 09/01/2019G and will end on 08/01/2022G.

The following table sets out the names and other relevant information of the Directors as at the date of this Prospectus:

Table (5-2): Company's Board of Directors:[11]

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Mohammed Aballala	Chairman	Saudi	Non-executive	28 October 2018G	8.33%	5.80%	6.16%*	4.28%
2	Ibrahim A. Bin Musallam	Vice Chairman	Saudi	Non-executive	28 October 2018G	2.59%	1.80%	7.36%**	5.12%
3	Talal Al Saadi	Member	Jordanian	Non-executive / Independent	28 October 2018G	-	-	-	-
4	Ayman Al Shibl	Member / Secretary	Saudi	Non-executive / Independent	28 October 2018G	2.04%	1.42%	-	-
5	Mehaideb S. Al Mehaideb	Member	Saudi	Non-executive	28 October 2018G	-	-	-	-
6	Fekry Youssef Mohammed	Member	Egyptian	Non-executive	23 March 2021G	-	-	-	-
7	Mohammed Ahmed Al Shehhi	Member	Emirati	Non-executive	23 March 2021G	-	-	-	-
8	Majed Al Mugla	Member	Saudi	Non-executive / Independent	23 March 2021G	-	-	-	-
9	Majid Al Musallam	Member	Saudi	Non-executive	23 March 2021G	2.28%	1.59%	6.16%***	4.28%

Source: The Company

* Mohammed Aballala has an indirect ownership percentage of 6.16% prior to the offering as a result of ownership percentage of 31.30% in Assas Mining Company which owns 19.67% of the Company before the offering.

** Ibrahim Ali Bin Muslim has an indirect ownership percentage of 7.36% prior to the offering as a result of ownership percentage of 37.40% in Assas Mining Company which owns 19.67% of the Company before the offering.

*** Majid Al Musallam has an indirect ownership percentage of 6.16% prior to the offering as a result of ownership percentage of 31.30% in Assas Mining Company which owns 19.67% of the Company before the offering.

The current Secretary of the Company's Board of Directors is Ayman AlShibl who holds (1,149,451) Shares in the Company.

5.1.2 Responsibilities of the Board of Directors

The responsibilities of the Chairman, members and Secretary of the Board of Directors include the following:

5.1.2.1 Board of Directors

In accordance with the Bylaws, the Board of Directors is vested with the fullest powers to govern the company on a day-to-day basis. Under the Company's Corporate Governance Manual, the Board of Directors has the following responsibilities:

- Leadership and Direction:
  - Defining the vision and values of the organization and ensure that these are realized and upheld.
  - Defining the direction of the business.
  - Ensuring clear accountabilities and communication within the Company and monitor the activities of the Company.
  - Creating a positive climate which fosters constructive challenge for business.
  - Reviewing Board composition, performance and succession plans regularly.
  - Appointing (and if necessary removing) the Chairman of Board.

11 On 20/04/1443H (corresponding to 25 November 2021G), the Company's Ordinary General Assembly approved the election of the members of the Board of Directors for the next term, which starts from 9 January 2022G and ends on 8 January 2025G. It should be noted that the Board of Directors for the next term consists of the same members as the current term, except for Talal Al-Saadi, Mehaideb Saleh Al-Mehaideb and Majed Yousef Al-Mugla, who will be replaced by Abdulilah Othman AlSaleh, Abdulsalam Abdullah AlDraibi and Savas Sahin.

- Approving the Strategic Direction and Objectives of the Company and Monitor their Implementation, including:
  - Establishing the key strategic aims and determine the strategic objectives and outcomes required.
  - Driving the development of the business plan, provide constructive challenge and ensure its effectiveness.
  - Approving an annual business plan, annual budgets for revenue and for both operating and capital expenditures and the financial strategy that supports the achievement of the corporate strategy and plan.
  - Establishing a framework for the approval and regular review of policies and plans to achieve its business objectives.
  - Ensuring that all assets are managed efficiently and effectively, and that capital is properly utilized, so as to maintain long term viability and sustainability of the Company and its assets.
  - Overseeing major capital expenditure, acquisitions and divestitures.
  - Deciding the performance objectives to be achieved and supervising the implementation thereof and the overall performance of the Company.
  - Reviewing and approving the organizational and functional structure of the Company on a periodical basis.
- Risk Management; which includes:
  - Establishing and overseeing a framework for the identification, management and review of risks, including agreeing to the risk capacity and tolerance.
  - Identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage those risks.
  - Contributing to the review and evaluation of strategic risks and receiving regular reports on these and emerging risks.
  - Ensuring that a positive culture of managing opportunities, threats and uncertainties is embedded throughout the Company.
  - Determining policies and decisions on all matters that might create a significant financial or other risk to the Company, or which raise material matters of principle.
  - Demonstrating in the strategy document that it is able to proactively identify and understand significant risks that the Company faces in achieving its objectives through its business strategies and plans.
- Establishing the Internal Controls Framework and Effective Monitoring; including:
  - Establishing a written policy that covers conflict of interests for the Board, Executive Management and shareholders which should include any misuse of the assets of the Company and any misconduct resulting from related party transactions.
  - Ensuring the adequacy of the Company's financial and accounting systems, including the systems for preparing the financial reports.
  - Ensuring the implementation of internal controls relating to risk management through general identification of significant risks which face the Company and present them in a transparent manner.
  - Establishing and overseeing a framework for delegation of responsibilities, avoiding delegation of such responsibilities for an unlimited time period or unlimited authorities.
  - Reviewing the efficiency of the Company's internal control.
  - Conducting an annual review of the effectiveness of the Company's internal control procedures. Although this will be carried out by the Audit Committee on behalf of the Board, it will not absolve the Board of its responsibility in this regard.
- Performance Monitoring; including:
  - Regularly reviewing and monitoring performance in relation to plans, budgets, controls and decisions.
  - Obtaining and considering performance information in relation to customer and stakeholder feedback and benchmark this against comparable organizations and activities.
- Reporting of the Company's Performance:
  - Ensuring that the business affairs are conducted lawfully and in accordance with generally accepted and specific standards of reporting, performance and probity.
  - Ensuring that the Company complies with all relevant regulatory requirements.

- Reviewing the periodic reports from the Board Committees, Executive Management, Internal Auditor and External Auditors to assess their performance and correct variances.
- Reviewing performance information in relation to stakeholder feedback and benchmark against comparable organizations and activities.
- Establishing the corporate governance system within the Company and monitor its effectiveness and revise it as and when deemed necessary.
- Monitoring and safeguarding the Company's reputation and work towards enhancing it.

- Executive and Management Arrangements; which includes:
  - Appointing (and, if necessary, dismissing) the Chief Executive Officer and approve his salary, benefits and terms of employment.
  - Ensuring there are appropriate policies and systems in place to recruit, develop, retain and remunerate staff.
  - Monitoring and managing potential conflict of interests of management, Board members and shareholders, including potential misuse of corporate assets and abuse in related party transactions.
  - Establishing policies regarding the evaluation of the Executive Management of the Company and ensure that appropriate policies regarding the evaluation of other personnel by Executive Management are in place and utilized.
  - Evaluating the overall performance and effectiveness of the Board and decide on matters of corporate governance.
  - Reviewing succession plans and management development programs for Executive Management.
- Reporting, which includes:
  - Ensuring the integrity of the Company's accounting and financial reporting system, including the independent audit, and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial controls, and compliance with the law.
  - Overseeing the process of disclosure and communications.
  - Approving the financial statements of the Company and ensuring their correctness before they are submitted to the shareholders.

5.1.2.2 Chairman of the Board

The responsibilities of the Chairman of the Board of Directors revolve around leading the Board and facilitating constructive contributions and initiatives by all Board members to ensure that the Board is effective in performing its functions as a whole through the exercise of its duties and responsibilities.

In accordance with the Bylaws, the Chairman is granted extensive powers of representation before various governmental authorities. Under the Corporate Governance Regulations, the Chairman's main responsibilities include:

- Ensuring that the Board members obtain complete, clear, accurate and non- misleading information in due course;
- Ensuring that the Board effectively discusses all fundamental issues in due course; Representing the Company before third parties in accordance with the Companies Law, its Implementing Regulations and the Bylaws;
- Encouraging the Board members to effectively perform their duties in order to achieve the interests of the Company;
- Ensuring that there are actual communication channels with shareholders and conveying their opinions to the Board;
- Encouraging constructive relationships and effective participation between the Board and the Senior Executives on the one hand, and the Directors on the other hand, and creating a culture that encourages constructive criticism;
- Preparing agendas of the Board meetings, taking into consideration any matters raised by Board members or the external auditor and consult with the Board members and the Managing Director upon preparing the Board's agenda;
- Convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company; and
- Notifying the Ordinary General Assembly while convening of the businesses and contracts in which any Board member has direct or indirect interest.

Other responsibilities of the Chairman include being the Board's official spokesman. In addition thereto, the Chairman is considered to be the principal link between management and the Board. Among the Chairman's other responsibilities is the management of annual General Assembly meetings and playing the preeminent role in the Company's relationship with stakeholders

5.1.2.3 Board Secretary

The Secretary is responsible for organizing Board meetings. Under the Company's Corporate Governance Manual, the Secretary's main responsibilities include:

- Ensuring that Board procedures are followed and regularly viewed.
- Following up on Board decisions, and reporting back to the Chairman and the Board on any difficulties encountered.
- Supporting the Chairman and Directors with information about their responsibilities.
- Preparing and distributing draft Board meeting minutes.
- Ensuring good information flow within the Board and between the Board and Executive Management.

5.1.2.4 Chief Executive Officer

The Chief Executive Officer is responsible for the financial and operational performance of the Company in general, the development and implementation of the Company's strategy, and the implementation of the Company's Board approved annual business plan. The Chief Executive Officer directly reports to the Company's Board of Directors.

5.1.3 Service Contracts and Employment Contracts with the Board of Directors

No employment contracts have been concluded between the Company and any member of the Board of Directors. The members of the Board of Directors receive remuneration according to the Company's Bylaws in a manner that does not conflict with the statutory controls issued in this regard. They have been appointed in accordance with the decisions of the General Assembly on the dates indicated in Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**"). For more details, see Section 5.4 ("**Remuneration of Directors and Senior Executives**") of this Section

5.1.4 Biographies of the Members and Secretary of the Board

An overview of the experiences, qualifications, as well as current and previous positions of each of the Directors and the Secretary of the Board of Directors.

5.1.4.1 Mohammed Aballala

Age:	61 years
Nationality:	Saudi
Current Position:	Chairman of the Board of Directors
Appointment Date:	28 October 2018G
Academic Qualifications:	• Masters' degree in Political Science from Arkansas State University, United States, in 1984G. • Bachelor's degree in Civil Engineering from Arkansas State University, United States, in 1983G. • Bachelor's degree in Political and Social Sciences from Portland University, United States, in 1982G.
Previous Executive Positions:	• From 1997G to 2005G, Manager of the Military Works Office in the Eastern Province. • From 1993G to 1997G, Manager of the Military Works Office in the Kingdom of Bahrain. • From 1990G to 1993G, Manager of the Military Works Office in Riyadh, Saudi Arabia. • From 1987G to 1990G, Manager of the Military Works Office in the Southern Province. • From 1984G to 1987G, Deputy Manager of the Military Works Office at the Ministry of Defense, Aviation and General Inspectorate.
Current Memberships:	• Since 2005, Chairman of the Board of Directors at Najran Cement Company, a Listed Saudi Joint Stock Company, operating in the cement industry.

5.1.4.2 Ibrahim A. Bin Musallam

Age:	54 years
Nationality:	Saudi
Current Position:	Vice Chairman of the Board of Directors
Appointment Date:	28 October 2018G
Academic Qualifications:	• Bachelor's degree in International Business and Finance, from the American University, United States, in 1990G.
Previous Executive Positions:	• From 1991G to 1997G, Acquisition of Real Estate Properties Team Leader at SKAB Group Company, a closed joint stock company operating in the real estate development sector. • From 2003G to 2004G, President and CEO of the Sadaca Environmental Group, a limited liability company, operating in the environment sector.
Current Memberships:	• Since 2008G, chairman of the board of SKAB Group Company, a closed joint stock company operating in the real estate development sector.
Previous Memberships:	• From 2016G to 2020G, Chairman of the Board of Directors at Al-Salam Aerospace Industries, a limited liability company, operating in the aviation sector. • From 2005G to 2012G, Vice Chairman of the Board of Directors at SKAB Group Company, a closed joint stock company, operating in the real estate development sector.

5.1.4.3 Talal Asaad Al Saadi

Age:	77 years
Nationality:	Jordanian
Current Position:	Member of the Board of Directors
Appointment Date:	28 October 2018G
Academic Qualifications:	• D.I.C Diploma in Mineral Technology M.Sc. and in Mineral Process Design from Imperial College of Science and Technology, University of London, United Kingdom, in 1970G. • Master's degree in Mineral Operations Design from Imperial College of Science and Technology, University of London, United Kingdom, in 1970G. • Master's degree in Industrial Mineralogy from Durham University, United Kingdom, in 1969G. • Bachelor's degree in Geology and Chemistry from Cairo University, Egypt, in 1965G.
Previous Executive Positions:	• From 1989G to 2020G, General Manager at Arab Mining Company (ARMICO) in Amman, Jordan, a joint Arab company, established by the Arab Economic Union, operating in the mining investments sector, connected with the mining industry in the Arab World. • From 1980G to 1989G, Director of Planning and Follow-up Department at Arab Mining Company in Amman, Jordan, a joint Arab company, established by the Arab Economic Union, operating in the investments sector. • From 1975G to 1980G, Director of Research and Development Centre at Jordan Phosphate Mines Company, a public joint-stock company, operating in the mining and processing sector. • From 1965G to 1975G, Director of the Mining Laboratories at the Natural Resources Authority in Jordan.
Previous Memberships:	• From 1993G to 2002G, Deputy Chairman of the Board of Directors of Arab Potash Company, a joint Arab Company specialized in the sector of producing potash, chemicals and other salts from the Dead Sea. • From 1995G to 2000G, Deputy Chairman of the Board of Directors of the Dead Sea Industries Company of Jordan, a public joint-stock company, a subsidiary of Arab Potash Company, specialized in the sector of the study and development of projects for extracting the Dead Sea salts.

5.1.4.4 Ayman Abdul-Rahman AlShibl

Age:	59 years
Nationality:	Saudi
Current Position:	Member and Secretary of the Board of Directors
Appointment Date:	28 October 2018G

Academic Qualifications:	• Bachelor's degree in Civil Engineering from King Saud University, Riyadh, Saudi Arabia, in 1984G.
Current Executive Positions:	• Since 2004G, Chief Executive Officer at United Medical Group Company, a limited liability company, specialized in operating and supplying hospitals with medical equipment.
Current Memberships:	• Since 2013G, Member of the Board of Directors at Najran Cement Company, a listed Saudi joint stock company, operating in projects for the cement industry.
Previous Executive Positions:	• From 1999G to 2004G, Vice President of Executive Affairs at United Medical Group Company, a Limited Liability Company, specialized in operating and supplying hospitals with medical equipment. • From 1995G to 1999G, Executive Manager at United Medical Group Company, a limited liability company, specialized in operating and supplying hospitals with medical equipment. • From 1992G to 1995G, Assistant General Manager at United Medical Group Company, a limited liability company, specialized in operating and supplying hospitals with medical equipment. • From 1991G to 1992G, Manager of the Information Systems Department at United Medical Group Company, a limited liability company, specialized in operating and supplying hospitals with medical equipment. • From 1987G to 1991G, Project Manager in the General Administration of Projects and Maintenance Department at the Ministry of Health. • From 1984G to 1987G, Civil Engineer at the Technical Affairs of the Contractors Classification Agency at the Ministry of Public Works and Housing.
Current Memberships:	• Member of the Saudi Council of Engineers, a scientific vocational council established in Saudi Arabia, as a civil engineer consultant.

5.1.4.5 Mehaideb S. Al Mehaideb

Age:	43 years
Nationality:	Saudi
Current Position:	Member of the Board of Directors
Appointment Date:	28 October 2018G
Academic Qualifications:	• Master's degree in Business Administration (MBA) from Avila University, United States, in 2009G. • Graduate Certificate (General Management) from Avila University, United States, in 2009G. • Bachelor's degree in Accounting from King Saud University, Riyadh, Saudi Arabia, in 1999G.
Current Executive Positions:	• From 2015G, Head of Investor Relations at the National Tasnee Company, a listed joint stock company in Saudi Arabia, operating in the petrochemicals, minerals and basic materials.
Current Memberships:	• From 2020G up to now, Member of the Compliance Committee at the National Tasnee Company, a listed joint stock company in Saudi Arabia, operating in the petrochemicals, minerals and basic materials.
Previous Executive Positions:	• From 2017G to 2020G, Secretary of the General Assembly Meetings at the National Tasnee Company, a Listed Joint Stock Company in Saudi Arabia, operating in the petrochemicals, minerals and basic materials. • From 2012G to 2015G, Projects Manager at the National Tasnee Company, a listed joint stock company in Saudi Arabia, operating in the petrochemicals, minerals and basic materials. • From 2009G to 2012G, Supplies Manager at Masdar Technical Fixtures Company, a closed joint stock company, established in Saudi Arabia, operating in producing, importing and selling fasteners and connectors.
Previous Memberships:	• From 2013G to 2015G, Member of the Board of Directors at National Batteries Company Ltd in Saudi Arabia, a limited liability company, operating in industrial manufacturing sector. • From 2013G to 2015G, Member of the Board of Directors at Rowed International Geosynthetics Co. Ltd, a limited liability company in Dammam, Saudi Arabia, operating in manufacturing of industrial membranes. • From 2015G to 2017G, Member of the Audit Committee at National Metal Manufacturing & Casting Co. (Maadaniyah) in Jubail, Saudi Arabia, a joint stock company, operating in the Basic Materials Sector.

5.1.4.6 Fekry Youssef Mohammed

Age:	59 years
Nationality:	Egyptian
Current Position:	Member of the Board of Directors
Appointment Date:	23 March 2021G
Academic Qualifications:	• Bachelor's degree in Geology, from the University of Zagazig, Egypt, in 1984G.
Current Executive Positions:	• Since 2014G, Undersecretary for Mineral Resources at the Ministry of Petroleum in Egypt.
Previous Executive Positions:	• From 2004G to 2008G, Mining Agreements General Manager at the Ministry of Petroleum, Egypt. • From 1995G to 2004G, Geophysical Manager at Khalda Petroleum Company, a joint company established in Egypt, operating in the oil and gas sector. • From 1992G to 1995G, Geophysical Supervisor at the General Petroleum Company, a government-owned entity, operating in the oil and gas sector.
Current Memberships:	• Since 2020G, Chairman and Managing Director of Petrosilah Petroleum Company, a joint company established in Egypt, operating in the oil and gas sector. • Since 2008G, Member of the Board of Directors at Egyptian Nuclear Energy Authority, a governmental agency established in Egypt, operating in the nuclear raw material exploration and extraction sector. • Since 2020G, a Member of the Board of Directors at El Nasr Mining Company, a limited liability company established in Egypt, operating in the phosphate exploration and extraction sector. • Since 2018G, Chairman of the Audit Committee and Member of the Board of Directors at the Arab Mining Company, a limited liability company established in Jordan, operating in the investments sector. • Since 2020G, Deputy Chairman and Member of the Board of Directors at the Arab Mining Industries Development Institute, a limited liability company established in Jordan, operating in the research and development sector. • Since 2015G, a Member of the Board of Directors of the Egyptian Industries Union at the Chamber of Petroleum and Mining Industries.
Previous Memberships:	• From 2019G to 2020G, Chairman of the Board of Directors of the Egyptian Marketing Company for Phosphate and Fertilizers (EMPHCO), a limited liability company, established in Egypt, operating in the phosphate and phosphate fertilizers sector. • From 2016G to 2020G, Deputy Chairman and Member of the Board of Directors of Industries Chimiques Du Fluor, a joint stock company, established in Tunisia, operating in the aluminum fluoride sector. • From 2012G to 2014G, Chairman of the Board of Directors and Managing Director at Shalateen Gold Mining Company, established in Egypt, operating in the gold mining sector. • From 2011G to 2015G, Member of the Board of Directors of the Egyptian Natural Gas Holding Company, a holding company, established in Egypt, operating in the gas sector. • From 2011G to 2012G, Chairman of the Board of Directors of the Egyptian mineral resources authority (EMRA) (formerly: the Geological Area Authority).

5.1.4.7 Mohammed Ahmed Al Shehhi

Age:	55 years
Nationality:	Emirati
Current Position:	Member of the Board of Directors
Appointment Date:	23 March 2021G
Academic Qualifications:	• Executive Master's degree from the American University of Sharjah, United Arab Emirates, in 2002G. • Bachelor's degree in Electrical Engineering from the University of South Florida, United States, in 1990G.

Other Current Memberships:	• Since 2016G, Chairman of the Board of Directors of the Arab Mining Company, a limited liability company, operating in the investments sector. • Since 2019G, Chairman of the Board of Directors at the Arab Mining Company, in Fujairah, an Emirati limited liability company operating in, investing in, establishing and managing industrial projects and mining non-iron minerals ore. • Since 2010G, Member of the Board of Directors at the Emirates General Petroleum Corporation, a public corporation, operating in the oil and gas sector. • 2021G, Islamic Arab Insurance Company (Salama), a listed company in Dubai capital market, operating in the insurance sector.
Previous Executive Positions:	• From 2006G to 2020G, Undersecretary of Economic Affairs at Dubai, United Arab Emirates. • From 1990G to 2006G, senior executive roles at Emirates Telecommunications Corporations (Etisalat), United Arab Emirates, operating in the telecommunications sector.

5.1.4.8 Majed Yousef Al Mugla

Age:	71 Years
Nationality:	Saudi
Current Position:	Member of the Board of Directors
Appointment Date:	23 March 2021G
Academic Qualifications:	• Master's degree in Business Administration from King Fahad University of Petroleum and Minerals, Saudi Arabia, in 1981G. • Bachelor's degree in Chemical Engineering from King Fahad University of Petroleum and Minerals, Saudi Arabia, in 1976G.
Previous Executive Positions:	• From 2018G to 2019G, Consultant at the Ministry of Industry and Mineral Resources, a Government Ministry in Saudi Arabia. • From 2017G to 2018G, Senior Vice President of Projects and Engineering at Saudi Arabian Mining Company (Maaden), a listed joint stock company, established in the Kingdom of Saudi Arabia, operating in the mining sector. • From 2012G to 2016G, Senior Vice President of Engineering Projects and Procurement at Saudi Arabian Mining Company, a listed joint stock company operating in the mining sector. • From 2007G to 2012G, Member of the Board of Directors at the Saudi Arabian Oil Company (Saudi Aramco) in Dharan, a listed joint stock company, operating in the energy and oil sector. • From 2005G to 2007G, General Manager of a New Business Development at the Saudi Arabian Oil Company (Saudi Aramco) in Dhahran, operating in the energy and oil sector. • From 2001G to 2005G, General Manager of the Central and Western Regions - Refining and Distribution at the Saudi Arabian Oil Company (Saudi Aramco), a listed joint stock company, established in Saudi Arabia, operating in the energy and oil sector. • From 1998G to 2001G, President of the Saudi Aramco - Refinery Company (SASREF) in Jubail, operating in oil and gas sector. • From 1996G to 1998G, in London, United Kingdom, Manager of the Rabigh Refining Project Department at the Saudi Arabian Oil Company (Saudi Aramco), a listed joint stock company, established in Saudi Arabia, operating in the energy and oil sector. • From 1994G to 1996G, Manager of the Projects Department at Saudi Arabian Oil Company (Saudi Aramco) in Dhahran, a listed joint stock company, established in Saudi Arabia, operating in the energy and oil sector. • From 1982G to 1994G, Project Manager and Project Engineer at Saudi Arabian Oil Company (Saudi Aramco) in Dhahran, a listed joint stock company, established in Saudi Arabia, operating in the energy and oil sector. • From 1976G to 1977G, Operation Engineer at the Rastanura Refinery, at Saudi Arabian Oil Company (Saudi Aramco), a listed joint stock company, established in Saudi Arabia, operating in the oil and gas sector.
Previous Memberships:	• From 2007G to 2012G, Member of the Board of Directors at the Saudi Arabian Oil Company (Saudi Aramco), a listed joint stock company, established in Saudi Arabia, operating in the energy and oil sector.

5.1.4.9 Majid Ali Bin Musallam

Age:	42 years
Nationality:	Saudi
Current Position:	Member of the Board of Directors
Appointment Date:	23 March 2021G
Academic Qualifications:	• Bachelor's degree in Business Administration from King Abdulaziz University, Jeddah, Saudi Arabia, in 2003G.
Current Memberships:	• Since 2021G up to now, Member of the Board of Directors at Alsalam Aerospace Industries, a limited liability company, established in the Kingdom of Saudi Arabia, operating in the aviation sector.
Previous Memberships:	• From 2007G to 2018G, Member of the Board of Directors at SKAB Group Company, a closed joint stock company, established in the Kingdom of Saudi Arabia, operating in the real estate development sector.

5.1.4.10 Abdulelah Othman AlSaleh

Age:	63 years
Nationality:	Saudi
Position as of the Commencement of the Upcoming Board Term:	Member of the Board of Directors
Appointment Date:	9 January 2022G
Academic Qualifications:	• Doctorate degree in law from Michigan University in the United States of America, 1998G. • Membership of the American Bar (Michigan) in the United States of America, 1998G. • Bachelor degree in Civil Engineering from California University in the United States of America, 1981G.
Current Executive Positions:	• Since 2021G, manager of Rabat Investment Company, a limited liability company operating in the wholesale and retail trade industry.
Previous Executive Positions:	• From 1981G to 1983G, trainee engineer then location engineer in the Military Works \ Ministry of Defense, a public administration in the Ministry of Defense, operating in the construction, engineering, operation and maintenance sector of the armed forces industry. • From 1983G to 1988G, project manager in the Military Works, a public administration in the Ministry of Defense, a Governmental Ministry, operating in the construction, engineering, operation and maintenance sector of the armed forces industry. • From 1988G to 1990G, provenance manager in the Public Administration of the Military Works in the Ministry of Defense, a Governmental Ministry. • From 1991G to 1995G, engineering department manager in the Public Administration of the Military Works in the Ministry of Defense, a Governmental Ministry. • From 1998G to 2005G, legal advisor and manager of the contracts and biddings department in the Public Administration of the Military Works in the Ministry of Defense, a Governmental Ministry. • From 2005G to 2008G, private legal advisor in the office of the Minister of Defense, a Governmental Ministry. • From 2008G to 2012G, manager of the department of external procurement and international agreements in the Ministry of Defense, a Governmental Ministry, • From 2012G to 2016G, General Secretary of the Military Service Board of the Royal Court, a Governmental entity. • From 2016G to 2019G, General Secretary of the Islamic Military Coalition to Fight Terrorism, a Military Alliance.
Other Current Memberships:	• Since 2021G, member of the board of directors of the Golden Delivery Company, a mixed limited liability company, operating in the information and communications industry. • Since 2021G, member of the board of directors of the Saudi RS Infratech Limited Company, a foreign limited liability company, operating in the construction industry.
Other Previous Memberships:	• In 2015G, chairman of the board of directors of Al Raedah Company, a limited liability company owned by the Public Pension Agency, operating in the investment industry. • From 2014G to 2016G, vice chairman of the board of directors of the Public Pension Agency, a Governmental agency,

5.1.4.11 Abdulsalam Abduallah AlDuraibi

Age:	38 years
Nationality:	Saudi
Position as of the Commencement of the Upcoming Board Term:	Member of the Board of Directors
Appointment Date:	9 January 2022G
Academic Qualifications:	• Chartered Financial Analyst (CFA) certificate from Chartered Financial Analyst Institution in the United States of America, 2014G. • Master degree in Business Management from Seattle University in the United States of America, 2010G. • Bachelor degree in Management Information Systems from King Fahad University of Petroleum and Minerals, 2006G.
Current Executive Positions:	• Since 2018G, chief executive officer in Najran Cement Company, a listed joint stock company, operating in the cement industry.
Previous Executive Positions:	• From 2015G to 2018G, senior investment manager of the merger and acquisition department in Savola Group, a listed joint stock company, operating in the foodstuffs industry. • From 2013G to 2015G, assistant manager (investment banking) in Swicorp, a closed joint stock company, operating in the financial services industry. • In 2013G, financial analyst (investment banking) in Swicorp, a closed joint stock company, operating in the financial services industry. • From 2010G to 2013G, financial analyst (assets management) in Riyadh Capital Company, a closed joint stock company, operating in the financial services industry. • From 2005G to 2006G, information systems analyst in Binzagr Unilever Saudi Limited Company, a limited liability company, operating in the consumer products industry.
Other Current Memberships:	• Since 2019G, managing director in Najran Cement Company, a listed joint stock company, operating in the cement industry. • Since 2019G, member of the executive committee in Najran Cement Company, a listed joint stock company, operating in the cement industry.
Other Previous Memberships:	• From 2016G to 2018G, member of the audit committee in Najran Cement Company, a listed joint stock company, operating in the cement industry.

5.1.4.12 Savas Sahin

Age:	47 years
Nationality:	Turkish
Position as of the Commencement of the Upcoming Board Term:	Member of the Board of Directors
Appointment Date:	9 January 2022G
Academic Qualifications:	• Bachelors' of Science in Mining Engineering from the Middle East Technical University (METU), Turkey, in 1997G. • Executive Master's Degree in Business Administration (EMBA) from Bilkent University, Turkey, in 2013G.
Current Memberships:	• Since 2020G, member of Advisory Board at Esan Eczacibasi Industrial Raw Materials Company, a limited liability company, established in Turkey, operating in the mining sector. • Since 2019G, member of the Company's Commercial Committee. • Since 2019G, member of the Company's Executive Committee.
Current Executive Positions:	• From 2017G to 31 December 2021G, Chief Executive Officer at the Company[12].

12 Savas Sahin is the Company's CEO until 31 December 2021G, and Yahya Al-Shanqiti has been appointed as the Company's CEO, effective from 1 Januray 2022G

Previous Executive Positions:	• From 2013G to 2017G, Chief Executive Officer at Demir Export A.S., a limited liability company in Ankara, Turkey, operating in the mining sector. • From 2011G to 2013G, Assistant General Manager at Demir Export A.S. (Technical), a limited liability company in Ankara, Turkey, operating in the mining sector. • From 2010G to 2010G, Project Manager at Demir Export A.S. • From 2009G to 2010G, Senior Mining Engineer and Project Manager at SRK Consulting Company, a limited liability company, operating in the mining consultancy sector. • From 1997G to 2009G, Mining Engineer at Turkish & Australian Mines in Turkey and Australia.

5.2 Board Committees

The Board of Directors has established the Committees to improve the management of the Company. Each Committee is required to adopt a charter, which sets out its role, powers and responsibilities and conduct meetings for the purpose of discharging its duties.

The following is a summary of the structure, responsibilities and current members of each permanent Committee:

5.2.1 Nomination and Remuneration Committee

The main function of the Nomination and Remuneration Committee is to identify qualified candidates who are eligible for Board membership. The Committee's scope of work includes all duties designed to enable it to fulfil its functions, including:

- Assisting the Board in identifying individuals qualified to become Board members and to recommend to the Board the nominees to stand for election as Directors at the annual Shareholders' General Assembly Meeting. The Committee may consider individuals proposed by shareholders and management at its discretion.
- Annually reviewing the requirement of suitable skills for membership of the Board of Directors and the preparation of a description of the required capabilities and qualifications for such membership, including, the time that a Board member should reserve for the activities of the Board.
- Reviewing the composition of each committee of the Board and recommend to the Board for its approval Directors to serve as members of each committee.
- Assisting the Board in selecting, developing and evaluating potential candidates for Executive officer positions, including the President, and oversee the development of Executive officer succession plans.
- Maintaining an orientation program for new Directors.
- Developing and recommending to the Board for its approval an annual self-evaluation process for the Board and overseeing the annual self-evaluation of the Board.
- Assisting the Board in determining on an annual basis the compliance of each Director and Executive officer with the Company's Code of Conduct and Ethics and report any violations of the Code to the Board.
- Regularly reviewing the structure, size and compensation; including skills, knowledge and experience required of the Board of Directors and recommend changes.
- Drawing clear policies regarding the indemnities and remunerations of the Board members and Senior Executives (Chief Financial Officer and Chief Operating Officer).
- Recommending the form and amount of Director Compensation. In discharging this responsibility, the Committee shall seek to attract, motivate, reward and retain Directors of high integrity and superior ability who are focused on enhancing long-term shareholder value.

The Nomination and Remuneration Committee shall consist of at least three (3) members appointed by the Company's Board of Directors for a period of three (3) years.

Subject to the requirements that must be met by members of the Nomination and Remuneration Committee, the Board of Directors shall appoint the members of the Committee for a period of three years. The Board shall take the necessary measures to enable the Nomination and Remuneration Committee to carry out its functions, including informing the Nomination and Remuneration Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Nomination and Remuneration Committee deems necessary.

The following members were appointed to the Nomination and Remuneration Committee during the Board of Directors' meeting on 27 October 2020G:

Table (5-3): Nomination and Remuneration Committee Members

	Name	Title
1	Majed Y. Al-Mugla	Committee Chairman / Non-Executive Director / Independent
2	Mohammed Al Shehhi	Committee Member / Non-Executive Director / Non-Independent
3	Ibrahim Bin Musallam	Committee Member / Non-Executive Vice Chairman / Non-Independent

Source: The Company

The following is a brief overview of the members of Nomination and Remuneration Committee:

5.2.1.1 Mohammed Al Shehhi

Please refer to Mohammed Al Shehhi's overview under Section 5.1.4.7.

5.2.1.2 Majed Y. Al-Mugla

Please refer to Majed Y. Al-Mugla's overview under Section 5.1.4.8.

5.2.1.3 Ibrahim Bin Musallam

Please refer to Ibrahim Bin Musallam's overview under Section 5.1.4.2.

5.2.2 Audit Committee

The implementation of an effective internal control system is one of the responsibilities assigned to the Board of Directors. The main task of the Audit Committee is to verify the adequacy and effective implementation of the internal control system and to make any recommendations to the Board of Directors that would actuate and develop the system to achieve the Company's objectives. The Committee is also responsible for reviewing risk management policies, the annual risk report and risk reduction plans before presenting the same to the Board of Directors. The Committee is responsible for ensuring compliance with the Company's Corporate Governance Regulations and Practices issued by the Capital Market Authority and the Company's Corporate Governance Manual. The scope of the Committee's work shall include all actions that enable it to fulfil its functions, including:

- Financial Statements:
  - Analyze the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
  - Provide its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
  - Analyze any important or non-familiar issues contained in the financial reports.
  - Accurately investigating any issues raised by the Company's Finance Director or any person assuming his/her duties or the Company's compliance officer or external auditor.
  - Examine the accounting estimates in respect of significant matters that are contained in the financial reports.
  - Examine the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
  - Review the external auditor's comments on the financial statements and follow up the actions taken on them.
  - Review with management and the independent external auditor the effect of regulatory and accounting initiatives on the Company's financial statements.
  - Regularly report to the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's external auditor.

- Internal Control and Accounting Policies:
  - Review with the Company's management and internal and external auditors the Company's general policies and procedures to reasonably assure the adequacy of accounting principles and financial practices applied by the Company.
  - Review the effectiveness of the Company's internal control system, including information technology security and control.
  - Understand the scope of internal and external auditors in reviewing of internal control over financial reporting, and review reports on significant findings and recommendations, together with management's responses.
  - Review and comment on significant new or changes to existing policies and procedures adopted by the management and submit opinion and recommendations to the Board.
- External Audit:
  - On an annual basis, the Audit Committee shall submit recommendations to the Board of Directors regarding the appointment, termination and the remuneration of the external auditor.
  - Review and confirm the independence of the external auditors by obtaining statements from the auditors on the relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors.
  - Review external audit reports; work with and give support to the external auditors where practicable in order to provide an alternative communication link between the external auditors and the Board as and when needed.
  - Oversee the arrangements for the completion of the year end audited financial statements.
  - Review together with the external auditor the audit plan (proposed audit scope and approach), including coordination of the audit effort with the internal auditor.
  - Review with the external auditor the audited financial statements covering the audit approach, accounting adjustments and submit recommendations for improving the internal controls and any other significant audit findings to the Board of Directors.
  - Annually review and evaluate the external auditor's qualifications, performance and independence, including the review and evaluation of the main partner, taking into account the opinions of the Company's management and internal auditors, and present its conclusions to the Board.
  - Review the terms and specifications and the remuneration for any special audit / consultancy assignment performed by the external auditors.
  - On a regular basis, meet with the external auditors to discuss any matters that the Audit Committee or the auditors believe that should be discussed privately.
- Internal Audit:
  - Ensure that the Company officially identifies the purpose, authority and responsibility of the Internal Audit activity in order to provide and review the ongoing assessments of the Company's operations, the risk management processes and system of internal controls in coordination with the higher management and "**Audit Committee**".
  - Approve the annual compensation, performance appraisal and adjustment to the salary of Head of Internal Audit in line with the Company's compensation and benefits policy.
  - Recommend to the Chairman of the Board the appointment and dismissal of the Internal Auditor.
  - Oversee the Internal Audit activities and review its charter, scope, efficiency, independence, objectivity, performance and work plan. Review with the Internal Auditor the results of the Internal Audit efforts on a quarterly basis, or as deemed necessary, and peruse periodical and annual Internal Audit reports.
  - Review the summary of all Internal Audit reports, including management replies and the exceptions noted and pursue the implementation of the corrective measures in respect of the comments included in the Internal Audit report.
  - Supervise the Company's Internal Audit function to ensure its effectiveness in executing the activities and duties specified by the Board of Directors.

- The Audit Committee shall have the final authority to review and approve the annual audit plan and all major changes to the plan.
- Ensure that there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Internal Auditor.
- At least once per year, review the performance of the Internal Auditor and concur with the annual compensation and salary adjustment, if required.
- Review the effectiveness of the Internal Audit function, including compliance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
- On a regular basis, meet separately with the Internal Auditor to discuss any matters that the Audit Committee or Internal Audit believes should be discussed privately.

• Compliance:
  - Review the effectiveness of the monitoring system and compliance with laws and regulations and the results of management's investigation and follow-up (including any disciplinary action) of any instances of noncompliance.
  - Review the findings of any examinations by regulatory agencies, and any auditor observations.
  - Review the process for communicating the Code of Conduct and Ethics to Company personnel, and for monitoring compliance therewith.
  - Obtain regular updates from management and the Company's legal counsel regarding compliance matters.

• Risk Management:
  - Oversee and enhance the Company's risk management framework.
  - Identify and monitor the Company's key risks and evaluate their management and align the risk management activities with the overall corporate objectives and policies.
  - Ensure that risks are taken within prudent boundaries, taking into account the business objectives, size of the Company, work load, ratios and its perspective short / long term.
  - Ensure that written policies and procedures are developed and maintained for the identification, measurement, monitoring and control of all key risks associated with Company's operations and objectives.
  - Approve risk management policies and procedures that establish the appropriate approval levels for decisions and other checks, balances, limits to manage risk and define risk reporting requirements from a management perspective.
  - Receive results of the annual review of the implementation of risk management policies and procedures in the Company from the Internal Auditor, and make recommendations for change where there appear to be issues with inadequate management or problems with the risk measurement methodologies.
  - Provide management oversight of all prudential reviews and to follow up on any required management actions taken by relevant business areas. Ensuring a forum for "**big-picture**" analysis of future risks is included considering trends.
  - Make a criticized assessment to the Company's business strategies and plans from a risk perspective.
  - Discuss policies with respect to risk assessment and risk management, including the Company's major financial risk exposure and the steps taken by the Company's management to monitor and control such exposure.
  - Review key risk assessment activities on a periodic basis.
  - Review any legal claims on the Company.
  - Review the Company's Business Continuity Plan (BCP).

• Information Technology Systems Controls:
  - Consider the effectiveness and / or weaknesses points in the controls and security system of the Company's information system.

- Consider any related significant findings and recommendations from the external auditors and internal audit together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in controls and security systems, including any significant risks related to the major controls.
- Review the status and adequacy of management information systems and other information technology.
- Review with the internal auditor and the external auditors the coordination of the audit effort to ensure complete coverage of key system controls and risk areas related to IT controls.

- Reporting Responsibilities:
  - Report regularly to the Board about Audit Committee activities, issues and related recommendations.
  - Provide an open avenue of communication between internal auditor, the external auditors, and the Board.
  - Report annually to the Board, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
  - Review any other reports the Company issues that relate to Committee's responsibilities.
- Other Responsibilities:
  - Perform other activities related to this activity as requested by the Board.
  - Follow up on allegations of material, financial, ethical or legal irregularities; look into serious violations of the Company's policies, alleged breach of legal provisions or contravention of code of ethics, which are highlighted by the internal auditor or any other staff member.
  - Institute, oversee and direct any special investigations, as needed, concerning matters relating to the Company's financial statements, internal controls, compliance with the laws or business ethics.
  - Review all significant issues within the scope of the Committee charter, including any changes in accounting principles, with the management and the external auditors, prior to any decision being reached on reporting practices to be followed by the Company, and report thereon to the Board.
  - Review and assess the adequacy of the Audit Committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
  - Review with the management the status of Zakat/tax returns and tax issues.
  - Confirm annually that all responsibilities outlined in the Charter have been carried out.
  - Evaluate Audit Committee's and individual members' performance on a regular basis.
  - Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of the Company concerning questionable accounting or auditing matters.
  - Be available at all times to receive suggestions, questions or recommendations from the external auditors, internal auditor and the Executive Management.

The Audit Committee consists of four (4) members appointed by the Ordinary General Assembly for a period of three (3) years. At least one member of the Audit Committee shall be an Independent Director and no Executive Director shall be among its members. At least one of the Audit Committee's members shall be specialized in finance and accounting.

Subject to the requirements that must be met by members of the Audit Committee, the Ordinary General Assembly shall appoint the members of the Audit Committee for a period of three years. The Board shall take the necessary measures to enable the Audit Committee to carry out its functions, including informing the Audit Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Audit Committee deems necessary.

The following members of the Audit Committee were appointed during the Ordinary General Assembly meeting held on 09/08/1442H (corresponding to 23/03/2021G):

Table (5-4): Audit Committee Members[13]

	Name	Title
1	Waleed Bamarouf	Committee Chairman / Non-Board Member
2	Fekry Youssef Mohammed	Committee Member / Non-Executive Director /Non-Independent
3	Majed Mugla	Committee Member / Non-Executive Director / Independent
4	Mehaideb S. Al-Mehaideb	Committee Member / Non-Executive Director /Non-Independent

Source: The Company

The following is a brief overview of the members of the Audit Committee:

5.2.2.1 Waleed Bamarouf

Age:	50 years
Nationality:	Saudi
Current Position:	Chairman of the Audit Committee
Appointment Date:	23 March 2021G
Academic Qualifications:	• Bachelor's degree in Accounting from King Fahad University of Petroleum and Minerals, Kingdom of Saudi Arabia, in 1995G. • Executive Master Business Administration (MBA) from University of King Abdulaziz Kingdom of Saudi Arabia in 2009G. • Member of the Saudi Organization for Certified Public Accountants (SOCPA) from Saudi, Certificate No. 1-207-1286, License No. 408, issued in 2005G. • Taqeem Accreted Business Valuer (TABV) from Saudi Authority for Accredited Valuers, License No. 3912000007, CR. No. 403616413, in 2017G. • Licensed Bankruptcy Trustee from the Bankruptcy Commission, License No. 141031. in 2019G. • Certified Internal Auditor (CIA) from USA, Certificate No. 112032, in 2012G. • Certified Management Accountant (CMA) from USA, Certificate No. 23600. • Certified Public Accountant (CPA) from the State of Illinois, USA, Certificate No. 70,101, in 2017G.
Current Consultancy Positions:	• Since 2020G, Member of the Audit Committee of [Sulaiman Abdulaziz Al-Rajhi Real Estate Investments Co., Ltd, a limited liability company established in 2002G, and operating in real estate investment sector. • Since 2018G, Member of the Audit Committee of Saudi Binladin Group, a closed joint stock company established in 1989G, and operating in construction sector. • Since 2013G, member of the Board of Directors of Najran Cement Company, a joint stock company, established in 2005G, operating in the cement sector. • Since 2012G up to now, Chairman of the Audit Committee of Tabuk Agriculture Development Company, a joint stock company, established in the Kingdom of Saudi Arabia, operating in the agriculture sector. • Since 2009G up to now, licensed audit partner of Talal Abu Ghazala & Company, an audit and consulting firm, established in the Kingdom of Saudi Arabia operating in the Audit, Tax and Consulting Sector.

13 On 20/04/1443H (corresponding to 25 November 2021G, the Company's Ordinary General Assembly approved the appointment of the Audit Committee for the coming three (3) years, commencing as of 9 January 2022G and ending on 8 January 2025G. It should be noted that the Committee will be composed of Waleed Ahmed Bamarouf (an independent member from outside the Board of Directors, being a member of the currently acting Audit Committee), Mansour Nasser AlSharif (an independent member from outside the Board of Directors), Abdulsalam Abdullah Al Draibi (an independent member), Hassan Yassin Al Takrouri (a non-executive member) and Mehaideb Bin S. Al Mehaideb (an independent member from outside the Board of Directors, being a member of the currently acting Audit Committee)

Previous Executive Positions:	• From 2019G to 2020G, Member of board of directors and Chairman of Audit Committee, in Etihad Atheeb Telecommunication a joint stock company established in 2009G, operating in telecommunication sector. • From 2015G to 2018G, Member of board of directors and member of Audit Committee and nomination and remunerations committee, in Rabigh Refining and Petrochemical, (Petrorabigh) a joint stock company established in 2005G, and operating in petroleum sector. • From 2014G to 2020G, Member of the Audit Committee, in Al Masane Al Kobra Mining Co., a closed joint stock company, established in 2008G, and operating in mining sector • From 2011G to 2014G, Member of board of directors and member of Audit Committee, in Yanbu National Petrochemical (Yansab) a joint stock company established in 2006G, operating in petrochemicals sector.

5.2.2.2 Fekry Youssef Mohammed

Please refer to Fekry Youssef Mohammed's overview under Section 5.1.4.6.

5.2.2.3 Majed Yousef Al Mugla

Please refer to Majed Mugla's overview under Section 5.1.4.8.

5.2.2.4 Mehaideb S. Al-Mehaideb

Please refer to Mehaideb S. Al-Mehaideb's overview under Section 5.1.4.5.

5.2.3 Executive Committee

The main task of the Executive Committee of the Board of the Company is to assist the Board in performing activities and tasks as delegated to it by the Board of Directors, in order to facilitate smooth operations of the Company. The scope of the Committee's work shall include all actions that enable it to fulfil its functions, including:

- Assisting the Board in performing activities and tasks as delegated to it by the Board of Directors, in order to facilitate smooth operations of the Company.
- Assisting the Board in the development of the Company's major strategic goals and investment strategies.
- Assisting the Board in defining and setting the vision and mission for the Company.
- Setting the business plan based on the Company's vision and mission and assisting Board in defining the direction of the business.
- Assisting the Board in conducting a strategic review of the Company's performance on a regular basis to determine whether the Company is meeting its short and long term objectives.
- Reviewing and approving all major investment decisions, in line with the Company's approved strategies.
- Setting the business processes and operational policies and procedures to be followed while executing the day-to-day operations of the Company.
- Explore means to carryout business in a cost-effective and efficient manner as to meet the customer expectation and their satisfaction.
- Ensuring that there is proper coordination and communication between the Senior Management and the Board.

The Executive Committee consists of three (3) members appointed by the Board of Directors for a period of three (3) years.

The Board shall take the necessary measures to enable the Executive Committee to carry out its functions, including informing the Executive Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Executive Committee deems necessary.

The following members of the Executive Committee were appointed by the Board of Directors on 04/05/1440H (corresponding to 10 January 2019G).

Table (5-5): Executive Committee Members

	Name	Title
1	Mohammed Aballala	Committee Chairman / Non-Executive Chairman of the Board / Non-Independent
2	Savas Sahin	Committee Member / Non-Board Member
3	Ibrahim Al Musallam	Committee Member / Non Executive Vice Chairman of the Board /Non-Independent

Source: The Company

The following is a brief overview of the members of the Executive Committee:

5.2.3.1 Mohammed Aballala

Please refer to Mohammed Aballala's overview under Section 5.1.4.1.

5.2.3.2 Savas Sahin

Please refer to Savas Sahin's overview under Section 5.1.4.12.

5.2.3.3 Ibrahim A. Bin Musallam

Please refer to Ibrahim Bin Musallam's overview under Section 5.1.4.2.

5.2.4 Commercial Committee

The main task of the Commercial Committee is to monitor the management of risks of the commercial business activities of the Company, management policies, the reliability of financial and management reports and compliance with relevant laws and regulation. The scope of the Committee's work shall include all actions that enable it to fulfil its functions, including:

- Reviewing the strategic direction of the commercial activities and monitor the implementation of the agreed strategy.
- Reviewing commercial and other transactions for consistency with the agreed strategy.
- Reviewing and evaluating business performance.
- Monitoring developments and changes in the law relating to the responsibilities and liabilities of directors.

The Commercial Committee consists of five (5) members appointed by the Board of Directors for a period of three (3) years.

The following members of the Commercial Committee were appointed by the Board of Directors on 04/05/1440H (corresponding to 10 January 2019G).

Table (5-6): Commercial Committee Members

	Name	Title
1	Nicholas Carter	Committee Chairman / Non-Board Member
2	Mohammed Aballala	Committee Member / Non-Executive Chairman of the Board / Non-Independent
3	Talal Al Saadi	Committee Member / Non-Executive Director / Independent
4	Savas Sahin	Committee Member / Non-Board Member
5	Fekry Youssef Mohammed	Committee Member / Non-Executive Director / Non-Independent

Source: The Company

The following is a brief overview of the members of the Commercial Committee:

5.2.4.1 Nicholas Carter

Age:	74 years
Nationality:	United States of America
Current Position:	Chairman of the Commercial Committee
Appointment Date:	10 January 2019G
Academic Qualifications:	• Bachelor's Degree in Business Administration in Accounting from Lamar University, USA, in 1975G.
Current Consultancy Positions:	• Since 2019G, Non-Executive Member of the Board of Trecora Resources, a joint stock company listed in the American stock exchange, established in 1967G, operating in the chemicals sector.
Previous Executive Positions:	• From 2009G to 2019G, Chairman of the Board of Directors of Trecora Resources Company.

5.2.4.2 Mohammed Mana Aballala

Please refer to Mohammed Aballala's overview under Section 5.1.4.1.

5.2.4.3 Talal Asaad Al Saadi

Please refer to Talal Al Saadi's overview under Section 5.1.4.3.

5.2.4.4 Savas Sahin

Please refer to Savas Sahin's overview under Section 5.1.4.12.

5.2.4.5 Fekry Youssef Mohammed

Please refer to Fekry Youssef Mohammed's overview under Section 5.1.4.6.

5.3 Senior Management

5.3.1 Overview of Senior Management

The Company's senior management is comprised of qualified Saudi and non-Saudi members with significant expertise in the mining and mineral extraction industry. The primary responsibility of the Chief Executive Officer is to manage the Company's business and supervise its performance in line with the objectives and guidance of the Board of Directors and shareholders.

The senior management team currently consists of eight (8) members, as set out in the table below:

Table (5-7): Senior Management Details

Name	Position	Date of Appointment of Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares Post-Offering	Indirect Ownership	
							Pre-Offering	Post-Offering
Savas Sahin	Chief Executive Officer[14]	5 February 2017G	Turkish	47	237,920	194,001	-	-
Yahya Al-Shanqiti	Chief Executive Officer	1 January 2022G	Saudi	57	-	-	-	-
Andrew Pix	Operations Director	1 July 2019G	British	56	-	-	-	-
Kamran Bakhsh	Finance Director	1 July 2017G	Pakistani	35	-	-	-	-
Tansu Ozerkan	Supply Chain Chief	17 November 2017G	Turkish	43	-	-	-	-

14 Savas Sahin is the Company's CEO until 31 December 2021G, and Yahya Al-Shanqiti has been appointed as the Company's CEO, effective from 1 Januray 2022G.

Name	Position	Date of Appointment of Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares Post-Offering	Indirect Ownership	
							Pre-Offering	Post-Offering
Saoud Al Salem	Human Resources Manager	1 May 2011G	Saudi	42	-	-	-	-
Saleh Almtrouk	Industrial Security Manager	22 August 2020G	Saudi	48	-	-	-	-
Mohammed Sajid	Loss Prevention and Site Services Deputy Manager	1 October 2018G	Indian	44	-	-	-	-
Dleem Alzabadin	Government Relations Manager	1 June 2011G	Saudi	50	-	-	-	-
Vacant*	Exploration Director	-	-	-	-	-	-	-

*Vacant position as at the date of this Prospectus.

Source: The Company

5.3.2 Biographies of Senior Executives

The experiences, qualifications and current and previous positions of each Senior Executive are set out below:

5.3.2.1 Savas Sahin

Please refer to Section 5.1.4.12 for more details about Savas Sahin's current and previous experiences and positions.

5.3.2.2 Yahya Alshangiti

Age:	57 years
Nationality:	Saudi
Current Position:	Chief Executive Officer
Appointment Date:	1 January 2022G
Academic Qualifications:	• Master degree in Industrial minerals and environmental management from Leeds University in the United Kingdom, 1995G. • Bachelor degree in Science in Mining Engineering from King Abdulaziz University in the Kingdom of Saudi Arabia, 1992G.
Current Executive Positions:	• Since 2022G, Chief Executive Officer of the Company.

Previous Executive Positions:	• From 2018G to 2019G, chief executive officer of Drillcorp Sahara Saudi, a foreign company, established in the Kingdom of Saudi Arabia and operating in the mineral exploration industry. • In 2018G, chief executive officer's executive adviser in Saudi Arabian Mining Company (MA'ADEN), a Saudi listed joint stock company established in the Kingdom of Saudi Arabia and operating in the mining industry. • From 2014G to 2018G, vice-president for precious metals in Saudi Arabian Mining Company (MA'ADEN), a Saudi listed joint stock company established in the Kingdom of Saudi Arabia and operating in the mining industry. • From 2010G to 2018G, chief executive officer in Ma'aden Gold And Base Metals Company, a limited liability company owned by the Saudi Arabian Mining Company (MA'ADEN), established in the Kingdom of Saudi Arabia and operating in the mining industry. • From 2008G to 2010G, general manager of the operations department in Ma'aden Gold And Base Metals Company, a limited liability company owned by the Saudi Arabian Mining Company (MA'ADEN), established in the Kingdom of Saudi Arabia and operating in the mining industry. • From 2005G to 2008G, mining manager of the MA'ADEN project of aluminium in Saudi Arabian Mining Company (MA'ADEN), a Saudi listed joint stock company established in the Kingdom of Saudi Arabia and operating in the mining industry. • From 2003G to 2005G, project manager of the Duwaihi Mine development project in Ma'aden Gold And Base Metals Company, a limited liability company owned by the Saudi Arabian Mining Company (MA'ADEN), established in the Kingdom of Saudi Arabia and operating in the mining industry. • From 1997G to 2003G, manager of Mahd Gold Mine in Ma'aden Gold And Base Metals Company, a limited liability company owned by the Saudi Arabian Mining Company (MA'ADEN), established in the Kingdom of Saudi Arabia and operating in the mining industry.
Other Previous Memberships:	• From 2019G to 2021G, chairman of the board of directors in Drillcorp Sahara Saudi, a foreign company, established in the Kingdom of Saudi Arabia and operating in the mineral exploration Industry. • From 2014G to 2018G, chairman of the board of directors in Ma'aden Barrick Copper Company, a limited liability company established in the Kingdom of Saudi Arabia and operating in the mining industry. • From 2010G to 2012G, board member in Ma'aden Gold And Base Metals Company, a limited liability company owned by Saudi Arabian Mining Company (MA'ADEN), established in the Kingdom of Saudi Arabia and operating in the mining industry. • From 2008G to 2013G, board member in Ma'aden for Industrial Metal Company, a limited liability company owned by Saudi Arabian Mining Company (MA'ADEN), established in the Kingdom of Saudi Arabia and operating in the mining industry. • From 2014G to 2018G, board member in Maaden Phosphate Company, a limited liability company owned by the Saudi Arabian Mining Company (MA'ADEN) and Saudi Basic Industries Corporation (SABIC), established in the Kingdom of Saudi Arabia and operating in the mining industry. • From 2013G to 2016G, board member in the Saudi Mining Polytechnic, a Saudi training institute, established in the Kingdom of Saudi Arabia.

5.3.2.3 Andrew Pix

Age:	56 years
Nationality:	British
Current Position:	Operations Director
Appointment Date:	1 July 2019G
Academic Qualifications:	• Bachelor's in Mining Engineering from the University of Newcastle, United Kingdom, 1987G. • Graduate Diploma Mine Ventilation, University of New South Wales, United Kingdom, 2010G. • First Class Mine Manager's Certificate of Competency Underground Metallifeous Mines Queensland, Australia, 2005G
Current Executive Positions:	• Since 2019G, Operations Director of the Company.
Previous Executive Positions:	• From 2008G to 2010G, General Manager at Hill End Gold Ltd, a listed joint-stock company established in Australia and operating in the mining sector.

5.3.2.4 Kamran Bakhsh

Age:	35 years
Nationality:	Pakistani
Current Position:	Finance Director
Appointment Date:	1 July 2017G
Academic Qualifications:	• Bachelor's degree in in Applied Accounting from Oxford Brookes University, Oxford, United Kingdom, 2008G. • CPA, CGA – Chartered Professional Accountant & Certified General Accountant Canada, British Columbia, 2017G. • ACCA - The Association of Chartered Certified Accountants – Kaplan Financial, London, United Kingdom 2008G.
Current Executive Positions:	• Since 2017G, Finance Director at the Company.
Previous Executive Positions:	• From 2015G to 2017G, Chief Financial Officer at Al Amthal Financing, a closed joint-stock Company established in the Kingdom of Saudi Arabia and operating in the financing and leasing sector. • From 2011G to 2015G, Chief Financial Officer at Al Raeda Finance Company, a closed joint-stock company established in the Kingdom of Saudi Arabia and operating in the finance sector.

5.3.2.5 Tansu Ozerkan

Age:	43 years
Nationality:	Turkish
Current Position:	Supply Chain Chief
Appointment Date:	17 November 2017G
Academic Qualifications:	• Bachelor's degree in Mathematics and Computer Science from Comrat State University, in Moldova, 2008G. • Bachelor's degree in Mathematics from University of Istanbul, in Turkey, 2001G.
Current Executive Positions:	• Since 2017G, Supply Chain Chief at the Company. • Since 2018G, Chief of Procurement and Logistics at the Company

5.3.2.6 Saoud Al Salem

Age:	42 years
Nationality:	Saudi
Current Position:	HR Manager
Appointment Date:	1 May 2011G
Academic Qualifications:	• Bachelor's Degree in Administrative Science from King Abdulaziz Jeddah University, Saudi Arabia, 2014G.
Current Executive Positions:	• Since 2020G, HR Manager at the Company.

5.3.2.7 Saleh Almtrouk

Age:	48 years
Nationality:	Saudi
Current Position:	Industrial Security Manager
Appointment Date:	22 August 2020G
Academic Qualifications:	• Master Degree in Criminal Justice from Loyola University, USA, 2013G. • Bachelor degree in Military Science from King Abdulaziz Military College, Saudi Arabia, 1995G.
Current Executive Positions:	• Since 2020G, Industrial Security Manager at the Company.

5.3.2.8 Mohammed Sajid

Age:	44 years
Nationality:	Indian
Current Position:	Loss Prevention and Site Services Deputy Manager
Appointment Date:	1 October 2018G
Academic Qualifications:	• Bachelor's Degree in Science from Magadh University, India, 2003G. • Diploma in Industrial Security Management from PENTA, India, 2006G. • Master's Degree in Environmental Science from Sikkim Manipal University, India, 2011G. • Bachelor's Degree in Technology and Information from Janardan Rai Nagar Rajasthan Vidyapeeth University, India, 2013G.
Current Executive Positions:	• Since 1 October 2018G, Loss Prevention and Site Services Deputy Manager at Al Masane Al Kobra Mining Company.
Previous Executive Positions:	• From 2018G to 2021G, Senior Health and Safety Supervisor at Al Masane Al Kobra Mining Company (AMAK). • From 2015G to 2018G, Health and Safety Supervisor for the United Cement Industrial Company (UCIC), a joint-stock company in Saudi Arabia engaging in the cement sector. • From 2013G to 2015G, Head of the Environment and Health Department at Yamama Cement Factory, a joint-stock company in Saudi Arabia engaging in the cement sector. • From 2010G to 2013G, Director at Ambuja Cements Ltd (member of Holcim), a company in India engaging in the cement sector. • From 2007G to 2010G, Safety Officer for Lafarge India Pvt. Ltd., a company in India engaging in the cement sector.

5.3.2.9 Dleem Alzabadin

Age:	50 years
Nationality:	Saudi
Current Position:	Governmental Relations Manager
Appointment Date:	1 June 2011G
Academic Qualifications:	• Information Technology Diploma certified by Saudi Ministry of Civil Service and Enterprises. • General Vocational and Technical Education, certified by the University of Cambridge.
Current Executive Positions:	• Since 2011G, Governmental Relations Manager at the Company.
Previous Executive Positions:	• From 1991G to 1998G, an employee in the Emirate of Najran Region in the Stock Control Department, Legal Department, and the Deputy of the Emirate Center. • From 2007G to 2011G, Project Administration at Nesma and Partners Contracting Company Ltd., a limited liability company engaging in the field of contracting.

5.3.3 Employment Contracts with Senior Executives

The Company concluded employment contracts with all the senior management members of the Company. These contracts stipulate their salaries and bonuses according to their qualifications and experience. These contracts include a number of benefits such as a monthly allowance for transportation or housing allowance or both. These contracts are renewable and subject to the Saudi Labor Law.

The table below shows the main details of the employment contracts with Senior Executives.

Table (5-8): Summary of Employment Contracts with Senior Executives

No.	Name	Position	Date of Appointment	Contract Date	Contract Termination Date
1.	Savas Sahin	Chief Executive Officer[15]	5 February 2017G	1 February 2019G**	31 January 2022G***
2.	Yahya Alshangiti	Chief Executive Officer	1 January 2022G	1 January 2022G	31 December 2023G Automatically renewable

15 Savas Sahin is the Company's CEO until 31 December 2021G, and Yahya Al-Shanqiti has been appointed as the Company's CEO, effective from 1 Januray 2022G.

No.	Name	Position	Date of Appointment	Contract Date	Contract Termination Date
3.	Andrew Pix	Operations Director	1 July 2019G	5 February 2019G**	7 December 2022G Automatically renewable
4.	Kamran Bakhsh	Finance Director	1 July 2017G	1 July 2020G**	1 July 2021G Automatically renewable
5.	Tansu Ozerkan	Supply Chain Chief	17 November 2017G	1 May 2018G**	30 April 2019G Automatically renewable
6.	Saoud Al Salem	Human Resources Manager	1 May 2011G	1 May 2020G**	30 April 2021G Automatically renewable
7.	Saleh Almtrouk	Industrial Security Manager	22 August 2020G	21 August 2021G**	21 August 2021G Automatically renewable
8.	Mohammed Sajid	Loss Prevention and Site Services Deputy Manager	1 October 2018G	1 October 2018G	30 September 2019G Automatically renewable
9.	Dleem Alzabadin	Government Relations Manage	1 June 2011G	1 June 2020G**	31 May 2021G Automatically renewable
10.	Vacant*	Exploration Director	-	-	-

* Vacant position as of the date of this Prospectus.

** The position has been occupied in accordance to the Appointment Date mentioned hereunder which represents the date of the most recent contract made under new terms and conditions.

*** Savas Sahin is the Company's CEO until 31 December 2021G, and Yahya Al-Shanqiti has been appointed as the Company's CEO, effective from 1 January 2022G.

Source: Company

5.4 Remuneration of Directors and Senior Executives

Subject to the Company's Bylaws, remunerations of Board Directors shall be determined in accordance with the official decisions and instructions issued by the Ministry of Commerce in this context and within the provisions of the Companies Law and any other relevant supplementary laws, as well as the Bylaws of the Company. The attendance and transportation allowances shall be determined by the Board according to the applicable laws, decisions and directions identified by the competent entities in the Kingdom.

Pursuant to the Company's Bylaws, neither the Directors nor Senior Executives have the authority to vote on their remuneration or indemnities. The remuneration of Senior Executives shall be determined by virtue of each respective employment contract in accordance with the Company's remuneration policy.

Furthermore, neither the Directors nor Senior Executives have powers to borrow from the Company or vote on a contract or an arrangement in which they have a material interest.

It should be noted that no in-kind benefits have been paid to the Board members and Senior Management. The following table shows the remunerations of the Board of Directors and the top six Senior Executives including the CEO, the Finance Director and the Operations Director for the financial years ended 31 December 2018G, 2019G, 2020G and the six-month period ended 30 June 2021G.

Table (5-9): Remuneration Paid to Directors and Senior Executives

In SAR	2018G	2019G	2020G	Six-month period ended 30 June 2021G
Board of Directors	1,796,000	1,946,000	2,585,000	-
Audit Committee	160,000	170,000	190,000	-
Nomination and Remuneration Committee	15,000	15,000	55,000	-
Executive Committee	60,000	50,000	40,000	-
Commercial Committee	80,000	75,000	85,000	-
Chairman of the Board of Directors	500,000	500,000	600,000	-
Senior Management (6 employees)*	4,085,977	4,833,576	7,032,523	1,791,000

Source: Company

*Includes the CEO, Finance Director, Operations Director, Supply Chain Chief, Loss Prevention and Site Services Manager and Industrial Security Manager.

5.5 Corporate Governance

5.5.1 Overview

The key sources of corporate governance for the Company are the Corporate Governance Regulations issued by the CMA, certain provisions of the Companies' Law and corporate governance best practices in the Kingdom.

The framework under the Corporate Governance Regulations regulates the various relationships between the Board, Executive Directors, shareholders and other stakeholders, by establishing rules and procedures to facilitate decision making processes with the objective of protecting the rights of shareholders and other stakeholders and promoting the values of credibility, fairness, competitiveness and transparency in the Company's conduct on the Exchange and in the business environment.

These regulations, which entail the implementation of a clear and transparent disclosure process, ensure that the Board acts in the best interests of the Shareholders and presents a clear and fair view of the financial condition of the Company and the results of its operations.

The Company's policy is to adopt high standards of corporate governance. The Corporate Governance Regulations shall apply to the Company from the date of Listing. However, the Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Listing. The Company considers ongoing compliance with these regulations to be an important factor in its continued success.

5.5.2 Key Corporate Governance Requirements

The key corporate governance requirements that the Company complies, and will comply, with are set out in the Corporate Governance Regulations. These cover the following broad areas:

- General shareholder rights (Articles 4 to 9);
- Rights relating to General Assembly Meetings (Articles 10 to 15);
- The Board of Directors: formation, responsibilities, competencies, procedures and training (Articles 16 to 41);
- Conflicts of interest (Articles 42 to 49);
- Company committees (Articles 50 to 72); and
- Internal controls, external auditors, company reports and policies, and various other matters (Articles 73 to 98).

5.5.3 Corporate Governance Manual and Internal Policies

On 20/08/1439H (corresponding to 6 May 2018G), the Board of Directors approved the Corporate Governance Manual of the Company and its Internal Policies.

The Company's Corporate Governance Manual includes the following internal policies and work regulations:

- Board of Directors policies, standards, and membership procedures;
- Board of Directors conflict of interest policy;
- Board of Directors committee principles and policies;
- Monitoring, assessment, internal and external audit and internal control policies;
- General Assembly policies;
- Dividend distribution policy;
- Disclosure policy;
- Audit committee charter;
- Commercial Committee charter;
- Executive Committee charter;
- Nominations and Remunerations Committee charter;
- Board of Directors policies, standards and membership procedures;
- Remuneration policy of Board Members, members of Board and Executive Management committees; and
- Company's competition criteria.

5.5.4 Corporate Governance Compliance

The Board of Directors declare that the Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Listing.

In particular, a majority of the Company's Board of Directors, which currently consists of nine (9) Directors, are non-executive members and amongst the Board members are three (3) independent Directors. In addition, the Shareholders adopted the cumulative voting method in relation to the appointment of Directors. This method of voting gives each Shareholder voting rights equivalent to the number of Shares he/she holds. Each Shareholder has the right to use all of his/her voting rights for one nominee or to divide their voting rights between his/her selected nominees without any duplication of votes. This method increases the chances of minority shareholders appointing their representatives to the Board by exercising their cumulative voting rights in favor of a single candidate.

The Company has put in place measures to comply with provisions that deal with conflicts of interest and competing interests (Articles 71, 72 and 73 of the Companies' Law and Articles 44 and 46 of the Corporate Governance Regulations). The Company has obtained the approval of the General Assembly for Related Party transactions described in Section 13.6 ("**Transactions and Contracts with Related Parties**").

Pursuant to the Corporate Governance Regulations, each board member is prohibited from voting on a decision taken by the board or the general assembly with respect to transactions and contracts that are executed for the company's account, if he/she has a direct or indirect interest in those transactions or contracts (Article 44(b)(1)). The Companies Law sets out similar requirements to the effect that a director, without prior consent from the ordinary general assembly may not have any direct or indirect interest in transactions or contracts made for the account of the company. The director also has an obligation to inform the board of directors of any personal interest he may have in such transactions or contracts and may not participate in voting on resolutions to be adopted in this respect by the board of directors or shareholder assemblies. The Chairman of the Board of directors must inform the general assembly of any transactions and contracts in which any director has a direct or indirect personal interest and accompany that with a special report from the company's external auditor (Article 71).

The Corporate Governance Regulations also provide that if a member of the board wishes to engage in a business that may compete with the company or any of its activities, he/she must notify the board of the competing businesses and abstain from voting on the related decision in the board meeting and general assemblies; the Chairman of the Board must inform the ordinary general assembly of the competing businesses that the member of the board proposes to be engaged in; and the authorization of the company's general assembly must be obtained for the member to engage in the competing business. The Companies' Law sets out similar requirements (Article 72).

The Company currently complies with the mandatory governance requirements that apply to Saudi public joint stock companies, excluding some provisions mandatory only with respect to listed companies, which the Company is not currently in compliance as the Company's shares are not currently listed on the Exchange, as follows:

- Paragraph (a) of Article (8) providing that upon calling for the General Assembly, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board.
- Paragraph (c) of Article (8) providing that voting in the General Assembly shall be confined to the Board nominees whose information have been announced as per paragraph (a) of Article (8).
- Paragraph (d) of Article (13) providing that the invitation to the General Assembly shall be published on the Exchange's, the Company's websites and in a daily newspaper published in the area where the Company's head office is located.
- Paragraph (c) of Article (14) providing that the shareholders shall be allowed through the Company's website and the Exchange's website to obtain the information related to the items of the General Assembly's agenda, and to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the Audit Committee's Report.
- Paragraph (e) of Article (15) providing that the Company shall announce to the public and inform the Authority and the Exchange of the results of a General Assembly meeting immediately following its conclusion.
- Paragraph (d) of Article (17) providing that the Company shall notify the Authority of the names of the Board members and description of their memberships, as well as any changes that may affect their membership, within 5 working days from such changes.

- Paragraph (b) of Article (19) providing that upon the termination of the membership of a Board member, the Company shall promptly notify the Authority and the Exchange and shall specify the reasons for such termination.
- Article (63) providing that the Remuneration Committee shall convene periodically at least once a year, and as may be necessary.
- Article (67) providing that the nomination committee shall convene periodically at least once a year, and as may be necessary.
- Article (68) providing that the Company shall publish the nomination announcement on the websites of the Company and the Exchange to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.

5.6 Conflict of Interest

Neither the Company's Bylaws nor any of the Company's internal regulations and policies grant any Director or the CEO the power to vote on any contract or proposal in which he has a direct or indirect interest, in accordance with Article 71 of the Companies' Law which states that a member of the board of directors should not have any interest whether directly or indirectly, in the transactions or contracts made for the account of the company, except with an authorization from the Ordinary General Assembly.

Pursuant to Article 71 of the Companies' Law, a member must inform the Board of Directors of any interest held thereby in the transactions or contracts made for the account of the Company. The Chairman of the Board of Directors shall inform the Ordinary General Assembly, when it convenes, of the transactions and contracts in which any member has an interest. Such communication shall be accompanied by a special report from the auditor. Such declaration must be recorded in the minutes of the Board meeting, and the interested member shall not participate in voting on the resolution to be adopted in this respect.

Based on the foregoing, the Directors undertake to comply with the following:

- Complying with the provisions of Articles 71, 72, 73, 74, and 75 of the Companies' Law and Articles 44 and 46 of the Corporate Governance Regulations.
- Refraining from voting on General Assembly resolutions pertaining to contracts entered into with the Company where the Director has a direct or indirect interest in such contract.
- Avoiding participating in any business that competes with that of the Company, unless such member has authorization from the Ordinary General Assembly.
- All Related Party transactions will be made on an arm's length basis in accordance with the terms of the Corporate Governance Regulations.

The Directors confirm none of the transactions with Related Parties described under this Section do not include any preferential terms, and that they have been concluded legally and on appropriate and fair commercial bases. Except as disclosed in this Section of this Prospectus, the Directors confirm that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with a Related Party including the Financial Advisors and the Legal Advisor in respect of the Offering.

As at the date of this Prospectus, the Board Members have not participated in any activities similar or competitive with the activities of the Company, through any membership in the boards of directors of other companies.

The total value of the transactions with Related Parties amounted to SAR 3,192,718, SAR 2,726,086, SAR 2,104,078, and SAR 829,793 for the years ended 31 December 2018G, 31 December 2019G, 31 December 2020G, and the six-month period ended 30 June 2021G respectively, representing 1.21%, 0.92%, 0.56%, and 0.31% of the Company's total revenue for 31 December 2018G, 31 December 2019G, 31 December 2020G, and the six-month period ended 30 June 2021G respectively.

As at the date of this Prospectus, there are three transactions that are not governed under formal contracts between the Company and each of Najran Cement, Najran Mineral Water and Arab Commercial Enterprise for Travel, which are Related Parties. The following table sets out the details of the Company's transactions with Related Parties.

Table (5-10): Details of the Company's transactions with Related Parties

Related Party	Nature of Transaction	Interested Party	Nature of Relation-ship	Transaction value during FY ending 31 December (SAR)			Transaction value during the six-month period ending 30 June 20221G (SAR)**
				2018G*	2019G*	2020G*	
Najran Cement Company	Provision of cement to the company for construction activities	Mohammed Aballala Ayman AlShibl	The Board Members have an interest in the contracting party, whereby both Board Members are also board members of Najran Cement	45,738	22,948	32,715	-
Najran Mineral Water	Provision of drinking water to the Company's employees	Ibrahim Musallam Majed Musallam	The Board Members have an interest in the contracting party, whereby both Board Members are shareholders of the Najran Mineral Water	75,642	130,725	51,030	25,760
Arab Commercial Enterprise for Travel	Provision of travel tickets to the Company's employees	Ibrahim Musallam Majed Musallam	The Board Members have an interest in the contracting party whereby both Board Members are shareholders of the Arab Commercial Enterprise for Travel	3,071,338	2,572,413	2,020,333	804,033

Source: Company

* These transactions were approved by the shareholders in the Extraordinary General Assembly held on 09/08/1442H (corresponding to 23 March 2021G).

** The Company undertakes to obtain the General Assembly's approval with respect to the Related Party transactions for the financial year ended 31 December 2021G, prior to Listing.

5.7 Employees

As at 30 June 2021G, the Company had 454 employees approximately 31.5% of whom are Saudi nationals, and 20 employees under the sponsorship of manpower supply companies from third parties, whom carry out work within the Company after obtaining an Ajeer notice[16]. The following tables set out the distribution and Saudization rate of employees per sector.

There are 140 Saudi nationals and 311 non-Saudi national employees in the Company's Najran Head Office and 3 Saudi national employees in the Company's Jeddah Office. There are no non-Saudi national employees in the Company's Jeddah Office.

The Company entered into employment contracts with all of the Company's senior management members. The contracts stipulate their salaries and bonuses, according to their qualifications and experience, and include a number of benefits, such as monthly transportation allowance, monthly housing allowance, or both. They are renewable and subject to the Saudi Labor Law. For further details, please refer to Section 5.3.3 ("**Employment Contracts with Senior Executives**").

Below is a table setting out the number of the Company's employees by department, as at 31 December 2018G, 31 December 2019G, 31 December 2020G and 30 June 2021G.

16 Ajeer notices used by the Company are documents that permit non-Saudi workers to work in a facility other than the one that sponsored them for a renewable specified period of time. Such notices are deemed to represent legal documents in accordance with the laws and regulations of the Ministry of Human Resources and Social Development.

Table (5-11): Number of the Company's Employees by each department, as at 31 December 2018G and 31 December 2019G, 31 December 2020G and 30 June 2021G

Department	2018G			2019G			2020G			30 June 2021G		
	Total Em-ploy-ees	Saudi Em-ploy-ees	Non-Saudi Em-ploy-ees	Total Em-ploy-ees	Saudi Em-ploy-ees	Non-Saudi Em-ploy-ees	Total Em-ploy-ees	Saudi Em-ploy-ees	Non-Saudi Em-ploy-ees	Total Em-ploy-ees	Saudi Em-ploy-ees	Non-Saudi Em-ploy-ees
Guyan Mine Site	1	0	1	10	0	10	11	0	11	10	1	9
Operations	249	18	231	271	22	249	264	31	233	307	42	265
Executive Office	2	0	2	5	0	5	4	0	4	4	0	4
Supply Chain	9	3	6	14	7	7	16	7	9	17	7	10
Loss Prevention and Site Services	15	6	9	20	12	8	25	11	14	9	6	3
Finance and IT	9	3	6	6	1	5	7	1	6	7	1	6
Government Relations	12	11	1	12	11	1	13	11	2	8	6	2
Human Resources	6	3	3	6	3	3	5	2	3	5	2	3
Industrial Security	66	66	0	67	67	0	71	71	0	86	77	9
HSS	1	1	0	1	1	0	1	1	0	1	1	0
Total Number of the Company's Employees	370	412	417	454								

Source: Company information

Below is a table setting out the Saudization percentage and Nitaq category of the Company as at 30 September 2021G.

Table (5-12): Average Saudization Percentage and Nitaqat Category of the Company as at 30 September 2021G.

Saudization Percentage	Nitaq Category
32.2%	Platinum

Source: Company

5.7.1 Employee Share Scheme

As at the date of this Prospectus, the Company does not have any existing employee share schemes or any other arrangements whereby employees participate in the share capital of the Company.

5.8 Saudization

The Saudization program was adopted by virtue of His Excellency the Minister of Labor's Decision No. 4040 dated 12/10/1432H (corresponding to 10 September 2011G), pursuant to Council of Ministers' Resolution No. 50 dated 21/5/1415H (corresponding to 27 October 1994G). The "**Nitaqat**" program was implemented on 12/10/1432H (corresponding to 10 September 2011G), with the Ministry of Human Resources and Social Development beginning the implementation of the Nitaqat program to encourage institutions to employ Saudi citizens. Through the "**Nitaqat**" program, the performance of any company is evaluated based on specific categories (classifications), namely the platinum category, the green (subdivided, into low, middle and high) and red categories. Companies in the platinum or green categories are deemed to have met Saudization requirements and are therefore entitled to a number of benefits, such as: obtaining and renewing work visas or otherwise changing the occupations of its foreign workers (except for professions exclusively reserved for Saudi nationals). Companies in the red category (due to their non-compliance with specific requirements), are deemed to have violated Saudization requirements and may be subject to certain punitive measures, such as limiting their ability to renew foreign employees' work visas or completely prohibiting foreign employees from obtaining or renewing work visa.

6. Management's Discussion and Analysis of Financial Position and Results of Operations

6.1 Introduction

The following Management Discussion and Analysis section provides an analysis of the operational performance and financial position of Al Masane Al Kobra Mining Company (the "**Company**") as at and for the financial years ended 31 December 2018G, 2019G, and 2020G and the six-months period ended 30 June 2021G.

The Company's financial statements for the financial years ended 31 December 2018G, 2019G, and 2020G have been prepared in accordance with the IFRS as adopted in the Kingdom of Saudi Arabia and other standards and publications issued by SOCPA. The Company's interim condensed financial statements for the three-months and six-months periods ended 30 June 2021G ("**1H-21G**") prepared in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Unless mentioned otherwise herein, all amounts stated in this Section are presented in Saudi Riyals (SAR), and all percentages are rounded to the nearest decimal point. Therefore, a calculation of the percentage increase/decrease based on amounts presented in tables within this section (shown in millions) may not be exactly equivalent to the corresponding percentages as stated in the tables. In addition, for the purposes of the Management's Discussion and Analysis of Financial Position and Results of Operations section, the financial information for the financial year ended 31 December 2018G was derived from the comparative financial information presented in the Company's audited financial statements for the financial year ended 31 December 2019G. The financial information for the financial years ended 31 December 2019G was derived from the financial information presented in the Company's audited financial statements for the financial years ended 31 December 2020G. The financial information for the six-months period ended 30 June 2021G were extracted from the financial information presented in the Company's reviewed interim condensed financial statements for the six -months period ended 30 June 2021G. Neither Al Majed & Al Enzi (the Company`s Auditor for the financial years ended 31 December 2018G and 31 December 2019G) and Ernst & Young (the Company`s Auditor for the financial year ended 31 December 2020G and six-months period ended 30 June 2021G), nor its subsidiaries, employees, or any of their relatives own any shares or interest of any kind in the Company that would affect their independence. The Auditors have furnished their written consent to the reference in this Prospectus of its role as the Company's auditor for the financial years ended 31 December 2018G, 2019G and 2020G and six-months period ended 30 June 2021G.

The above-mentioned financial statements form an integral part of this Prospectus and should be read in conjunction with these statements and their accompanying notes. These financial statements are included in Section 21 ("**Financial Statements and Auditors' Reports**") of this Prospectus.

This Section may include data of forward-looking nature about the Company's future projections based on Management's plans and current expectations for the Company's growth, results of operations, and financial condition. Therefore, they may entail risks and uncertainties. The Company's actual results could differ materially from those expressed or implied in such forward looking statements due to various factors and future events, including those discussed within this section and elsewhere in the Prospectus, particularly, in Section 2 ("**Risk Factors**").

Directors' Declarations on Financial Statements

The Directors declare that:

- The financial information contained in this Section has been extracted without material changes and presented in a form consistent with the audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G and reviewed interim condensed financial statements for the six-months period ended 30 June 2021G and their accompanying notes, which were prepared in accordance with the IAS 34 as endorsed in KSA and other standards and publications issued by SOCPA without any material changes thereto.
- There has not been any interruption in the business of the Company which may have or has had a significant effect on the financial position in the last 12 months.
- No commissions, discounts, brokerage fees or other non-cash compensations were granted by the Company to any Directors, Senior Executives, persons offering or providing securities, or any other experts within the three financial years immediately preceding the date of the registration and offer of securities and up to the date this Prospectus.

- There has not been any material adverse change in the financial or trading position of the Company in the three financial years preceding the application for registration and offer of securities that are subject to this prospectus and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the prospectus, except as mentioned in this Section or Section 2 ("**Risk Factors**") of this Prospectus.
- Other than what is mentioned on page (vii) of this prospectus, they do not have any shareholding or interest of any kind in the Company, and nor does any relative of theirs.
- The Company does not have any other borrowings or indebtedness, including bank overdrafts, guarantee liabilities (covered or not covered by a personal guarantee or mortgage), liabilities under acceptances, acceptance credits, or hire purchase commitments, except for as disclosed in this Section and Section 13 ("**Legal Information**") of this Prospectus.
- The Company has sufficient working capital for twelve (12) months immediately following the publication date of this Prospectus.
- The Company does not have any properties, including contractual securities or other assets, with whose value is subject to fluctuations or is difficult to ascertain such that it significantly affects the assessment of financial position.
- Neither the Company nor its subsidiaries have shares under option as of the date of this Prospectus.
- The Company does not intend to make material changes to the Company's activities in the future.
- All material facts relating to the Company and its financial performance have been disclosed in this Prospectus, and that there exists no other information, documents or facts whose omission would make any statement herein misleading.

6.2 Basis of preparation

The financial statements have been prepared in accordance with IFRS that are endorsed in the KSA and other standards and pronouncements that are endorsed by SOCPA (collectively referred to as "**IFRSs as endorsed in KSA**").

These financial statements have been prepared on the historical cost basis, except for employee benefit obligation which is recognized at the present value of future obligations using the projected unit credit method, provision for mine closure cost at the present value of future cash outflows, lease liabilities discounted to present value and long-term loan discounted to present value. Further, the financial statements are prepared using the accrual basis of accounting and going concern concept.

6.3 Summary of significant accounting policies

Exploration and evaluation assets

Exploration and evaluation ("**E&E**") activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. E&E activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

The Company applies the full-cost method of accounting, applied on an area of interest basis, for E&E costs. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the useful life of mine.

Once the legal right to explore has been acquired, E&E expenditure is charged to profit or loss as incurred, unless the Company concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

E&E expenditure incurred on licences where a JORC-compliant resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a JORC-compliant resource.

Upon the establishment of a JORC-compliant resource (at which point, the Company considers it probable that economic benefits will be realised), the Company capitalises any further evaluation expenditure incurred for the particular licence as E&E assets up to the point when a JORC-compliant reserve is established. Capitalised E&E expenditure is considered to be an intangible asset.

E&E assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that is considered to represent value beyond proven and probable reserves. Similarly, the costs associated with acquiring an E&E asset (that does not represent a business) are also capitalised. They are subsequently measured at cost less accumulated impairment, if any. Once JORC-compliant reserves are established and development is sanctioned, E&E assets are transferred to 'Mine under construction' which is a sub-category of 'Mine properties'. No amortisation is charged during the E&E phase.

Mine under construction

Expenditure is transferred from 'exploration and evaluation assets' to 'mines under construction' which is a sub-category of 'mine properties' once the work completed to date supports the future development of the property and such development receives appropriate approvals.

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in 'Mines under construction'. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income. After production starts, all assets included in 'Mines under construction' are then transferred to 'Producing mines' which is also a sub-category of 'Mine properties'.

Mine properties and property, plant and equipment

Initial recognition

Upon completion of the mine construction phase, the assets are transferred into "**Property, plant and equipment**" or "**Mine properties**". Items of property, plant and equipment and producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Mine properties also consist of the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition. When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Depreciation and amortization

Accumulated mine development costs are depreciated/amortised on a UOP basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case, the straight-line method is applied. Economically recoverable reserves include proven and probable reserves.

The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortised on a UOP basis, whereby the denominator is the proven and probable reserves, and for some mines, a portion of mineral resources which are expected to be extracted economically. These other mineral resources may be included in depreciation calculations in limited circumstances and where there is a high degree of confidence in their economic extraction. This would be the case when the other mineral resources do not yet have the status of reserves merely because the necessary detailed evaluation work has not yet been performed and the responsible technical personnel agree that inclusion of a proportion of measured and indicated resources is appropriate based on historic reserve conversion rates.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Mine properties are depreciated over the period of useful life of mine. The useful life of mine is estimated to be till 31 March 2030 (2019: 31 March 2030).

Property, plant and equipment excluding buildings and motor vehicles are depreciated using unit of production method (UoP). The total expected units of production have been revised in the current year from 7.2 million metric tonnes to 7.7 million metric tonnes based on the best estimates. The calculation is based on the level of output or usage expected to achieve from an item of property, plant and equipment.

Buildings and motor vehicles are depreciated on a straight-line basis over the estimated useful lives of the assets, as follows:

Building	11 years
Vehicles	4 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets under construction which are not ready for its intended use are not depreciated.

When a major inspection (turnaround/shutdown, planned or unplanned) is performed, it directly met attributable cost is recognized in the carrying amount of the plant and equipment if the recognition criteria are met. This is recorded as a separate component with a useful life generally equal to the time period up to the next scheduled major inspection (turnaround). If the next turnaround occurs prior to the planned date, any existing book value of the previous turnaround is recognized in the statement of profit or loss immediately.

Capital work-in-progress are carried at cost less any recognized impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is accounted for in accordance with the Company's policies. Capital work in progress are not depreciated.

Leases

The Company assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is not a lessor in any transactions, it is only a lessee.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 10 years; and
- Heavy Equipment 3 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The unwinding component of finance cost is included in the statement of profit or loss.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Inventories

Finished goods

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted averages cost basis and includes cost of materials, labor, appropriate proportion of direct overheads and other costs incurred in bringing them to their existing location and condition.

Ore stockpile

Ore stockpile is recognized as inventory when it is extracted from mine, the reliable assessment of mineral content is possible and the cost of production can be reliably measured. Cost of the Ore stockpile includes all the direct and indirect costs in bringing it to the current location and condition. Ore stockpile is valued at lower of cost or net realizable value.

Spare part and consumables

Spare parts and consumable are valued at cost 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 estimated cost of completion and selling expenses. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, or fair value through other comprehensive income ("**OCI**") or fair value through profit or loss ("**FVPL**").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("**SPPI**")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate ("**EIR**") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. This category is relevant to the Company. The Company's financial assets at amortised cost includes cash and cash equivalents and other receivables.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. Currently, the Company does not have any financial assets at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other operating income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Currently, the Company does not have any financial assets designated at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Certain of the Group's sales are provisionally priced, meaning that the final selling price is determined normally 30 to 90 days after the delivery to the customer, based on the quoted market price stipulated in the contract and as a result are susceptible to future commodity price movements. At each reporting date, subsequent to the initial sale, the provisionally priced trade receivables are marked-to market using the relevant forward market prices for the period stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the solely payment of principal and interest ("**SPPI**") test. As a result, these receivables are measured at fair value through profit or loss ("**FVTPL**") from the date of recognition of the corresponding sale, with subsequent marked-to-market adjustments recognized in fair value gains / (losses) on provisionally priced products and the carrying amount of the outstanding trade receivable, if material. Such fair value gains (losses) on provisionally priced products are presented within revenue as movement in provisional revenue.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Company applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, lease liabilities, other liabilities and long-term payables.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost (long term payables and lease liabilities).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (lease liabilities and long-term payables).

This category is relevant to the Company. After initial recognition, lease liabilities and long-term payables are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses as a result of unwinding of interest cost through EIR amortization process and on de-recognition of financial liabilities are recognized in the statement of profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to lease liabilities and long-term payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset (or CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's FVLCD and its VIU. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets, in which case, the asset is tested as part of a larger CGU to which it belongs. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/ CGU is considered impaired and is written down to its recoverable amount. Management has assessed its CGUs as being individual mines, which is the lowest level for which cash inflows are largely independent of those of other assets.

In calculating VIU, the estimated future cash flows are discounted to their 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 asset/ CGU. In determining FVLCD, recent market transactions (where available) are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies, or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated, based on the life-of-mine plans. The estimated cash flows are based on expected future production, metal selling prices, operating costs and forecast capital expenditure, and cash flows beyond five years are based on life-of-mine plans. VIU does not reflect future cash flows associated with improving or enhancing an asset's performance, whereas anticipated enhancements to assets are included in FVLCD calculations.

Impairment losses of continuing operations, including impairment of inventories, are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets/CGUs excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's /CGU's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset/CGU does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset/CGU in prior years. Such a reversal is recognised in the statement of profit or loss and other comprehensive income as other income.

Loans and borrowings

Loans and borrowings are recognized at proceeds received, net of transaction cost incurred, if any. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Additionally, borrowing costs that are directly attributable to the acquisition, construction of production of qualifying assets capitalized as part of the cost of those assets. Other borrowing cost are charged to the statement of profit or loss.

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

The Company's obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in employee costs in the statement of profit or loss.

Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation provision

Mine rehabilitation costs will be incurred by the Company either while operating, or at the end of the operating life of, the Company's facilities and mine properties. The Company assesses its mine rehabilitation provision at each reporting date. The Company recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognised as part of the related inventory item. Additional disturbances that arise due to further development/ construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to the restoration of site damage (subsequent to the start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs. For closed sites, changes to estimated costs are recognised immediately in the statement of profit or loss and other comprehensive income.

The Company recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

Severance fees

The company is subject to severance fees as per the 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 company 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 in the statement of profit or loss.

Since the Company is a mix companies with foreign shareholders, only the Saudi shareholders are liable for paying severance fees on their share of the net profit attributable to the particular mining license. The Saudi shareholder can deduct the zakat due by them from their severance fee liability. The foreign shareholders are exempt from paying severance fees on their share of net profit attributable to the particular mining license, however, they pay income tax at a rate of 20%.

Zakat and tax

Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("**ZATCA**"). Provision for zakat for the Company is charged to the statement of profit or loss.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid for the current year to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the Kingdom of Saudi Arabia.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the brought forward unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Withholding tax

The Company withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Revenue

Revenue is recognised when control passes to the customer, which occurs at a point in time when the metal in concentrate is physically transferred onto a vessel or other delivery mechanism. The revenue is measured at the amount to which the Company expects to be entitled, being the estimate of the price expected to be received, i.e., the previous 10 working days London Metal Exchange ("**LME**"), and a corresponding trade receivable is recognised. For these provisional pricing arrangements, any future changes that occur over the Quotation Period ("**QP**") are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15. Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cash flow characteristics test within IFRS 9 and will be required to be measured at fair value through profit or loss from initial recognition until the date of settlement. These subsequent changes in fair value are recognised on the face of statement of profit or loss and other comprehensive income in each period as part of revenue. Such amounts are then presented separately in the notes from revenue from contracts with customers as part of 'Movement in provisional revenue'. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices for copper and zinc as well as taking into account relevant other fair value considerations as set out in IFRS 13, including interest rate and credit risk adjustments. The revenue is established at the time of discharge at the port of destination by reference to open market average metal prices ruling during the contractual quotation period and independent assays agreed between buyer and seller.

Expenses

Cost of revenue

Production costs and direct expenses are classified as cost of revenue. This includes raw material, direct labor and other attributable overhead costs.

Selling and distribution expenses

These include any costs incurred to carry out or facilitate selling activities of the Company. These costs typically include salaries of the sales staff, marketing, distribution and logistics expenses.

General and administrative expenses

These pertain to operation expenses which are not directly related to the cost of revenue and selling and distribution expenses. These also include allocations of general overheads which are not specifically attributed to cost of revenue or selling and distribution expenses.

Allocation of overheads between cost of revenue, selling and distribution expenses, and general and administrative expenses, where required, is made on a consistent basis.

Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified a number of areas where significant judgements, estimates and assumptions are required.

The Company has exercised judgement in evaluating the impact of Covid-19 on the financial statements. In addition to the key sources of estimation uncertainty, the areas where Covid-19 has been considered are:

- Provision for expected credit losses (ECLs) of trade receivables
- Carrying value of inventories
- Going concern

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Company's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company has applied a number of estimates and assumptions.

Production start date

The Company assesses the stage of each mine under development/construction to determine when a mine moves into the production phase, i.e. when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine development/construction project, such as the complexity of the project and its location.

The Company considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from 'Exploration and Evaluation Assets' to 'Mine properties' or 'Property, plant and equipment'. Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specifications)
- Ability to sustain ongoing production of metal

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions, improvements, underground mine development or mineable reserve development or stripping costs (waste removal) . It is also at this point that depreciation/amortisation commences.

Stripping cost

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset / underground development asset.

Once the Company has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Company considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Deferred taxes assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which these can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identification of the enforceable contract

For most copper and zinc concentrate (metal in concentrate) sales, while there are master services agreements with key customers that set out the general terms and conditions governing any sales that occur, they do not contain any minimum volumes, i.e., the customer is not required to buy any concentrate.

Also, there are no terms which link separate purchase contracts. For example, there are no rebates or discounts provided if a customer buys more than a specified amount each year, and there are no penalties that impact overall sales during a period (unless mutually agreed). Therefore, for these arrangements, the enforceable contract has been determined to be a purchase agreement.

Application of the variable consideration constraint

For the Company's contracts that are subject to market-based prices, i.e., there is variable consideration, the Company has assessed that at contract inception, this variable consideration will generally be significantly constrained. This is on the basis that the ultimate price they will receive will depend on a range of factors that are highly susceptible to factors outside the Company's influence and include:

- Actions of third parties: the exact date that each shipment occurs (this is relevant because this is the date the market price is determined, or for provisionally priced sales, the date from which the QP commences)
- Volatile commodity market: the price to be received in the future is then based on market-based prices for highly liquid commodities

The Company's estimates of variable consideration and any disclosures provided in relation to the allocation of that variable consideration to unsatisfied performance obligations, are immaterial.

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The renewal periods for leases of buildings and heavy equipment (i.e., 10 years and 3 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

Ore reserves and mineral resource estimates

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. Such reserves and mineral resource estimates and changes to these may impact the Company's reported financial position and results, in the following way:

- The carrying value of exploration and evaluation assets, mine properties, property and plant and equipment, may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the UOP method, or where the useful life of the related assets change.

- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

The Company estimates and reports ore reserves and mineral resources in line with the principles contained in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, which is prepared by the Australasian Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, known as the "**JORC Code**". The JORC Code requires the use of reasonable investment assumptions, including:

- Future production estimates, which include proved and probable reserves, resource estimates and committed expansions
- Expected future commodity prices, based on current market prices, forward prices and the Company's assessment of the long-term average price
- Future cash costs of production, capital expenditure and rehabilitation obligations

Consequently, management will form a view of forecast sales prices based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period of time, management may assume that lower prices will prevail in the future. As a result, those lower prices would be used to estimate ore reserves and mineral resources under the JORC Code. Lower price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of ore reserves and mineral resources may change.

Useful lives of buildings and motor vehicles

The Company's management determines the estimated useful lives of buildings and motor vehicles for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where the management believes the useful lives differ from previous estimates.

Useful lives of property, plant and equipment and mine properties

Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of property, plant and equipment and mine properties, except for the buildings and motor vehicles. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on economically recoverable reserves of differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues

Changes in estimates are accounted for prospectively.

Unit-of-Production ("UOP") depreciation

Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of property, plant and equipment and mine properties, except for the buildings and motor vehicles. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on economically recoverable reserves of differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues

Changes in estimates are accounted for prospectively.

Mine closure cost and environment obligation

The mining and exploration activities are subject to various environmental laws and regulations. The 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 mine closure costs as soon as the obligation arises. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates (2020: 2.75% and 2019: 3.5%). These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces is based on assay data, and the estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

The impact of COVID-19 on the impairment of inventories has been considered. However, to date, COVID-19 has not had a material impact on the Company's assessment of the net realisable value of inventory since the commencement of the pandemic.

Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation ("**E&E**") expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Company's E&E assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company has to apply a number of estimates and assumptions. The determination of a JORC resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Company defers E&E expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

Leases - Estimating the incremental borrowing rate

The Company uses its incremental borrowing rate (IBR) except where interest rate implicit in lease is available to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Defined benefit plan

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employee turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("**DCF**") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit ("**CGU**") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The impact of Covid-19 on the impairment of non-financial assets has been considered. However, to date, Covid-19 has not had a material impact on the Company's assessment of the impairment of non-financial assets since the commencement of the pandemic.

Provisions

Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

6.4 Main factors that affect the results of operations

The following is a discussion of the most significant factors that have affected, or are expected to affect, the Company's financial conditions and results of operations. These factors are based on the information currently available to the Company and may not represent all of the factors that are relevant to an understanding of Company's current or future results of operations. (Please see Section 2 ("**Risk Factors**"), and the "**Important Notice**" section of this Prospectus).

6.4.1 Revenue influenced by factors which are largely not in management control

Revenue from sale of copper and zinc concentrates and dores of precious metal are influenced by:

- volume of payable metal
- prices of these payable metal in the international market and
- cost of refining and treatment, as applicable, which are also influenced by international demand and supply considerations.

These factors are inherent in the mining business and subject to variations which are largely beyond Management control. The combination of these factors contributed to gross revenue (excluding revenue from SART products) of SAR 259.4 million, SAR 313.5 million and SAR 385.7 million in 2018G, 2019G and 2020G respectively. The Company manages these risks actively by deploying safeguards in contracts and adopting measures such as agreeing fixed prices by and between the parties.

6.4.2 Risks related to outbreak of disease

An outbreak of a communicable disease or similar public health threat, or fear of such event, could have a material adverse effect on the Company's financial position, results of operations and growth prospects.

In December 2019G, a novel strain of coronavirus disease (Covid-19) was identified in Wuhan, Hubei Province, China. It has since spread globally to the great majority of countries, resulting in several countries, including the Kingdom, imposing measures to limit the spread of the coronavirus, which included temporary travel restrictions, curfews and mandatory quarantine periods for people traveling from affected regions.

This impacted the accelerated commissioning of the Guyan Gold project as the EPC contractor was unable to bring required specialized workforce from outside of KSA and consequently, local workforce was employed in groups after an isolation period of 14 days. Further, two groups were returned as some cases of Covid-19 were detected amongst those groups. In addition, various experts required for the commissioning of the Project from Australia and Japan were unable to obtain visas due to the temporary closure of Saudi Embassies in these countries. These unforeseen delays resulted in cost over runs of SAR 12.0 million.

6.4.3 Reliance on agent and key customers

The Company has signed a contract with Ocean Partners UK Limited whereby Ocean serves as the Company's sole and exclusive marketing agent for the sale of copper and zinc concentrates and other payable metal from the concentrates produced from its Al Masane mining and operations. The Company relies on the services of Ocean as it does not have its own sales team in place.

The contract has been extended until 31 December 2021G. The contract also states that Ocean can act as an intermediary and purchase concentrates from the Company and sell to a smelter customer. Ocean and the Company agree back-to-back terms with the end customer in these arrangements.

Sales through Ocean contributed to 95.4%, 90.2% and 84.8% of total revenue in 2018G, 2019G and 2020G respectively.

Entire sales of gold and silver dores during the period under analysis were made to MKS Switzerland.

Net revenue generated from the sales of precious metals (gold and silver) in aggregate contributed to 3.1%, 10.4% and 15.2% of total net revenue in 2018G, 2019G and 2020G respectively.

6.5 Key performance indicators

The following table presents the Company's key performance indicators (KPIs) as at and for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-1): Key performance indicators

	Unit	As at/Financial year ended 31 December		
		2018G	2019G	2020G
1- Gross profit margin	%	26.2%	27.2%	35.9%
2- Operating profit margin	%	10.8%	13.5%	26.1%
3- Net profit margin	%	6.0%	9.2%	23.7%
4- Return on equity	%	3.4%	6.5%	19.6%
5- Return on assets	%	1.9%	3.3%	9.4%
6- Current assets/Current liabilities	x	2.7	1.9	1.4
7- Liabilities/Equity	x	0.8	0.9	1.1

Source: Management information

Note: Key performance indicators have been calculated as follows:

1) Gross profit margin = Gross profit ÷ Revenue

2) Operating profit margin = Operating profit ÷ Revenue

3) Net profit margin = Net profit for the year ÷ Revenue

4) Return on equity = Net profit for the year ÷ Total equity

5) Return on assets = Net profit for the year ÷ Total assets

6) Current assets/Current liabilities = Total current assets ÷ Total current liabilities

7) Liabilities/Equity = Total liabilities ÷ Total equity

6.6 Results of operations – Statement of profit or loss

The following table shows the Company's statement of profit or loss data for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-2): Results of operations – Statement of profit or loss data

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 - 2020
Revenue, net	263.4	297.8	375.2	13.1%	26.0%	19.3%
Cost of revenue	(194.4)	(217.0)	(240.6)	11.6%	10.9%	11.3%
Gross profit	69.0	80.9	134.5	17.2%	66.3%	39.6%
Selling and marketing expenses	(17.4)	(20.4)	(16.5)	17.4%	(19.0%)	(2.5%)
General and administrative expenses	(23.3)	(20.3)	(20.0)	(12.9%)	(1.4%)	(7.3%)
Operating profit	28.4	40.2	98.0	41.7%	143.8%	85.9%
Finance charges	(7.1)	(6.7)	(6.8)	(6.4%)	1.3%	(2.6%)
Other income	0.3	2.1	0.2	546.3%	(90.1%)	(19.9%)
Profit before Severance fees, Zakat and income tax	21.6	35.6	91.4	65.2%	156.8%	106.0%
Severance fees	-	(2.0)	(9.3)	NA	362.7%	NA
Zakat and income tax credit / (expenses)	(5.7)	(6.3)	6.6	11.2%	(204.5%)	NA
Net profit for the year	15.9	27.3	88.8	72.0%	225.4%	136.6%

Source: Audited financial statements

Company's net revenue increased by 13.1% in 2019G from SAR 263.4 million in 2018G to SAR 297.8 million in 2019G. This increase was attributed to higher net revenue from gold (282.6% or SAR 21.3 million) and copper concentrate (14.2% or SAR 20.2 million) partially compensated by lower net revenue from zinc concentrate (2.7% or SAR 2.9 million decrease). Net revenue of the Company increased by 26.0% during 2020G from SAR 297.8 million in 2019G to SAR 375.2 million in 2020G. This was primarily driven by the increase in net revenue from copper concentrate, zinc concentrate and precious metals by SAR 21.3 million, SAR 28.4 million and SAR 26.1 million, respectively.

Cost of revenue mainly included employees' salaries and benefits (representing on average 21.8% of total cost of revenue during 2018G, 2019G and 2020G); raw materials and utilities (18.2%); depreciation of property, plant & equipment and right-of-use assets (18.1%); repair and maintenance (16.3%); amortization of intangible assets (11.9%); and other overheads (11.3%). Cost of revenue increased by 11.6% in 2019G from SAR 194.4 million in 2018G to SAR 217.0 million in 2019G. This was primarily due to increase in raw materials and utilities costs (by SAR 21.4 million including inventory adjustment), repair and maintenance costs (by SAR 5.3 million) and employees' salaries and benefit (by SAR 6.9 million) on the back of overall increase in business activity. Cost of revenue further increased by 10.9% in 2020G, from SAR 217.0 million in 2019G to SAR 240.6 million in 2020G. This was primarily driven by the increase in cost of raw material and utilities consumed by 47.8% and the increase in employees' salaries and benefits by 17.1% in 2020G.

Since majority of the cost base of the Company is fixed in nature, increase in revenue has a direct impact on the profitability of the Company. Gross profit increased by 17.2% from SAR 69.0 million in 2018G to SAR 80.9 million in 2019G. Further, the Company's gross profit margin increased from 26.2% in 2018G to 27.2% in 2019G. The increase was primarily driven by increase in revenue by SAR 34.5 million during 2019G. Gross profit further increased by 66.3% in 2020G from SAR 80.9 million in 2019G to SAR 134.5 million in 2020G. Similarly, the increase in gross profit margin by 8.7% between 2019G and 2020G was due to increase in revenue by SAR 77.3 million during 2020G.

Selling and marketing expenses mainly include transportation cost in relation to freight charges; sales commission paid by the Company to its sales agent; and advertising and promotion. Selling and marketing expenses increased by 17.4% in 2019G from SAR 17.4 million in 2018G to SAR 20.4 million in 2019G. This was primarily due to the increase in transportation costs by 34.3% (SAR 3.8 million) in 2019G, from SAR 11.0 million in 2018G to SAR 14.8 million in 2019G. Selling and marketing expenses declined by 19.0% (SAR 3.9 million) in 2020G, from SAR 20.4 million in 2019G to SAR 16.5 million in 2020G. This mainly resulted from the decline in advertising and promotion expenses by SAR 3.1 million in 2020G.

General and administrative expenses mainly include employees' salaries and benefits of the administrative functions; management overheads and other consultancy; severance fee (2018G only, reclassified with taxes in 2020G financials and reclassified the comparative); professional fees; and others. General and administrative expenses declined by 12.9% in 2019G from SAR 23.3 million in 2018G to SAR 20.3 million in 2019G. This was primarily due to decline in salaries and benefits (combined for management and employees) from SAR 17.3 million in 2018G to SAR 16.1 million in 2019G. Additionally, severance fee was reclassified as a separate line item before zakat & taxes in 2020G and the comparatives were reclassified, resulting in decline in general and administrative expenses in 2019G. General and administrative expenses did not witness material fluctuation between 2019G and 2020G.

Operating profit increased by 41.7% in 2019G from SAR 28.4 million in 2018G to 40.2 million in 2019G on the back of increase in gross profit which was partially offset by higher selling and marketing costs. Operating profit further increased by 143.8% in 2020G from SAR 40.2 million in 2019G to SAR 98.0 million in 2020G. This was primarily due to increase in gross profit as well as decline in selling and marketing costs.

Operating profit margin increased from 10.8% in 2018G to 13.5% and 26.1% in 2019G and 2020G, respectively. This increase was driven by the increase of gross profit margin over the same period.

Finance charges were mainly associated with loans obtained to finance business activity (SIDF follow-up and additional fees and finance cost incurred on lease liabilities). Finance charges decreased by 6.4% in 2019G from SAR 7.1 million in 2018G to SAR 6.7 million in 2019G. This was mainly on the back of decline in financial charges related to the Ajil lease contracts. Finance charges did not witness material fluctuation between 2019G and 2020G.

Other income represents the income from Company's non-core activities such as contract cancellation fees and scrap sales. Other income increased by 546.3% in 2019G and later declined by 90.1% in 2020G. This was primarily due to a one-time income generated by the Company from a contract cancellation amounting to SAR 1.5 million. No such income was recorded in 2018G and 2020G by the Company.

Severance fees represents fees payable to the government of Saudi Arabia by the Company. The increase in severance fees during the period under analysis was mainly driven by the increase in net profit. Severance fees were reported as a component in general and administrative expenses in 2018G (SAR 1.9 million). Subsequently, severance fees were shown as a separate line item in the income statement in 2020G and comparative was reclassified. This reclassification contributed to the improvement in operating margins which stood at 13.5% and 26.1% in 2019G and 2020G respectively. Had the severance fees been reported as part of general and administrative expenses, operating margins would have been 12.8% and 23.7% in 2019G and 2020G respectively.

Zakat and income tax expense increased by 11.2% in 2019G, from SAR 5.7 million in 2018G to SAR 6.3 million, mainly in connection with the increase in operating profit. The Company recorded a positive income tax credit (net of zakat expense) of SAR 6.6 million in 2020G since the Company recorded a deferred tax credit of SAR 14.8 million as at 31 December 2020G.

Net profit increased by 72.0% from SAR 15.9 million in 2018G to SAR 27.3 million in 2019G. The increase was primarily driven by the increase in revenues (SAR 34.5 million), one-time contract cancellation income recognized in 2019G (SAR 1.5 million), and decrease in finance charges (SAR 0.5 million).

Net profit for the year between 2019G and 2020G increased by 225.4%, from SAR 27.3 million in 2019G to SAR 88.8 million in 2020G. The increase was driven mainly by the increase in revenue (SAR 77.3 million); decrease in selling and marketing expenses (SAR 3.9 million) and income tax credit of SAR 6.6 million.

Net profit margin increased from 6.0% in 2018G to 9.2% in 2019G and to 23.7% in 2020G. This increase was driven by the increase in gross profit margins during the period under analysis, coupled with increase in other income in 2019G and income tax credit in 2020G.

6.6.1 Revenue

The following table shows a breakdown of revenue by product for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-3): Revenue by product

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 – 2020
Revenue from copper concentrate	149.9	153.4	188.7	2.3%	23.0%	12.2%
Revenue from zinc concentrate	119.7	126.2	137.9	5.4%	9.2%	7.3%
Revenue from precious metals	8.1	33.9	59.1	315.6%	74.6%	169.4%
Revenue from SART products	4.1	-	-	(100.0%)	-	(100.0%)
Gross revenue	281.9	313.5	385.7	11.2%	23.0%	17.0%
Movement in provisional revenue	(18.5)	(15.7)	(10.6)	(15.4%)	(32.5%)	(24.4%)
Net revenue	263.4	297.8	375.2	13.1%	26.0%	19.3%

Source: Management information

Revenue from copper and zinc concentrates represent sales of main products. Precious metal comprises of sale of gold and silver dores which are by-products from the production of copper and zinc. SART products were sold in 2018G only, since the Company started consuming all of the SART product internally from 2019G.

Gross revenue from copper and zinc concentrates combined contributed to 95.6%, 89.2% and 84.7% of total gross revenue in 2018G, 2019G and 2020G, respectively.

Gross revenue increased by 11.2% from SAR 281.9 million in 2018G to SAR 313.5 million in 2019G. This was primarily driven by revenue growth in precious metals by 315.6% in 2019G. The growth was mainly on account of full year of sale of precious metal in 2019G compared to sales in last two quarters of 2018G.

Gross revenue further increased by 23.0% from SAR 313.5 million in 2019G to SAR 385.7 million in 2020G. This was driven by revenue growth in all the product categories.

Revenue from copper concentrate

The following table shows a breakdown of revenue from copper concentrate, volumes sold and average price per unit for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-4): Revenue from copper concentrate

Copper	Unit	Financial year ended 31 December			Increase / (Decrease)		CAGR
		2018G	2019G	2020G	2019G	2020G	2018 - 2020
Revenue							
Copper pure metal sales	SAR'm	128.5	119.3	139.7	(7.2%)	17.1%	4.3%
Gold in concentrate	SAR'm	12.4	21.6	27.3	74.0%	26.5%	48.3%
Silver in concentrate	SAR'm	9.0	12.5	21.7	39.3%	73.2%	55.4%
Gross revenue	SAR'm	149.9	153.4	188.7	2.3%	23.0%	12.2%
Movement in provisional revenue	SAR'm	(7.6)	9.1	(4.9)	(220.1%)	(154.0%)	(19.5%)
Net revenue	SAR'm	142.3	162.5	183.8	14.2%	13.1%	13.6%
Volume sold							
Copper pure metal sales	MT	5,755	5,609	6,196	(2.5%)	10.5%	3.8%
Gold in concentrate	Oz	2,820	4,072	4,203	44.4%	3.2%	22.1%
Silver in concentrate	Oz	159,853	205,648	294,452	28.6%	43.2%	35.7%
Average price per unit [1]							
Copper pure metal sales	SAR/MT	22,326.1	21,262.4	22,539.2	(4.8%)	6.0%	0.5%
Gold in concentrate	SAR/Oz	4,406.0	5,308.3	6,504.3	20.5%	22.5%	21.5%
Silver in concentrate	SAR/Oz	56.3	61.0	73.8	8.3%	21.0%	14.5%

Source: Management information

Note 1: Average prices per unit are net of Treatment charges and Refinery charges, therefore, may not be comparable with LME prices

Revenue from sale of copper concentrate takes into consideration the quantity of copper, gold and silver in the concentrate; the LME prices for each of these metals in the concentrate including treatment charges for extraction of copper and refining charges for copper, gold and silver. Furthermore, the Company has the flexibility to change its output cutoff grade based on market conditions and metal prices in order to stabilize its revenue. Cutoff grade is the minimum grade required in order for a mineral or metal to be economically mined or processed. Material found to be above this grade is considered to be ore, while material below this grade is considered to be waste. The cutoff grade can be determined through a variety of methods, each of varying complexity. Cutoff grades are selected to achieve certain objectives such as resource utilization or economic benefit. The cutoff grade is adapted as the economic environment changes with regard to metal prices and mining costs. It is important to note that the cutoff grade is not simply calculated to a definitive answer. In fact, it is a strategic variable that has major implications on mine design.

Gross revenue from sale of copper concentrate accounted for 53.2%, 48.9% and 48.9% of gross revenue in 2018G, 2019G and 2020G, respectively. Gross revenue from copper concentrate increased by 2.3% from SAR 149.9 million in 2018G to SAR 153.4 million in 2019G mainly driven by an increase in revenue from gold in concentrate which increased from SAR 12.4 million in 2018G to SAR 21.6 million in 2019G. The aforementioned increase in revenue was partially offset by lower volume sold (5,755 MT sold in 2018G while 5,609 MT sold in 2019G) as well as decline in average prices of copper (SAR 22,326.1/MT in 2018G compared to SAR 21,262.4/MT in 2019G).

Gross revenue from copper concentrate further increased by 23.0% from SAR 153.4 million in 2019G to SAR 188.7 million in 2020G mainly driven by an increase in volume sold (5,609 MT sold in 2019G while 6,196 MT sold in 2020G); and average prices of all metals (copper: SAR 21,262.4/MT in 2019G compared to SAR 22,539.2/MT in 2020G; Gold: SAR 5,308.3/Oz in 2019G compared to SAR 6,504.3/Oz in 2020G; Silver: SAR 61.0/Oz in 2019G compared to SAR 73.8/Oz in 2020G).

The impact of these factors are as follows:

Volume impact

Overall volume impact in 2019G was positive amounting to SAR 4.8 million driven by improvement in assay which is attributed to operational efficiencies:

- Gold extracted from concentrates increased by 44.4% from 2,820 Oz in 2018G to 4,072 Oz in 2019G. Assay improved by 50.7% from 4.0g/t in 2018G to 6.0g/t in 2019G. Combined this resulted in a positive volume impact of SAR 5.5 million.
- Silver extracted from concentrates increased by 28.6% from 159,853 Oz in 2018G to 205,648 Oz in 2019G. Assay improved by 31.5% from 225.3g/t in 2018G to 296.3g/t in 2019G. Combined, this resulted in a positive volume impact of SAR 2.6 million.
- Copper extracted from concentrates decreased by 2.5% from 5,755 MT in 2018G to 5,609 MT in 2019G. Assay improved by 5.6% from 22.9% in 2018G to 24.2% in 2019G. Combined, this resulted in a negative volume impact of SAR 3.3 million.

Overall volume impact was positive in 2020G with SAR 18.6m as a result of:

- Copper extracted from concentrates increased by 10.5% from 5,609 MT in 2019G to 6,196 MT in 2020G. Assay improved by 6.0% in 2020G from 24.2% in 2019G to 25.6% in 2020G. Combined, this resulted in a positive volume impact of SAR 12.5 million.
- Silver extracted from concentrates increased by 43.2% in 2020G from 205,648 Oz in 2019G to 294,452 Oz in 2020G. Assay improved by 20.5% from 296.3g/t in 2019G to 357.1g/t in 2020G. Combined, this resulted in a positive volume impact of SAR 5.4 million.
- Gold extracted from concentrates increased by 3.2% from 4,072 Oz in 2019G to 4,203 Oz in 2020G. Assay improved by 1.3% from 6.0g/t in 2019G to 6.1g/t in 2020G. Combined, this resulted in a positive volume impact of SAR 0.7 million.

Cutoff grade did not witness material fluctuation between 2018G – 2020G.

Price impact

Price fluctuations for pure metals (copper, gold and silver) are dependent upon market forces in the international market.

Overall price impact was negative by SAR 1.3 million between 2018G and 2019G due to decreasing prices of copper which were partially offset by increasing prices of gold and silver.

- Average pure metal copper prices decreased by 4.8% from SAR 22,326.1/MT in 2018G to SAR 21,262.4/MT in 2019G resulting in a negative price impact of SAR 6.0 million.
- Average price of gold increased by 20.5% from SAR 4,406.0/Oz in 2018G to SAR 5,308.3/Oz in 2019G resulting in a positive price impact of SAR 3.7 million.
- Average price of silver increased by 8.3% from SAR 56.3/Oz in 2018G to SAR 61.0/Oz in 2019G resulting in a positive price impact of SAR 1.0 million.

Overall price impact in 2020G was a positive with SAR 16.7 million as a result of:

- Average pure metal copper prices increased by 6.0% from SAR 21,262.4/MT in 2019G to SAR 22,539.2/MT in 2020G resulting in a positive price impact of SAR 7.9 million.
- Average price of gold increased by 22.5% from SAR 5,308.3/MT in 2019G to SAR 6,504.3/MT in 2020G resulting in a positive price impact of SAR 5.0 million.
- Average price of silver increased by 21.0% from SAR 61.0/Oz in 2019G to SAR 73.8/Oz in 2020G resulting in a positive price impact of SAR 3.8 million.

Revenue from zinc concentrate

The following table shows a breakdown of revenue from zinc concentrate, volumes sold and average price per unit for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-5): Revenue from zinc concentrate

Zinc	Unit	Financial year ended 31 December			Increase / (Decrease)		CAGR
		2018G	2019G	2020G	2019G	2020G	2018 – 2020
Revenue							
Zinc pure metal sales	SAR'm	118.9	125.3	136.1	5.4%	8.6%	7.0%
Silver in concentrate	SAR'm	0.8	0.9	1.7	11.9%	97.0%	48.5%
Gross revenue	SAR'm	119.7	126.2	137.9	5.4%	9.2%	7.3%
Movement in provisional revenue	SAR'm	(10.8)	(20.2)	(3.5)	87.5%	(82.9%)	(43.3%)
Net revenue	SAR'm	108.9	106.0	134.4	(2.7%)	26.8%	11.1%
Volume sold							
Zinc pure metal sales	MT	12,552	17,642	19,610	40.6%	11.2%	25.0%
Silver in concentrate	Oz	13,254	14,852	22,945	12.1%	54.5%	31.6%
Average price per unit [1]							
Zinc pure metal sales	SAR/MT	9,473.3	7,103.5	6,941.3	(25.0%)	(2.3%)	(14.4%)
Silver in concentrate	SAR/Oz	59.6	59.5	75.9	(0.1%)	27.5%	12.9%

Source: Management information

Note 1: Average prices per unit are net of Treatment charges and Refinery charges, therefore, may not be comparable with LME prices

Revenue from sale of zinc concentrate takes into consideration the quantity of zinc and silver in the concentrate; the LME prices for each of these metals in the concentrate including treatment charges for extraction of zinc. Gross revenue from sale of zinc concentrate accounted for 42.5%, 40.3% and 35.7% of total gross revenue in 2018G, 2019G and 2020G, respectively.

Gross revenue from zinc concentrate increased by 5.4% from SAR 119.7 million in 2018G to SAR 126.2 million in 2019G mainly due to increase in volume sold (12,552 MT sold in 2018G while 17,642 MT sold in 2019G) which was offset by decline in prices (SAR 9,473.3/MT in 2018G to SAR 7,103.5/MT in 2019G).

Gross revenue from zinc concentrate further increased by 9.2% from SAR 126.2 million in 2019G to SAR 137.9 million in 2020G on the back of an increase in volume (17,642 MT in 2019G while 19,610 MT in 2020G) which was partially offset by a decrease in zinc average prices (SAR 7,103.5/MT in 2019G to SAR 6,941.3/MT in 2020G).

The impact of these factors are as follows:

Volume impact

Overall volume impact in 2019G was positive amounting to SAR 48.3 million driven by increase in volume sold:

- Zinc extracted from concentrates increased by 40.6% from 12,552 MT in 2018G to 17,642 MT in 2019G resulting in a positive volume impact of SAR 48.2 million.
- Silver extracted from concentrates increased by 12.1% from 13,254 Oz in 2018G to 14,852 Oz in 2019G resulting in a positive volume impact of SAR 95,228.

Overall volume impact was positive by SAR 14.5 million in 2020G as a result of:

- Zinc extracted from concentrates increased by 11.2% from 17,642 MT in 2019G to 19,610 MT in 2020G resulting in a positive volume impact of SAR 14.0 million.
- Silver extracted from concentrates increased by 54.5% from 14,852 Oz in 2019G to 22,945 Oz in 2020G resulting in a positive volume impact of SAR 0.5 million.

Price impact

Price fluctuations for pure metals (zinc and silver) are dependent upon market forces in the international market.

Overall price impact was negative SAR 41.8 million in 2019G as a result of:

- Average pure metal zinc prices decreased by 25.0% from SAR 9,473.3/MT in 2018G to SAR 7,103.5/MT in 2019G resulting in a negative price impact of SAR 41.8 million.
- Average price of silver did not witness material fluctuation between 2018G and 2019G and consequently price impact was negligible.

Overall price impact was negative by SAR 2.8 million in 2020G as a result of:

- Average pure metal zinc prices decreased by 2.3% from SAR 7,103.5/MT in 2019G to SAR 6,941.3/MT in 2020G resulting in a negative price impact of SAR 3.2 million.
- Average price of silver increased by 27.5% from SAR 59.5/Oz in 2019G to SAR 75.9/Oz in 2020G resulting in a positive price impact of SAR 0.4 million.

Revenue from precious metals

Precious metal comprises of sale of gold and silver dores which are by-products from the production of copper and zinc.

Gold

The following table shows a breakdown of revenue from gold, volumes sold and average price per unit for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-6): Revenue from gold

Gold	Unit	Financial year ended 31 December			Increase / (Decrease)		CAGR
		2018G	2019G	2020G	2019G	2020G	2018 – 2020
Gross revenue	SAR	7.5	31.9	54.5	323.2%	71.1%	169.1%
Movement in provisional revenue	SAR	-	(3.1)	(2.5)	NA	(17.0%)	NA
Net revenue	SAR	7.5	28.8	52.0	282.6%	80.4%	162.7%
Volume sold	Oz	1,609	5,805	8,172	260.8%	40.8%	125.4%
Average price per unit [1]	SAR/Oz	4,678.6	5,488.0	6,669.4	17.3%	21.5%	19.4%

Source: Management information

Note 1: Average prices per unit are net of Treatment charges, therefore, may not be comparable with LME prices

Revenue from sale of gold bullion is influenced by the volume of gold sold and the LMBA spot prices agreed with the customer.

Gross revenue from sale of gold increased by 323.2% from SAR 7.5 million in 2018G to SAR 31.9 million in 2019G.

This was primarily due to the increase in sales volume by 260.8% from 1,609 Oz in 2018G to 5,805 Oz in 2019G. This increase resulted in a positive variance of SAR 19.6 million in 2019G. The increase in volume in 2019G was mainly on account of initiation of gold shipments in the third quarter of 2018G by the Company. Average gold prices increased by 17.3% from SAR 4,678.6/Oz in 2018G to SAR 5,488.0/Oz in 2019G resulting in a positive impact of SAR 4.7 million in 2019G.

Gross revenue from sale of gold further increased by 71.1% from SAR 31.9 million in 2019G to SAR 54.5 million in 2020G. This was primarily driven by an increase in sales volume by 40.8% in 2020G from 5,805 Oz in 2019G to 8,172 Oz in 2020G. Such increase resulted in a positive variance of SAR 13.0 million. Average gold prices increased by 21.5% from SAR 5,488.0/Oz in 2019G to SAR 6,669.4/Oz in 2020G resulting in a positive impact of SAR 9.7 million in 2020G.

Silver

The following table shows a breakdown of revenue from silver, volumes sold and average price per unit for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-7): Revenue from silver

Silver	Unit	Financial year ended 31 December			Increase / (Decrease)		CAGR
		2018G	2019G	2020G	2019G	2020G	2018 – 2020
Gross revenue	SAR	0.6	2.0	4.6	224.0%	129.9%	172.9%
Movement in provisional revenue	SAR	-	0.0	0.3	NA	2,854.7%	NA
Net revenue	SAR	0.6	2.0	5.0	225.9%	145.8%	183.1%
Volume sold	Oz	12,150	35,193	63,572	189.6%	80.6%	128.7%
Average price per unit [1]	SAR/Oz	51.1	57.2	72.8	11.9%	27.3%	19.3%

Source: Management information

Note 1: Average prices per unit are net of Treatment charges, therefore, may not be comparable with LME prices

Revenue from sale of silver bullion takes into consideration the volume of silver sold and the LMBA spot prices agreed with the customer.

Gross revenue from sale of silver increased by 224.0% from SAR 0.6 million in 2018G to SAR 2.0 million in 2019G. This was primarily driven by increase in sales volume by 189.6% from 12,150 Oz in 2018G to 35,193 Oz in 2019G. Such increase resulted in in a positive variance of SAR 1.2 million in 2019G. The increase in volume in 2019G was mainly on account of initiation of silver shipments in the third quarter of 2018G by the Company. Average silver prices increased by 11.9% from SAR 51.1/Oz in 2018G to SAR 57.2/Oz in 2019G resulting in a positive impact of SAR 0.2 million in 2019G.

Gross revenue from sale of silver increased by 129.9% from SAR 2.0 million in 2019G to SAR 4.6 million in 2020G. This was primarily driven by an increase in sales volume by 80.6% in 2020G from 35,193 Oz in 2019G to 63,572 Oz in 2020G, resulting in a positive variance of SAR 1.6 million. Average silver prices increased by 27.3% from SAR 57.2/Oz in 2019G to SAR 72.8/Oz in 2020G resulting in a positive impact of SAR 1.0 million in 2020G.

Revenue from SART products

Gross revenue from SART products stood at SAR 4.1 million in 2018G and nil in 2019G and 2020G. This was primarily due to internal consumption of SART products for recovery of cyanide used in the leeching process.

Sales analysis by agent and customers

The following table shows a breakdown of sales by agent and customers for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-8): Sales by agent and customers

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 – 2020
Agent						
Ocean Partners UK Ltd.	251.3	268.6	318.2	6.9%	18.5%	12.5%
Customers						
MKS (Switzerland) S.A.	8.1	30.8	56.9	278.3%	84.7%	164.3%
Industrial Minerals S.A.	4.0	(1.6)	-	(139.4%)	(100.0%)	(100.0%)
Total	**263.4**	**297.8**	**375.2**	**13.1%**	**26.0%**	**19.3%**

Source: Management information

Sales through agent

The Company on 25 September 2016G signed a contract with Ocean Partners UK Limited whereby appointing Ocean as AMAK's sole and exclusive marketing agent for the sale of copper and zinc concentrates as well as the other payable metal from the concentrates produced from its Al Masane mining operations. Revenue generated through Ocean Partners UK Limited contributed to 95.4%, 90.2% and 84.8% of total net revenue in 2018G, 2019G and 2020G respectively.

57.2% (SAR 281.6 million) of copper sales between 2018G and 2020G were made to Trafigura through Ocean Partners UK Limited. The remaining 42.8% (SAR 210.5 million) of copper sales were made to MRI Trading between 2018G and 2020G.

Sale of zinc between 2018G and 2020G made through Ocean Partners UK Limited as a percentage of gross revenue were made to Trafigura (36.4%), IXM (35.9%), Minmetals (18.2%) and Cliveden (9.5%).

Sales to customers

The Company signs short-term gold and silver refining contracts with no exclusivity with MKS Switzerland S.A. which also allows sale of gold and silver after refining to MKS at spot prices after deduction of treatment charges.

Revenue from MKS Switzerland S.A. contributed to 3.1%, 10.4% and 15.2% of total net sales in 2018G, 2019G and 2020G respectively.

The Company sold four shipments of SART products to Industrial Minerals S.A in 2018G . No shipments were sold in 2019G and 2020G as the Company started consuming all SART products in its internal processes to produce main and by-products.

6.6.2 Cost of revenue

The following table shows a breakdown of cost of revenue for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-9): Cost of revenue

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 – 2020
Employees' salaries and benefits	40.4	47.2	55.3	17.0%	17.1%	17.0%
Raw materials and utilities consumed	26.2	38.4	56.7	46.5%	47.8%	47.1%
Depreciation of PPE and RoU	41.7	38.1	36.8	(8.5%)	(3.5%)	(6.1%)
Repair and maintenance	32.0	37.3	36.8	16.7%	(1.4%)	7.3%
Amortization	26.8	24.8	25.4	(7.4%)	2.3%	(2.6%)
Other overheads	27.4	21.9	23.2	(20.0%)	5.8%	(8.0%)
Increase / decrease in the inventory	-	9.2	6.5	NA	(29.5%)	-
Total	**194.4**	**217.0**	**240.6**	**11.6%**	**10.9%**	**11.3%**

Source: Management information

Cost of revenue include expenses directly related to the production of copper, zinc, gold and silver. Cost of revenue mainly comprised of employees' salaries and benefits (representing on average, 21.8% of total cost of revenue over the period under review); raw materials and utilities consumed (18.2%); depreciation of property, plant & equipment and right-of-use assets (18.1%); repair and maintenance (16.3%); amortization of intangible assets (11.9%); other overheads (11.3%); and inventory movement (2.3%).

Cost of revenue increased by 11.6% from SAR 194.4 million in 2018G to SAR 217.0 million in 2019G. This was mainly driven by an increase in raw materials and utilities consumed by 46.5%, (from SAR 26.2 million in 2018G to SAR 38.4 million in 2019G), along with an increase of 17.0% (from SAR 40.4 million in 2018G to SAR 47.2 million in 2019G) and 16.7% from (SAR 32.0 million in 2018G to SAR 37.3 million in 2019G) in employees' salaries and benefits and repair and maintenance costs, respectively.

Cost of revenue further increased by 10.9% in 2020G from SAR 217.0 million in 2019G to SAR 240.6 million in 2020G on account of increase in raw materials and utilities consumed by 47.8% (from SAR 38.4 million in 2019G to SAR 56.7 million in 2020G) and increase in employees' salaries and benefits by 17.1% (from SAR 47.2 million in 2019G to SAR 55.3 million in 2020G).

Employees' salaries and benefits

The following table shows a breakdown of employees' salaries and benefits for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-10): Employees' salaries and benefits

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 – 2020
Basic salaries	41.4	39.2	47.7	(5.3%)	21.5%	7.3%
Contractors' manpower	-	5.5	5.1	-	(6.4%)	-
Medical insurance	1.7	2.3	2.4	35.5%	7.2%	20.5%
Overtime and others	0.8	0.3	0.1	(65.6%)	(63.0%)	(64.3%)
Allocation of concentrate control account	(3.6)	-	-	(100.0%)	NA	(100.0%)
Total	**40.4**	**47.2**	**55.3**	**17.0%**	**17.1%**	**17.0%**

Source: Management information

Employees' salaries and benefits mainly comprise of basic salaries, contractors' manpower, medical insurance, overtime costs and others.

Basic salaries

Basic salaries mainly include salaries of resources involved in underground mining, exploration, technical, plant operations and site administration functions. Basic salaries declined by 5.3% from SAR 41.4 million in 2018G to SAR 39.2 million in 2019G. This was primarily due to reclassification of contractors' manpower as a separate line item during 2020G and the reclassification of comparatives. Combined (basic salaries and contractor's manpower) increased from SAR 41.4 million in 2018G to SAR 44.7 million in 2019G due to increase in headcount from 370 employees in 2018G to 412 employees in 2019G.

Basic salaries increased by 21.5% from SAR 39.2 million in 2019G to SAR 47.7 million in 2020G. This was primarily due to:

- Increase in employee bonus provision (by SAR 3.6 million).
- Higher leave encashment expenses were incurred against the outstanding staff leave balance, since majority of the employees were not able to travel due to Covid-19 related travel restrictions (by SAR 2.9 million).
- Higher employee' end of service benefits expenses were recognized in 2020G on account of lower discount rates used by the actuarial (by SAR 1.8 million).

Contractors' manpower

Contractors' manpower represented temporary labor hired from the contractors. The relationship is governed through a formal contract which is updated on a regular basis.

Contractors' manpower cost of SAR 2.3 million was recorded under other overheads in 2018G. Fluctuation in contractors' manpower cost is attributable to the demand of additional labor at plant site.

Contractors' manpower did not witness material fluctuation between 2019G and 2020G.

Medical insurance

Medical insurance represents the premium paid for obtaining medical insurance for Company's work force. Medical insurance increased by 35.5% in 2019G from SAR 1.7 million in 2018G to SAR 2.3 million in 2019G. This was primarily due to the increase in the number of employees from 370 employees in 2018G to 412 employees in 2019G. The expense further increased by 7.2% in 2020G from SAR 2.3 million in 2019G to SAR 2.4 million in 2020G mainly due to increase in the number of employees from 412 employees in 2019G to 417 employees in 2020G.

Overtime and others

Overtime is paid only to employees (below supervisor level) for working on public holidays and days off. Overtime also includes excess hours paid as 1.5% of the normal hourly rate. Excess hours occur when working hours exceed the contractual or the Company's normal working hours.

Allocation of concentrate control account

The allocation of concentrate control account is a control account used by Management to reflect the movement of inventory balances. The aforementioned movement was proportionally allocated to each expense category of cost of revenue in 2018G. It was reported as a separate line item in cost of revenue between 2019G and 2020G for improved presentation.

Raw materials and utilities consumed

The following table shows a breakdown of raw materials and utilities consumed for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-11): Raw materials and utilities consumed

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 – 2020
Chemicals and consumables - plant operations	16.3	21.1	45.7	29.0%	116.9%	67.3%
Diesel - plant operations	6.3	6.8	9.3	7.9%	37.6%	21.8%
Haulage costs - Jazan Port	4.6	5.7	-	24.9%	(100.0%)	(100.0%)
Equipment rental - plant operations	0.8	2.4	-	215.6%	(100.0%)	(100.0%)
Others	0.5	2.4	1.7	347.6%	(30.8%)	76.0%
Allocation of concentrate control account	(2.3)	-	-	(100.0%)	NA	(100.0%)
Total	**26.2**	**38.4**	**56.7**	**46.5%**	**47.8%**	**47.1%**

Source: Management information

Raw materials and utilities consumed mainly included chemicals and diesel consumed in plant operations, haulage costs, equipment rentals and others.

Chemicals and consumables - plant operations

Chemicals and other consumables used in plant operations increased by 29.0% in 2019G from SAR 16.3 million in 2018G to SAR 21.1 million in 2019G. This was primarily due to increase in production of zinc concentrates from 32,348 DMT in 2018G to 40,194 DMT in 2019G. Chemicals and consumables further increased by 116.9% in 2020G from SAR 21.1 million in 2019G to SAR 45.7 million in 2020G. This was primarily due to increase in production of zinc concentrates from 40,194 DMT in 2019G to 45,825 DMT in 2020G and increase in production of copper concentrates from 23,246 DMT in 2019G to 24,592 DMT in 2020G.

Diesel - plant operations

Diesel is consumed in underground equipment and process plant. Underground production increased by 12.6% in 2019G compared to 2018G and increased by 10% in 2020G compared to 2019G. Plant mill feed increased by 10% in 2019G compared to 2018G and increased by 4% in 2020G compared to 2019G. Similarly, production of Zinc concentrate increased by 41.7% from 2018G to 2020G.

Haulage costs – Jazan Port

Haulage costs – Jazan Port represent the transportation of copper and zinc concentrate from plant site to Jazan port for storage and shipment. Haulage costs increased by 24.9% in 2019G from SAR 4.6 million in 2018G to SAR 5.7 million in 2019G. This was primarily due to increase in the production of zinc from 32,348 DMT in 2018G to 40,194 DMT in 2019G. During 2020G, haulage costs were reclassified to 'other overheads' under the cost of sales (SAR 5.8 million).

Equipment rental - plant operations

Equipment rental represents the leased equipment hired from external contractors as per the requirements of the business. Equipment rental cost increased by 215.6% in 2019G from SAR 0.8 million in 2018G to SAR 2.4 million in 2019G. This was primarily due to the overhauling of Company's own equipment and rental equipment was hired to ensure continuity of business operations. During 2020G, the equipment rental cost SAR 3.4 million were reclassified to 'site administration' in "**other overheads**" under cost of sales.

Others

Others include consumables for plant, health, safety and environment and consumables for exploration.

Others increased by 347.6% in 2019G from SAR 0.5 million in 2018G to SAR 2.4 million in 2019G. This was primarily due to increase in plant, exploration and health safety and environment consumables.

Others decreased by 30.8% in 2020G from SAR 2.4 million in 2019G to SAR 1.7 million in 2020G mainly due to decrease in plant consumables.

Allocation of concentrate control account

The allocation of concentrate control account is a control account used by Management to reflect the movement of inventory balances. The aforementioned movement was proportionally allocated to each expense category of cost of revenue in 2018G. It was reported as a separate line item in cost of revenue between 2019G and 2020G for improved presentation.

Depreciation of property, plant and equipment and right-of-use assets

The following table shows a breakdown of depreciation of property, plant and equipment and right-of-use assets for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-12): Depreciation of property, plant and equipment and right-of-use assets

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 - 2020
Plant and machinery	24.4	19.3	16.7	(21.1%)	(13.4%)	(17.3%)
Building	15.2	12.5	11.5	(18.1%)	(7.5%)	(13.0%)
Heavy equipment	2.9	3.8	5.8	31.8%	53.5%	42.2%
Others	2.9	2.6	2.8	(8.6%)	6.1%	(1.5%)
Allocation of concentrate control account	(3.7)	-	-	(100.0%)	-	(100.0%)
Total	**41.7**	**38.1**	**36.8**	**(8.5%)**	**(3.5%)**	**(6.1%)**

Source: Management information

These represented depreciation on property, plant and equipment and right-of-use assets recognized during 2019G under the guidelines of IFRS 16.

Depreciation charge decreased by 8.5% from SAR 41.7 million in 2018G to SAR 38.1 million in 2019G mainly due to a decline in depreciation charge for plant and machinery by 21.1% and building by 18.1%.. In 2019G, the life of the mine was extended by one year and total reserves from 4.8 million tons to 7.3 million tons. This resulted in a lower depreciation and amortization charge by SAR 30.1 million.

Depreciation further declined by 3.5% in 2020G from SAR 38.1 million in 2019G to SAR 36.8 million in 2020G. This was primarily due to decline in depreciation charge by 13.4% and 7.5% related to plant and machinery and buildings, respectively. This decline was driven by revision in ore reserves from 7.3 million tons in 2019G to 7.7 million tons in 2020G which impacted the life of assets being depreciated over UoP basis. Refer to 'mine properties' section for further details.

The allocation of concentrate control account is a control account used by Management to reflect the movement of inventory balances. The aforementioned movement was proportionally allocated to each expense category of cost of revenue in 2018G. It was reported as a separate line item in cost of revenue between 2019G and 2020G for improved presentation.

Repair and maintenance costs

The following table shows a breakdown of repair and maintenance costs for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-13): Repair and maintenance costs

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 - 2020
Mining equipment maintenance	15.6	19.0	15.9	21.8%	(16.3%)	1.0%
Plant maintenance	18.9	17.9	20.5	(5.4%)	14.6%	4.1%
Other maintenance costs	0.3	0.4	0.4	57.9%	(4.5%)	22.8%
Allocation of concentrate control account	(2.8)	-	-	(100.0%)	-	(100.0%)
Total	**32.0**	**37.3**	**36.8**	**16.7%**	**(1.4%)**	**7.3%**

Source: Management information

Repair and maintenance mainly included mining equipment maintenance costs and plant maintenance costs.

Mining equipment maintenance

Mining equipment maintenance relates to the maintenance expenses incurred on mobile equipment used underground. The expense increased by 21.8% in 2019G from SAR 15.6 million in 2018G to SAR 19.0 million in 2019G. This was primarily due to increase in the production volume of zinc from 32,348 DMT in 2018G to 40,194 DMT in 2019G.

The expenses declined by 16.3% in 2020G from SAR 19.0 million in 2019G to SAR 15.9 million in 2020G. This was primarily due to lesser equipment breakdown as the Company replaced older heavy equipment with new leased equipment.

Plant maintenance

This relates to the costs incurred on repair and maintenance of the processing plant. These mainly comprise of cost of spare parts.

The expense declined by 5.4% in 2019G, whereas, it increased in 2020G by 14.6%. Repair and maintenance fluctuate on a year-on-year basis depending on the level of repair or maintenance required. Routine maintenance is planned by the Company as part of the budget and is formally approved. The fluctuation mainly arises due to any unplanned maintenance or repair activities which is expected in the normal course of business. The plant is structured in a way that it does not require a complete shut down for a small part to be repaired. Rather, bypass procedures are applied to keep the plant running with minimal interruption.

Other maintenance costs

Other maintenance costs represent sundry expenses incurred to maintain site facilities. In absolute terms, the expenses remained immaterial during 2018G, 2019G and 2020G.

Allocation of concentrate control account

The allocation of concentrate control account is a control account used by Management to reflect the movement of inventory balances. The aforementioned movement was proportionally allocated to each expense category of cost of revenue in 2018G. It was reported as a separate line item in cost of revenue between 2019G and 2020G for improved presentation.

Amortization

The following table shows a breakdown of amortization for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-14): Amortization

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 - 2020
AADC mining rights and other expenses	11.6	9.4	8.1	(18.2%)	(14.3%)	(16.3%)
Underground Mine development costs	7.5	6.9	7.8	(8.6%)	13.8%	2.0%
Underground Mine rehabilitation costs	5.7	4.7	4.5	(18.2%)	(3.8%)	(11.3%)
Mine closure & rehabilitation current cost	1.3	1.3	1.3	1.5%	(0.3%)	0.6%
AADC underground Mine rehabilitation costs	1.7	1.4	1.4	(18.2%)	(0.2%)	(9.7%)
Pre-operating costs	1.3	1.0	2.2	(18.2%)	111.2%	31.4%
Allocation of concentrate control account	(2.4)	-	-	(100.0%)	-	(100.0%)
Total	**26.8**	**24.8**	**25.4**	**(7.4%)**	**2.3%**	**(2.6%)**

Source: Management information

Amortization mainly represented amortization expenses in relation to the following items:

- AADC 'American Arabian Development Company' (now known as Trecora Resources) mining rights
- Underground mine development costs
- Underground mine rehabilitation costs

Amortization expenses declined from SAR 26.8 million in 2018G to SAR 24.8 million in 2019G mainly due to a decline in amortization of AADC mining rights on account of revisions in the life of mine. The Company amortizes AADC mining rights on a straight-line basis.

The useful life of mine was determined initially at 20 years ending in 2022G, and later revised in the beginning of 2019G and again in August 2019G. Based on the revised estimated reserves and production capacity, the useful life of mine in August 2019G was determined to end in 2030G. Extension in life of mine resulted in the decline in amortization.

Amortization expense did not witness material fluctuation between 2019G and 2020G. Amortization charge increased by 2.3% from SAR 24.8 million in 2019G to SAR 25.4 million in 2020G mainly due to additions of SAR 17.6 million in underground development assets.

The allocation of concentrate control account is a control account used by Management to reflect the movement of inventory balances. The aforementioned movement was proportionally allocated to each expense category of cost of revenue in 2018G. It was reported as a separate line item in cost of revenue between 2019G and 2020G for improved presentation.

Other overheads

The following table shows a breakdown of other overheads for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-15): Other overheads

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 - 2020
Food and refreshment	4.6	5.2	7.2	12.9%	37.9%	24.8%
Insurance costs - plant operations	4.2	4.5	3.3	8.2%	(27.5%)	(11.4%)
Travel and transportation expenses	2.8	3.3	5.8	16.7%	79.8%	44.8%
Import and purchasing expenses	3.1	2.8	2.9	(11.1%)	3.5%	(4.1%)
ICT expenses - site administration	1.7	1.7	-	2.8%	(100.0%)	(100.0%)
Site administration	3.1	1.7	3.4	(46.2%)	101.2%	4.1%
Other operational costs	10.3	2.8	0.6	(73.3%)	(76.9%)	(75.2%)
Allocation of concentrate control account	(2.4)	-	-	(100.0%)	-	(100.0%)
Total	**27.4**	**21.9**	**23.2**	**(20.0%)**	**5.8%**	**(8.0%)**

Source: Management information

Other overheads mainly included food & refreshment expenses, insurance of plant, travel expenses and other operational costs.

Other overheads in 2019G decreased by 20.0% from SAR 27.4 million in 2018G to SAR 21.9 million in 2019G. This was primarily due to decline in other operational costs from SAR 10.3 million in 2018G to SAR 2.8 million in 2019G mainly on account of reclassification of contractors' manpower costs (SAR 5.5 million) in 2020G to employees' salaries and benefits.

Other overheads increased by 5.8% in 2020G from 21.9 million in 2019G to SAR 23.2 million in 2020G. This was primarily due to higher food and refreshment expenses, site administration expenses as well as reclassification of haulage expenses to travel and transportation expense.

Company's staff was not able to travel due to Covid-19 related travel restrictions which resulted in higher utility and other expenses (including food and refreshment expenses) during 2020G. Further, the increase of 101.2% in site administration expenses in 2020G was attributable to increase in utilities and maintenance work carried out to accommodate additional staff for the Guyan Gold project. Moreover, equipment rental also increased to make temporary groundwork for subcontractors and additional work at tailing dams.

The increase in such costs was partially offset by a decline in insurance costs by SAR 1.2 million in 2020G. The expense was higher in 2018G and 2019G, as the insurance policy expired during the year and an extension for one month was obtained which resulted in additional expense in 2018G and 2019G.

The allocation of concentrate control account is a control account used by Management to reflect the movement of inventory balances. The aforementioned movement was proportionally allocated to each expense category of cost of revenue in 2018G. It was reported as a separate line item in cost of revenue between 2019G and 2020G for improved presentation.

6.6.3 Selling and marketing expenses

The following table shows a breakdown of selling and marketing expenses for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-16): Selling and marketing expenses

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 – 2020
Transportation	11.0	14.8	14.0	34.3%	(5.4%)	12.7%
Sales commission	3.5	-	-	(100.0%)	-	(100.0%)
Advertising and promotion	2.8	5.6	2.5	97.6%	(54.9%)	(5.6%)
Total	**17.4**	**20.4**	**16.5**	**17.4%**	**(19.0%)**	**(2.5%)**

Source: Audited financial statements

Note: Selling and marketing expenses in 2018G (sales commissions) have been reclassified based on the presentation of audited financial statements in 2020G.

Selling and marketing expenses are mainly related to the costs that the Company incurs to develop and expand its business and includes transportation, sales commission and advertising and promotion expenses.

Transportation

Transportation costs represent costs incurred by the Company to deliver its products to customers. Transportation costs increased by 34.3% from SAR 11.0 million in 2018G to SAR 14.8 million in 2019G. This was primarily due to the increase in freight charges and increase in the quantity of copper and zinc concentrates shipped (57,646 DMT in 2018G and 66,188 DMT in 2019G). Transportation expenses declined by 5.4% from SAR 14.8 million in 2019G to SAR 14.0 million in 2020G which was mainly due to reduction in freight charges. Movement in freight charges is dependent on multiple factors including; ship route, discharge ports, loading quantities, ship capacity, loads on the ships and oil prices.

Sales commission

Sales commission represents a certain percentage of the payable metal value on account of the seller (AMAK) to the agent (Ocean Partners) as per the terms in the marketing agent contract. Sales commission ranges between 0.3% and 0.8% of net invoice value for copper and between 0.3% and 1.8% of net invoice value for zinc.

In 2020G, the Company reclassified sales commission under advertising and promotion expense. Sales commission amounted to SAR 4.5 million and SAR 2.1 million in 2019G and 2020G, respectively.

Advertising and promotion

Advertising and promotion represent expenses related to sample inspection, port handling charges and advertisement expenses. Inspection exercise fees are being collected by Ocean Partners which is acting as an exclusive marketing agent for the Company's sale of copper and zinc concentrates. Inspection exercise fees amounted to SAR 1.7 million, SAR 1.1 million and SAR 0.3 million in 2018G, 2019G and 2020G respectively. The decline in the inspection exercise fees was associated with a lower number of inspection and sampling performed in 2019G and 2020G (6 inspections each in 2019G and 2020G as compared to 7 inspections in 2018G).

Advertising and promotion expenses increased by 97.6% in 2019G from SAR 2.8 million in 2018G to SAR 5.6 million in 2019G. This was primarily driven by the reclassification of sales and commission expenses under the advertising and promotion cost.

Advertising and promotion expenses decreased by 54.9% from SAR 5.6 million in 2019G to SAR 2.5 million in 2020G which was primarily due to the lower commission expenses recorded during the year. The decline in the commission expense in 2020G was mainly due to decline in zinc prices (average zinc price of SAR 6,941.3/MT in 2020G compared to SAR 7,103.5/MT in 2019G) which resulted in commission being calculated at the lower end of the commission range in 2020G. In 2019G, commission was calculated at the higher end of the commission range.

6.6.4 General and administrative expenses

The following table shows a breakdown of general and administrative expenses for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-17): General and administrative expenses

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 – 2020
Employee's salaries and benefits	12.2	6.0	5.5	(51.1%)	(7.5%)	(32.8%)
Management remuneration and benefits	5.1	10.1	10.7	97.2%	5.3%	44.1%
Severance fees	1.9	-	-	(100.0%)	NA	(100.0%)
Professional fees	1.4	1.6	1.0	9.8%	(36.0%)	(16.2%)
Computer and office supplies	-	2.2	2.4	NA	8.4%	NA
Depreciation of RoU and insurance	0.4	-	-	(100.0%)	NA	(100.0%)
Others	2.2	0.4	0.4	(83.6%)	0.5%	(59.4%)
Total	**23.3**	**20.3**	**20.0**	**(12.9%)**	**(1.4%)**	**(7.3%)**

Source: Audited financial statements

Note: General and administrative expenses in 2018G (management overhead and other consultancy, severance fees and professional fees) have been reclassified based on the presentation of audited financial statements in 2020G.

The key components of general and administrative expenses were employees' salaries and benefits and management overhead expenses which collectively represented SAR 17.3 million, SAR 16.1 million and SAR 16.2 million in 2018G, 2019G and 2020G respectively. These expenses combined contributed to 74.5%, 79.4% and 81.0% of the total general and administrative expenses in 2018G, 2019G and 2020G, respectively.

Employees' salaries and benefits

Employees' salaries and benefits are associated with administrative staffs' basic salary, bonuses and incentives, travel allowance and end of service costs, training and staff accommodations. Employees' salaries and benefits declined by 51.1% in 2019G mainly due to reclassification of expenses to 'management remuneration and benefits' expenses which amounted to SAR 5.2 million in 2018G. Employees' salaries and benefits further declined by 7.5% in 2020G mainly due to lower government related expenses like exit re-entry fees.

Management remuneration and benefits

Management remuneration and benefits mainly represent salaries and benefits of Managers and Board of Directors related expenses (meetings fee, provision for board members' bonuses etc.) and exploration & site administration consultancy fees. Management remuneration and benefits increased by 97.2% in 2019G from SAR 5.1 million in 2018G to SAR 10.1 million in 2019G. This was primarily due to the reclassification of expenses from employees' salaries and benefits (SAR 5.2 million) and increase in Board remuneration and bonus (SAR 2.2 million) .

Management remuneration and benefits increased by 5.3% in 2020G from SAR 10.1 million in 2019G to SAR 10.7 million in 2020G. This was primarily due to higher bonus provision for Management in 2020G. Further, the bonus for Board members also observed an increase. The bonus scale of the Board members is recommended by the nomination and renumeration committee. In general, the value of bonuses fluctuates in line with the level of profits achieved by the Company (higher level of profits triggers a positive increase in the scale of bonus granted).

Employees' salaries and benefits and Management remuneration and benefits combined did not show material fluctuation between 2019G and 2020G.

Severance fees

These expenses were presented as a separate line item in the statement of profit or loss in 2020G and the comparatives were reclassified. Refer to 'severance fee' section for further details.

Professional fees

Professional fees are paid towards legal, audit and other consultancy fees.

Professional fees increased by 9.8% in 2019G from SAR 1.4 million in 2018G to SAR 1.6 million in 2019G. This was primarily due to higher legal advisor's fees recorded in 2019G in connection with a legal case filed by one of the suppliers against the Company. The claimant won the case and the disputed balance was settled by the Company in 2020G. As a result, professional fees declined by 36.0% in 2020G.

Computer and office supplies

Computer and office supplies were classified under 'others' in 2018G. The expense increased by 8.4% in 2020G from SAR 2.2 million in 2019G to SAR 2.4 million in 2020G. This was consistent with increase in overall business operations of the Company.

Depreciation of RoU assets and insurance

Depreciation of right-of-use assets and insurance represents depreciation and insurance of head office building located in Najran. In 2020G, depreciation of right-of-use assets and insurance was reclassified under others in 2020G and the comparatives were reclassified.

Others

Others mainly include expenses related to head office such as postage, courier, computer and office supplies (2018G only) and other related expenses.

Others declined by 83.6% in 2019G from SAR 2.2 million in 2018G to SAR 0.4 million in 2019G. This was primarily due to reclassification of computer and office supplies as a separate line item under general and administrative expenses.

Others did not witness material fluctuation between 2019G and 2020G.

6.6.5 Finance charges

The following table shows a breakdown of finance charges for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-18): Finance charges

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 – 2020
Finance cost on loans and bank charges	6.5	6.2	6.0	(4.4%)	(4.0%)	NA
Finance costs on lease liabilities	0.2	0.5	0.8	128.0%	74.3%	NA
Others	0.4	-	-	(100.0%)	-	(100.0%)
Total	**7.1**	**6.7**	**6.8**	**(6.4%)**	**1.3%**	**(2.6%)**

Source: Management information

Finance cost on loans and bank charges

Finance cost on loans and bank charges represented mainly Saudi Industrial Development Fund (SIDF) follow up and additional fees related to project monitoring. The fees decreased by 4.4% from SAR 6.5 million in 2018G to SAR 6.2 million in 2019G and further decreased by 4.0% from SAR 6.2 million in 2019G to SAR 6.0 million in 2020G as the frequency of project monitoring reduced.

Finance cost on lease liabilities

Finance cost on lease liabilities is recognized as per the requirements of IFRS 16 which became effective from 1 January 2019G. Finance cost on lease liabilities increased by 74.3% in 2020G from SAR 0.5 million in 2019G to SAR 0.8 million in 2020G. This was primarily due to full year expense of heavy equipment lease in 2020G which were added after 1 January 2019G.

Others

Others include finance costs recorded in 2018G related to Ajil lease contracts. These costs became nil in 2019G after the adoption of IFRS 16 which resulted in the recognition of right-of-use assets amounting to SAR 9.4 million as at 31 December 2019G.

6.6.6 Other income

The following table shows a breakdown of other income for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-19): Other income

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018 - 2020
Final settlement income from contract cancellation	-	1.5	-	NA	(100.0%)	NA
Others	0.3	0.6	0.2	85.1%	(65.3%)	(19.9%)
Total	**0.3**	**2.1**	**0.2**	**546.3%**	**(90.1%)**	**(19.9%)**

Source: Management information

Other income is associated with various sources of income not related to the Company's main activities.

Final settlement income from contract cancellation

The key component of other income in 2019G was the settlement income which amounted to SAR 1.5 million and was generated from a contract cancellation in respect of pricing arrangement with Ocean Partners. Management, as and when required, considers fixed price arrangements by and between the parties with the aim of stabilizing the price of shipments and reducing exposure to variation in metal prices.

Others

Others represent income from sale of scrap. Others fluctuated between 2018G to 2020G from SAR 0.3 million in 2018G to SAR 0.6 million in 2019G and SAR 0.2 million in 2020G. The Company sells scrap as and when these arise and therefore sales tend to fluctuate.

6.6.7 Severance fee

Severance fees represents fees payable to the government of Saudi Arabia by the Company as per Article No. 71 of the Saudi Mining Investment Code. Severance fee represents 25.0% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is lower. For the purposes of the calculation, Zakat due is deducted from gross severance fees. In 2019G, the Company had two mining licenses:

- Al Masane process plant (active - in operation)
- Guyan process plant (non-active; operations commenced in Q1 2021G)

Severance fees amounted to SAR 2.0 million and SAR 9.2 million in 2019G and 2020G, respectively. The increase in severance fees was mainly driven by:

- Increase in net profit
- Since the Company is a mixed company with foreign shareholders, only the Saudi shareholders are liable for paying severance fees on their share of the net profit attributable to the particular mining license. The Saudi share of profit increased between 2018G and 2020G following the purchase of shares from foreign shareholders

Severance fee amounted to SAR 1.9 million was classified as part of general and administrative expenses in 2018G. These expenses were reclassified in 2020G and the comparatives were reclassified.

The reclassification of severance fees as a separate line item contributed to the improvement of operating margins which stood at 13.5% and 26.1% in 2019G and 2020G respectively. Had the severance fees been reported as part of general and administrative expenses, operating margins would have been 12.8% and 23.7% in 2019G and 2020G respectively.

6.6.8 Zakat and income tax credit / (expenses)

Zakat and income tax expense amounted to SAR 5.7 million and SAR 6.3 million in 2018G and 2019G respectively. The increase in Zakat and income tax expense reflected the increase in business activity of the Company. During 2020G, the Company received an income tax credit of SAR 6.6 million where a deferred tax credit of SAR 14.8 million was recorded during the same year. Refer to 'Provision for Zakat and Income Tax' section for details pertaining to provisions and payments for 2018G, 2019G and 2020G.

The Company submitted the Zakat and income tax returns for the year 2019G and obtained the Zakat certificate which is valid till 30 April 2021G. The Zakat and tax returns for the years from 2012G to 2019G are currently under review by the ZATCA. No final assessment has been raised by the ZATCA for previous years. The Company filed its Zakat and tax returns for 2020G in April 2021G and obtained the zakat certificate which is valid till April 30, 2022.

6.6.9 Net profit for the year

Net profit increased by 72.0% from SAR 15.9 million in 2018G to SAR 27.3 million in 2019G. Net profit further increased by 225.4% from SAR 27.3 million in 2019G to SAR 88.8 million in 2020G. Increase in net profit between 2018G and 2020G was largely driven by increase in sales from SAR 263.4 million in 2018G to SAR 297.8 million and SAR 375.2 million in 2019G and 2020G, respectively. This is because majority of the cost base of the Company is fixed in nature, and increase in revenue positively impacts Company's profitability. As a result, the net profit margin also witnessed an increase from 6.0% in 2018G to 9.2% and 23.7% in 2019G and 2020G, respectively.

6.7 Statement of financial position

The following table shows the statement of financial position data as at 31 December 2018G, 2019G, and 2020G.

Table (6-20): Statement of financial position data

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Assets						
Non-current assets						
Exploration and evaluation assets	21.4	40.7	-	90.0%	(100.0%)	(100.0%)
Mine properties	-	220.1	385.8	NA	75.3%	NA
Property, plant and equipment	505.9	352.5	334.0	(30.3%)	(5.2%)	(18.8%)
Intangible assets	102.6	-	-	(100.0%)	NA	(100.0%)
Right-of-use assets	-	9.4	9.2	-	(2.0%)	NA
Long term deposits	0.5	0.5	0.2	-	(63.8%)	(39.8%)
Deferred tax	-	-	14.8	-	NA	NA
Total non-current assets	630.5	623.1	744.0	(1.2%)	19.4%	8.6%
Current assets						
Inventories	72.3	63.1	62.9	(12.7%)	(0.3%)	(6.7%)
Trade and other receivables	16.2	29.6	82.9	82.6%	179.8%	126.0%
Advances and prepayments	18.6	49.5	21.9	165.8%	(55.8%)	8.3%
Advances to shareholders	52.6	2.9	-	(94.6%)	(100.0%)	(100.0%)

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Due from shareholders	5.3	-	-	(100.0%)	NA	NA
Cash and cash equivalents	31.5	52.2	35.2	65.8%	(32.7%)	5.6%
Total current assets	196.5	197.4	202.9	0.4%	2.8%	1.6%
Total assets	827.0	820.5	946.9	(0.8%)	15.4%	7.0%
Equity and liabilities						
Share capital	820.0	820.0	820.0	-	-	-
Statutory reserve	1.7	4.4	4.4	154.1%	-	59.4%
Accumulated losses	(352.3)	(328.2)	(240.6)	(6.8%)	(26.7%)	(17.3%)
Treasury stock	-	(74.7)	(131.8)	-	76.4%	NA
Total equity	469.5	421.5	452.0	(10.2%)	7.2%	(1.9%)
Non-current liabilities						
Loans and borrowings	265.9	268.6	306.5	1.0%	14.1%	7.3%
Lease liabilities	0.3	4.9	2.2	1534%	(55.0%)	171.2%
Provision for mine closure cost	16.1	16.6	30.0	3.5%	80.5%	36.7%
Employee benefits	3.6	4.5	6.9	22.6%	54.2%	37.5%
Total non-current liabilities	285.9	294.7	345.6	3.1%	17.3%	9.9%
Current liabilities						
Loans and borrowings – current portion	30.0	50.0	86.7	66.7%	73.3%	70.0%
Lease liabilities – current portion	0.3	3.2	3.8	1,181.9%	19.3%	291.0%
Trade payables and accrued expenses	28.4	43.4	42.7	53.0%	(1.7%)	22.7%
Provision for Zakat and income tax	11.0	5.6	7.4	(48.6%)	31.5%	(17.8%)
Provision for severance fees	2.0	2.0	8.8	0.8%	337.8%	110.1%
Total current liabilities	71.6	104.2	149.3	45.7%	43.3%	44.5%
Total liabilities	357.5	398.9	494.9	11.6%	24.1%	17.7%
Total equity and liabilities	827.0	820.5	946.9	(0.8%)	15.4%	7.0%

Source: Audited financial statements

Non-current assets

Non-current assets of the Company were concentrated in property, plant & equipment and mine properties which collectively accounted for 80.2%, 91.9%% and 96.7% of the total non-current assets as at 31 December 2018G, 31 December 2019G and 31 December 2020G, respectively. Non-current assets also included exploration and evaluation assets which accounted for 3.4% and 6.5% of the total non-current assets as at 31 December 2018G and 31 December 2019G. Exploration and evaluation assets were classified as part of mining properties as at 31 December 2020G.

Total non-current assets declined by 1.2% from SAR 630.5 million as at 31 December 2018G to SAR 623.1 million as at 31 December 2019G. This was primarily due to decline in the net book value of non current assets. This decline was partially offset by recognition of right-of-use assets at 31 December 2019G after the adoption of IFRS 16 (by SAR 9.4 million) and increase in exploration and evaluation assets (by SAR 19.3 million). In financial year 2020G the property plant and equipment and intangible assets were classified as property, plant and equipment and mine properties and 2019 figures were reclassified accordingly.

Total non-current assets increased by 19.4% from SAR 623.1 million as at 31 December 2019G to SAR 744.0 million as at 31 December 2020G. This was primarily due to increase in net book value of SAR 165.8 million in mine properties and the recording of deferred tax asset of SAR 14.8 million as at 31 December 2020G.

Current assets

Current assets are mainly comprised of inventories, trade and other receivables and cash and cash equivalents. Collectively, these represented 61.1%, 73.5% and 89.2% of the total current assets as at 31 December 2018G, 31 December 2019G and 31 December 2020G, respectively.

Current assets increased by 0.4% from SAR 196.5 million as at 31 December 2018G to SAR 197.4 million as at 31 December 2019G driven by the increase in advances & prepayments (by SAR 30.9 million); cash and cash equivalents (by SAR 20.7 million); and trade and other receivables (by SAR 13.4 million). The increase in these assets was driven by increase in business activity between 2018G and 2019G and net inflow from loans (SAR 50.0 million drawn from Bank Saudi Fransi which was partially used to settle SAR 30.0 million of SIDF loan). The increase was offset by reduction in advances to shareholders (by SAR 49.7 million) and decrease in inventory balance (by SAR 9.2 million) at 31 December 2019G.

Current assets further increased by 2.8% from SAR 197.4 million as at December 2019G to SAR 202.9 million as at December 2020G. This increase primarily resulted from the increase in trade and other receivables driven by sales made in the last quarter of 2020G. Further, days sales outstanding (DSO) also observed an increase from 36 days at 31 December 2019G to 81 days at 31 December 2020G. Such increase was partially offset by decline in advances and prepayments due to settlement of supplier advances (by SAR 27.5 million) and decrease in cash and cash equivalents (by SAR 17.1 million) as at 31 December 2020G.

Equity

Equity mainly consists of issued capital and accumulated losses. Total equity decreased by 10.2% (SAR 48.0 million) from SAR 469.5 million as at 31 December 2018G to SAR 421.5 million as at 31 December 2019G. This was primarily due to buy-back of up to 2.5 million shares from existing shareholders at the rate of SAR 30 per share amounting to SAR 74.7 million (reported as treasury stock as approved by the shareholders in the Company's Extraordinary General Assembly held in October 2018G). This decline was partially offset by net profit of SAR 27.3 million generated during 2019G.

Total equity increased by 7.2% from SAR 421.5 million as at 31 December 2019G to SAR 452.0 million as at 31 December 2020G. This was mainly on account of absorption of accumulated losses after recording a net profit of SAR 88.8 million in 2020G.

Non-current liabilities

Non-current liabilities mainly consist of long-term loans which represented 93.0%, 91.2% and 88.7% of total non-current liabilities as at 31 December 2018G, 2019G and 2020G, respectively.

Non-current liabilities increased by 3.1% from SAR 285.9 million as at 31 December 2018G to SAR 294.7 million as at 31 December 2019G driven by recognition of lease liabilities after the adoption of IFRS 16. Lease liabilities are associated mainly with the lease contracts of heavy machines used in mining operations.

Non-current liabilities increased by 17.3% from SAR 294.7 million as at 31 December 2019G to SAR 345.6 million as at 31 December 2020G primarily due to increase in loans and borrowings (by SAR 37.8 million) and provision for mine closure (by SAR 13.4 million).

Current liabilities

Current liabilities consist mainly of loans and borrowings (current portion) and trade payable and accrued expenses. These components, combined, accounted for 81.5%, 89.6% and 86.6% of the total current liabilities as at 31 December 2018G, 2019G and 2020G, respectively.

Current liabilities increased by 45.7% from SAR 71.6 million as at 31 December 2018G to SAR 104.2 million as at 31 December 2019G. This was primarily due to increase in current portion of loans and borrowings (by SAR 20.0 million) as well as trade payables and accrued expenses (by SAR 15.0 million) at 31 December 2019G.

Current liabilities further increased by 43.3% from SAR 104.2 million as at 31 December 2019G to SAR 149.3 million as at 31 December 2020G. The increase was driven mainly by increase in loans and borrowings (current portion) due for repayment in 2021G in relation to the Al Masane facility (by SAR 36.7 million).

6.7.1 Exploration and evaluation assets

The following table shows a breakdown of exploration and evaluation assets as at 31 December 2018G, 2019G, and 2020G.

Table (6-21): Exploration and evaluation assets

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Balance at the beginning of the year	16.9	21.4	40.7	27.0%	90.0%	55.3%
Additions for the year	4.6	19.3	-	322.9%	(100.0%)	(100.0%)
Transfers to mine under construction	-	-	(40.7)	NA	NA	NA
Total	**21.4**	**40.7**	**-**	**90.0%**	**(100.0%)**	**(100.0%)**

Source: Audited financial statements

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. These include the cost of establishing the volume and grade of deposits through drilling of core samples, determining the optimal methods of extraction and treatment processes and permitting activities.

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). Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, is capitalized as mine development costs following the completion of a feasibility study.

The Company had incurred SAR 40.7 million as at 31 December 2019G against the Guyan Gold project. These expenses comprised mainly of pre-operating expenses which included evaluation of project expenditure (57.8%), machinery and equipment (30.3%) and civil works (11.9%).

As at 31 December 2020G, exploration and evaluation assets were transferred to mine properties and were presented as 'mine under construction'. Refer to 'mine properties' section for further details.

6.7.2 Mine properties

The following table shows a breakdown of mine properties as at 31 December 2018G, 2019G, and 2020G.

Table (6-22): Mine properties

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Mine under construction	-	-	157.9	-	NA	NA
Intangible assets	-	92.2	83.2	NA	(9.8%)	NA
Mining assets	-	53.5	48.3	NA	(9.8%)	NA
Mining assets underground development cost	-	69.1	78.9	NA	14.2%	NA
Deferred mine closure cost	-	5.2	17.5	NA	235.7%	NA
Total	**-**	**220.1**	**385.8**	**NA**	**75.3%**	**NA**

Source: Audited financial statements

Mine under construction

Mine under construction represents the costs incurred on commissioning of the Guyan Gold project. Prior to 2020G, these were presented as 'exploration and evaluation assets' as a separate line item under non-current assets.

The following table shows a breakdown of mine under construction as at 31 December 2020G.

Table (6-23): Mine under construction

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Transfer from exploration and evaluation assets	-	-	40.7	-	NA	NA
Additions during the year	-	-	117.2	NA	NA	NA
Total	**-**	**-**	**157.9**	**NA**	**NA**	**NA**

The Company had incurred SAR 157.9 million as at 31 December 2020G on commissioning of the Guyan Gold project against a revised project capex budget of SAR 164.0 million. The original budget was estimated at SAR 152.0 million, however due to Covid-19 related travel restrictions, the Guyan Gold project experienced delays which led to an expected cost over-run of SAR 12.0 million. The Company's original plan was to commence gold production by May 2020G which was delayed and the Guyan Gold project started operations in Q1 2021G.

Additions to mine under construction amounted to SAR 117.2 million in 2020G. These additions mainly relate to purchase of plant and machinery for the Guyan mine as the project neared completion as at 31 December 2020G (SAR 81.8 million); civil works for the construction of plant (SAR 22.7 million); and pre-operating expenses (SAR 9.5 million) comprising of fees of engineering consultants, capitalization of loan margin, and site manpower costs.

Intangible assets

Intangible assets represents exploration and evaluation assets (including mining rights originally granted by the Royal Decree Number M/17 effective 1 Dhul- Hijjah1413H (22 May 1993G) for a period of thirty years, with a right of renewal for future period of twenty years to Arabian Shield Development Company (AADC) for the exploitation in Al Masane mine located in Najran, Saudi Arabia, with an area of 44 square kilometers for surface rental of SAR 10,000 per square kilometer per year, i.e. SAR 440,000 per year). These exploration and evaluation assets (including mining rights) were purchased by the Company from AADC in August 2009G for a cash consideration of SAR 236.3 million. The title of aforementioned rights were transferred to the Company as per the Ministry of Petroleum and Mineral Resources resolution dated 13 Ramadan 1429H (13 September 2008G) and the Ministry subsequent letter dated 2 Muharram 1430H (30 December 2008G). The Company also incurred further costs of SAR 22.7 million subsequent to acquisition of these exploration and evaluation assets. These exploration and evaluation assets were transferred to intangible assets under mine properties after the production from Al Masane started in 2012G and amortized over the useful life of mine. Useful life of mine is determined based on the lower of the term of mining rights or the estimated time to exploit and process the estimated ore reserves. The useful life of mine was determined initially at 20 years ending in 2022G, and later revised in August 2019G, based on the revised estimated reserves and production capacity, to end on 31 March 2030G. The total reserves of Al Masane mine as at 31 December 2020G is estimated at 7.7 million tons. Since the Company is fully utilizing its license by mining and producing metals and undertaking further exploration and evaluation activities it is confident that the license will be renewed for an additional period of 20 years.

The Company records the intangible asset at cost (SAR 259.0 million) less accumulated amortization. The net book value of intangibles declined from SAR 102.6 million at 31 December 2018G to SAR 92.2 million and SAR 83.2 million at 31 December 2019G and 2020G, respectively. This was primarily due to amortization charge of SAR 10.4 million in 2019G and SAR 9.0 million in 2020G.

The Company amortizes the license on a straight-line basis over the life of the mine. Revisions to the life of mine have resulted in a lower amortization charge in 2019G and 2020G.

Mining assets

Mining assets represents rehabilitation assets which include pre-operating expenses incurred during the exploration and evaluation phase of Al Masane mine. During 2018G, such assets were classified under 'property, plant and equipment' as 'Mining assets rehabilitation costs'. However in 2020G, these assets were classified as part of mine properties which was presented as a separate line item under non-current assets and the comparatives were reclassified. The net book value of mining assets declined from SAR 59.8 million at 31 December 2018G to SAR 53.5 million and SAR 48.3 million at 31 December 2019G and 2020G, respectively. This was primarily due to amortization charge of SAR 6.2 million in 2019G and SAR 5.2 million in 2020G.

Mining asset underground development asset

Mining asset underground development asset represent underground ramps built, development works and other construction work. During 2018G, mining asset underground development asset was classified as part of property, plant and equipment. During 2020G this was classified under mining properties in 2020G which was presented as a separate line item under non-current assets and the comparatives were reclassified.

Net book value of mining asset underground development asset increased from SAR 63.1 million at 31 December 2018G to SAR 69.1 million and SAR 78.9 million at 31 December 2019G and 2020G, respectively. This was primarily due to capitalization of additional development cost of SAR 12.8 million in 2019G and SAR 17.6 million in 2020G. Such increase partially offset by an amortization charge of SAR 6.9 million in 2019G and SAR 7.8 million in 2020G.

The development cost of SAR 12.8 million in 2019G represented stripping cost for additional 2,119 meters at the Al Masane mine. The Company continued its exploration activity in 2020G at Al Masane mine and stripped a further 2,727 meters which resulted in additional development cost of SAR 17.6 million.

Deferred mine closure cost

Deferred mine closure cost represents the Management's estimate of present value of future costs to be incurred at the rehabilitation of the Al Masane mine and Al Guyan mine. The balance is being depreciated over the life of the mine. During 2018G, deferred mine closure cost was classified as part of property, plant and equipment and its net book value amounted to SAR 6.0 million at 31 December 2018G. During 2020G, deferred mine closure cost was classified as part of mine properties and the comparatives were reclassified. Net book value of deferred mine closure cost decreased by 12.5% from SAR 6.0 million as at 31 December 2018G to SAR 5.2 million at 31 December 2019G. This was primarily due to amortization charge of SAR 0.7 million in 2019G. Net book value increased by 235.7% from SAR 5.2 million as at 31 December 2019G to SAR 17.5 million as at 31 December 2020G. This was primarily due to addition in mine closure provision of SAR 12.8 million in 2020G. This increase in provision was attributable to the Guyan Gold project.

6.7.3 Property, plant and equipment

The following table shows a breakdown of property, plant and equipment as at 31 December 2018G, 2019G, and 2020G.

Table (6-24): Property, plant and equipment

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Plant and machinery	195.6	177.5	161.8	(9.2%)	(8.9%)	(9.1%)
Leasehold improvement	-	-	2.0	-	NA	NA
Buildings	121.7	110.0	99.4	(9.6%)	(9.6%)	(9.6%)
Mining assets underground development cost	63.1	-	-	(100.0%)	NA	(100.0%)
Mining assets rehabilitation costs	59.8	-	-	(100.0%)	NA	(100.0%)
Heavy equipment	37.7	43.8	51.2	16.4%	16.7%	16.6%
Tailing Dam	9.3	9.1	8.1	(2.5%)	(10.6%)	(6.7%)
Civil works	7.2	7.0	6.3	(1.7%)	(10.6%)	(6.3%)

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Deferred mine closure cost	6.0	-	-	(100.0%)	NA	(100.0%)
Capital work in progress	5.1	4.8	5.0	(6.2%)	5.4%	(0.6%)
Motor vehicles	0.5	0.2	0.3	(57.3%)	16.8%	(29.4%)
Total	**505.9**	**352.5**	**334.0**	**(30.3%)**	**(5.2%)**	**(18.8%)**

Source: Audited financial statements

The net book value of property, plant and equipment was concentrated in plant and machinery and buildings, which collectively represented 62.7%, 81.6% and 78.2% of property plant and equipment's total net book value as at 31 December 2018G, 2019G and 2020G, respectively. The net book value of property, plant and equipment decreased by 30.3% from SAR 505.9 million as at 31 December 2018G to SAR 352.5 million as at 31 December 2019G. This was primarily due to presentation of mine properties as a separate line item as part of 2020G financial statements and reclassification of comparatives.

The net book value of property plant & equipment declined by 5.2% at 31 December 2020G from SAR 352.5 million at 31 December 2019G to SAR 334.0 million at 31 December 2020G. This was primarily due to depreciation charge of SAR 34.5 million recognized against property, plant and equipment during 2020G.

The following table shows a breakdown of additions to property, plant and equipment as at 31 December 2018G, 2019G, and 2020G.

Table (6-25): Additions to property, plant and equipment

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Leasehold improvement	-	-	2.2	NA	NA	NA
Buildings	-	0.7	0.1	NA	(81.1%)	NA
Heavy equipment	1.6	10.0	13.1	524.1%	31.9%	186.9%
Tailing Dam	-	0.9	-	NA	(100.0%)	NA
Civil works	-	0.7	-	NA	(100.0%)	NA
Mining assets underground development costs	7.7	-	-	(100.0%)	NA	(100.0%)
Capital work in progress	6.8	0.1	0.3	(98.1%)	100.0%	(80.5%)
Motor vehicles	-	-	0.3	NA	NA	NA
Total	**16.1**	**12.4**	**16.0**	**(23.2%)**	**29.6%**	**(0.2%)**

Source: Audited financial statements

Plant and machinery

Plant and machinery include mainly copper and zinc concentrators used in Al Masane process plant operations.

Net book value of plant and machinery declined at a CAGR of 9.1% between 31 December 2018G and 2020G. This was primarily due to depreciation charge of SAR 18.1 million in 2019G and SAR 15.8 million in 2020G.

Lease hold improvements

These are associated with leasehold improvement works performed in the Company's offices and sites.

Additions of SAR 2.2 million in 2020G were related to installation of fire safety system at mine site.

Buildings

Building includes camps building on mine site, civil works buildings, warehouses located on mining sites, accommodation units used to house staff, power generating plants, storage facilities as well as plant offices.

Net book value of buildings declined at a CAGR of 9.6% between 31 December 2018G and 2020G. This was primarily due to depreciation charge of SAR 12.5 million in 2019G and SAR 10.7 million in 2020G.

Mining assets underground development cost

Mining assets underground development costs represent underground ramps built, development works and other construction work. These assets were classified as part of mine properties which was presented as a separate line item under non-current assets.

Mining assets underground development costs were presented under mine properties in 2020G and the comparatives were reclassified. Additions of SAR 7.7 million in 2018G were related to ramps and mine supports develop the mine for further mining. Refer to 'mine properties' section for further details.

Mining assets rehabilitation costs

Mining assets rehabilitation costs represent pre-operating expenses incurred during the exploration and evaluation phase of Al Masane mine. These assets were classified as part of mine properties which was presented as a separate line item under non-current assets and the comparatives were reclassified. Refer to 'mine properties' section for further details.

Heavy equipment

Heavy equipment includes machines and equipment used on projects' sites for daily operations. These include revolvers, lighting towers, ventilations, loaders, transformers, pumps, generators and other machines.

Net book value of heavy equipment increased at a CAGR of 16.6% between 2018G and 2020G. This was primarily due to additions of SAR 10.0 million in 2019G and SAR 13.1 million in 2020G. The increase was partially offset by depreciation charge of SAR 3.8 million in 2019G and SAR 5.8 million in 2020G

Additions to heavy equipment in 2019G and 2020G mainly included a variety of machines such as pumps, engines, cables, lab machineries, drilling equipment and cylinders. These assets were acquired in the normal course of business to support plant and production requirements between 2018G and 2020G.

Tailing dams

Tailing dams are embankment dams used to store waste of mining operations after extraction of ores.

Net book value of tailing dams declined at a CAGR of 6.7% between 31 December 2018G and 2020G. This was primarily due to depreciation charge of SAR 1.1 million in 2019G and SAR 1.0 million in 2020G.

Civil works

Civil works are associated with water wells, chemical warehouse upgrade works, and asphalt works.

Net book value of civil works declined at a CAGR of 6.3% between 31 December 2018G and 2020G. This was primarily due to depreciation charge of SAR 0.8 million in 2019G and SAR 0.7 million in 2020G.

Deferred mine closure cost

Deferred mine closure cost represents the Management estimate of present value of future mine rehabilitation costs recognized by the Company depreciated over the life of the mine.

Deferred mine closure cost was classified as part of mine properties which was presented as separate line item in 2020G and the comparatives were reclassified. Refer to 'mine properties' section for further details.

Capital work in progress

Capital work in progress recorded between 31 December 2018G and 31 December 2020G is associated with firefighting works and equipment for the plant.

Additions of SAR 6.8 million in 2018G were related to construction of firefighting works and a warehouse.

Motor vehicles

Motor vehicles mainly include pickups and trucks used on projects' sites.

Net book value of motor vehicles declined by 57.3% as at 31 December 2019G primarily due to depreciation charge of SAR 0.3 million in 2019G. Net book value of motor vehicles increased by 16.8% as at 31 December 2020G due to additions of SAR 0.3 million. Such increase was partially offset by depreciation of SAR 0.2 million in 2020G.

6.7.4 Intangible assets

The following table shows a breakdown of intangible assets as at 31 December 2018G.

Table (6-26): Intangible assets

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Cost	259.0	-	-	-	-	-
Accumulated amortization	(156.4)	-	-	-	-	-
Carrying value at year-end	102.6	-	-	-	-	-

Source: Audited financial statements

Note: Intangible assets have been reclassified as part of mine properties as per audited financial statements for 2020G

Intangible assets represent the cost of obtaining the mining rights in relation to the Al Masane mine. The Company amortizes the license on a straight-line basis over the life of the mine. Intangible assets have been reclassified as part of mine properties in 2020G. Refer to section 'mine properties' for further details.

6.7.5 Right-of-use assets (RoU)

The following table shows the movement of right-of-use assets as at 31 December 2019G and 2020G.

Table (6-27): Breakdown of RoU assets

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Building	-	1.8	2.4	NA	35.3%	NA
Heavy equipment	-	7.6	6.8	NA	(10.6%)	NA
Total	**-**	**9.4**	**9.2**	**NA**	**(2.0%)**	**NA**

Source: Audited financial statements

The following table shows the movement of right-of-use assets as at 31 December 2019G and 2020G.

Table (6-28): Movement in RoU assets

SAR'm	As at 31 December					
	2019G			2020G		
	Buildings	Heavy equipment	Total	Buildings	Heavy equipment	Total
Opening balance	3.4	-	3.4	1.8	7.6	9.4
Additions	-	8.0	8.0	1.2	-	1.2
Depreciation expense	(1.6)	(0.4)	(2.0)	(0.5)	(0.8)	(1.3)
Closing balance	1.8	7.6	9.4	2.4	6.8	9.2

Source: Audited financial statements

The Company initially adopted IFRS 16 Leases from 1 January 2019G using the modified retrospective approach.

The Company has lease contracts for leasehold building headquarter and accommodations. Leasehold building has lease terms ranging between 2 and 10 years. The Company has also certain leases of heavy equipment with lease terms of 36 months where the ownership will be obtained at the end of the lease term.

The Company recognises a right-of use asset and lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at of before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Additions of SAR 8.0 million in 2019G in heavy equipment mainly related to assets associated with mining activity such as mining truck, GPS machine etc. Further, SAR 1.2 million addition in buildings in 2020G was related to a new lease of warehouse on Jazan port.

Right-of-use assets did not witness material fluctuation between 31 December 2019G and 2020G.

6.7.6 Long term deposits

Long term deposits are bank guarantees deposited with Jazan Port Authorities for renting warehouses in the port area to store copper and zinc concentrates before shipment. The balance remained stable as at SAR 0.5 million between 31 December 2018G and 31 December 2019G and then declined to SAR 0.2 million as at 31 December 2020G.

6.7.7 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

As at 31 December 2020G, the Company recognized deferred tax asset of SAR 14.8 million. The following table presents components of deferred tax asset as at 31 December 2020G.

Table (6-29): Components of deferred tax

SAR'm	As at 31 December		
	2018G	2019G	2020G
Carry forward tax losses	-	-	22.7
Difference in accounting and tax base of property, plant and equipment	-	-	(9.6)
Provisions	-	-	1.4
Advertising and promotion	-	-	0.3
Total	**-**	**-**	**14.8**

Source: Audited financial statements

6.7.8 Inventories

The following table shows the breakdown of inventories as at 31 December 2018G, 2019G, and 2020G.

Table (6-30): Inventories

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Concentrate	19.5	10.8	9.1	(44.8%)	(15.2%)	(31.6%)
Ore stockpile	19.1	18.7	13.8	(2.5%)	(26.1%)	(15.1%)
Consumables	37.1	10.0	11.8	(72.9%)	17.5%	(43.6%)
Spare parts	-	28.3	33.8	NA	19.4%	NA
Total, gross	75.8	67.8	68.6	(10.5%)	1.1%	(4.9%)
Provision for inventories	(3.5)	(4.7)	(5.6)	34.4%	19.6%	26.8%
Total	**72.3**	**63.1**	**62.9**	**(12.7%)**	**(0.3%)**	**(6.7%)**

Source: Audited financial statements

Concentrates

These comprise of copper and zinc concentrates (finished goods) as well as gold and silver dores ready to be shipped to customers.

Concentrate declined by 44.8% as at 31 December 2019G from SAR 19.5 million at 31 December 2018G to SAR 10.8 million as at 31 December 2019G. This was primarily due to increase in sales of copper and zinc concentrates in 2019G as compared to 2018G. Additionally, the production volume of copper were 13.0% less in Q4 2019G (6,294 DMT) compared to Q4 2018G (7,230 DMT) resulting in decreased closing inventory at 31 December 2019G. The balance further declined by 15.2% as at 31 December 2020G from SAR 10.8 million as at 31 December 2019G to SAR 9.1 million as at 31 December 2020G. The balance may fluctuate on a yearly basis in the normal course of business depending on the volume of production and timing of sale.

Ore stockpile

Ore stockpile inventories are associated with the extraction of ores from the Al Masane mine. These ores need to be processed in the plant to produce copper and zinc concentrates and by-products (gold and silver). The balance did not witness material fluctuation between 31 December 2018G and 2019G. Ore stockpile decreased from SAR 18.7 million as at 31 December 2019G to SAR 13.8 million as at 31 December 2020G due to higher mill feed. Since the production activities were halted temporarily during 2Q20 in the wake of Covid-19 pandemic, the production was accelerated during 3Q20 and 4Q20 which resulted in reduction in ore stockpile.

Consumables

Consumables include chemicals and explosive material used in maintenance operations and are used to support the daily plant requirements as well as support the maintenance exercises performed on a regular or need basis. A minimum level of consumables are maintained by the Company to prevent any shortage that might lead to business interruption.

In 2018G 'consumables' were comprised of consumables of SAR 7.2 million and spare parts of SAR 29.9 million. During 2020G, consumables and spare parts were presented separately, and the comparatives were reclassified.

Consumables increased by 39.1% from SAR 7.2 million as at 31 December 2018G to SAR 10.0 million as at 31 December 2019G mainly to support the increase in production volume for zinc which increased from 32,348 DMT in 2018G to 40,194 DMT in 2019G.

Consumables increased by 17.5% from SAR 10.0 million as at 31 December 2019G to SAR 11.8 million as at 31 December 2020G. This was primarily to support the increase in production volumes for zinc (40,194 DMT in 2019G to 45,825 DMT in 2020G) and copper (23,246 DMT in 2019G to 24,592 DMT in 2020G). Further, the Company increased the inventory buffer to cater for any disruption of supply of consumables due to Covid-19.

Spare parts

Spare parts are used in repair and maintenance operations to support smooth running of the plant. A minimum level of spare parts are maintained to prevent any shortage that might lead to business interruption.

Spare parts amounting to SAR 29.9 million were included as part of 'consumables' balance as at 31 December 2018G. During 2020G, consumables and spare parts were presented separately, and the comparatives were reclassified.

Spare parts inventory decreased by 5.3% from SAR 29.9 million as at 2018G to SAR 28.3 million as at 31 December 2019G mainly due to increase in repairs and maintenance (SAR 32.0 million in 2018G compared to SAR 37.3 million in 2019G) resulting in a lower balance as at 31 December 2019G.

Spare parts inventory increased by 19.4% from SAR 28.3 million as at 31 December 2019G to SAR 33.8 million as at 31 December 2020G. This was primarily due to increase in production volumes for zinc (40,194 DMT in 2019G to 45,825 DMT in 2020G) and copper (23,246 DMT in 2019G to 24,592 DMT in 2020G) which required higher levels of inventory to manage increased demand. Further, the Company increased the inventory buffer to cater for any disruption of supply of consumables due to Covid-19.

Provision for inventories

The following table shows a breakdown of the provision for slow-moving inventories as at 31 December 2018G, 2019G, and 2020G.

Table (6-31): Slow-moving inventories provision

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-19G	Dec 2019-20G	2018G - 2020G
At the beginning of the year	2.0	3.5	4.7	77.3%	34.4%	54.3%
Charge for the year	1.5	1.2	0.9	(21.2%)	(23.3%)	(22.3%)
At the end of the year	3.5	4.7	5.6	34.4%	19.6%	26.8%

Source: Audited financial statements

The provision for slow-moving inventories was calculated based on Management's judgement. However, as at 31 December 2020G, the Audit Committee approved a formal provisioning policy which is summarized as follows:

Provisioning policy					
1)	Ore stockpile	No provision required			
2)	Concentrate	No provision required			
3)	Precious metals	No provision required			
4)	Tools and equipment	No provision required			
5)	Explosives				
	Age bracket	0-90 days	91-180 days	181-365 days	> 365 days
	Provision %	0.0%	10.0%	25.0%	100.0%
6)	Chemicals and reagents				
	Age bracket	0-180 days	181-365 days	366-550 days	> 551 days
	Provision %	0.0%	5.0%	10.0%	15.0%
7)	Consumables and lubricants				
	Age bracket	0-365 days	366-730 days	> 731 days	
	Provision %	0.0%	2.0%	5.0%	

Source: Management information

Provisions for slow-moving inventories increased by 34.4% from SAR 3.5 million as at 31 December 2018G to SAR 4.7 million as at 31 December 2019G. Provisions for slow-moving inventories further increased by 19.6% from SAR 4.7 million as at 31 December 2019G to SAR 5.6 million as at 31 December 2020G.

The additional provision of SAR 1.2 million and SAR 0.9 million booked in 2019G and 2020G was to minimize exposure in connection to any obsolete consumables or other inventory items and was based on Management's internal judgement.

6.7.9 Trade and other receivables

The following table shows a breakdown of trade and other receivables as at 31 December 2018G, 2019G, and 2020G.

Table (6-32): Trade and other receivables

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-19G	Dec 2019-20G	2018G - 2020G
Trade accounts receivable	14.4	31.7	85.4	121.1%	169.1%	143.9%
Provisional pricing adjustment	1.9	(2.1)	(2.5)	(212.3%)	18.4%	NA
Total	**16.2**	**29.6**	**82.9**	**82.6%**	**179.8%**	**126.0%**

Source: Audited financial statements

The following table presents the breakdown of gross trade and other receivables by agent and customer as at 31 December 2018G, 2019G, and 2020G.

Table (6-33): Trade and other receivables by agent / customer

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-19G	Dec 2019-20G	2018G - 2020G
Ocean Partners UK Ltd.	13.7	31.2	71.3	127.8%	128.5%	128.1%
MKS (Switzerland) S.A.	0.2	0.6	14.2	185.0%	2,402.0%	744.4%
Industrial Minerals S.A.	0.5	-		(100.0%)	NA	(100.0%)
Total	**14.4**	**31.7**	**85.4**	**121.1%**	**169.0%**	**143.9%**

Source: Management information

Ocean Partners UK Ltd. arranges sales of copper and zinc concentrates to various smelters by signing back-to-back purchase and sale agreements with the Company and end customers. Receivable balance from Ocean Partners UK Ltd. increased from SAR 13.7 million as at 31 December 2018G to SAR 31.2 million as at 31 December 2019G due to higher copper sales in the fourth quarter of 2019G (SAR 44.0 million) as compared to sales in the fourth quarter of 2018G (SAR 30.8 million). Receivable balance from Ocean Partners UK Ltd. increased to SAR 71.3 million as at 31 December 2020G mainly driven by increased zinc sales in the fourth quarter of 2020G (SAR 71.0 million compared to sales in the fourth quarter of 2019G (SAR 28.3 million).

MKS (Switzerland) S.A. buys gold and silver dores from the Company. Receivable balance from MKS (Switzerland) S.A. increased from SAR 0.2 million as at 31 December 2018G to SAR 14.2 million as at 31 December 2020G mainly due to increase in sale of gold dores in the fourth quarter which increased from SAR 3.8 million in 2018G to SAR 13.8 million in 2020G.

Receivables from Industrial Minerals S.A. as at 31 December 2018G represented sales of SART products.

The following table shows the ageing of trade and other receivables as at 31 December 2018G, 2019G, and 2020G.

Table (6-34): Ageing of trade and other receivables

Ageing of trade receivables SAR'm	0 - 60 days	61 - 90 days	> 90 days
31 December 2018G	14.4	-	-
31 December 2019G	31.7	-	-
31 December 2020G	85.4	-	-

Source: Management information

Provisional pricing adjustment represent mark-to-market provision for in-progress sales at 31 December. This provision is made on Management's best estimate based on available information.

6.7.10 Advances and prepayments

The following table shows a breakdown of advances and prepayments at 31 December 2018G, 2019G, and 2020G.

Table (6-35): Prepayments and advances

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-19G	Dec 2019-20G	2018G - 2020G
Advances to suppliers	16.9	44.4	14.4	163.2%	(67.7%)	(7.8%)
Provision for advances to suppliers	(1.8)	(1.8)	(1.8)	-	-	-
Advances to suppliers, net	15.1	42.7	12.6	182.1%	(70.5%)	(8.7%)
Prepayments	1.2	5.2	4.5	333.5%	(13.7%)	93.4%
Value added tax – Input	2.1	1.2	4.3	(44.0%)	259.9%	42.0%
Employee receivables	0.1	0.5	0.5	267.3%	6.7%	98.0%
Other receivables	0.1	-	-	(100.0%)	-	(100.0%)
Total	**18.6**	**49.5**	**21.9**	**165.8%**	**(55.8%)**	**8.3%**

Source: Audited financial statements

Advances to suppliers

Advances and prepayments consist mainly of net advances to suppliers, which represented 81.2%, 86.2% and 57.7% of the total prepayments and advances as at 31 December 2018G, 31 December 2019G and 31 December 2020G, respectively.

Advances to suppliers (gross) increased by 163.2% from SAR 16.9 million as at 31 December 2018G to SAR 44.4 million as at 31 December 2019G mainly driven by higher purchases from suppliers for Guyan Gold project. The balance declined by 67.7% from SAR 44.4 million as at 31 December 2019G to SAR 14.4 million as at 31 December 2020G mainly due to improved arrangements with suppliers which allowed the Company to make purchases without making significant advanced payments. Further, deliveries of Guyan Gold project were completed in 2020G against which the advances were paid in 2019G. Company booked a provision against advances to suppliers amounting to SAR 1.8 million in 2018G which remained unchanged until 2020G. This provision was mainly related to an advance balance of SAR 1.7 million owed from one of the suppliers.

Prepayments

Prepayments include prepaid expenses such as insurance, rent and other expenses. Prepaid insurance was the key component of prepaid expenses accounting for 62.9%, 68.1% and 76.3% of the total balance as at 31 December 2018G, 31 December 2019G and 31 December 2020G respectively. Prepayments increased by 333.5% from SAR 1.2 million as at 31 December 2018G to SAR 5.2 million as at 31 December 2019G which was primarily driven by the increase in medical insurance as a result of increase in the number of employees from 370 employees in 2018G to 412 employees in 2019G. Prepayments declined by 13.7% from SAR 5.2 million as at 31 December 2019G to SAR 4.5 million as at December 2020G due to lower prepaid insurance expense since the Company was able to secure more flexible payment terms with the insurance companies.

Employee receivables

Employee receivables are advances/loans extended to the Company's staff during the normal course of business. These advances/loans are subsequently deducted from the corresponding staff's salaries through equal monthly instalments. The balance increased by 267.3% from SAR 0.1 million as at 31 December 2018G to SAR 0.5 million as at 31 December 2019G which was driven by the increase in the Company's headcount from 370 employees to 412 employees between 31 December 2018G and 31 December 2019G. Employee receivables did not witness any material fluctuation between 31 December 2019G and 31 December 2020G.

Value added tax – Input

VAT-input receivables are refunds due to the Company on account of previously paid liabilities. The balance declined by 44.0% from SAR 2.1 million as at 31 December 2018G to SAR 1.2 million as at 31 December 2019G due to collections. The balance increased by 259.9% from SAR 1.2 million as at 31 December 2019G to SAR 4.3 million as at 31 December 2020G primarily driven by the increase in the VAT rate from 5.0% in 2019G to 15.0% in 2020G. Furthermore, the outstanding VAT balance as at 31 December 2020G included the VAT balance associated with the month of November 2020G which the Company was not refunded for as at year end 2020G.

Other receivables

Other receivables amounting to SAR 0.1 million as at 31 December 2018G comprised of various miscellaneous balances.

6.7.11 Advances to shareholders

The following table presents the breakdown of advances to shareholders as at 31 December 2018G, 2019G, and 2020G.

Table (6-36): Advances to shareholders

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-19G	Dec 2019-20G	2018G - 2020G
Non-Saudi Shareholders	31.8	2.9	-	(91.0%)	(100.0%)	(100.0%)
Saudi Shareholders	20.8	-	-	(100.0%)	-	(100.0%)
Total	**52.6**	**2.9**	**-**	**(94.6%)**	**(100.0%)**	**(100.0%)**

Source: Management information

Advances to shareholders represented advances paid to shareholders against purchase of treasury stock. Advances amounting to SAR 52.6 million as at 31 December 2018G represented the advances to shareholders in relation to the repurchase of 2,490,445 shares at a price of SAR 30 per share. In 2019G the Company fully paid the amounts to the shareholders (SAR 74.7 million) and completed the legal formalities to update the share register to reflect the treasury stock.

On 22 September 2019G, the Company and certain shareholders of the Company (Purchasers) entered into a Share Sale and Purchase Agreement with Trecora Resources to purchase their entire equity interest in the Company for an aggregate gross purchase price of approximately SAR 264.7 million. Initially, the Share Sale and Purchase Agreement required the transaction to close within a 60 days period from the contract's effective date. The Purchasers and Trecora Resources entered into an amendment to extend the close date to 30 September 2020G to allow additional time for the parties to obtain certain required governmental approvals. As required by the Share Sale and Purchase Agreement, the Purchasers paid 5% of the purchase price, in advance, to Trecora Resources. Advances to shareholders as at 31 December 2019G of SAR 2.9 million represented the Company's share of 5.0% advance paid to Trecora Resources.

In 2020G, the legal formalities associated with the transaction were completed and the Company updated its share register to reflect additional treasury stock of SAR 57.1 million.

6.7.12 Due from shareholders

Amount due from shareholders as at 31 December 2018G of SAR 5.3 million represented capital gains tax for non-Saudi shareholders in relation to buy-back of shares. The Company withheld this amount when the legal formalities were completed in 2019G and consequently recorded the amount as 'capital gains tax payable on behalf of ex-shareholder' under 'trade and other accrued liabilities'.

6.7.13 Cash and cash equivalents

The following table presents cash and bank balances as at 31 December 2018G, 2019G, and 2020G.

Table (6-37): Cash and cash equivalents

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-19G	Dec 2019-20G	2018G - 2020G
Bank balances	31.3	52.1	35.1	66.4%	(32.7%)	5.8%
Cash in hand	0.2	0.1	0.1	(36.4%)	19.6%	(28.5%)
Total	**31.5**	**52.2**	**35.2**	**65.8%**	**(32.7%)**	**5.6%**

Source: Audited financial statements

Cash and cash equivalents consist of cash in hand and bank account balances. Cash in hand includes cash balances which are maintained with accountants and project supervisors to manage daily expenses.

Cash at banks included cash deposited in the different bank accounts managed by the Company and mainly used to settle payments to suppliers and collect proceeds from clients.

Total cash and cash equivalents balance increased by 65.8% from SAR 31.5 million as at 31 December 2018G to SAR 52.2 million as at 31 December 2019G. The increase was primarily driven by cash flow from operating activities (SAR 63.7 million) and Tawaroq loan proceeds of SAR 50.0 million for Guyan Gold project. These inflows were offset by additions to property, plant and equipment; mining assets and exploration and evaluation assets (combined SAR 44.0 million), tranche payment of Saudi Industrial Development Fund loan (SAR 20.0 million) and advances to shareholders' for purchase of treasury stock (SAR 16.9 million).

Total cash and cash equivalents declined by 32.7% from SAR 52.2 million as at 31 December 2019G to SAR 35.2 million as at 31 December 2020G due to higher cash outflows associated with additions to property, plant and equipment and mining assets (combined SAR 150.9 million) and purchase of treasury stock (SAR 57.1 million). The outflows were offset by inflows from operating activities (SAR 119.0 million) and draw down of Saudi Industrial Development Fund loan (SAR 72.3 million).

6.7.14 Equity

The following table shows the components of equity as at 31 December 2018G, 2019G, and 2020G.

Table (6-38): Equity

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-19G	Dec 2019-20G	2018G - 2020G
Share capital	820.0	820.0	820.0	-	-	-
Statutory reserve	1.7	4.4	4.4	154.1%	-	59.4%
Accumulated losses	(352.3)	(328.2)	(240.6)	(6.8%)	(26.7%)	(17.3%)
Treasury stock	-	(74.7)	(131.8)	NA	76.4%	NA
Total equity	**469.5**	**421.5**	**452.0**	**(10.2%)**	**7.2%**	**(1.9%)**

Source: Audited financial statements

Share capital

As at 31 December 2018G, 2019G and 2020G, the Company's issued capital amounted to SAR 820 million, divided into 82 million ordinary shares with a par value of SAR 10 per share.

Statutory reserve

In accordance with the Companies Law and the Company's Articles of Association, the Company reserves 10% of its net income for the year under the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals 30.0% of its issued capital. As at 31 December 2019G, statutory reserve increased by 154.1% from SAR 1.7 million to SAR 4.4 million, following the voluntary allocation of 10.0% of 2019G's net profit.

Statutory reserves remained stable at SAR 4.4 million between 31 December 2019G and 31 December 2020G. Due to reported accumulated losses, the Company is not legally required to transfer to statutory reserve, therefore, no additional transfer was made during 2020G.

Accumulated losses

The Company reported accumulated losses of SAR 240.6 million as at 31 December 2020G due to the cumulative effect of losses incurred during prior periods. The Company has accumulated non-cash losses since 2010G. This was initially due to general and administration expenses incurred in the non-operational phases in 2010G (SAR 8.0 million) and 2011G (SAR 17.8 million). Between 2012G and 2017G the Company reported net losses driven primarily by higher depreciation and amortization charge being recognized using the straight-line method which did not consider the production and life of mine. Accumulated losses as at 31 December 2017G stood at SAR 366.5 million.

In 2018G, 2019G and 2020G the Company reported net profits of SAR 15.9 million, SAR 27.3 million and SAR 88.8 million respectively which reduced the accumulated losses to SAR 240.6 million as at 31 December 2020G.

Subsequent to the year ended 31 December 2020G, the Board of Directors of the Company passed a resolution dated 17 February 2021G (corresponding to 5 Rajab 1442H) to the Extraordinary General Assembly proposing a decrease in the Company's capital from SAR 820.0 million to SAR 467.0 million to absorb the accumulated losses of the Company.

The Extraordinary General Assembly in their meeting held on 23 March 2021G (corresponding to 9 Sha'ban 1442H) approved the aforesaid capital reduction. Further, the legal formalities were completed by 20 April 2021G (corresponding to 8 Ramadan 1442H) with Ministry of Commerce and Investment.

Treasury stock

During the Company's Extraordinary General Assembly Meeting in October 2018G, the shareholders approved to repurchase up to 2.5 million shares from the shareholders at a price of SAR 30 each and to register these shares as treasury stock. The shareholders subscribed to 2,490,445 shares amounting to SAR 74.7 million. In 2019G, the Company completed the legal formalities of the buy-back of shares including update of the share register and settlement with the shareholders.

In 2019G, the Company and certain shareholders entered into a share purchase agreement with Trecora Resources to purchase their entire shareholding for an aggregate purchase price of SAR 264.7 million (26.5 million shares). The Company's portion of Trecora Resources share purchase was SAR 57.1 million (5.7 million shares). During 2020G the Company completed the legal formalities of purchase of Trecora shares and updated the share register.

Out of the total SAR 131.8 million treasury stock as at 31 December 2020G, shares amounting to SAR 19.4 million (1,209,474 shares) were outstanding as of 11 May 2021G.

6.7.15 Loans and borrowings

The following table shows the breakdown of loans and borrowings as at 31 December 2018G, 2019G, and 2020G.

Table (6-39): Loans and borrowings

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G-2020G
Commercial loan	295.9	268.6	343.1	(9.2%)	27.7%	7.7%
Tawarroq	-	50.0	50.0	NA	-	NA
Less: current portion shown under current liabilities	(30.0)	(50.0)	(86.7)	66.7%	73.3%	70.0%
Loans and borrowings under non-current liabilities	265.9	268.6	306.5	1.0%	14.1%	7.3%

Source: Audited financial statements

Table (6-40): Funding profile summary

SAR'm	Limit	Margin	Facility expiry date	Balance as at 31 December 2020G
Bank Saudi Fransi				
Al Tawarroq	50.0	SAIBOR + 2.5%	December 2023	50.0
Al Tawarroq	50.0	SAIBOR + 2.0%	December 2020	-
Interest rate swap	10.0	N/A	January 2021	-
Saudi Industrial Development Fund				
Long-term (Al Masane)	330.0	N/A	April 2024	273.8
Long-term (Guyan)	94.3	N/A	March 2028	69.3
Total	**534.3**			**393.1**

Source: Management information

The loan balances reported between 31 December 2018G and 31 December 2020G were associated with loans acquired from Saudi Industrial Development Fund and Bank Saudi Fransi.

The total outstanding loan balance increased from SAR 295.9 million as at 31 December 2018G to SAR 318.6 million as at 31 December 2019G. During 2019G, the Company signed facility agreement with Bank Saudi Fransi amounting to SAR 110.5 million. The agreement covered multiple types of facilities including Tawarroq, interest rate swap and payment guarantees. Tawarroq financing was used during 2019G to support the requirements of the Guyan Gold project.

The outstanding loan balance further increased by 23.4% from SAR 318.6 million as at 31 December 2019G to SAR 393.1 million as at 31 December 2020G driven by additional funds drawn to support the Guyan Gold project requirements.

The Company obtained a commercial loan of SAR 330.0 million from Saudi Industrial Development Fund in 2010G to support the development of Al Masane mine and process plant. This loan is secured by mortgage on the Company's property, plant and equipment and by corporate guarantees signed on behalf of each shareholder. The loan was rescheduled on multiple occasions as per the Company's request. In June 2020G, the Company and Saudi Industrial Development Fund reached an agreement to amend the original loan agreement and payments were rescheduled to be repaid in seven semi-annual installments ending in April 2024G. Outstanding balance of commercial loan obtained from SIDF loan decreased from SAR 295.9 million as at 31 December 2018G to SAR 273.8 The loan is to be repaid in semi-annual installments starting in May 2022G and ending in March 2028G. Outstanding balance of commercial loan was SAR 69.3 million at 31 December 2020G.

The facilities are guaranteed by joint and several personal guarantees from some of the shareholders covering total facilities. Under the terms of facility agreements, the Company is required to maintain certain financial covenants, among other items. The Company was largely in compliance with these covenants between 31 December 2018G and 31 December 2020G.

6.7.16 Lease liabilities

The following table shows the movement in lease liabilities as at 31 December 2018, 2019 and 2020G.

Table (6-41): Lease liabilities as at 31 December 2020G

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
As at the beginning of the year	-	0.6	8.2	NA	1,374.7%	NA
Additions during the year	-	9.7	1.2	NA	(88.1%)	NA
Accretion of interest during the year	-	0.5	0.8	NA	74.3%	NA
Payments made during the year	-	(2.6)	(4.0)	NA	57.3%	NA
At as the end of the year	-	8.2	6.1	NA	(25.7%)	NA

Source: Audited financial statements

The Company adopted IFRS16 Leases from 1 January 2019G using the modified retrospective approach.

The Company has lease contracts for leasehold buildings (Company headquarter and accommodation for employees) and heavy equipment. Leasehold buildings have lease terms for 10 years while heavy equipment carries a lease term of 3 years.

The Company recognises a right of use asset and lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

The Company entered into an additional lease agreement for a warehouse located in Jazan (SAR 1.2m) in 2020G.

Lease liabilities declined by 25.7% in 2020G from SAR 8.2 million in 2019G to SAR 6.1 million in 2020G. This was primarily due to lease payments of SAR 1.0 million pertaining to leased buildings and SAR 3.0 million for heavy machinery during 2020G.

6.7.17 Provision for mine closure cost

The following table shows the movement of provision for mine closure cost as at 31 December 2018G, 31 December 2019G and 31 December 2020G.

Table (6-42): Provision for mine closure cost

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
At the beginning of the year	15.5	16.1	16.6	3.5%	3.5%	3.5%
Additions	-	-	12.8	NA	NA	NA
Charge for the year	0.5	0.6	0.6	3.5%	3.5%	3.5%
Balance at the end of the year	16.1	16.6	30.0	3.5%	80.5%	36.7%

Source: Audited financial statements

Provision for mine closure cost pertains to the present value of future costs to be incurred at the rehabilitation of the Al Masane mine. This provision was originally recognized at SAR 12.8 million and the unwinding of interest started in 2012G with the commencement of commercial operations.

Provision for mine closure and related deferred mine cost (net of accumulated depreciation) stood at SAR 16.1 million, SAR 16.6 million and SAR 30.0 million as at 31 December 2018G, 31 December 2019G and 31 December 2020G, respectively.

Provision for mine closure cost did not witness material fluctuation between 2018G and 2019G. Provision for mine closure cost increased by 80.5% in 2020G from SAR 16.6 million in 2019G to SAR 30.0 million in 2020G. This was primarily due to additional provision recognized in 2020G pertaining to Guyan gold mine.

6.7.18 Employee benefits

The following table shows the evolution of employee benefits as at 31 December 2018G, 31 December 2019G and 31 December 2020G.

Table (6-43): Employee benefits

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Balance at the beginning of the year	2.3	3.6	4.5	59.2%	22.6%	39.7%
Current service cost	2.4	1.2	2.2	(48.1%)	78.5%	(3.8%)
Interest cost	-	0.1	0.1	-	(0.4%)	NA
Actuarial loss	-	0.4	1.3	-	195.7%	NA
Benefits paid	(1.0)	(1.0)	(1.2)	(4.1%)	23.0%	8.6%
Balance at the end of the year	3.6	4.5	6.9	22.6%	54.2%	37.5%

Source: Audited financial statements

Employee benefits liability is a statutory requirement for all Saudi companies and is payable to employees on resignation or termination of employment. These end of service benefits provision was recognized based on actuarial valuation conducted by an independent actuary as at 31 December 2018G, 2019G and 2020G, using the projected unit credit method in accordance with IAS 19 – Employee Benefits.

Employee benefits increased by 22.6% from SAR 3.6 million as at 31 December 2018G to SAR 4.5 million as at 31 December 2019G on the back of the increase in the Company's headcount from 370 employees in 2018G to 412 employees in 2019G.

Employee benefits further increased by 54.2% from SAR 4.5 million as at December 2019G to SAR 6.9 million as at December 2020G. The increase in the outstanding liability as at 31 December 2020G was due to the lower discount rate used in the liability calculation, on account of lower risk-free rate considered by the actuarial.

6.7.19 Loans and borrowings (current portion)

Please refer to the lease liabilities section 6.6.15 under non-current liabilities.

6.7.20 Lease liabilities (current portion)

Please refer to the lease liabilities section 6.6.16 under non-current liabilities.

6.7.21 Trade payables and accrued expenses

The following table shows a breakdown of trade payables and accrued expenses as at 31 December 2018G, 2019G, and 2020G.

Table (6-44): Trade payables and accrued expenses

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Accounts payable	18.2	25.3	16.6	38.8%	(34.6%)	(4.7%)
Accrued expenses	8.7	10.9	11.4	25.2%	4.8%	14.6%
Capital gain tax withheld from ex-shareholder	-	5.3	9.7	NA	82.7%	NA
Vacation accruals and others	1.4	1.9	5.0	33.7%	164.2%	88.0%
Total	**28.4**	**43.4**	**42.7**	**53.0%**	**(1.7%)**	**22.7%**

Source: Audited financial statements

Trade and accrued expenses mainly included accounts payable which represented dues to suppliers providing goods and services to the Company. Accounts payable accounted for 64.3%, 58.3% and 38.8% of the total trade and other payable balance as at 31 December 2018G, 31 December 2019G and 31 December 2020G, respectively.

Accounts payable

Accounts payable increased by 38.8% from SAR 18.2 million as at 31 December 2018G to SAR 25.3 million as at 31 December 2019G. The aforementioned increase in accounts payable was driven by higher volumes of goods and services bought to support the Guyan Gold project.

Accounts payable declined by 34.6% from SAR 25.3 million as at 31 December 2019G to SAR 16.6 million as at 31 December 2020G. The decline was on account of the completion of the Guyan Gold project towards the end of 2020G and improved inventory management.

The following table shows a breakdown of trade payables by suppliers as at 31 December 2018G, 2019G, and 2020G.

Table (6-45): Trade payables by suppliers

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-19G	Dec 2019-20G	2018G - 2020G
Supplier 1	3.0	1.4	2.7	(52.2%)	89.6%	(4.8%)
Supplier 2	2.0	3.0	1.9	53.6%	(36.3%)	(1.1%)
Supplier 3	-	-	1.3	NA	NA	NA
Supplier 4	1.4	2.6	1.1	81.6%	(56.0%)	(10.6%)
Supplier 5	0.6	0.5	1.0	(10.0%)	97.6%	33.4%
Supplier 6	-	1.3	1.0	NA	(24.7%)	NA
Supplier 7	1.9	1.9	0.9	2.9%	(50.5%)	(28.7%)
Supplier 8	0.7	0.4	0.7	(44.6%)	59.5%	(6.0%)
Supplier 9	-	0.0	0.6	NA	1,297.1%	NA
Supplier 10	-	0.0	0.5	NA	33,314.7%	NA
Others	8.6	14.1	4.8	63.0%	(65.6%)	(25.1%)
Total	**18.2**	**25.3**	**16.6**	**38.8%**	**(34.6%)**	**(4.7%)**

Source: Management information

The Company deals with a limited group of suppliers to acquire heavy equipment and consumables in addition to chemicals and spare parts. The movement of trade payable between 31 December 2018G and 31 December 2020G was influenced by the progress of work on Guyan Gold project. The high volume of purchases during 2019G was associated with the accelerated progress on the Guyan Gold project. The decline in the outstanding payable balance as at 31 December 2020G was due to payments made to suppliers in 2020G as the Guyan Gold project neared completion.

The following table shows the aging of trade payables as at 31 December 2020G.

Table (6-46): Aging of trade payables as at 31 December 2020G

SAR'm	Not due	0-30 days	31-60 days	61-90 days	over 90 days	Total
Supplier 1	-	0.4	1.7	0.6	0.0	2.7
Supplier 2	-	0.7	1.2	-	-	1.9
Supplier 3	0.7	-	0.6	-	-	1.3
Supplier 4	0.6	-	0.5	-	-	1.1
Supplier 5	0.2	-	0.4	0.4	(0.0)	1.0
Supplier 6	-	-	0.8	0.2	-	1.0
Supplier 7	-	0.7	0.2	-	-	0.9
Supplier 8	0.7	-	-	-	-	0.7
Supplier 9	-	-	0.0	-	0.5	0.6
Supplier 10	-	0.4	0.3	0.0	(0.3)	0.5
Others	0.0	1.9	1.0	0.2	1.7	4.8
Total	**2.2**	**4.1**	**6.8**	**1.4**	**2.0**	**16.6**

Source: Management information

Standard credit terms granted from suppliers to the Company to settle its dues range between 30 days and 60 days. The aging schedule indicates that SAR 2.0 million (accounting for 12.3% of the total payable balance as at 31 December 2020G) was outstanding for a period exceeding 90 days. These delayed payments are expected to be settled in due course and does not affect Company's relationship with suppliers.

Accrued expenses

Accrued expenses comprise of accruals recorded by management mainly against invoices not yet received from suppliers based on Management's best estimate. These accruals relate to several suppliers and tend to fluctuate year on year.

Accrued expenses increased by 25.2% from SAR 8.7 million as at 31 December 2018G to SAR 10.9 million as at 31 December 2019G mainly on account of transportation expenses (SAR 3.5 million), Board meeting related accruals (SAR 2.4 million) and employee bonuses (SAR 1.1 million).

Accrued expenses increased by 4.8% from SAR 10.9 million as at 31 December 2019G to SAR 11.4 million as at 31 December 2020G. Accrued expenses were mainly for employee bonuses (SAR 5.0 million), Board meeting related accruals (SAR 2.4 million), and travel expenses (SAR 1.1 million).

Capital gain tax withheld from ex-shareholder

Capital gain tax withheld from ex-shareholder were payments withheld by the Company in relation to the buy-back of treasury stock in 2019G. According to Management, the shareholders who have sold their shares are assumed to have recognized profits associated with the transaction. As a result, these ex- shareholders owed General Authority of Zakat and Tax capital gain tax of SAR 5.3 million and SAR 9.7 million as at 31 December 2019G and 31 December 2020G, respectively. Since these are foreign shareholders, the capital gain tax liability is recorded as payable by the Company and collected subsequently from these shareholders.

Vacation accruals and others

Vacation accruals and others mainly include accrued employee benefits (i.e. vacation and ticketing allowances). Vacation accruals and others increased by 33.7% from SAR 1.4 million as at 31 December 2018G to SAR 1.9 million as at 31 December 2019G. This was primarily due to increase in accrued employee benefits on the back of increase in number of employees from 370 employees in 2018G to 412 employees in 2019G. The balance further increased by 164.2% from SAR 1.9 million as at 31 December 2019G to SAR 5.0 million as at 31 December 2020G. This was primarily due to accumulation of vacation accruals as employees were unable to travel due to Covid-19 related travel restrictions.

6.7.22 Provision for Zakat and income tax

The following table shows the movement of provision for Zakat and income tax as at 31 December 2018G, 2019G, and 2020G.

Table (6-47): Provision for Zakat and income tax

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Balance at the beginning of the year	3.2	5.7	5.6	77.1%	(0.9%)	32.5%
Payment during the year	(3.2)	(6.4)	(6.4)	98.5%	0.3%	41.1%
Provision during the year	5.7	6.3	8.2	11.2%	29.2%	19.8%
Charged to Non-Saudi Shareholders	5.3	-	-	(100.0%)	-	(100.0%)
Balance at the end of the year	11.0	5.6	7.4	(48.6%)	31.5%	(17.8%)

Source: Audited financial statements

Provision for Zakat and income tax refers to the outstanding balance of Zakat and income tax charges payable to the General Authority of Zakat and Tax. The outstanding balance of such liabilities decreased by 48.6% from SAR 11.0 million as at 31 December 2018G to SAR 5.6 million as at 31 December 2019G and then subsequently increased to SAR 7.4 million as at 31 December 2020G.

Management submitted the Zakat and income tax returns for the year 2019G and obtained the corresponding Zakat certificate valid till 30 April 2021G. The Zakat and tax returns for the years from 2012G to 2019G are currently under review by the Zakat, Tax and Customs Authority ("ZATCA"). No final assessment has been raised by ZATCA for the previous years. Zakat return for 2020G was filed by the Company on 28 April 2021G and received the zakat certificate which is valid till 30 April 2022.

6.7.23 Provision for severance fees

The following table shows the movement of provision for severance fee as at 31 December 2018G, 2019G, and 2020G.

Table (6-48): Provision for severance fees

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-19G	Dec 2019-20G	2018G - 2020G
Balance at the beginning of the year	0.1	2.0	2.0	2,244.1%	0.8%	386.1%
Provision during the year	1.9	2.0	9.3	5.3%	362.7%	120.7%
Provision paid during the year	-	(2.0)	(2.5)	NA	25.9%	NA
Balance at the end of the year	2.0	2.0	8.8	0.8%	337.8%	110.1%

Source: Audited financial statements

Provision for severance fees represents fee payable to the government of Saudi Arabia by the Company as per Article No. 71 of the Saudi Mining Investment Code. Severance fee represents 25.0% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is lower. For the purposes of the calculation, Zakat due is deducted from gross severance fees.

Provision charged during the year did not witness material fluctuation between 2018G and 2019G. Provision charge increased by 362.7% in 2020G from SAR 2.0 million in 2019G to SAR 9.3 million in 2020G. This was primarily due to increase in net profits as well as increase in the shareholding of Saudi shareholders. (refer to 'severance fees' section in the income statement for further details)

6.7.24 Related party transactions

The following table shows related party transactions in 2018G, 2019G, and 2020G.

Table (6-49): Related party transactions

SAR	Nature of relationship	Nature of transaction	As at 31 December			Increase / (Decrease)		CAGR
			2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Trade transactions								
Arab Commercial Enterprises for Travel	Common management	Operation	3.1	2.6	2.0	(16.2%)	(21.5%)	(18.9%)
Najran Mineral Water Company	Common management	Operation	0.1	0.1	0.1	72.8%	(61.0%)	(17.9%)
Najran Cement Company	Common management	Operation	0.0	0.0	0.0	(49.8%)	40.2%	(16.1%)
Key management compensation								
Salaries and other benefits			5.9	9.1	10.2	54.3%	12.4%	31.7%
Other benefits and compensation			-	0.2	0.2	NA	4.8%	NA

Source: Audited financial statements

Trade transactions

Transactions with related parties were commercial in nature and mainly associated with Arab Commercial Enterprises for Travel, Najran Mineral Water and Najran Cement Company.

Arab Commercial Enterprises for Travel

Transactions with Arab Commercial Enterprises were mainly associated with booking of air tickets for Company's employees for business trips. Transactions with the related party fluctuates depending on the business requirements of the Company. The Company does not have a formal arrangement with the related party and the transactions are governed through purchase orders at commercial rates.

Najran Mineral Water Company

Najran Mineral Water Company supplies drinking water to Company sites. In absolute terms, transactions with the related party remained immaterial between 2018G and 2020G.

Najran Cement Company

Transactions with Najran Cement Company amounted to SAR 45,738, SAR 22,948 and SAR 32,715 as at 31 December 2018G, 2019G and 2020G, respectively. These transactions were mainly associated with cement purchases by the Company. The cement is used by the Company for underground (mining activities – back filling) and site services.

In absolute terms, transactions with the related party remained immaterial between 2018G and 2020G.

Key management compensation

Compensation of key management represents the salaries of the executive management. These expenses increased by 54.3% from SAR 5.9 million in 2018G to SAR 9.1 million in 2019G and by 12.4% from SAR 9.1 million in 2019G to SAR 10.2 million in 2020G primarily due to increase in employees' bonus during 2019G and 2020G.

Other benefits and compensation mainly represent the executive management's annual end of service benefit charge.

Related party transactions did not witness material fluctuation between 2019G and 2020G.

6.8 Statement of cash flows

The following table presents a summary of the Company's cash flow statement data for the three years ending on 31 December 2018G, 2019G, and 2020G.

Table (6-50): Cash flow statement data for 2018G, 2019G, and 2020G

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Net cash from operating activities	69.0	63.7	119.0	(7.7%)	86.8%	31.3%
Net cash used in investing activities	(20.2)	(44.0)	(150.9)	117.6%	242.8%	173.1%
Net cash (used in)/from financing activities	(49.6)	1.0	14.8	(102.1%)	1,345.4%	NA
Net (decrease)/increase in cash and cash equivalents	(0.8)	20.7	(17.1)	(2,801.7%)	(182.4%)	371.7%
Cash and cash equivalents – opening	32.3	31.5	52.2	(2.4%)	65.8%	27.2%
Cash and cash equivalents – closing	31.5	52.2	35.2	65.8%	(32.7%)	5.6%

Source: Audited financial statements

The cash flow movement reported by the Company between 2018G and 2020G was primarily influenced by cash flows from financing and investing activities.

The Company reported a SAR 0.8 million cash outflow during 2018G mainly driven by cash flows from operating activities, purchase of property, plant & equipment for SAR 16.1 million and advances paid to shareholders amounting to SAR 52.6 million.

The Company reported a net cash inflow of SAR 20.7 million in 2019G mainly driven by cash flows from operating activities. Further, the Company borrowed SAR 50.0 million and repaid SAR 30.0 million of loans in 2019G.

A cash outflow of SAR 17.1 million was recorded in 2020G where the Company recorded cash outflows associated with investing activities amounting to SAR 150.9 million during the year. Such cash outflows were mainly related to the additions made to mining properties associated with the Guyan Gold project.

6.8.1 Net cash flows from operating activities

The following table shows the statement of cash flows from operating activities as at 31 December 2018G, 2019G, and 2020G.

Table (6-51): Statement of cash flow from operating activities in 2018G, 2019G, and 2020G

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Operating activities						
Profit for the year before severance fees, Zakat and income tax	21.6	35.6	91.4	65.2%	156.8%	106.0%
Adjustments to reconcile profit before, severance fees, Zakat and income tax to net cash flows from operating activities						
Depreciation and amortization	72.4	60.8	57.1	(16.1%)	(6.0%)	(11.2%)
Amortization of right-of-use assets	-	0.7	1.3	NA	87.1%	NA
Provision for slow moving items	1.5	1.2	0.9	(21.2%)	(23.3%)	(22.3%)
Provision for employee benefits	2.4	1.4	2.3	(42.6%)	70.9%	(1.0%)
Provision for mine closure cost	0.5	0.6	0.6	3.5%	3.5%	3.5%
Deferred finance charges	2.8	2.7	2.2	(2.5%)	(19.0%)	(11.1%)

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Provision for severance fees	1.9	-	-	(100.0%)	-	(100.0%)
Operating cash flows before working capital adjustments	103.1	102.9	155.9	(0.1%)	51.5%	23.0%
Working capital adjustments						
Inventories	(28.0)	8.0	(0.8)	(128.6%)	(109.5%)	(83.5%)
Trade receivables	(8.0)	(13.4)	(53.3)	67.2%	297.4%	157.8%
Advances and prepayments	1.2	(34.2)	28.0	(2,876.8%)	(181.8%)	376.7%
Trade and accrued expenses	4.9	9.7	(0.7)	97.4%	(107.4%)	NA
Cash from operations	73.2	73.1	129.1	(0.2%)	76.7%	32.8%
Zakat and income tax paid	(3.2)	(6.4)	(6.4)	98.5%	0.3%	41.1%
Severance fee paid	-	(2.0)	(2.5)	NA	25.9%	NA
Employees' benefits paid	(1.0)	(1.0)	(1.2)	(4.1%)	23.0%	8.6%
Net cash flows from operating activities	69.0	63.7	119.0	(7.7%)	86.8%	31.3%

Source: Audited financial statements

Cash flow from operating activities decreased by 7.7% from SAR 69.0 million in 2018G to SAR 63.7 million in 2019G, mainly due to the increase in advances to suppliers, prepayments as well as trade receivables.

The increase in trade receivables and advances and prepayments in 2019G were representative of last quarter sales and increase in purchases, respectively. Copper sales in the fourth quarter of 2019G amounted to SAR 44.0 million as compared to SAR 30.8 million in the fourth quarter of 2018G.

Cash inflows from operating activities increased by 86.8% from SAR 63.7 million in 2019G to SAR 119.0 million in 2020G driven by higher net profit recorded in both years. Since majority of overheads of the Company are fixed in nature, increase in revenue has a direct impact on Company's profitability. Revenue of the Company increased from SAR 263.4 million in 2018G to SAR 297.8 million and SAR 375.2 million in 2019G and 2020G, respectively.

6.8.2 Net cash flows used in investing activities

The following table shows the statement of cash flows used in investing activities as at 31 December 2018G, 2019G, and 2020G.

Table (6-52): Statement of cash flows used in investing activities in 2018G, 2019G, and 2020G

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Additions in property, plant and equipment	(16.1)	(11.9)	(16.0)	(25.9%)	34.4%	(0.2%)
Additions in mining properties	(4.6)	(12.8)	(134.9)	181.9%	950.4%	444.2%
Addition of exploration and evaluation assets	0.4	(19.3)	-	(4,616.2%)	(100.0%)	NA
Net cash used in investing activities	(20.2)	(44.0)	(150.9)	117.6%	242.8%	173.1%

Source: Audited financial statements

Cash flow used in investing activities was primarily associated with additions made to property, plant and equipment and mining properties. Cash outflow from investing activities increased by 117.6% from SAR 20.2 million in 2018G to SAR 44.0 million in 2019G. Cash flow used in investing activities further increased from SAR 44.0 million in 2019G to SAR 150.9 million in 2020G. Outflow from investing activities was primarily associated with the additions made to mining assets pertaining to Guyan Gold project.

6.8.3 Net cash flows used in /from financing activities

The following table shows the statement of cash flows used in /from financing activities as at 31 December 2018G, 2019G, and 2020G.

Table (6-53): Statement of cash flows (used in)/from financing activities for 2018G, 2019G, and 2020G

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Advances to the shareholders	(52.6)	(16.9)	2.9	(67.9%)	(117.0%)	NA
Additions of loans and borrowings	-	20.0	72.3	NA	261.3%	NA
Movement in obligation of lease liabilities	0.6	(2.1)	(3.3)	(483.0%)	53.7%	NA
Treasury stock	-	-	(57.1)	NA	NA	NA
Proceeds from share premium	2.5	-	-	(100.0%)	NA	(100.0%)
Net cash (used in)/from financing activities	(49.6)	1.0	14.8	(102.1%)	1,345.4%	NA

Source: Audited financial statements

The Company recorded cash outflows amounting to SAR 49.6 million in 2018G which mainly related to the advances to shareholders SAR 52.6 million which represented payments in relation to the repurchase of 2.5 million shares from shareholders.

Cash outflow from financing activities recorded in 2018G turned from an outflow of SAR 49.6 million in 2018G to an inflow of SAR 1.0 million in 2019G. This was primarily due to receipt of Tawarroq loan of SAR 50.0 million from Bank Saudi Fransi, of which SAR 30.0 million was used to settle a tranche of Saudi Industrial Development Fund's loan.

The cash inflow from financing activities increased from SAR 1.0 million in 2019G to SAR 14.8 million in 2020G which was driven mainly by additional loan drawn by the Company from Saudi Industrial Development Fund (SAR 72.3 million) to finance Guyan Gold project as well as payments made against the treasury shares purchased by company from TRECORA resources.

6.9 Commitments

The following table shows a summary of the Company's commitments at 31 December 2018G, 2019G and 2020G:

Table (6-54): Commitments

SAR'm	As at 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Capital expenditure	-	153.2	60.6	NA	(60.5%)	NA
Leases						
One year	31.2	-	-	(100.0%)	NA	(100.0%)
One to four years	244.4	-	-	(100.0%)	NA	(100.0%)
More than four years	36.5	-	-	(100.0%)	NA	(100.0%)
Total	**312.1**	**153.2**	**60.6**	**(50.9%)**	**(60.5%)**	**(55.9%)**

Source: Audited financial statements

As at 31 December 2020G, commitments were related to committed capital expenditure pertaining to Guyan Gold project.

Leases were capitalized by the Company from 2019G onwards as per the requirements of IFRS 16.

6.10 Historical capital expenditures

The following table shows a summary of the Company's historical capital expenditures for the year ended 31 December 2018G, 2019G and 2020G:

Table (6-55): Historical capital expenditures

SAR'm	for the year ended ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Mining assets underground development cost	7.7	-	-	(100.0%)	NA	(100.0%)
Leasehold improvements	-	-	2.2	NA	NA	NA
Heavy equipment	1.6	10.0	13.1	524.1%	31.9%	186.9%
Tailing dam	-	0.9	-	NA	(100.0%)	NA
Building	-	0.7	0.1	NA	(81.1%)	NA
Civil works	-	0.7	-	NA	(100.0%)	NA
Motor vehicles	-	-	0.3	NA	NA	NA
Capital work in progress	6.8	0.1	0.3	(98.1%)	100.0%	(80.5%)
Total property, plant and equipment	16.1	12.4	16.0	(23.2%)	29.6%	(0.2%)
Mining assets						
Mining asset underground development asset	-	12.8	17.6	NA	37.4%	NA
Exploration and evaluation assets / mine under construction	4.6	19.3	117.2	322.9%	508.7%	407.4%
Deferred mine closure cost	-	-	12.8	NA	NA	NA
Total mining assets	4.6	32.1	147.7	604.8%	360.1%	469.5%
Grand total	**20.7**	**44.5**	**163.7**	**115.3%**	**268.1%**	**181.5%**

Source: Management information

Capital expenditure increased by 115.3% from SAR 20.7 million in 2018G to SAR 44.5 million in 2019G, mainly on account of additions to heavy equipment for use at Al Masane mine (SAR 10.0 million); exploration and evaluation assets for Guyan Gold project (SAR 19.3 million) and mining asset underground development asset (SAR 12.8 million).

Capital expenditure in 2020G increased by 268.1% from SAR 44.5 million in 2019G to SAR 163.7 million in 2020G. The expenditure was mainly related to the Guyan Gold project (SAR 117.2 million) as the project neared completion. The Company also incurred additional expenditure on heavy equipment (SAR 13.1 million) and underground mining assets (SAR 17.6 million) in relation to Al Masane mining operations.

6.11 Results of Operations for the six-months period ended 30 June 2021G and 2020G

6.11.1 Results of operations – Statement of profit or loss

The following table shows the Company's income statement data for the six-months ended 30 June 2021G and 2020G

Table (6-56): Results of operations – Interim condensed statement of profit or loss data

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
	(Unaudited)		
Revenue, net	145.1	264.2	82.1%
Cost of revenue	(106.9)	(137.7)	28.8%
Gross profit	38.2	126.5	231.4%
Selling and marketing expenses	(8.4)	(13.2)	57.2%
General and admin expenses	(9.2)	(12.9)	41.0%

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
	(Unaudited)		
Net operating profit	20.6	100.4	386.9%
Finance charges	(2.4)	(6.6)	176.6%
Other income	0.1	0.0	(43.4%)
Net income before zakat and income tax	18.3	93.9	412.8%
Severance fee	(1.3)	(7.9)	484.8%
Zakat and income tax	(4.1)	6.8	(264.8%)
Net profit for the period	12.8	92.8	622.9%

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

Company's net revenue increased by 82.1% from SAR 145.1 million during the six-months ended 30 June 2020G to SAR 264.2 million during the six-months ended 30 June 2021G. This increase was mainly attributed to higher net revenue from sale of zinc concentrate (161.6% or SAR 60.3 million), gold (147.2% or SAR 37.6 million) and copper concentrate (25.8% or SAR 20.8 million) during the six-months ended 30 June 2021G as compared to six-months ended 30 June 2020G.

Cost of revenue mainly comprised of employees' salaries and benefits (representing on average, 22.5% of total cost of revenue over the period under review). Cost of revenue increased by 28.8% from SAR 106.9 million in six-months ended 30 June 2020G to SAR 137.7 million in six-months ended 30 June 2021G. This was primarily due to the commencement of operations of Guyan gold mine in February 2021G resulting in an increase in employees' salaries and benefits (25.8% or SAR 6.3 million) and an increase in consumption of the related raw material & utilities (18.5% or SAR 5.1 million). Furthermore, depreciation and amortization costs also witnessed an increase (44.3% or SAR 13.3 million) due to transfer of balances from mine properties to property, plant, and equipment on account of completion of commissioning of Guyan gold mine project in February 2021G.

Since majority of the cost base of the Company is fixed in nature, increase in revenue has a direct impact on the profitability of the Company. Gross profit increased by 231.4% from SAR 38.2 million during the six-months ended 30 June 2020G to SAR 126.5 million during the six-months ended 30 June 2021G, corresponding to the increase in revenue worth SAR 119.1 million for the relevant period.

Selling and marketing expenses mainly include transportation cost in relation to freight charges and advertising and promotion expenses. Selling and marketing expenses increased by 57.2% from SAR 8.4 million during the six-months ended 30 June 2020G to SAR 13.2 million during 30 June 2021G. This was primarily due to the increase in advertising and promotion costs by 164.1% from SAR 1.6 million during the six-months ended 30 June 2020G to SAR 4.3 million during 30 June 2021G .

General and administrative expenses mainly include employees' salaries and benefits of the administrative functions; management overheads and other consultancy; professional fees; and others. General and administrative expenses increased by 41.0% from SAR 9.2 million during the six-months ended 30 June 2020G to SAR 12.9 million during the six-months ended 30 June 2021G. This was primarily due to increase in professional fees by 811.3% from SAR 0.5 million during the six-months ended 30 June 2020G to SAR 4.1 million during the six-months ended 30 June 2021G.

Net operating profit increased by 386.9% from SAR 20.6 million during the six-months ended 30 June 2020G to SAR 100.4 million during the six-months ended 30 June 2021G, on the back of increase in gross profit which was partially offset by higher selling and marketing costs.

Net operating profit margin increased from 14.2% during the six-months ended 30 June 2020G to 38.0% during the six-months ended 30 June 2021G.

Finance charges were mainly associated with loans obtained from SIDF and Ajil Financing Company. Finance charges increased by 176.6% from SAR 2.4 million during the six-months ended 30 June 2020G to SAR 6.6 million during the six-months ended 30 June 2021G. This was mainly due to the increase in interest charges in relation to the SIDF loan. During six months ended 30 June 2020G, the interest was being capitalized under mine properties, however, during six months ended 30 June 2021G, post completion of commissioning of Guyan gold mine, the aforementioned interest is being expensed out under statement of profit or loss.

Other income represents the income from Company's non-core activities such as income from deposits and scrap sales. Other income declined by 43.4% from SAR 63,253 during the six-months ended 30 June 2020G to SAR 35,796 during the six-months ended 30 June 2021G. This was primarily due to a higher scrap sales during six-months ended 30 June 2020G as compared to the six-months ended 30 June 2021G.

Severance fees represents fees payable to the government of Saudi Arabia by the Company. The fees increased from SAR 1.3 million in six-months ended 30 June 2020G to SAR 7.9 million in six-months ended 30 June 2021G resulting in an increase of 484.8% or SAR 6.5 million during the period under analysis. This was mainly driven by an increase in the net income before Zakat and income tax.

Zakat and income tax expense reported a net tax credit of SAR 6.8 million during the six-months ended 30 June 2021G from SAR 4.1 million tax expense during the six-months ended 30 June 2020G depicting a decrease of 264.8%.

Net profit increased by 622.9% from SAR 12.8 million during the six-months ended 30 June 2020G to SAR 92.8 million during the six-months ended 30 June 2021G. The increase was primarily driven by the increase in revenues as well as tax credit reported during six-months ended 30 June 2021G (SAR 6.7 million).

Net profit margin increased from 8.8% during the six-months ended 30 June 2020 to 35.1% during the six-months ended 30 June 2021G. This increase was driven by the increase in gross profit margins during the period under analysis, coupled with increase in income tax credit during the analysis period.

6.11.1.1 Revenue

The following table shows a breakdown of revenue by product for the six-months period ended 30 June 2020G and 2021G

Table (6-57): Revenue by product

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Revenue from copper concentrate	80.6	101.1	25.4%
Revenue from zinc concentrate	40.4	99.6	146.6%
Revenue from precious metals	30.0	63.8	112.9%
Gross revenue	151.0	264.5	75.2%
Movement in provisional revenue	(5.9)	(0.3)	(94.5%)
Net revenue	**145.1**	**264.2**	**82.1%**

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

Net revenue from copper and zinc concentrates combined contributed to, on average, 47.1% and 31.4% during the six-months ended 30 June 2020G and 30 June 2021G respectively.

Net revenue increased by 82.1% from SAR 145.1 million during the six-months ended 30 June 2020G and SAR 264.2 million during the six-months ended 30 June 2021G. This was primarily driven by net revenue growth in zinc concentrate (161.6% or SAR 60.3 million), gold (147.2% or SAR 37.6 million) and copper concentrate (25.8% or SAR 20.8 million) during the six-months ended 30 June 2021G as compared to six-months ended 30 June 2020G.

Revenue from copper concentrate

The following table shows a breakdown of revenue from copper concentrate, volumes sold and average price per unit for the six-months ended 30 June 2020G and six-months ended 30 June 2021G.

Table (6-58): Revenue from copper concentrate

Copper	Unit	Six-months ended 30 June		Increase / (Decrease)
		2020G	2021G	2020G – 2021G
Revenue				
Copper pure metal sales	SAR'm	56.7	76.8	35.6%
Gold in concentrate	SAR'm	14.7	12.1	(18.0%)
Silver in concentrate	SAR'm	9.2	12.2	32.2%
Gross revenue	SAR'm	80.6	101.1	25.4%
Movement in provisional revenue	SAR'm	0.1	0.5	331.9%
Net revenue	**SAR'm**	**80.8**	**101.6**	**25.8%**
Volumes				
Copper pure metal sales	MT	3,024	2,389	(21.0%)
Gold in concentrate	Oz	2,449	1,862	(24.0%)
Silver in concentrate	Oz	163,430	126,588	(22.5%)
Price per unit [1]				
Copper pure metal sales	SAR/MT	18,746	32,169	71.6%
Gold in concentrate	SAR/Oz	6,072	6,544	7.8%
Silver in concentrate	SAR/Oz	55.6	95.5	71.8%

Source: Management information

Note 1: Average prices per unit are net of Treatment charges and Refinery charges, therefore, may not be comparable with LME prices

Revenue from sale of copper concentrate takes into consideration the quantity of copper, gold, and silver in the concentrate; the LME prices for each of these metals in the concentrate including treatment charges for extraction of copper and refining charges for copper, gold, and silver. Gross revenue from sale of copper concentrate accounted for 53.4% and 38.2% of total gross revenue during six-months ended 30 June 2020G and six-months ended 30 June 2021G respectively.

Gross revenue from copper concentrate increased by 25.4% from SAR 80.6 million during the six-months ended 30 June 2020G to SAR 101.1 million during the six-months ended 30 June 2021G mainly driven by an increase in revenue from copper pure metal sales which increased from SAR 56.7 million during the six-months ended 30 June 2020G to SAR 76.8 million during the six-months ended 30 June 2021G. The aforementioned increase in revenue was partially offset by decline in gross sales of gold in concentrate from SAR 14.7 million during the six-months ended 30 June 2020G to SAR 12.1 million during the six-months ended 30 June 2021G.

The impact of these factors are as follows:

Volume impact

Volume movements are driven by concentrate sales, assay, and volume of pure metal (copper, gold, and silver) extracted from the concentrate.

Overall volume impact in six-months ended 30 June 2021G was negative amounting to SAR 17.5 million driven by:

- Copper extracted from concentrates decreased by 21.0% from 3,024 MT in six-months ended 30 June 2020G to 2,389 MT in six-months ended 30 June 2021G, resulting from decline in cutoff grade during the period. In order to take advantage of the increasing copper prices, the Company decided to decrease the cutoff grade to, on average, 1.02% in six-months ended 30 June 2021G as compared to a cutoff grade of, on average, 1.18% in six-months ended 30 June 2020G. This resulted in a negative volume impact of SAR 11.9 million.

- Gold extracted from concentrates decreased by 24.0% from 2,449 Oz in six-months ended 30 June 2020G to 1,862 Oz in six-months ended 30 June 2021G. Assay decreased by 15.5% from 7.0g/t in six-months ended 30 June 2020G to 6.0g/t in six-months ended 30 June 2021G. Combined this resulted in a negative volume impact of SAR 3.6 million.

Silver extracted from concentrates decreased by 22.5% from 163,430 Oz in six-months ended 30 June 2020G to 126,588 Oz in six-months ended 30 June 2021G. Assay improved by 26.6% from 355.6g/t in six-months ended 30 June 2020G to 450.0g/t in six-months ended 30 June 2021G. Combined this resulted in a negative volume impact of SAR 2.0 million.

Price impact

Price fluctuations are dependent upon market forces in the international market. Overall price impact in six-months ended 30 June 2021G was a positive with SAR 38.0 million as a result of:

- Average pure metal copper prices increased by 71.6% from SAR 18,746 per MT in six-months ended 30 June 2020G to SAR 32,169 per MT in six-months ended 30 June 2021G resulting in a positive price impact of SAR 32.1 million.
- Average price of gold increased by 7.8% from SAR 6,072 per MT in six-months ended 30 June 2020G to SAR 6,544 per MT in six-months ended 30 June 2021G resulting in a positive price impact of SAR 0.9 million.
- Average price of silver increased by 71.8% from SAR 55.6 per Oz in six-months ended 30 June 2020G to SAR 95.5 per Oz in six-months ended 30 June 2021G resulting in a positive price impact of SAR 5.1 million.

Revenue from zinc concentrate

The following table shows a breakdown of revenue from zinc concentrate, volumes sold and average price per unit for the six-months ended 30 June 2020G and six-months ended 30 June 2021G.

Table (6-59): Revenue from zinc concentrate

Zinc	Unit	Six-months ended 30 June		Increase/(Decrease)
		2020G	2021G	2020G – 2021G
Revenue				
Zinc pure metal sales	SAR'm	39.7	97.5	145.5%
Silver in concentrate	SAR'm	0.7	2.1	213.2%
Gross revenue	SAR'm	40.4	99.6	146.6%
Movement in provisional revenue	SAR'm	(3.0)	(1.9)	(36.5%)
Net revenue	SAR'm	37.3	97.7	161.6%
Volumes				
Zinc pure metal sales	MT	8,250	9,866	19.6%
Silver in concentrate	Oz	11,895	21,624	81.8%
Price per unit [1]				
Zinc pure metal sales	SAR/MT	4,815.3	9,885.1	105.3%
Silver in concentrate	SAR/Oz	55.9	96.3	72.3%

Source: Management information

Note 1: Average prices per unit are net of Treatment charges and Refinery charges, therefore, may not be comparable with LME prices

Revenue from sale of zinc concentrate takes into consideration the quantity of zinc and silver in the concentrate; the LME prices for each of these metals in the concentrate including treatment charges for extraction of zinc. Gross revenue from sale of zinc concentrate accounted for 26.8% and 37.7% of total gross revenue during six-months ended 30 June 2020G and six-months ended 30 June 2021G respectively.

Gross revenue from zinc concentrate increased by 146.6% from SAR 40.4 million during the six-months ended 30 June 2020G to SAR 99.6 million during the six-months ended 30 June 2021G mainly due to increase in price per unit of zinc pure metal (from SAR 4,815.3 per MT in 1H2020G to SAR 9,885.1 per MT in 1H2021G).

Volume impact

Volume movements are driven by assay and volume of pure metal extracted from the concentrate.

Overall volume impact was positive by SAR 8.3 million in six-months ended 30 June 2021G as a result of:

- Zinc extracted from concentrates increased by 19.6% from 8,250 MT in six-months ended 30 June 2020G to 9,866 MT in six-months ended 30 June 2021G resulting in a positive volume impact of SAR 7.8 million.
- Silver extracted from concentrates increased by 81.8% from 11.895 Oz in six-months ended 30 June 2020G to 21,624 Oz in six-months ended 30 June 2021G resulting in a positive volume impact of SAR 0.5 million.

Price impact

Price fluctuations are dependent upon market forces in the international market.

Overall price impact was positive by SAR 50.9 million in six-months ended 30 June 2021G as a result of:

- Average pure metal zinc prices increased by 105.3% from SAR 4.815.3 per MT in the six-months ended 30 June 2020G to SAR 9,885.1 per MT in six-months ended 30 June 2021G resulting in a positive price impact of SAR 50.0 million.
- Average price of silver increased by 72.3% from SAR 55.9 per Oz in six-months ended 30 June 2020G to SAR 96.3 per Oz in six-months ended 30 June 2021G resulting in a positive price impact of SAR 0.9 million.

Revenue from precious metals

Precious metal comprises of sale of gold and silver dores which are by-products from the production of copper and zinc as well as production from the Guyan gold mine.

Gold

The following table shows a breakdown of revenue from gold, volumes sold and average price per unit for six-months ended 30 June 2020G and six-months ended 30 June 2021G.

Table (6-60): Revenue from gold

Gold	Unit	Six-months period ended 30 June		Increase/(Decrease)
		2020G	2021G	2020G – 2021G
Al Masane Mine				
Gross revenue	SAR'm	28.6	17.5	(38.8%)
Movement in provisional revenue	SAR'm	(3.1)	1.1	(137.3%)
Net revenue	SAR'm	25.5	18.7	(26.9%)
Volumes	Oz	4,520.0	2,704.4	(40.2%)
Price per unit	SAR/Oz	6,331.7	6,479.2	2.3%
Guyan gold mine				
Gross revenue	SAR'm	n/a	44.5	n/a
Movement in provisional revenue	SAR'm	n/a	-	n/a
Net revenue	SAR'm	n/a	44.5	n/a
Volumes	Oz	n/a	6,693.5	n/a
Price per unit	SAR/Oz	n/a	6,643.0	n/a
Total net revenue	**SAR'm**	**25.5**	**63.1**	**147.2%**

Source: Management information

Revenue from sale of gold bullion is influenced by the volume of gold sold and the LMBA spot prices agreed with the customer.

Al Masane mine

Gross revenue from sale of gold decreased by 38.8% (SAR 11.1 million) from SAR 28.6 million in six-months ended 30 June 2020G to SAR 17.5 million during six-months ended 30 June 2021G. This was primarily due to the decline in sales volume by 40.2% from 4,520.0 Oz in six-months ended 30 June 2020G to 2,704.4 Oz in six-months ended 30 June 2021G. Such decrease resulted in a negative variance of SAR 11.5 million during six-months ended 30 June 2020-21G.

The decrease in volume during six-months ended 30 June 2021G was mainly on account of two shipment of gold as compared to Three shipments during six-months ended 30 June 2020G.

Average gold prices increased by 2.3% during six-months ended 30 June 2021G. from SAR 6.331.7 per Oz (USD 1,688.5 per Oz) in 1H20 to SAR 6,479.2 per Oz (USD 1,727.8 per Oz) during six-months ended 30 June 2021G. resulting in a positive variance of SAR 0.4 million.

Guyan gold mine

Gross revenue from sale of gold from Guyan gold mine stood at SAR 44.5 million during six-months ended 30 June 2021G. (6,693.5 Oz).

Since, Guyan gold mine commenced operations in February 2021G, no comparatives for six-months ended 30 June 2020G were available.

Silver

The following table shows a breakdown of revenue from silver, volumes sold and average price per unit for six-months ended 30 June 2020G and six-months ended 30 June 2021G.

Table (6-61): Revenue from silver

Silver	Unit	Six-months period ended 30 June		Increase/(Decrease)
		2020G	2021G	2020G – 2021G
Al Masane Mine				
Gross revenue	SAR'm	1.3	1.7	29.2%
Movement in provisional revenue	SAR'm	0.1	-	(100.0%)
Net revenue	SAR'm	1.5	1.7	20.3%
Volumes	Oz	22,977.0	18,418.0	(19.8%)
Price per unit	SAR/Oz	49.6	94.7	61.2%
Guyan gold mine				
Gross revenue	SAR'm	n/a	0.1	n/a
Movement in provisional revenue	SAR'm	n/a	-	n/a
Net revenue	SAR'm	n/a	0.1	n/a
Volumes	Oz	n/a	786.2	n/a
Price per unit	SAR/Oz	n/a	96.7	n/a
Total net revenue	**SAR'm**	**1.5**	**1.8**	**25.5%**

Revenue from sale of silver bullion takes into consideration the volume of silver sold and the LMBA spot prices agreed with the customer.

Al Masane mine

Net revenue from sale of silver increased by 20.3% (SAR 0.2 million) from SAR 1.5 million during six-months ended 30 June 2020G to SAR 1.7 million during six-months ended 30 June 2021G. This was primarily driven by increase in average sales spot price per Oz by 61.2% from SAR 58.7 per Oz during six-months ended 30 June 2020G to SAR 94.7 per Oz during six-months ended 30 June 2021G. Such increase resulted in in a positive variance of SAR 0.6 million during six-months ended 30 June 2021G.

Guyan gold mine

Gross revenue from sale of silver from Guyan gold mine stood at SAR 0.1million during six-months ended 30 June 2021G (786.2 Oz).

Since, Guyan gold mine commenced operations in February 2021G, no comparatives for six-months ended 30 June 2020G were available.

Sales analysis by agent and customers

The following table shows a breakdown of sales by agent and customers for the six-months ended 30 June 2020G and six-months ended 30 June 2021G.

Table (6-62): Sales by agent and customers

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Agent			
Ocean Partners UK Ltd.	118.1	199.2	68.7%
Customers			
MKS (Switzerland) S.A.	27.0	65.0	140.6%
Total	**145.1**	**264.2**	**82.1%**

Source: Management information

Sales through agent

As already stated, the Company on 25 September 2016G appointed Ocean as sole and exclusive marketing agent for the worldwide sale of copper and zinc concentrates. The contract with Ocean was for five years ending on Dec20. However, the Company extended the agency contract with Ocean for another year ending 31 December 2021G. Towards the expiry of extended agency contract, the Company will reassess whether to continue with Ocean or not.

Revenue generated through Ocean Partners UK Limited contributed to 81.4% and 75.4% of the total net sales during six-months ended 30 June 2020G and six-months ended 30 June 2020G, respectively.

100.0% (SAR 118.1 million) of copper sales during six-months ended 30 June 2020G were made to Trafigura through Ocean Partners UK Limited. Whereas 100.0% (SAR 199.3 million) of copper sales during six-months ended 30 June 2021G were made to MRI Trading AG through Ocean Partners UK Limited.

Sale of zinc in six-months ended 30 June 2020G and 30 June 2021G were made through Ocean Partners UK Limited entirely to IXM (100.0% in both the periods under analysis).

Sales to customers

The Company signs short-term gold and silver refining contracts with no exclusivity with MKS Switzerland S.A. which also allows sale of gold and silver after refining to MKS at spot prices after deduction of treatment charges.

Revenue from MKS Switzerland S.A. contributed to 18.6% and 24.6% of total net sales in six-months ended 30 June 2020G and six-months ended 30 June 2021G, respectively.

6.11.1.2 Cost of revenue

The following table shows a breakdown of cost of revenue for six-months ended 30 June 2020G and six-months ended 30 June 2021G.

Table (6-63): Cost of revenue

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Employees' salaries and benefits	24.3	30.6	25.8%
Raw material and utilities consumed	27.4	32.5	18.5%
Depreciation of PPE and RoU	17.3	25.8	48.9%
Repair and maintenance	18.1	19.8	9.2%
Amortization	12.5	17.4	38.7%
Other overheads	12.4	11.9	(3.8%)
Increase / decrease in the inventory	(5.1)	(0.2)	(96.9%)
Total	**106.9**	**137.7**	**28.8%**

Source: Management information

Cost of revenue include expenses directly related to the production of copper, zinc, gold, and silver. Cost of revenue mainly comprised of employees' salaries and benefits (representing on average, 22.5% of total cost of revenue over the period under review); raw materials and utilities consumed (24.6%); depreciation of property, plant & equipment, and right-of-use assets (17.4%); repair and maintenance (15.7%); amortization of intangible assets (12.2%); other overheads (10.1%); and inventory movement (-2.5%).

Cost of revenue increased by 28.8% from SAR 106.9 million during the six-months ended 30 June 2020G to SAR 137.7 million during the six-months ended 30 June 2021G. This was mainly driven by an increase in depreciation of property, plant & equipment by 48.9% (from SAR 17.3 million during the six-months ended 30 June 2020G to SAR 25.8 million during the six-months ended 30 June 2021G, along with an increase in amortization of 38.7% (from SAR 12.5 million during the six-months ended 30 June 2020G to SAR 17.4 million during the six-months ended 30 June 2021G) and employee benefits of 25.8% (from SAR 24.3 million during the six-months ended 30 June 2020G to SAR 30.6 million during the six-months ended 30 June 2021G) However, the said increase was partly netted off against the fluctuation of inventory position (from decrease in inventory of SAR 5.1 million during the six-months ended 30 June 2020G to SAR 0.2 million during the six-months ended 30 June 2021G)

Employees' salaries and benefits

The following table shows a breakdown of employees' salaries and benefits for six-months ended 30 June 2020G and six-months ended 30 June 2021G.

Table (6-64): Employees' salaries and benefits

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Basic salaries	19.3	26.1	34.9%
Overtime and others	0.9	2.1	136.0%
End of service costs	1.2	1.8	48.6%
Medical insurance	1.2	1.1	(8.7%)
Others	1.6	(0.6)	(135.1%)
Total	**24.3**	**30.6**	**25.8%**

Source: Management information

Employees' salaries and benefits mainly comprise of basic salaries, contractors' manpower, medical insurance, overtime costs and others.

Basic salaries

Basic salaries mainly include salaries of resources involved in underground mining, exploration, technical, plant operations and site administration functions. Basic salaries increased by 34.9% from SAR 19.3 million during six-months ended 30 June 2020G to SAR 26.1 million during the six-months ended 30 June 2021G. This was primarily due increase in headcount in operations from 280 employees during six-months ended 30 June 2020G to 317 employees during six-months ended 30 June 2021G. This increase mainly resulted from commencement of operations of Guyan gold mine during six-months ended 30 June 2021G.

Medical insurance

Medical insurance represents the premium paid for obtaining medical insurance for Company's work force. Medical insurance decreased from SAR 1.2 million during six-months ended 30 June 2020G to SAR 1.1 million during six-months ended 30 June 2021G. This decrease was in the normal course of business.

Overtime and others

Overtime is paid only to employees (below supervisor level) for working on public holidays and days off. Overtime also includes excess hours paid as 1.5 times of the normal hourly rate. Excess hours occur when working hours exceed the contractual or the Company's normal working hours.

Raw materials and utilities consumed

The following table shows a breakdown of raw materials and utilities consumed for six-months ended 30 June 2020G and six-months ended 30 June 2021G.

Table (6-65): Raw materials and utilities consumed

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Chemicals and consumables - plant operations	20.5	25.1	22.4%
Diesel - plant operations	4.9	5.1	4.7%
Explosives	1.9	2.2	14.0%
Total	**27.4**	**32.4**	**18.5%**

Source: Management information

Raw materials and utilities consumed mainly included chemicals and diesel consumed in plant operations, haulage costs, equipment rentals and others.

Chemicals and consumables - plant operations

Chemicals and other consumables used in plant operations increased by 22.4% from SAR 20.5 million during six-months ended 30 June 2020G to SAR 25.1 million during six-months ended 30 June 2021G. This was primarily due to increase in consumption of chemicals and consumables in relation to the Guyan gold mine. This increase is in line with the increase in sales volumes during the period.

Diesel - plant operations

Diesel is consumed in underground equipment and process plant. Diesel consumption during six-months ended 30 June 2020G did not witness material fluctuation as compared to six-months ended 30 June 2021G.

Explosives

Explosives consumption increased by 14.0% from SAR 1.9 million during six-months ended 30 June 2020G as compared to SAR 2.2 million during six-months ended 30 June 2021G. This was primarily due to increase in sales volumes during the period.

Depreciation of property, plant and equipment and right-of-use assets

The following table shows a breakdown of depreciation of property, plant and equipment and right-of-use assets for six-months ended 30 June 2020G and six-months ended 30 June 2021G.

Table (6-66): Depreciation of property, plant and equipment and right-of-use assets

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Plant and machinery	8.6	14.4	67.2%
Building	5.4	5.6	3.5%
Heavy equipment	2.4	3.8	57.6%
Others	0.9	2.0	122.0%
Total	**17.3**	**25.8**	**48.9%**

Source: Management information

These represented depreciation on property, plant and equipment and right-of-use assets recognized during 2019G under the guidelines of IFRS 16.

Depreciation charge increased by 48.9% from SAR 17.3 million during the six-months ended 30 June 2020G to SAR 25.8 million during the six-months ended 30 June 2021G mainly due transfers made to PPE from mines under construction during six-months ended 30 June 2021G amounting to SAR 125.4 million in relation to the completion of commissioning of Guyan gold mine which started commercial operations during Feb21.

Repair and maintenance costs

The following table shows a breakdown of repair and maintenance costs for six-months ended 30 June 2020G and six-months ended 30 June 2021G.

Table (6-67): Repair and maintenance costs

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Mining equipment maintenance	6.8	9.4	37.1%
Plant maintenance	11.0	10.4	-5.2%
Other maintenance costs	0.3	0.0	(99.6%)
Total	**18.1**	**19.8**	**9.2%**

Source: Management information

Repair and maintenance mainly included mining equipment maintenance costs and plant maintenance costs.

Mining equipment maintenance

Mining equipment maintenance relates to the maintenance expenses incurred on mobile equipment used underground. The expense increased by 37.1% from SAR 6.8 million during six-months ended 30June 202G to SAR 9.4 million during six-months ended 30 June 2021G due to the equipment employed in Guyan gold mine.

Plant maintenance

This relates to the costs incurred on repair and maintenance of the processing plant. These mainly comprise of cost of spare parts.

The expense declined by 5.2% from SAR 11.0 million during six-months ended 30 June 2020G to SAR 10.4 million during six-months ended 30 June 2021G.

Repair and maintenance fluctuate on a year-on-year basis depending on the level of repair or maintenance required. Routine maintenance is planned by the Company as part of the budget and is formally approved. The fluctuation mainly arises due to any unplanned maintenance or repair activities which is expected in the normal course of business. The plant is structured in a way that it does not require a complete shut down for a small part to be repaired. Rather, bypass procedures are applied to keep the plant running with minimal interruption.

Other maintenance costs

Other maintenance costs represent sundry expenses incurred to maintain site facilities. In absolute terms, the expenses remained immaterial during the reporting period.

Amortization

The following table shows a breakdown of amortization for six-months ended 30 June 2020G and six-months ended 30 June 2021G.

Table (6-68): Amortization

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Pre-operating AMAK	7.1	7.3	2.8%
Underground Mine development costs	3.7	4.5	22.3%
Mine closure & rehabilitation current cost	0.4	1.1	159.3%
Pre-operating costs	1.3	4.4	249.2%
Total	**12.5**	**17.4**	**38.7%**

Source: Management information

Amortization mainly represented amortization expenses in relation to the following items:

- AADC 'American Arabian Development Company' (now known as Trecora Resources) mining rights
- Underground mine development costs
- Underground mine rehabilitation costs

Amortization expenses increased by 38.7% from SAR 12.5 million during the six-months ended 30 June 2020G to SAR 17.4 million during the six-months ended 30 June 2021G mainly due to a pre-operating costs expensed out in relation to the Guyan gold mine project.

Other overheads

The following table shows a breakdown of other overheads for six-months ended 30 June 2020G and six-months ended 30 June 2021G.

Table (6-69): Other overheads

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Food & refreshment	3.8	3.5	(6.6%)
Insurance costs - plant operations	1.3	2.5	89.3%
Travel expenses	3.9	2.5	(36.9%)
Import and purchasing expenses	1.7	0.7	(62.4%)
Site administration	1.4	2.1	44.1%
Other operational costs	0.2	0.7	209.9%
Total	**12.4**	**11.9**	**(3.8%)**

Source: Management information

Other overheads mainly included food & refreshment expenses, insurance of plant, travel expenses and other operational costs.

Other overheads decreased by 3.8% from SAR 12.4 million during the six-months ended 30 June 2020G to SAR 11.9 million during the six-months ended 30 June 2021G. The change in other overheads were in the normal course of business.

6.11.1.3 Selling and marketing expenses

The following table shows a breakdown of selling and marketing expenses for six-months ended 30 June 2020G and six-months ended 30 June 2021G.

Table (6-70): Selling and marketing expenses

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Transportation	6.8	8.9	31.6%
Advertising and promotion	1.6	4.3	164.1%
Total	**8.4**	**13.2**	**57.2%**

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

Selling and marketing expenses are mainly related to the costs that the Company incurs to develop and expand its business and includes transportation and advertising and promotion expenses.

Transportation

Transportation costs represent costs incurred by the Company to deliver its products to customers. Transportation costs increased by 31.6% from SAR 6.8 million during the six-months ended 30 June 2020G to SAR 8.9 million during the six-months ended 30 June 2021G. This increase was mainly due to an increase in sales volume of Zinc by 21.0% during six-months ended 30 June 2021G as compared to six-months ended 30 June 2020G.

Advertising and promotion

Advertising and promotion represent expenses related to sample inspection, port handling charges and sales commission.

Advertising and promotion expenses increased by 164.1% from SAR 1.6 million during the six-months ended 30 June 2020G to SAR 4.3 million during the six-months ended 30 June 2021G. This increase was in line with the increase in revenue generated by the Company during six-months ended 30 June 2021G as compared to six-months ended 30 June 2020G.

6.11.1.4 General and administrative expenses

The following table shows a breakdown of general and administrative expenses for the periods ended 30 June 2020G and 30 June 2021G.

Table (6-71): General and administrative expenses

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Employee's salaries and benefits	5.1	5.5	6.7%
Management remuneration and benefits	2.1	2.2	3.1%
Professional fees	0.5	4.1	811.3%
Others	1.5	1.2	(20.0%)
Total	**9.2**	**12.9**	**41.0%**

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

The key components of general and administrative expenses were employees' salaries and benefits and management overhead expenses which collectively represented SAR 7.2 million and SAR 7.7 million during the six-months ended 30 June 2020G and six-months ended 30 June 2021G respectively. These expenses combined contributed to 78.7% and 58.9% of the total general and administrative expenses during the six-months ended 30 June 2020G and six-months ended 30 June 2021G respectively.

Employees' salaries and benefits

Employees' salaries and benefits are associated with administrative staffs' basic salary, bonuses and incentives, travel allowance and end of service costs, training, and staff accommodations. Employees' salaries and benefits increased by 6.7% from SAR 5.1 million during the six-months ended 30 June 2020G to SAR 5.5 million during the six-months ended 30 June 2021G due to increase in headcount of the employees under the support functions from 131 employees during the six-months ended 30 June 2020G to 133 employees during the six-months ended 30 June 2021G.

Management remuneration and benefits

Management remuneration and benefits mainly represent salaries and benefits of Managers and Board of Directors related expenses (meetings attendance fee, provision for board members' bonuses etc.) and exploration & site administration consultancy fees. Management remuneration and benefits increased by 3.1% from SAR 2.1 million during the six-months ended 30 June 2020G to SAR 2.2 million during the six-months ended 30 June 2021G. This increase was in the normal course of business.

Professional fees

Professional fees are paid towards legal, audit and other consultancy fees.

Professional fees increased by 811.3% from SAR 0.5 million during the six-months ended 30 June 2020G to SAR 4.1 million during the six-months ended 30 June 2021G. This was primarily due to increase in consulting charges in relation to the on-going IPO exercise.

Others

Others mainly include expenses related to head office such as postage, courier, computer, and other related expenses. No material fluctuation as noticed within the others component between six-months ended 30 June 2020G and six-months ended 30 June 2021G.

6.11.1.5 Finance charges

The following table shows a breakdown of finance charges for the periods ended 30 June 2020G and 30 June 2021G.

Table (6-72): Finance charges

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Finance cost on loans and bank charges	2.5	6.2	149.5%
Finance costs on lease liabilities	0.1	0.1	13.4%
Others	(0.2)	0.3	(312.3%)
Total	**2.4**	**6.6**	**176.6%**

Source: Management information

Finance cost on loans and bank charges

Finance cost on loans and bank charges mainly represented charges from SIDF and Ajil Financing Company.

Finance charges relating to the loans increased by 149.5% from SAR 2.5 million in six-months ended 30 June 2020G to SAR 6.2 million in six-months ended 30 June 2021G due to increase in finance charges in relation to SIDF loan resulting mainly from the rescheduling of loan in the second half of financial year ended 31 December 2020G.

Finance cost on lease liabilities

Finance cost on lease liabilities is recognized as per the requirements of IFRS 16 which became effective from 1 January 2019G. Finance cost on lease liabilities did not witness material fluctuation during six-months ended 30 June 2021G as compared to six-months ended 30 June 2020G.

Others

Others include net foreign exchanges/losses incurred during the reporting periods. During six-months 30 June 2021G, the Company reported a net loss of SAR 0.3 million compared to a gain of SAR 0.2 million in six-months ended 30 June 2020G. This was in the normal course of business.

6.11.1.6 Other income

The following table shows a breakdown of other income for the periods ended 30 June 2020G and 30 June 2021G.

Table (6-73): Other income

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Murahaba deposits income	-	0.02	n/a
Scrap Sales	0.06	0.01	(76.6%)
Total	**0.06**	**0.04**	**-43.4%**

Source: Management information

Other income is associated with various sources of income not related to the Company's main activities.

6.11.1.7 Severance fee

Severance fees represents fees payable to the government of Saudi Arabia by the Company as per Article No. 71 of the Saudi Mining Investment Code. Severance fee represents 25.0% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is lower. For the purposes of the calculation, Zakat due is deducted from gross severance fees. In 2019G, the Company had two mining licenses:

- Al Masane process plant (active - in operation)
- Guyan process plant (non-active; operations commenced in February 2021G)

Severance fees amounted to SAR 9.3 million and SAR 7.9 million as of 31 December 2020G and 30 June 2021G respectively. The increase in severance fees was mainly driven by:

- Increase in net income
- Since the Company is a mixed company with foreign shareholders, only the Saudi shareholders are liable for paying severance fees on their share of the net profit attributable to the mining license. The Saudi share of profit increased between 1H2020G and 1H2021G following the purchase of shares from foreign shareholders.

Severance fee increased by 484.8% from SAR 1.3 million during the six-months ended 30 June 2020G to SAR 7.9 million during the six-months ended 30 June 2021G due to the increase in net income before Zakat and income tax by 412.8% from SAR 18.3 million in six-months ended 30 June 2020G to SAR 93.9 million in six-months ended 30 June 2021G.

6.11.1.8 Zakat and income tax credit / (expenses)

Zakat and income tax expense amounted to SAR 4.1 million during the six-months ended 30 June 2020G. This was followed by a tax credit of SAR 6.8 million during the six-months ended 30 June 2021G. This was due to the deferred tax credit of SAR 17.5 million recognized by the Company for six-months ended 30 June 2021G.

The zakat and tax returns for the years from 2012 to 2020 have been submitted by the Company. However, no final assessment has been raised by the ZATCA for previous years.

6.11.1.9 Net profit for the year

Net profit increased by 622.9% from SAR 12.8 million during the six-months ended 30 June 2020G to SAR 92.8 million during the six-months ended 30 June 2021G. This is because majority of the cost base of the Company is fixed in nature and increase in revenue positively impacts Company's profitability. As a result, the net profit margin also witnessed an increase from 8.8% in six-months ended 30 June 2020G to 35.1% in six-months ended 30 June 2021G.

6.11.2 Statement of financial position data

The following table shows the statement of financial position data as at 31 December 2020G and 30 June 2021G

Table (6-74): Statement of financial position

SAR'm	As at		Increase / (Decrease)
	31 December 2020G	30 June 2021G (Unaudited)	31 December 2020G to 30 June 2021G
Assets			
Non-current assets			
Property, plant, and equipment	334.0	440.8	32.0%
Mine properties	385.8	268.0	(30.5%)
Right-of-use assets	9.2	8.4	(8.3%)
Long term deposits	0.2	0.6	229.6%
Deferred tax	14.8	32.4	118.3%
Total non-current assets	744.0	750.2	0.8%
Current assets			
Inventories	62.9	68.3	8.5%
Trade and other receivables	82.9	139.5	68.2%
Advances and prepayments	21.9	34.4	57.4%
Cash and cash equivalents	35.2	16.4	(53.2%)
Total current assets	**202.9**	**258.7**	**27.5%**
Total assets	**946.9**	**1,008.9**	**6.5%**
Equity and liabilities			
Share capital	820.0	467.0	(43.0%)
Statutory reserve	4.4	4.4	0.0%
Retained earnings/(accumulated losses)	(240.6)	92.2	(138.3%)
Treasury stock	(131.8)	(19.4)	-85.3%
Total equity	**452.0**	**544.2**	**20.4%**
Non-current liabilities			
Provision for mine closure cost	30.0	34.0	13.1%
Loans and borrowings	306.5	259.0	(15.5%)
Lease liabilities	2.2	0.6	(73.1%)
Employee benefits	6.9	8.1	17.3%
Total non-current liabilities	**345.6**	**301.7**	**(12.7%)**
Current liabilities			
Loans and borrowings – current portion	86.7	93.7	8.1%

SAR'm	As at		Increase / (Decrease)
	31 December 2020G	30 June 2021G (Unaudited)	31 December 2020G to 30 June 2021G
Lease liabilities – current portion	3.8	3.8	0.0%
Trade payables and accrued expenses	42.7	44.2	3.6%
Provision for Zakat and income tax	7.4	4.6	(37.4%)
Provision for severance fees	8.8	16.6	90.1%
Total current liabilities	**149.3**	**163.0**	**9.2%**
Total liabilities	**494.9**	**464.7**	**(6.1%)**
Total equity and liabilities	**946.9**	**1,008.9**	**6.5%**

Source: Unaudited interim condensed financial statements for six months ended 30 June 2021G

Non-current assets

Non-current assets of the Company were concentrated in property, plant & equipment and mine properties which collectively accounted for 96.7% and 94.5% as at 31 December 2020G and 30 June 2021G respectively.

Total non-current assets did not report a significant fluctuation from 31 December 2020G (SAR 744.0 million) to 30 June 2021G (SAR 750.2 million). The movement in the non-current assets primarily due to the increase in property, plant and equipment resulting from transfer of SAR 125.4 million from mine properties as well as direct additions of SAR 6.5 million during the period.

Current assets

Current assets are mainly comprised of inventories, trade and other receivables and cash and cash equivalents. Collectively, these represented 89.2% and 86.7% as at 31 December 2020G and 30 June 2021G respectively.

Current assets increased by 27.5% from SAR 202.9 million as at 31 December 2020G to SAR 258.7 million as at 30 June 2021G driven by the increase in trade and receivables by (by SAR 56.6 million) and advances and prepayment (by SAR 12.6 million). The primarily resulted from increase in zinc and gold sales during six-months ended 30 June 2021G.

Equity

Equity mainly consists of issued capital and retained earnings/(accumulated losses). Total equity increased by 20.4% from SAR 452.0 million as at 31 December 2020G to SAR 544.2 million as at 30 June 2021G. This was mainly on account of absorption of retained earnings and treasury stock against the share capital during the six-months ended 30 June 2021G by SAR 240.6 million and SAR 112.3 million respectively.

Non-current liabilities

Non-current liabilities mainly consist of long-term loans which represented 88.7% and 85.9% as of 31 December 2020G and 30 June 2021G respectively.

Non-current decreased by 12.7% from SAR 345.6 million as at 31 December 2020G to SAR 301.6 million as at 30 June 2021G. This was primarily due to decrease in loans and borrowings (by SAR47.4 million) and lease liabilities (by SAR 1.7 million) during the six-months ended 30 June 2021G.

Current liabilities

Current liabilities consist mainly of loans and borrowings (current portion) and trade payable and accrued expenses. These components, combined, accounted for 86.6% and 84.6% of the total current liabilities as on 31 December 2020G and 30 June 2021G respectively.

Current liabilities increased by 9.2% from SAR 149.3 million as of 31 December 2020G to SAR 163.0 million as at 30 June 2021G. This was primarily due to increase in current portion of loans and borrowings (by SAR 7.0 million) as well as provision for severance fees (by SAR 7.9 million) due to increase in reported net profit as at 30 June 2021G.

6.11.3 Mine properties

The following table shows a breakdown of mine properties as at 31 December 2020G and 30 June 2021G.

Table (6-75): Mine properties

SAR'm	As at		Increase/(Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Mine under construction	157.9	1.0	(99.4%)
Intangible assets	83.2	78.6	(5.6%)
Mining assets	48.3	89.0	84.2%
Mining assets underground development cost	78.9	79.5	0.8%
Deferred mine closure cost	17.5	19.9	13.5%
Total	**385.8**	**268.0**	**(30.5%)**

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

Mine under construction

Mine under construction represents the costs incurred on commissioning of the Guyan Gold project. The project has commenced operations commercial production from 1 February 2021G. During six-months ended 30 June 2021G, the assets of mine under construction amounting to SAR 169.5 million was transferred to the producing mines and property, plant, and equipment and accordingly depreciation and amortization on these assets has commenced.

As at 30 June 2021G, mine under construction balance mainly represented spent on mineral asset report by SRK Turkey amounting to SAR 0.6 million and Altaaqa generators set amounting to SAR 0.2 million. These balances will be subsequently transferred to property, plant, and equipment/mining assets (as the case may be).

During six-months ended 30 June 2021G, the Company transferred SAR 169.5m from mine under construction to property, plant, and equipment (SAR 125.4m) and mining assets (SAR 44.1m), upon completion of the commission of Guyan gold mine project which commenced operations during February 2021G.

Additions to mine under construction amounted to SAR 12.5 million during the six-months ended 30 June 2021G.

Intangible assets

Intangible assets represent the cost of obtaining the mining rights in relation to Al Masane mine and Guyan gold mine. The Company amortizes the license on a straight-line basis over the life of the mine.

Based on current internal estimates, currently, the estimated useful life of Al Masane mine is until 2030G. The Company has assumed that the license will be extended for an additional period of 20 years. However, it should be noted that the Company has prepared the application of extension of license covering significant requirements for approval process and the said application will be filed post September 2021G. Furthermore, Company is confident that the license will be extended .

The net book value of intangibles declined from SAR 83.2 million as at 31 December 2020G to SAR 78.6 million as at 30 June 2021G. This was primarily due to amortization charge of SAR 4.6 million during the six-months ended 30 June 2021G

Mining assets

Mining assets are rehabilitation assets which include pre-operating expenses incurred during the exploration and evaluation phase of Al Masane mine. The net book value of mining assets increased from SAR 48.3 million as at 31 December 2020G to SAR 89.0 million as at 30 June 2021G. This was primarily due to transfer of assets of mine under construction during the six-months ended 30 June 2021G amounting to SAR 44.1 million. The transfer from mine under construction was made upon completion of the commission of Guyan gold mine project.

Mining assets underground development cost

Net book value of mining assets underground development increased from SAR 78.9 million as at 31 December 2020G to SAR 79.5 million as at 30 June 2021G. This was primarily due to additional development cost of SAR 5.2 million during the six-months ended 30 June 2021G. Such increase was partially offset by an amortization charge of SAR 4.5 million during six-months ended 30 June 2021G.

Deferred mine closure cost

Deferred mine closure cost represents the Management's estimate of present value of future costs to be incurred at the rehabilitation of the Al Masane mine and Al Guyan mine. Net book value of deferred mine closure cost increased from SAR 17.5 million as at 31 December 2020G to SAR 19.9 million as at 30 June 2021G as the Company revised the estimated provision for mine closure based on the valuation performed by independent consultants SRK Turkey (SRK Danışmanlık ve Mühendislik A.Ş). This valuation also includes Guyan mine closure cost.

6.11.4 Property, plant, and equipment

The following table shows a breakdown of property, plant, and equipment as at 31 December 2020G and 30 June 2021G

Table (6-76): Property, plant, and equipment

SAR'm	As at	
	31 December 2020G	30 June 2021G
Buildings	99.4	94.4
Leasehold improvement	2.0	3.0
Heavy equipment	51.2	52.9
Motor vehicles	0.3	0.2
Civil works	6.3	10.4
Tailing Dam	8.1	9.3
Plant and machinery	161.8	265.2
CWIP	5.0	5.4
Total	**334.0**	**440.8**

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

The net book value of property, plant and equipment was concentrated in plant and machinery and buildings, which collectively represented 78.2% and 81.6% as at 31 December 2020G and 30 June 2021G respectively. The net book value of property, plant and equipment increased by 32.0% from SAR 334.0 million as at 31 December 2020G to SAR 440.8 million as at 30 June 2021G. This was primarily due to assets transfers from mines under construction of SAR 125.4 million in the six-months ended 30 June 2021G

In addition to the transfer of balances from mine properties, the following table shows a breakdown of direct additions to property, plant, and equipment as at 31 December 2020G and 30 June 2021G

Table (6-77): Additions to property, plant, and equipment

SAR'm	Financial year/period ended	
	31 December 2020G	Six months ended 30 June 2021G
Building	0.1	0.2
Leasehold improvements	2.2	0.4
Heavy equipment	13.1	4.2
Motor vehicles	0.3	-

SAR'm	Financial year/period ended	
	31 December 2020G	Six months ended 30 June 2021G
Civil works	-	0.1
Tailing Dam	-	-
Plant and machinery	-	1.3
CWIP	0.3	0.3
Total	**16.0**	**6.5**

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

Plant and machinery

Plant and machinery include mainly copper and zinc concentrators used in Al Masane process plant and Guyan gold mine.

Net book value of plant and machinery increased by 64.0% from 31 December 2020G to 30 June 2021G. This was primarily due to the asset transfers from mine constructions of SAR 116.6 million during the six-months ended 30 June 2021G.

Lease hold improvements

These are associated with leasehold improvement works performed in the Company's offices and sites.

Net book value of leasehold improvements increased from SAR 2.0 million as at 31 December 2020G to SAR 3.0 million as at 30 June 2021G, mainly on account of transfer from mining properties amounting to SAR 1.0 million and direct additions of SAR 0.4 million during six-months ended 30 June 2021G, this was partially reduced by depreciation charge of SAR 0.5 million during the same period.

Buildings

Building includes camps building on mine site, civil works buildings, warehouses located on mining sites, accommodation units used to house staff, power generating plants, storage facilities as well as plant offices.

Net book value of buildings declined by 5.0% from SAR 99.4 million as at 31 December 2020G to SAR 94.4 million as at 30 June 2021G. This was primarily due to the depreciation charge of SAR 5.6 million during the six-months ended 30 June 2021G.

Heavy equipment

Heavy equipment includes machines and equipment used on projects' sites for daily operations. These include revolvers, lighting towers, ventilations, loaders, transformers, pumps, generators, and other machines.

Net book value of heavy equipment increased by 3.3% from SAR 51.2 million as at 31 December 2020G to SAR 52.9 million as at 30 June 2021G. This was primarily due to direct additions amounting to SAR 4.2 million as well as transfer of SAR 1.3 million from mining properties during six-months ended 30 June 2021G.

Additions to heavy equipment in 1H2021G mainly included a variety of machines such as pumps, engines, cables, lab machineries, drilling equipment and cylinders.

Tailing dams

Tailing dams are embankment dams used to store waste of mining operations after extraction of ores.

Net book value of tailing dams increased at 14.5% from SAR 8.1 million as at 31 December 2020G to SAR 9.3 million as at 30 June 2021G primarily due to asset transfers from mine under constructions amounting to SAR 1.7 million.

Civil works

Civil works are associated with water wells, chemical warehouse upgrade works, and asphalt works.

Net book value of tailing dams increased at 65.3% from SAR 6.3 million as at 31 December 2020G to SR 10.4 million as at 30 June 2021G primarily due to asset transfers from mine constructions amounting to SAR 4.4 million.

Capital works in progress

Capital works in progress (CWIP) amounted to SAR 5.4 million as at 30 June 2021G. This mainly included following items:

- Raise climber's first lot amounting to SAR 2.1 million in relation to Al Masane mine.
- Loader machine procured on order amounting to SAR 2.3 million in relation to Al Masane mine.Fire hydrant system equipment amounting to SAR 0.7 million in relation to Guyan gold mine.

Motor vehicles

Motor vehicles mainly include pickups and trucks used on projects' sites.

Net book value of motor vehicles declined by 15.5% from SAR 0.3 million as at 31 December 2020G to SAR 0.2 million as at 30 June 2021G as a result of the depreciation charge for the period amounting to SAR 42, 408

6.11.5 Right-of-use assets (RoU)

The following table shows the movement of right-of-use assets as at 31 December 2020G and 30 June 2021G

Table (6-78): Breakdown of RoU assets – Net book value

SAR'm	As at		Increase/(Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Building	2.4	1.9	(19.2%)
Heavy equipment	6.8	6.5	(4.5%)
Total	**9.1**	**8.4**	**(8.3%)**

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

The following table shows the movement of right-of-use assets as at 31 December 2020G and 30 June 2021G.

Table (6-79): Movement in RoU assets

SAR'm	Financial year ended					
	31 December 2020G			30 June 2021G		
	Buildings	Heavy equipment	Total	Buildings	Heavy equipment	Total
Opening balance	1.8	7.6	9.4	2.4	6.8	9.2
Additions	1.2	-	1.2	-	-	-
Depreciation expense	(0.5)	(0.8)	(1.3)	(0.5)	(0.3)	(0.8)
Closing balance	2.4	6.8	9.2	1.9	6.5	8.4

Source: Management information

The Company adopted IFRS 16 Leases from 1 January 2019G using the modified retrospective approach.

The Company has lease contracts for leasehold building headquarter and accommodations. Leasehold building has lease terms ranging between 2 and 10 years. The Company has also certain leases of heavy equipment with lease terms of 36 months where the ownership will be obtained at the end of the lease term.

The Company recognises a right-of use asset and lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset. The right of use asset is subsequently depreciated using the respective method (buildings are depreciated on straight-line method while heavy equipment is depreciated on UoP method) from the commencement date to the earlier of the end of the useful life of the right of use asset or end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Right-of-use assets did not witness material fluctuation between 31 December 2020G and 30 June 2021G.

6.11.6 Long term deposits

Long term deposits are bank guarantees deposited with Jazan Port Authorities for renting warehouses in the port area to store copper and zinc concentrates before shipment. The balance increased by 229.6% from SAR 195.5 thousand as at 31 December 2020G to SAR 644.2 thousand as at 30 June 2021G.

6.11.7 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

As at 30 June 2021G the Company recognized deferred tax asset of SAR 32.4 million. The following table presents components of deferred tax asset as at 30 June 2021G.

Table (6-80): Components of deferred tax

SAR'm	As at	
	31 December 2020G	30 June 2021G
Opening Balance	-	14.85
Deferred tax credit during the year recognised in statement of profit or loss	14.78	17.53
Deferred tax credit to other comprehensive income	0.06	0.03
At the end of the period	14.85	32.40

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

6.11.8 Inventories

The following table shows the breakdown of inventories as at 31 December 2020G and 30 June 2021G.

Table (6-81): Inventories

SAR'm	As at		Increase / (Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Concentrate	9.1	8.1	(11.4%)
Ore stockpile	13.8	15.0	8.8%
Consumables	11.8	12.3	4.2%
Spare parts	33.8	38.5	13.9%
Total	**68.6**	**73.9**	**7.8%**
Less: provision for inventory	(5.6)	(5.6)	0.0%
Net inventories	62.9	68.3	8.5%

Source: Management information

Concentrates

These comprise of copper and zinc concentrates (finished goods) as well as gold and silver dores ready to be shipped to customers.

Concentrate declined by 11.4% as at 30 June 2021G from SAR 9.1 million at 31 December 2020G to SAR 8.1 million at 30 June 2021G. This balance may fluctuate on a yearly basis in the normal course of business depending on the volume of production and timing of sale.

Ore stockpile

Ore stockpile inventories are associated with the extraction of ores from the Al Masane mine and Guyan gold mine. These ores need to be processed in the plant to produce copper and zinc concentrates and by-products (gold and silver). The balance increased by 8.8% from SAR 13.8 million as at 31 December 2020G to SAR 15.0 million as at 30 June 2021G due to the increase in balance of ore stockpile related to Guyan gold mine. It should be noted here that the Guyan gold mine commenced operations in Feb21, hence, there was no balance of Guyan gold mine's ore stockpile inventory as at Dec20.

Consumables

Consumables include chemicals and explosive material used in maintenance operations and are used to support the daily plant requirements as well as support the maintenance exercises performed on a regular or need basis. A minimum level of consumables is maintained by the Company to prevent any shortage that might lead to business interruption.

Consumables increased by 4.2% from SAR 11.8 million as at 31 December 2020G to SAR 12.3 million as at 30 June 2021G was primarily driven by the commencement of operations of Guyan gold mine in February 2021G.

Spare parts

Spare parts are used in repair and maintenance operations to support smooth running of the plant and equipment. A minimum level of spare parts is maintained to prevent any shortage that might lead to business interruption.

Spare parts inventory increased by 13.9% from SAR 33.8 million as at 31 December 2020G to SAR 38.5 million as at 30 June 2021G. This increase was primarily driven by the maintenance of additional stock of spares in order to maintain infrastructure related to Guyan gold mine which commenced of operations of Guyan gold mine in February 2021G.

Provision for inventories

The following table shows a breakdown of the provision for slow-moving inventories as at 31 December 2020G and 30 June 2021G:

Table (6-82): Slow-moving inventories provision

SAR'm	As at	
	31 December 2020G	30 June 2021G
At the beginning of the year	4.7	5.6
Charge for the year	0.9	-
At the end of the year	5.6	5.6

Source: Management information

Provision for slow moving inventory items did not witness any fluctuation during 31 December 2020G and 30 June 2021G. According to the provisioning policy adopted by the Company during FY20, the existing balance of provision is sufficient to cover the slow-moving inventories as at Jun21.

6.11.9 Trade and other receivables

The following table shows a breakdown of trade and other receivables as at 31 December 2020G and 30 June 2021G.

Table (6-83): Trade and other receivables

SAR'm	As at		Increase/(Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Trade accounts receivable	85.4	141.8	66.0%
Provisional pricing adjustment	(2.5)	(2.3)	(8.6%)
Total	**82.9**	**139.5**	**68.2%**

Source: Management information

The following table presents the breakdown of gross trade and other receivables by agent and customer as at 31 December 2020G and 30 June 2021G.

Table (6-84): Trade and other receivables by agent / customer

SAR'm	As at		Increase / (Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Ocean Partners UK Ltd.	71.3	97.5	36.9%
MKS (Switzerland) S.A.	14.2	44.3	212.5%
Total	**85.5**	**141.8**	**66.0%**

Source: Management information

Ocean Partners UK Ltd. arranges sale of copper and zinc concentrates to various smelters by signing back-to-back purchase and sale agreements with the Company and end customers. Receivable balance from Ocean Partners UK Ltd. Increased by 36.9% from SAR 71.3 million as at 31 December 2020G to SAR 97.5 million as at 30 June 2021G due to increase in copper and zinc sales during six-months ended 30 June 2021G.

MKS (Switzerland) S.A. buys gold and silver dores from the Company. Receivable balance from MKS increased by 212.5% from SAR 14.2 million as at 31 December 2020G to SAR 44.3 million as at 30 June 2021G mainly due to increase in gold sales from Guyan gold mine which commenced operations in February 2021G.

All the outstanding balances as at 30 June 2021G were received during August 2021G.

6.11.10 Advances and prepayments

The following table shows a breakdown of advances and prepayments at 31 December 2020G and 30 June 2021G.

Table (6-85): Prepayments and advances

SAR'm	As at		Increase / (Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Advances to suppliers	14.4	20.4	41.8%
Less: provision for advances to suppliers	(1.8)	(1.8)	0.0%
Advances to suppliers, net	12.6	18.7	47.6%
Prepayments	4.5	5.1	12.7%
VAT - input	4.3	10.1	139.8%
Employee's receivables	0.5	0.4	(20.9%)
Total	**21.9**	**34.4**	**56.7%**

Source: Management information

Advances to suppliers

Advances and prepayments consist mainly of net advances to suppliers, which represented 57.7% and 54.3% of the total prepayments and advances as at, 31 December 2020G and 30 June 2021G, respectively.

The balance of SAR 20.4 million as at 30 June 2021G included balances amounting to SAR 10.6 million in aggregate which were outstanding for a period exceeding 90 days. Furthermore, this also included SAR 1.8 million balance which was paid as an advance to Arkbro Industries on 22 May 2013G. This balance has been provisioned against completely as at 30 June 2021G.

Provision for advances to suppliers amounted to SAR 1.8 million as at 30 June 2021G. This provision was booked in financial year ended 31 December 2018G and remained unchanged until 30 June 2021G.

Prepayments

Prepayments include prepaid expenses such as prepaid insurance expenses, prepaid rent expenses and other various expenses.

Prepaid insurance fees were the key components of prepaid expenses accounting for 76.3% and 67.2% of the total balance as at 31 December 2020G and 30 June 2021G, respectively.

Prepayments increased by 12.7% as at 30 June 2021G mainly on account of increase in prepaid insurance in relation to Guyan gold mine.

Employee receivables

Employee receivables are advances/loans extended to the Company's staff during the normal course of business. These advances/loans are subsequently deducted from the corresponding staff's salaries through equal monthly instalments. The balance did not witness material fluctuation between 31 December 2020G and 30 June 2021G.

Value added tax – Input

VAT-input receivables are refunds due to the Company on account of previously paid liabilities. This increased by 139.8% from SAR 4.3 million as at 31 December 2020G to SAR 10.3 million as at 30 June 2021G. This increase mainly resulted from the fact that the review of VAT returns was being undertaken by ZATCA during six-months ended 30 June 2021G, hence the settlement of balances was held by the Company. However, after the conclusion of the review post 30 June 2021G, all VAT related balances were cleared.

6.11.11 Cash and cash equivalents

The following table presents cash and bank balances as at 31 December 2020G and 30 June 2021G.

Table (6-86): Cash and cash equivalents

SAR'm	As at		Increase/(Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Cash on hand	0.2	0.1	(18.2%)
Cash at banks - current account	35.0	16.3	(53.4%)
Total	**35.2**	**16.4**	**(53.2%)**

Source: Management information

Cash and cash equivalents consist of cash in hand and bank account balances. Cash in hand includes cash balances which are maintained with accountants and project supervisors to manage daily expenses.

Cash at banks included cash deposited in the different bank accounts managed by the Company and mainly used to settle payments to suppliers and collect proceeds from clients.

Total cash and cash equivalents balance decreased by 53.2% from SAR 35.2 million as at 31 December 2020G to SAR 16.4 million as at 30 June 2021G. Despite the increased business operations, net repayment of loans and borrowings (SAR 40.4 million) contributed to the decline in cash and cash equivalents balance during the six-months ended 30 June 2021G. This included SAR 35.0 million in relation to the SIDF loan and SAR 8.2 million in relation to the BSF loan.

6.11.12 Equity

The following table shows the components of equity as at 31 December 2020G and 30 June 2021G.

Table (6-87): Equity

SAR'm	As at	
	31 December 2020G	30 June 2021G
Share capital	820.0	467.0
Statutory reserve	4.4	4.4
Retained earnings/(Accumulated losses)	(240.6)	92.2
Treasury stock	(131.8)	(19.4)
Total equity	**452.0**	**544.2**

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

Share capital

As at 31 December 2020G and 30 June 2021G, the share capital amounted to SAR 820.0 million and SAR 467.0 million respectively. During the period ended 31 March 2021, the shareholders of the Company, in an extraordinary general meeting, resolved to reduce the share capital of the Company from SAR 820.0 million to SR 467.0 million through absorbing accumulated losses of SAR 240.6 million and reducing treasury stocks of SAR 112.3 million.

Statutory reserve

In accordance with the Companies Law and the Company's Articles of Association, the Company reserves 10% of its net profit for the year under the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals 30.0% of its issued capital.

Statutory reserves remained unchanged at SAR 4.4 million between 31 December 2020G and 30 June 2021G.

Retained earnings/(accumulated losses)

The Company reported accumulated losses of SAR 240.6 million as at 31 December 2020G due to the cumulative effect of losses incurred during prior periods. The Company has accumulated non-cash losses since 2010G.

The Company off-set SAR 240.6 million of accumulated losses as at 31 December 2020G against share capital during six months ended 30 June 2021G. Subsequently the Company reported SAR 92.2 million of total comprehensive income as at 30 June 2021G which was reflected as retained earnings.

Treasury stock

As part of the share reduction process, during the six-months ended 30 June 2021G, treasury stock was reduced by 6.9 million shares worth SAR 112.4 million.

6.11.13 Loans and borrowings

The following table shows the breakdown of loans and borrowings as at 31 December 2020G and 30 June 2021G.

Table (6-88): Loans and borrowings

SAR'm	As at		Increase/(Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Commercial loans - SIDF	343.1	311.0	(9.4%)
Tawarroq - BSF	50.0	41.7	(16.7%)
Less: current portion of loans	(86.7)	(93.7)	8.1%
Non-current loans and borrowings	306.5	259.0	(15.5%)

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

Table (6-89): Funding profile summary

SAR'm	As at		Increase/(Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
SIDF			
Al Masane project	273.2	240.1	(12.1%)
Guyan project	69.9	70.9	(1.4%)
BSF	50.0	41.7	(16.7%)
Total	**393.1**	**352.7**	**(10.3%)**

Source: Management information

The total outstanding loan balance reduced from SAR 393.1 million as at 31 December 2020G to SAR 352.7 million as at 30 June 2021G. During 2019G, the Company signed facility agreement with Bank Saudi Fransi amounting to SAR 110.5 million. The agreement covered multiple types of facilities including Tawarroq, interest rate swap and payment guarantees. Tawarroq financing was used during 2019G to support the requirements of the Guyan Gold project

The Company obtained a commercial loan of SAR 330.0 million from Saudi Industrial Development Fund in 2010G to support the development of Al Masane mine and process plant. This loan is secured by mortgage on the Company's property, plant, and equipment and by corporate guarantees signed on behalf of each shareholder. The loan was rescheduled on multiple occasions as per the Company's request. In June 2020G, the Company and Saudi Industrial Development Fund reached an agreement to amend the original loan agreement and payments were rescheduled to be repaid in seven semi-annual installments ending in April 2024G. In addition, another loan was obtained during June 2020G amounting to SAR 94.3 million from Saudi Industrial Development Fund in order to fund the Guyan gold project. The said loan is payable in thirteen semiannual installments from May 2022G to March 2028G.

The facilities are guaranteed by joint and several personal guarantees from some of the shareholders covering total facilities. Under the terms of facility agreements, the Company is required to maintain certain financial covenants, among other items. The Company was largely in compliance with these covenants between 31 December 2020G to 30 June 2021G.

6.11.14 Lease liabilities

The following table shows the movement in lease liabilities as at 31 December 2020G and 30 June 2021G

Table (6-90): Lease liabilities as at 30 June 2021G

SAR'm	As at		Increase / (Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
As at the beginning of the year/period	8.2	6.1	(26.2%)
Additions during the year	1.2	-	(100.0%)
Accretion of interest during the year/period	0.8	0.3	(67.4%)
Payments made during the year/period	(4.0)	(1.9)	(52.8%)
At as the end of the year/period	**6.1**	**4.4**	**(26.9%)**
Current portion of lease liabilities	3.8	3.8	0.0%
Non-current portion of lease liabilities	2.2	0.6	(73.1%)

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

The Company adopted IFRS16 Leases from 1 January 2019G using the modified retrospective approach.

The Company has lease contracts for leasehold buildings (Company headquarter and accommodation for employees) and heavy equipment. Leasehold buildings have lease terms for 10 years while heavy equipment carries a lease term of 3 years.

The Company recognises a right of use asset and lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

The Company entered into an additional lease agreement for a warehouse located in Jazan (SAR 1.2m) in 2020G.

Lease liabilities declined by 26.9% during the six-months ended 30 June 2021G from SAR 6.1 million as at 31 December 202G to SAR 4.4 million as at 30 June 2021G. This was primarily due to lease payments of SAR 1.9 million; SAR 1.4 million pertaining to leased buildings and SAR 0.4 million for heavy machinery during the six-months ended 30 June 2021G.

6.11.15 Provision for mine closure cost

The following table shows the movement of provision for mine closure cost as at 31 December 2020G and 30 June 2021G

Table (6-91): Provision for mine closure cost

SAR'm	As at		Increase / (Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Balance at the beginning of the year	16.6	30.0	80.5%
Charge for the year	0.6	0.5	(22.2%)
Additions for the year	12.8	3.5	(72.7%)
Balance at the end of the year	**30.0**	**34.0**	**13.1%**

Source: Management information

Provision for mine closure cost pertains to the present value of future costs to be incurred at the rehabilitation of the Al Masane mine and Guyan gold mine. This provision was originally recognized at SAR 12.8 million and the unwinding of interest started in 2012G with the commencement of commercial operations.

During six-months ended 30 June 2021G, Management revised the estimated provision for mine closure based on the valuation performed by independent consultants SRK Turkey (SRK Danışmanlık ve Mühendislik A.Ş). This valuation also includes Guyan mine closure cost.

We noted that based on the independent valuation, the liability is now expected to be completely unwound by 2030G, which is in line with the life of Al Masane mine estimate i.e., till 2030G.

Provision for mine closure increased from SAR 30.0m as at Dec20 to SAR 34.0m as at Jun21 due to the aforementioned revision which resulted in an increase of SAR 3.5m in provision for mine closure as well as deferred mine closure cost.

Although, Guyan gold mine has an estimated useful life of 6 years as at Jun21, SRK in their valuation report indicated that despite the time difference between closure of Al Masane mine and Guyan gold mine, a progressive closure of the Guyan gold mine is possible. In this manner, the closure costs and efforts can be spread over time. which may prove to be more cost effective due to the reduction in contractor mobilization costs, and increased synergy between the closure activities of the two operations. Consequently, it is assumed that a concurrent closure will be conducted as there is no pressing time concerns for AMAK to complete the closure actions. Based on this, Management, has combined the closure costs of both the mines and have calculated single provision for mine closure based on the useful life of Al Masane Mine.

6.11.16 Employee benefits

The following table shows the evolution of employee benefits as at 31 December 2020G and 30 June 2021G

Table (6-92): Employee benefits

SAR'm	As at		Increase / (Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Balance at the beginning of the year/period	4.5	6.9	54.2%
Current service cost	2.2	1.2	(46.6%)
Interest cost	0.1	0.1	(32.9%)
Actuarial loss	1.3	0.6	(56.0%)
Benefits paid	(1.2)	(0.6)	(46.9%)
Balance at the end of the year/period	6.9	8.1	17.3%

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

Employee benefits liability is a statutory requirement for all Saudi companies and is payable to employees on resignation or termination of employment. These end of service benefits provision was recognized based on actuarial valuation conducted by an independent actuary as at 31 December 2020G and 30 June 2021G, using the projected unit credit method in accordance with IAS 19 – Employee Benefits.

Employee benefits liability increased by 17.3% from SAR 6.9 million as at 31 December 202G to SAR 8.1 million as at 30 June 2021G which was driven by the increase of headcount during six-months ended 30 June 2021G.

6.11.17 Loans and borrowings (current portion)

Please refer to the loans and borrowings section 6.11.2.11 under non-current liabilities.

6.11.18 Lease liabilities (current portion)

Please refer to the lease liabilities section 6.11.2.11 under non-current liabilities.

6.11.19 Trade payables and accrued expenses

The following table shows a breakdown of trade payables and accrued expenses as at 31 December 2020G and 30 June 2021G:

Table (6-93): Trade payables and accrued expenses

SAR'm	As at		Increase / (Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Accounts payable	16.6	15.1	(8.5%)
Accrued expenses	11.4	15.9	39.1%
Capital gain tax withheld from ex-shareholder	9.7	5.7	(40.9%)
Vacation accruals and others	5.0	7.5	48.6%
Total	**42.7**	**44.2**	**3.6%**

Source: Management information

Trade and accrued expenses mainly included accounts payable which represented dues to suppliers providing goods and services to the Company. Accounts payable accounted for 38.8% and 34.2% of the total trade and other payable balance as at 31 December 2020G and 30 June 2021G respectively.

Accounts payable

Accounts payable represent the outstanding balances due to the different suppliers the Company is dealing with.

Accounts payable balance declined by 8.5% from SAR 16.6 million as at 31 December 2020G to SAR 15.1 million as at 30 June 2021G. This decline mainly resulted from settlement of aged balances in relation to the outstanding balances of suppliers related to Guyan gold mine.

The following table shows a breakdown of trade payables by suppliers as at 31 December 2020G and 30 June 2021G.

Table (6-94): Accounts payables by suppliers

The following table shows a breakdown of accounts payables by suppliers as at 31 December 2020G and 30 June 2021G:

SAR'm	As at		Increase/(Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Supplier 1	1.9	2.5	29.9%
Supplier 2	2.7	2.4	(11.6%)
Supplier 3	-	1.7	n/a
Supplier 4	0.9	1.5	56.5%
Supplier 5	-	0.7	n/a
Supplier 6	-	0.5	n/a
Supplier 7	0	0.4	n/a
Supplier 8	-	0.4	n/a
Supplier 9	-	0.4	n/a
Supplier 10	1.1	0.4	(66.7%)
Others	9.8	4.2	(57.0%)
Total	**16.6**	**15.1**	**(8.5%)**

Source: Management information

The Company mainly deals with local suppliers during the normal course of business and transactions with the foreign suppliers are relatively limited.

The following table shows the aging of trade payables as at 30 June 2021G

Table (6-95): Aging of accounts payables as at 30 June 2021G

SAR'm	Not due	0-30 days	31-60 days	61-90 days	over 90 days	Total
Supplier 1	-	1.2	0.9	0.2	0.2	2.5
Supplier 2	-	1.0	0.7	0.8	-	2.4
Supplier 3	-	1.0	0.6	0.1	-	1.7
Supplier 4	-	0.3	0.2	0.7	0.2	1.5
Supplier 5	-	0.7	-	-	-	0.7
Supplier 6	-	0.2	0.3	-	-	0.5
Supplier 7	-	0.1	0.3	-	-	0.4
Supplier 8	-	0.1	0.2	0.1	0.0	0.4
Supplier 9	-	0.2	0.0	0.1	0.1	0.4
Supplier 10	-	-	-	0.4	0.0	0.4
Others	-	1.8	0.6	0.6	1.2	4.2
Total	**-**	**6.6**	**3.7**	**3.0**	**1.7**	**15.1**

Source: Management information

Standard credit terms granted from suppliers to the Company to settle its dues range between 30 days and 60 days. The aging schedule indicated that SAR 1.7 million (accounting for 11.5% of the total payable balance as at 30 June 2021G) was outstanding for a period exceeding 90 days.

These aged payables are in the normal course of business and all the outstanding balances shall be settled in due course and the delay is not expected to affect the relationship with the suppliers.

Accrued expenses

Accrued expenses comprise of accruals recorded mainly against invoices not yet received from suppliers based on Management's best estimate. These accruals relate to several suppliers and tend to fluctuate year on year.

Accrued expenses increased by 39.1% from SAR 11.4 million as at 31 December 2020G to SAR 15.9 million as at 30 June 2021G, mainly on account of increase in freight cost from SAR 0.3 million as at 31 December 2020G to SAR 4.8 million as at 30 June 2021G and increase in other accrued expenses to SAR 6.2 million as at 30 June 2021G, which was partially offset by decline in employees bonus by 53.7% from SAR 5.0 million as at 31 December 2020G to SAR 2.3 million as at 30 June 2021G.

The increase in accrued freight cost resulted mainly because the Company made second shipment during six-months ended 30 June 2021G.

Furthermore, board meeting accrued expenses declined as three board meetings were held during six-months ended 30 June 2021G as compared to five meetings in financial year ended 31 December 2020G.

Employees bonus also represented accrual for half year period as at 30 June 2021G as compared to full year accrual as at 31 December 2020G.

Capital gain tax withheld from ex-shareholder

This represented capital gain tax withheld from ex-shareholder by the Company in relation to the buy-back of treasury shares in financial year ended 31 December 2019G. The shareholders who sold their shares were assumed to have recognized profits associated with the transactions. As a result, these ex-shareholders owed ZATCA capital gain tax of SAR 9.7 million as at 31 December 2020G. Since these are foreign shareholders, the capital gain tax liability is recorded as payable by the Company and collected subsequently from the shareholders.

During the six months ended 30 June 2021G, the Company paid ZATCA SAR 5.0 million against the capital gain tax on behalf of the selling foreign shareholders which decreased the payable balance to SAR 5.7 million as at 30 June 2021G.

Vacation accruals and others

Vacation accruals and others mainly include accrued employee benefits (i.e., vacation and ticketing allowances). Vacation accruals and others increased by 48.6% from 5.0 million as at 31 December 2020G to SAR 7.5m as at 30 June 2021G, due to the increase in headcount of the Company to 454 employees as at 30 June 2021G as compared to 417 employees as at 31 December 2020G..

6.11.20 Provision for Zakat and income tax

The following table shows the movement of provision for Zakat and income tax as at 31 December 2020G and 30 June 2021G

Table (6-96): Provision for Zakat and income tax

SAR'm	As at		Increase / (Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Balance at the beginning of the period	5.64	7.42	31.5%
Net charge for the year	8.17	10.73	31.3%
Payments during the period	(6.40)	(13.51)	111.2%
At the end of the period	**7.42**	**4.64**	**(37.4%)**

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

Provision for Zakat and income tax refers to the outstanding balance of Zakat and income tax charges payable to the General Authority of Zakat and Tax. The outstanding balance of such liabilities decreased by 37.4% from SAR 7.4 million as at 31 December 2020G to SAR 4.6 million as at 30 June 2021G.

Zakat and income tax returns for the year 2020 was submitted as such obtained the zakat certificate which is valid till 30 April 2022. The zakat and tax returns for the years from 2012G to 2020G are currently under review by the Zakat, Tax and Customs Authority ("**ZATCA**"). No final assessment has been raised by the ZATCA for previous years. assessment has been raised by GAZT for the previous years.

6.11.21 Provision for severance fees

The following table shows the movement of provision for severance fee as at 31 December 2020G and 30 June 2021G

Table (6-97): Provision for severance fees

SAR'm	As at		Increase / (Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Balance at the beginning of the period	2.0	8.8	337.8%
Provision during the year	9.3	7.9	(14.7%)
Provision paid during the period	(2.5)	-	(100.0%)
Balance at the end of the period	**8.8**	**16.6**	**90.1%**

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

Provision for severance fees represents fee payable to the government of Saudi Arabia by the Company as per Article No. 71 of the Saudi Mining Investment Code. Severance fee represents 25.0% of the annual net income per mining license or the equivalent of the hypothetical income tax, whichever is lower. For the purposes of the calculation, Zakat due is deducted from gross severance fees.

Provision charges decreased by 14.7% for six-months ended 30 June 2021G to SAR7.9 million from SAR 9.3 million during financial year ended 31 December 2020G. This was primarily due to accrual of severance fee for six months period as at 30 June 2021G as compared to full financial year impact as at 31 December 2020G. (refer to 'severance fees' section in the income statement for further details)

6.11.22 Related party transactions

The following table shows related party transactions in 2020G and six-months ended 30 June 2021G

Table (6-98): Related party transactions

SAR'm	Nature of relationship	Nature of transaction	Financial period ended	
			Six months ended 30 June 2020G	Six months ended 30 June 2021G
Trade transactions				
Arab Commercial Enterprises for Travel	Common management	Travel charges	0.3	0.8
Najran Mineral Water	Common management	Water charges	0.0	0.0

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

Trade transactions

Transactions with related parties were commercial in nature and mainly associated with Arab Commercial Enterprises for Travel and Najran Mineral Water

Arab Commercial Enterprises for Travel

Transactions with Arab Commercial Enterprises were mainly associated with booking of air tickets for Company's employees for business trips. Transactions with the related party fluctuates depending on the business requirements of the Company. The Company does not have a formal arrangement with the related party and the transactions are governed through purchase orders at commercial rates.

Najran Mineral Water Company

Najran Mineral Water Company supplies drinking water to Company sites. In absolute terms, transactions with the related party remained immaterial between 1H2020G and 1H2021G.

Key management compensation

Table (6-99): Key management compensation

SAR'm	Six-months ended 30 June		Increase/(Decrease)
	2020G	2021G	2020G – 2021G
Salaries and other benefits	3.5	3.3	(4.5%)
End of service benefits	0.1	0.1	4.8%
Total	**3.6**	**3.4**	**(4.2%)**

Compensation of key management represents the salaries of the executive management. These expenses did not represent a material fluctuation between six-months ended 30 June 2020G to six-months ended 30 June 2021G.

Other benefits and compensation mainly represent the executive management's annual end of service benefit charge.

6.11.23 Statement of cash flows data

The following table presents a summary of the Company's cash flow statement data for the six-months' periods ending on 30 June 2020G and 30 June 2021G:

Table (6-100): Cash flow statement data for 30 June 2020G and 30 June 2021G

SAR'm	Six-months ended 30 June		Increase / (Decrease)
	2020G (unaudited)	2021G (unaudited)	2020 – 2021G
Net cash from operating activities	39.5	54.7	38.4%
Net cash used in investing activities	(82.0)	(31.3)	(61.8%)
Net cash used in financing activities	(0.7)	(42.1)	5965.0%
Net increase in cash and cash equivalents	**(43.2)**	**(18.7)**	**(6.7%)**
Cash and cash equivalents – opening	52.2	35.2	(32.7%)
Cash and cash equivalents – closing	**9.0**	**16.4**	**82.4%**

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

The cash flow movement reported by the Company between 30 June 2020G and 30 June 2021G was primarily influenced by cash flows from financing and investing activities.

The Company reported a SAR 18.7 million net cash outflow during six-months ended 30 June 2021G mainly driven by cash flows from financing activities; repayment of loan of SAR40.4 million. This was partially offset by reduced investing activities from SAR82.0 million during the six-months ended 30 June 2020G to SAR 31.3 million during 30 June 2021G.

6.11.23.1 Net cash flows from operating activities

The following table shows the statement of cash flows from operating activities for the periods ended 30 June 2020G and 30 June 2021G

Table (6-101): Statement of cash flow from operating activities during 30 June 2020G and 30 June 2021G

SAR'm	Six-months ended 30 June		Increase / (Decrease)
	2020G	2021G	2020 – 2021G
Operating activities			
Profit for the period before Zakat and income tax	18.3	93.9	412.8%
Depreciation and amortization	29.2	42.0	43.9%
Provision for slow moving items	0.4	-	(100.0%)
Provision for employee benefits	1.1	1.3	18.5
Provision for mine closure cost	0.2	1,1	390.8%
Operating cash flows before working capital adjustments			
Working capital adjustments			
Inventories	(9.7)	(5.3)	(44.7%)
Trade receivables	(10.7)	(56.6)	431.2%
Advances and prepayments	19.2	(13.0)	(167.8%)
Trade payables and accrued expenses	(3.7)	5.5	(247.4%)
Cash from operations	**44.3**	**68.8**	**55.3%**
Zakat and income tax paid	(4.4)	(13.5)	208.3%
Employees' benefits paid	(0.4)	(0.6)	53.0%
Net cash flows from operating activities	**39.5**	**54.7**	**38.4%**

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

Cash flow from operating activities increased by 38.4% from SAR 39.5 million during the six-months ended 30 June 2020G to SAR 54.7 million during the six-months ended 30 June 2021G mainly due to an increase in net income before zakat and income tax during 1H2021G to SAR 93.9 million as compared to SAR 18.3 million during 1H2020G.

Cash invested in inventories and trade receivable increased to SAR 5.3 million and SAR 56.6 million during 1H2021G mainly on account of increase in revenue during the period.

6.11.23.2 Net cash flows from investing activities

The following table shows the statement of cash flows from investing activities during 30 June 2020G and 30 June 2021G

Table (6-102): Statement of cash flows from investing activities during 30 June 2020G and 30 June 2021G

SAR'm	Six-months ended 30 June		Increase / (Decrease)
	2020G	2021G	2020 – 2021G
Additions in property, plant, and equipment	(5.1)	(6.5)	26.4%
Additions in mining properties	(10.7)	(24.8)	131.7%
Additions in evaluation and exploration assets	(66.2)	-	(100.0%)
Net cash flows from investing activities	(82.0)	(31.3)	(61.8%)

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

Cash flow from investing activities was primarily associated with additions made to property, plant and equipment and mining properties. Cash outflow from investing activities decreased by 61.8% from SAR 82.0 million during the six-months ended 30 June 2020G to SAR 31.3 million during the six-months ended 30 June 2021G.

6.11.23.3 Net cash flows from financing activities

The following table shows the statement of cash flows from financing activities during 30 June 2020G and 30 June 2021G

Table (6-103): Statement of cash flows from financing activities during 30 June 2020G and 30 June 2021G

SAR'm	Six-months ended 30 June		Increase / (Decrease)
	2020G	2021G	2020 – 2021G
Repayment of loans	-	(40.4)	n/a
Lease liabilities	(0.7)	(1.6)	134.5%
Net cash flows from financing activities	(0.7)	(42.1)	5965.0%

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

The Company recorded cash outflows amounting to SAR 42.1 million during the six-months ended 30 June 2021G which mainly related to repayment of loans and borrowings of SAR 40.4 million. This included SAR 32.1 million in relation to the SIDF loan and SAR 8.3 million in relation to the BSF loan.

6.11.23.4 Commitments

The following table shows a summary of the Company's commitments at 31 December 2020G and 30 June 2021G

Table (6-104): Commitments

SAR'm	As at		Increase/(Decrease)
	31 December 2020G	30 June 2021G	31 December 2020G to 30 June 2021G
Capital expenditure	60.6	26.2	(56.8%)
Leases			-
One year	-	-	-
One to four years	-	-	-
More than four years	-	-	-
Total	**60.6**	**26.2**	**(56.8%)**

Source: Unaudited interim condensed financial statements for six-months period ended 30 June 2021G

As at 30 June 2021G, the Company has planned a capex of SAR 26.2 million on property, plant, and equipment. This pertained to remaining capex budget in relation to the commissioning of Guyan gold mine (SAR 6.9 million) and Al Masane mine projects (SAR 19.4 million).

7. Dividend Distribution Policy

Under Article 110 of the Companies' Law, a Shareholder is vested with all rights attached to Shares, which include in particular the right to receive a share in the dividends declared for distribution. The Board of Directors shall recommend declaring and paying any dividends before approval by the Shareholders at the meeting of the General Assembly. The Company is under no obligation to declare dividends and any decision to do so will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the Company's Zakat position, and legal and regulatory considerations. The Shares entitle their holders the right to receive any dividends that the Company declares from the date of this Prospectus and for the subsequent fiscal years. Although the Company intends to distribute annual dividends to its Shareholders, there are no guarantees of actual dividends. Furthermore, there is no guarantee of amounts that shall be paid in any year.

Dividend distribution shall be subject to the restrictions set out in the Company's Bylaws. Dividends shall be distributed in Saudi riyals.

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

- a- A percentage of 10% of the net profit shall be set aside to form a statutory reserve. Such allocations to the statutory reserve may be discontinued by the Ordinary General Assembly when the statutory reserve amounts to 30% of the Company's paid share capital.
- b- The Ordinary General Assembly may, upon a proposal of the Board of Directors, set aside 10% of the net profits to form an additional reserve to be allocated for the benefit of the Company.
- c- The Ordinary General Assembly may resolve to set aside other reserves, to the extent that doing so serves the interest of the Company or ensures the distribution of as stable a dividend as possible to shareholders. Said Assembly may also deduct from the net profits amounts for the establishment of social institutions for the Company's employees or to support existing institutions.
- d- The remainder of the net profits shall be distributed to the Shareholders at a rate not less than 5% of the paid-up capital of the Company.
- e- Subject to the provisions set forth in Article 24 of the Company's Bylaws; and Article 76 of the Companies' Law, 10% of the remainder of the net profits shall be set aside to remunerate the Board of Directors, and shall be limited to a maximum of SAR 500,000, provided that the entitlement of such remuneration shall be commensurate with the number of meetings attended by the member.

The dividend distribution policy may change from time to time, as the Board of Directors may resolve, subject to the approval of the Ordinary General Assembly, to renew annually the payment of periodic dividends to the Company's Shareholders on a semi-annual or quarterly basis, in accordance with the controls of the competent authority.

The Company has not declared or distributed dividends for the years ending 31 December 2018G, 31 December 2019G or 31 December 2020G, nor for the six-month period ended on 30 June 2021G.

8. Use of Offering Proceeds

8.1 Net Offering proceeds

The total proceeds of the Offering are estimated at One Billion Two Hundred Fourty Seven Million Four Hundred Thousand Saudi riyals (SAR 1,247,400,000) of which approximately Thirty Million Saudi riyals (SAR 30,000,000) will be used to settle all expenses associated to the Offering, which includes fees relating to the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, Auditors, Receiving Agents, Market Study Consultant, along with other advisors as well as expenses relating to advertisement, printing, distribution and other Offering expenses. The Offering expenses will be apportioned to the Selling Shareholders and the Company on a pro rata basis.

8.2 Use of Net Offering Proceeds

The total net proceeds from the offering are estimated to be One Billion Two Hundred Seventeen Million Four Hundred Thousand Saudi riyals (SAR 1,217,400,000). Six Hundred Twenty Two Million Seven Hundred Seventy One Thousand Seven Hundred Thirty Saudi riyals (SAR 622,771,730) will be distributed to the Selling Shareholders on a pro-rata basis based on each Selling Shareholder's percentage ownership in the Sale Shares being sold in the Offering, and an amount of SAR Five Hundred Ninty Four Million Six Hundred Twenty Eight Thousand Two Hundred Seventy Saudi riyals (SAR 594,628,270) of the net offering proceeds will be allocated to finance the Company's expansion plans and business activities, following the distribution of the Selling Shareholders' dues. The Company's proceeds will be allocated to finance the Moyeath orebody development project, the current exploration activities under the Company's current Exploration Licenses, as well as the general objectives of the Company.

The Company plans to expand its current activity by further developing the Moyeath orebody development project for the purpose of increasing the productive capacity of Al Masane underground mine. In addition, the Company plans to expand its exploration activities by conducting further drilling programs to identify further Mineral Resources and the existing copper, gold, zinc, nickel prospects which are under the Exploration Licenses of Al Masane, Guyan and Qatan.

The table below summarizes the use of the net offering proceeds, following the distribution of the Selling Shareholders' dues, according to the main items:

Table (8-1): Main items for using the net Offering proceeds following the distribution of the Selling Shareholders' dues

	Use Items	Use Amount (SAR)	Percentage
1	Moyeath orebody development project	296,207,867	50%
2	Exploration Activities Expenditure	121,673,000	20%
3	General Purposes	176,747,403	30%
Total		**594,628,270**	**100%**

Source: The Company

The following is a detailed breakdown of each item of the major use of the net Offering proceeds following the distribution of the Selling Shareholders' dues:

8.2.1 Moyeath Orebody Development Project

The total investment cost of the Moyeath orebody development project is SAR 303,907,945, of which SAR 7,700,078 has been or will be financed directly by the Company or through bank loans. The remaining amount of SAR 296,207,867 will be financed from the Offering proceeds. The following table sets out the main cost items of the Moyeath orebody development project and how these will be funded:

Table (8-2): Investment cost items for Moyeath Orebody Development Project and funding source (SAR)

Cost Item	Costs financed by the Company or through borrowing	Costs to be financed by the offering proceeds	Total investment costs
Capital expenditures			
Underground	2,994,769	72,178,088	75,172,857
Plant	712,619	210,139,136	210,851,755
Other Capex	1,000,000	13,890,643	14,890,643
Capital Work in Progress			
Underground	2,992,690		2,992,690
Plant	nill		
Borrowing cost	nill		
Total	**7,700,078**	**296,207,867**	**303,907,945**

Source: The Company

The Moyeath Orebody Development Project is located within the Al Masane Mine area and contains high levels of zinc, average copper, and more gold and silver than the average grades encountered at the current main orebodies of Al Masane Mine. Accordingly, a different plant design to that of the Al Masane Process Plant is planned to maximize the recovery of Zinc, Copper, Gold and Silver concentrates. The Company, therefore, plans to construct a stand-alone crushing unit and a process plant to process ore mined from the Moyeath underground mine.

Based on certain preliminary work, including trial mining of two production stopes in 2020G, flotation test work and the completion of a metallurgical study in February 2021G, the Company has now completed the design work of the process plant and a feasibility study for the Moyeath Orebody Development Project. A tender document has been shared with interested potential tenderers so as to award the EPCM (Engineering, Procurement, Construction and Management) for the construction of a process plant at Moyeath.

Work completed to date envisages the design and engineering of a new process plant with an anticipated processing capacity of 350,000 ton per annum processing capacity at the existing Al Masane Mining camp. The following table shows a statement of the mineral resources, prepared by the Competent Person, of the Moyeath Field, located under Al Masane Mine.

Mineral Resource Category	Tonnes (Mt)	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)	CuEq (%)
Measured	0.24	1.03	10.95	1.20	67.78	5.43
Indicated	1.36	0.70	7.50	1.22	60.17	4.11
Measured + Indicated	1.60	0.75	8.02	2.22	61.31	4.31
Inferred	0.79	0.80	7.55	1.22	58.44	4.21
Mineral Resource	2.39	0.77	7.86	1.22	60.36	4.21

Source: Competent Person's Report

The following table shows the timing of the disbursement of the amounts allocated, from the Offering proceeds, to develop the Moyeath Orebody Development Project per yearly quarters:

Table (8-3): Timetable for the disbursement of the amounts allocated from the offering proceeds from the period (2021G-2023G) to develop the Moyeath Orebody Project (SAR):

Cost Items - 2022 G	Q1	Q2	Q3	Q4	Annual Total
Underground Capex	15,433,935	15,608,803	18,515,644	12,518,662	62,077,044
Plant Capex	35,604,601	46,674,874	48,155,561	44,202,169	174,637,205
Other Capex	2,815,494	3,315,494	2,982,192	3,561,186	12,674,365
Underground WIP					
Plant WIP					
Borrowing Costs					
Total Cost – 2022	**53,854,030**	**65,599,171**	**69,653,397**	**60,282,017**	**249,388,614**
Cost Items – 2023	**Q1**	**Q2**	**Q3**	**Q4**	**Annual Total**
Underground Capex	5,456,481	2,479,455	1,006,941	1,158,167	10,101,044
Plant Capex	15,145,688	14,586,843	5,769,400		35,501,931
Other Capex	608,139	608,139			1,216,278
Underground WIP					
Plant WIP					
Borrowing Costs					
Total Cost – 2023	**21,210,308**	**17,674,437**	**6,776,341**	**1,158,167**	**46,819,253**

The following table shows the annual times for disbursing the amounts allocated for Moyeath Orebody Development Project from the offering proceeds:

Table (8-4): Timetable for the disbursement of the amounts allocated for Moyeath Orebody Development Project from the offering proceeds during the period 2021G – 2023G (in SAR):

Year	Underground Capex	Process Plant Capex	Other Capex	Total Capex (SAR)
2021G	5,987,459	712,619	1,000,000	*7,700,078
2022G	62,077,044	174,637,205	12,674,365	249,388,614
2023G	10,101,044	35,501,931	1,216,278	46,819,253
Total	**78,165,547**	**210,851,755**	**14,890,643**	**303,907,945**

*These have been, or will be, financed by the Company or through bank loans.

8.2.2 Exploration Expenditures

The total budgeted costs of for exploration across the Company's exploration projects is SAR 121,673,000 which will be financed from the net proceeds. The following table shows the budget allocation for exploration at each of the Company's Exploration Licenses and the sources for funding:

Table (8-5): Investment cost items for Exploration expenditures and how to be financed (SAR):

Exploration projects	Costs financed by the Company or through borrowing	Costs to be financed by the offering proceeds	Total investment costs
Guyan	0	51,965,250	51,965,250
Al Masane	0	59,253,850	59,253,850
Qatan	0	10,453,900	10,453,900
Total	**0**	**121,673,000**	**121,673,000**

Source: The Company

The company's current exploration and mining concessions have several identified mining target areas. These exploration targets were not sufficiently studied to bring to a production stage yet. To bring any exploration target to a stage where a mine design and production schedule can be generated, there are certain methods and steps of geological reconnaissance and exploration.

The first step of an exploration program is mapping, trenching, soil sampling (geochemistry) and geophysics before deciding where to drill. Diamond drilling is comparatively more expensive than other exploration activities, therefore cheaper and quicker methods must be deployed first to narrow down the drilling targets in large areas of potential targets.

Once the reconnaissance results identify a geological/chemical anomaly concentrated in one particular area, diamond drilling commences. Depending on the geological setting and geometry and accessibility of the target mineralization, the total meters to be drill to further define the mineralization can range widely a thousand meters to more than 10,000 meters of diamond drilling.

After an orebody is discovered and outlined from the mineralization, a second and third drilling program is initiated to generate a first resource statement which is used to assess the quantity and quality of target deposit. However, this first resource statement in preliminary in nature and will not require data necessary to define JORC Code compliant Mineral Resource, which is necessary to support an investment decision to develop the deposit into a mine. Generally more than half of the identified Mineral Resources must be at the Indicated and Measured categories, to support a decision to proceed with a mine design and implementation of production scheduling studies. This requires more infill drilling from which more accurate information is collected regarding the quality, metallurgy, geotechnical aspects of the engineering studies.

The following table shows the timing of the disbursement of the amounts allocated from the Offering proceeds to all Exploration projects per yearly quarters:

Table (8-6): Timetable for the disbursement of the amounts allocated for all Exploration Projects from the offering proceeds during the period 2022G – 2027G (in SAR):

Cost Items - 2022	Q1	Q2	Q3	Q4
Diamond Drilling	2,013,750	2,621,250	2,756,250	2,778,750
Other cost (map, trench, sample essay, Geophysics, and Consulting)	535,875	491,625	505,125	822,375
Total Cost – 2022	**2,549,625**	**3,112,875**	**3,261,375**	**3,601,125**
Cost Items – 2023	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	4,477,500	4,477,500	4,477,500	4,477,500
Other cost (map, trench, sample essay, Geophysics, and Consulting)	698,550	593,550	1,171,050	1,351,050
Total Cost – 2023	**5,176,050**	**5,071,050**	**5,648,550**	**5,828,550**
Cost Items – 2024	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	4,972,500	4,972,500	5,085,000	4,972,500
Other cost (map, trench, sample essay, Geophysics, and Consulting)	567,450	567,450	1,698,700	1,367,450
Total Cost – 2024	**5,539,950**	**5,539,950**	**6,783,700**	**6,339,950**
Cost Items – 2025	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	5,265,000	5,310,000	5,377,500	5,377,500
Other cost (map, trench, sample essay, Geophysics, and Consulting)	553,500	558,000	564,750	1,364,750
Total Cost – 2025	**5,818,500**	**5,868,000**	**5,942,250**	**6,742,250**
Cost Items – 2026	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	4,612,500	4,680,000	4,770,000	4,770,000
Other cost (map, trench, sample essay, Geophysics, and Consulting)	461,250	468,000	477,000	1,077,000
Total Cost – 2026	**5,073,750**	**5,148,000**	**5,247,000**	**5,847,000**
Cost Items – 2027	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	3,870,000	3,915,000	3,825,000	3,825,000
Other cost (map, trench, sample essay, Geophysics, and Consulting)	375,750	380,250	371,250	971,250
Total Cost – 2027	**4,245,750**	**4,295,250**	**4,196,250**	**4,796,250**

Table (8-7): Timetable for the disbursement of the amounts allocated from the offering proceeds for the period (2022-2027) to the Exploration projects – Al Masane (SAR):

Cost Items - 2022	Q1	Q2	Q3	Q4
Diamond Drilling	900,000	1,237,500	1,350,000	1,350,000
Other cost (map, trench, sample essay, Geophysics, and Consulting)	171,000	204,750	216,000	226,000
Total Cost – 2022	**1,071,000**	**1,442,250**	**1,566,000**	**1,776,000**
Cost Items – 2023	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	2,362,500	2,362,500	2,362,500	2,362,500
Other cost (map, trench, sample essay, Geophysics, and Consulting)	301,050	301,050	458,550	658,550
Total Cost – 2023	**2,663,550**	**2,663,550**	**2,821,050**	**3,021,050**
Cost Items – 2024	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	2,632,500	2,632,500	2,677,500	2,565,000
Other cost (map, trench, sample essay, Geophysics, and Consulting)	284,850	284,850	394,350	478,100
Total Cost – 2024	**2,917,350**	**2,917,350**	**3,071,850**	**3,043,100**
Cost Items – 2025	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	2,812,500	2,812,500	2,812,500	2,812,500
Other cost (map, trench, sample essay, Geophysics, and Consulting)	281,250	281,250	281,250	281,250
Total Cost – 2025	**3,093,750**	**3,093,750**	**3,093,750**	**3,093,750**
Cost Items – 2026	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	2,070,000	2,092,500	2,137,500	2,137,500
Other cost (map, trench, sample essay, Geophysics, and Consulting)	207,000	209,250	213,750	413,750
Total Cost – 2026	**2,277,000**	**2,301,750**	**2,351,250**	**2,351,250**
Cost Items – 2027	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	1,822,500	1,822,500	1,845,000	1,845,000
Other cost (map, trench, sample essay, Geophysics, and Consulting)	171,000	171,000	173,250	373,250
Total Cost - 2027	**1,993,500**	**1,993,500**	**2,018,250**	**2,018,250**

Table (8-8): Timetable for the disbursement of the amounts allocated from the offering proceeds, for the period (2022-2027), to the Exploration projects – Qatan (SAR)

Cost Items - 2022	Q1	Q2	Q3	Q4
Diamond Drilling	112,500	112,500	135,000	135,000
Other cost (map, trench, sample essay, Geophysics, and Consulting)	78,750	78,750	81,000	186,000
Total Cost – 2022	**191,250**	**191,250**	**216,000**	**321,000**
Cost Items – 2023	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	225,000	225,000	225,000	225,000
Other cost (map, trench, sample essay, Geophysics, and Consulting)	54,900	54,900	264,900	254,900
Total Cost – 2023	**279,900**	**279,900**	**489,900**	**479,900**
Cost Items – 2024	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	382,500	382,500	405,000	405,000
Other cost (map, trench, sample essay, Geophysics, and Consulting)	54,450	54,450	266,700	256,700
Total Cost – 2024	**436,950**	**436,950**	**671,700**	**661,700**
Cost Items – 2025	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	405,000	405,000	450,000	450,000
Other cost (map, trench, sample essay, Geophysics, and Consulting)	40,500	40,500	45,000	245,000
Total Cost – 2025	**445,500**	**445,500**	**495,000**	**695,000**
Cost Items – 2026	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	517,500	517,500	540,000	540,000
Other cost (map, trench, sample essay, Geophysics, and Consulting)	51,750	51,750	54,000	254,000
Total Cost – 2026	569,250	569,250	594,000	794,000
Cost Items – 2027	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	292,500	292,500	157,500	157,500
Other cost (map, trench, sample essay, Geophysics, and Consulting)	29,250	29,250	15,750	215,750
Total Cost – 2027	**321,750**	**321,750**	**173,250**	**373,250**

Table (8-9): Timetable for the disbursement of the amounts allocated from the offering proceeds, for the period (2022-2027), to the Exploration Projects – Guyan Mine (SAR)

Cost Items - 2022	Q1	Q2	Q3	Q4
Diamond Drilling	1,001,250	1,271,250	1,271,250	1,293,750
Other cost (map, trench, sample essay, Geophysics, and Consulting)	286,125	208,125	208,125	210,375
Total Cost – 2022	**1,287,375**	**1,479,375**	**1,479,375**	**1,504,125**
Cost Items – 2023	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	1,890,000	1,890,000	1,890,000	1,890,000
Other cost (map, trench, sample essay, Geophysics, and Consulting)	342,600	237,600	447,600	437,600
Total Cost – 2023	**2,232,600**	**2,127,600**	**2,337,600**	**2,327,600**
Cost Items – 2024	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	1,957,500	1,957,500	2,002,500	2,002,500
Other cost (map, trench, sample essay, Geophysics, and Consulting)	228,150	228,150	1,037,650	632,650
Total Cost – 2024	2,185,650	2,185,650	3,040,150	2,635,150
Cost Items – 2025	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	2,047,500	2,092,500	2,115,000	2,115,000
Other cost (map, trench, sample essay, Geophysics, and Consulting)	231,750	236,250	238,500	638,500
Total Cost – 2025	**2,279,250**	**2,328,750**	**2,353,500**	**2,753,500**
Cost Items – 2026	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	2,025,000	2,070,000	2,092,500	2,092,500
Other cost (map, trench, sample essay, Geophysics, and Consulting)	202,500	207,000	209,250	409,250
Total Cost – 2026	**2,227,500**	**2,277,000**	**2,301,750**	**2,501,750**
Cost Items – 2027	**Q1**	**Q2**	**Q3**	**Q4**
Diamond Drilling	1,755,000	1,800,000	1,822,500	1,822,500
Other cost (map, trench, sample essay, Geophysics, and Consulting)	175,500	180,000	182,250	382,250
Total Cost – 2027	**1,930,500**	**1,980,000**	**2,004,750**	**2,204,750**

The Company's Board acknowledges that it has adopted the procedures that will ensure that the Offering proceeds under this prospectus are not used for any purpose other than those stated therein. These procedures include the following:

- The obligation to use the Offering proceeds for the purposes described in the Prospectus.
- Deposit the net Offering proceeds into an independent bank account to be disbursed in accordance with the expenditure plans of the Company's projects referred to in this Prospectus, and send a quarterly report to the Board of Directors.
- Instruct the Audit Committee to periodically review the details of the use of the Offering proceeds, discuss the quarterly report with the management of the Company and submit a report to the Board of Directors regarding any violations or deviations, if any.
- Obtain the approval of the General Assembly in the event of any variations that may lead to changing the plan of using the Offering proceeds as described in this section, and notify the CMA accordingly.

The Company shall immediately inform the public of any deviations in the expenditure from the Offering proceeds in relation to the plan described in Section 8 ("**Use of Offering Proceeds**") of this Prospectus.

9. Capitalization and Indebtedness of the Company

Prior to the Offering, the Selling Shareholders owned the entire share capital of the Company and, following the completion of the Offering, the Selling Shareholders, collectively, will own 70% of the share capital of the Company.

The table below sets out the capitalization of the Company as derived from the audited financial statements for the fiscal years ending 31 December 2018G, 31 December 2019G, 31 December 2020G, and the reviewed financial statements for the three-month and six-month periods ended 30 June 2021G. The following table should be read in conjunction with the relevant financial statements, including the notes thereto set out herein in Section 21 ("**Financial Statements and Auditors Reports**").

Table (9-1): Capitalization and Indebtedness of the Company

SAR	31 December 2018G	31 December 2019G	31 December 2020G	30 June 2021G
Total Loans	295,927,159	318,647,472	393,117,871	352,678,099
Share Capital	820,000,000	820,000,000	820,000,000	467,000,000
Treasury Shares	0	74,713,350	131,808,900	(19,441,401)
Statutory Reserve	1,742,535	4,427,449	4,427,449	4,427,449
Accumulated Retained Earnings (Loss)	(352,262,829)	(328,200,241)	(240,632,501)	92,213,721
Total Equity	469,479,706	421,513,858	451,986,048	544,199,769
Total Capitalization (Total Loans + Total Equity)	765,406,865	740,161,330	845,103,919	896,877,868
Total Loans / Total Capitalization	38.66%	43.05%	46.52%	39.32%

Source: The Company

As at the date of this Prospectus, the Directors confirm that:

a- none of the shares of the Company is under option;

b- the Company does not have any debt instruments;

c- the Company's existing cash balances and cash flows will be sufficient to meet its anticipated cash needs for working capital and capital expenditure for at least 12 months following the date of this Prospectus; and

d- there are no encumbrances, mortgages, rights or burdens on Company property.

10. Experts Statements

As at the date of this Prospectus, the Advisors listed on pages (viii) and (ix) have given and not withdrawn their written consent to the publication of their names, addresses, logos and statements attributed to them in this Prospectus as presented herein. Neither they nor any of their employees (forming part of the team serving the Company), or relatives have any shareholding or interest of any kind in the Company as at the date of this Prospectus, which would impair their independence.

11. Declarations

The Directors declare that:

1- The Offering and Listing do not constitute a breach of the relevant laws and regulations in the Kingdom of Saudi Arabia.

2- The Offering and Listing do not constitute a breach of any contract/agreement entered into by the Company.

3- All material legal issues concerning the Company have been disclosed in the Prospectus.

4- The Company is not subject to any claims, litigious cases or any other type of legal proceedings that could have a material effect on the business of the Company or its financial position.

5- The Company's Directors are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business or financial position of the Company.

6- Except as described in Section 5.6 ("**Conflict of Interest**") and 13.6 ("**Transactions and Contracts with Related Parties**"), none of the Directors, Executive Management officials, Secretary, or any of their relatives or affiliates has any shares or interests of any kind in the Company, which would impair the business of the Company. Moreover, the Company may not provide a cash loan of any kind to the Directors or guarantee any loan obtained by one of them.

7- Except as described in Section 5.6 ("**Conflict of Interest**") and 13.6 ("**Transactions and Contracts with Related Parties**"), none of the Directors, Senior Executives, the Secretary or any of their relatives or affiliates have any interest in any existing written or oral contracts, arrangements or agreements under consideration or to be concluded with the Company.

8- Except as described in Section 5.6 ("**Conflict of Interest**") and 13.6 ("**Transactions and Contracts with Related Parties**"), there is no conflict of interest related to the Directors in respect of the contracts or transactions entered into by the Company, as at the date of the Prospectus.

9- Except as disclosed in Section 4.6 ("**Corporate Overview of the Company and Evolution of its Capital**", Section 5.1 ("**Board Members and Secretary**"), Section 5.6 ("**Conflict of Interest**") and 13.6 ("**Transactions and Contracts with Related Parties**") of this Prospectus, neither the Directors nor any of their relatives or affiliates have any shares or interest of any kind in the Company up to the date of this Prospectus.

10- The Company prepares its interim and annual financial statements, using its appropriate regulations and policies, in accordance with IFRS-KSA, in the deadlines specified under OSCOs. The Company prepares all other financial and non-financial reports, using its appropriate regulations and policies, as required by, and in the deadlines specified under, OSCOs.

11- The Company has working capital sufficient for at least twelve (12) months immediately following the date of publication of this Prospectus.

12- Except as disclosed in Section 13.7 ("**Credit Facilities and Loans**"), the Company has not issued any debt instruments, or received any term or other types of loans or any outstanding loans or debts (including bank overdrafts, liabilities under acceptance, acceptance credits or purchase commitments).

13- There is no intention to materially change the nature of the Company's activities. There has been no interruption in the business of the Company, which may have or have had a significant effect on the financial position in the last twelve (12) months prior to the date of the Prospectus.

14- No commissions, discounts, brokerages or other non-cash compensations were granted by the Company within the three (3) years immediately preceding the application for admission and offer of securities in connection with the issue or offer of any securities.

15- There has been no material adverse change in the financial or trading position of the Company in the three years immediately preceding the date of filing the application for admission and offer of securities, subject of this Prospectus, and during the period from the end of the period covered by the Auditor's report to the date of this Prospectus.

16- Appropriate internal control systems have been put into place including a written policy to regulate conflicts of interest and address any possible cases of conflict, which include the misuse of the Company's assets and abuse resulting from transactions with Related Parties. In addition to ensuring sound financial and operational systems and appropriate control systems for management of potential risks are in place, as required under Article 22 of Corporate Governance Regulations. The Directors also annually review the internal control procedures of the Company.

17- The Company's audited financial statements for the fiscal year ended 31 December 2018G, the audited financial statements for the fiscal year ended 31 December 2019G, audited financial statements for the fiscal year ended 31 December 2020G, and the reviewed financial statements for the three-month and six-month periods ended 30 June 2021G have been prepared in accordance with IFRS-KSA.

18- None of the Directors or the CEO will vote on General Assembly resolutions that relate to any transaction or contract in which the Directors or the CEO have a direct or indirect interest.

19- As at the date of this Prospectus, there are no current objections or disputes from the Zakat Authority.

20- They have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws and regulations, including Companies Law, Capital Market Law and its implementing regulations, Rules on the Offer of securities and Continuing Obligations and Listing Rules.

21- Except as disclosed in Section 13.7 ("**Credit Facilities and Loans**"), there is no pledge, mortgage or financial encumbrance on any of the assets of the Company.

22- There have not been any employee share schemes that would involve employees in the Company's capital, and no other similar arrangements are in place.

23- The Directors may not have any direct or indirect interest in the transactions and contracts of the Company except with the permission of the General Assembly.

24- The Directors will notify the Board of Directors of any direct or indirect interest they have in the transactions and contracts entered into by the Company, and this notification will be recorded in the minutes of the Board of Directors meeting.

25- The Company has not adopted any research and development policies.

26- None of the shares of the Company are under option as at the date of this Prospectus.

27- They have not at any time been declared bankrupt or been subject to bankruptcy proceedings.

28- None of the companies in which any of the Directors, Senior Executives or Secretary were employed in a managerial or supervisory capacity, were declared insolvent or bankrupt during the past 5 years preceding the date of this Prospectus.

29- No powers exist giving any of the Directors the right to borrow money from the Company.

The Directors declare that they comply with the provisions of Articles 71, 72, 73, 74 and 75 of the Companies' Law and Article 46 of the Corporate Governance Regulations with respect to contracts with related parties as follows:

30- All transactions entered into by the Company with Related Parties shall be entered into on a commercial basis and all works and contracts with Related Parties shall be subject to vote in meetings of the Board of Directors, and if required by the Law, the Ordinary General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the Ordinary General Assembly.

31- The members of the Board of Directors thus declare that they have not participated, jointly or severally, in any activities similar or competitive with the activities of the Company. The Directors further undertake to fulfil the requirements of the Companies' Law.

32- Neither the Directors nor any of its Senior Executives shall obtain a loan from the Company, and the Company shall not guarantee any loan entered into by a Director.

In addition to the declarations described above, the Directors and the CEO declare that:

33- The Directors and CEO shall not have the right to vote on decisions relating to their fees and remuneration.

The Directors also declare that:

34- The control, accounting and IT systems of the Company are sufficient and adequate.

35- Third party information and data included in this Prospectus, including the information derived from the market study report prepared by the Market Study Consultant, is reliable and there is no reason for the Company to believe that such information is inaccurate.

36- All terms and conditions that could affect the decision of Investors to subscribe for the Company's shares have been disclosed.

37- The Company currently has no intention to sign any new contracts with any Related Parties, except for the renewal of contracts with the Related Parties that have been previously concluded and referred to in this Prospectus. In the case that the Company wishes to sign new contracts with Related Parties in the future, the Company shall adhere to Articles 71, 72, 73, 74 and 75 of the Companies' Law and Article 46 of the Corporate Governance Regulations.

38- As at the date of this Prospectus, the Shareholders whose names are listed in Table 5-1 ("**Ownership in the Company pre and post Offering**") of this Prospectus are the legal owners of the shares. The Board of Directors declares that the Shareholding Structure complies with Foreign Investment Law.

39- All increases in the capital of the Company are in compliance with the laws and regulations applicable in the Kingdom of Saudi Arabia.

40- The Company does not have any securities (contractual or otherwise) or any assets that are subject to fluctuation, which would adversely and materially affect the balance sheet.

41- Except as disclosed in Section 2 ("**Risk Factors**"), the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (directly or indirectly) its operations.

42- Except as disclosed in Section 2 ("**Risk Factors**"), the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company's operations or financial position.

43- The Company has insurance policies with sufficient insurance coverage to carry out its activities. The Company renews its respective insurance policies regularly to ensure continued insurance coverage and the Company took all reasonable security measures as per applicable industry practices.

44- All agreements which the Company considers to be material or important or which have an impact on a Subscriber's decision to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed.

45- Except as disclosed in Section 2 ("**Risk Factors**"), and to the best of their knowledge and belief, there are no other material risks that may affect prospective investors' decision to invest in the Offer Shares.

46- As at the date of this Prospectus, the Company has obtained all necessary licenses and permits to carry out its business activities.

47- The Company is not party to any disputes, claims, lawsuits or outstanding investigation proceedings that may have a material impact on the Company's business or financial position.

48- Except as disclosed in Section 13.7 ("**Credit Facilities and Loans**"), the Company has not obtained any term or other types of material outstanding loans or debts (including bank overdrafts, liabilities under acceptance, acceptance credits or purchase commitments).

49- The financial information contained in this Prospectus has been derived from the audited financial statements for the fiscal years ending 31 December 2018G, 2019G, 2020G, and reviewed financial statements for the period Ended 30 June 2021G, and no material amendments have been made thereto except for rounding.

50- Except as disclosed in Section 2.1.19 ("**Risks associated with Financing Documents**") and Section 13.7 ("**Credit Facilities and Loans**"), all necessary approvals have been obtained from lenders to offer 30% of the Company shares in order for the Company to be a public joint stock company.

51- The Company is in compliance with all terms and conditions under the agreements with lenders granting loans, facilities and financing.

52- They will record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors.

53- They will disclose the details of any Related Party transactions in accordance with the Companies' Law and the Corporate Governance Regulations.

54- They comply with Articles 71, 72, 73 of the Companies' Law, and Chapter VI of Part III of the Corporate Governance Regulations.

12. Overview of the Mining and Environmental Regulatory Framework in the Kingdom

12.1 Mining Investment Laws and Regulations

Mining regulation in Saudi Arabia and the Mining Investment Law

- Mining operations in Saudi Arabia were originally regulated by the Mining Law issued under the Royal Decree No. M/21 dated 20/05/1392H (corresponding to 2 July 1972G) (the "**Original Mining Law**").
- The Original Mining Law was replaced by the Mining Investment Law, promulgated under the Royal Decree No. (M/47) dated 20/08/1425H (corresponding to 5 October 2004G) (the "**Old Mining Investment Law**"). The Old Mining Investment Law superseded the Original Mining Law and rights in force prior to the effective date of the Old Mining Investment Law continued to be valid, provided that the financial provisions under the Old Mining Investment Law and its Regulations applies to the owners of such rights.
- On 19/10/1441H (corresponding to 11 June 2020G) a new Mining Investment Law (the "**New Mining Investment Law**") and Implementing Regulations (the "**Regulations**") were enacted pursuant to Royal Decree M/140. The New Mining Investment Law and its Regulations came into force on 21/04/1442H (corresponding to 6 December 2020G), and replaced the Old Mining Investment Law, superseding all contrary provisions. The New Mining Investment Law provides that rights arising under the Old Mining Investment Law remain valid if granted prior the effective date of the New Mining Investment Law. However, the financial provisions prescribed under the New Mining Investment Law and its Regulations will be applicable to the holders of such rights.

Regulatory Bodies

The Ministry of Petroleum and Mineral Resources was the competent governmental authority with respect to mining activities at the time the Company's Mining Licenses were granted. On 29/12/1440H (corresponding to 30 August 2019G) Royal Decree No. A/472 was issued, dividing the Ministry of Petroleum and Mineral Resources into two separate ministries: (i) the Ministry of Industry and Mineral Resources (the "**MoIMR**"); and (ii) the Ministry of Energy.

The New Mining Investment Law provides that the MoIMR shall be responsible for the implementation and enforcement of the New Mining Investment Law. MoIMR's responsibilities include: issuing the forms, procedures and directives required to implement the New Mining Investment Law; setting and implementing policies for the mining sector in Saudi Arabia; establishing the conditions for each type of license; setting the amounts of site rentals and fees for licenses; and overseeing and monitoring the activities of licensees. The MoIMR is authorized to delegate any of its responsibilities to the Saudi Geological Survey or other entities established by the MoIMR.

Licenses

Under the New Mining Investment Law, all minerals are the exclusive property of the Kingdom of Saudi Arabia. Title to minerals only transfers to a licensee upon extraction from the relevant License Site in accordance with the terms of a valid license. A person may only undertake reconnaissance, exploration or exploitation activities in accordance with the terms of a license authorizing the relevant activity.

The detailed processes, procedures and requirements for license applications are set out in the Regulations. Applications for licenses must be in the prescribed form and include the required information. The requirements depend on the type of license applied for, but in all circumstances, the applicant must prove they have the necessary technical expertise and financial resources to fund the proposed activities. As discussed further below, when issuing licenses the MoIMR must also ensure that an applicant complies with any applicable environmental laws and regulations.

Exploration and Exploitation Licenses may be transferred by the current license holder to parties with the experience, technical expertise and financial resources to fulfil the obligations of the license, provided that an Exploration License cannot be transferred for a year after issuance. Rights under Exploration and Exploitation Licenses may also be mortgaged, provided that the MoIMR is notified and provided with certain information relating to the mortgage and that the pledge must be recorded in the Licenses Register.

Types of Licenses

Under the New Mining Investment Law, rights may be granted under a Reconnaissance License, Exploration License or Exploitation License.

The types of licenses available vary depending on the types of minerals the applicant wishes to exploit. The New Mining Investment Law sets out three categories of minerals as follows:

- Class A Minerals - metallic minerals, precious and semi-precious stones and ores requiring advanced processing.
- Class B Minerals - non-metallic and industrial minerals and raw materials.
- Class C Minerals - construction materials.

An Exploitation License may be granted in the form of a Mining License (available for Class A and B Minerals only), Small Mine License (available for Class A and B Minerals only), Construction Material and Quarry License (available for Class C Minerals only), or General Purpose License. A General Purpose License allows the licensee to establish facilities or use lands outside of the relevant license site to achieve the purpose of an Exploitation License.

Reconnaissance License

A Reconnaissance License provides its holder with a non-exclusive right to survey and explore the relevant site. Reconnaissance Licenses are issued for an initial period of two years, and may be renewed for an additional two-year period.

The license does not grant the licensee the right to undertake excavation, construct permanent installations or produce minerals for use or sale. Further, a Reconnaissance License does not confer any preferential or other right to seek the issuance of any other license. The grant of a Reconnaissance License over a certain area does not preclude the MoIMR from granting another license covering the same area to another party.

Exploration License

An Exploration License provides the licensee with exclusive rights over the licensed site to take samples to determine the presence of the minerals covered by the license, and establish camps and facilities to store and protect the machinery and equipment used for exploration in the licensed area. An Exploration Licensee must obtain the MoIMR's approval to use, dispose of or transfer outside the Kingdom any minerals extracted during exploration activities.

An Exploration License for Class A and B Minerals may be issued for an area not exceeding 100 km^2 and for a maximum period of five years, and is renewable for successive periods not exceeding five years each, provided the original license period and any renewals do not exceed fifteen years in total. For Class C Minerals, an exploration license may be issued for an area not exceeding five km^2 and for a period not exceeding one non-renewable year.

Exploration License holders have the exclusive right to apply for an Exploitation License in relation to the license site with respect to the minerals stated in the Exploration License. Exploration Licenses are subject to certain minimum annual expenditure requirements set out in the Regulations.

Exploitation Licenses

An exploitation license grants the holder (among other things and subject to the terms and conditions of the exploitation license), the exclusive right to produce and exploit licensed minerals at the license site, export and sell those minerals and construct, operate and maintain mines and supporting infrastructure in the license area (including utilities and transport infrastructure). As noted above, there are four types of Exploitation Licenses which may be issued - Mining Licenses, Small Mine Licenses, Construction Material and Quarry Licenses, and General Purpose Licenses. Both the Company's main licenses are Mining Licenses.

Mining Licenses are restricted to Class (A) and (B) minerals and may be issued for a maximum of thirty years and are renewable for a period not exceeding an additional thirty years in total. The surface area for a Mining License must not exceed fifty km^2.

A Mining License holder is required by the Regulations to (among other things) undertake all operations using modern technology in order to avoid damage to or wastage of natural resources, to develop pre-production operations as rapidly as possible (having regard to the size of the mineral deposit and prevailing market conditions), to pay the annual rental fee for the license site, to keep the prescribed records, to provide training and job opportunities to Saudi nationals, and to comply with all obligations and requirements set out in the New Mining investment Law and the terms of the Mining License itself.

In addition, a Mining License holder must prepare and submit regular reports to the MoIMR, including quarterly and annual mineral exploitation reports, annual reports on the status of compliance with the environmental and social impact study (or environmental impact management plan, as applicable), the social impact study and the social development of local communities, and the rehabilitation and closure plan.

If a Mining License covers more than one mineral, and the licensee fails to exploit any one mineral, the MoIMR can instruct the licensee to do so. If the licensee fails to begin exploitation within 90 days, the MoIMR can terminate the licensee's rights with respect to that mineral and grant a license to another licensee, provided doing so would not substantially interfere with the operations of the original licensee.

If the licensee discovers other mineral deposits not covered by the license, the licensee can apply to the MoIMR for a Mining License (or other Exploitation License) for such minerals or to amend the current issued license.

A Mining License does not give the licensee the right to possess any part of the licensed area.

Financial Considerations

Holders of Exploitation Licenses for Class A Minerals which are not subject to income tax in the Kingdom or are subject to income tax and Zakat are required to pay an 'Income Tax Equivalent' payment, as set out in the Regulations. Any Zakat due will be debited from this amount.

In addition, all holders of Exploitation Licenses for Class A Minerals (regardless of whether they are subject to income tax), are required to pay a financial consideration equivalent to each ton of raw material produced or a percentage of the net revenue from the activity covered by the license. The financial consideration is exempted for the first five years from the date of granting any license to exploit Class A minerals under the new Mining Investment Law.

Holders of Exploitation Licenses for Class B and C Minerals are required to pay a financial consideration, based on a specified rate per ton of ore produced as set out in the Regulations, in addition to any income tax, Zakat or other fees to relevant authorities. Class B and C Licensee holders who are not subject to income tax are not required to pay an 'income tax equivalent' financial consideration (unlike Class A License holders, as discussed above).

Termination of a License

Licenses (including Mining Licenses) may only be terminated in the following circumstances:

- Delays in the payment of any amount due from the licensee to the state by 180 days.
- The licensee provides the MoIMR with materially incorrect information.
- The licensee fails to comply with its obligations under the New Mining Investment Law, Regulations or its license, within 60 days of being notified to do so;
- The licensee fails to remedy a violation within the rectification period specified in the notice informing it of the violation, or the licensee repeats a violation; and
- The licensee fails to take the necessary action to protect the environment, habitats, archaeological sites or tourist areas within 180 days of receiving the notification from the MoIMR requiring such action.

Upon termination of a license, the MoIMR has broad discretionary power to prevent the licensee from removing certain assets deemed to relate to public welfare, including permanent constructions, power supply plants, water and sewage stations, and raw materials processing, separation and processing units.

The New Mining Investment Law grants the MoIMR broad rights to suspend any activity under a license which may have adverse implications for the safety, security or health of the licensee's employees or other persons, which have inflicted damage to the environment or property, or otherwise cause extreme inconvenience or material damage to any site.

Environmental Protection under the New Mining Investment Law

Requirements for Mining Licenses

The New Mining Investment Law and Regulations establish certain environmental protection requirements in addition to the general requirements applicable under the environmental laws. An applicant for a Mining License must include an Environmental and Social Impact Study and a Rehabilitation and Closure Plan in its application. In addition, applicants must now provide a financial guarantee as security for compliance with the Site Rehabilitation and Closure Plan, in accordance with the Regulations.

Upon receiving the Environmental and Social Impact Study, the MoIMR will provide the environmental authority (currently the Ministry of Environment, Water and Agriculture) with a copy of the Environmental Impact Study for approval. If the environmental authority approves the Environmental Impact Study, it will issue the necessary permits and licenses. If it does not approve the Environmental Impact Study, it will state that the study does not comply with the specified requirements and the applicant will be given time to amend the study to comply with the requirements.

If granted a Mining License, the holder must comply with the requirements stipulated under the environmental permit issued by the environmental authority and the Environmental Management Plan approved as part of the Environmental and Social Impact Study, as well as any additional conditions imposed by the MoIMR or the environmental authority in relation to the environment. The approved Environmental and Social Impact Study shall be valid from the date mentioned in the Mining License.

The licensee must review and update the Environmental Management Plan every five years or at the earlier of:

- Renewal of the environmental permit.
- Renewal of the relevant license, or transfer of its rights to another person.
- Amendment of the work program related to the license.
- Transfer of the majority of the licensee's shares or assets.
- An accident requiring a review of the Environmental Management Plan.
- Review or amendment of the Rehabilitation and Closure Plan.
- A request from the MoIMR to conduct such review in order to mitigate or prevent any adverse environmental impacts.

Environmental Impact Management Plan for Exploration Licenses

An applicant for an Exploration License must submit an Environmental Impact Management Plan with its application. The Regulations specify the minimum contents of the Environmental Impact Management Plan.

12.2 Environmental Laws, Regulations and Compliance

The Environmental Law

Environmental protection in Saudi Arabia is regulated under the Environmental Law (the "**Environmental Law**"), enacted by Royal Decree No. M/165 dated 19/11/1441H (corresponding to 10 July 2020G). The Environmental Law came into force 180 days following its publication in Umm Al Qura on 26/11/1441H (corresponding to 17 July 2020G).

Prior to the enactment of the Environmental Law, the Public Environmental Law, enacted by Royal Decree No. M/34 dated 28/7/1422H (corresponding to 16 October 2001G) regulated environmental protection in Saudi Arabia. Upon enactment, the Environmental Law repealed and replaced the Public Environmental Law.

Article 48 of the Environmental Law provides that the Ministry of Environment, Water and Agriculture's ("**MEWA**") minister shall publish the Implementing Regulations to the Environmental Law during a period not exceeding 180 days from the publication of the Environmental Law. Notably, the MEWA has published several separate Implementing Regulations to the Environmental Law, including the Implementing Regulations for the Environmental Rehabilitation of Degraded Sites and Treatment of Contaminated Sites, the Implementing Regulations for the Prevention and Treatment of Soil Pollution and the Implementing Regulations for Recording Violations and Imposing Penalties.

The Environmental Law operates as a general regulatory framework for the development and enforcement of domestic environmental rules and regulations. The Environmental Law aims to protect, develop and sustain the environment, adhere to environmental principles and regulate the environmental sector and its related activities and services. In accordance with the Environmental Law, no person may engage in any environmental activities or activities with an environmental impact prior to obtaining a permit or license.

Furthermore, the Environmental Law imposes a number of broad obligations on those responsible for executing projects that may have a negative impact on the environment (known as "**Impact Projects**"), including the use of techniques and materials, which are likely to minimize any potential negative impact, use of natural resources in order to develop renewable resources and more efficiently the use of non-renewable resources, recycling resources and designing and operating projects in such a way as to limit the possible negative effects on the environment. Persons undertaking Impact Projects are required to conduct environmental studies.

The Environmental Law reinforces the application of laws that set standards for pollutants from polluting sources or pollutant concentrations in the environment. Any person with a license or permit that may engage in an activity that emits emissions or pollutants must commit to ensuring that all environmental controls and standards are met, implement programs and utilize devices to monitor and control any pollutant or emissions that have an adverse environmental impact, provide the competent authority on a periodic basis with data and reports relating to the emissions or pollutants, and ensure the rehabilitation of the area impacted by the licensee's activities.

Regulatory Bodies

The MEWA is the agency responsible for the application and administration of the Environmental Law. The MEWA is responsible for (among other things), preparing national strategies for the environment sector, and following up on their implementation, and establishing incentives to improve environmental performance, stimulating the transition to environmentally friendly technologies, and using the best available technologies. The MEWA is granted broad discretionary power when issuing or withholding its consent for projects in order to ensure compliance with the Environmental Law.

Pursuant to the Environmental Law, the General Authority for Meteorology and Environmental Protection ("**GAMEP**") and the Saudi Wildlife Authority ("**SWA**") are each responsible for carrying out their own designated competencies.

Notably, GAMEP and SWA have been dissolved by virtue of Council of Ministers' resolution No. 417 dated 23/07/1440H (corresponding to 30 March 2019G), and are to be replaced by the National Center of Meteorology, the National Center for Environmental Compliance, the National Center for Wildlife and the National Center for the Development of Vegetation Cover and Desertification. However, GAMEP and SWA will resume their activities until these entities are duly established.

Compliance Measures and Penalties under the Environmental Law

Without prejudice to more severe penalties stipulated in other laws, any violator of the Environmental Law shall be subject to one or more of the following penalties:

- a fine not exceeding twenty million riyals (SAR 20,000,000);
- suspension of the applicable license or permit for a period not exceeding six months; and / or
- cancellation of the applicable license or permit.

The MEWA Minister, in coordination with the competent authority, shall issue classification tables with respect to violations specifying the penalties within the limits stipulated in the Environmental Law, taking into account the nature and gravity of each violation, and the aggravating and mitigating circumstances. As of the date of this Prospectus, the MEWA Minister has not issued violation classification tables.

Committees formed by a decision of the MEWA minister, are responsible for examining violations of the Environmental Law, imposing the abovementioned penalties and considering the objections submitted by the concerned parties in relation to the fines imposed by the competent authority

The MEWA minister or the chairperson of the board of directors of the competent authority must approve committee decisions imposing a fine exceeding five million riyals, or revoking a license or permit.

The committees are granted the authority to:

- impose a fine for each day that the violator continues their violation;
- increase the penalties mentioned in subgraphs (i) and (ii) above twofold - in the case of a repeated violation within one year from the date on which the previous penalty decision becomes final;
- publish, at the violators expense, a summary of the violation in a local newspaper or publish said summary in any other appropriate means; and / or
- request the competent court to confiscate the items subject of the violation.

Penalties consisting of imprisonment for a period not exceeding ten years and / or a fine not exceeding thirty million riyals (SAR 30,000,000) may be imposed in the following cases:

- disposing, draining, or injecting wastewater or any other - untreated - liquid components in boreholes, in any environmental medium, or in any area of rockslides of aquifers for whatever reason;
- disposing or draining any pollutants resulting from ballast, cargo residues, wastes, and liquid components, and the dissolution of anti-adhesion materials, via sea transport means;
- disposing of hazardous waste in the environment;
- trading, killing or hunting endangered wildlife and their derivatives and products; and
- committing, for the second time and beyond - within a period of one year of committing it for the previous time - any of the following acts:
  - cutting down trees, shrubs, herbs, or plants, uprooting them, moving them, stripping them of their bark, leaves or any part of them, or moving or bulldozing their soil, or trading in them;
  - killing animal wildlife in violation of the provisions of the Environmental Law.

Violators of the Environmental Law are required to remove the outcomes of their violation, implement the necessary rehabilitations and pay compensations.

13. Legal Information

13.1 Declarations Related to Legal Information

The Board of Directors declare that:

- The Offering does not violate the applicable laws and regulations in the Kingdom.
- The Offering does not prejudice any contracts or agreements, which the Company is a party thereof.
- All material legal information relating to the Company has been disclosed in the Prospectus.
- The Company is not involved in any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business or financial position of the Company.
- Directors are not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business or financial position of the Company.
- The members of the Board of Directors and Senior Executives acknowledge that they did not jointly or severally participate in activities similar or competing with those of the Company, and pledge to abide by the requirements of the Companies' Law.

It should be noted that all information set forth in this Section conforms to the provisions of the Company's Bylaws, as applicable, as well as and any other relevant document submitted to the Capital Market Authority.

13.2 The Company

Al Masane Al Kobra Mining Company is a Saudi Closed joint-stock company established pursuant to ministerial resolution number No. Q/247 dated 09/10/1428H (corresponding to 21 October 2007G), with Commercial Register No. 5950017523 dated 03/11/1431H (corresponding to 11 October 2010G).

On 21/07/1435H (corresponding to 20 May 2014G), the Company's head office was moved from Jeddah to Najran. Accordingly, the Najran Commercial Register No. 5950017523 dated 03/11/1431H (corresponding to 11 October 2010G) was modified to be the main Commercial Register. The Company's head office is located at Thar, Najran. The Company's current capital amounts to Five Hundred Sixty-Three Million Two Hundred Eighty-Eight Thousand Six Hundred Fifty Saudi Riyals (SAR 563,288,650), divided into Fifty-Six Million Three Hundred Twenty-Eight Thousand Eight Hundred Sixty-Five (56,328,865) Ordinary Shares with a nominal value of Ten Saudi Riyals (SAR 10) per Share.

For further details, please refer to Section 4.1 ("**Overview of the Company and its Business Activities**").

13.3 Shareholding Structure

The following table shows the Company's shareholding structure before and after the Offering.

Table (13-1): Company's Shareholding Structure Before and After the Offering

No.	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Par Value (SAR)	Ownership Percentage	No. of Shares	Par Value (SAR)	Ownership Percentage
1.	Arab Mining Company (ARMICO)	11,526,049	115,260,490	20.46%	9,398,371	93,983,710	14.24%
2.	Asas Mining Company	11,080,674	110,806,740	19.67%	9,035,210	90,352,100	13.69%
3.	Prince Meshal Bin Saud Bin Abdulaziz Al Saud	4,958,771	49,587,710	8.80%	4,043,395	40,433,950	6.13%
4.	National Lead Smelting Company (Rassas)	4,916,416	49,164,160	8.73%	4,008,858	40,088,580	6.07%
5.	Mohammed Mana Aballala	4,691,441	46,914,410	8.33%	3,825,413	38,254,130	5.80%
6.	Arab Mining Company-Fujairah	2,973,984	29,739,840	5.28%	2,424,994	24,249,940	3.67%

No.	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Par Value (SAR)	Ownership Percentage	No. of Shares	Par Value (SAR)	Ownership Percentage
7.	Wadha Bint Hussein Bin Jaber Nasseb	2,203,064	22,030,640	3.91%	1,796,384	17,963,840	2.72%
8.	Ibrahim Bin Ali Bin Hussein Bin Musallam	1,460,404	14,604,040	2.59%	1,190,817	11,908,170	1.80%
9.	Majed Bin Ali Bin Hussein Bin Musallam	1,286,750	12,867,500	2.28%	1,049,219	10,492,190	1.59%
10.	Al Shair Co. for Trading Industry & Contracting	1,191,071	11,910,710	2.11%	971,202	9,712,020	1.47%
11.	Ayman Bin Abdulrahman AlShibl	1,149,451	11,494,510	2.04%	937,265	9,372,650	1.42%
12.	Khalid Bin Ali Bin Omar Babtain	1,097,002	10,970,020	1.95%	894,498	8,944,980	1.36%
13.	Badr Bin Mana Bin Sultan Aballala	844,330	8,443,300	1.50%	688,469	6,884,690	1.04%
14.	Dalal Bint Ali Bin Hussein Bin Musallam	698,026	6,980,260	1.24%	569,172	5,691,720	0.86%
15.	Warif Investments LLC	669,147	6,691,470	1.19%	545,624	5,456,240	0.83%
16.	Lama Bint Ali Bin Musallam	558,420	5,584,200	0.99%	455,337	4,553,370	0.69%
17.	Abdulmohsen Bin Abdulrahman Bin Saleh Al Mohaisen	509,788	5,097,880	0.91%	415,682	4,156,820	0.63%
18.	Abdulaziz Bin Ali Bin Musallam	418,815	4,188,150	0.74%	341,503	3,415,030	0.52%
19.	Abdulsalam Bin Abdullah Bin Abdulaziz Draibi	371,748	3,717,480	0.66%	303,124	3,031,240	0.46%
20.	Nasser Bin Ali Bin Ahmad Mansour AlSharif	371,748	3,717,480	0.66%	303,124	3,031,240	0.46%
21.	Savas Sahin[17]	237,920	2,379,200	0.42%	194,001	1,940,010	0.29%
22.	Raydah Bint Hamel Bin Hamad AlYami	223,049	2,230,490	0.40%	181,875	1,818,750	0.28%
23.	Salem Bin Ali Bin Salem Bajandouh	195,798	1,957,980	0.35%	159,654	1,596,540	0.24%
24.	Abdulilah Bin Othman Bin Nasser AlSaleh	148,700	1,487,000	0.26%	121,250	1,212,500	0.18%
25.	Noura Bint Ali Bin Musallam	139,605	1,396,050	0.25%	113,834	1,138,340	0.17%
26.	Fatima Bint Ali Bin Musallam	139,605	1,396,050	0.25%	113,834	1,138,340	0.17%
27.	Abdullah Bin Mohamed Bin Hussein Bin Musallam	116,048	1,160,480	0.21%	94,626	946,260	0.14%
28.	Talal Bin Mohamed Bin Hussein Bin Musallam	116,048	1,160,480	0.21%	94,626	946,260	0.14%
29.	Nawal Bint Ali Bin Musallam	92,937	929,370	0.16%	75,781	757,810	0.11%
30.	Hassan Bin Ali AlSairafi	90,936	909,360	0.16%	74,149	741,490	0.11%

17 For further information on the shares of Savas Sahin, please refer to Section 4.6 (Corporate Overview of the Company and Evolution of its Capital)

No.	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Par Value (SAR)	Ownership Percentage	No. of Shares	Par Value (SAR)	Ownership Percentage
31.	Mesfer Salem AlWisamer	89,219	892,190	0.16%	72,749	727,490	0.11%
32.	Abdullah Bin Ali Bin Mohamed Al Moshaigeh	75,458	754,580	0.13%	61,529	615,290	0.09%
33.	Salman Bin Abdulaziz Bin Saad Bin Shehween	74,349	743,490	0.13%	60,624	606,240	0.09%
34.	Yasser Bin Faisal Bin Yahya AlSharif	48,327	483,270	0.09%	39,406	394,060	0.06%
35.	Jaber Bin Abdullah Bin Jaber Al-Yami	37,890	378,900	0.07%	30,896	308,960	0.05%
36.	Lila Bint Abdullah Bin Ali Al-Moshaikah	18,587	185,870	0.03%	15,156	151,560	0.02%
37.	Ali Bin Mansour Bin Yahya Bidi	15,156	151,560	0.03%	12,358	123,580	0.02%
38.	Ahmad Bin Abdullah Bin Sulaiman AlSulaiman	8,857	88,570	0.02%	7,222	72,220	0.01%
39.	Hajir Bint Abdullah Bin Ali Al-Moshaikah	7,435	74,350	0.01%	6,063	60,630	0.01%
40.	Meryam Bint Abdullah Bin Ali Al-Moshaikah	7,435	74,350	0.01%	6,063	60,630	0.01%
41.	Lana Bint Ahmad Bin Abdullah AlSulaiman	5,877	58,770	0.01%	4,792	47,920	0.01%
42.	Anas Bin Sulaiman Bin Salem Hafiz	3,680	36,800	0.01%	3,001	30,010	0.00%
43.	Treasury Shares	1,458,850	14,588,500	2.59%	1,458,850	14,588,500	2.21%
44.	Public	-	-	-	19,800,000	198,000,000	30.00%
	Total	**56,328,865**	**563,288,650**	**100.00%**	**66,000,000**	**660,000,000**	**100.00%**

Source: The Company

Details regarding the ownership of each shareholder have been provided in Section 4.7.2 ("**Overview of the Substantial Shareholders**").

13.4 Government Consents, Licenses and Certificates

The Company has obtained several operational and regulatory licenses and certificates from the relevant competent authorities, which are periodically renewed. The Board members declare that the Company obtained all licenses and certificates necessary to conduct its business and maintain such activities.

13.4.1 Regulatory Licenses, Permits and Certificates Obtained by the Company

The following table lists the regulatory licenses, permits and certificates currently held by the Company.

Table (13-2): Regulatory Licenses, Permits and Certificates Obtained by the Company

No.	Type	Issuing Authority	License Number	Issuance Date	Expiration Date
1.	Commercial Certificate	Najran Commercial Register Office - Ministry of Commerce	5950017523	03/11/1431H (corresponding to 11 October 2010G)	25/05/1446H (corresponding to 27 November 2024G)
2.	Commercial Certificate	Jeddah Commercial Register Office - Ministry of Commerce	4030175345	07/01/1429H (corresponding to 16 January 2008G)	18/12/1444H (corresponding to 6 July 2023G)
3.	Commercial Certificate	Najran Commercial Register Office - Ministry of Commerce	5950123986	22/12/1442H (corresponding to 1 August 2021G)	22/12/1443H (corresponding to 21 July 2022G)
4.	Chamber of Commerce Certificate	Jeddah Chamber of Commerce and Industry	125317	07/01/1429H (corresponding to 16 January 2008G)	18/12/1444H (corresponding to 6 July 2023G)
5.	Chamber of Commerce Certificate	Najran Chamber of Commerce and Industry	704001117687	22/04/1441H (corresponding to 19 December 2019G)	25/05/1446H (corresponding to 27 November 2024G)
6.	Industrial Investment License	Ministry of Investment	11103012016	17/12/1427h (corresponding to 7 January 2007G)	07/12/1443H (corresponding to 7 July 2022G)

Source: The Company

13.4.2 Licenses and Permits for the Al Masane Project

Set out below is a summary of the licenses and permits obtained by the Company for the purpose of operating the Al Masane Project.

13.4.2.1 Al Masane Mining License

13-4-2-1-1 The Current Al Masane Mining License

The Current Al Masane Mining License was issued by Royal Decree No, M/17 dated 01/12/1413H (corresponding to 2 May 1993G), to Arabian Shield Development Company, permitting the extraction and exploitation of copper, zinc, lead ores and associated minerals. The Current Al Masane Mining License was subsequently transferred to the Company by virtue of Ministry of Petroleum and Mineral Resources ministerial decision No. 86/Q dated 12/09/1429H (corresponding to 12 September 2008G). The Current Al Masane Mining License covers 44 square kilometres of the Al Masane Mine vicinity in the Najran region. The Current Al Masane Mining License will expire on 01/12/1443 (corresponding to 30 June 2022G).

On the basis that the Company pays both Zakat and income tax, and produces Class A Minerals pursuant to the Current Al Masane Mining License, the Company is required under the Mining Investment Law to pay the following annual financial consideration to the MoIMR:

- an amount equal to the value of the payable income tax, after deducting the payable Zakat; and
- in relation to each Class A Mineral extracted, an additional amount for each ton of the produced ore or a prescribed percentage of the net value of the raw mineral revenues upon extraction. The relevant percentages for gold, silver, copper, zinc and lead is 1.5%, 1.5%, 1.5%, 2% and 1%, respectively.

Pursuant to the Current Al Masane Mining License, the Company has all rights granted under the Original Mining Law with regard to the sale and export of its production, or any part thereof, provided that priority shall be given at all times to the Kingdom of Saudi Arabia, to purchase the entire gold production, or any part thereof, or to purchase any quantity not exceeding 10% of the annual production of other materials. The Company must notify the MoIMR in writing of any quantities to be sold well before the sale projected for each year, and the MoIMR shall disclose its intention to buy pursuant to a written notice to the Company, three months prior the beginning of the Company's fiscal year. We note that this first right of refusal for the Government no longer exists under the New Mining Investment Law. As of the date of this Prospectus, it is unclear whether the aforementioned right of first refusal is still applicable to the Company during the term of the Current Al Masane Mining License.

13-4-2-1-2 The New Al Masane Mining License

On 10/05/1443H (corresponding to 14 December 2021G), the New Al Masane Mining License was issued pursuant to Ministry of Industry and Mineral Resources Resolution No. 1443/1/2202 AH, which allows the Company to exploit copper, zinc, lead, gold and silver ores from the Al Masane Mine vicinity in the Najran region, with a total area of 44 square kilometers. The New Al Masane Mining License expires on 30/11/1473H (corresponding to 8 August 2051G).

As the New Al Masane Mining License allows the Company to exploit Class A minerals, the Company will pay the annual financial consideration to the Ministry of Industry and Mineral Resources, as mentioned in Section 13-4-2-1-1 (the "**Current Al Masane Mining License**").

13.4.2.2 Details of Other Licenses Obtained by the Company in relation to the Al Masane Project

Table (13-3): Details of Other Licenses Obtained by the Company in relation to the Al Masane Project

No.	License Type	Issuing Authority	Scope	License Number	Issuance Date	Expiry Date
1.	Industrial Establishment License	Ministry of Industry and Mineral Resources	Issued with respect to the Al Masane processing plant: Production of wrought silver. • Production of precious raw metals from gold, silver or precious metals listed under other platinum group metals. • Production of alumina from nickel and copper. • Production of all other forms of wrought precious metals that includes (billets, grains, nuggets, bars, balls etc.). • Operations carried out on coarse stones outside quarries, includes (sawing, polishing and grinding etc.).	423102106180	03/01/1442H (corresponding to 22 August 2020G)	02/01/1445H (corresponding to 20 July 2023G)
2.	Export License	Ministry of Industry and Mineral Resources	• Export of 400 KG of gold bars. • Export of 3,000 KG of silver bars.	42/1035/5/2	01/12/1442H (corresponding to 11 July 2021G)	30/11/1443H (corresponding to 30 June 2022G)
3.	Export License	Ministry of Industry and Mineral Resources	• Export of 35,000 T of copper concentrates. • Export of 50,000 T of zinc concentrates.	42/1940/8/2	01/12/1442H (corresponding to 11 July 2021G)	30/11/1443H (corresponding to 30 June 2022G)
4.	Explosives Warehouse License	Ministry of Interior	• The license permits the Company to store explosive materials.	24	30/06/1440H (corresponding to 7 March 2019G)	30/06/1444H (corresponding to 23 January 2023G)

No.	License Type	Issuing Authority	Scope	License Number	Issuance Date	Expiry Date
5.	Easement License	Ministry of Industry and Mineral Resources	• The license permits the Company to use and enter onto an area located outside of the perimeter of the Al Masane mining license.	2871/Q	22/04/1437H (corresponding to 1 February 2016G)	-
6.	Operational Environmental License	National Center for Environmental Compliance	• Exploitation of copper, zinc, lead and similar metals, in the vicinity of the Al Masane mine.	17340	10/08/1442H (corresponding to 23 March 2021G)	26/07/1445H (corresponding to 7 February 2024G)
7.	Operational Environmental License - Category Two	National Center for Environmental Compliance	• Copper and zinc concentrates warehousing, in the vicinity of the Jazan warehouse.	26294	28/10/1442H (corresponding to 9 June 2021G)	18/10/1445H (corresponding to 27 April 2024G)
8.	Commercial Activity License	Ministry of Municipal and Rural Affairs and Housing	• Smelting, rolling, drawing, purifying and casting copper and mixtures thereof	42115876742	-	04/04/1444H (corresponding to 29 October 2022G)

Source: The Company

13.4.3 Licenses and Permits for the Guyan Project

Set out below is a summary of the licenses and permits obtained by the Company for the purpose of operating the Guyan Project.

13.4.3.1 Guyan Mining License

The Guyan Mine Mining License (the "**Guyan License**") was issued by Ministry of Petroleum and Mineral Resources ministerial decision No. 9598/Q, dated 24/11/1436H (corresponding to 8 September 2015G), to the Company, for the exploitation of gold, silver and mineral ores.

The Guyan License covers 10,019 square kilometers of Guyan Mountain, located in the Najran region. The Company must pay the MoIMR an annual surface rent of SAR 10,000 per square kilometer of land covered by the license. The initial term of the license is 20 years from the date of the ministerial decision granting the license, dated 24/11/1436H (corresponding to 8 September 2015G). The Guyan License will therefore expire on 01/12/1456 (corresponding to 10 February 2035G).

The written approval of MoIMR must be obtained prior to any change in the shareholding of the Company or any of its shareholders, whether directly or indirectly.

On an annual basis, the Company is required to submit to MoIMR a report setting out a progress update, the volume of the exploited materials, cash expenditure, manpower, realized profits and technical, financial and statistical results.

The Company must ensure that they employ Saudi nationals based on varying ratios depending on the Company's years of operation. Saudi employees shall, at a minimum, not be less than 25% when the project starts, 35% after one year of operation, 45% after two years of operations, 55% after three years of operations, and 65% after four years of operations. The Company has an obligation to provide training and administrative programs with the prior approval of the MoIMR to all Saudi employees.

The Company is required to prioritize local contractors and locally manufactured goods, materials, machinery, and equipment, should the provided performance levels, quality and delivery periods be similar to the standards provided in the market. Furthermore, the Company shall make certain that the Kingdom of Saudi Arabia holds priority in purchasing from the Company its gold and silver ore and any associated materials, unless the Company has made any previous commitments for its sale to a third party.

Pursuant to the terms of the Guyan License, the Company is required to pay to MoIMR an exploitation financial consideration equal to the value of its income tax or 25% of its annual net income, whichever is less, minus Zakat. The Company is also required to provide MoIMR with actual material production values, which shall be subject to periodic inspection.

On the basis that the Company pays both Zakat and income tax, and produces Class A Minerals, pursuant to the Guyan License, the Company is required under the Mining Investment Law to pay the following annual financial consideration to the MoIMR:

- an amount equal to the value of the payable income tax, after deducting the payable Zakat; and
- in relation to each Class A Mineral extracted, an additional amount for each ton of the produced ore or a prescribed percentage of the net value of the raw mineral revenues upon extraction. The relevant percentages for both gold and silver is 1.5%.

Upon the expiration or termination of the mining license, the competent authorities have the right to determine the MoIMR equipment that the Company must retain or remove. The Company has an obligation to remove all waste and remnants of equipment within 180 days from the date on which the license terminates or expires.

There are a number of situations where the MoIMR has the right to terminate the Company's license, including failure to comply with the terms of the license; failure to make payments; falsification of information, non-compliance with statutory obligations, delayed rectification of more than 60 days of any procedure related to the health and safety of employees, and failure to take necessary actions when protecting the environment, wildlife and archaeological sites.

13.4.3.2 Guyan Exploration License

The Guyan Exploration License (the "**Guyan Exploration License**") was issued by virtue of the Ministry of Energy, Industry and Mineral Resources' ministerial decision No. 9599/Q, dated 24/11/1436H (corresponding to 8 September 2015G), to the Company, for the exploration of gold, silver, copper, zinc and associated minerals at the Guyan Mountain, in Najran. The Guyan Exploration License was renewed by virtue of the Ministry of Energy, Industry and Mineral Resources' ministerial decision No. 6063/Q, dated 20/07/1440H (corresponding to 27 March 2019G).

The Guyan Exploration License covers 77.941 square kilometers of Guyan Mountain. The term of the Guyan Exploration License is 5 years, commencing from 24/05/1439H (corresponding to 10 February 2018G), and expiring on 24/05/1444H (corresponding to 18 December 2022G).

The Company must adhere to the minimum annual exploration expenditures requirements set forth in the New Mining Investment Law and its Implementing Regulations, which varies for the first 8 years of the license between SAR 750 per sqkm or part of a sqkm and SAR 5,600 per skqm or part of a sqkm. The minimum annual expenditure for the ninth year of the Guyan Exploration License, or any subsequent year, would be SAR 7,500 per sqkm or part of a sqkm.

13.4.3.3 Details of Licenses Obtained by the Company in relation to the Guyan Project

Table (13-4): Details of Licenses Obtained by the Company in relation to the Guyan Project

No.	License Type	Issuing Authority	Scope	License Number	Issuance Date	Expiry Date
1.	An Industrial Establishment License	Ministry of Industry and Mineral Resources	• Production of silver bars, wrought silver, gold bars and precious metals as well as gold ore.	433101114854	21/02/1443H (corresponding to 28 September 2021G)	17/04/1448H (corresponding to 28 September 2026G)
2.	Explosives Warehouse License	Ministry of Interior	• The license permits the Company to store explosive materials.	1	17/11/1441H (corresponding to 8 July 2020G)	16/11/1443H (corresponding to 15 June 2022G)

No.	License Type	Issuing Authority	Scope	License Number	Issuance Date	Expiry Date
3.	Environmental Approval for Construction	The General Authority of Meteorology and Environmental Protection	• License representing the satisfaction of the necessary environmental requirements to commence with construction in the vicinity of the Guyan mine.	22414	18/09/1441H (corresponding to 11 May 2020G)	14/09/1443H (corresponding to 15 April 2022G)
4.	Environmental Approval License - Category Three	The General Authority of Meteorology and Environmental Protection	• License representing the satisfaction of the necessary environmental requirements to commence with construction in the vicinity of the Guyan mine.	MA/2946/41	05/09/1441H (corresponding to 28 April 2020G)	05/09/1443H (corresponding to 6 April 2022G)
5.	Operation Environmental Permission – Category Three	National Center for Environmental Compliance	Exploitation of gold and silver ores and accompanying metals	29410	16/12/1442H (corresponding to 26 July 2021G)	01/12/1445H (corresponding to 7 June 2024G)
6.	Commercial Activity License	Ministry of Municipal and Rural Affairs and Housing	Production of ore precious metals of gold	42115818549	-	04/04/1444H (corresponding to 29 October 2022G)

Source: The Company

13.4.4 Qatan Project

13.4.4.1 Qatan Exploration License

The Qatan Exploration License (the "**Qatan Exploration License**") was issued by virtue of the Ministry of Energy, Industry and Mineral Resources' ministerial decision No. 9797/Q, dated 29/11/1436H (corresponding to 13 September 2015G), to the Company, for the exploration of nickel and associated minerals at Qatan valley, in Najran. The Qatan Exploration License was renewed by virtue of the Ministry of Energy, Industry and Mineral Resources' ministerial decision No. 6065/Q, dated 20/07/1440H (corresponding to 27 March 2019G).

The Qatan Exploration License covers 73.144 square kilometers of Qatan valley. The term of the Qatan Exploration License is 5 years, commencing from 29/05/1439H (corresponding to 15 February 2018G), and expiring on 29/05/1444H (corresponding to 23 December 2022G).

The Company must adhere to the minimum annual exploration expenditures requirements set forth in the New Mining Investment Law and its Implementing Regulations, which varies for the first 8 years of the license between SAR 750 per sqkm or part of a sqkm and SAR 5,600 per skqm or part of a sqkm. The minimum annual expenditure for the ninth year of the Guyan Exploration License, or any subsequent year, would be SAR 7,500 per sqkm or part of a sqkm.

13.4.5 Other Reconnaissance Licenses

Table (13-5): Details of Other Reconnaissance Licenses Obtained by the Company

No.	License Number	Issuance Date	Expiry Date	Issuing Authority	Area	Scope
1.	144311	04/01/1443H (corresponding to 12 August 2021G)	04/01/1445H (corresponding to 22 July 2023G)	Ministry of Industry and Mineral Resources	Riyadh	Gold, lead, zinc, silver, copper, nickel
2.	144312	09/01/1443H (corresponding to 17 August 2021G)	09/01/1445H (corresponding to 27 July 2023G)	Ministry of Industry and Mineral Resources	Ha'il	Gold, Lead, Zinc, Silver, Copper, Nickel, Iron
3.	144313	10/01/1443H (corresponding to 18 August 2021G)	10/01/1445H (corresponding to 28 July 2023G)	Ministry of Industry and Mineral Resources	Aljouf	Gold, Lead, Zinc, Silver, Copper, Nickel, Iron
4.	144314	10/01/1443H (corresponding to 18 August 2021G)	10/01/1445H (corresponding to 28 July 2023G)	Ministry of Industry and Mineral Resources	Albaha	Gold, Lead, Zinc, Silver, Copper, Nickel, Iron
5.	144315	10/01/1443H (corresponding to 18 August 2021G)	10/01/1445H (corresponding to 28 July 2023G)	Ministry of Industry and Mineral Resources	Najran	Gold, Lead, Zinc, Silver, Copper, Nickel, Iron
6.	144316	10/01/1443H (corresponding to 18 August 2021G)	10/01/1445H (corresponding to 28 July 2023G)	Ministry of Industry and Mineral Resources	Aseer	Gold, Lead, Zinc, Silver, Copper, Nickel, Iron
7.	144317	10/01/1443H (corresponding to 18 August 2021G)	10/01/1445H (corresponding to 28 July 2023G)	Ministry of Industry and Mineral Resources	Tabuk	Gold, Lead, Zinc, Silver, Copper, Nickel, Iron
8.	144318	10/01/1443H (corresponding to 18 August 2021G)	10/01/1445H (corresponding to 28 July 2023G)	Ministry of Industry and Mineral Resources	Qassim	Gold, Lead, Zinc, Silver, Copper, Nickel, Iron
9.	144319	10/01/1443H (corresponding to 18 August 2021G)	10/01/1445H (corresponding to 28 July 2023G)	Ministry of Industry and Mineral Resources	Northern Borders	Gold, Lead, Zinc, Silver, Copper, Nickel, Iron
10.	1443110	10/01/1443H (corresponding to 18 August 2021G)	10/01/1445H (corresponding to 28 July 2023G)	Ministry of Industry and Mineral Resources	Madinah	Gold, Lead, Zinc, Silver, Copper, Nickel, Iron
11.	1443111	10/01/1443H (corresponding to 18 August 2021G)	10/01/1445H (corresponding to 28 July 2023G)	Ministry of Industry and Mineral Resources	Makkah	Gold, Lead, Zinc, Silver, Copper, Nickel, Iron

Source: The Company

13.5 Material Agreements

The Company has entered into a number of material agreements and contracts with multiple parties. This section sets out summaries of agreements and contracts which may, in the best knowledge of the Board, be material and significant with respect to the Company's business or which may impact the investors' decision to subscribe for the Offer Shares. The summaries of agreements and contracts referred to below does not include all terms and conditions and it cannot be considered a substitute for the terms and conditions of these agreements.

13.5.1 General

Table (13-6): Refining Agreement between the Company and MKS (Switzerland) S.A. ("MKS") (Switzerland) S.A. dated 20 April 2016G (as amended on 17 April 2019G, 18 July 2019G and 18 December 2020G)

Term	Valid from 20 April 2016G to 31 December 2021G, with an automatic renewal period of a further 12 months.
Scope	Company engages MKS to refine all metal materials ("**Materials**") sent by the Company at MKS' sites in India and Switzerland. The Company requests services by sending a notice confirming a delivery of Materials.
Payment Terms	Payment to be made within 10 business days of invoice (subject to a 3 day period during which Company can contest if it considers there is an error).
Indemnities	The Company indemnifies MKS in respect of direct financial loss if the Company breaches its warranties relating to compliance with tax and laws of the country of incorporation, ownership and title to the Materials, and compliance with various requirements relating to the Materials provided to MKS (such as harmful materials and compliance with packing requirements).
Termination Rights	Termination by either party with 1 months' written notice (unless the Company has already given notice to confirm a delivery). Mutual termination rights for: insolvency, material breach if failure to remedy a notified breach within 15 days, material damage to the other party's reputation or material breach of laws / regulations or MKS's "**Responsible Precious Metal Policy**". Either party may terminate upon 7 days' notice following a force majeure event which lasts longer than 14 days.
Governing law	Laws of Switzerland

Source: The Company

Table (13-7): Agency Agreement between the Company and Ocean Partners UK Ltd ("Agent") dated 25 September 2016G (as amended on 1 August 2017G and 31 December 2020G)

Term	Valid from 25 September 2016G until 31 December 2021G
Scope	Agent to act as sole and exclusive agent of the Company to market and sell zinc and copper concentrates and silver/gold Doré (the "**Concentrates**") produced by the Company.
Payment Terms	Marketing fees will be paid to the Agent depending on the price of the various metals at the time of sale. The marketing fees are calculated as percentage commissions of the price of the Concentrates paid by buyers. The percentage commissions increase if higher prices are paid for the Concentrates. Where the Agent provides pre-export finance, it shall be entitled to an additional payment per dry metric ton for all Concentrates shipped (excluding Doré).
Indemnities	The Company indemnifies the Agent against any costs, claims or demands arising from third parties relating to the services performed by the Agent where such claims arise from the Company's failure to meet the contractual terms and conditions. This indemnity is uncapped.
Termination Rights	Either party may terminate in the event of any regulatory requirements with regards to an IPO, or in the event that the other party liquidates, becomes part of insolvency proceedings, has a receiver appointed, or the party breaches a material obligation and fails to correct such breach within 30 days after written notice is received.
Limitation on Liability	There is no limitation of liability provision or consequential loss exclusion.
Change of Control	In the event of a change of control which is defined as the acquisition by a third party of 50% or more of the Company's Shares or net assets, the Agreement will survive but the Company may terminate within 6 months of the change of control occurring by providing written notice to the Agent. If such termination right is exercised within the 6 month period, the Company will pay a termination fee within 10 business days of the notices of termination, equal to 12 months of concentrate deliveries (or if the Contract has been cancelled - the remaining life of the Contract - whichever is shorter).
Governing law	The Laws of England.

Source: Company Information

Table (13-8): Sales Agreement between the Company, Ocean Partners UK Ltd ("Seller") and IXM SA ("Buyer") dated 1 December 2020G

Term	Commenced 15 September 2020G - ongoing until obligations are fulfilled.
Scope	Seller agrees to sell and the Buyer agrees to buy the quantities as set out in Schedule 1 of the Agreement. The Buyer cannot cancel or reject a shipment other than in accordance with the Agreement and so the quantities and shipments are firm.
Payment terms	The Buyer pays the Seller directly.
Termination Rights	The Seller and Buyer can terminate for: (i) breach of anti-bribery provisions and sanctions provisions; (ii) payment default that is not remedied within 45 days of written notice; (iii) a material default which is not remedied within 45 days following written notice; or (iv) insolvency grounds. Termination of the Contract shall not affect shipments which have been ordered by the Buyer prior to such termination which shall continue and be paid for - save that the Seller shall have the right to cancel on not less than 7 days' notice without obligation to the Buyer. In such circumstances, if the Buyer has made a provisional payment, the Seller must reimburse the same (but less any sums otherwise due to the Seller). This could give rise to difficulties in a bribery termination scenario (as a termination in connection with bribery is not carved out from this provision). In the event of prolonged force majeure (90 days) a party has the right to cancel the affected quantity.
Warranties	The Seller warrants that the Concentrate shall be suitable for ocean transportation and that it has title or the right to sell the Concentrate. The Seller does not give warranties as to the Concentrate's actual analysis, fitness for purpose or merchantability.
Limitation on liability	The Seller is not liable to the Buyer, and the Buyer indemnifies the Seller, from claims or losses arising out of the handling / possession of the Concentrate supplied under the Contract which complies with the terms of the Contract. Consequential losses are excluded for the Seller and Buyer.
Governing law	Laws of England and Wales

Source: Company Information

Table (13-9): Sales Agreement between the Company, Ocean Partners UK Ltd (Seller) and MRI Trading AG (Buyer) dated 3 December 2020G

Term	Commenced 3 December 2020G - ongoing until obligations are fulfilled.
Scope	Seller agrees and is bound to sell and the Buyer agrees to buy the quantities as set out in Schedule 1. The Buyer cannot cancel or reject a shipment other than in accordance with the Contract. Provided the Seller shall have been deemed to satisfy its obligations if it delivers quantities within a certain percentage tolerance of the target quantities set out in Schedule 1 of the Agreement.
Payment terms	The Buyer pays the Seller directly.
Termination Rights	The Seller and Buyer can terminate for: (i) breach of anti-bribery provisions and sanctions provisions; (ii) payment default that is not remedied within 45 days of written notice; (iii) a material default which is not remedied within 45 days following written notice; or (iv) insolvency grounds. Termination of the Contract shall not affect shipments which have been ordered by the Buyer prior to such termination which shall continue and be paid for - save that the Seller shall have the right to cancel on not less than 7 days' notice without obligation to the Buyer. In such circumstances, if the Buyer has made a provisional payment, the Seller must reimburse the same (but less any sums otherwise due to the Seller). This could give rise to difficulties in a bribery termination scenario (as a termination in connection with bribery is not carved out from this provision). In the event of prolonged force majeure (90 days) a party has the right to cancel the affected quantity.
Warranties	The Seller warrants that the Concentrate shall be suitable for ocean transportation and that it has title or the right to sell the Concentrate. The Seller does not give warranties as to the Concentrate's actual analysis, fitness for purpose or merchantability.
Limitation on liability	The Seller is not liable to the Buyer, and the Buyer indemnifies the Seller, from claims or losses arising out of the handling / possession of the Concentrate supplied under the Contract which complies with the terms of the Contract. Consequential losses are excluded for the Seller and the Seller's liability is capped at the value of the aggregate provisional payment in respect of the applicable shipment. However, nothing in the Contract limits or excludes liability for those matters which cannot be excluded as a matter of law (i.e. fraud, death or personal injury caused by negligence).
Governing law	Laws of England and Wales

Source: Company Information

13.5.2 Guyan Project

Table (13-10): Open Pit Mining Services Contract between the Company and Saeed Hamad Ali Al-Salim General Contracting Est. ("Contractor") dated 1 July 2019G (as amended on 25 August 2020G)

Scope	Contractor engaged to provide waste removal and ore mining services at the Guyan Mine. A summary of the works is set out in Appendix A to the contract and include digging, drilling, blasting, loading, hauling and dumping bulk waste and ore from the mine pit to specified locations, loading ore into the crusher and maintaining ore grade control.
Term	From 1 July 2019G until 31 December 2022G.
Renewal	By mutual agreement not later than 30 days prior to 31 December 2022G.
Payment Terms	Contractor submits invoices based on monthly excavation progress reports. If Contactor successfully disputes the value of the invoice, the subsequent invoice will be adjusted to compensate. Payment to be made within 15 days of date of invoice.
Indemnity	Contractor indemnifies the Company with respect to any injury, death, property damage (including the Company's property) or breach of law, resulting directly from the Contractor's negligence in the performance of the services.
Warranties	Contractor warrants that works will be carried out to industry standards and undertakes to re-perform any defective or deficient services at Contractor's expense. Warranties shall survive the Contract and continue in effect for 1 year after completion/termination.
Termination Rights	If the Contractor is failing to provide the services in accordance with the agreed schedule the Company can provide the Contractor with notice. The Contractor then has 30 days to rectify the situation. If it fails the Company may provide a second notice. The Contractor then has a further 15 days. If performance is not compliant with the schedule once the 15 days expires, the Company may terminate by providing 30 days' notice. If at any point delivered amounts are 25% less than the agreed production schedule for 2 consecutive months, the Company may terminate by providing 30 days' notice. Either party may terminate (i) immediately in the event of a 'material breach' which is irremediable, or (ii) if the 'material breach' is remediable and the party in breach has failed to remedy, 7 days after the party in breach was notified. A 'material breach' is a breach which would have a serious effect on the benefit the terminating party would derive from (i) a substantial portion of the contract, or (ii) certain other key obligations under the contract including relating to payment, warranties, indemnification and confidentiality.
Governing Law	The laws of the Kingdom of Saudi Arabia.

Source: The Company

Table (13-11): Consignment Agreement between the Company and Bin Harkil Trading Co. Ltd. ("BHTC") dated 16 March 2020G

Scope of Works	Supply of drilling tools by BHTC on a consignment basis. BHTC provides one-years' worth of inventory (quantities of the various products set out in the agreement) on a consignment basis. BHTC is required to provide a storage container at the Company's premises to store the stock and is responsible for the security of the tools. The parties jointly sign-off on the issued quantities at the end of the month for the purposes of invoicing and stock refilling.
Term	2 years starting from the date on which the consignment stock was supplied.
Renewal	Automatic unless either party notifies the other it wishes to terminate or amend any of the conditions.
Payment Terms	Payment to be made within 60 days of date of invoice.
Warranties	Repair or replacement of defective products.
Limitation of Liability	The Company's remedy for breach of warranty is limited to the repair or replacement of defective products. For other claims, BHTC's liability is limited to amounts received from the Company for the defective product.
Termination Rights	Both parties may terminate for breach of contract where a breach is not remedied within 45 days from receipt of written notice.
Governing Law	The laws of the Kingdom of Saudi Arabia.

Source: The Company

Table (13-12): Consignment Agreement between the Company and Advanced Mining Co. Ltd. ("AMC") dated 16 March 2020G

Description	Supply of drilling tools by AMC on a consignment basis. AMC provides one-year' worth of inventory (quantities of the various products set out in the agreement) on a consignment basis. AMC is required to provide a storage container at the Company's premises to store the stock. The security and issuance of the tools is the Company's responsibility. The parties jointly sign-off on the issued quantities at the end of the month for the purposes of invoicing and stock refilling.
Term	2 years starting from the date on which the consignment stock was supplied.
Renewal	Automatic unless either party notifies the other it wishes to terminate or amend any of the conditions.
Payment Terms	Payment to be made within 45 days of date of invoice.
Warranties	Repair or replacement of defective products.
Limitation of Liability	The Company's remedy for breach of warranty is limited to the repair or replacement of defective products. For other claims, AMC's liability is limited to amounts received from the Company for the defective product.
Termination Rights	Both parties may terminate for breach of contract where a breach is not remedied within 45 days from receipt of written notice.
Governing Law	The laws of the Kingdom of Saudi Arabia.

Source: The Company

13.6 Transactions and Contracts with Related Parties

The Directors confirm none of the transactions with Related Parties described under this section contain preferential conditions, and have been concluded in accordance with laws and regulations on an arm's length basis. Except as disclosed in this section of this Prospectus, the Directors confirm that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with a Related Party including the Financial Advisors and the Legal Advisor in respect of the Offering.

Moreover, the Directors acknowledge their intention to comply with Article 71 and 72 of the Companies' Law and Article 46 of the Corporate Governance Regulations issued in relation to contracts with the Related Parties.

The total value of the transactions with Related Parties amounted to SAR 3,192,718, SAR 2,726,086, SAR 2,104,078 and SAR 829,793 for the years ended 31 December 2018G, 31 December 2019G, 31 December 2020G and the six-month period ended on 30 June 2021G, respectively, constituting 1.21%, 0.92%, 0.56% and 0.31% of the Company's total revenue for 31 December 2018G, 31 December 2019G, 31 December 2020G and the six-month period ended on 30 June 2021G, respectively.

As of the date of this Prospectus, all the Company's transactions and contracts entered into with related parties in the Fiscal Years ended on 31 December 2018G, 31 December 2019G and 31 December 2020G[18] were approved at the Extraordinary General Assembly meeting, held on 09/08/1442H (corresponding to 23 March 2021G) in accordance with the requirements of Article Seventy-One (71) of the Companies Law.

There are transactions that are not governed under formal contracts between the Company and each of Najran Cement, Najran Mineral Water and Arab Commercial Enterprise for Travel, which are Related Parties. The following table sets out the details of the Company's transactions with Related Parties that are not governed under formal contracts.

18 The Company undertakes to obtain the General Assembly's approval with respect to the Related Party transactions for the financial year ended 31 December 2021G, prior to Listing.

Table (13-13): Summary of the Transactions with Related Parties

Related Party	Nature of Transaction	Interested Party	Nature of the Relationship	Transaction value during FY ending 31 December (SAR)			Transactions Value in the 6-Month Period ended on 30 June 2021G (SAR)**
				2018G*	2019G*	2020G*	
Najran Cement	Provision of cement to the company for construction activities	• Mohammed Aballala • Ayman AlShibil	The Board Members have an interest in the contracting party, whereby both Board Members are also board members of Najran Cement	45,738	22,948	32,715	-
Najran Mineral Water	Provision of drinking water to the Company's employees	• Ibrahim Musallam • Majed Musallam	The Board Members have an interest in the contracting party, whereby both Board Members are shareholders of the Najran Mineral Water	75,642	130,725	51,030	25,760
Arab Commercial Enterprise for Travel	Provision of travel tickets to the Company's employees	• Ibrahim Musallam • Majed Musallam	The Board Members have an interest in the contracting party whereby both Board Members are shareholders of the Arab Commercial Enterprise for Travel	3,071,338	2,572,413	2,020,333	804,033

Source: The Company

*These transactions were approved by the shareholders in the Extraordinary General Assembly held on 09/08/1442H (corresponding to 23 March 2021G).

** The Company undertakes to obtain the General Assembly's approval with respect to the Related Party transactions for the financial year ended 31 December 2021G, prior to Listing.

13.7 Credit Facilities and Loans

Table (13-14): Current facilities between BSF and the Company dated 17 December 2019G for a total amount of SAR 50,000,000

Type of Facilities / Purpose / Amount	Specific Facilities / Finances: a- Facility A.1 • **Facility Type:** Purchase and Sale of Commodities (Tawarruq). • **Facility Limit:** SAR 50,000,000. • **Purpose:** Finance the capital expenditure related to the company's new gold mine located in Guyan. • **Profit:** SIBOR + 2.5% p.a. • Repayment: 11 equal quarterly instalments of SAR 4,166,667 each starting from 31 March 2021 and ending on 30 September 2023 and the final instalment of SAR 4,166,663 on 31 December 2023. • **Status:** Company has confirmed that this facility is still valid and this has been provided as part of the balance confirmation as at 31 December 2020G with outstanding amount of SAR 50,000,000. We understand from the Company that Facility A. 4 with a total amount of SAR 50,000,000 has been fully repaid and Facility A.5 with a total amount of SAR 10,000,000 has never been utilized.
Amounts Drawn Down	Approximately SAR [50,000,000] for financing capital expenditure and bridge financing as confirmed by the Company on 31 December 2020G.
Security and other Collateral	These facilities are guaranteed by way of a guarantee issued by Mohammed Mana Sultan Aballala, Ibrahim Ali Hussein Bin Musallam and Majid Ali Hussein Bin Musallam dated 17 December 2019G. An order note was signed by the Company dated 17 December 2019G. Assignments of SIDF loan proceeds were also provided to BSF.

Source: Company information

Table (13-15): Current guarantees between the Company and BSF pursuant to facilities dated 17 December 2019G:

Guarantees	a- Facility A.1: • **Facility Type:** Payment Guarantee. • **Facility Limit**: SAR 472,500. • **Pricing**: As per tariff. • **Cash Margin:** 100%. • **Beneficiary**: Messrs. Jizan Port. • **Expiry Date:** 13 March 2021. • **Status:** Company has confirmed that this facility is still valid and this has been provided as part of the balance confirmation as at 31 December 2020G with outstanding amount of SAR 149,571 and a maturity date of 29 November 2022. b- Facility A.2 • **Facility Type**: Payment Guarantee. • **Facility Limit:** SAR 45,900. • **Pricing**: As per tariff. • **Cash Margin:** 100%. • **Beneficiary: Messers**. Saudi Ports Authority. • **Expiry Date:** 25 June 2021. • **Status**: Company has confirmed that this facility is still valid and this has been provided as part of the balance confirmation as at 31 December 2020G with outstanding amount of SAR 45,900 and a maturity date of 25 June 2021.

Source: The Company

Table (13-16): Loan No. 2234 between SIDF and the Company dated 1 September 2010G for a total amount of SAR 330,000,000 as amended on 5 August 2015, 8 July 2018 and supplemented by a letter from SIDF dated 18 June 2020G

Facilities / Purpose / Amount	• **Type of Facility**: SIDF Loan. • **Limit:** SAR 330,000,000. • **Drawdown termination date:** 12 October 2015G. • **Purpose:** Financing the production of copper and zinc concentrates and gold and silver bullion. • **Status:** Pursuant to an amendment agreement dated 8 July 2018, the outstanding has reduced to SAR 305,000,000 to be repaid over 11 instalments ending 24 April 2024G.
Amounts Drawn Down	Approximately SAR 273,234,466 for financing capital expenditure and working capital of Al Masane project as confirmed by the Company on 31 December 2020G.
Security and other Collateral	These facilities are guaranteed by way of a mortgage over the relevant factory, buildings, equipment and machinery and vehicles on land with a size of 44 square km and order notes issued by the Company in favor of SIDF.

Source: The Company

Table (13-17): Loan No. 3729 between SIDF and the Company dated 28 June 2020G for a total amount of SAR 94,300,000

Facilities / Purpose / Amount	• **Type of Facility**: SIDF Loan. • **Limit**: SAR 94,300,000. • **Drawdown termination date:** 11 February 2021G. • **Name of project:** Finance the expansion of the factory to produce copper and zinc concentrates and gold and silver bullion. • **Repayment**: Repaid over 13 instalments ending 11 March 2028G.
Amounts Drawn Down	Approximately SAR 69,883,405 for Capital expenditure and working capital of Guyan project as confirmed by the Company on 31 December 2020G.
Security and other Collateral	These facilities are guaranteed by way of a mortgage over the relevant buildings, project assets and equipment and machinery relating to the project and a financial guarantee issued by Prince Meshal Bin Saud Bin Abdulaziz Al Saud, Majed Bin A. Bin H. Musallam and Ibrahim Ali H. Musallam for SAR 94,300,000 and order notes issued by the Company in favor of SIDF.

Source: The Company

13.8 Insurance

The Company maintains insurance policies covering different types of risks to which it may be exposed. The following table sets out the key particulars of the insurance policies held by the Company.

Table (13-18): Details of Insurance Policies

No.	Type	Policy Number	Insurer	Duration	Sum Insured (SAR)	Coverage
1.	Property Damage and Business Interruption	610317	Tawuniya	12 months (14 October 2020 - 14 October 2021)	SAR 375,000,000 per occurrence (Property Damage and Business Interruption combined)	All real property and personal property of every kind and description both belonging to the insured and loss resulting from necessary interruption and / or interference of the business.
2.	Marine Cargo Insurance Policy	608555	Tawuniya	12 months (1 November 2020 - 31 October 2021)	Exports SAR - 93,750,000 Imports SAR - 30,000,000 FOB - SAR 2,250,000 Storage - SAR 78,750,000	Goods and / or merchandise and / or cargo of every description as may be declared consisting principally of Copper Concentrate, Zinc Concentrate, and / or Gold & Silver Doré.
3.	Public, Pollution, and Products Liability Insurance	610232	Tawuniya	12 months (14 October 2020 - 14 October 2021)	SAR 93,750,000 for Products and Completed Operations SAR 1,875,000 Employers' Liability	To indemnify the insured against all sums that the insured becomes legally liable to pay in respect of accidental dealt, bodily injury, damage to property, etc.
4.	Healthcare Proposal & Agreement	45854200	Bupa Arabia	12 months (9 November 2020 - 8 November 2021)	SAR 500,000 annual maximum per member	General medical coverage
5.	Motor Third Party Liability Policy	20-CT-2021-000021-000	Gulf General Cooperative Insurance	12 months (1 March 2021 - 28 February 2022)	SAR 10,000,000	Physical damages caused to a third party (inside or outside the vehicle), material damages inflicted on a third party (outside the vehicle), and expenses.
6.	Contractors Plant and Machinery Policy	P1020-CPM-TCRO-12902376	Al Rajhi Takaful	12 months (15 October 2020 - 14 October 2021)	SAR 123,795,688	To indemnify the insured for loss or damage to machinery (154 equipment and machinery pieces).

Source: The Company

13.9 Intellectual Property

13.9.1 Trademarks

The Company has registered its trademark with the Trademarks Department of the Ministry of Commerce. The Company relies upon its trademark for the success of its business.

The following table sets out the main details of its registered trademark.

Table (13-19): Details of the Company's Registered Trademark

Country of Registration	Trademark Number	Expiry Date	Classification	Logo
Saudi Arabia	1442023066	19/07/1452H (corresponding to 15 November 2030G)	14	شركة المصانع الكبرى للتعدين أماك AMAK Al Masane Al Kobra Mining Co.

Source: The Company

13.9.2 Other Intellectual Property Rights

The Company has a registered internet domain name with the Communication and Information Technology Commission. The following table sets out the details of the Company's registered internet domain name.

Table (13-20): Details of the Company's Internet Domain Name

Internet Domain Name	Domain Registrar
Amak.com.sa	Communication and Information Technology Commission

Source: The Company

13.10 Real Estate

Set out below are summaries of the key terms for real estate lease agreements entered into by the Company. The aggregate lease values amounted to SAR 1,038,284, SAR 1,038,284, SAR 1,038,284 and SAR 440,000 for the years ended 31 December 2018G, 31 December 2019G and 31 December 2020G, as well as the six month period ended 30 June 2021G, respectively.

Table (13-21): Summary of Real Estate Lease Agreements

Description of Leased Premises	Location	Lessor	Lessee	Rent Commencement Date	Duration	Renewal
Warehouse and administrative office - 10,000 sqm	Jazan	Saudi Ports Authority	The Company	07/01/1442H (corresponding to 26 August 2020G)	1 Hijri year	Automatically renewable
Administrative office - 2,500 sqm	Najran	Ali Yehya AlSalem	The Company	8 March 2015G	10 Gregorian years	Renewable by mutual written consent by way of the execution of a new agreement.
3 Villas for the purpose of accommodating the Company's employee - 1,645 sqm	Najran	Ali Yehya AlSalem	The Company	24 January 2016G	10 Gregorian years	Renewable by mutual written consent by way of the execution of a new agreement.

Source: The Company

13.11 Equipment and Machinery

Set out below are summaries of the key terms for equipment lease agreements entered into by the Company.

The aggregate lease values amounted to SAR 102,985, SAR 1,534,931, SAR 3,010,662 and SAR 1,447,462 for the years ended 31 December 2018G, 31 December 2019G, 31 December 2020G and the six-month period ended on 30 June 2021G, respectively.

Table (13-22): Summary of Equipment Lease Agreements

Description of Leased Equipment	Lessor	Lessee	First Instalment Due Date	Final Instalment Due Date	Duration
Construction Machine - CAT - R1600H - 2018 GPS Machine	AJIL Financial Services Company	The Company	21/07/1440H (corresponding to 28 March 2019G)	27/07/1443H (corresponding to 28 February 2022G)	36 Months
Underground Mining Truck - CAT - AD30 - 2019 GPS Machine	AJIL Financial Services Company	The Company	20/04/1441H (corresponding to 17 December 2019G)	23/04/1444H (corresponding to 17 November 2022G)	36 Months

Source: The Company

13.12 Litigation

The Company is not involved in any litigation, lawsuits, actual or possible complaints, or existing investigations, which would, individually or collectively, have a material effect on the Company, nor is it aware of any threatened or pending material litigation, or any facts which may, individually or collectively, give rise to a material effect on the Company.

13.13 The Zakat Status of the Company

The Company is subject to the laws and regulations of the Zakat Authority in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis and is computed and charged based on zakat base (in accordance with the regulations of the Zakat Authority). Adjustments, if any, are made to the zakat provision when the final assessments are obtained from the Zakat Authority and the Customs Authority.

The Company has submitted its zakat and tax declarations for the Fiscal years ended on 31 December 2008G up to 31 December 2020G. Thereupon, it obtained Zakat Certificates for such years. However, the Company has not obtained the Final Zakat and Tax Assessment Statements for any of such years as all its Zakat and Tax Declarations are still under review by the Zakat and Tax Authority and the Customs Authority.

The zakat reserves of the Company amounted to SAR 3,275,326, SAR 4,475,659, SAR 2,307,918 and 2,741,150 for the years ended 31 December 2018G, 31 December 2019G, 31 December 2020G and the six-month period ended on 30 June 2021G, respectively.

The members of the Board of Directors of the Company declare that, as at the date of this Prospectus, the Company does not have any dispute with the Zakat Authority with relation to Zakat or taxes, and that it has an adequate Zakat provision to cover any shortfall that may be detected when the final Zakat assessment is received from the Zakat, Tax and Customs Authority. In case the Zakat and Income provisions, set aside in the Company's accounts, are inadequate to cover any additional Zakat or tax obligations, imposed by the Zakat, Tax and Customs Authority, then the Company shall set aside additional provisions covering the value of such Zakat and tax obligations. For more details, please see Section 2.1.11 ("**Risks related to possible Zakat dues**").

13.14 Summary of the Bylaws

13.14.1 Company's Name

The Company's name is Al Masane Al Kobra Mining Company (Saudi Closed Joint Stock Company).

13.14.2 Objectives of the Company

The objectives of the Company are:

- Production of gold and silver bars.
- Production of zinc concentrates.
- Production of Copper concentrates.
- Extraction of granite, Nickel concentrates and lead concentrates.
- Manufacturing of granite.
- Rock blasting.
- Establishment of factories to produce tiles and other building materials.

The Company conducts its activities in accordance with applicable laws and after obtaining all requisite licenses from competent authorities, if any.

13.14.3 Participation and Interest in Companies

The Company may establish companies on its own (limited liability or closed joint stock), provided that the capital thereof is not less than (SAR 5,000,000) five million Saudi Riyals. It may own interests and shares in other existing companies or merge therewith and participate with others in establishing joint stock or limited liability companies (within the Kingdom or abroad), after meeting the requirements of applicable laws and directives in that regard. The Company may also dispose of such shares or stocks, provided that this does not include any brokerage.

13.14.4 Head Office of the Company

The Company's head office is located in the city of Najran. The Board of Directors may establish branches, agencies or offices for the Company within or outside Saudi Arabia.

13.14.5 Duration of the Company

The duration of the Company shall be ninety-nine (99) Gregorian years, commencing as at the date on which the Minister of Commerce announces its establishment. The Company's term may always be extended by a resolution of the Extraordinary General Assembly at least one (1) year prior to the expiration of the Company's term.

13.14.6 Capital of the Company

The capital of the Company shall be Saudi Riyals Five Hundred Sixty-Three Million Two Hundred Eighty-Eight Thousand Six Hundred Fifty (SAR. 563,288,650), divided into Fifty-Six Million Three Hundred Twenty-Eight Thousand Eight Hundred Sixty-Five (56,328,865) shares of equal value, and the nominal value of each share shall be ten (10) Saudi Riyals. All shall be deemed as ordinary cash shares.

13.14.7 Share Subscription

The Shareholders have subscribed to the full number of capital shares equal to Fifty-Six Million Three Hundred Twenty-Eight Thousand Eight Hundred Sixty-Five (56,328,865) shares paid-up in full.

13.14.8 Preferred Shares

The Company's Extraordinary General Assembly may, in accordance with the Shariah guidelines and guidelines set by the competent authority, issue preferred shares, decide to purchase the same, or convert ordinary shares into preferred shares; or convert preferred shares into ordinary shares. The preferred shares do not confer the right to vote at shareholders' general assemblies. Such shares entitle holders the right to obtain higher percentage of the Company's net profits compared to holders of ordinary shares, after setting aside the statutory reserve.

13.14.9 Sale of Non-Paid up Shares

Each Shareholder undertakes to pay the value of the shares on the dates set for such payment. Should a Shareholder fail to pay at the due time, the Board of Directors may, after notifying of the Shareholder via registered mail, sell the share at public auction or through the stock market, as the case may be, in accordance with controls set by the competent authority.

The Company shall collect the amounts due thereto from the proceeds of the sale and return the remaining to the Shareholder. If the proceeds of the sale fall short of the amounts due, the Company shall have a claim on the entire fortune of the Shareholder for the unpaid balance.

However, a defaulting Shareholder may, up to the date of sale, pay the amount owed thereby plus the expenses incurred by the Company in this regard.

The Company shall cancel the shares sold in accordance with this Article, and issue to the purchaser new shares bearing the serial numbers of the cancelled shares, and make a note to this effect in the Shares Register specifying the name of new holder.

13.14.10 Issuance of Shares

Company shares shall be nominal shares, and may not be issued at less than their nominal value, but may be issued at a value higher than said nominal value; in which case, the difference in value shall be added as a separate article relating to shareholder rights and may not be distributed as a shareholder dividend. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person amongst them to exercise, on their behalf, the rights pertaining to said share, and they shall be jointly responsible for the obligations arising from ownership of said share.

13.14.11 Share Trading

Shares subscribed for by the Shareholders may only be traded after publishing the financial statements for two fiscal years, each covering a period of at least 12 months from the date of the Company's incorporation. A notation shall be made on the respective share certificates, indicating their class, the date of incorporation of the Company, and the period during which their trading shall be suspended.

During the lock-up period, shares may, in accordance with the legal provisions for sale of rights, be transferred from one Shareholder to another, from the heirs of a deceased Shareholder to a third party, or in case of seizure of the funds of an insolvent or bankrupt Shareholder, provided that the other Shareholders are given priority to own such shares.

The provisions of this Article shall be applicable to the Shareholders in case of capital increase before the expiry of the lock-up period.

13.14.12 Shareholders' Register

Company shares shall be traded by virtue of an entry made to the Shareholders' Register maintained or outsourced by the Company, which shall include the Shareholders' names, nationalities, residence addresses, and occupations; the numbers of the shares; and the amounts paid up on such shares. An annotation shall be made on the share indicating said entry. In as far as the Company or third parties are concerned, the transfer of shares shall only be effective from the date of the entry thereof in said register.

The share certificates are issued so that they have serial numbers and are signed by the Chairman of the Board of Directors or whomever he delegates from among the Board members and stamped with the Company's seal. The share shall include the number and date of ministerial decision approving the incorporation of the Company, the number and date of ministerial decision announcing the incorporation of the Company the capital, the nominal value of the share, the amount paid out of it, the Company's objective in short, its head office, and its period. Shares may have coupons with serial numbers and include the share number attached to it.

13.14.13 Capital Increase

- The Extraordinary General Assembly may adopt a resolution to increase the Company's capital, provided that the original capital shall have been paid up in full. Said paid up provision shall not apply when the unpaid portion of capital is due to shares issued in exchange for the conversion of financing or debt instruments into shares, and the prescribed period for such conversion has not yet expired.
- In any case, the Extraordinary General Assembly shall allocate capital increase shares or portions thereof to the employees of the Company and to the employees of all, some or none of its affiliates. Shareholders may not exercise pre-emptive rights upon the Company's issuance of shares allotted to employees.
- Holders of shares at the time of the Extraordinary General Assembly's adoption of a resolution to increase the capital shall have pre-emptive rights to subscribe for the new shares, in exchange for cash shares. Shareholders shall be notified of their pre-emptive rights by publication in a daily newspaper, by registered mail, or by any electronic means stating the adoption of the resolution to increase capital, the terms of the offering, its duration, start and end dates.
- The Extraordinary General Assembly may revoke the pre-emptive rights of shareholders to subscribe for the capital increase in exchange for cash shares, or vest said pre-emptive rights in non-shareholders when it deems that doing so is in the Company's best interest.
- Shareholders may sell or assign their pre-emptive rights in the period that extends from the date upon which the General Assembly resolution is adopted to increase the capital until the last day open for subscription for the new shares associated with those rights, in accordance with the guidelines established by the competent authority.
- Without prejudice to the provisions of paragraph 4 hereof, new shares shall be allotted to the holders of pre-emptive rights who have expressed interest to subscribe thereto, in proportion to their pre-emptive rights resulting from the capital increase; provided that their allotment does not exceed the number of new shares they have applied for. Remaining new shares shall be allotted to pre-emptive right holders who have asked for more than their proportionate stake, in proportion to their pre-emptive rights resulting from the capital increase, provided that their total allotment does not exceed the number of new shares they have asked for. Any remaining new shares shall be offered for public subscription, unless the Extraordinary General Assembly decides, or the Capital Market Law provides, otherwise.

13.14.14 Decrease of Capital

The Extraordinary General Assembly may resolve to reduce the Company's capital, if it proves to be in excess of the Company's needs, or if the Company sustains losses. In the latter case only, the Company's capital may be reduced below the limit prescribed under Article 54 of the Companies Law. A capital decrease resolution shall be issued, only after reading the auditor's special report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations. If the capital reduction is due to it being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the area where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

13.14.15 Share Buy-Back, Sale and Pledge

Share Buy-Back

The Company may buy-back or pledge its own ordinary or preferred shares. The Company may buy-back their shares to allot them to the employees of the Company as part of the Company's employee share scheme in accordance with the controls and procedures established by the competent authorities.

Share Sale

The Company may sell its treasury shares in one or several phases in accordance with the controls and procedures established by the competent authorities.

Pledge of Shares

The Company may pledge its share as security for a debt in accordance with the controls and procedures established by the competent authorities.

Employee Share Scheme

If the Company's purpose in purchasing its shares is to allocate it to its employees within the employees' share scheme, then in addition to the controls stipulated above, the following must be observed:

- The Extraordinary General Assembly shall approve the employee share scheme and it may delegate the Board of Directors to determine the terms of this scheme, including allocation price for each share offered to the employees.
- Non-Executive members of the Board of Directors may not be part of employee share scheme.
- Executive members of the Board of Directors may not vote on board resolutions relating to the employee share scheme.

13.14.16 Company's Management

The Company shall be managed by a Board of Directors composed of nine (9) members appointed by the Ordinary General Assembly for a term not exceeding three (3) years.

13.14.17 Membership Termination

Board membership shall expire by the expiration of its term, or the expiration of Board member's term, in accordance with any law or instructions applicable in the Kingdom. Notwithstanding the foregoing, the Ordinary General Assembly may, at any time, dismiss one or all of the Directors, without prejudice to the terminated member's right to seek compensation from the Company, if dismissal were not properly justified or occurred at an inappropriate time. The Board member may also tender his resignation, provided that such resignation occurs at an appropriate time, otherwise, said member shall be held liable for any damage affecting the Company as a result of his resignation.

13.14.18 Membership Vacancy

If the position of a Board of Director's member becomes vacant, the Board of Directors may appoint a member to the vacant position temporarily, based on the number of votes received thereby at the Assembly meeting that elected the Board, to be selected from among experienced and competent candidates. Such appointment shall be notified to the Ministry within five (5) working days from the date of appointment, and shall be submitted to the Ordinary General Assembly at its first meeting. The new member shall complete the term of his predecessor. In case the number of board members becomes less than the quorum stipulated by the Companies' Law or these Bylaws, remaining Board members shall call the Ordinary General Assembly to convene within sixty days to elect the required number of members.

13.14.19 Powers of the Board of Directors

Without prejudice to the powers conferred on the General Assembly, the Board of Directors shall be vested with full powers to manage the Company and deal with the Company's local and international affairs, in order to achieve its objectives. The Board shall supervise all of the Company's businesses, money, and transactions. Said powers conferred to the Board include adopting resolutions, concluding contracts, transferring ownership, takeover and handover, collecting receipts, assignment of property or contracts, entering into any investment for the benefit of the Company, purchasing and selling real estate, land, and any of the Companies fixed and current assets, mortgaging property, accepting and releasing a property mortgage, renting and leasing property, and all other actions necessary to achieve the company's objectives. In relation to the sale of Company property, the minutes of the Board of Directors must include the reason for its decision to dispose of such property with consideration to the following conditions:

- The Board shall specify the reasons and justifications for the sale.
- The sale is similar to the actual cash value.
- That the sale be present except in cases determined by the Board and with adequate guarantees.
- The sale must not result in the suspension of the Company's operations or burden the Company with additional obligations.

The Board has the power to donate to charitable causes, to accept donations, to sign contracts to establish affiliate companies, to sign all kinds of agreements, to resolve to amend decisions, either by increasing or decreasing the Company's capital, selling or buying shares, entering or exiting as a partner, modifying the Company's management or purposes, or any item in the Company's Article of Association before a notary and all official authorities.

The Board has the power to make loans for terms exceeding three (3) years, and to offer securities on such loans, by taking into account the following conditions when contracting the loan:

- The Board shall determine in its resolution the uses of the loan and the method of repayment.
- The value of the loans that the Board enters during any fiscal year may not exceed fifty (50%) percent of the Company's capital.
- When considering the conditions and guarantees of a loan, the Board must avoid harming the Company, its shareholders, and the general guarantees vided to creditors.

The Board may issue Shariah compliant Sukuk, whether such Sukuk have been issued in part or several parts at the same time or through a series of issuances and in any amount and conditions that the Board sees fit without the need of approval of the Ordinary General Assembly, provided that the value of the Sukuk does not exceed the Company's capital. The Board has the authority to take any necessary procedures to issue Sukuk and attain the requisite approvals from the competent authorities.

The Board, within the limits of its competence, may delegate or authorize one or more of its members, or others, to undertake a specific work or works, or some or all of its powers, and give them the right to delegate these powers to others.

13.14.20 Remuneration of Board Members

The remuneration of the Board of Directors shall not exceed (SAR 500,000) five hundred thousand Saudi Riyals, within the limits of the Companies' Law and Regulations thereof. The report of the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all remuneration, expenses and other benefits received by Board members during the Fiscal Year. It shall as well contain a statement of payments made to members in their capacity as employees or executives, or in consideration for technical, administrative or consultancy assignments. The report shall also include the number of meetings held, and the number of meetings attended by each member from the date of the last Ordinary Assembly meeting.

13.14.21 Powers of the Chairman, Vice Chairman, Managing Director and Secretary

- The Board shall appoint from among its members a Chairman and a Vice Chairman. It shall not be permissible to simultaneously occupy both the office of the Chairman and any executive position in the Company.
- The Chairman shall have the power to represent the Company before all authorities concerned, the judiciary, arbitration committees and vis-a-vis any third parties. The power of the Chairman includes filing claims, pleading and defending claims, signing contracts relating to the establishment of affiliate companies, signing and amending all contracts, issuing Sukuk, transfer of ownership, opening bank accounts, withdrawing, depositing, closing and liquidating bank accounts, investing, establishing letters of credit, signing before a notary and before official authorities approved by the Board of Directors, and all that would conduct the Company's affairs and achieve its objectives and all that is entrusted to it by the Board. The Chairman shall have the power to delegate certain or all powers conferred to him to a member of the Board of Directors or a third party. The Board of Directors shall determine the powers and responsibilities of the Managing Director.
- In addition to the remuneration prescribed for Board members, the remuneration received by the Chairman and Managing Director shall be determined by the Board.
- The Board of Directors shall appoint a Secretary to be selected from among its members or from others, who shall be responsible for recording Board meeting minutes, and decisions issued during said meetings, keeping them in a special register that shall be updated, and performing any tasks entrusted thereto by the Board of Directors.
- The term of office of the Chairman, Deputy-Chairman, Managing Director and Secretary of the Board of Directors shall not exceed the term of their membership on the Board. They may be re-elected, and the Board may at any time dismiss all or any of them without prejudice to the right of the dismissed to compensation if dismissal occurred for an unlawful reason or at an inappropriate time.

13.14.22 Meetings of the Board of Directors

The Board of Directors shall meet at least four times year, upon an invitation from the Chairman, which shall be made in writing, at least fifteen (15) days prior to the specified meeting date. The Chairman shall call the Board to convene a meeting whenever two members so request. The meetings shall be held at the Company's head office or any other venue determined by the Board.

The Board may issue its decisions individually in the event of urgency by a single vote on it by the members by telegraph or by fax or by any electronic means, unless two of the members request in writing to hold a meeting of the Board for deliberation, provided that the decision taken in this way is presented to the Board at a subsequent meeting for ratification.

13.14.23 Meeting Quorum

A Board meeting shall be quorate only if attended by at least (5) five members. Any member of the Board may authorize another member of the Board to attend the board meeting, in accordance with the following controls:

- A member of the Board of Directors may not act on behalf of more than one Board member during the same meeting;
- A proxy shall be made in writing;
- A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting;

Board resolutions shall be adopted by a majority vote of members present or represented therein, with the Chairman or, in his absence, the meeting chairperson, casting the deciding vote in case of a tie.

13.14.24 Board Deliberations

Deliberations and resolutions of the Board shall be recorded in minutes to be signed by the Chairman, attending members and the Secretary. Such minutes shall be entered in a special register to be signed by the Chairman and the Secretary.

13.14.25 Shareholder Assemblies

Assembly Attendance

Subscribers, regardless of the number of shares held, shall have the right to attend the Conversion Assembly, and each shareholder shall have the right to attend General Assembly meetings. They may also authorize a third party, other than Board members or Company employees, to attend the General Assembly on his/its behalf.

Constituent Assembly

The Shareholders shall call subscribers to convene a Conversion Assembly within forty five (45) days from the date of the Ministry's decision to approve the incorporation of the Company. The meeting shall be valid if attended by a number of subscribers representing at least half of the capital. If such quorum is not reached, then a second meeting shall be held one hour after the expiry of the period specified for the first meeting, provided that the invitation of the first meeting so stipulates. In all cases, the second meeting shall be valid regardless of the number of subscribers represented thereat.

Responsibilities of the Constituent Assembly

This Constituent General Assembly shall be competent to deal with the following matters:

- Ascertain that the whole share capital has been subscribed for and fully paid up in accordance with the Bylaws;
- Adopt the final text of the Bylaws. The Constituent General Assembly shall not introduce substantial alterations to the Bylaws except with the unanimous approval of all shareholders represented;
- Appoint the members of the first Board of Directors for a period not exceeding five (5) years and the first auditor, if they have not been appointed in the Company's Articles of Association or its Bylaws;
- Discuss and approve founders' report on the businesses and expenses incurred during the incorporation of the Company.

13.14.26 Responsibilities of the Ordinary General Assembly

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to deal with all Company matters. The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company's fiscal year. Additional Ordinary General Assembly meetings may be convened, whenever needed.

13.14.27 Responsibilities of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the power to amend the Bylaws, except for such provisions as may be impermissible to be amended under the law. Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly, under the same rules and conditions applicable thereto.

13.14.28 Convening General Assemblies

General or Special Shareholder Assemblies shall be convened by the Board of Directors. The Board of Directors shall convene a General Assembly, if requested to do so by the auditor, the Audit Committee, or a number of shareholders representing at least five percent (5%) of the Company's capital. The auditor may call for an assembly to be convened, when the Board fails to call for such a meeting within thirty (30) days of the auditor's request to do so.

The summons shall be published in a daily newspaper circulated in the area where the Company's head office is located, at least twenty one (21) days prior to the time set for such meeting. However, notice may be given to all shareholders via registered letters or by electronic means within the timeframe set above. A copy of the notice and the agenda shall be sent to the Ministry, within the period set for publication.

13.14.29 Assembly Record of Attendance

Shareholders who wish to attend Ordinary or Special General Assembly meetings shall register their names at the Company's head office before the time specified for the Assembly.

13.14.30 Ordinary General Assembly Quorum

Ordinary General Assembly meetings shall be quorate only if attended by shareholders representing at least one quarter of the Company's capital. If such quorum is not reached, then a second meeting shall be held one hour after the expiry of the period specified for the first meeting, provided that the invitation of the first meeting so stipulates. In all cases, the second meeting shall be valid regardless of the number of subscribers represented thereat.

13.14.31 Extraordinary General Assembly Quorum

Extraordinary General Assembly meetings shall be quorate only if attended by shareholders representing at least one half of the Company's capital. If such quorum is not reached, then a second meeting shall be held one hour after the expiry of the period specified for the first meeting, provided that the invitation of the first meeting so stipulates. In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least one quarter of the capital.

If the second meeting is inquorate, then a third meeting shall be called to convene under the same conditions set forth in Article 34 of the Bylaws. With the consent of the competent authority, the third meeting shall be valid irrespective of the number of shares represented thereat.

13.14.32 Voting at Assemblies

Each subscriber shall have one vote for each share he represents at the Constituent Assembly; and each shareholder shall have one vote for each share he represents at General Assembly meetings. Cumulative voting shall be employed in the election of the Board of Directors.

13.14.33 General Assembly Resolutions

Resolutions of the Constituent Assembly shall be adopted by an absolute majority of the shares represented thereat. Ordinary General Assembly resolutions shall be issued by an absolute majority of the shares represented at the meeting. Whereas, Extraordinary General Assembly resolutions shall be adopted by a majority of two-thirds of the shares represented at the meeting, unless the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the term specified therefor in these Bylaws or merging the Company with another company; in which case, such resolution shall be valid only if adopted by a majority of three-quarters (3/4) of the shares represented at the meeting.

13.14.34 Assembly Deliberations

Each shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and the auditor. The Board or the auditor shall answer the shareholder's questions to the extent that is not detrimental to the Company's interests. If the shareholder deems the answer to the question unsatisfactory, then he/it may refer the issue to the General Assembly and the latter's decision in this regard shall be binding.

13.14.35 Presiding over General Assemblies and the Keeping of Minutes

The General Assembly of shareholders shall be presided over by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman or, in their absence, the Board designated member. Meeting minutes shall be drafted indicating the number of attending shareholders or representatives, the number of shares represented in person or by proxy, the number of votes associated therewith, the resolutions passed, the number of votes in favor and against, as well as a comprehensive summary of the discussions that took place during the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary, and the Canvasser.

13.14.36 Audit Committee

Formation of the Committee

An audit committee shall be formed pursuant to a resolution passed by the Ordinary General Assembly and shall consist of not less than three (3) and not more than five (5) members, whether from among the shareholders or others. The resolution shall specify the Committee's responsibilities, the rules governing its activities, and the remuneration of its members.

Committee Quorum

Committee meetings shall be quorate if attended by the majority of its members. Its resolutions shall be adopted by a majority vote of attending members; ties shall be decided by the vote of the Committee Chairman.

13.14.37 Committee Responsibilities

The Audit Committee shall be responsible for overseeing the Company's business, and, towards that end, shall have access to Company records and documents. It shall also be entitled to request that Board members or executive directors provide it with clarifications or statements, as well as be entitled to request that the Board of Directors calls for the convening of the Company's General Assembly, if the Board hinders the performance of the Committee's duties, or when the Company suffers material damages or losses.

13.14.38 Committee Reports

The Audit Committee shall be responsible for reviewing the Company's financial statements, as well as the reports and notes submitted by the auditor, and provide an opinion in their regard, if any. It shall also draft an opinion concerning the adequacy of the Company's internal oversight control systems, and submit reports relating to other duties that fall within its purview. The Board of Directors shall ensure that a sufficient number of copies of said report be made available at the Company's head office at least twenty one (21) days prior to the General Assembly meeting date, in order to provide desirous shareholders with a copy thereof. Said report shall be read during the Assembly meeting.

13.14.39 Auditor

Appointment of the Auditor

The Company shall have one or more auditors to be selected from among those licensed to work in Saudi Arabia. Such auditor shall be appointed annually and the compensation term of office thereof shall be fixed by the Ordinary General Assembly. The Assembly may, at any time, replace said auditor without prejudice to the latter's right for compensation, if the replacement decision were unlawful or occurred at an inappropriate time.

13.14.40 Responsibilities of the Auditor

The auditor shall, at all times, have access to the Company's books, records and any other documents. It may also request information and clarification, as it deems necessary, to verify the Company's assets, liabilities and other matters that may pertain to the scope of its activities. The Chairman of the Board of Directors shall enable the auditor to perform its duties; and when the auditor encounters difficulties in that regard, the latter shall document the same in a report to be submitted to the Board of Directors. Failure of the Board to facilitate the work of the auditor shall result in the latter requesting that the Board calls for a meeting of the Ordinary General Assembly to examine the matter.

13.14.41 Company Accounts and Distribution of Profits

Fiscal Year

The Company's Fiscal Year shall commence as on the 1st of January and expire on the 31st of December of each Gregorian year. However, the Company's first Fiscal Year shall commence as at the date on which the Minister of Commerce's resolution approving the incorporation of the Company and expire on 31 December of the same year.

13.14.42 Financial Documents

- At the end of each Fiscal Year, the Board of Directors shall prepare the Company's financial statements together with a report on its business and financial position for the ended Fiscal Year. This report shall include the proposed method for distributing profits. The Board of Directors shall place such documents at the disposal of the auditor at least forty-five (45) days prior to the date set for convening the General Assembly.
- The Chairman of the Board, CEO and Chief Financial Officer shall sign the documents referred to above. A copy thereof shall be placed at the Company's Head Office at the disposal of Shareholders at least twenty one (21) days prior to the date set for the General Assembly meeting.
- The Chairman shall provide Shareholders with the Company's financial statements, Board of Directors' report and auditor's report unless they are published in a daily newspaper distributed at the Company's Head Office. The Chairman shall also send a copy thereof to the Ministry at least fifteen (15) days prior to the date set for the General Assembly meeting.

13.14.43 Distribution of Profits

The Company's annual net profits shall be allocated as follows:

- Ten percent (10%) of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve totals thirty percent (30%) of the Company's capital.
- The Ordinary General Assembly may, upon recommendation of the Board of Directors, set aside ten percent (10%) of the net profits to form a contractual reserve to be allocated to serve the interests of the Company.
- The Ordinary General Assembly may decide to form other reserves to the extent that achieves the interests of the Company or guarantees steady distribution of profits to shareholders. Said Assembly may also deduct certain amounts from the net profits to set up social institutions for the Company's employees or to support any existing institutions.
- The remaining shall be distributed to shareholders in an amount not less than (5%) of the company's paid-up capital.

- Without prejudice to the provisions of Article 24 of the Bylaws, and Article 76 of the Companies' Law, after the foregoing, ten percent (10%) of the remainder shall be allocated as a bonus to the Board of Directors not exceeding five hundred thousand Saudi Riyals (SAR 500,000); with said bonus proportionate to the number of meetings attended by each member.
- The Company may distribute interim dividends to its Shareholders on a semi-annual or quarterly basis in accordance with the controls and procedures set for the implementation of the Companies' Law.

13.14.44 Entitlement to Profits

Shareholders shall be eligible to receive dividends pursuant to a General Assembly resolution adopted in that regard and indicating the entitlement and distribution dates. Shareholders eligible to receive dividends shall be those whose names appear on Shareholder Registers at the end of the entitlement date.

13.14.45 Distribution of Profits for Preferred Shares

- If no profits were distributed for any Fiscal Year, profits may not be distributed for the following years, unless the percentage established in accordance with the provisions of Article 114 of the Companies' Law has been paid to the owners of the preferred shares for such year.
- If the Company failed to pay the determined percentage of profits in accordance with the provisions of Article 114 of the Companies' Law for three (3) consecutive years, a Special Assembly of preferred shares holders shall be held in accordance with the provisions of Article 89 of the Companies' Law to decide either to have the owners of the preferred shares attend meetings of the General Assembly and participate in the vote, or appoint their representatives to the Board of Directors, in proportion to the value of their shares in the Company's capital, until the Company is able to pay all of the profits allocated to the owners of the preferred shares for the previous years.

13.14.46 Company Losses

- If, at any time during the fiscal year, the Company's losses total half of its paid-up capital, then any Company official or auditor, upon becoming aware thereof, must inform the Chairman of the Board of Directors, who shall immediately inform the members of the Board, which, within fifteen (15) days of being informed thereof, shall call for an Extraordinary General Assembly meeting to be convened within forty five (45) days of being informed of the losses, to consider whether to increase or decrease the Company's capital, in accordance with the provisions of the Companies' Law, in order to render losses equal to less than half of the paid-up capital, or dissolve the Company prior to the end of its term, as defined in the Companies' Law.
- The Company shall be deemed dissolved under the Companies' Law, when its General Assembly fails to convene within the period specified above; or if it does convene, but fails to reach a decision in that regard; or when it resolves to increase the capital as per the conditions set forth in this article, but the capital increase is not subscribed to in full within ninety (90) days of the Assembly's resolution to increase the capital.

13.14.47 Disputes

Liability Action

Each shareholder shall have the right to file a liability action, vested in the Company, against members of the Board who have committed a mistake that caused said shareholder to suffer damages. Such liability action may only be filed by the shareholder, if the Company's right to file such action remains valid. The shareholder shall notify the Company of his/its intention to file such action.

13.14.48 Dissolution and Liquidation of the Company

Expiry of the Company

Upon its expiry, the Company shall enter liquidation and retain its legal personality to the extent necessary for liquidation. The Extraordinary General Assembly shall adopt a resolution to voluntarily liquidate the Company, with said resolution appointing a liquidator, and defining the latter's powers, compensation, and restrictions imposed on said powers, as well as the timeframe to conclude liquidation, which, in cases of voluntary liquidation must not exceed five (5) years that cannot be extended except by court order. The powers of the Board of Directors shall cease upon the Company's dissolution. However, the Board of Directors shall remain responsible for the management of the Company and take on the capacity of liquidator, until the latter is appointed. During liquidation, shareholder assemblies shall retain such responsibilities vested in them that do not conflict with those of the liquidator.

13.14.49 Final Provisions

Companies' Law

The Companies' Law and Regulations thereof shall apply to all matters not provided for in these Bylaws.

Publication

These Bylaws shall be filed and published in accordance with the provisions of the Companies' Law and Regulations thereof.

13.15 Description of Shares

13.15.1 Capital of the Company

The capital of the Company shall be Saudi Riyals Five Hundred Sixty-Three Million Two Hundred Eighty-Eight Thousand Six Hundred Fifty (SAR 563,288,650), divided into Fifty-Six Million Three Hundred Twenty-Eight Thousand Eight Hundred Sixty-Five (56,328,865) shares of equal value, and the nominal value of each share shall be ten (10) Saudi Riyals. All shall be deemed as ordinary cash shares.

13.15.2 Share Subscription

The Shareholders have subscribed to the full number of capital shares equal to Fifty-Six Million Three Hundred Twenty-Eight Thousand Eight Hundred Sixty-Five (56,328,865) shares paid-up in full.

13.15.3 Preferred Shares

The Company's Extraordinary General Assembly may, in accordance with the Shariah guidelines and guidelines set by the competent authority, issue preferred shares, decide to purchase the same, or convert ordinary shares into preferred shares; or convert preferred shares into ordinary shares. The preferred shares do not confer the right to vote at shareholders' general assemblies. Such shares entitle holders the right to obtain higher percentage of the Company's net profits compared to holders of ordinary shares, after setting aside the statutory reserve.

13.15.4 Sale of Non-Paid up Shares

Each Shareholder undertakes to pay the value of the shares on the dates set for such payment. Should a Shareholder fail to pay at the due time, the Board of Directors may, after notifying of the Shareholder via registered mail, sell the share at public auction or through the stock market, as the case may be, in accordance with controls set by the competent authority.

The Company shall collect the amounts due thereto from the proceeds of the sale and return the remaining to the Shareholder. If the proceeds of the sale fall short of the amounts due, the Company shall have a claim on the entire fortune of the Shareholder for the unpaid balance.

However, a defaulting Shareholder may, up to the date of sale, pay the amount owed thereby plus the expenses incurred by the Company in this regard.

The Company shall cancel the shares sold in accordance with this Article, and issue to the purchaser new shares bearing the serial numbers of the cancelled shares, and make a note to this effect in the Shares Register specifying the name of new holder.

13.15.5 Issuance of Shares

Company shares shall be nominal shares, and may not be issued at less than their nominal value, but may be issued at a value higher than said nominal value; in which case, the difference in value shall be added as a separate article relating to shareholder rights and may not be distributed as a shareholder dividend. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person amongst them to exercise, on their behalf, the rights pertaining to said share, and they shall be jointly responsible for the obligations arising from ownership of said share.

13.15.6 Share Trading

Shares subscribed for by the Shareholders may only be traded after publishing the financial statements for two fiscal years, each covering a period of at least 12 months from the date of the Company's incorporation. A notation shall be made on the respective share certificates, indicating their class, the date of incorporation of the Company, and the period during which their trading shall be suspended.

During the lock-up period, shares may, in accordance with the legal provisions for sale of rights, be transferred from one Shareholder to another, from the heirs of a deceased Shareholder to a third party, or in case of seizure of the funds of an insolvent or bankrupt Shareholder, provided that the other Shareholders are given priority to own such shares.

The provisions of this Article shall be applicable to the Shareholders in case of capital increase before the expiry of the lock-up period.

13.15.7 Shareholders' Register

Company shares shall be traded by virtue of an entry made to the Shareholders' Register maintained or outsourced by the Company, which shall include the Shareholders' names, nationalities, residence addresses, and occupations; the numbers of the shares; and the amounts paid up on such shares. An annotation shall be made on the share indicating said entry. In as far as the Company or third parties are concerned, the transfer of shares shall only be effective from the date of the entry thereof in said register.

The share certificates are issued so that they have serial numbers and are signed by the Chairman of the Board of Directors or whomever he delegates from among the Board members and stamped with the Company's seal. The share shall include the number and date of ministerial decision approving the incorporation of the Company, the number and date of ministerial decision announcing the incorporation of the Company the capital, the nominal value of the share, the amount paid out of it, the Company's objective in short, its head office, and its period. Shares may have coupons with serial numbers and include the share number attached to it.

13.15.8 Capital Increase

- The Extraordinary General Assembly may adopt a resolution to increase the Company's capital, provided that the original capital shall have been paid up in full. Said paid up provision shall not apply when the unpaid portion of capital is due to shares issued in exchange for the conversion of financing or debt instruments into shares, and the prescribed period for such conversion has not yet expired.
- In any case, the Extraordinary General Assembly shall allocate capital increase shares or portions thereof to the employees of the Company and to the employees of all, some or none of its affiliates. Shareholders may not exercise pre-emptive rights upon the Company's issuance of shares allotted to employees.
- Holders of shares at the time of the Extraordinary General Assembly's adoption of a resolution to increase the capital shall have pre-emptive rights to subscribe for the new shares, in exchange for cash shares. Shareholders shall be notified of their pre-emptive rights by publication in a daily newspaper, by registered mail, or by any electronic means stating the adoption of the resolution to increase capital, the terms of the offering, its duration, start and end dates.

- The Extraordinary General Assembly may revoke the pre-emptive rights of shareholders to subscribe for the capital increase in exchange for cash shares, or vest said pre-emptive rights in non-shareholders when it deems that doing so is in the Company's best interest.
- Shareholders may sell or assign their pre-emptive rights in the period that extends from the date upon which the General Assembly resolution is adopted to increase the capital until the last day open for subscription for the new shares associated with those rights, in accordance with the guidelines established by the competent authority.
- Without prejudice to the provisions of paragraph 4 hereof, new shares shall be allotted to the holders of pre-emptive rights who have expressed interest to subscribe thereto, in proportion to their pre-emptive rights resulting from the capital increase; provided that their allotment does not exceed the number of new shares they have applied for. Remaining new shares shall be allotted to pre-emptive right holders who have asked for more than their proportionate stake, in proportion to their pre-emptive rights resulting from the capital increase, provided that their total allotment does not exceed the number of new shares they have asked for. Any remaining new shares shall be offered for public subscription, unless the Extraordinary General Assembly decides, or the Capital Market Law provides, otherwise.

13.15.9 Decrease of Capital

The Extraordinary General Assembly may resolve to reduce the Company's capital, if it proves to be in excess of the Company's needs, or if the Company sustains losses. In the latter case only, the Company's capital may be reduced below the limit prescribed under Article 54 of the Companies Law. A capital decrease resolution shall be issued, only after reading the auditor's special report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations. If the capital reduction is due to it being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the area where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

13.15.10 Share Buy-Back, Sale and Pledge

Share Buy-Back

The Company may buy-back or pledge its own ordinary or preferred shares. The Company may buy-back their shares to allot them to the employees of the Company as part of the Company's employee share scheme in accordance with the controls and procedures established by the competent authorities.

Share Sale

The Company may sell its treasury shares in one or several phases in accordance with the controls and procedures established by the competent authorities.

Pledge of Shares

The Company may pledge its share as security for a debt in accordance with the controls and procedures established by the competent authorities.

Employee Share Scheme

If the Company's purpose in purchasing its shares is to allocate it to its employees within the employees' share scheme, then in addition to the controls stipulated above, the following must be observed:

- The Extraordinary General Assembly shall approve the employee share scheme and it may delegate the Board of Directors to determine the terms of this scheme, including allocation price for each share offered to the employees.
- Non-Executive members of the Board of Directors may not be part of employee share scheme.
- Executive members of the Board of Directors may not vote on board resolutions relating to the employee share scheme.

13.15.11 Shareholder Assemblies

Assembly Attendance

Subscribers, regardless of the number of shares held, shall have the right to attend the Conversion Assembly, and each shareholder shall have the right to attend General Assembly meetings. They may also authorize a third party, other than Board members or Company employees, to attend the General Assembly on his/its behalf.

13.15.12 Voting at Assemblies

Each subscriber shall have one vote for each share he represents at the Constituent Assembly; and each shareholder shall have one vote for each share he represents at General Assembly meetings. Cumulative voting shall be employed in the election of the Board of Directors.

13.15.13 Duration of the Company

The duration of the Company shall be ninety-nine (99) Gregorian years, commencing as at the date on which the Minister of Commerce announces its establishment. The Company's term may always be extended by a resolution of the Extraordinary General Assembly at least one (1) year prior to the expiration of the Company's term.

13.15.14 Dissolution and Liquidation of the Company

Expiry of the Company

Upon its expiry, the Company shall enter liquidation and retain its legal personality to the extent necessary for liquidation. The Extraordinary General Assembly shall adopt a resolution to voluntarily liquidate the Company, with said resolution appointing a liquidator, and defining the latter's powers, compensation, and restrictions imposed on said powers, as well as the timeframe to conclude liquidation, which, in cases of voluntary liquidation must not exceed five (5) years that cannot be extended except by court order. The powers of the Board of Directors shall cease upon the Company's dissolution. However, the Board of Directors shall remain responsible for the management of the Company and take on the capacity of liquidator, until the latter is appointed. During liquidation, shareholder assemblies shall retain such responsibilities vested in them that do not conflict with those of the liquidator.

13.15.15 Change of Shareholders' Rights

The rights of the Shareholders to receive a share in the Company's profits declared for distribution, receive a share in the Company's asset surplus upon liquidation, attend General Assembly meetings, participate in the deliberations and vote on its resolutions, dispose of the Shares, access the Company's books and documents, supervise the acts of the Board of Directors, bring a liability claim against the Board members and contest the validity of the resolutions adopted at General Assembly meetings (in accordance with the conditions and restrictions set out in the Companies' Law and the Bylaws) are granted pursuant to the Companies Law. Accordingly, they may not be changed.

The Bylaws must also be amended in order to alter the voting and quorum mechanisms in general assemblies. Furthermore, the Bylaws may not be amended except by a decision of the extraordinary general assembly.

14. Underwriting

The Company, the Selling Shareholders and the Underwriter (being Al-Rajhi Capital) have entered into an underwriting agreement on 05/08/1443H (corresponding to 08/03/2022G) (the "**Underwriting Agreement**") pursuant to which the Underwriter has agreed, subject to certain conditions stipulated in the Underwriting Agreement, to fully underwrite the Offering of Nineteen Million Eight Hundred Thousand (19,800,000) Shares. The name and address of the Underwriter is set out below:

14.1 Underwriter

Underwriter
Al-Rajhi Capital King Fahad Road P.O. Box 5561 Riyadh 11432 Kingdom of Saudi Arabia Tel: +966 920005856 Fax: +966 11 4600625 Website: www.alrajhi-capital.com Email: PR@alrajhi-capital.com

Source: The Company

The agreed principal terms of the Underwriting Agreement are set out below:

14.2 Summary of the Underwriting Agreement

Under the terms and subject to the conditions contained in the Underwriting Agreement:

- The Company and the Selling Shareholders undertake to the Underwriter that, on the first Business Day after the allocation of the Offer Shares following the end of the Offering Period, it shall:
  - Issue and allocate the Offer Shares to Participating Parties or Individual Investors whose applications for Offer Shares have been accepted by the Receiving Agents.
  - Issue and allocate to the Underwriter (or as they may direct) the Offer Shares that are not purchased by Individual Investors or Participating Parties pursuant to the Offering.
- The Underwriter undertakes to the Company and the Selling Shareholder that it will purchase any Offer Shares that are not subscribed for by Individual Investors or Participating Parties, as stated below:

Table (14-1): Underwritten Shares

Underwriter	Number of Offer Shares Underwritten	Percentage of Offer Shares Underwritten
Al-Rajhi Capital	19,800,000	100.00%

Source: The Company

The Company and the Selling Shareholder undertake to satisfy all the provisions of the Underwriting Agreement.

15. Underwriting Costs

The Company and the Selling Shareholder will pay to the Underwriter, an underwriting fee based on the total value of the Offering and pay the Underwriter's costs and expenses in connection with the Offering.

16. Expenses

The costs associated with the Offer are estimated at approximately thirty million (SAR 30,000,000). This figure includes the fees of the Financial Advisor, the Lead Manager, the Underwriter, the Bookrunner, the Company's Legal Advisor, Financial Due Diligence Advisor, Receiving Agents, and the Market Study Consultant, in addition to marketing, printing and distribution expenses and other related expenses. The Offering expenses will be apportioned to the Selling Shareholders and the Company on a pro-rata basis to the number of Offer Shares issued in the Offering.

17. Company Post-Listing Undertakings

Post-listing, the Company undertakes to:

1- Fill out form 8 (regarding the observance of the Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.

2- Inform the Capital Market Authority at the date of the first post-listing General Assembly meeting, so that representatives thereof may attend said meeting.

3- Immediately after Listing, comply with all mandatory provisions set out in the Corporate Governance Regulations.

4- Comply with all mandatory articles from the Corporate Governance Regulations immediately after Listing.

5- Comply with the provisions of the Listing Rules regarding the Company's ongoing obligations immediately after listing.

6- Calling a meeting of the General Assembly, in order to update the Company's Bylaws, immediately after listing.

7- Submit to the General Assembly for approval, all works and contracts in which any Director has a direct or indirect interest (in accordance with the Companies Law and the Corporate Governance Regulations); provided that the Director with such interest shall be prohibited from participating in voting on decisions issued in this regard by the Board of Directors and General Assembly.

Accordingly, once listing is approved, the Directors undertake to:

1- Record all resolutions and deliberations in written meeting minutes signed by the Board Chairman and Secretary.

2- Disclose the details pertaining of any Related Party transactions in accordance with the Companies' Law and the Corporate Governance Regulations.

18. Waivers

The Company has not applied to the CMA for any waivers from any of its regulatory requirements.

19. Subscription Terms and Conditions

The Company has made an application to the CMA for the registration and offer of the Offer Shares and an application for listing of the Shares on the Exchange in accordance with the OSCOs.

All Subscribers must carefully read the subscription terms and conditions before completing their Subscription Application Form. Submission of a Subscription Form to the Lead Manager, any Bookrunner or Receiving Agent is deemed as an acceptance and approval of the Subscription Terms and Conditions.

19.1 Subscription to Offer Shares

The Offering will consist of Nineteen Million Eight Hundred Thousand (19,800,000) Shares with a fully paid nominal value of SAR 10 per Share, at an Offer Price of Sixty Three Saudi riyals (SAR 63) per Share. The Offer Shares represent 30% of the Company's issued capital with the total value of the Offering amounting to SAR One Billion Two Hundred Fourty Seven Million Four Hundred Thousand Saudi riyals (SAR 1,247,400,000). Note that the Offering to Individual Investors and listing of the Shares thereafter is subject to the successful subscription by Participating Parties for all Offer Shares. The Offering shall be cancelled if the Offering is not fully subscribed for during this period. The CMA also has the right to suspend the Offering if, at any time after its approval of this Prospectus and before registration and admission to listing of the Shares on the Exchange, a material adverse change has occurred in respect of the Company's operations.

The Offering is restricted to the following two groups of investors:

Tranche A: Participating Parties:

This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions. The number of Offer Shares to be initially allocated to Participating Parties is Nineteen Million Eight Hundred Thousand (19,800,000) Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, the Bookrunner has the right to reduce the number of Shares initially allocated to Participating Parties to a minimum of thirteen million eight hundred sixty thousand (13,860,000) ordinary Shares, representing 70% of the total Offer Shares. The mechanism for allocating Offer Shares shall be adopted, as the Financial Advisor deem appropriate in coordination with the Company, by using the discretionary allocation mechanism.

Tranche B: Individual Investors:

This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has an investment account with a Capital Market Institution. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the law shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of five million nine hundred forty thousand (5,940,000) Shares representing thirty percent (30%) of the Offer Shares shall be allocated to Individual Investors. If Individual Investors did not fully subscribe for allocated shares, then the Financial Advisor and Lead Manager may reduce the number of shares allocated thereto in proportion to the number of Offer Shares subscribed for thereby.

19.2 Book-Building for Participating Parties

- The Financial Advisor, in coordination with the Company, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties, by using the discretionary allocation mechanism.
- Participating Parties must submit requests to participate in the bookbuilding process by submitting Participating Parties Subscription Forms or Bid/Subscription Orders. Participating Parties may amend or cancel their applications at any time during the Book-Building Period, provided that said applications are amended by submitting a modified application form or an appendix Bid Form (where applicable) before the Offer price determination process that will take place before the Offering Period begins. The number of Offer Shares for each of the Participating Parties shall not be less than One Hundred Thousand (100,000) shares, and no more than Three Million Two Hundred Ninety-Nine Thousand Nine Hundred Ninety-Nine (3,299,999) shares, and in relation to public funds only, not exceeding the maximum limit for each participating public fund that is determined in accordance with the Book-Building Instructions, and the number of requested shares must be allocatable. The Bookrunner shall notify the Participating Parties regarding the Offer Price and the number of Offer Shares initially allocated thereto. Subscription by Participating Parties must begin with the Participating Parties filing the Participating Parties Subscription Form during the Offering Period, which also includes Individual Investors, in accordance with the Subscription Terms and Conditions as detailed in the Subscription Applications Forms.
- Once the bookbuilding process for Participating Parties is completed, the Financial Advisor shall announce the subscription percentage by Participating Parties.
- The Financial Advisor and the Company shall have the authority to determine the Offer Price as dictated by supply and demand, provided that it does not exceed the price specified in the Underwriting Agreement.

19.3 Subscription by Individual Investors

Each Individual Investor must submit a Retail Subscription Form and must subscribe in multiples of 10 (with a minimum subscription of 10 Offer Shares and a maximum subscription of Two Hundred Fifty Thousand (250,000) Offer Shares). Changes to or withdrawal of the Retail Subscription Form shall not be permitted once the Individual Investor Subscription Form has been submitted.

Retail Subscription Forms will be available during the Retail Offering Period at all Receiving Agents' branches. Retail Subscription Forms shall be completed in accordance with the instructions mentioned below. Individual Investors who have recently participated in recent initial public offerings can also subscribe through the internet, mobile applications, telephone banking or ATMs of any of the Receiving Agents' branches that offer any or all such services to its customers, provided that the following requirements are satisfied:

- the Individual Investor must have a bank account at a Receiving Agent which offers such services; and
- there have been no changes to the personal information or data of the Individual Investor since his subscription in the last Offering.

A signed Retail Subscription Form must be submitted to any branches of the Receiving Agents representing a legally binding agreement between the Company and the relevant Individual Investor submitting it.

Individual Investors may obtain a copy of this Prospectus and of the Individual Investor Subscription Forms from any branches of the Receiving Agents or the websites of the Company (http://www.amak.com.sa). The Prospectus shall also be available through the websites of CMA and the Financial Advisor. Set out below are the Receiving Agents' details:

Receiving Agents	
Al Rajhi Bank Olaya Road P. O. Box 28 Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 11 609 8888 Fax: +966 11 609 8881 Website: www.alrajhibank.com.sa Email: contactcenter1@alrajhibank.com.sa	
Riyad Bank Al Shuhada District P.O. Box 22622, Riyadh 11416 Kingdom of Saudi Arabia Tel.: +966 (11) 4013030 Fax: +966 (11) 4865909 Website: www.riyadbank.com E-mail: customercare@riyadbank.com	
Saudi National Bank King Abdulaziz Road P.O. Box 3555, Jeddah 21481 Kingdom of Saudi Arabia Tel.: +966126493333 Fax: +966126437426 Website: www.alahli.com E-mail: contactus@alahli.com	

The Receiving Agents will commence receiving Retail Subscription Forms at their branches throughout the Kingdom beginning on Wednesday 06/08/1443H (corresponding to 09/03/2022G) until Friday 08/08/1443H (corresponding to 11/03/2022G). Once the Retail Subscription Form is signed and submitted, the relevant Receiving Agent receiving it will stamp it and provide the Individual Investor with a copy of the completed Retail Subscription Form. In the event that the information provided in the Retail Subscription Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Retail Subscription Form will be considered void. The Individual Investors do not have the right to claim any compensation for the damages incurred due to such cancellation.

Subscriptions by Individual Investors for less than 10 Offer Shares will not be accepted, noting that the maximum subscription is Two Hundred Fifty Thousand (250,000) Offer Shares. Increments are to be made in multiples of said number.

Each Individual Investor agrees to subscribe for and purchase the number of Offer Shares specified in his/her Retail Subscription Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR Sixty Three (63) per Offer Share.

Retail Subscription Forms for Individual Investors should be submitted during the Retail Offering Period and accompanied (where applicable) with the following documents (the Receiving Agents will verify all copies against the originals and will return the originals to the relevant Individual Investor):

- the original and copy of the Individual Investor's national civil identification card or residency identification card (in case of individuals, including GCC nationals, and non-Saudi Arabian national residents, as applicable);
- the original and copy of the family civil identification card (when subscribing on behalf of family members);
- the original and copy of a power of attorney (when subscribing on behalf of others);
- the original and copy of certificate of guardianship (when subscribing on behalf of orphans);
- the original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman);
- the original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman); and
- the original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event an application is made on behalf of an Individual Investor (parents and children only), the name of the person signing on behalf of the Individual Investor should be stated in the Retail Subscription Form. The power of attorney must be notarized by a notary public for the Individual Investors residing in the Kingdom and must be legalized through a Saudi embassy or consulate in the relevant country for the Saudi Arabian Individual Investors residing outside the Kingdom. The concerned official of the Receiving Agent shall match the copy with the original version and return the original version to the Individual Investor.

One Retail Subscription Form should be completed for each primary Individual Investor applying for himself and members appearing on his family identification card if the family members apply for the same number of Offer Shares as the primary Individual Investor. In this case:

- all Offer Shares allocated to the primary Individual Investor and dependent Individual Investors will be registered in the primary Individual Investor's name;
- the primary Individual Investor will receive any refund in respect of amounts not allocated and paid for by himself or dependent Individual Investors; and
- the primary Individual Investor will receive all dividends distributed in respect of the Offer Shares allocated to himself and dependent Individual Investors (in the event the Shares are not sold or transferred).

Separate Retail Subscription Forms must be used if:

- the Offer Shares to be allocated are to be registered in a name other than the name of the primary Individual Investor;
- dependent Individual Investors intend to apply for a different number of Offer Shares than the primary Individual Investor; and
- the wife subscribes in her name adding allocated Offer Shares to her account (she must complete a separate Retail Subscription Form from the Retail Subscription Form completed by the relevant primary Individual Investor). In the latter case, applications made by the husbands on behalf of their spouses will be cancelled and the independent application of the wives will be processed by the Receiving Agent.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband can subscribe on behalf of those children provided she submits proof of motherhood. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a primary Individual Investor subscribes for Shares for himself and other family members registered in his family book, and a family member submits a separate Retail Subscription Form, such family member's portion of the original application, and only his or her portion, will be cancelled.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non–Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Individual Investors. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Individual Investor agrees to subscribe for and purchase the number of Offer Shares specified in its Retail Subscription Form, multiplied by the Offer Price of SAR Sixty Three (63) per share. Each Individual Investor shall acquire the number of Offer Shares allocated to him/her upon:

- delivery by the Individual Investor of the Retail Subscription Form to any of the Receiving Agents;
- payment in full by the Individual Investor to the Receiving Agent of the number of the Offer Shares subscribed for in the Retail Subscription Form multiplied by the Offer Price; and
- delivery to the Individual Investor by the Receiving Agent of the allocation letter specifying the number of Offer Shares allocated to him/her.

Total subscribed Shares must be paid by the Individual Investor through the account of the Individual Investor at the Receiving Agent where the Subscription Form is submitted.

For clarity, holders of Offer Shares will be entitled to receive any dividends declared by the Company from (and including) the date of this Prospectus and subsequent financial years.

If a submitted Retail Subscription Form is not in compliance with the terms and conditions of the Offer, the Company shall have the right to reject, in full or in part, such an application. The Individual Investor shall accept any number of Offer Shares allocated to him/her unless the allocated shares exceed the number of Offer Shares he has applied for.

19.4 Allocation and Refunds

The Lead Manager shall open and operate escrow accounts, for the purpose of depositing and keeping subscription monies collected from Participating Parties and Receiving Agents (on behalf of Individual Investors). Subscription monies shall be transferred to the Company only after listing, and following the deduction of certain fees and expenses. Details of the escrow account shall be specified in the subscription forms. In addition, Receiving Agents shall deposit all amounts received from the Individual Investors into the escrow accounts which shall be specified in the Retail Subscription Form.

The Lead Manager and Receiving Agents, as applicable, shall notify Subscribers informing them of the final number of Offer Shares allocated, together with the amounts to be refunded.

Excess subscription monies, if any, will be refunded to the Individual Investors in whole without any deductions or fees and will be deposited in the Individual Investors' account as specified in the Subscription Application.

The announcement of the final allocation and refund process shall be made no later than Thursday 14/08/1443H (corresponding to 17/03/2022G) (for further details, see "**Key Dates and Subscription Procedures**"). Individual Investors should communicate with the Lead Manager or the branch of the Receiving Agents where they submitted their Retail Subscription Form, as applicable, for any further information.

19.4.1 Allocation of Offer Shares to Participating Parties

The Financial Advisor, in coordination with the Company, shall determine the number and percentage of Offer Shares for the Participating Parties, by using the discretionary allocation mechanism, after the allocation of Offer Shares to Individual Investors is completed, provided that the initial number of Offer Shares initially allocated to Participating Parties shall not be less than Nineteen Million Eight Hundred Thousand (19,800,000) Offer Shares representing 100% of the Offer Shares, and provided that the final allocation for Participating Parties shall not be less than thirteen million eight hundred sixty thousand (13,860,000) Offer Shares representing 70% of the Offer Shares.

Transfer of ownership of the Offer Shares will be valid only from the time when Participating Parties pay the costs thereof, that the Participating Parties are recorded in the Company's shareholders' register and the Shares have commenced trading on the Exchange, in accordance with the applicable laws and instructions regarding the trading of Saudi shares. If the trading of the Shares does not materialize or the Listing is cancelled prior to trading for any reason, the subscription moneys paid by the Participating Parties shall be refunded thereto and title to the Offer Shares shall be returned to the Company.

19.4.2 Allocation of Offer Shares to Individual Investors

There shall be an allocation of a maximum of five million nine hundred forty thousand (5,940,000) Ordinary Shares, representing (30%) of the Offer Shares, to Individual Investors. The minimum allocation per Individual Investor is ten (10) Shares, and the maximum allocation per Individual Investor is Two Hundred Fifty Thousand (250,000) Shares. The balance of the Offer Shares (if available) will be allocated on a pro-rata basis of each Investors application in proportion to the total number of requested Shares. In the event that the number of Individual Investors exceeds five hundred and ninty four thousand (594,000), the minimum allocation cannot be guaranteed by the Company, and allocation will be determined in accordance with the recommendation made by the Company and Financial Advisor. The surplus, if any, would be refunded to Individual Investors without any commissions or deductions by the Receiving Agents.

19.5 Circumstances Where Listing May be Suspended or Cancelled

19.5.1 Power to Suspend or Cancel Listing

- The CMA may suspend stock trading or cancel the listing at any time as it deems fit, in any of the following circumstances:
  - The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
  - The Company fails, in a manner which the CMA considers material, to comply with the Capital Market Law, its implementing regulations or market rules.
  - The Company does not pay any fees due to the CMA or the Exchange or penalties due to the CMA on time.
  - If it considers that the Company or its business, the level of its operations or its assets is no longer suitable to warrant the continued listing of shares in the market.
  - When the reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the Issuer has given sufficient information regarding the target entity and the CMA is satisfied, following the announcement of the Company, that sufficient public information is available on the proposed transaction or the reverse takeover, the CMA may decide not to suspend trading at this stage.
  - When information about the proposed reverse takeover is leaked and the Issuer cannot accurately assess its financial position and cannot inform the market thereof accordingly.
  - Upon filing a request for commencing financial reorganization procedures before the court under the Bankruptcy Law, for an Issuer whose accumulated losses amounted to 50% or more of the capital thereof.
  - Upon filing a request for commencing Issuer liquidation procedures or administrative liquidation procedure before the court under the Bankruptcy Law.
  - Upon issuance of a final court ruling to end Issuer financial reorganization procedures and initiate liquidation procedures or the administrative liquidation procedures under the Bankruptcy Law.
  - Upon issuance of a final court ruling to commence Issuer liquidation procedures or administrative liquidation procedures under the Bankruptcy Law.
- The Exchange shall suspend the trading of the securities of an Issuer in any of the following cases:
  - When the Company does not comply with the deadlines for the disclosure of its periodic financial information in accordance with the requirements of OSCOs until its disclosure.
  - When the auditor’s report on the financial statements of the Company contains an opposing opinion or an abstention from opinion expressing is removed.
  - If the liquidity requirements of Chapters 2 and 8 of the Listing Rules are not met after listing, after the time limit set by the Exchange for the Company to rectify its conditions, unless the CMA agrees otherwise.
  - The issuance of a decision by an Extraordinary General Assembly of the Company to reduce its capital for the two trading days following the issuance of the decision.

19.5.2 Voluntary Cancellation of Listing

- An Issuer whose securities have been listed on the Exchange may not cancel the listing of its securities without the prior approval of the CMA. To obtain the CMA approval, the Issuer must provide the cancellation application to the CMA along with a simultaneous notice to Exchange. The application has to include the following:
  - Specific reasons for the request for the cancellation;
  - A copy of the disclosure stating the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the Issuer's activities, as described in (d) below;
  - A copy of the relevant documentation and a copy of each related communication to shareholders, if the cancellation is to take place as a result of a takeover or other corporate action by the Issuer; and
  - names and contract contact information of the financial advisor and legal advisor appointed according to the relevant implementing regulations.
- The CMA may, at its discretion, approve or reject the cancellation request
- Once approval from the CMA has been obtained for the cancellation of listing, an Issuer must obtain the consent of its Extraordinary General Assembly.
- Where cancellation is made at the Issuer's request, the Issuer must disclose that to the public as soon as possible. The disclosure has to include the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the Issuer's activities.

19.5.3 Temporary Trading Suspension

- An Issuer may request the Exchange to implement a temporary trading suspension upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Capital Market Law, its implementing regulations or the Exchange rules, where the Issuer cannot maintain the confidentiality of this information until the end of the trading period. In such a case, the Exchange suspends trading of the securities of that Issuer as soon as it receives the request.
- Where a temporary trading suspension is made at the Issuer's request, the Issuer must announce as soon as possible the reason for the trading suspension, the anticipated period of the trading suspension, the event leading thereto and the event affecting the Issuer's activities.
- The CMA may impose a temporary trading suspension without a request from the Issuer, where the CMA becomes aware of information or circumstances affecting the Issuer's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. An Issuer whose securities are subject to temporary trading suspension must continue to comply with the Capital Market Law, its implementing regulations and Exchange rules.
- The Exchange may recommend to the CMA to practice its powers in accordance with the above paragraph, if it discovers any information or circumstances that might affect the Company's activities which might affect the market's activities or investors' protection.
- A temporary trading suspension will be lifted following the elapse of the period referred to in the disclosure specified above, unless the CMA or Tadawul decides otherwise.

19.5.4 Lifting of Suspension

Lifting of trading suspension is subject to the following:

- Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;
- That lifting the suspension is unlikely to affect the normal activity of the Exchange; and
- The Issuer complies with any other conditions that the CMA may require.
- In the event that the suspension is due to the fact the Company's accumulated losses reaches 50% or more of its capital as per the Bankruptcy Law, then the suspension shall be lifted upon the issuance of the final court ruling on the commencement of a financial restructuring procedure for the Company in accordance with the law issued by the competent authority and governing the Company's activities.

- In the event that the suspension was due to an Issuer liquidation procedure or administrative liquidation procedure before the court under the Bankruptcy Law, the suspension shall be lifted upon the issuance of the final court ruling rejecting the commencement of liquidation procedures or administrative liquidation procedures under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority.
- In the event that the listing suspension continues for six months with no appropriate procedure made by the Issuer to correct such suspension, the CMA may cancel the listing of Issuer.

19.5.5 Re-registering and Listing of Cancelled Securities

If the Company wishes to re-list its shares after the cancellation thereof, it must submit a new application to list its shares in accordance with the listing rules, and fulfil the relevant requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations.

19.6 Approvals and Decisions Under Which the Offer Shares are Offered and Listed

The following are the decisions and approvals under which the Offer Shares are publicly offered and listed:

- The Company's Board of Directors resolution approving the Offering dated 11/11/1442H (corresponding to 21 June 2021G);
- The Company's General Assembly resolution approving the increase of the Company's capital and the offer of the Offer Shares dated 13/04/1443H (corresponding to 18 November 2021G);
- The CMA's announcement on the approval of the application for listing and offering securities dated 18/05/1443H (corresponding to 22/12/2022G); and
- The Tadawul Group's conditional listing approval.

19.7 Lock-Up Period

The Substantial Shareholders referred to on page (xii) of this Prospectus may not dispose of any of their Shares, in each case, for a period of six (6) months from the date on which trading of the Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholders are not restricted from disposing of their Shares without prior CMA approval.

19.8 Acknowledgements by Subscribers

By completing and delivering the Retail Subscription Application, each Subscriber:

- agrees to subscribe to the number of Offer Shares specified in the Retail Subscription Application;
- warrants that they have read and carefully examined this Prospectus and understood all its content;
- accepts the Company's Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Retail Subscription Application, and subscribes in the Offer Shares accordingly;
- declares that they have not previously subscribed for any Shares and that the Company has the right to reject any or all duplicate applications;
- accepts the number of Offer Shares allocated to them (to the maximum of the amount subscribed for) as per the Retail Subscription Application; and
- warrants not to cancel or amend the Retail Subscription Application, after submitting it to the Lead Manager or the Receiving Agent. For additional information about the allocation process and surplus refund, please refer to Section 19.4 ("**Allocation and Refund**").

19.9 Share Record and Trading Arrangements

Tadawul shall keep a shareholders' record containing their names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

19.10 Saudi Tadawul Group

In 1990G, full electronic trading in the Kingdom equities was introduced. Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "**Tadawul**" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. The said times are subject to change during the month of Ramadan and they are announced by the Tadawul Management. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders place at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link, which supplies trading data in real time to the information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that shares ownership transfer takes two working days after the trade transaction is executed.

Issuers are required to disclose all material decisions and information that are important for the investors via Tadawul. Surveillance and monitoring is the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

19.11 Trading in the Shares

It is expected that trading in the Shares will commence after the final allocation of shares and Tadawul announcement of the start date of trading of the Shares. Saudi nationals, KSA residents holding valid residency permits, GCC nationals, as well as Saudi and GCC companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the market. Moreover, QFIs will be permitted to trade in the Shares in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Foreign Investors will also have the right to invest indirectly to acquire economic benefits in the Shares, by entering into swap agreements with Capital Market Institutions to acquire, hold and trade in the Shares on the Exchange on behalf of a Foreign Investor. Capital Market Institutions shall be deemed the legal owners of the shares under the swap agreements.

Furthermore, Shares can only be traded after allocated Offer Shares have been credited to Subscribers accounts at Tadawul, the Company has been registered and its Shares listed on the Exchange. Pre-trading in Shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and the Selling Shareholders shall have no legal responsibility in connection with pre-trading activities.

19.12 Miscellaneous

The Subscription Application Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription, without the prior written consent of the other party.

These instructions, the conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been released in both the Arabic and English languages. In the event of a discrepancy between the English and the Arabic text, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for foreign Participating Parties, taking into account the relevant rules and instructions. The Company, Selling Shareholders, Financial Advisor, Lead Manager and Underwriter require all recipients of this Prospectus to inform themselves of any regulatory restrictions on the Offer Shares and the sale of Offer Shares and to observe all such restrictions.

20. Documents Available for Inspection

The following documents will be available for inspection at the Company's Head Office, between 9:00 am and 3:00 pm from 12/07/1443H (corresponding to 13/02/2022G) until 09/08/1443H (corresponding to 12/03/2022G) for a period of no less than 20 days prior to the end of the Offering Period:

- Copy of the CMA's announcement approving the Offering.
- The Company's General Assembly resolution approving the increase of the Company's capital and the offer of the Offer Shares.
- The Company's Board of Directors resolution approving the Offering of the Offer Shares.
- The Company's Bylaws as amended and other incorporation documents.
- Company's Commercial Registration Certificate issued by the MoC.
- The Company's audited financial statements for the fiscal years ended 31 December 2018G, 31 December 2019G and 31 December 2020G, in addition to the reviewed financial statements for the periods of the three months and six months ended on 30 June 2021G, and the reviewed financial statements for the periods of the three months and nine months ended on 30 Septmeber 2021G prepared in accordance with IFRS-KSA.
- Market study report prepared by the Market Study Consultant.
- Competent Person's Report prepared by the Competent Person.
- All other reports, letters, documents, value and data assessments prepared by any expert, including any part thereof mentioned in this Prospectus.
- A memorandum providing for any unwritten agreement where any member of the Board of Directors, any senior manager or any relative thereof has interest in the Company's business set forth in Section 13.6 ("**Transactions and Contracts with Related Parties**").
- Letters of consent from each of:
  - The Financial Advisor, Lead Manager, Bookrunner and Underwriter (Al-Rajhi Capital) for the inclusion of its name, logo, and statements in this Prospectus.
  - The Legal Advisor (Abdulaziz Alajlan & Partners) for the inclusion of its name and logo and statements, if any, in this Prospectus.
  - The Financial Due Diligence Advisor (KPMG Al Fozan & Partners) for the inclusion of its name, logo and statements, if any, in this Prospectus.
  - AlMajed & AlEnzi for the inclusion of its name, logo, statements, and financial information in this Prospectus, as the Company's auditor of the Company's audited financial statements for the fiscal years ended 31 December 2018G and 2019G prepared in accordance with IFRS-KSA.
  - Ernst & Young & Co. Public Accountant (Professional Limited Liability Company) for the inclusion of its name, logo, statements, and financial information in this Prospectus, as the Company's auditor of the Company's audited financial statements for the fiscal year ended 31 December 2020G, in addition to Company's reviewed financial statements for the three-month and six-month periods ended on 30 June 2021G, prepared in accordance with IFRS-KSA.
  - The Market Study Consultant (CRU Strategies) for the inclusion of its name, logo and statements, if any, in this Prospectus.
  - The Competent Person (SRK Consulting) for the inclusion of its name, logo and statements, if any, in this Prospectus.
- The Underwriting Agreement.
- Document explaining the mechanism adopted to determine the price range used in the book building process.

21. Financial Statements and Auditors' Reports

This Section contains:

- Audited financial statements for FY18G, with accompanying notes thereto, prepared in accordance with the International Financial Reports Standards (IFRS), endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
- Audited financial statements for FY19G, with accompanying notes thereto, prepared in accordance with the International Financial Reports Standards (IFRS), endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
- Audited financial statements for FY20G, with accompanying notes thereto, prepared in accordance with the International Financial Reports Standards (IFRS), endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
- Reviewed financial statements for the three-month and six-month periods, ended on 30 June 2021G, with accompanying notes thereto, prepared in accordance with the International Financial Reports Standards (IFRS), endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
- Reviewed financial statements for the three-month and nine-month periods, ended on 30 September 2021G, with accompanying notes thereto, prepared in accordance with the International Financial Reports Standards (IFRS), endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018
TOGETHER WITH INDEPENDENT AUDITORS REPORT

الماجد والعنزي محاسبون ومراجعون قانونيون
AlMajed & AlEnzi Certified Public Accountants
License No 717/11/323 رقم الترخيص

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of **AL MASANE AL KOBRA MINING COMPANY (CLOSED JOINT STOCK COMPANY)** which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss, statement of changes in Shareholders' equity and statement of cash flows for the year then ended and the notes of financial statements, Including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by The Saudi Organization for Certified Public Accountants ("SOCPA").

Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saudi Arabia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the provisions of the Companies Law, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

ممدوح بن سليمان الماجد وفيصل بن محمد العنزي محاسبون ومراجعون قانونيون | شارع موسى بن نصير، مركز النمر 2، ط 5، رقم المكتب 503، العليا، الرياض، المملكة العربية السعودية
Musa Bin Nusair Street, Nemer Center 2, 5th Floor, Office 503, Olaya, Riyadh, Kingdom of Saudi Arabia | Mamdouh S. AlMajed & Faisal M. Al-Enzi Certified Public Accountants
P. O. Box 230240 Riyadh 11321 Saudi Arabia | Conjoint No. 920006619 | Tel. +966114640801 | Fax +966112176230 | Email info@mfcpa com sa
عضو غير شريك
Morison KSi
Independent member
www.mfcpa.com.sa

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Article (135) of the Regulations for Companies requires the auditor to report on any discovered violations of the applicable requirements of the Regulations for Companies and Company's by-laws. Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Company is not in compliance of the applicable requirements of the Regulation for Companies and Company's by-laws.

Mamdouh S. Al Majed & Faisal M. AL Enzi
Certified Public Accountants

Mamdouh Al Majed
License No. 425 dated 18/07/1431H

20 Ragab 1440H (27 March 2019)
Riyadh, Saudi Arabia

AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
All Amounts are in Saudi Riyals

	Notes	2018	2017 (Note 30.b)	1 January 2017 (Note 30.a)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	505,910,730	549,806,135	614,944,687
Exploration and evaluation assets	5	21,406,554	16,852,866	13,645,667
Intangible assets	6	102,616,845	115,443,951	140,445,798
Long term deposits	19-3	539,879	539,879	518,400
TOTAL NON-CURRENT ASSETS		630,474,008	682,642,831	769,554,552
CURRENT ASSETS				
Inventories, net	7	72,287,959	45,823,135	27,861,680
Trade receivables	8	16,235,035	8,213,815	-
Advances and Prepayments, net	9	18,630,885	19,862,483	19,253,140
Advances to Shareholders'	10	52,562,028	-	-
Due from Shareholders'	19-3	5,291,816	-	-
Cash and cash equivalents	11	31,510,496	32,277,939	56,723,659
TOTAL CURRENT ASSETS		196,518,219	106,177,372	103,838,479
TOTAL ASSETS		826,992,227	788,820,203	873,393,031
EQUITY AND LIABILITIES				
EQUITY				
Share capital	12	820,000,000	780,000,000	780,000,000
Share Premium		-	37,546,420	37,546,420
Statutory reserve	13	1,932,475	155,707	155,707
Training reserve		62,282	62,282	62,282
Accumulated losses		(350,553,368)	(366,544,283)	(271,623,367)
TOTAL EQUITY		471,441,389	451,220,126	546,141,042
NON-CURRENT LIABILITIES				
Provision for mine closure cost	14	16,063,136	15,519,938	14,995,109
Loans and borrowings	15	265,927,159	228,138,457	280,332,827
Capital Lease Obligations - non current portion	16	302,491	-	-
Employees' benefits	17	3,649,889	2,292,194	1,962,521
TOTAL NON-CURRENT LIABILITIES		285,942,675	245,950,589	297,290,457
CURRENT LIABILITIES				
Loans and borrowings - current portion	15	30,000,000	65,000,000	15,000,000
Capital Lease Obligations - current portion	16	250,526	-	-
Trade payables and accrued expenses	18	28,290,543	23,352,037	12,949,969
Provision for Zakat and Income Tax	19	10,982,455	3,212,812	1,926,924
Provision for severance fees		84,639	84,639	84,639
TOTAL CURRENT LIABILITIES		69,608,163	91,649,488	29,961,532
TOTAL LIABILITIES		355,550,838	337,600,077	327,251,989
TOTAL EQUITY AND LIABILITIES		826,992,227	788,820,203	873,393,031

Chief Financial Officer   Chief Executive Officer   Authorized Board Member

The accompanying notes from 1 to 32 are an integral part of these Interim financial statements

AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018
All Amounts are in Saudi Riyals

	Notes	2018	2017
Sales	20	263,384,837	136,629,880
Cost of Sales	21	(190,230,762)	(193,067,141)
Gross profit / (loss)		73,154,075	(56,437,261)
Selling and Marketing expenses	22	(21,275,390)	(7,257,085)
General and Administrative expenses	23	(21,624,407)	(17,583,546)
Net Operating Profit / loss		30,254,278	(81,277,892)
Finance charges	24	(7,119,531)	(7,369,538)
Other income	25	323,575	798,859
Income / loss before zakat and tax		23,458,322	(87,848,571)
Zakat and Income tax expense	19	(5,690,639)	-
Income / (loss) for the period		17,767,683	(87,848,571)
Basic and Diluted earnings per share (Saudi Riyals)	26		
Earnings / loss per share from net income/ (loss) for the year		0.22	(1.07)

Chief Financial Officer | Chief Executive Officer | Authorized Board Member

The accompanying notes from 1 to 32 are an integral part of these Interim financial statements

AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

STATEMENT OF CHANGE IN SHAREHOLDERS EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
All Amounts are in Saudi Riyals

	Share capital	Share premium	Statutory reserve	Training reserve	Accumulated Losses	Total equity
Balance as at 1 January 2017 SOCPA	780,000,000	37,546,420	155,707	62,282	(273,280,731)	544,483,678
Adjustments (Note 30-a)	-	-	-	-	1,657,364	1,657,364
Balance as at 1 January 2017 IFRS	780,000,000	37,546,420	155,707	62,282	(271,623,367)	546,141,042
Total comprehensive income for the year	-	-	-	-	(87,848,571)	(87,848,571)
Adjustment according to EGM decision (Note 19-6)	-	-	-	-	(7,072,345)	(7,072,345)
Balance as at 31 December 2017	780,000,000	37,546,420	155,707	62,282	(366,544,283)	451,220,126
Balance as at 1 January 2018	**780,000,000**	**37,546,420**	**155,707**	**62,282**	**(366,544,283)**	**451,220,126**
Proceeds from share premium	-	**2,453,580**	-	-	-	**2,453,580**
Transferred to Share Capital (Note 12-1)	**40,000,000**	**(40,000,000)**	-	-	-	-
Total comprehensive income for the year	-	-	-	-	**17,767,683**	**17,767,683**
Transferred to Statutory reserve (Note 13)	-	-	**1,776,768**	-	**(1,776,768)**	-
Balance as at 31 December 2018	**820,000,000**	-	**1,932,475**	**62,282**	**(350,553,368)**	**471,441,389**

Chief Financial Officer

Chief Executive Officer

Authorized Board Member

The accompanying notes from 1 to 32 are an integral part of these Interim financial statements

AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018
All Amounts are in Saudi Riyals

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before zakat and tax	**23,458,322**	(87,848,571)
Adjustments for:		
Depreciation & Amortization	**72,396,695**	106,799,186
Provision for slow moving items	**1,522,604**	886,649
Provision for doubtful debt	-	1,754,885
Employees' benefits	**2,376,710**	1,407,815
Provision for mine closure cost	**543,198**	524,829
Deferred Finance charges	**2,788,703**	2,805,630
Changes in:		
Long term deposits	-	(21,479)
Inventories	**(27,987,429)**	(18,848,104)
Trade receivables	**(8,021,220)**	(8,213,815)
Advances and Prepayments	**1,231,598**	(2,664,971)
Trade and other payables and accrued expenses	**4,938,506**	10,402,068
Zakat and tax paid	**(3,212,812)**	(1,626,179)
Employees' benefits	**(1,019,015)**	(1,078,142)
Net cash flows from operating activities	**69,015,860**	4,279,801
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of property, plant and equipment	**(16,100,592)**	(16,658,789)
Additions of exploration and evaluation assets	**(4,553,688)**	(3,207,199)
Transfers from capital work in progress, net	**426,408**	-
Net cash flows used in investing activities	**(20,227,872)**	(19,865,988)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to shareholders	**(52,562,028)**	-
Proceed from share premium	**2,453,580**	-
Proceed from Capital lease	**553,017**	-
EGM decision for Zakat (Note 19-6)	-	(3,859,533)
Repayment of loans and borrowings	-	(5,000,000)
Net cash flows used in financing activities	**(49,555,431)**	(8,859,533)
Net decrease in cash and cash equivalents	**(767,443)**	(24,445,720)
Cash and cash equivalents at the beginning of the year	**32,277,939**	56,723,659
Cash and cash equivalents at end of the year	**31,510,496**	**32,277,939**

Chief Financial Officer | **Chief Executive Officer** | **Authorized Board Member**

The accompanying notes from 1 to 32 are an integral part of these Interim financial statements

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Al Masane Al Kobra mining Company ("the Company" or "AMAK") is a Close Joint Stock Company approved by the Minister of Commerce and Investment Decree Number 247/Q dated 9/10/1428H (October 21, 2007) and registered in Jeddah under Commercial Registration No. 4030175345 on 07/01/1429 (January 16, 2008). During 2015, the head office was moved from Jeddah to Najran. Accordingly, Najran Commercial Registration No. 595001523 dated 03/11/1431H (October 11, 2010) was modified to be main Commercial Registration.

The principal activity of the Company is to produce Zinc and Copper concentrates and silver and gold dore as per the license Number 993/2 dated 16/07/1428H (July 31, 2007) issued by Saudi Arabian General Investment Authority (SAGIA). The Company commenced its commercial production on July 1, 2012.

The mining right in Al-Masane mine.

Mining rights were originally granted by the Royal Decree Number M/17 effective 01/12/1413H (May 22, 1993) for a period of thirty years, with a right of renewal for future period of twenty years to Arabian Shield Development Company that has subsequently changed its name to Arabian American Development Company ("AADC") and then to Trecora Resource. The mining rights granted to Trecora Resource the right of exploitation in Almasane mine located in Najran, Saudi Arabia, with an area of 44 square kilometers for surface rental of SAR 10,000 per square kilo meter per year, i-e SAR 440,000 per year. As per the ministry of Petroleum and mineral resources resolution dated 13/9/1429H (13/9/2008) and the ministry subsequent letter dated 2/1/1430H (30/12/2008), the aforementioned rights were transferred to the company amounting to 236 million.

In addition, the company obtained the license number 9598 from the Ministry of Petroleum and Mineral Wealth for the exploration of gold and silver dores from accompanying site Mount Guyan Surface for twenty years.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by Saudi Organization for Certified Public Accountants ("SOCPA"). These are also Company's first financial statements in accordance with IFRS and accordingly International Financial Reporting Standard, "First-time Adoption of International Financial Reporting Standards" ("IFRS 1") as endorsed in KSA has been applied. Refer to note 31 for information on the first time adoption of IFRS as endorsed in KSA, by the SOCPA.

2.2. Preparation of financial statements

(i) Basis of measurement
The financial statements have been prepared on a historical cost basis, except for defined benefit obligation which is recognized at the present value of future obligations using the Projected Unit Credit Method.

(ii) Functional and presentation currency
These financial statements are presented in Saudi Riyal ("SAR"), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest Riyal, unless otherwise indicated.

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION - Continued

2.2 Preparation of financial statements - Continued

(iii) Critical accounting estimates and judgments

The preparation of Financial Statements requires the use of judgments, estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the statement of financial position date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

a) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment in the following years are stated below:

Economic useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

Impairment of assets

Impairment of asset (financial and non-financial) describes the key assumption and estimation uncertainties underlying recoverable amounts for non-¬-derivative financial assets.

Employees' benefit – defined benefit plan

Certain actuarial assumptions have been adopted to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

Ore reserve estimate

Fluctuation in commodity price, the result of drilling and production and the evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. The volume and grades of ore reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of ore reserve could have a material effect of the company's business, prospects, financial condition and operating results.

Mine closure cost and environment obligation

The mining and exploration activities are subject to various environmental laws and regulations. The 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 mine closure costs as soon as the obligation arises however actual costs incurred in future years could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mine estimates could affect the carrying amount of this provision.

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.

2. BASIS OF PREPARATION - Continued

2.2. Preparation of financial statements - Continued

a) Assumptions and estimation uncertainties - Continued

Going concern
The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue its business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

b) Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Company's management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Company's management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

When quoted prices are available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION - Continued

2.2. Preparation of financial statements - Continued

b) Measurement of fair values - Continued

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognized in statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

2.3 Change in accounting estimate (method of depreciation)

In preparation of these financial statements for the year ended 31 December 2018, the Company has changed the depreciation method from straight-line method to Unit of Production (UoP) method applied prospectively following requirements of international accounting standards IAS 8 Changes in Accounting Estimates and IAS 16 Property, Plant and Equipment. Also, see property, plant and equipment accounting policy.

3. SIGNIFICANT ACCOUNTING POLICIES

The accompanying accounting policies set out below were adopted by the Company for the preparation of financial statements for the year ended 31 December 2018. These accounting policies have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at 1 January 2017 for the purposes of the transition to the IFRSs as explained in Note 31, unless otherwise indicated. Certain comparative amounts have been reclassified to conform to the current period's presentation.

3.1 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Mining assets are depreciated using unit of production method (UoP). The calculation is based on the level of output or usage expected to achieve from an item of property, plant and equipment.

Other property, plant and equipment items are depreciated on a straight-line basis over the estimated useful lives of the assets, as follows:

Building	8 years
Leasehold improvements	8 years
Vehicles	4 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.1 Property, plant and equipment - Continued

Assets under construction which are not ready for its intended use are not depreciated.

When a major inspection (turnaround/shutdown, planned or unplanned) is performed, it directly met attributable cost is recognized in the carrying amount of the plant and equipment if the recognition criteria are met. This is recorded as a separate component with a useful life generally equal to the time period up to the next scheduled major inspection (turnaround). If the next turnaround occurs prior to the planned date, any existing book value of the previous turnaround is recognized in the statement of profit or loss immediately

Capital work-in-progress are carried at cost less any recognized impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is accounted for in accordance with the Company's policies. Capital work in progress are not depreciated.

3.2 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.

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Exploration and evaluation assets - Continued

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

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company 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 company performs an impairment and the reversal of impairment on exploration and evaluation assets.

3.3 Intangible asset

Intangible assets are measured at cost, less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over the estimated useful lives. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and amount can be measured reliably. Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

3.4 Deferred mine closure cost

Mine closure cost include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation cost. The extent of work required and the associated costs are dependent on the requirements of current laws and regulations.

Management capitalized the deferred mining closure cost and its related provision for mine closure cost based on management best estimated. Estimated cost is based on technical study conducted by the management mining experts and following factors are consider.

- estimated ore reserves, mineral resources and life of mine;
- technology used;
- regulatory requirements and environmental management strategies and
- estimated extent and costs of anticipated activities, including the effects of inflation and
- economic sustainability.

Mine closure cost is recognized at the present value of the expenditures expected to settle the obligation, using estimate cash flows. The provision for Mine closure costs will accordingly increase over time, as the discount unwinds. The unwinding of the discount is recorded as a charge through financial charges within the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.5 Impairment of non-financial assets

At each reporting date, the company reviews the carrying amount of its non-financial asset (other than inventories) to determine whether there is any indication of impairment. If any indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuously use that are largely independent of the cash inflows of the other assets or cash generating units. The recoverable amount of an assets or cash generating unit is the greater of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of the money and the risk specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying value of the asset in the cash generating asset on a pro rata basis.

Am impairment loss is reversed only to the extent that the asset's carrying value does not exceeds the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.6 Inventories

Finished goods
Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted averages cost basis and includes cost of materials, labor, appropriate proportion of direct overheads and other costs incurred in bringing them to their existing location and condition.

Ore stockpile
Ore stockpile is recognized as inventory when it is extracted from mine, the reliable assessment of mineral content is possible and the cost of production can be reliably measured. Cost of the Ore stockpile includes all the direct and indirect costs in bringing it to the current location and condition. Ore stockpile is valued at lower of cost or net realizable value.

Spare part and consumables

Spare parts and consumable are valued at cost 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 estimated cost of completion and selling expenses.

3.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.7 Financial instruments - Continued

On initial recognition, a financial asset is classified as measured at:

i. Amortized cost
ii. Fair value through other comprehensive income (FVOCI)
  - Equity Investment
  - Debt Investment
iii. Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Amortized Cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is not held for trading, on initial recognition the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

(iii) Fair value through profit and loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.7 Financial Instruments - Continued

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Financial assets at fair value through other comprehensive income (FVOCI)

Debt investment: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity Investment: These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.7 Financial Instruments - Continued

Financial assets at fair value through profit and loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial liabilities
Financial liabilities are classified as measured at:

1. Fair value through profit and loss (FVTPL)
2. Amortized cost

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

De-recognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

a) the contractual rights to the cash flows from the financial asset expire, or
b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or

the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

AL-MASANE AL KOBRA MINING COMPANY
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less, if any, which are available to the Company without any restrictions.

3.9 Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company must transfer 10% of the net income in each year to the statutory reserve until it has built a reserve equal to 30% of the capital. This reserve is not available for distribution.

3.10 Loan and borrowing

Loan and borrowing are recognized at proceed received, net of transaction cost incurred, if any. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Additionally, borrowing costs that are directly attributable to the acquisition, construction of production of qualifying assets capitalized as part of the cost of those assets. Other borrowing cost are charged to the statement of profit or loss.

3.11 Employee Benefit

Short term employee benefit

Short term employee benefits are expenses as the related service is provided. A liability is recognized for the amount expected to be paid if the company has a legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined benefit plans

The Company has defined benefit plans, under the Saudi Arabian Labor Law applicable based on employees' accumulated periods of service at the statements of financial position.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date on which the Company recognizes related restructuring costs
- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under "general and administrative expenses" in the statement of profit or loss (by function):
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.12 Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3.13 Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.14 Zakat and income tax

Zakat and Income tax is provided for the Company in the Kingdom of Saudi Arabia in accordance with the Regulations of General Authority of Zakat and Tax (the "GAZT") in the Kingdom of Saudi Arabia, a provision for zakat and income tax is charged to the statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

3.15 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unused tax losses can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference and unused tax losses arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.16 Severance fees

The company is subject to severance fees as per the 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 company is required to pay to the Government of Saudi Arabia severance fee representing 20% 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 statement of profit or loss.

3.17 Revenue

Revenue is recognized when the title and risk of the goods is transferred to the customer. This occurs when the Company delivers the goods on the agreed vessel of the customer. Revenue is initially recognized on a provisional basis using the Company's best estimate of metal payable content of treatment, refining and other charges and with reference to open market metal prices as adjusted for any hedged metal prices. The final sale value is established at the time of discharge at the port of destination by reference to open market average metal prices ruling during the contractual quotation year and independent assays agreed between buyer and seller.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.18 General administrative and selling expense

These pertain to operation expenses which are not directly related to the production of any goods. These also include allocations of general overheads which are not specifically attributed to cost of sales or selling and distribution expenses.

3.19 Foreign currency translation

Transaction in foreign currencies are translated into the respective functional currency of the Company.at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary asset and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in Profit or loss.

3.20 Current versus non-current classification

The Company presents assets and liabilities in the financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

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4. PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Building	Leasehold improvement	Heavy equipment	Motor vehicles	Civil works	Tailing dam	Plant and machinery	Mining assets rehabilitation cost	Mining assets underground development cost	Deferred mine closure cost	Capital work in progress	Total
Cost												
At 1 Jan 2018	191,041,157	1,838,317	110,259,123	22,783,108	15,582,921	22,684,394	294,463,540	129,894,826	237,979,146	12,842,625	5,532,815	**1,044,901,972**
Additions	-	-	1,596,425	-	-	-	-	-	7,743,196	-	6,760,971	**16,100,592**
Disposals	-	-		(368,808)	-	-	-	-	-	-		**(368,808)**
Transfers	79,750	-	6,270,021	53,000	-	358,200	-	-	-	-	(7,187,379)	**(426,408)**
At 31 Dec 2018	**191,120,907**	**1,838,317**	**118,125,569**	**22,467,300**	**15,582,921**	**23,042,594**	**294,463,540**	**129,894,826**	**245,722,342**	**12,842,625**	**5,106,407**	**1,060,207,348**
Accumulated depreciation												
At 1 Jan 2018	54,216,600	1,838,317	77,590,601	21,682,082	7,433,789	12,485,737	75,975,315	62,672,516	175,058,754	6,142,126	-	**495,095,837**
Charge for the year	15,202,729	-	2,870,424	606,827	988,015	1,261,450	22,896,712	7,469,145	7,529,787	744,500	-	**59,569,589**
Disposals	-	-	-	(368,808)	-	-	-	-	-	-	-	**(368,808)**
At 31 Dec 2018	**69,419,329**	**1,838,317**	**80,461,025**	**21,920,101**	**8,421,804**	**13,747,187**	**98,872,027**	**70,141,661**	**182,588,541**	**6,886,626**	-	**554,296,618**
Carrying value												
As at 31 Dec 2018	**121,701,578**	-	**37,664,544**	**547,199**	**7,161,117**	**9,295,407**	**195,591,513**	**59,753,165**	**63,133,801**	**5,955,999**	**5,106,407**	**505,910,730**
As at 31 Dec 2017	136,824,557	-	32,668,522	1,101,026	8,149,132	10,198,657	218,488,225	67,222,310	62,920,392	6,700,499	5,532,815	549,806,135

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4- PROPERTY, PLANT AND EQUIPMENT - Continued

FOR THE YEAR ENDED 31 DECEMBER 2017

	Building	Leasehold improvement	Heavy equipment	Motor vehicles	Civil works	Tailing dam	Plant and machinery	Mining assets rehabilitation cost	Mining assets underground development cost	Deferred mine closure cost	Capital work in progress	Total
Cost												
At 1 Jan 2017	190,152,290	1,838,317	105,298,174	22,788,174	15,081,589	22,684,394	273,397,300	129,894,826	232,306,494	12,842,625	21,964,036	**1,028,248,308**
Additions	-	-	-	-	-	-	-	-	5,672,652	-	10,986,137	**16,658,789**
Transfers	888,867	-	4,960,949	(5,125)	501,332	-	21,066,210	-	-	-	(27,417,358)	**(5,125)**
At 31 Dec 2017	**191,041,157**	**1,838,317**	**110,259,123**	**22,783,108**	**15,582,921**	**22,684,394**	**294,463,540**	**129,894,826**	**237,979,146**	**12,842,625**	**5,532,815**	**1,044,901,972**
Accumulated depreciation												
At 1 Jan 2017	44,752,721	1,838,317	64,057,156	20,883,289	5,845,625	10,217,298	61,329,601	51,456,165	147,898,074	5,025,375	-	**413,303,621**
Charge for the year	9,463,879	-	13,533,445	798,793	1,588,164	2,268,439	14,645,714	11,216,351	27,160,680	1,116,751	-	**81,792,216**
At 31 Dec 2017	**54,216,600**	**1,838,317**	**77,590,601**	**21,682,082**	**7,433,789**	**12,485,737**	**75,975,315**	**62,672,516**	**175,058,754**	**6,142,126**	-	**495,095,837**
Carrying value												
As at 31 Dec 2017	**136,824,557**	-	**32,668,522**	**1,101,026**	**8,149,132**	**10,198,657**	**218,488,225**	**67,222,310**	**62,920,392**	**6,700,499**	**5,532,815**	**549,806,135**
As at 1 Jan 2017	145,399,569	-	41,241,018	1,904,944	9,235,964	12,467,096	212,067,729	78,438,661	84,408,420	7,817,250	21,964,036	614,944,687

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4. PROPERTY, PLANT AND EQUIPMENT - Continued

4.1 Certain property, plant and equipment were subject to a pledge as collateral against a long-term loan (Note 15).

4.2 Capital work in progress represents firefighting works and equipment for plant.

4.3 The management have decided to change in the method of depreciation and amortization from straight line and declining method to unit of production method (UoP) which is considered more relevant to the economic benefits of the mine operation comparing to the straight-line method. The depreciation and amortization calculations based on previous estimates for the period is approximately **SR 103,915,726.**

5 EXPLORATION AND EVALUATION ASSETS

	2018	2017	1 January 2017
At 1 January	**16,852,866**	13,645,667	-
Additions for the year	**4,553,688**	3,207,199	13,645,667
As at December 31,	**21,406,554**	16,852,866	13,645,667

Exploration and evaluation asset is pertained to Mount Guyan surface and all the expenses are intangible in nature.

6. INTANGIBLE ASSETS

	2018	2017	1 January 2017
Cost			
At 1 January	**258,973,236**	258,973,236	258,973,236
At 31 December	**258,973,236**	258,973,236	258,973,236
Accumulated amortization			
At 1 January	**143,529,285**	118,527,438	93,525,596
Charge for the year	**12,827,106**	25,001,847	25,001,842
At 31 December	**156,356,391**	143,529,285	118,527,438
Carrying value as at 31 December	**102,616,845**	115,443,951	140,445,798

Intangible asset represents right to use almasane mine. Mining rights were originally granted by the Royal Decree Number M/17 effective 01/12/1413H (May 22, 1993) for a period of thirty years, with a right of renewal for future period of twenty years to Arabian Shield Development Company that has subsequently changed its name to Arabian American Development Company ("AADC") and then to Trecora Resource. The mining rights granted Trecora Resource the right of exploitation in almasane mine located in Najran, Saudi Arabia, with an area of 44 square kilometers for surface rental of SAR 10,000 per square kilo meter per year, i-e SAR 440,000 per year. As per the ministry of Petroleum and mineral resources resolution dated 13/9/1429H (13/9/2008) and the ministry subsequent letter dated 2/1/1430H (30/12/2008), the aforementioned rights were transferred to the Company for SAR 236 million.

7. INVENTORY

	2018	2017	1 January 2017
Concentrates	**19,533,428**	12,118,132	-
Ore stockpile	**19,134,297**	9,417,626	-
Consumables	**37,112,548**	26,257,087	28,944,741
Less: Provision for inventories	**(3,492,314)**	(1,969,710)	(1,083,061)
	72,287,959	45,823,135	27,861,680

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7. INVENTORY – Continued

The movement in the provision for inventory for the year is as follows:

	2018	2017	1 January 2017
Balance as at 01 January	**1,969,710**	1,083,061	571,563
Charge for the year	**1,522,604**	886,649	511,498
Balance as at 31 December	**3,492,314**	1,969,710	1,083,061

8. TRADE RECEIVABLES, NET

	2018	2017	1 January 2017
Trade receivables	**14,361,169**	3,597,097	-
Provisional Sales	**1,873,866**	4,616,718	-
	16,235,035	8,213,815	-

Major Sales equivalent to 96% made to a sole customer (2017:100%).
All the trade receivable are evaluated for impairment using simplified approach under expected credit loss method.

9. ADVANCES AND PREPAYMENTS, NET

	2018	2017	1 January 2017
Advances to suppliers	**16,882,386**	13,747,755	6,577,474
Less: provision for advances to suppliers	**(1,754,885)**	(1,754,885)	-
Advances to suppliers, net	**15,127,501**	11,992,870	6,577,474-
Prepayments	**1,196,218**	4,976,133	5,155,613
Employee receivables	**126,242**	389,903	5,593,129
Value Added Taxes – Input	**2,128,924**	-	-
Other receivables	**52,000**	2,503,577	1,926,924
	18,630,885	19,862,483	19,253,140

The movement in the provision for advances to suppliers for the year is as follows:

	2018	2017	1 January 2017
Balance as at 01 January	**1,754,885**	-	-
Charge for the year	-	1,754,885	-
Balance as at 31 December	**1,754,885**	1,754,885	-

10. ADVANCES TO SHAREHOLDERS'

During the Company's Extraordinary General Assembly Meeting in October of 2018, the shareholders approved to repurchase 2,500,000 shares from the shareholders at a price of SR30 each and to register these shares as treasury shares. In December 2018. There have been no outstanding Sale Purchase agreements with the shareholders' as of December 2018. The Company began advancing shareholders their portion of these proceeds in anticipation of completing and finalizing the treasury stock repurchase in 2019. As of December 31, 2018, the Company had advanced SR52,562,028 to shareholders as follows:

	2018	2017	1 January 2017
Non-Saudi Shareholders'	**31,784,978**	-	-
Saudi Shareholders'	**20,777,050**	-	-
	52,562,028	-	-

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11. CASH AND CASH EQUIVALENTS

	2018	2017	1 January 2017
Cash on hand	**188,830**	80,785	160,230
Cash at banks - Current accounts	**31,321,666**	32,197,154	16,358,676
Murabaha investments *	-	-	40,204,753
	31,510,496	32,277,939	56,723,659

* The Murabaha investments carries mark-up at the rates ranging from 1.43% to 1.85% per annum with various maturity dates.

12. SHARE CAPITAL

	2018	2017	1 January 2017
Authorized share capital	**Number of Shares**		
Ordinary shares of SAR 10 each	82,000,000	78,000,000	78,000,000
	SAR		
Ordinary shares of SAR 10 each	820,000,000	780,000,000	780,000,000
Issued capital			
	Number of Shares		
Ordinary shares of SAR 10 each – fully paid	82,000,000	78,000,000	78,000,000
	SAR		
Ordinary shares of SAR 10 each – fully paid	820,000,000	780,000,000	780,000,000

12.1 Capital Increase during the year

During the year the company increased its authorized share capital by SAR 40,000,000 to SAR 820,000,000 and issued 4,000,000 shares of SAR 10 each., The additional share capital was subscribed by the existing shareholders by converting SAR 37,546,420 from share premium to share capital and with additional cash injection of SAR 2,453,580.

12.2 Pattern of shareholding

	Number of shares	**Share capital (SAR)**	**Ownership %**
GCC shareholders	38,607,124	386,071,240	47.08%
Trecora Resources	27,402,876	274,028,760	33.42%
Arab Mining Company	15,990,000	159,900,000	19.50%
	82,000,000	**820,000,000**	**100%**

All Amounts are in Saudi Riyals

13. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia and Company's by law, the Company is required to transfer 10% of net income for the year to a statutory reserve until such reserve amounts to 30% of its share capital. This reserve is not available for distribution to shareholders. No transfer was made during the year as the company has accumulated losses.

14. PROVISION FOR MINE CLOSURE COST

	2018	2017	1 January 2017
Balance as at beginning of the year	**15,519,938**	14,995,109	14,488,028
Add:			
- Provision made during the year	**543,198**	524,829	507,081
Balance as at 31 December	**16,063,136**	15,519,938	14,995,109

15- LOANS AND BORROWINGS

	2018	2017	1 January 2017
Commercial loan	**295,927,159**	293,138,457	295,332,827
Less: Current maturity	**(30,000,000)**	(65,000,000)	(15,000,000)
Total non-current loans and borrowings	**265,927,159**	228,138,457	280,332,827

This represents loan obtained from one of the local Lenders. This loan is secured by mortgage on the Company's property, plant and equipment and by the mortgage on the shareholders corporate guarantee signed on behalf for each shareholders'. The loan is repayable in thirteen biannual installments in 6 years.

In July 2018, the company and the lender reached an agreement to amend the original loan agreement as per the company`s request to reschedule the payments in (11) biannual installments payable as follows:

Year	Amount
2019	30,000,000
2020	50,000,000
2021	60,000,000
2022	60,000,000
2023	70,000,000
Thereafter	35,000,000

All the articles and provisions of the loan agreement and amendments will remain valid and effective. Under the terms of the facility agreement with the lender, the company is required to maintain certain financial covenants, among other Items. The Company is in compliance with these covenants at December 31, 2018.

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16. CAPITAL LEASE OBLIGATIONS

The company has entered into certain agreements which entitled the company to residential rights and obligations relating to certain assets related to these agreements. Future minimum lease payments under these agreements as follows:

	2018	2017	1 January 2017
Total minimum lease obligationss	648,593	-	-
Less: Future finance cost not yet due	(95,576)	-	-
Net present value of minimum lease obligations	553,017		
Less: current portion shown under current liabilities	(250,526)	-	-
Long term portion of capital lease obligations	302,491	-	-

Maturity profile

Minimum lease obligations falling due during the following years:

Year	Amount
2019	250,526
2020	250,526
Thereafter	147,541

17. EMPLOYEES' BENEFITS

	2018	2017	1 January 2017
Defined benefit plan	3,649,889	2,292,194	1,962,521

17.1 Movements in liabilities recognized in the balance sheet and its components are as follows:

	2018	2017
Balance at 1st January	2,292,194	1,962,521
Expenses recognized	2,376,710	1,407,815
Benefits paid	(1,019,015)	(1,078,142)
Balance at 31st December	3,649,889	2,292,194

17.2 The significant assumptions used in determining end of service benefit obligations for the Company's plans are shown below:

Discount rate	4.50%	4.50%
Future salary increases	3.50%	3.50%

17.3 A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation are shown below:

Discount rate		
1% increase	3,263,000	2,055,000
1% decrease	4,087,000	2,576,000
Future salary increases		
1% increase	4,087,000	2,576,000
1% decrease	3,256,000	2,050,000

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

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18. TRADE AND OTHER PAYABLES

	2018	2017	1 January 2017
Accounts payables	**18,236,007**	15,402,088	7,887,989
Accrued expenses	**8,689,163**	5,568,661	3,595,694
Other payables	**1,365,373**	2,381,288	1,466,286
	28,290,543	23,352,037	12,949,969

19- PROVISION OF ZAKAT AND INCOME TAX

19.1 The movement in zakat and tax provision during the year was as follows:

	2018	2017	1 January 2017
At the beginning of the year	**3,212,812**	1,926,924	1,254,419
Payment during the year	**(3,212,812)**	(1626,179)	(1,254,419)
Provision during the year	**5,690,639**	2,912,067	1,926,924
Charged to Non-Saudi Shareholders' Note (19-3)	**5,291,816**	-	-
	10,982,455	3,212,812	1,926,924

19.2 Tax Calculation for foreign Shareholders'

	2018	2017	1 January 2017
Taxable base	**11,492,586**	-	-
Income tax rate 20%	**2,298,517**	-	-

19.3 Capital gain tax for Non-Saudi Shareholders'

	2018	2017	1 January 2017
Taxable base	**26,459,080**	-	-
Income tax rate 20%	**5,291,816**	-	-

19.4 The following are the principle elements of Zakat base for the years ended 31 December

	2018	2017	1 January 2017
Non – current assets	**630,474,008**	682,102,952	769,036,152
Non – current liabilities	**285,942,675**	249,569,704	301,095,465
Shareholders' equity	**471,441,389**	453,608,190	542,556,754
Net adjusted Income / (loss)	**30,314,559**	(35,200,841)	(107,942,441)

19.5 Zakat and income tax status:

The company submitted the Zakat and Tax return for the year 2017 and obtained the Zakat certificate which is valid till April 30, 2019. The zakat and tax returns for the years from 2012 to 2014 are currently under review by the GAZT. No final assessment has been raised by the GAZT for previous years.

19.6 Zakat and Income tax liability

On 28 October 2018, the Extraordinary General Assembly ("EGM") of the company approved to write off all shareholders' balances that were result from the Zakat and income tax from previous years amounting to SR 7,072,345 to the accumulated losses as of 31 December 2017. On the same date, the ("EGM") of the company approved to consider both zakat and income tax as expenses and to be charged to the statement of profit or loss starting from FY 2018

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19. PROVISION OF ZAKAT AND INCOME TAX – Continued

19.7 Deferred Tax Assets / Liabilities

The Company has calculated the temporary differences of net assets based on accounting basis and net assets based on the taxable basis, which may result deferred tax assets or liabilities. Based on the calculations, there is no significant differences and no tax assets or liabilities have been recognized.

20. SALES

	2018	2017
Sales of Copper	**142,320,314**	64,735,337
Sales of Zinc	**108,940,942**	63,435,707
Sales of PMC	**8,148,888**	8,458,836
Sales of SART products	**3,974,693**	-
	263,384,837	136,629,880

21. COST OF SALES

	2018	2017
Depreciation of property, plant and equipment	**45,348,762**	43,190,209
Amortization	**27,826,038**	63,378,876
Employees' salaries and benefit	**44,709,929**	38,589,305
Repair and maintenance	**34,756,420**	20,927,791
Raw material and utilities consumed	**8,722,673**	2,824,183
Other overheads	**28,866,940**	24,156,777
	190,230,762	193,067,141

22. SELLING AND DISTRIBUTION EXPENSES

	2018	2017
Transportation	**15,605,862**	1,475,580
Advertising and promotion	**5,669,528**	5,781,505
	21,275,390	7,257,085

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
Employees' salaries and benefit	**13,419,118**	12,815,150
Management overhead and other consultancy	**5,123,576**	1,407,986
Professional fees	**823,211**	935,898
Rent and insurance	**418,543**	476,409
Others	**1,839,959**	1,948,103
	21,624,407	17,583,546

24. FINANCE COST

	2018	2017
Saudi Industrial Development Fund (SIDF) additional fees	**5,314,217**	6,491,630
Finance charges related capital lease	**35,201**	-
Others	**1,770,113**	877,908
	7,119,531	7,369,538

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018
All Amounts are in Saudi Riyals

25. OTHER INCOME

	2018	2017
Other income	264,432	893,524
Gain on disposal of fixed assets	59,143	-
Foreign currency translation loss	-	(94,665)
	323,575	798,859

26. EARNINGS / (LOSS) PER SHARE

	2018	2017
Earnings / (Loss) per share from net operations:		
Net Income / (loss) from operations	30,254,278	(81,277,892)
Weighted average number of shares *	82,000,000	82,000,000
Earnings / (Loss) per share	0.37	(0.99)
		(Restated)
Loss per share from net Income / (loss) for the year		
Net Income / (loss) for the year	17,797,850	(87,848,571)
Weighted average number of shares *	82,000,000	82,000,000
Earnings / (Loss) per share	0.22	(1.07)
		(Restated)

* The weighted average number of shares have been retrospectively adjusted for the prior year to reflect the capital increase from share premium

27. RELATED PARTIES

Related parties comprise the shareholders, board of directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, the Company transacts with its related parties, on agreed prices and contract terms as approved by the Company's management. The prices are not fixed by any agreement and are mutually agreed at the time of the transaction

The following is a summary of significant transactions with related parties, which are included in the financial statements:

Name of parties	Nature of relationship	Nature of transaction	2018	2017
Arab Commercial Enterprises for Travel	Affiliates	Operation	3,071,338	2,700,335
Ayady Al Joud	Affiliates	Operation	2,023,815	1,169,402
Najran Mineral Water	Affiliates	Operation	75,642	75,660
Najran Cement	Affiliates	Operation	45,738	40,000
			5,216,533	3,985,397

Compensation to key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

	2018	2017
Salaries	2,346,444	1,933,772
Benefits and compensation	3,536,681	2,633,657
Total	5,883,125	4,567,429

AL-MASANE AL KOBRA MINING COMPANY
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018
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28. FINANCIAL RISK MANAGEMENT

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

28.1 Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk, liquidity risk, special commission rate risk, commodity price risks and fair value risk.

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and reports to the Board of Directors on its activities.

Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables, borrowings, trade payable and accrued and other liabilities. The particular recognition methods adopted are disclosed in the significant accounting policies Note 3

28.2 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities (pertaining to trade receivables mainly). However, the significant amount of cash is collection before the sales delivery from the customer. 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 Company currently has only one major customer which account for sale of approximately SAR 251 million, sales for the year ended December 31, 2018 (December 31, 2017: SAR 128 million). Trade accounts receivable are shown net of impairment based on expected credit loss model as required by IFRS 9.

28.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting its obligations associated with financial liabilities that are settled either in cash or with another financial asset. Liquidity risk may result from company's 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 through committed credit facilities to meet any future commitments as well as close monitoring of cash inflows and outflows from operations.

Following are the contractual maturities at the end of the reporting period of assets and liabilities as analyzed by the management:

	2018				
	Up to one year	**One to three years**	**More than three years**	**No fixed maturity**	**Total**
Loans and borrowings	30,000,000	170,000,000	105,000,000	-	305,000,000
Capital lease obligations	250,526	302,491	-	-	553,017
Trade and other payables	39,272,998	-	-	3,734,528	43,007,526
	69,523,524	170,302,491	105,000,000	3,734,528	344,826,015

	2017				
	Up to one year	**One to three years**	**More than three years**	**No fixed maturity**	**Total**
Loans and borrowings	65,000,000	170,000,000	70,000,000	-	305,000,000
Capital lease obligations	-	-	-	-	-
Trade and other payables	26,564,849	-	-	2,376,833	28,941,682
	91,564,849	170,000,000	70,000,000	2,376,833	333,941,682

The Company has utilized credit facilities of SR 305 million (2017: SR 305 million, 01 January 2017: SR 310 million) as at statement of financial position date to meet liquidity requirements.

28. FINANCIAL RISK MANAGEMENT – Continued

28.4 Market rate risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

28.5 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried in Saudi Riyal.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuations as the majority of the monetary assets and liabilities are in Saudi Riyals or currencies which are pegged to the Saudi Riyal and consequently the Company does not expose to foreign currency exposure.

28.6 Special commission rate risk

Special commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company'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 Company monitors the fluctuations in commission rate.

28.7 Commodity price risk

Most of the commodities sold by the Company are priced in an active market in which prices respond to daily changes in quantities. The Company's normal policy is to sell its products at prevailing market prices.

28.8 Fair Value Risk

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 Company's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

29. CONTINGENIES AND COMMITMENTS

The company leases a building for the management and for the purpose of housing for the senior management and staff, obligations and commitments are as follows:

	2018	2017	1 January 2017
One year	**31,240,526**	210,000	210,000
Two to four years	**244,358,067**	1,760,000	1,760,000
More than four years	**36,540,000**	1,530,000	1,530,000
	312,138,593	3,500,000	3,500,000

30. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

For all periods, up to and including the year ended 31 December 2017, the Company prepared and published its financial statements only in accordance with generally accepted accounting standards in KSA ("SOCPA GAAP"). These are the Company's financial statements in accordance IFRS 1, "First-time Adoption of International Financial Reporting Standards" that are endorsed in KSA.

Accordingly, the Company has prepared financial statements, which comply with IFRS as endorsed in KSA applicable for periods beginning on or after 1 January 2017, together with the comparative period figures. In preparing the accompanying financial statements, the Company's opening statement of financial position was prepared as at 1 January 2017 after incorporating certain adjustments made as required due to the first time adoption of IFRS as endorsed in KSA.

In preparing its opening statement of financial position as at 1 January 2017 in accordance with IFRS as endorsed in KSA, the financial statements for the year ended 31 December 2017 and 31 December 2018, the Company has analyzed the impact and noted the following adjustments are required to the amounts reported previously in the financial statements prepared in accordance with SOCPA GAAP.

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018
All Amounts are in Saudi Riyals

30- FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - Continued

a. Reconciliation of statement of financial position 1 January 2017

	As at 01 Jan 2017 (SOCPA)	Re-classification Adjustment	Re-measurement Adjustment	As at 01 Jan 2017 (IFRS)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	620,773,104	(5,828,417)	-	614,944,687
Exploration assets	-	13,645,667	-	13,645,667
Pre-operating expenses	140,445,798	(140,445,798)	-	-
Intangible asset	-	140,445,798	-	140,445,798
Deferred mine closure cost	7,817,250	(7,817,250)	-	-
Long term advances	-	518,400	-	518,400
TOTAL NON-CURRENT ASSETS	**769,036,152**	**518,400**	-	**769,554,552**
CURRENT ASSETS				
Inventories	27,861,680	-	-	27,861,680
Trade receivables, net	5,593,129	(5,593,129)	-	-
Advances and prepayments	12,251,488	7,001,652	-	19,253,140
Cash and cash equivalents	56,723,659	-	-	56,723,659
TOTAL CURRENT ASSETS	**102,429,956**	**1,408,524**	-	**103,838,479**
TOTAL ASSETS	**871,466,108**	**1,926,924**	-	**873,393,031**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	780,000,000	-	-	780,000,000
Share Premium	37,546,420	-	-	37,546,420
Statutory reserve	155,707	-	-	155,707
Training reserve	62,282	-	-	62,282
Zakat provision	(1,926,924)	1,926,924	-	-
Accumulated losses	(273,280,731)	-	1,657,364	(271,623,367)
TOTAL EQUITY	**542,556,754**	**1,926,924**	**1,657,364**	**546,141,042**
NON-CURRENT LIABILITIES				
Provision for mine closure cost	14,995,109	-	-	14,995,109
Loans and borrowings	284,619,721	(2,147,644)	(2,139,250)	280,332,827
Employees' end of service benefits	1,480,635	-	481,886	1,962,521
TOTAL NON-CURRENT LIABILITIES	**301,095,465**	**(2,147,644)**	**(1,657,364)**	**297,290,457**
CURRENT LIABILITIES				
Loans and borrowings - current portion	12,852,356	2,147,644	-	15,000,000
Trade payables Accrued expenses and other payables	12,949,969	-	-	12,949,969
Provision for zakat and tax	1,926,924	-	-	1,926,924
Provision for severance fees	84,639	-	-	84,639
TOTAL CURRENT LIABILITIES	**27,813,889**	**2,147,644**	-	**29,961,532**
TOTAL LIABILITIES	**328,909,354**	-	**(1,657,364)**	**327,251,989**
TOTAL EQUITY AND LIABILITIES	**871,466,108**	**1,926,924**	-	**873,393,031**

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018
All Amounts are in Saudi Riyals

30- FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - Continued

b. Reconciliation of statement of financial position as at 31 December 2017 - date of transition to IFRS

	As at 31 Dec 2017 (SOCPA)	Re-classification Adjustment	Re-measurement Adjustment	As at 31 Dec 2017 (IFRS)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	559,958,502	(10,152,367)	-	549,806,135
Exploration and evaluation assets	-	16,852,866	-	16,852,866
Intangible asset	115,443,951	-	-	115,443,951
Deferred mine closure cost	6,700,499	(6,700,499)	-	-
Long term advances	-	539,879	-	539,879
TOTAL NON-CURRENT ASSETS	**682,102,952**	**539,879**	-	**682,642,831**
CURRENT ASSETS				
Inventories	45,823,135	-	-	45,823,135
Trade receivables, net	14,966,831	(6,753,016)	-	8,213,815
Advance, prepayments, net * (Note 30.d)	17,508,881	9,425,949	-	26,934,830
Cash and cash equivalents	32,277,939	-	-	32,277,939
TOTAL CURRENT ASSETS	**110,576,786**	**2,672,933**	-	**113,249,719**
TOTAL ASSETS	**792,679,738**	**3,212,812**	-	**795,892,550**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	780,000,000	-	-	780,000,000
Share Premium	37,546,420	-	-	37,546,420
Statutory reserve	155,707	-	-	155,707
Training reserve	62,282	-	-	62,282
Zakat Provision	(3,212,812)	3,212,812	-	-
Retained losses	(360,943,407)	-	1,471,470	(359,471,937)
TOTAL EQUITY	**453,608,190**	**3,212,812**	**1,471,470**	**458,292,472**
NON-CURRENT LIABILITIES				
Provision for mine closure cost	15,519,938	-	-	15,519,938
Loans and borrowings	231,767,365	(2,147,644)	(1,481,263)	228,138,458
Employees' end of service benefits	2,282,401	-	9,793	2,292,194
TOTAL NON-CURRENT LIABILITIES	**249,569,704**	**(2,147,644)**	**(1,471,470)**	**245,950,590**
CURRENT LIABILITIES				
Loans and borrowings - current portion	62,852,356	2,147,644	-	65,000,000
Trade payables, accrued expenses and others	23,352,037	-	-	23,352,037
Provision for zakat and tax	3,212,812	-	-	3,212,812
Provision for severance fees	84,639	-	-	84,639
TOTAL CURRENT LIABILITIES	**89,501,844**	**2,147,644**		**91,649,488**
TOTAL LIABILITIES	**339,071,548**	-	**(1,471,470)**	**337,600,078**
TOTAL EQUITY AND LIABILITIES	**792,679,738**	**3,212,812**	-	**795,892,550**

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018
All Amounts are in Saudi Riyals

30- FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - Continued

c. Reconciliation of equity

	31 Decmeber 2017	1 January 2017
Total equity under SOCPA standards	**453,608,190**	**542,556,754**
Adjustments	**4,684,282**	3,584,288
Equity under IFRS	**458,292,472**	**546,141,042**
Adjustments according to EGM decision (Note 19-6)	**(7,072,346)**	-
Equity as at 31st December 2017 under (IFRS)	**451,220,126**	546,141,042

d. Reconciliation of Advances and prepayments

	31 Decmeber 2017	1 January 2017
Total Advances and prepayments under SOCPA standards	**17,508,880**	12,251,488
Adjustments	**9,425,949**	7,001,652
Total Advances and prepayments under IFRS	**26,934,830**	19,253,140
Adjustments according to EGM decision (Note 19-6)	**(7,072,346)**	-
Equity as at 31st December 2017 under (IFRS)	**19,862,483**	19,253,140

31. COMPARATIVE FIGURES

Certain comparative figures of the previous year/period have been reclassified to conform to the current period presentation.

32. DATE OF AUTHORIZATION

These annual financial statements were authorized for issuance on February 14th, 2019.

شركة المصانع الكبرى للتعدين
أماك
AMAK
Al Masane Al Kobra Mining Co.

AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019
TOGETHER WITH INDEPENDENT AUDITORS REPORT

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الماجد والعنزي محاسبون ومراجعون قانونيون
AlMajed & AlEnzi Certified Public Accountants
License No 717/11/323 رقم الترخيص

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of **AL MASANE AL KOBRA MINING COMPANY (CLOSED JOINT STOCK COMPANY)** which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss, statement of changes in Shareholders' equity and statement of cash flows for the year then ended and the notes of financial statements, Including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by The Saudi Organization for Certified Public Accountants ("SOCPA").

Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saudi Arabia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the provisions of the Companies Law, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Article (135) of the Regulations for Companies requires the auditor to report on any discovered violations of the applicable requirements of the Regulations for Companies and Company's by-laws. Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Company is not in compliance of the applicable requirements of the Regulation for Companies and Company's by-laws.

Mamdouh S. Al Majed & Faisal M. AL Enzi
Certified Public Accountants

Mamdouh Al Majed
License No. 425 dated 18/07/1431H

20 Ragab 1441H (15 March 2020)
Riyadh, Saudi Arabia

شركة المصانع الكبرى للتعدين
أماك
AMAK
Al Masane Al Kobra Mining Co.

AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
ALL AMOUNTS ARE IN SAUDI RIYALS

	Note	2019	(RESTATED) 2018
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment, net	4	480,311,516	505,910,730
Right of use assets	5-1	9,354,930	-
Exploration and evaluation assets	6	40,663,796	21,406,554
Intangible assets	7	92,221,613	102,616,845
Long term deposits		539,879	539,879
TOTAL NON-CURRENT ASSETS		623,091,734	630,474,008
CURRENT ASSETS:			
Inventories, net	8	63,096,443	72,287,959
Trade and other receivables, net	9	29,643,472	16,235,035
Advances and prepayments, net	10	49,515,139	18,630,885
Advances to Shareholders'	11	2,859,341	52,562,028
Due from Shareholders'	19-1	-	5,291,816
Cash and cash equivalents	12	52,244,794	31,510,496
TOTAL CURRENT ASSETS		197,359,189	196,518,219
TOTAL ASSETS		820,450,923	826,992,227
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	13	820,000,000	820,000,000
Statutory reserve	14	4,427,449	1,742,535
Accumulated losses		(328,200,241)	(352,262,829)
Treasury stock	11	(74,713,350)	-
TOTAL EQUITY		421,513,858	469,479,706
NON-CURRENT LIABILITIES:			
Provision for mine closure cost	15	16,625,347	16,063,136
Long-term loan - non current portion	16	268,647,472	265,927,159
Lease liabilities - non-current portion	5-3	4,943,723	302,491
Employees benefits	17	4,475,706	3,649,889
TOTAL NON-CURRENT LIABILITIES		294,692,248	285,942,675
CURRENT LIABILITIES:			
Long-term loan - current portion	16	50,000,000	30,000,000
Lease liabilities - current portion	5-3	3,211,400	250,526
Trade payables and accrued expenses	18	38,101,390	28,352,825
Provision for Zakat and Income Tax	19-1	10,932,026	10,982,455
Provision for severance fees	20	2,000,001	1,984,040
TOTAL CURRENT LIABILITIES		104,244,817	71,569,846
TOTAL LIABILITIES		398,937,065	357,512,521
TOTAL LIABILITIES AND EQUITY		820,450,923	826,992,227

Chief Financial Officer | Chief Executive Officer | Authorized Board Member

The accompanying notes from 1 to 33 are an integral part of these financial statements

AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019
ALL AMOUNTS ARE IN SAUDI RIYALS

	Notes	2019	(RESTATED) 2018
Sales	21	297,837,262	263,384,837
Cost of Sales	22	(214,162,558)	(194,369,519)
Gross profit		83,674,704	69,015,318
Selling and Marketing expenses	23	(21,325,859)	(17,395,426)
General and Administrative expenses	24	(25,041,382)	(23,265,015)
Net Operating Profit		37,307,463	28,354,877
Finance charges	25	(6,662,347)	(7,119,531)
Other income	26	2,091,152	323,575
Net Income before zakat and Income tax		32,736,268	21,558,921
Zakat and Income tax expense	19	(6,326,283)	(5,690,639)
Net Income for the period		26,409,985	15,868,282
Other Comprehensive income			
Not to be reclassified to profit or loss in subsequent periods			
Actuarial gain on defined employees' benefits	17	439,159	-
Total Comprehensive income for the year		26,849,144	15,868,282
Basic and Diluted earnings per share (Saudi Riyals)	27		
Earnings per share from net profit for the period		0.33	0.19

Chief Financial Officer　　Chief Executive Officer　　Authorized Board Member

The accompanying notes from 1 to 33 are an integral part of these financial statements

AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)
STATEMENT OF CHANGE IN SHAREHOLDERS EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
ALL AMOUNTS ARE IN SAUDI RIYALS

	Share Capital	Share Premium	(RESTATED) Statutory Reserve	(RESTATED) Accumulated Losses	Treasury Stock	(RESTATED) Total Equity
Balance as at 1 January 2018	780,000,000	37,546,420	155,707	(366,544,283)	-	451,157,844
Proceeds from share premium	-	2,453,580	-	-	-	2,453,580
Transferred to Share Capital	40,000,000	(40,000,000)	-	-	-	-
Total comprehensive income for the year after adjustment (Note 29)	-	-	-	15,868,282	-	15,868,282
Transferred to Statutory reserve	-	-	1,586,828	(1,586,828)	-	-
Balance as at 31 December 2018	820,000,000	-	1,742,535	(352,262,829)	-	469,479,706
Balance as at 1 Jan. 2019	**820,000,000**	-	**1,742,535**	**(352,262,829)**	-	**469,479,706**
Adjustment from application of IFRS 16	-	-	-	(101,642)	-	(101,642)
Balance as at 1 Jan. 2019 after adjustment	**820,000,000**	-	**1,742,535**	**(352,364,471)**	-	**469,378,064**
Movement during the period (Note 11)	-	-	-	-	(74,713,350)	(74,713,350)
Net profit for the year	-	-	-	26,409,985	-	26,076,268
Other comprehensive income for the year	-	-	-	439,159	-	439,159
Total comprehensive income for the year	-	-	-	26,849,144	-	26,849,144
Transferred to Statutory reserve	-	-	2,684,914	(2,684,914)	-	-
Balance as at 31 December 2019	**820,000,000**	-	**4,427,449**	**(328,200,241)**	**(74,713,350)**	**421,513,858**

Chief Financial Officer **Chief Executive Officer** **Authorized Board Member**

The accompanying notes from 1 to 33 are an integral part of these financial statements

AL MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019
ALL AMOUNTS ARE IN SAUDI RIYALS

	2019	(RESTATED) 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before zakat and income tax	**32,736,268**	21,558,921
Adjustments for:		
Depreciation & Amortization	**60,760,219**	72,396,695
Depreciation of Right of use assets	**718,749**	-
Provision for slow moving items	**1,200,000**	1,522,604
Employees' benefits	**2,242,129**	2,376,710
Provision for mine closure cost	**562,211**	543,198
Deferred Finance charges	**2,720,313**	2,788,703
Provision for severance fees	**2,000,001**	1,899,401
Changes in:		
Inventories	**7,991,516**	(27,987,429)
Trade receivables	**(13,408,437)**	(8,021,220)
Advances and Prepayments	**(33,743,595)**	1,231,598
Trade and other payables and accrued expenses	**9,748,565**	4,938,506
Zakat and Income Tax paid	**(6,376,712)**	(3,212,812)
Provision for severance fees paid	**(1,984,040)**	-
Employees' benefits paid	**(977,153)**	(1,019,015)
Net cash flows provided from operating activities	**64,190,034**	69,015,860
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of property, plant and equipment	**(25,082,869)**	(16,100,592)
Additions of exploration and evaluation assets	**(19,257,242)**	(4,553,688)
Transfers from capital work-in-progress, net	**317,096**	426,408
Net cash flows used in investing activities	**(44,023,015)**	(20,227,872)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to the Shareholders' (Note 11)	**(16,859,506)**	(52,562,028)
Proceeds from loan and borrowings	**50,000,000**	-
Repayment of loans and borrowings	**(30,000,000)**	-
Lease liabilities	**(2,573,215)**	553,017
Proceeds from share premium	-	2,453,580
Net cash flows provided from / used in financing activities	**567,279**	(49,555,431)
Net increase / (decrease) in cash and cash equivalents	**20,734,298**	(767,443)
Cash and cash equivalents at the beginning of the period	**31,510,496**	32,277,939
Cash and cash equivalents at end of the period	**52,244,794**	31,510,496

Non-Cash Transaction

Treasury stock transaction from advances to shareholders'	**(57,853,844)**	
Right of Use assets	**(10,073,679)**	
Lease liabilities	**2,198,183**	

Chief Financial Officer **Chief Executive Officer** **Authorized Board Member**

The accompanying notes from 1 to 33 are an integral part of these financial statements

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Al Masane Al Kobra mining Company ("the Company" or "AMAK") is a Close Joint Stock Company approved by the Minister of Commerce and Investment Decree Number 247/Q dated 9/10/1428H (October 21, 2007) and registered in Jeddah under Commercial Registration No. 4030175345 on 07/01/1429 (January 16, 2008). During 2015, the head office was moved from Jeddah to Najran. Accordingly, Najran Commercial Registration No. 595001523 dated 03/11/1431H (October 11, 2010) was modified to be main Commercial Registration.

The principal activity of the Company is to produce Zinc and Copper concentrates and silver and gold dore as per the license Number 993/2 dated 16/07/1428H (July 31, 2007) issued by Saudi Arabian General Investment Authority (SAGIA). The Company commenced its commercial production on July 1, 2012.

On October 2, 2019, the Company and certain shareholders of the Company (collectively, the "Purchasers") entered into a Share Sale and Purchase Agreement ("Purchase Agreement") with Trecora to purchase their entire equity interest in the Company for an aggregate gross purchase price of approximately SR264,700,000. The Purchase Agreement contains various representations, warranties and indemnity obligations of the Purchasers and Trecora. Initially, the Purchase Agreement required the transaction to close by November 25, 2019. On January 16, 2020, the Purchasers and Trecora entered into an amendment to extend the close date to March 31, 2020 to allow additional time for the parties to obtain certain required governmental approvals. As required by the Purchase Agreement, the Purchasers advanced 5% of the purchase price to Trecora. The Company's share of the advance was SR2,859,341 and is included in advances and prepayments (Note 11) in the accompanying financial position for the year ended December 31, 2019.

The mining right in Al-Masane mine.

Mining rights were originally granted by the Royal Decree Number M/17 effective 01/12/1413H (May 22, 1993) for a period of thirty years, with a right of renewal for future period of twenty years to Arabian Shield Development Company that has subsequently changed its name to Arabian American Development Company ("AADC") and then to Trecora Resource. The mining rights granted to Trecora Resource the right of exploitation in Almasane mine located in Najran, Saudi Arabia, with an area of 44 square kilometers for surface rental of SAR 10,000 per square kilo meter per year, i-e SAR 440,000 per year. As per the ministry of Petroleum and mineral resources resolution date (13/9/2008) and the ministry subsequent letter dated 2/1/1430H (30/12/2008), the aforementioned rights were transferred to the company amounting to 236 million.

In addition, the company obtained the license number 9598 from the Ministry of Petroleum and Mineral Wealth for the exploration of gold and silver dores from accompanying site Mount Guyan Surface for twenty years.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by Saudi Organization for Certified Public Accountants ("SOCPA").

2.2. Preparation of financial statements

(i) Basis of measurement
The financial statements have been prepared on a historical cost basis, except for lease liabilities, Provision for mine closure cost and defined benefit obligation which is recognized at the present value of future obligations using the Projected Unit Credit Method.

(ii) Functional and presentation currency
These financial statements are presented in Saudi Riyal ("SAR"), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest Riyal, unless otherwise indicated.

2. BASIS OF PREPARATION - Continued

2.2 Preparation of financial statements - Continued

(iii) Critical accounting estimates and judgments

The preparation of Financial Statements requires the use of judgments, estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the statement of financial position date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

a) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment in the following years are stated below:

Economic useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

Impairment of assets

Impairment of asset (financial and non-financial) describes the key assumption and estimation uncertainties underlying recoverable amounts for non---derivative financial assets.

Employees' benefit – defined benefit plan

Certain actuarial assumptions have been adopted to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

Ore reserve estimate

Fluctuation in commodity price, the result of drilling and production and the evaluation of mine plans subsequent to the date of any estimate may require estimates to be revised. The volume and grades of ore reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of ore reserve could have a material effect of the company's business, prospects, financial condition and operating results.

Mine closure cost and environment obligation

The mining and exploration activities are subject to various environmental laws and regulations. The 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 mine closure costs as soon as the obligation arises however actual costs incurred in future years could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mine estimates could affect the carrying amount of this provision.

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.

Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue its business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. BASIS OF PREPARATION - Continued

2.2. Preparation of financial statements - Continued

b) Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between Market participants at the measurement date in the principal or, in its absence, the most advantageous Market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Company's management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Company's management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable Market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active Markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable Market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

When quoted prices are available, the Company measures the fair value of an instrument using the quoted price in an active Market for that instrument. A Market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active Market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that Market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active Market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognized in statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable Market data or the transaction is closed out.

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

2. BASIS OF PREPARATION - Continued

2.3 Change in accounting estimates

In preparation of these financial statements for the year ended 31 December 2019, the Company have changed the Accounting Estimates by extending the life of the mine to 10 years and total reserves from 4.8 million unit to 7.3 million units according to IAS 16 Property, Plant and Equipment prospectively following IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

3. SIGNIFICANT ACCOUNTING POLICIES

The accompanying accounting policies set out below were adopted by the Company for the preparation of financial statements for the year ended 31 December 2019. These accounting policies have been applied consistently to all periods presented in these financial statements. Certain comparative amounts have been reclassified to conform to the current period's presentation.

The Company has initially adopted IFRS 16 Leases from January 1, 2019, the impact of which is explained in note 5 to the financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company has applied IFRS 16 using the modified retrospective approach. At the date of initial application, Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

3.1 Leases

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
The right-of-use asset is subsequently depreciated using the straight-line method and Up method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.1 Leases - Continued

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Mining assets are depreciated using unit of production method (UoP). The calculation is based on the level of output or usage expected to achieve from an item of property, plant and equipment.

Other property, plant and equipment items are depreciated on a straight-line basis over the estimated useful lives of the assets, as follows:

Building	11 years
Leasehold improvements	11 years
Vehicles	4 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets under construction which are not ready for its intended use are not depreciated.

When a major inspection (turnaround/shutdown, planned or unplanned) is performed, it directly met attributable cost is recognized in the carrying amount of the plant and equipment if the recognition criteria are met. This is recorded as a separate component with a useful life generally equal to the time period up to the next scheduled

major inspection (turnaround). If the next turnaround occurs prior to the planned date, any existing book value of the previous turnaround is recognized in the statement of profit or loss immediately

Capital work-in-progress are carried at cost less any recognized impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is accounted for in accordance with the Company’s policies. Capital work in progress are not depreciated.

3.3 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:

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

3- SIGNIFICANT ACCOUNTING POLICIES - Continued

3.3 Exploration and evaluation assets - Continued

- 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.

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

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned.

exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company 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.

a. Once it has been identified that exploration and evaluation asset may be impaired, the company performs an impairment and the reversal of impairment on exploration and evaluation assets

3- SIGNIFICANT ACCOUNTING POLICIES – Continued

3.4 Intangible asset

Intangible assets are measured at cost, less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over the estimated useful lives. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and amount can be measured reliably. Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

3.5 Deferred mine closure cost

Mine closure cost include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation cost. The extent of work required and the associated costs are dependent on the requirements of current laws and regulations.

Management capitalized the deferred mining closure cost and its related provision for mine closure cost based on management best estimated. Estimated cost is based on technical study conducted by the management mining experts and following factors are consider.

- estimated ore reserves, mineral resources and life of mine;
- technology used;
- regulatory requirements and environmental management strategies and
- estimated extent and costs of anticipated activities, including the effects of inflation and
- economic sustainability.

Mine closure cost is recognized at the present value of the expenditures expected to settle the obligation, using estimate cash flows. The provision for Mine closure costs will accordingly increase over time, as the discount unwinds. The unwinding of the discount is recorded as a charge through financial charges within the statement of profit or loss.

3.6 Impairment of non-financial assets

At each reporting date, the company reviews the carrying amount of its non-financial asset (other than inventories) to determine whether there is any indication of impairment. If any indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuous use that are largely independent of the cash inflows of the other assets or cash generating units. The recoverable amount of an assets or cash generating unit is the greater of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of the money and the risk specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying value of the asset in the cash generating asset on a pro rata basis.

Am impairment loss is reversed only to the extent that the asset's carrying value does not exceeds the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

3.7 Inventories

Finished goods
Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted averages cost basis and includes cost of materials, labor, appropriate proportion of direct overheads and other costs incurred in bringing them to their existing location and condition.

Ore stockpile
Ore stockpile is recognized as inventory when it is extracted from mine, the reliable assessment of mineral content is possible and the cost of production can be reliably measured. Cost of the Ore stockpile includes all the direct and indirect costs in bringing it to the current location and condition. Ore stockpile is valued at lower of cost or net realizable value.

Spare part and consumables
Spare parts and consumable are valued at cost 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 estimated cost of completion and selling expenses.

3.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.
On initial recognition, a financial asset is classified as measured at:

i. Amortized cost
ii. Fair value through other comprehensive income (FVTOCI)
  - Equity Investment
  - Debt Investment
iii. Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Amortized Cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.8 Financial instruments

(ii) Fair value through other comprehensive income (FVTOCI)

A debt instrument is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is not held for trading, on initial recognition the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

(iii) Fair value through profit and loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.8 Financial instruments - continued

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest
In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest - continued
A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Financial assets at fair value through other comprehensive income (FVTOCI)

Debt investment: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity Investment: These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets at fair value through profit and loss (FVTPL)
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial liabilities
Financial liabilities are classified as measured at:

1. Fair value through profit and loss (FVTPL)
2. Amortized cost

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.8 Financial instruments - Continued

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

a) the contractual rights to the cash flows from the financial asset expire, or
b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or

the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less, if any, which are available to the Company without any restrictions.

3.10 Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company must transfer 10% of the net income in each year to the statutory reserve until it has built a reserve equal to 30% of the capital. This reserve is not available for distribution.

3.11 Loan and borrowing

Loan and borrowing are recognized at proceed received, net of transaction cost incurred, if any. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Additionally, borrowing costs that are directly attributable to the acquisition, construction of production of qualifying assets capitalized as part of the cost of those assets. Other borrowing cost are charged to the statement of profit or loss.

3.12 Employee Benefit

Short term employee benefit

Short term employee benefits are expenses as the related service is provided. A liability is recognized for the amount expected to be paid if the company has a legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.12 Employee Benefit - continued

Defined benefit plans

The Company has defined benefit plans, under the Saudi Arabian Labor Law applicable based on employees' accumulated periods of service at the statements of financial position.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date on which the Company recognizes related restructuring costs
- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under "general and administrative expenses" in the statement of profit or loss (by function):
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income.

3.13 Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3.14 Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current Market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.15 Zakat and income tax

Zakat and Income tax is provided for the Company in the Kingdom of Saudi Arabia in accordance with the Regulations of General Authority of Zakat and Tax (the "GAZT") in the Kingdom of Saudi Arabia, a provision for zakat and income tax is charged to the statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

3.16 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unused tax losses can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference and unused tax losses arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.16 Deferred Tax - continued

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.17 Severance fees

The company is subject to severance fees as per the 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 company is required to pay to the Government of Saudi Arabia severance fee representing 20% 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 fees

3.18 Revenue

Revenue is recognized when the title and risk of the goods is transferred to the customer. This occurs when the Company delivers the goods on the agreed delivery place. Revenue is initially recognized on a provisional basis using the Company's best estimate of metal payable content of treatment, refining and other charges and with reference to open market metal prices as adjusted for any hedged metal prices. The final sale value is established at the time of discharge at the port of destination by reference to open market average metal prices ruling during the contractual quotation year and independent assays agreed between buyer and seller.

3.19 General administrative and selling expense

These pertain to operation expenses which are not directly related to the production of any goods. These also include allocations of general overheads which are not specifically attributed to cost of sales or selling and distribution expenses.

3.20 Foreign currency translation

Transaction in foreign currencies are translated into the respective functional currency of the Company.at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary asset and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in Profit or loss.

3.21 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

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4 PROPERTY, PLANT AND EQUIPMENT, Net

	Building	Leasehold improvement	Heavy equipment	Motor vehicles	Civil works	Tailing dam	Plant and machinery	Mining assets rehabilitation cost	Mining assets underground development cost	Deferred mine closure cost	Capital work in progress	Total
Cost												
At 1 Jan 2019	191,120,907	1,838,317	118,125,569	22,467,300	15,582,921	23,042,594	294,463,540	129,894,826	245,722,342	12,842,625	5,106,407	**1,060,207,348**
Additions	718,055	-	9,963,568	-	705,300	857,566	-	-	12,838,380	-	128,126	**25,210,995**
Transfers	-	-	-	-	-	-	-	-	-	-	(445,222)	**(445,222)**
At 31 Dec 2019	**191,838,962**	**1,838,317**	**128,089,137**	**22,467,300**	**16,288,221**	**23,900,160**	**294,463,540**	**129,894,826**	**258,560,722**	**12,842,625**	**4,789,311**	**1,084,973,121**
Accumulated depreciation												
At 1 Jan 2019	69,419,329	1,838,317	80,461,025	21,920,101	8,421,804	13,747,187	98,872,027	70,144,709	182,585,493	6,886,626	-	**554,296,618**
Charge for the period	12,457,839	-	3,784,452	313,701	824,868	1,092,613	18,060,717	6,202,591	6,883,712	744,494		**50,364,987**
At 31 Dec 2019	**81,877,168**	**1,838,317**	**84,245,477**	**22,233,802**	**9,246,672**	**14,839,800**	**116,932,744**	**76,347,300**	**189,469,205**	**7,631,120**		**604,661,605**
Carrying value												
As at 31 Dec 2019	**109,961,794**	-	**43,843,660**	**233,498**	**7,041,549**	**9,060,360**	**177,530,796**	**53,547,526**	**69,091,517**	**5,211,505**	**4,789,311**	**480,311,516**
As at 31 Dec 2018	121,701,578	-	37,664,544	547,199	7,161,117	9,295,407	195,591,513	59,750,117	63,136,849	5,955,999	5,106,407	505,910,730

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4. PROPERTY, PLANT AND EQUIPMENT - Continued

4.1 Certain property, plant and equipment were subject to a pledge as collateral against a long-term loan (Note 16).

4.2 Capital work in progress represents firefighting works and equipment for plant.

4.3 During the period, the management have decided to extend the life of the mine for one more year to be 11 years instead of 10 years (previous estimate) and total reserve from 4.8 million units to 7.3 million units. The depreciation and amortization calculation based on previous estimate for the period is approximately **SR 90,834,585**.

5 Leases

The Company has lease contracts for leasehold buildings Headquarter and accommodations. Leasehold buildings have lease terms for 5 years. Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year

5.1 Right of use assets

	Buildings	Heavy Equipment	Total
Cost			
At 1 Jan 2019	**3,371,766**	**-**	**3,371,766**
Additions	-	7,977,138	7,977,138
At 31 Dec 2019	**3,371,766**	**7,977,138**	**11,348,904**
Accumulated depreciation			
At 1 Jan 2019	**1,275,225**	**-**	**1,275,225**
Charge for the period	339,502	379,247	718,749
At 31 Dec 2019	**1,614,727**	**379,247**	**1,993,974**
Carrying value			
As at 31 Dec 2019	**1,757,039**	**7,597,891**	**9,354,930**

5.2 Lease Liabilities

The Company also has certain leases of heavy equipment with lease terms of 36 months or less, the ownership will be obtained at the end of the lease term. Also, the Company have other leases of other equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Leases liabilities as at 31 December 2019 are as follows:

	2019			2018
	Minimum lease payments	**Interest**	**P.V of minimum lease payments**	**P.V of minimum lease payments**
Buildings	**2,273,333**	**370,656**	**1,902,677**	-
Heavy Equipment	**7,169,370**	**916,924**	**6,252,446**	553,017
	9,442,703	**1,287,580**	**8,155,123**	553,017

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5. Leases – continued

5.3 As at 31 December 2019, the lease liabilities are presented in the statement of the financial position as follows:

	2019	2018
Current portion	**3,211,400**	250,526
Non-current portion	**4,943,723**	302,491
	8,155,123	553,017

5.4 Maturity profile

Minimum lease obligations falling due during the following years:

Year	Amount
2020	2,634,795
2021	2,825,894
Thereafter	2,694,434

6. EXPLORATION AND EVALUATION ASSETS

	2019	2018
At 1 January	**21,406,554**	16,852,866
Additions for the year	**19,257,242**	4,553,688
As at 31 December 2019	**40,663,796**	21,406,554

Exploration and evaluation asset is pertained to Mount Guyan surface.

7. INTANGIBLE ASSETS

	2019	2018
Cost		
As At the beginning of the year	**258,973,236**	258,973,236
As At the end of the year	**258,973,236**	258,973,236
Accumulated amortization		
As At the beginning of the year	**156,356,391**	143,529,285
Charge for the year	**10,395,232**	12,827,106
As At the end of the year	**166,751,623**	156,356,391
Carrying value as at the end of the year	**92,221,613**	102,616,845

Intangible asset represents right to use almasane mine. Mining rights were originally granted by the Royal Decree Number M/17 effective 01/12/1413H (May 22, 1993) for a period of thirty years, with a right of renewal for future period of twenty years to Arabian Shield Development Company that has subsequently changed its name to Arabian American Development Company ("AADC") and then to Trecora Resource. The mining rights granted Trecora Resource the right of exploitation in almasane mine located in Najran, Saudi Arabia, with an area of 44 square kilometers for surface rental of SAR 10,000 per square kilo meter per year, i-e SAR 440,000 per year. As per the ministry of Petroleum and mineral resources resolution dated 13/9/1429H (13/9/2008) and the ministry subsequent letter dated 2/1/1430H (30/12/2008), the aforementioned rights were transferred to the Company for SAR 236 million.

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8. INVENTORIES

	2019	2018
Concentrates	**10,785,537**	19,533,428
Ore stockpile	**18,657,218**	19,134,297
Consumables	**38,346,002**	37,112,548
Less: Provision for inventories	**(4,692,314)**	(3,492,314)
	63,096,443	72,287,959

The movement in the provision for inventory for the year is as follows:

	2019	2018
Balance as at the beginning of the year	**3,492,314**	1,969,710
Charge for the year	**1,200,000**	1,522,604
Balance as at the end of the year	**4,692,314**	3,492,314

9. TRADE RECEIVABLES, NET

	2019	2018
Trade receivables	**31,747,950**	14,361,169
Provisional Sales	**(2,104,478)**	1,873,866
	29,643,472	16,235,035

Major Sales equivalent to 90% made to a sole customer (2018:96%).
All the trade receivable are evaluated for impairment using simplified approach under expected credit loss method.

10. ADVANCES AND PREPAYMENTS, NET

	2019	2018
Advances to suppliers	**44,427,021**	16,882,386
Less: provision for advances to suppliers	**(1,754,885)**	(1,754,885)
Advances to suppliers, net	**42,672,136**	15,127,501
Prepayments	**5,185,037**	1,196,218
Employee receivables	**413,640**	126,242
Value Added Taxes – Input	**1,192,326**	2,128,924
Other receivables	**52,000**	52,000
	49,515,139	18,630,885

The movement in the provision for advances to suppliers for the year is as follows:

	2019	2018
Balance as at the beginning of the year	**1,754,885**	1,754,885
Balance as at the end of the year	**1,754,885**	1,754,885

11. ADVANCES TO SHAREHOLDERS'

During the Company's Extraordinary General Assembly Meeting in October of 2018, the shareholders approved to repurchase 2,500,000 shares from the shareholders at a price of SR30 each and to register these shares as treasury shares. In December 2018. There have been no outstanding Sale Purchase agreements with the shareholders'. The Company began advancing shareholders their portion of these proceeds in anticipation of completing and finalizing the treasury stock repurchase in 2019. As of Dec 31st, 2018, the Company had advanced SR 52,562,028 to the shareholders as follows:

	2019	2018
Non-Saudi Shareholders'	**2,859,341**	31,784,978
Saudi Shareholders'	-	20,777,050
	2,859,341	52,562,028

During the year, the Company has fully paid the amounts to the shareholders to be SR 74,713,350 and completed the legal formalities and update the share register to reflect the treasury stock.

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11. ADVANCES TO SHAREHOLDERS' - Continued

On October 2, 2019, the Company and certain shareholders of the Company (collectively, the "Purchasers") entered into a Share Sale and Purchase Agreement ("Purchase Agreement") with Trecora to purchase their entire equity interest in the Company for an aggregate gross purchase price of approximately SR264,700,000 and according to the Company's Extraordinary General Assembly Meeting held on 29 September 2019. As required by the Purchase Agreement, the Purchasers advanced 5% of the purchase price to Trecora. The Company's share of the advance was SR2,859,341 as of December 31, 2019.

12. CASH AND CASH EQUIVALENTS

	2019	2018
Cash on hand	**120,125**	188,830
Cash at banks - Current accounts	**52,124,669**	31,321,666
	52,244,794	31,510,496

13. SHARE CAPITAL

	2019	2018
Authorized share capital	**Number of Shares**	
Ordinary shares of SAR 10 each	82,000,000	82,000,000
	SAR	
Ordinary shares of SAR 10 each	820,000,000	820,000,000
Issued capital		
	Number of Shares	
Ordinary shares of SAR 10 each – fully paid	82,000,000	82,000,000
	SAR	
Ordinary shares of SAR 10 each – fully paid	820,000,000	820,000,000

Pattern of shareholding

	Number of shares	Share capital (SAR)	Ownership %
GCC and others shareholders	37,539,633	375,396,330	45.78%
Trecora Resources	26,467,422	264,674,220	32.27%
Arab Mining Company	15,502,500	155,025,000	18.91%
Al-Masane Al-Kobra Mining Company	2,490,445	24,904,450	3.04%
	82,000,000	**820,000,000**	**100%**

14. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia and Company's by law, the Company is required to transfer 10% of net income for the year to a statutory reserve until such reserve amounts to 30% of its share capital. This reserve is not available for distribution to shareholders.

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15. PROVISION FOR MINE CLOSURE COST

	2019	2018
Balance as at the beginning of the year	**16,063,136**	15,519,938
Add:		
- Provision made during the year	**562,211**	543,198
Balance as at the end of the year	**16,625,347**	16,063,136

16. LOANS AND BORROWINGS

	2019	2018
Commercial loan	**268,647,472**	295,927,159
Tawarroq*	**50,000,000**	-
Less: Current maturity	**(50,000,000)**	(30,000,000)
Total non-current loans and borrowings	**268,647,472**	265,927,159

This represents loan obtained from one of the local Lenders. This loan is secured by mortgage on the Company's property, plant and equipment and by the mortgage on the shareholders corporate guarantee signed on behalf for each shareholders'. The loan is repayable in thirteen biannual installments in 6 years.

In July 2018, the company and the lender reached an agreement to amend the original loan agreement as per the company`s request to reschedule the payments in (11) biannual installments payable.
All the articles and provisions of the loan agreement and amendments will remain valid and effective.

*In December 2019, the Company obtained a credit facilities/financing loan from one of the local commercial banks amounting to SR 110,518,400 includes Payment guarantees, Financing the purchases & selling of commodities (Al Tawarroq) and interest rate swap. These facilities are guaranteed by joint and several personal guarantees from some of the shareholders covering total facilities. The outstanding loan to be paid over twelve equal quarterly installments starting from 31st March 2021 and ending on 31st December 2023.

Under the terms of both facilities agreements, the company is required to maintain certain financial covenants, among other Items. The Company is in compliance with these covenants at December 31, 2019.

The outstanding loans/facilities maturities are as follows:

Year	Amount
2020	50,000,000
2021	76,666,668
2022	76,666,668
2023	86,666,668
Thereafter	35,000,000

17. EMPLOYEES' BENEFITS

	2019	2018
Defined benefit plan	**4,475,706**	3,649,889

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17. EMPLOYEES' BENEFITS - Continued

17.1 Movements in liabilities recognized in the balance sheet and its components are as follows:

	2019	2018
Balance at the beginning of the year	**3,649,889**	2,292,194
Current service costs	**1,233,109**	2,376,710
Net Interest Expense	**130,700**	-
Changes in Financial Assumptions	**97,416**	-
Experience Adjustments	**341,745**	-
Benefits paid	**(977,153)**	(1,019,015)
Balance at the end of the year	**4,475,706**	3,649,889

17.2 The significant assumptions used in determining end of service benefit obligations for the Company's plans are shown below:

	2019	2018
Discount rate	3.36%	4.50%
Future salary increases	2.5%	3.50%

17.3 A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation are shown below:

	2019	2018
Discount rate		
1% increase	4,397,977	3,263,000
1% decrease	5,288,165	4,087,000
Future salary increases		
1% increase	5,237,511	4,087,000
1% decrease	4,433,135	3,256,000

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

18. TRADE AND OTHER PAYABLES

	2019	2018
Accounts payables	**25,314,214**	18,236,007
Accrued expenses	**10,877,985**	8,689,163
Other payables	**1,909,191**	1,427,655
	38,101,390	28,352,825

ALL AMOUNTS ARE IN SAUDI RIYALS

19- PROVISION OF ZAKAT AND INCOME TAX

19.1 The movement in zakat and tax provision during the period/year was as follows:

	2019	2018
At the beginning of the year	**10,982,455**	3,212,812
Payment during the year	**(6,376,712)**	(3,212,812)
Provision during the year	**6,326,283**	5,690,639
Charged to Non-Saudi Shareholders'	-	5,291,816
At the end of the year	**10,932,026**	10,982,455

19.2 Tax Calculation for foreign Shareholders'

	2018	2017
Taxable base	**11,552,750**	11,492,586
Income tax rate 20%	**2,310,550**	2,298,517

19.3 The following are the principle elements of Zakat base for the periods ended

	2019	2018
Non – current assets	**623,091,734**	630,474,008
Non – current liabilities	**294,692,248**	285,942,675
Shareholders' equity	**421,513,858**	469,479,706
Net adjusted Income for the year	**29,409,509**	30,314,559

19.4 Zakat and income tax status:

The company submitted the Zakat and Tax return for the year 2018 and obtained the Zakat certificate which is valid till April 30, 2020. The zakat and tax returns for the years from 2012 to 2014 are currently under review by the GAZT. No final assessment has been raised by the GAZT for previous years.

19.5 Deferred Tax Assets / Liabilities

The Company has calculated the temporary differences of net assets based on accounting basis and net assets based on the taxable basis, which may result deferred tax assets or liabilities. Based on the calculations, there is no significant differences and no tax assets or liabilities have been recognized.

20. PROVISION FOR SEVERANCE FEES

	2019	(RESTATED) 2018
Balance at the beginning of the year	**1,984,040**	84,639
Provision during the year - (Note 29)	**2,000,001**	1,899,401
Provision paid during the year	**(1,984,040)**	-
Balance at the end of the year	**2,000,001**	1,984,040

In accordance with the Saudi Mining Code based on the Royal Decree No. 47/M dated 20 Shaaban 1425H (corresponding to 4 October 2004), the Company is required to pay to the Government of Saudi Arabia severance fees, representing 20% of the annual net income per mining license, Therefore the net income for mining license is subject to severance fees. Severance fees are shown as part of general and administration expenses in the statement of profit or loss.

21. SALES

	2019	2018
Sales of Copper	**160,979,984**	142,320,314
Sales of Zinc	**106,029,545**	108,940,942
Sales of PMC	**30,827,733**	8,148,888
Sales of SART products	-	3,974,693
	297,837,262	263,384,837

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019
ALL AMOUNTS ARE IN SAUDI RIYALS

22. COST OF SALES

	2019	2018
Depreciation of property, plant and equipment and RoU	**39,829,058**	41,675,438
Amortization	**25,904,047**	26,755,476
Employees' salaries and benefit	**47,361,590**	40,358,784
Repair and maintenance	**38,993,248**	31,965,845
Raw material and utilities consumed	**40,084,319**	26,181,126
Other overheads	**21,990,296**	27,432,850
	214,162,558	194,369,519

23. SELLING AND DISTRIBUTION EXPENSES

	2019	2018
Transportation	**14,802,931**	11,020,140
Sales Commissions	**4,474,269**	3,532,076
Advertising and promotion	**2,048,659**	2,843,210
	21,325,859	17,395,426

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	(RESTATED) 2018
Employees' salaries and benefit	**7,523,474**	12,182,705
Management overhead and other consultancy	**11,341,432**	5,143,576
Severance fees	**2,000,001**	1,899,401
Professional fees	**1,586,580**	1,445,494
Depreciation of RoU and insurance	**447,317**	418,534
Others	**2,142,578**	2,175,305
	25,041,382	23,265,015

25. FINANCE COST

	2019	2018
Saudi Industrial Development Fund follow up andadditional fees	**6,207,314**	5,314,217
Finance cost on lease liabilities	**455,033**	-
Others	-	1,805,314
	6,662,347	7,119,531

26. OTHER INCOME

	2019	2018
Final settlement income from contract cancellation	**1,492,286**	-
Others	**598,866**	323,575
	2,091,152	323,575

27. EARNINGS PER SHARE

	2019	(RESTATED) 2018
Earnings per share from net operations:		
Net Income from operations for the year	**37,307,463**	28,354,877
Weighted average number of shares	**80,378,468**	82,000,000
Earnings per share	**0.46**	0.35
Earnings per share from net Income for the year		
Net Income for the period	**26,515,427**	15,868,282
Weighted average number of shares	**80,378,468**	82,000,000
Earnings per share	**0.33**	0.19

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019
ALL AMOUNTS ARE IN SAUDI RIYALS

28. RELATED PARTIES

Related parties comprise the shareholders, board of directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, the Company transacts with its related parties, on agreed prices and contract terms as approved by the Company's management. The prices are not fixed by any agreement and are mutually agreed at the time of the transaction

The following is a summary of significant transactions with related parties, which are included in the financial statements:

Name of parties	Nature of relationship	Nature of transaction	2019	2018
Arab Commercial Enterprises for Travel	Common management	Operation	**2,572,413**	3,071,338
Najran Mineral Water	Common management	Operation	**130,725**	75,642
Najran Cement	Common management	Operation	**22,948**	45,738
			2,726,086	3,192,718

Compensation to key management personnel:
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

	2019	2018
Salaries	**3,167,412**	2,346,444
Benefits and compensation	**4,663,096**	3,536,681
Total	**7,830,508**	5,883,125

29. Prior year Adjustments

During the Q1/2019, the company has noted an error in the previous financial statements and accordingly restated comparative figures to rectify the error. The effect of correcting the error is set out below

29.1 On the Statement of Financial Position as at 31 December 2018:

	Balance before adjustment	Adjustment	Adjusted Balance
Provision for severance fees	84,639	1,899,401	1,984,040
Statutory reserve	1,932,475	(189,940)	1,742,535
Accumulated losses as at December 31st, 2018	(350,553,368)	(1,709,461)	(352,262,829)

29.2 On the statement of Income for the year ended 31 December 2018:

	Balance before adjustment	Adjustment	Adjusted Balance
General and administration expenses	21,624,407	1,899,401	23,523,808
Net Income for the year ended December 31st, 2018	17,767,683	(1,899,401)	15,868,282

AL-MASANE AL KOBRA MINING COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019
ALL AMOUNTS ARE IN SAUDI RIYALS

30. FINANCIAL RISK MANAGEMENT

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

30.1 Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk, liquidity risk, special commission rate risk, commodity price risks and fair value risk.

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and reports to the Board of Directors on its activities.

Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables, borrowings, trade payable and accrued and other liabilities. The particular recognition methods adopted are disclosed in the significant accounting policies Note 3

30.2 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities (pertaining to trade receivables mainly). However, the significant amount of cash is collection before the sales delivery from the customer. 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 Company currently has only one major customer which account for sale of approximately SAR 297 million, sales for the year ended December 31, 2019 (December 31, 2018: SAR 263 million). Trade accounts receivable are shown net of impairment based on expected credit loss model as required by IFRS 9.

30.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting its obligations associated with financial liabilities that are settled either in cash or with another financial asset. Liquidity risk may result from company's 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 through committed credit facilities to meet any future commitments as well as close monitoring of cash inflows and outflows from operations.

Following are the contractual maturities at the end of the reporting period of assets and liabilities as analyzed by the management:

	31 December 2019				
	Up to one year	One to Four years	More than Four years	No fixed maturity	Total
Loans and borrowings	50,000,000	275,000,000	-	-	325,000,000
lease liabilities	3,334,904	5,594,463	440,000	-	9,369,367
Trade and other payables	550,000	1,650,000	1,100,000	-	3,300,000
	53,884,904	282,244,463	1,540,000	-	337,669,367

The Company has utilized credit facilities of SR 325 million (2018: SR 305 million) as at statement of financial position date to meet liquidity requirements.

30.4 Market rate risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

30. FINANCIAL RISK MANAGEMENT - Continued

30.5 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried in Saudi Riyal.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuations as the majority of the monetary assets and liabilities are in Saudi Riyals or currencies which are pegged to the Saudi Riyal and consequently the Company does not expose to foreign currency exposure.

30.6 Commission rate risk

Special commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company'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 Company monitors the fluctuations in commission rate.

30.7 Commodity price risk

Most of the commodities sold by the Company are priced in an active market in which prices respond to daily changes in quantities. The Company's normal policy is to sell its products at prevailing market prices.

30.8 Fair Value Risk

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 Company's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

31. CONTINGENIES AND COMMITMENTS

The company leases a building for the management and for the purpose of housing for the senior management and staff, obligations and commitments are as follows:

	2019	2018
One year	**53,884,904**	31,240,526
One to four years	**282,244,463**	244,358,067
More than four years	**1,540,000**	36,540,000
	337,669,367	312,138,593

32. COMPARATIVE FIGURES

Certain comparative figures of the previous year/period have been reclassified to conform to the current period presentation.

33. DATE OF AUTHORIZATION

These financial statements were authorized for issuance on March 15th, 2020.

AL MASANE AL KOBRA MINING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

AND INDEPENDENT AUDITOR'S REPORT

AL MASANE AL KOBRA MINING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
AND INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL MASANE AL KOBRA MINING COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Masane Al Kobra Mining Company (the "Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

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

Other matter

The financial statements of the Company for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 15 March 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL MASANE AL KOBRA MINING COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY) (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young

Abdullah Ali AlMakrami
Certified Public Accountant
License No. 476

10 Ramadan 1442H
22 April 2021G

Jeddah

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
ترخيص مهني رقم ٤٥
PROFESSIONAL LICENCE No. 45
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS

AL MASANE AL KOBRA MINING COMPANY - A SAUDI CLOSED JOINT STOCK COMPANY

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020
(All amounts in Saudi Riyals unless otherwise stated)

	Note	***31 December 2020***	*31 December 2019*
ASSETS			
NON-CURRENT ASSETS			
Exploration and evaluation assets	7	**-**	40,663,796
Mine properties	8	**385,825,168**	220,072,161
Property, plant and equipment	9	**333,976,628**	352,460,968
Right-of-use assets	10	**9,166,730**	9,354,930
Long term deposits		**195,471**	539,879
Deferred tax		**14,847,164**	-
TOTAL NON-CURRENT ASSETS		**744,011,161**	623,091,734
CURRENT ASSETS			
Inventories	11	**62,937,889**	63,096,443
Trade and other receivables	12	**82,933,080**	29,643,472
Advances and prepayments	13	**21,865,726**	49,513,139
Advances to shareholders	14	**-**	2,861,341
Cash and cash equivalents	15	**35,169,618**	52,244,794
TOTAL CURRENT ASSETS		**202,906,313**	197,359,189
TOTAL ASSETS		**946,917,474**	820,450,923
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	**820,000,000**	820,000,000
Statutory reserve		**4,427,449**	4,427,449
Accumulated losses		**(240,632,501)**	(328,200,241)
Treasury stock		**(131,808,900)**	(74,713,350)
TOTAL EQUITY		**451,986,048**	421,513,858
NON-CURRENT LIABILITIES			
Loans and borrowings	17	**306,451,203**	268,647,472
Lease liabilities	10	**2,225,106**	4,943,723
Provision for mine closure cost	18	**30,012,302**	16,625,347
Employee benefits	19	**6,902,591**	4,475,706
TOTAL NON-CURRENT LIABILITIES		**345,591,202**	294,692,248
CURRENT LIABILITIES			
Loans and borrowings – current portion	17	**86,666,668**	50,000,000
Lease liabilities – current portion	10	**3,830,204**	3,211,400
Trade payable and accrued expenses	20	**42,669,412**	43,393,206
Provision for zakat and income tax	21	**7,417,786**	5,640,210
Provision for severance fees	22	**8,756,154**	2,000,001
TOTAL CURRENT LIABILITIES		**149,340,224**	104,244,817
TOTAL LIABILITIES		**494,931,426**	398,937,065
TOTAL EQUITY AND LIABILITIES		**946,917,474**	820,450,923

The attached notes from 1 to 35 form an integral part of these financial statements.

AL MASANE AL KOBRA MINING COMPANY - A SAUDI CLOSED JOINT STOCK COMPANY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020
(All amounts in Saudi Riyals unless otherwise stated)

	Note	***2020***	*2019*
Revenue, net	23	**375,150,752**	297,837,262
Cost of revenue		**(240,637,173)**	(216,959,687)
GROSS PROFIT		**134,513,579**	80,877,575
Selling and marketing expenses	24	**(16,542,562)**	(20,420,011)
General and administrative expenses	25	**(19,979,880)**	(20,271,780)
OPERATING PROFIT		**97,991,137**	40,185,784
Finance charges	26	**(6,751,853)**	(6,662,347)
Other income		**207,650**	2,091,152
PROFIT BEFORE SEVERANCE FEES, ZAKAT AND INCOME TAX		**91,446,934**	35,614,589
Severance fees	22	**(9,254,481)**	(2,000,001)
Zakat expense	21.1	**(2,307,918)**	(4,475,659)
Income tax credit / (expense)	21.2	**8,919,172**	(1,850,624)
NET PROFIT FOR THE YEAR		**88,803,707**	27,288,305
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to statement of income in subsequent years:			
Re-measurement loss on defined benefit plans	19	**(1,298,421)**	(439,161)
Deferred tax relating to actuarial loss	21.2	**62,454**	-
		(1,235,967)	(439,161)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**87,567,740**	26,849,144

The attached notes from 1 to 35 form an integral part of these financial statements.

AL MASANE AL KOBRA MINING COMPANY - A SAUDI CLOSED JOINT STOCK COMPANY

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	*Statutory Reserve*	*Accumulated Losses*	*Treasury Stock*	*Total Equity*
Balance as at 1 January 2019	820,000,000	1,742,535	(352,262,829)	-	469,479,706
Adjustment from application of IFRS 16	-	-	(101,642)	-	(101,642)
Balance as at 1 January 2019 (revised)	820,000,000	1,742,535	(352,364,471)	-	469,378,064
Profit for the year	-	-	27,288,305	-	27,288,305
Other comprehensive income for the year	-	-	(439,161)	-	(439,161)
Total comprehensive income during the year	-	-	26,849,144	-	26,849,144
Movement during the year	-	-	-	(74,713,350)	(74,713,350)
Transferred to statutory reserve	-	2,684,914	(2,684,914)	-	-
Balance as at 31 December 2019	820,000,000	4,427,449	(328,200,241)	(74,713,350)	421,513,858
Profit for the year	**-**	**-**	**88,803,707**	**-**	**88,803,707**
Other comprehensive income for the year	**-**	**-**	**(1,235,967)**	**-**	**(1,235,967)**
Total comprehensive income for the year	**-**	**-**	**87,567,740**	**-**	**87,567,740**
Movement during the year	**-**	**-**	**-**	**(57,095,550)**	**(57,095,550)**
Balance as at 31 December 2020	**820,000,000**	**4,427,449**	**(240,632,501)**	**(131,808,900)**	**451,986,048**

The attached notes from 1 to 35 form an integral part of these financial statements.

AL MASANE AL KOBRA MINING COMPANY - A SAUDI CLOSED JOINT STOCK COMPANY
STATEMENT OF CASH FLOWS
For the year ended 31 December 2020
(All amounts in Saudi Riyals unless otherwise stated)

	Note	***31 December 2020***	*31 December 2019*
OPERATING ACTIVITIES			
Profit before severance fees, zakat and income tax		**91,446,934**	35,614,589
Adjustment to reconcile profit before severance fee, zakat and income tax to net cash inflow from operating activities:			
Depreciation and amortization		**57,092,234**	60,760,232
Amortisation of right-of-use assets		**1,344,434**	718,749
Provision for slow moving items	11	**920,000**	1,200,000
Provision for employee benefits	19	**2,330,715**	1,363,809
Provision for mine closure cost	18	**581,887**	562,211
Deferred finance charges		**2,203,442**	2,720,313
Operating cash flows before working capital adjustments		**155,919,646**	102,939,903
Working capital adjustments:			
Inventories	11	**(761,446)**	7,991,516
Trade and other receivables	12	**(53,289,608)**	(13,408,437)
Advances and prepayments	13	**27,991,820**	(34,198,634)
Trade and accrued expenses		**(723,794)**	9,748,565
Cash from operations		**129,136,618**	73,072,913
Zakat paid	21.1	**(4,475,659)**	(3,275,326)
Income tax paid	21.2	**(1,920,221)**	(3,101,386)
Severance fee paid	22	**(2,498,328)**	(1,984,040)
Employees' benefits paid	19	**(1,202,251)**	(977,153)
Net cash flows from operating activities		**119,040,159**	63,735,008
INVESTING ACTIVITIES			
Additions in property, plant and equipment	9	**(16,031,921)**	(11,927,398)
Additions in mining properties	8	**(134,860,114)**	(12,838,382)
Addition of exploration and evaluation assets	7	**-**	(19,257,242)
Net cash flows used in investing activities		**(150,892,035)**	(44,023,022)
FINANCING ACTIVITIES			
Advances to shareholders'		**2,861,341**	(16,859,506)
Additions of loans and borrowings		**72,266,956**	20,000,000
Movement in obligation of lease liabilities	10	**(3,256,047)**	(2,118,182)
Treasury share		**(57,095,550)**	-
Net cash flows used in financing activities		**14,776,700**	1,022,312
DECREASE IN CASH AND CASH EQUIVALENTS		**(17,075,176)**	20,734,298
Cash and cash equivalents at the beginning of the year		**52,244,794**	31,510,496
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**35,169,618**	52,244,794
SUPPLEMENTARY NON-CASH INFORMATION			
E& E transferred to mine under construction	7	**40,663,796**	-
Treasury stock transaction from advances to shareholders'		**-**	57,853,844

The attached notes from 1 to 35 form an integral part of these financial statements.

1. COMPANY INFORMATION

Al Masane Al Kobra mining Company (the "Company" or "AMAK") is a Saudi Closed Joint Stock Company approved by the Minister of Commerce and Investment Decree Number 247/Q dated 9 Shawwal 1428H (21 October 2007) and registered in Jeddah under Commercial Registration No. 4030175345 on 07 Muharram 1429H (16 January 2008). During 2015, the head office was moved from Jeddah to Najran. Accordingly, Najran Commercial Registration No. 5950017523 dated 03 Dhul-Qi'dah 1431H (11 October 2010) was modified to be main Commercial Registration. The registered office is located at P.O. Box 96, Najran, Kingdom of Saudi Arabia. The Company is engaged in mining of non-ferrous metal ores, including (aluminium, copper and lead), mining of ores of precious metals belonging to gold, silver and platinum group, and wholesaling precious metals and gemstones.

The principal activity of the Company is to produce Zinc and Copper concentrates and silver and gold dore as per the license Number 86/ف dated 13 Ramadan 1429H (13 September 2008) issued by Ministry of Petroleum and Mineral Wealth and expiring on 29 Dhul-Qi'dah 1443 (28 June 2022). The Company commenced its commercial production on 1 July 2012.

In addition, the Company obtained the license number 9598ف dated 24 Dhul-Qi'dah 1436H (8 September 2015) for twenty years and expiring on 23 Dhul-Qi'dah 1456H (2 February 2035) from the Ministry of Petroleum and Mineral Wealth for the exploration of gold and silver dores from accompanying site Mount Guyan Surface.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA")

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis, except for employee benefit obligation which is recognized at the present value of future obligations using the projected unit credit method, provision for mine closure cost at the present value of future cash outflows, lease liabilities discounted to present value and long-term loan discounted to present value. Further, the financial statements are prepared using the accrual basis of accounting and going concern concept.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyals (SR), which is the functional currency of the Company.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified a number of areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described and highlighted separately with the associated accounting policy note within the related qualitative and quantitative note, as described below. Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Sensitivity analyses disclosure (note 19 & 30)
- Financial instruments risk management (note 30)
- Capital management (note 31)

3. Significant accounting judgements, estimates and assumptions (continued)

3.1 Judgements

The Company has exercised judgement in evaluating the impact of COVID-19 on the financial statements. In addition to the key sources of estimation uncertainty, the areas where COVID-19 has been considered are:

- Provision for expected credit losses (ECLs) of trade receivables
- Carrying value of inventories
- Going concern

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

3.1.1 Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Company's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company has applied a number of estimates and assumptions.

3.1.2 Production start date

The Company assesses the stage of each mine under development/construction to determine when a mine moves into the production phase, i.e. when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine development/construction project, such as the complexity of the project and its location.

The Company considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from 'Exploration and Evaluation Assets' to 'Mine properties' or 'Property, plant and equipment'. Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specifications)
- Ability to sustain ongoing production of metal

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions, improvements, underground mine development or mineable reserve development or stripping costs (waste removal) . It is also at this point that depreciation/amortisation commences.

3.1.3 Stripping Cost

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset / underground development asset.

Once the Company has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

3. Significant accounting judgements, estimates and assumptions (continued)

3.1 Judgements (continued)

3.1.3 Stripping Cost (continued)

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Company considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

3.1.4 Deferred taxes assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which these can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

3.1.5 Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identification of the enforceable contract

For most copper and zinc concentrate (metal in concentrate) sales, while there are master services agreements with key customers that set out the general terms and conditions governing any sales that occur, they do not contain any minimum volumes, i.e., the customer is not required to buy any concentrate.

Also, there are no terms which link separate purchase contracts. For example, there are no rebates or discounts provided if a customer buys more than a specified amount each year, and there are no penalties that impact overall sales during a period (unless mutually agreed). Therefore, for these arrangements, the enforceable contract has been determined to be a purchase agreement.

Application of the variable consideration constraint

For the Company's contracts that are subject to market-based prices, i.e., there is variable consideration, the Company has assessed that at contract inception, this variable consideration will generally be significantly constrained. This is on the basis that the ultimate price they will receive will depend on a range of factors that are highly susceptible to factors outside the Company's influence and include:

- Actions of third parties: the exact date that each shipment occurs (this is relevant because this is the date the market price is determined, or for provisionally priced sales, the date from which the QP commences)
- Volatile commodity market: the price to be received in the future is then based on market-based prices for highly liquid commodities

The Company's estimates of variable consideration and any disclosures provided in relation to the allocation of that variable consideration to unsatisfied performance obligations, are immaterial.

3.1.6 Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The renewal periods for leases of buildings and heavy equipment (i.e., 10 years and 3 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

3. Significant accounting judgements, estimates and assumptions (continued)

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

3.2.1 Ore reserves and mineral resource estimates

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. Such reserves and mineral resource estimates and changes to these may impact the Company's reported financial position and results, in the following way:

- The carrying value of exploration and evaluation assets, mine properties, property and plant and equipment, may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the UOP method, or where the useful life of the related assets change.
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

The Company estimates and reports ore reserves and mineral resources in line with the principles contained in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, which is prepared by the Australasian Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, known as the "JORC Code". The JORC Code requires the use of reasonable investment assumptions, including:

Future production estimates, which include proved and probable reserves, resource estimates and committed expansions
Expected future commodity prices, based on current market prices, forward prices and the Company's assessment of the long-term average price
Future cash costs of production, capital expenditure and rehabilitation obligations

Consequently, management will form a view of forecast sales prices based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period of time, management may assume that lower prices will prevail in the future. As a result, those lower prices would be used to estimate ore reserves and mineral resources under the JORC Code. Lower price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of ore reserves and mineral resources may change.

3.2.2 Useful lives of buildings and motor vehicles

The Company's management determines the estimated useful lives of buildings and motor vehicles for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where the management believes the useful lives differ from previous estimates.

3. Significant accounting judgements, estimates and assumptions (continued)

3.2 Estimates and assumptions (continued)

3.2.3 Useful lives of property, plant and equipment and mine properties

Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of property, plant and equipment and mine properties, except for the buildings and motor vehicles. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on economically recoverable reserves of differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues

Changes in estimates are accounted for prospectively.

3.2.4 Mine closure cost and environment obligation

The mining and exploration activities are subject to various environmental laws and regulations. The 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 mine closure costs as soon as the obligation arises. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates (2020: 2.75% and 2019: 3.5%). These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

3.2.5 Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.
Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces is based on assay data, and the estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys.
The impact of COVID-19 on the impairment of inventories has been considered. However, to date, COVID-19 has not had a material impact on the Company's assessment of the net realisable value of inventory since the commencement of the pandemic.

3.2.6 Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation ("E&E")expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Company's E&E assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company has to apply a number of estimates and assumptions. The determination of a JORC resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Company defers E&E expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

3. Significant accounting judgements, estimates and assumptions (continued)

3.2 Estimates and assumptions (continued)

3.2.7 Unit-of-Production (UOP) depreciation

Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of mine-specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on economically recoverable reserves of differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues

Changes in estimates are accounted for prospectively.

3.2.8 Leases - Estimating the incremental borrowing rate

The Company uses its incremental borrowing rate (IBR) except where interest rate implicit in lease is available to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

3.2.9 Defined benefit plan

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employee turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefits obligations are provided in note 19.

3.2.10 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The impact of COVID-19 on the impairment of non-financial assets has been considered. However, to date, COVID-19 has not had a material impact on the Company's assessment of the impairment of non-financial assets since the commencement of the pandemic.

3. Significant accounting judgements, estimates and assumptions (continued)

3.2 Estimates and assumptions (continued)

3.2.11 Provisions

Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.2.12 Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently, except as mentioned in note 5, in the preparation of these financial statements:

4.1 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised as profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

4.2 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

Assets

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities

A liability is current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Exploration and evaluation assets

Exploration and Evaluation ("E&E") activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

E&E activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

The Company applies the full-cost method of accounting, applied on an area of interest basis, for E&E costs. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the useful life of mine.

Once the legal right to explore has been acquired, E&E expenditure is charged to profit or loss as incurred, unless the Company concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

E&E expenditure incurred on licences where a JORC-compliant resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a JORC-compliant resource.

Upon the establishment of a JORC-compliant resource (at which point, the Company considers it probable that economic benefits will be realised), the Company capitalises any further evaluation expenditure incurred for the particular licence as E&E assets up to the point when a JORC-compliant reserve is established. Capitalised E&E expenditure is considered to be an intangible asset.

E&E assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that is considered to represent value beyond proven and probable reserves. Similarly, the costs associated with acquiring an E&E asset (that does not represent a business) are also capitalised. They are subsequently measured at cost less accumulated impairment, if any. Once JORC-compliant reserves are established and development is sanctioned, E&E assets are transferred to 'Mine under construction' which is a sub-category of 'Mine properties'. No amortisation is charged during the E&E phase.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Mine under construction

Expenditure is transferred from 'Exploration and evaluation assets' to 'Mines under construction' which is a sub-category of 'Mine properties' once the work completed to date supports the future development of the property and such development receives appropriate approvals.

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in 'Mines under construction'. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income. After production starts, all assets included in 'Mines under construction' are then transferred to 'Producing mines' which is also a sub-category of 'Mine properties'.

4.5 Mine properties and property, plant and equipment

Initial recognition

Upon completion of the mine construction phase, the assets are transferred into "Property, plant and equipment" or "Mine properties". Items of property, plant and equipment and producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Mine properties also consist of the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition. When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Depreciation / amortisation

Accumulated mine development costs are depreciated/amortised on a UOP basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case, the straight-line method is applied. Economically recoverable reserves include proven and probable reserves.

The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortised on a UOP basis, whereby the denominator is the proven and probable reserves, and for some mines, a portion of mineral resources which are expected to be extracted economically. These other mineral resources may be included in depreciation calculations in limited circumstances and where there is a high degree of confidence in their economic extraction. This would be the case when the other mineral resources do not yet have the status of reserves merely because the necessary detailed evaluation work has not yet been performed and the responsible technical personnel agree that inclusion of a proportion of measured and indicated resources is appropriate based on historic reserve conversion rates.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Mine properties are depreciated over the period of useful life of mine. The useful life of mine is estimated to be till 31 March 2030 (2019: 31 March 2030).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Mine properties and property, plant and equipment (continued)

Property, plant and equipment excluding buildings and motor vehicles are depreciated using unit of production method (UoP). The total expected units of production have been revised in the current year from 7.2 million metric tonnes to 7.7 million metric tonnes based on the best estimates. The calculation is based on the level of output or usage expected to achieve from an item of property, plant and equipment.

Buildings and motor vehicles are depreciated on a straight-line basis over the estimated useful lives of the assets, as follows:

Categories	**Number of years**
Building	11 years
Vehicles	4 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets under construction which are not ready for its intended use are not depreciated.

When a major inspection (turnaround/shutdown, planned or unplanned) is performed, it directly met attributable cost is recognized in the carrying amount of the plant and equipment if the recognition criteria are met. This is recorded as a separate component with a useful life generally equal to the time period up to the next scheduled major inspection (turnaround). If the next turnaround occurs prior to the planned date, any existing book value of the previous turnaround is recognized in the statement of profit or loss immediately.

Capital work-in-progress are carried at cost less any recognized impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is accounted for in accordance with the Company's policies. Capital work in progress are not depreciated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Leases

The Company assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is not a lessor in any transactions, it is only a lessee.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:
- Buildings 10 years; and
- Heavy Equipment 3 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment, refer note 4.9.

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The unwinding component of finance cost is included in the statement of profit or loss.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

4.7 Inventories
Finished goods
Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted averages cost basis and includes cost of materials, labor, appropriate proportion of direct overheads and other costs incurred in bringing them to their existing location and condition.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Inventories (continued)

Ore stockpile

Ore stockpile is recognized as inventory when it is extracted from mine, the reliable assessment of mineral content is possible and the cost of production can be reliably measured. Cost of the Ore stockpile includes all the direct and indirect costs in bringing it to the current location and condition. Ore stockpile is valued at lower of cost or net realizable value.

Spare part and consumables

Spare parts and consumable are valued at cost 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 estimated cost of completion and selling expenses. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

4.8 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand.

4.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, or fair value through other comprehensive income (OCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers. Refer to the accounting policy in note 3.15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. This category is relevant to the Company. The Company's financial assets at amortised cost includes cash and cash equivalents and other receivables.

Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. Currently, the Company does not have any financial assets at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other operating income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Currently, the Company does not have any financial assets designated at fair value through OCI.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.
Certain of the Company's sales are provisionally priced, meaning that the final selling price is determined normally 30 to 90 days after the delivery to the customer, based on the quoted market price stipulated in the contract and as a result are susceptible to future commodity price movements. At each reporting date, subsequent to the initial sale, the provisionally priced trade receivables are marked-to market using the relevant forward market prices for the period stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the solely payment of principal and interest ("SPPI") test. As a result, these receivables are measured at fair value through profit or loss ("FVTPL") from the date of recognition of the corresponding sale, with subsequent marked-to-market adjustments recognized in fair value gains / (losses) on provisionally priced products and the carrying amount of the outstanding trade receivable, if material. Such fair value gains (losses) on provisionally priced products are presented within revenue as movement in provisional revenue.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Company applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, lease liabilities, other liabilities and long-term payables.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost (long term payables and lease liabilities).

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (lease liabilities and long-term payables).
This category is relevant to the Company. After initial recognition, lease liabilities and long-term payables are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses as a result of unwinding of interest cost through EIR amortization process and on de-recognition of financial liabilities are recognized in the statement of profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to lease liabilities and long-term payables (refer to note 9 and note 14).

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset (or CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's FVLCD and its VIU. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the asset is tested as part of a larger CGU to which it belongs. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount. Management has assessed its CGUs as being individual mines, which is the lowest level for which cash inflows are largely independent of those of other assets.

In calculating VIU, the estimated future cash flows are discounted to their 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 asset/ CGU. In determining FVLCD, recent market transactions (where available) are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies, or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated, based on the life-of-mine plans. The estimated cash flows are based on expected future production, metal selling prices, operating costs and forecast capital expenditure, and cash flows beyond five years are based on life-of-mine plans. VIU does not reflect future cash flows associated with improving or enhancing an asset's performance, whereas anticipated enhancements to assets are included in FVLCD calculations.

Impairment losses of continuing operations, including impairment of inventories, are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets/CGUs excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's /CGU's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset/CGU does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset/CGU in prior years. Such a reversal is recognised in the statement of profit or loss and other comprehensive income as other income.

4.11 Loan and borrowing

Loan and borrowing are recognized at proceed received, net of transaction cost incurred, if any. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Additionally, borrowing costs that are directly attributable to the acquisition, construction of production of qualifying assets capitalized as part of the cost of those assets. Other borrowing cost are charged to the statement of profit or loss.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Employee benefits

Short-term employee benefits
Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits
The Company's obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in employee costs in the statement of profit or loss (Refer to note 19).

4.13 Trade and other payables
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

4.14 Provisions

(a) General
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(b) Rehabilitation provision
Mine rehabilitation costs will be incurred by the Company either while operating, or at the end of the operating life of, the Company's facilities and mine properties. The Company assesses its mine rehabilitation provision at each reporting date. The Company recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognised as part of the related inventory item. Additional disturbances that arise due to further development/construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to the restoration of site damage (subsequent to the start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Provisions

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs. For closed sites, changes to estimated costs are recognised immediately in the statement of profit or loss and other comprehensive income.

The Company recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

4.15 Severance fees

The company is subject to severance fees as per the 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 company 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 in the statement of profit or loss.

Since the Company is a mix companies with foreign shareholders, only the Saudi shareholders are liable for paying severance fees on their share of the net profit attributable to the particular mining license. The Saudi shareholder can deduct the zakat due by them from their severance fee liability. The foreign shareholders are exempt from paying severance fees on their share of net profit attributable to the particular mining license, however, they pay income tax at a rate of 20%.

4.16 Zakat and tax

Zakat

The Company is subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax (“GAZT”). Provision for zakat for the Company is charged to the statement of profit or loss.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid for the current year to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the Kingdom of Saudi Arabia.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Zakat and tax (continued)

Deferred income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the brought forward unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Withholding tax
The Company withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with GAZT regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Revenue

Revenue is recognised when control passes to the customer, which occurs at a point in time when the metal in concentrate is physically transferred onto a vessel or other delivery mechanism. The revenue is measured at the amount to which the Company expects to be entitled, being the estimate of the price expected to be received, i.e., the previous 10 working days London Metal Exchange (LME), and a corresponding trade receivable is recognised. For these provisional pricing arrangements, any future changes that occur over the QP are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15. Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cash flow characteristics test within IFRS 9 and will be required to be measured at fair value through profit or loss from initial recognition until the date of settlement. These subsequent changes in fair value are recognised on the face of statement of profit or loss and other comprehensive income in each period as part of revenue. Such amounts are then presented separately in the notes from revenue from contracts with customers as part of 'Movement in provisional revenue'. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices for copper and zinc as well as taking into account relevant other fair value considerations as set out in IFRS 13, including interest rate and credit risk adjustments. The revenue is established at the time of discharge at the port of destination by reference to open market average metal prices ruling during the contractual quotation period (QP) and independent assays agreed between buyer and seller.

4.18 Expenses

Cost of revenue

Production costs and direct expenses are classified as cost of revenue. This includes raw material, direct labor and other attributable overhead costs.

Selling and distribution expenses

These include any costs incurred to carry out or facilitate selling activities of the Company. These costs typically include salaries of the sales staff, marketing, distribution and logistics expenses.

General and administrative expenses

These pertain to operation expenses which are not directly related to the cost of revenue and selling and distribution expenses. These also include allocations of general overheads which are not specifically attributed to cost of revenue or selling and distribution expenses.

Allocation of overheads between cost of revenue, selling and distribution expenses, and general and administrative expenses, where required, is made on a consistent basis.

5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.
The nature and effect of these changes as a result of the adoption of these new standards are described below. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year. Several other amendments and interpretations applied for the first time in 2020, but did not have an impact on the financial statements of the Company and, hence, have not been disclosed.

5.1 Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

5.2 Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform (IBOR). A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not hedge nor have any IBOR benchmarked liabilities.

5.3 Amendments to IAS 1 and IAS 8 Definition of Material
The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

5.4 Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

5.5 Amendments to IFRS 16 Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.
The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the reporting date of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

6.1 IFRS 17 *Insurance Contracts*

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

6.2 Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments did not have a material impact on the Company as at the date of these financial statements.

6.3 Reference to the Conceptual Framework – *Amendments to IFRS 3*

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

6.4 Property, Plant and Equipment: Proceeds before Intended Use – *Amendments to IAS 16*

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

6.5 Onerous Contracts – Costs of Fulfilling a Contract – *Amendments to IAS 37*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

6.6 IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards.* The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected have an impact on the Company.

6.7 IFRS 9 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

6.8 IAS 41 *Agriculture* – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 *Agriculture.* The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

7 EXPLORATION AND EVALUATION ASSETS

	31 December 2020	*31 December 2019*
As at 1 January	**40,663,796**	21,406,554
Additions during the year	-	19,257,242
Less: Transfers to Mine under construction (note 8)	**(40,663,796)**	-
	-	40,663,796

Exploration and evaluation assets represent expenditure incurred for Mount Guyan in the previous years.

(All amounts in Saudi Riyals unless otherwise stated)

8 MINE PROPERTIES

		Producing mines				
	Mine under construction	*Intangible assets*	*Mining assets*	*Mining asset underground development asset*	*Deferred mine closure cost*	*Total*
Cost:						
As at 1 January 2019	-	258,973,236	129,894,826	245,722,344	12,842,625	**647,433,031**
Additions during the year	-	-	-	12,838,382	-	**12,838,382**
As at 31 December 2019	-	258,973,236	129,894,826	258,560,726	12,842,625	**660,271,413**
Transfer from exploration and evaluation assets (note 7)	**40,663,796**	-	-	-	-	**40,663,796**
Additions during the year	**117,225,019**	-	-	17,635,095	12,805,068	**147,665,182**
As at 31 December 2020	**157,888,815**	**258,973,236**	**129,894,826**	**276,195,821**	**25,647,693**	**848,600,391**
Accumulated depreciation and amortization:						
As at 1 January 2019	-	156,356,391	70,144,709	182,585,497	6,886,626	**415,973,223**
Charge for the year	-	10,395,232	6,202,591	6,883,712	744,494	**24,226,029**
As at 31 December 2019	-	166,751,623	76,347,300	189,469,209	7,631,120	**440,199,252**
Charge for the year	-	**8,997,230**	**5,224,149**	**7,834,833**	**519,759**	**22,575,971**
As at 31 December 2020	-	**175,748,853**	**81,571,449**	**197,304,042**	**8,150,879**	**462,775,223**
Net book amounts:						
As at 31 December 2020	**157,888,815**	**83,224,383**	**48,323,377**	**78,891,779**	**17,496,814**	**385,825,168**
As at 31 December 2019	-	92,221,613	53,547,526	69,091,517	5,211,505	220,072,161

8 MINE PROPERTIES (continued)

8.1 The mine under construction relates to Mount Guyan mine which will be used for the extraction of the gold ores and is expected to be operational at 100% capacity in the year 2021.

8.2 Intangible assets represents exploration and evaluation assets (including mining rights originally granted by the Royal Decree Number M/17 effective 1 Dhul- Hijjah1413H (22 May 1993) for a period of thirty years, with a right of renewal for future period of twenty years to Arabian Shield Development Company ("AADC") for the exploitation in Al Masane mine located in Najran, Saudi Arabia, with an area of 44 square kilometers for surface rental of SR 10,000 per square kilo meter per year, i.e. SR 440,000 per year.). These exploration and evaluation assets (including mining rights) were purchased by the Company from AADC in August 2009 for a cash consideration of SR 236.25 million. The title of aforementioned rights were transferred to the Company as per the ministry of Petroleum and mineral resources resolution dated 13 Ramadan 1429H (13 September 2008) and the ministry subsequent letter dated 2 Muharram 1430H (30 December 2008). The Company also incurred further costs of SR 22.7 million subsequent to acquisition of these exploration and evaluation assets. These exploration and evaluation assets were transferred to Intangible assets under mine properties after the production started in 2012 and amortized over the useful life of mine. Useful life of mine is determined based on the lower of the term of mining rights or the estimated time to exploit and process the estimated ore reserves. The useful life of mine was determined initially at 20 years ending on 30 June 2022, and later revised in August 2019, based on the revised estimated reserves and production capacity, to end on 31 March 2030.

(All amounts in Saudi Riyals unless otherwise stated)

9 PROPERTY, PLANT AND EQUIPMENT

	Buildings	*Leasehold improvement*	*Heavy equipment*	*Motor vehicles*	*Civil works*	*Tailing Dam*	*Plant and machinery*	*Capital work in progress*	*Total*
Cost:									
As at 1 January 2019	191,120,907	1,838,317	118,125,569	22,467,300	15,582,921	23,042,594	294,463,540	5,106,407	671,747,555
Additions during the year	718,055	-	9,963,573	-	705,300	857,566	-	128,126	12,372,620
Transfers during the year	-	-	-	-	-	-	-	(445,222)	(445,222)
As at 31 December 2019	191,838,962	1,838,317	128,089,142	22,467,300	16,288,221	23,900,160	294,463,540	4,789,311	683,674,953
Additions during the year	135,700	2,212,745	13,140,898	286,263	-	-	-	256,315	16,031,921
As at 31 December 2020	**191,974,662**	**4,051,062**	**141,230,040**	**22,753,563**	**16,288,221**	**23,900,160**	**294,463,540**	**5,045,626**	**699,706,874**
Accumulated depreciation:									
As at 1 January 2019	69,419,329	1,838,317	80,461,025	21,920,101	8,421,804	13,747,187	98,872,027	-	294,679,790
Charge for the year	12,457,839	-	3,784,452	313,706	824,868	1,092,613	18,060,717	-	36,534,195
As at 31 December 2019	81,877,168	1,838,317	84,245,477	22,233,807	9,246,672	14,839,800	116,932,744	-	331,213,985
Charge for the year	10,736,029	245,861	5,808,131	246,932	749,644	964,573	15,765,091	-	34,516,261
As at 31 December 2020	**92,613,197**	**2,084,178**	**90,053,608**	**22,480,739**	**9,996,316**	**15,804,373**	**132,697,835**	**-**	**365,730,246**
Net book amounts:									
As at 31 December 2020	**99,361,465**	**1,966,884**	**51,176,432**	**272,824**	**6,291,905**	**8,095,787**	**161,765,705**	**5,045,626**	**333,976,628**
As at 31 December 2019	109,961,794	-	43,843,665	233,493	7,041,549	9,060,360	177,530,796	4,789,311	352,460,968

(All amounts in Saudi Riyals unless otherwise stated)

9 PROPERTY, PLANT AND EQUIPMENT (continued)

9.1 Certain property, plant and equipment were subject to a pledge as collateral against a long-term loan (Note 17).

9.2 Capital work in progress represents firefighting works and equipment for plant.

9.3 The depreciation charge for the year has been allocated to cost of revenue.

9.4 During the year, the management has revised the reserves from 7.3 million tons to 7.7 million tons. This has resulted in change in depreciation of assets being depreciated as per UOP basis.

10 LEASES

The Company has lease contracts for leasehold buildings and heavy equipment. Leasehold buildings have lease terms for 10 years while heavy equipment carries a lease term of 3 years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Buildings SR	***Heavy Equipment SR***	***Total SR***
As at 1 January 2019	3,371,766	-	3,371,766
Additions	-	7,977,138	7,977,138
Depreciation expense	(1,614,727)	(379,247)	(1,993,974)
As at 31 December 2019	1,757,039	7,597,891	9,354,930
Additions	1,156,234	-	1,156,234
Depreciation expense	(535,560)	(808,874)	(1,344,434)
As at 31 December 2020	**2,377,713**	**6,789,017**	**9,166,730**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	31 December 2020	*31 December 2019*
As at the beginning of the year	**8,155,123**	553,017
Additions during the year	**1,156,234**	9,720,288
Accretion of interest during the year	**792,899**	455,033
Payments made during the year	**(4,048,946)**	(2,573,215)
At as the end of the year	**6,055,310**	8,155,123
Current	**3,830,204**	3,211,400
Non-current	**2,225,106**	4,943,723

The following are the amounts recognised in the statement of profit or loss:

	31 December 2020	*31 December 2019*
Amortisation expense of right-of-use assets	**1,344,434**	1,993,974
Interest expense on lease liabilities	**792,899**	455,033
At as the end of the year	**2,137,333**	2,449,007

(All amounts in Saudi Riyals unless otherwise stated)

10 LEASES (continued)

The Company had total cash outflows for leases of SR 4,048,948 (2019: SR 2,573,215). The Company also had non-cash additions to right-of-use assets and lease liabilities of SR 1,156,234 (2019: SR 7,977,138). The future cash outflows relating to leases that have not yet commenced are disclosed in note 24. The Company has several lease contracts that include termination option. The option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether this termination option is reasonably certain to be exercised.

11 INVENTORIES

	31 December 2020	*31 December 2019*
Concentrate	**9,146,872**	10,785,537
Ore Stockpile	**13,795,024**	18,657,218
Consumables	**11,811,150**	10,049,406
Spare parts	**33,797,157**	28,296,596
	68,550,203	67,788,757
Less: Allowance for slow moving inventories (see note below)	**(5,612,314)**	(4,692,314)
	62,937,889	63,096,443

a) Movement in the allowance for slow moving inventories is as follows:

	31 December 2020	*31 December 2019*
At the beginning of the year	**4,692,314**	3,492,314
Charge for the year	**920,000**	1,200,000
At the end of the year	**5,612,314**	4,692,314

12 TRADE AND OTHER RECEIVABLES

	31 December 2020	*31 December 2019*
Trade accounts receivable	**85,425,455**	31,747,950
Less: Provisional pricing adjustment	**(2,492,375)**	(2,104,478)
Net trade accounts receivable	**82,933,080**	29,643,472

(All amounts in Saudi Riyals unless otherwise stated)

13 ADVANCES AND PREPAYMENTS

	31 December 2020	*31 December 2019*
Advances to suppliers	**14,361,231**	44,427,021
Less: provision for advances to suppliers	**(1,754,885)**	(1,754,885)
Advances to suppliers - net	**12,606,346**	42,672,136
Prepayments	**4,473,142**	5,185,037
Employee receivables	**494,676**	463,640
Value added tax – Input	**4,291,562**	1,192,326
	21,865,726	49,513,139

14 ADVANCES TO SHAREHOLDERS

On 2 October 2019, the Company and certain shareholders of the Company (collectively, the "Purchasers") entered into a Share Sale and Purchase Agreement ("Purchase Agreement") with Trecora Resources to purchase their entire equity interest in the Company for an aggregate gross purchase price of approximately SR 264,700,000. The Purchase Agreement contains various representations, warranties and indemnity obligations of the Purchasers and Trecora Resources. Initially, the Purchase Agreement required the transaction to close by 25 November 2019. The Purchasers and Trecora Resources entered into an amendment to extend the close date to 30 September 2020 to allow additional time for the parties to obtain certain required governmental approvals. As required by the Purchase Agreement, the Purchasers paid 5% of the purchase price, in advance, to Trecora Resources. During the period, the Company completed the legal formalities and accordingly, the advance is transferred to treasury shares.

15 CASH AND CASH EQUIVALENTS

	31 December 2020	*31 December 2019*
Cash in hand	**96,640**	120,125
Bank balances	**35,072,978**	52,124,669
	35,169,618	52,244,794

16 EQUITY

a) Share capital

Share capital of the Company is divided into 82 million (2019: 82 million) shares of SR 10 each and held by the following shareholders:

Name of the shareholder	***Nationality***	***31 December 2020***	*31 December 2019*
Trecora Resources	United States of America	-	264,674,220
Arab Mining Company	Jordan	**155,025,000**	155,025,000
ASAS Mining Co	Saudi Arabia	**149,034,720**	-
Treasury shares (refer note 16 (b))	Saudi Arabia	**82,000,000**	24,904,450
Mohammed Manea Aballala	Saudi Arabia	**79,887,290**	98,802,320
Rassas Co	Saudi Arabia	**66,125,640**	66,125,640
Ibrahim Bin Mussalam	Saudi Arabia	**53,134,150**	59,660,150
Arab Mining Co. Fujairah	United Arab Emirates	**40,000,000**	-
Other shareholders	GCC and others	**194,793,200**	150,808,220
Total		**820,000,000**	820,000,000

AL MASANE AL KOBRA MINING COMPANY - A SAUDI CLOSED JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS (continued)
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16 EQUITY (continued)

a) Share capital (continued)

The above shareholding includes shareholding by key management personnel amounting to SR 2.2 million (2019: SR 1.5 million).

During the Company's Extraordinary General Assembly Meeting in October 2018, the members of the extra-ordinary general meeting approved to repurchase up to 2.5 million shares from Trecora Resources (a shareholder) at a price of SR 30 each and to register these shares as treasury stock of SR 74.7 million in 2019.

During the year ended 31 December 2020, Trecora Resources sold all of its shares to a group of buyers as per the sale and purchase agreement between the two groups. The Company has fully paid SR 57 million to Trecora Resources and completed the legal formalities in this respect and updated the share register to reflect the treasury stock.

b) Statutory reserve

In accordance with the by-laws of the Company, the Company must transfer 10% of its net income for the year to the statutory reserve until it equals to 30% of the share capital. No such transfer has been made for the year ended 31 December 2020 as the Company has accumulated losses at year end. The reserve is not available for distribution.

17 LOANS AND BORROWINGS

	31 December 2020	*31 December 2019*
Commercial loan (note 17.1)	**343,117,871**	268,647,472
Tawarroq (note 17.2)	**50,000,000**	50,000,000
	393,117,871	318,647,472
Less: current portion shown under current liabilities	**(86,666,668)**	(50,000,000)
Loans and borrowings under non-current liabilities	**306,451,203**	268,647,472

17.1 The Commercial loan is obtained from Saudi Industrial Development Fund (SIDF) agreement dated 1 September 2010. This loan is secured by mortgage on the Company's property, plant and equipment and by the mortgage of corporate guarantee signed on behalf for each shareholder. The loan is repayable in thirteen semi-annual installments in six years. However, subsequently in July 2018, the Company and SIDF reached an agreement to amend the original loan agreement as per the Company's request to reschedule the payments in eleven semi-annual installments.In June 2020, the Company and SIDF reached an agreement to amend the original loan agreement as per the Company's request to reschedule the payments in seven semi-annual installments payable from May 2021 till April 2024.

17.2 In December 2019, the Company obtained credit facilities/financing loan from one of the local commercial banks amounting to SR 110,518,400 which includes payment guarantees, financing the purchases & selling of commodities (Al Tawarroq) and interest rate swap.
These facilities are guaranteed by joint and several personal guarantees from some of the shareholders covering total facilities. The outstanding loan to be paid over twelve equal quarterly installments starting from March 2021 and ending on December 2023.

17.3 Under the terms of both facilities agreements, the Company is required to maintain certain financial covenants, among other Items. The Company is in compliance with these covenants as at 31 December 2020.

(All amounts in Saudi Riyals unless otherwise stated)

17 LOANS AND BORROWINGS (continued)

The outstanding loans/facilities maturities are as follows:

Year	***31 December 2020***	*31 December 2019*
2020	**-**	50,000,000
2021	**86,666,668**	76,666,667
2022	**108,666,668**	76,666,667
2023	**114,166,664**	86,666,666
2024	**66,500,000**	35,000,000
2025	**15,000,000**	-
Thereafter	**28,300,000**	-
	419,300,000	325,000,000

18 PROVISION FOR MINE CLOSURE COST

	31 December 2020	*31 December 2019*
At the beginning of the year	**16,625,347**	16,063,136
Additions for the year	**12,805,068**	-
Charge for the year	**581,887**	562,211
At the end of the year	**30,012,302**	16,625,347

19 EMPLOYEE BENEFITS

General description of the plan

The Company operates an unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The movement in EOSB for the year ended is as follows:

	31 December 2020	*31 December 2019*
Balance at the beginning of the year	**4,475,706**	3,649,889
Included in statement of profit or loss		
Current service cost	**2,200,529**	1,233,109
Interest cost	**130,186**	130,700
	2,330,715	1,363,809
Included in statement of other comprehensive income		
Actuarial loss	**1,298,421**	439,161
Benefits paid	**(1,202,251)**	(977,153)
Balance at the end of the year	**6,902,591**	4,475,706

Actuarial assumptions
The following were the principal actuarial assumptions applied at the reporting date:

	31 December 2020	*31 December 2019*
Discount rate	**2.70%**	3.36%
Future salary growth / Expected rate of salary increases	**2.00%**	2.50%
Mortality rate	**Age-wise**	Age-wise
Employee turnover / withdrawal rates	**Age and service**	Age and service

(All amounts in Saudi Riyals unless otherwise stated)

19 EMPLOYEE BENEFITS (continued)

The quantitative sensitivity analysis for principal assumptions is as follows:

	31 December 2020	*31 December 2019*
Discount rate:		
+1% increase	**(738,031)**	(77,729)
-1% decrease	**577,088**	812,459
Salary increase rate:		
+1% increase	**503,142**	761,805
-1% decrease	**(687,425)**	(42,571)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The weighted average duration of the defined benefit obligation is 9.5 years (2019: 9.73 years).

The following is the breakup of the actuarial loss:

	31 December 2020	*31 December 2019*
Financial assumptions	**132,780**	97,416
Experience adjustments	**1,165,641**	341,745
	1,298,421	439,161

The following payments are expected to the defined benefit plan in future years:

	31 December 2020
Within the next 12 months (next annual reporting period)	**631,029**
Between 1 and 5 years	**1,764,782**
Between 5 and 10 years	**6,593,699**
Total expected payments	**8,989,510**

(All amounts in Saudi Riyals unless otherwise stated)

20 TRADE AND OTHER PAYABLES

	31 December 2020	*31 December 2019*
Accounts payable	**16,554,026**	25,314,214
Accrued expenses	**11,403,295**	10,877,985
Capital gain tax withheld from ex-shareholder	**9,667,829**	5,291,816
Vacation accruals and others	**5,044,262**	1,909,191
	42,669,412	43,393,206

21 ZAKAT AND INCOME TAX

21.1 ZAKAT

Charge for the year

	31 December 2020	*31 December 2019*
Zakat relating to current year (see note below)	**2,307,918**	4,475,659

The zakat charge is based on the following:

	31 December 2020	*31 December 2019*
Equity	**436,631,203**	421,513,858
Opening provisions and other adjustments	**41,440,229**	-
Book value of long-term assets (net of related financing)	**(401,512,919)**	(328,399,486)
	76,558,513	93,114,372
Zakatable income for the year	**48,580,321**	29,409,509
Zakat base	**125,138,834**	122,523,881

Movement in provision during the year

The movement in the zakat provision for the year is as follows:

	31 December 2020	*31 December 2019*
Balance at the beginning of the year	**4,475,659**	3,275,326
Net charge for the year	**2,307,918**	4,475,659
Payments during the year	**(4,475,659)**	(3,275,326)
Balance at the end of the year	**2,307,918**	4,475,659

(All amounts in Saudi Riyals unless otherwise stated)

21.2 INCOME TAX

The major components of income tax in the statement of profit or loss can be broken down as follows for the year ended 31 December:

	31 December 2020	*31 December 2019*
Included in the statement of profit or loss:		
Income tax expense for the year	**5,865,538**	**1,850,624**
Deferred tax credit during the year	**(14,784,710)**	-
	(8,919,172)	**1,850,624**
Included in the statement of other comprehensive income:		
Deferred tax relating to actuarial loss	**(62,454)**	-

Reconciliation of tax expense and the accounting profit for the year ended:

	31 December 2020	*31 December 2019*
Income before zakat and income tax	**82,192,453**	33,614,588
Income tax expense as per tax rate of 20% applicable in KSA	**16,438,491**	10,084,376
Adjustments for amounts which are not deductible/(taxable) in calculating taxable income:		
Saudi shareholding not subject to tax – 75.95% (2019: 48.47%)	**(12,485,034)**	(4,887,897)
Others	**1,912,081**	(3,345,855)
At the effective income tax rate of 7.14% (2019: 5.51%)	**5,865,538**	1,850,624
Share of Non-Saudi shareholding	**24.05%**	51.53%

The movement in the income tax provision during the year is as follows:

	31 December 2020	*31 December 2019*
At the beginning of the year	**1,164,551**	2,415,313
Provided during the year	**5,865,538**	1,850,624
Paid during the year	**(1,920,221)**	(3,101,386)
At the end of the year	**5,109,868**	1,164,551

(All amounts in Saudi Riyals unless otherwise stated)

21 ZAKAT AND INCOME TAX (continued)

21.2 INCOME TAX (continued)

Components of deferred tax are as follows:

	31 December 2020
Carryforward tax losses	**22,709,158**
Difference in accounting and tax base of property, plant and equipment	**(9,563,788)**
Provisions	**1,369,779**
Employee benefits	**332,015**
Net deferred tax assets	**14,847,164**

The movement of the deferred tax asset for the period ended 31 December is as follows:

	31 December 2020
As of 1 January	**-**
Deferred tax credit during the year recognised in statement of profit or loss	**14,784,710**
Deferred tax credit to other comprehensive income	**62,454**
As at 31 December	**14,847,164**

Status of assessments

Zakat and income tax status:
The Company submitted the Zakat and income tax returns for the year 2019 and obtained the Zakat certificate which is valid till 30 April 2021. The zakat and tax returns for the years from 2012 to 2019 are currently under review by the GAZT. No final assessment has been raised by the GAZT for previous years.

22 PROVISION FOR SEVERANCE FEE

	31 December 2020	*31 December 2019*
Balance at the beginning of the year	**2,000,001**	1,984,040
Provision during the year	**9,254,481**	2,000,001
Provision paid during the year	**(2,498,328)**	(1,984,040)
	8,756,154	2,000,001

(All amounts in Saudi Riyals unless otherwise stated)

23 REVENUE, NET

	31 December 2020	*31 December 2019*
Revenue from sale of goods:		
Copper concentrate	**188,736,950**	153,418,821
Zinc concentrate	**137,856,648**	126,205,181
Precious metals	**59,128,552**	33,870,414
	385,722,150	313,494,416
Movement in provisional pricing adjustments during the year	**(10,571,398)**	(15,657,154)
	375,150,752	297,837,262

24 SELLING AND DISTRIBUTION EXPENSES

	31 December 2020	*31 December 2019*
Transportation	**14,008,720**	14,802,931
Advertising and promotion	**2,533,842**	5,617,080
	16,542,562	20,420,011

25 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2020	*31 December 2019*
Employees' salaries and benefits	**5,506,636**	5,953,873
Management remuneration and benefits	**10,678,919**	10,141,432
Professional fees	**1,015,761**	1,586,580
Computer and office supplies	**2,419,909**	2,233,179
Others	**358,655**	356,716
	19,979,880	20,271,780

(All amounts in Saudi Riyals unless otherwise stated)

26 FINANCE COSTS

	31 December 2020	*31 December 2019*
Finance cost on loans and bank charges	**5,958,954**	6,207,314
Finance cost on lease liabilities	**792,899**	455,033
	6,751,853	6,662,347

27 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Company.

The following are the details of major related party transactions during the year:

Name of Related parties	***Nature of relationship***	***Nature of transaction***	***Transactions***		***Balance as at Payables / (Advances)***	
			For year ended 31 December 2020	*For year ended 31 December 2019*	***31 December 2020***	*31 December 2019*
Arab Commercial Enterprises for Travel	Common management	Operation	**2,020,333**	2,572,413	982,833	1,035,819
Najran Mineral Water	Common management	Operation	**51,030**	130,725	-	-
Najran Cement	Common management	Operation	**32,715**	22,948	-	-

Key management compensation
Compensation for key management is as follows:

	For the year ended 31 December 2020	*For the year ended 31 December 2019*
Salaries and other benefits	**10,201,349**	9,077,787
End of service benefits	**203,767**	194,387
	10,405,116	9,272,174

28 COMMITMENTS

The Company's future capital commitments, as per the approved budgets, are as follows:

	31 December 2020	*31 December 2019*
Capital expenditure	**60,568,084**	153,211,400
	60,568,084	153,211,400

29 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company's principal financial liabilities comprise loans and borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables and cash and cash equivalents.

The Company's activities expose it to a variety of financial risks: market risk (including commission rate risks, currency risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Company's financial performance.

Market risk
Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Commission rate risk
Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company's commission rate risks arise mainly from its loans and-borrowings, which are at floating rate of commission and are subject to re-pricing on a regular basis. The Company monitors the fluctuations in commission rate.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried in Saudi Riyal and United States Dollars.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuations as the majority of the monetary assets and liabilities are in Saudi Riyals or currencies which are pegged to the Saudi Riyal and consequently the Company does not expose to foreign currency exposure.

Commodity price risk
The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of mineral products it produces which is mainly copper and zinc, silver and gold which it sells into global markets. The market prices of copper and zinc, silver and gold are the key drivers of the Company's capacity to generate cash flow. The Company is predominantly an unhedged producer to provide its shareholders with exposure to changes in the market price of copper and zinc, silver and gold. The analysis is based on the assumption that the copper, zinc, silver and gold prices move 10% with all other variables held constant.

	Effect on profit before tax for the year ended 31 December 2020 increase/(decrease)	*Effect on profit before tax for the year ended 31 December 2019 increase/(decrease)*
Increase / (decrease) in the Copper		
+10%	**18,381,108**	16,097,998
-10%	**(18,381,108)**	(16,097,998)
Increase / (decrease) in the Zinc		
+10%	**13,439,673**	10,602,955
-10%	**(13,439,673)**	(10,602,955)
Increase / (decrease) in the Gold		
+10%	**5,196,744**	2,880,366
-10%	**(5,196,744)**	(2,880,366)
Increase / (decrease) in the Silver		
+10%	**497,551**	202,407
-10%	**(497,551)**	(202,407)

(All amounts in Saudi Riyals unless otherwise stated)

29 FINANCIAL INSTRUMENTS RISK MANAGEMENT

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Outstanding trade receivables are regularly monitored, and any credit concerns highlighted to senior management. The Company currently has only one major customer which account for sale of approximately SAR 326.6 million, sales for the year ended 31 December 2020 (31 December 2019: SAR 279 million). Trade accounts receivable are shown net of impairment based on expected credit loss model as required by IFRS 9.

An impairment analysis is performed at reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity if the cost of such activity is expected to be higher than the benefit of doing so. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The letters of credit and other forms of security, if any, are considered integral part of trade receivables and considered in the calculation of impairment.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Investments of surplus funds are made only with commercial banks with sound credit ratings.

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2020 and 31 December 2019 is equal to the respective carrying amounts.

Liquidity risk

Liquidity risk is the risk that an enterprise 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 through committed credit facilities to meet any future commitments. For instance, concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is the contractual undiscounted maturity analysis of the financial liabilities of the Company. The Company does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.
The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

31 December 2020	***Within 1 year SR***	***1 to 5 years SR***	***More than 5 years SR***	***Total SR***
Loans and borrowings	86,666,668	289,333,332	43,300,000	**419,300,000**
Lease liabilities	3,830,204	2,802,543	-	**6,632,747**
Trade and other payables	550,000	1,100,000	-	**1,650,000**
	91,046,872	**293,235,875**	**43,300,000**	**427,582,747**

31 December 2019	*Within 1 year SR*	*1 to 5 years SR*	*More than 5 years SR*	*Total SR*
Loans and borrowings	50,000,000	275,000,000	-	325,000,000
Lease liabilities	3,334,904	5,594,463	440,000	9,369,367
Trade and other payables	550,000	1,650,000	1,100,000	3,300,000
	53,884,904	282,244,463	1,540,000	337,669,367

(All amounts in Saudi Riyals unless otherwise stated)

30 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital, statutory reserve and retained earnings attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Company includes within debt, current and non-current portion of borrowings and lease liabilities.

	31 December 2020	*31 December 2019*
Debt – lease liabilities and long-term payable (including current portion)	**399,173,181**	347,903,648
Equity	**451,986,048**	421,513,858
Capital and debt	**851,159,229**	769,417,506
Gearing ratio	**88.32%**	82.54%

31 FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 31 December 2020 and 31 December 2019, the fair values of the Company's financial instruments are estimated to approximate their carrying values. No significant inputs were applied in the valuation of trade receivables as at 31 December 2020 and 31 December 2019.

Fair values of the Company's long-term payables are determined by using DCF method using discount rate that reflects the borrowing rate as at the end of the reporting period. As at 31 December 2020 and 31 December 2019, the carrying amounts of long-term payables were not materially different from their calculated fair values.

During the year ended 2020 and 2019, there were no movements between the levels.

32 COMPARATIVE FIGURES

Certain comparative figures of the previous year have been reclassified to conform to the current period presentation.

33 COVID – 19

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread globally including the Kingdom of Saudi Arabia (KSA), causing disruptions to many businesses and economic activities.

During the year ended 31 December 2020, management has assessed the overall impact on the Company's operations and business aspects, and considered factors like effects on supply chain, impact of decreased oil prices and products demand. Based on this assessment, the management concluded that the Company did not face significant adverse impact on its operations and business due to COVID-19 pandemic and no significant changes are required to the judgements, assumptions and key estimates in the financial statements for the year ended 31 December 2020.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be reliably predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of issuance of these financial statements. These developments may impact the Company's future financial results, cash flows and financial condition.

34 SUBSEQUENT EVENTS

Subsequent to the year ended 31 December 2020, the Board of Directors of the Company passed a resolution dated 17 February 2021 (corresponding to 5 Rajab 1442H) to the Extraordinary General Assembly about the proposed decrease in the Company's capital from SR 820 million to SR 467 million. The legal formalities are still in progress and are expected to be completed in 2021.

35 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 10 Ramadan 1442H, corresponding to 22 April 2021G.

AL MASANE AL KOBRA MINING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

AL MASANE AL KOBRA MINING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

EY
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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AL MASANE AL KOBRA MINING COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Masane Al Kobra Mining Company (A Saudi Closed Joint Stock Company) (the "Company") as at 30 June 2021, and the related interim condensed statement of profit or loss and other comprehensive income, for the three-month and six-month periods ended 30 June 2021, and the related interim condensed statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Abdullah Ali AlMakrami
Certified Public Accountant
License No. 476

15 Muharram 1443H
23 August 2021G

Jeddah

شركة إرنست ويونغ وشركاهم (محاسبون قانونيون)
EY
ترخيص مهني رقم ٤٥
PROFESSIONAL LICENSE No. 45
ERNST & YOUNG & Co. (CERTIFIED PUBLIC ACCOUNTANTS)

AL MASANE AL KOBRA MINING COMPANY - A SAUDI CLOSED JOINT STOCK COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Note	***30 June 2021 (Unaudited)***	*31 December 2020 (Audited)*
ASSETS			
NON-CURRENT ASSETS			
Mine properties	4	**267,989,435**	385,825,168
Property, plant and equipment	5	**440,770,923**	333,976,628
Right-of-use assets	6	**8,404,460**	9,166,730
Long term deposits		**644,184**	195,471
Deferred tax	10.2	**32,404,865**	14,847,164
TOTAL NON-CURRENT ASSETS		**750,213,867**	744,011,161
CURRENT ASSETS			
Inventories		**68,279,992**	62,937,889
Trade and other receivables		**139,524,010**	82,933,080
Advances and prepayments		**34,419,078**	21,865,726
Cash and cash equivalents		**16,441,880**	35,169,618
TOTAL CURRENT ASSETS		**258,664,960**	202,906,313
TOTAL ASSETS		**1,008,878,827**	946,917,474
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	**467,000,000**	820,000,000
Statutory reserve		**4,427,449**	4,427,449
Retained earnings / (accumulated losses)		**92,213,721**	(240,632,501)
Treasury stock	7.1	**(19,441,401)**	(131,808,900)
TOTAL EQUITY		**544,199,769**	451,986,048
NON-CURRENT LIABILITIES			
Loans and borrowings	8	**259,011,431**	306,451,203
Lease liabilities	6	**598,777**	2,225,106
Provision for mine closure cost		**33,957,407**	30,012,302
Employee benefits	9	**8,097,045**	6,902,591
TOTAL NON-CURRENT LIABILITIES		**301,664,660**	345,591,202
CURRENT LIABILITIES			
Loans and borrowings – current portion	8	**93,666,668**	86,666,668
Lease liabilities – current portion	6	**3,830,204**	3,830,204
Trade payable and accrued expenses		**44,225,771**	42,669,412
Provision for zakat and income tax	10.1	**4,642,794**	7,417,786
Provision for severance fees	11	**16,648,961**	8,756,154
TOTAL CURRENT LIABILITIES		**163,014,398**	149,340,224
TOTAL LIABILITIES		**464,679,058**	494,931,426
TOTAL EQUITY AND LIABILITIES		**1,008,878,827**	946,917,474

The attached notes from 1 to 20 form an integral part of these interim condensed financial statements.

AL MASANE AL KOBRA MINING COMPANY - A SAUDI CLOSED JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the three-month and six-month periods ended 30 June 2021
(All amounts in Saudi Riyals unless otherwise stated)

		Three-month period ended 30 June		***Six-month period ended 30 June***	
	Note	***2021***	*2020*	***2021***	*2020*
Revenue, net	12	**146,623,161**	78,593,532	**264,209,935**	145,084,213
Cost of revenue		**(70,695,650)**	(54,833,326)	**(137,705,539)**	(106,910,252)
GROSS PROFIT		**75,927,511**	23,760,206	**126,504,396**	38,173,961
Selling and marketing expenses	13	**(8,838,946)**	(3,633,375)	**(13,203,814)**	(8,398,373)
General and administrative expenses	14	**(6,155,070)**	(4,658,802)	**(12,913,045)**	(9,159,555)
OPERATING PROFIT		**60,933,495**	15,468,029	**100,387,537**	20,616,033
Finance charges		**(3,830,951)**	(797,969)	**(6,570,368)**	(2,375,667)
Other income		**4,195**	-	**35,796**	63,253
PROFIT BEFORE SEVERANCE FEES, ZAKAT AND INCOME TAX		**57,106,739**	14,670,060	**93,852,965**	18,303,619
Severance fees	11	**(4,425,978)**	(678,804)	**(7,892,807)**	(1,349,655)
Zakat and income tax credit / (expense)	10	**5,748,958**	(2,793,311)	**6,793,170**	(4,122,460)
PROFIT FOR THE PERIOD		**58,429,719**	11,197,945	**92,753,328**	12,831,504
OTHER COMPREHENSIVE INCOME					
Items not to be reclassified to statement of income in subsequent periods:					
Re-measurement loss on defined benefit plans	9	**(570,831)**	-	(570,831)	-
Deferred tax relating to actuarial loss		**31,224**	-	31,224	-
		(539,607)	-	**(539,607)**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**57,890,112**	11,197,945	**92,213,721**	12,831,504
Earnings per share:					
Basic earnings and diluted earnings per share attributable to ordinary equity holders of the Company (Saudi Riyals)		1.07	0.21	1.35	0.19

The attached notes from 1 to 20 form an integral part of these interim condensed financial statements.

AL MASANE AL KOBRA MINING COMPANY - A SAUDI CLOSED JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	*Statutory reserve*	*Retained earnings / (accumulated losses)*	*Treasury stock*	*Total*
Balance as at 1 January 2020 (Audited)	820,000,000	4,427,449	(328,200,241)	(74,713,350)	421,513,858
Profit for the period	-	-	12,831,504	-	12,831,504
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	12,831,504	-	12,831,504
Balance as at 30 June 2020 (Unaudited)	820,000,000	4,427,449	(315,368,737)	(74,713,350)	434,345,362
Balance as at 1 January 2021 (Audited)	820,000,000	4,427,449	(240,632,501)	(131,808,900)	451,986,048
Profit for the period	-	-	92,753,328	-	92,753,328
Other comprehensive income for the period	-	-	(539,607)	-	(539,607)
Total comprehensive income for the period	-	-	92,213,721	-	92,213,721
Reduction of Share capital	(353,000,000)	-	240,632,501	112,367,499	-
Balance as at 30 June 2021 (Unaudited)	**467,000,000**	**4,427,449**	**92,213,721**	**(19,441,401)**	**544,199,769**

The attached notes from 1 to 20 form an integral part of these interim condensed financial statements.

(All amounts in Saudi Riyals unless otherwise stated)

	Note	*Six-month period ended 30 June 2021*	*Six-month period ended 30 June 2020*
OPERATING ACTIVITIES			
Profit before severance fees, zakat and income tax		**93,852,965**	18,303,619
Adjustment to reconcile profit before severance fee, zakat and income tax to net cash inflow from operating activities:			
Depreciation and amortization		**41,239,153**	28,639,538
Amortisation of right-of-use assets	6	**762,270**	550,537
Provision for slow moving items		**-**	400,000
Provision for employee benefits	9	**1,261,601**	1,064,277
Provision for mine closure cost		**1,125,147**	229,229
Operating cash flows before working capital adjustments		**138,241,136**	49,187,200
Working capital adjustments:			
Inventories		**(5,342,103)**	(9,660,332)
Trade and other receivables		**(56,590,930)**	(10,653,462)
Advances and prepayments		**(13,002,065)**	19,163,655
Trade and other payables and accrued expenses		**5,501,464**	(3,731,222)
Cash from operations		**68,807,502**	44,305,839
Zakat and income tax paid	10	**(13,508,299)**	(4,382,017)
Severance fee paid		**-**	
Employees' benefits paid	9	**(637,978)**	(416,946)
Net cash flows from operating activities		**54,661,225**	39,506,876
INVESTING ACTIVITIES			
Additions in property, plant and equipment	5	**(6,494,193)**	(5,135,839)
Additions in mining properties	4	**(24,828,669)**	(10,717,031)
Addition of exploration and evaluation assets		**-**	(66,193,465)
Net cash used in investing activities		**(31,322,862)**	(82,046,335)
FINANCING ACTIVITIES			
Repayment of loans and borrowings		**(40,439,772)**	-
Movement in obligation of lease liabilities		**(1,626,329)**	(693,587)
Net cash used in financing activities		**(42,066,101)**	(693,587)
DECREASE IN CASH AND CASH EQUIVALENTS		**(18,727,738)**	(43,233,046)
Cash and cash equivalents at the beginning of the period		**35,169,618**	52,244,794
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**16,441,880**	9,011,748
SUPPLEMENTARY NON-CASH INFORMATION		**-**	-

The attached notes from 1 to 20 form an integral part of these interim condensed financial statements.

1. COMPANY INFORMATION

Al Masane Al Kobra Mining Company ("the Company" or "AMAK") is a Saudi Closed Joint Stock Company approved by the Minister of Commerce and Investment Decree Number 247/Q dated 9 Shawwal 1428H (21 October 2007) and registered in Jeddah under Commercial Registration No. 4030175345 on 07 Muharram 1429H (16 January 2008). During 2015, the head office was moved from Jeddah to Najran. Accordingly, Najran Commercial Registration No. 5950017523 dated 3 Dhul-Qi'dah 1431H (11 October 2010) was modified to be main Commercial Registration. The registered office is located at P.O. Box 96, Najran, Kingdom of Saudi Arabia. The Company is engaged in mining of non-ferrous metal ores, including (aluminium, copper and lead), mining of ores of precious metals belonging to gold, silver and platinum group, and wholesaling precious metals and gemstones.

The principal activity of the Company is to produce Zinc and Copper concentrates and silver and gold dore as per the license Number 86/ق dated 13 Ramadan 1429H (13 September 2008) issued by Ministry of Petroleum and Mineral Wealth and expiring on 29 Dhul-Qi'dah 1443 (28 June 2022) with a right of renewal for future period of twenty years. The Company commenced its commercial production on 1 July 2012.

In addition, the Company obtained the license number 9598/ق dated 24 Dhul-Qi'dah 1436H (8 September 2015) for twenty years and expiring on 23 Dhul-Qi'dah 1456H (2 February 2035) from the Ministry of Petroleum and Mineral Wealth for the exploitation of gold and silver dores from accompanying site Mount Guyan Surface.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The interim condensed financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2020. In addition, results of the interim six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

2.2 Basis of measurement

These interim condensed financial statements have been prepared on the historical cost basis, except for employee benefit obligation which is recognized at the present value of future obligations using the projected unit credit method, provision for mine closure cost at the present value of future cash outflows, lease liabilities discounted to present value and long-term loan discounted to present value. Further, the interim condensed financial statements are prepared using the accrual basis of accounting and going concern concept.

2.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals (SR), which is the Company's functional and presentation currency.

2. BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgements made by management in applying the Company's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2020. However, in the view of the current uncertainty due to COVID-19, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments (see also note 19).

2.5 New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021 and the accounting policies for earnings per share and segment reporting. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Company.

2.5.1 Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

2.6 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

2.7 Mine properties and property, plant and equipment

Initial recognition

Upon completion of the mine construction phase, the assets are transferred into "Property, plant and equipment" or "Mine properties". Items of property, plant and equipment and producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2.7 Mine properties and property, plant and equipment (continued)

Mine properties also consist of the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition. When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Depreciation / amortisation
Accumulated mine development costs are depreciated/amortised on a UOP basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case, the straight-line method is applied. Economically recoverable reserves include proven and probable reserves.

The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortised on a UOP basis, whereby the denominator is the proven and probable reserves, and for some mines, a portion of mineral resources which are expected to be extracted economically. These other mineral resources may be included in depreciation calculations in limited circumstances and where there is a high degree of confidence in their economic extraction. This would be the case when the other mineral resources do not yet have the status of reserves merely because the necessary detailed evaluation work has not yet been performed and the responsible technical personnel agree that inclusion of a proportion of measured and indicated resources is appropriate based on historic reserve conversion rates.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Mine properties are depreciated over the period of useful life of mine. The useful life of Al Masane mine is estimated to be till 31 December 2029 (2020: 31 March 2030) and new Mount Guyan mine to be till 31 December 2026.

Property, plant and equipment excluding buildings and motor vehicles are depreciated using unit of production method (UoP). The total expected units of production have been revised in the current year from 7.7 million metric tonnes to 8.6 million metric tonnes based on the best estimates. The calculation is based on the level of output or usage expected to achieve from an item of property, plant and equipment.

Buildings and motor vehicles are depreciated on a straight-line basis over the estimated useful lives of the assets, as follows:

Categories	**Number of years**
Building	30 years or actual life of the mine, whichever is earlier
Vehicles	4 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets under construction which are not ready for its intended use are not depreciated.

When a major inspection (turnaround/shutdown, planned or unplanned) is performed, it directly met attributable cost is recognized in the carrying amount of the plant and equipment if the recognition criteria are met. This is recorded as a separate component with a useful life generally equal to the time period up to the next scheduled major inspection (turnaround). If the next turnaround occurs prior to the planned date, any existing book value of the previous turnaround is recognized in the statement of profit or loss immediately.

2. BASIS OF PREPARATION (continued)

2.7 Mine properties and property, plant and equipment (continued)

Capital work-in-progress are carried at cost less any recognized impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is accounted for in accordance with the Company's policies. Capital work in progress are not depreciated.

3. SEGMENT REPORTING

Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer.

An operating segment is group of assets and operations:

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

All of the Company's operations are located in Najran, Saudi Arabia. For management purposes, the Company is organized into business units based on the main types of activities and has two reportable operating segments, as follows:

- AlMasane mine segment represents extraction and production of the base metals i.e. copper and zinc concentrates and byproducts like precious metals i.e. gold and silver dores;
- Mount Guyan mine segment represents extraction and production of the precious metals i.e. gold and silver dores;
- Corporate is responsible for effective management and governance including funding of the projects. The presentation of Corporate information does not represent an operating segment.

No operating segments have been aggregated to form the above reportable operating segments.

The Executive Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment and is considered to be the Company's Chief Executive Officer (CEO). Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, the Company's financing, severance fees, zakat and income taxes are managed on corporate basis and are not allocated to operating segments. There was no operating and reportable segment for the period ended 30 June 2020 as Al Masane mine was the only operational mine during that period.

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3. SEGMENT REPORTING (continued)

For the period ended 30 June 2021:	*Al Masane Mine*	*Mount Guyan Mine*	*Corporate*	*Total*
Revenue				
External customers	219,991,544	44,541,895	-	**264,533,439**
Movement in provisional pricing	(323,504)	-	-	**(323,504)**
Revenue, net	219,668,040	44,541,895	-	264,209,935
Cost of revenue excluding depreciation and amortization	(84,935,202)	(9,643,776)	-	**(94,578,978)**
Depreciation and amortization	(29,084,121)	(14,042,440)	-	**(43,126,561)**
Selling and distribution expenses	-	-	(13,203,814)	**(13,203,814)**
General and administration expenses	-	-	(12,913,045)	**(12,913,045)**
Operating profit	105,648,717	20,855,679	(26,116,859)	**100,387,537**
Finance charges	(4,557,323)	(2,013,045)	-	**(6,570,368)**
Other income	-	-	35,796	**35,796**
Profit before severance fees, zakat and income tax	101,091,394	18,842,634	(26,081,063)	93,852,965
Severance fees	-	-	(7,892,807)	(7,892,807)
Zakat and income tax credit	-	-	6,793,170	6,793,170
Profit for the period	**101,091,394**	**18,842,634**	**(27,180,700)**	**92,753,328**
Segment assets	720,968,095	203,684,755	84,225,977	1,008,878,827
Segment liabilities	314,593,459	76,471,028	73,614,571	464,679,058

(All amounts in Saudi Riyals unless otherwise stated)

4. MINE PROPERTIES

		Producing mines				
	Mine under construction	***Intangible assets***	***Mining assets***	***Mining asset underground development asset***	***Deferred mine closure cost***	***Total***
Cost:						
As at 1 January 2021(Audited)	157,888,815	258,973,236	129,894,826	276,195,821	25,647,693	**848,600,391**
Additions during the period	12,557,357	-	3,572,273	5,206,515	3,492,524	**24,828,669**
Transfers during the period (note 4.1)	(169,486,017)	-	44,095,174	-	-	**(125,390,843)**
As at 30 June 2021 (Unaudited)	**960,155**	**258,973,236**	**177,562,273**	**281,402,336**	**29,140,217**	**748,038,217**
Accumulated depreciation and amortization:						
As at 1 January 2021(Audited)	-	175,748,853	81,571,449	197,304,042	8,150,879	**462,775,223**
Charge for the period	-	4,623,577	6,975,042	4,549,793	1,125,147	**17,273,559**
As at 30 June 2021(Unaudited)	**-**	**180,372,430**	**88,546,491**	**201,853,835**	**9,276,026**	**480,048,782**
Net book amounts:						
As at 30 June 2021(Unaudited)	**960,155**	**78,600,806**	**89,015,782**	**79,548,501**	**19,864,191**	**267,989,435**
As at 31 December 2020 (Audited)	157,888,815	83,224,383	48,323,377	78,891,779	17,496,814	385,825,168

4.1 The mine under construction relates to Mount Guyan mine which has started it's commercial production from 1 February 2021 onwards for the extraction of the gold dores. During the period ended 30 June 2021, the assets of mine under construction have been transferred to the producing mines and property, plant and equipment and accordingly depreciation and amortization on these assets has commenced. The useful life of the Mount Guyan project is expected upto 2026.

4.2 The amount of borrowing costs capitalised during the six months ended 30 June 2021 was approximately SR 566,996 (30 June 2020: SR Nil). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 4.7%, which is the effective interest rate of the specific borrowing.

(All amounts in Saudi Riyals unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings	*Leasehold improvement*	*Heavy equipment*	*Motor vehicles*	*Civil works*	*Tailing dam*	*Plant and machinery*	*Capital work in progress*	*Total*
Cost:									
As at 1 January 2021 (Audited)	191,974,662	4,051,062	141,230,040	22,753,563	16,288,221	23,900,160	294,463,540	5,045,626	**699,706,874**
Additions during the period	155,896	442,075	4,192,441	-	75,000	-	1,298,667	330,114	**6,494,193**
Transfers from mine under construction (note 4.1)	420,000	1,050,301	1,288,686	-	4,349,328	1,656,338	116,626,190	-	**125,390,843**
As at 30 June 2021 (Unaudited)	**192,550,558**	**5,543,438**	**146,711,167**	**22,753,563**	**20,712,549**	**25,556,498**	**412,388,397**	**5,375,740**	**831,591,910**
Accumulated depreciation:									
As at 1 January 2021 (Audited)	92,613,197	2,084,178	90,053,608	22,480,739	9,996,316	15,804,373	132,697,835	-	**365,730,246**
Charge for the period	5,550,859	478,765	3,773,143	42,408	315,772	484,679	14,445,115	-	**25,090,741**
As at 30 June 2021 (Unaudited)	**98,164,056**	**2,562,943**	**93,826,751**	**22,523,147**	**10,312,088**	**16,289,052**	**147,142,950**	-	**390,820,987**
Net book amounts:									
As at 30 June 2021 (Unaudited)	**94,386,502**	**2,980,495**	**52,884,416**	**230,416**	**10,400,461**	**9,267,446**	**265,245,447**	**5,375,740**	**440,770,923**
As at 31 December 2020 (Audited)	99,361,465	1,966,884	51,176,432	272,824	6,291,905	8,095,787	161,765,705	5,045,626	333,976,628

(All amounts in Saudi Riyals unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

5.1 Certain property, plant and equipment were subject to a pledge as collateral against a long-term loan (note 8).

5.2 Capital work in progress represents firefighting works and equipment for plant

5.3 The depreciation charge for the period has been allocated to cost of revenue.

5.4 The buildings are constructed on the site for the mines which are leased by the Company.

6. LEASES

The Company has lease contracts for leasehold buildings and heavy equipment. Leasehold buildings have lease terms for 2 to 10 years while heavy equipment carries a lease term of 3 years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings	*Heavy equipment*	*Total*
As at 1 January 2021 (Audited)	2,377,713	6,789,017	**9,166,730**
Amortisation expense	(456,986)	(305,284)	**(762,270)**
As at 30 June 2021 (Unaudited)	**1,920,727**	**6,483,733**	**8,404,460**
As at 31 December 2020 (Audited)	2,377,713	6,789,017	9,166,730

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
As at the beginning of the period / year	**6,055,310**	8,155,123
Additions during the period / year	-	1,156,234
Accretion of interest during the period / year	**261,133**	792,899
Payments made during the period / year	**(1,887,462)**	(4,048,946)
At as the end of the period / year	**4,428,981**	6,055,310
Current	**3,830,204**	3,830,204
Non-current	**598,777**	2,225,106

The following are the amounts recognised in the statement of profit or loss:

	For the six months ended 30 June 2021 (Unaudited)	*For the six months ended 30 June 2020 (Unaudited)*
Amortisation expense of right-of-use assets	**762,270**	550,537
Interest expense on lease liabilities	**261,133**	585,896
	1,023,403	1,136,433

(All amounts in Saudi Riyals unless otherwise stated)

7. SHARE CAPITAL

Share capital of the Company is divided into 46.7 million shares of SR 10 each for the period ended 30 June 2021 and 82 million shares of SR 10 each for the year ended 31 December 2020. The revised shareholding is held by the following shareholders:

Name of the shareholders	*Nationality*	***30 June 2021***	*31 December 2020*
Arab Mining Company	Jordan	**95,557,840**	155,025,000
ASAS Mining Co	Saudi Arabia	**91,865,420**	149,034,720
Treasury shares	Saudi Arabia	**12,094,740**	82,000,000
Mohammed Manea Aballala	Saudi Arabia	**48,194,860**	79,887,290
Rassas Co	Saudi Arabia	**40,760,030**	66,125,640
Ibrahim Bin Mussalam	Saudi Arabia	**12,807,620**	53,134,150
Arab Mining Co. Fujairah	United Arab Emirates	**24,656,110**	40,000,000
Other shareholders	GCC and others	**141,063,380**	194,793,200
		467,000,000	820,000,000

7.1 During the period ended 31 March 2021, the shareholders of the Company, in an extraordinary general meeting, resolved to reduce the share capital of the Company from SR 820 million to SR 467 million through absorbing accumulated losses of SR 240,632,501 and reducing treasury stocks by 6,990,526 shares worth of SR 112,367,499. The legal formalities in this regard were completed subsequent to the period end, on 10 May 2021 (corresponding to 28 Ramadan 1442 H).

8. LOANS AND BORROWINGS

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
Commercial loan (note 8.1)	**311,011,433**	343,117,871
Tawarroq (note 8.2)	**41,666,666**	50,000,000
	352,678,099	393,117,871
Less: current portion shown under current liabilities	**(93,666,668)**	(86,666,668)
Loans and borrowings under non-current liabilities	**259,011,431**	306,451,203

8.1 The Commercial loan is obtained from Saudi Industrial Development Fund (SIDF) agreement dated 1 September 2010 for Al Masane project. This loan is secured by mortgage on the Company's property, plant and equipment and by guarantee signed on behalf for each shareholder. The loan is repayable in thirteen semi-annual installments in six years. However, subsequently in July 2018, the Company and SIDF reached an agreement to amend the original loan agreement as per the Company's request to reschedule the payments in eleven semi-annual installments.In June 2020, the Company and SIDF reached an agreement to amend the original loan agreement as per the Company's request to reschedule the payments in seven semi-annual installments payable from May 2021 till April 2024. The Company obtained another loan from Saudi Industrial Development Fund (SIDF) agreement dated 28 June 2020 for its new Mount Guyan project payable in thirteen semi-annual installments starting from May 2022 to March 2028. This loan is secured by mortgage on the Company's property, plant and equipment and by a guarantee signed on behalf for each shareholder.

8.2 In December 2019, the Company obtained credit facilities/financing loan from one of the local commercial banks amounting to SR 110,518,400 which includes Payment guarantees, Financing the purchases & selling of commodities (Al Tawarroq) and interest rate swap.
These facilities are guaranteed by joint and several personal guarantees from some of the shareholders covering total facilities. The outstanding loan to be paid over twelve equal quarterly installments starting from March 2021 and ending on December 2023.

8.3 Under the terms of both facilities agreements, the Company is required to maintain certain financial covenants, among other items. The Company is in compliance with these covenants at 30 June 2021.

(All amounts in Saudi Riyals unless otherwise stated)

9. EMPLOYEE BENEFITS

General description of the plan

The Company operates an unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The movement in EOSB for the year ended is as follows:

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
Balance at the beginning of the period / year	**6,902,591**	4,475,706
Included in statement of profit or loss		
Current service cost	**1,174,258**	2,200,529
Interest cost	**87,343**	130,186
	1,261,601	2,330,715
Included in statement of other comprehensive income		
Actuarial loss	**570,831**	1,298,421
Benefits paid	**(637,978)**	(1,202,251)
Balance at the end of the period / year	**8,097,045**	6,902,591

10. ZAKAT, INCOME TAX AND DEFERRED TAX

10.1 ZAKAT AND INCOME TAX

Movement in provision during the year

The movement in the zakat and income tax provision for the year is as follows:

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
Balance at the beginning of the year	**7,417,786**	5,640,210
Net charge for the year	**10,733,307**	8,173,456
Payments during the year	**(13,508,299)**	(6,395,880)
At the end of the period	**4,642,794**	7,417,786

10.2 DEFERRED TAX

The movement of the deferred tax asset for the period ended is as follows:

	30 June 2021 (Unaudited)	***31 December 2020*** *(Audited)*
		-
Opening Balance	**14,847,164**	-
Deferred tax credit during the year recognised in statement of profit or loss	**17,526,477**	14,784,710
Deferred tax credit to other comprehensive income	**31,224**	62,454
At the end of the period	**32,404,865**	14,847,164

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(All amounts in Saudi Riyals unless otherwise stated)

10. ZAKAT, INCOME TAX AND DEFERRED TAX (continued)

Status of assessments

The Company submitted the zakat and income tax returns for the year 2020 and obtained the zakat certificate which is valid till 30 April 2022. The zakat and tax returns for the years from 2012 to 2020 are currently under review by the Zakat, Tax and Customs Authority ("ZATCA"). No final assessment has been raised by the ZATCA for previous years.

11. PROVISION FOR SEVERANCE FEE

The movement for severance fee provision during the period / year is as follows:

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
At the beginning of the period / year	**8,756,154**	2,000,001
Provided during the period / year	**7,892,807**	9,254,481
Paid during the period / year	**-**	(2,498,328)
At the end of the period / year	**16,648,961**	8,756,154

12. REVENUE, NET

	Three-month period ended		***Six-month period ended***	
	30 June 2021 (Unaudited)	*30 June 2020 (Unaudited)*	***30 June 2021 (Unaudited)***	*30 June 2020 (Unaudited)*
Revenue from Copper concentrate	**52,517,121**	43,937,423	**101,120,932**	80,642,875
Revenue from Zinc concentrate	**48,435,925**	23,847,172	**99,604,120**	40,389,750
Revenue from Precious metals	**44,170,677**	16,726,334	**63,808,387**	29,968,985
Movement in provisional revenue	**1,499,438**	(5,917,397)	**(323,504)**	(5,917,397)
	146,623,161	78,593,532	**264,209,935**	145,084,213

13. SELLING AND MARKETING EXPENSES

	Three-month period ended		***Six-month period ended***	
	30 June 2021 (Unaudited)	*30 June 2020 (Unaudited)*	***30 June 2021 (Unaudited)***	*30 June 2020 (Unaudited)*
Transportation	**5,513,470**	2,576,139	**8,916,595**	6,775,064
Advertising and promotion	**3,325,476**	1,057,236	**4,287,219**	1,623,309
	8,838,946	3,633,375	**13,203,814**	8,398,373

(All amounts in Saudi Riyals unless otherwise stated)

14. GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended		***Six-month period ended***	
	30 June 2021 (Unaudited)	*30 June 2020 (Unaudited)*	***30 June 2021 (Unaudited)***	*30 June 2020 (Unaudited)*
Employees' salaries and benefits	**2,850,526**	2,604,552	**5,452,263**	5,109,175
Management overheads and other consultancy	**620,713**	1,266,906	**2,159,964**	2,095,878
Professional fees	**2,059,263**	174,480	**4,138,044**	454,062
Other overheads	**624,568**	612,864	**1,162,774**	1,500,440
	6,155,070	4,658,802	**12,913,045**	9,159,555

15. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Company.

The following are the details of major related party transactions during the year:

Name of Related parties	***Nature of relationship***	***Nature of transaction***	***Transactions***		***Balance as at Payables/ (Advances)***	
			For the six months ended 30 June 2021 (Unaudited)	*For the six months ended 30 June 2020 (Unaudited)*	***30 June 2021 (Unaudited)***	*31 December 2020 (Audited)*
Arab Commercial Enterprises for Travel	Common management	Travel charges	**804,033**	307,976	**303,586**	982,833
Najran Mineral Water	Common management	Water charges	**25,760**	17,640	-	-

Key management compensation

Compensation for key management is as follows:

	For the six months ended 30 June 2021 (Unaudited)	*For the six months ended 30 June 2020 (Unaudited)*
Salaries and other benefits	**3,340,736**	3,497,578
End of service benefits	**101,884**	97,194
	3,442,620	3,594,772

(All amounts in Saudi Riyals unless otherwise stated)

16. CONTINGENCIES AND COMMITMENTS

The Company contingencies and commitments majorly include for various project's capital commitments and short-term lease commitments which are as follows:

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
Capital expenditure	**26,248,282**	60,568,084

17. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 30 June 2021 and 31 December 2020, the fair values of the Company's financial instruments are estimated to approximate their carrying values. No significant inputs were applied in the valuation of trade receivables as at 30 June 2021 and 31 December 2020.

Fair values of the Company's long-term payables are determined by using DCF method using discount rate that reflects the borrowing rate as at the end of the reporting period. As at 30 June 2021 and 31 December 2020, the carrying amounts of long-term payables were not materially different from their calculated fair values.

During the period ended 30 June 2021 and 31 December 2020, there were no movements between the levels.

18. COMPARATIVE FIGURES

Certain comparative figures of the previous period have been reclassified to conform to the current period presentation.

19. IMPACT OF COVID-19

The outbreak of novel coronavirus ("COVID-19") since early 2020 and its spread across mainland China and then globally caused disruptions to businesses and economic activities including KSA. The World Health Organisation qualified COVID-19 as a pandemic, with governments issuing strict regulations and guidance for its populations and companies. It necessitated the Company's management to re-assess the judgments and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2020.

During the period ended 30 June 2021, management has assessed the overall impact on the Company's operations and business aspects, and considered factors like effects on supply chain, impact of oil prices, operating rates of its plants and lost volume, and products demand. Based on this assessment, the management concluded that, as at the reporting date of these interim condensed financial statements, the Company did not face significant adverse impact on its operations and business due to COVID-19 pandemic and no significant changes are required to the judgments, assumptions and key estimates in the interim condensed financial statements for the period ended 30 June 2021.

To preserve the health of the employees and support the prevention of contagion in the operational and administrative areas, the Company took measures, in line with the recommendations of the World Health Organisation and Ministry of Health, such as working from home, social distancing at work place, rigorous cleaning of workplaces, distribution of personal protective equipment, testing of suspected cases, limiting non-essential travel, self-health declarations and measuring body temperature.

The operational and financial impacts of the COVID-19 pandemic to date have been reflected in these interim condensed financial statements. The strong financial position, including access to funds and absence of debt, coupled with the actions the Company has taken to date and the continued activity of its Parent Company ensures that the Company has the capacity to continue through the challenges caused by the COVID-19 pandemic. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 23 August 2021G, corresponding to 15 Muharram 1443H.

AL MASANE AL KOBRA MINING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2021

AL MASANE AL KOBRA MINING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

EY
Building a better working world

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AL MASANE AL KOBRA MINING COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Masane Al Kobra Mining Company (A Saudi Closed Joint Stock Company) (the "Company") as at 30 September 2021, and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2021, and the related interim condensed statements of changes in equity and cash flows for the nine-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Abdullah Ali AlMakrami
Certified Public Accountant
License No. 476

4 Rabi' II 1443H
9 November 2021G

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CR. 4030276644
شركة ارنست ويونغ وشركاهم محاسبون قانونيون
(شركة ذات مسئولية محدودة مهنية)
Ernst and Young & Co Public Accountants
(Professional LLC)

AL MASANE AL KOBRA MINING COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 September 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Note	*30 September 2021 (Unaudited)*	*31 December 2020 (Audited)*
ASSETS			
NON-CURRENT ASSETS			
Mine properties	4	**270,129,910**	385,825,168
Property, plant and equipment	5	**435,739,385**	333,976,628
Right-of-use assets	6	**8,323,336**	9,166,730
Long term deposits		**675,039**	195,471
Deferred tax	10.2	**31,492,327**	14,847,164
TOTAL NON-CURRENT ASSETS		**746,359,997**	744,011,161
CURRENT ASSETS			
Inventories		**71,661,655**	62,937,889
Trade and other receivables		**151,002,342**	82,933,080
Advances and prepayments		**33,896,657**	21,865,726
Cash and cash equivalents		**53,131,677**	35,169,618
TOTAL CURRENT ASSETS		**309,692,331**	202,906,313
TOTAL ASSETS		**1,056,052,328**	946,917,474
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	**467,000,000**	820,000,000
Statutory reserve		**4,427,449**	4,427,449
Retained earnings / (accumulated losses)		**134,023,156**	(240,632,501)
Treasury stock	7.1	**(19,441,401)**	(131,808,900)
TOTAL EQUITY		**586,009,204**	451,986,048
NON-CURRENT LIABILITIES			
Loans and borrowings	8	**257,707,650**	306,451,203
Lease liabilities	6	**1,185,692**	2,225,106
Provision for mine closure cost		**34,203,110**	30,012,302
Employee benefits	9	**8,619,473**	6,902,591
TOTAL NON-CURRENT LIABILITIES		**301,715,925**	345,591,202
CURRENT LIABILITIES			
Loans and borrowings – current portion	8	**93,666,668**	86,666,668
Lease liabilities – current portion	6	**2,930,062**	3,830,204
Trade payable and accrued expenses		**47,918,505**	42,669,412
Provision for zakat and income tax	10.1	**8,277,992**	7,417,786
Provision for severance fees	11	**15,533,972**	8,756,154
TOTAL CURRENT LIABILITIES		**168,327,199**	149,340,224
TOTAL LIABILITIES		**470,043,124**	494,931,426
TOTAL EQUITY AND LIABILITIES		**1,056,052,328**	946,917,474

The attached notes from 1 to 21 form an integral part of these interim condensed financial statements.

AL MASANE AL KOBRA MINING COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2021

(All amounts in Saudi Riyals unless otherwise stated)

		Three-month period ended 30 September		*Nine-month period ended 30 September*	
	Note	***2021***	*2020*	***2021***	*2020*
Revenue, net	12	**150,247,662**	89,788,348	**414,457,597**	234,872,562
Cost of revenue		**(76,023,334)**	(58,183,060)	**(213,728,873)**	(165,093,313)
GROSS PROFIT		**74,224,328**	31,605,288	**200,728,724**	69,779,249
Selling and marketing expenses	13	**(9,698,523)**	(3,879,427)	**(22,902,337)**	(12,277,800)
General and administrative expenses	14	**(5,284,834)**	(5,696,653)	**(18,197,880)**	(14,856,225)
OPERATING PROFIT		**59,240,971**	22,029,208	**159,628,507**	42,645,224
Finance costs		**(3,840,334)**	(2,437,628)	**(10,410,702)**	(4,813,294)
Other income		**26,465**	59,878	**62,261**	123,131
PROFIT BEFORE SEVERANCE FEES, ZAKAT AND INCOME TAX		**55,427,102**	19,651,458	**149,280,066**	37,955,061
Severance fees	11	**(7,641,166)**	(1,872,000)	**(15,533,972)**	(3,221,655)
Zakat and income tax (expense) / credit	10	**(5,966,623)**	(1,391,555)	**826,547**	(4,174,665)
NET PROFIT FOR THE PERIOD		**41,819,313**	16,387,903	**134,572,641**	30,558,741
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to statement of profit or loss in subsequent periods:					
Re-measurement loss on defined benefit plans	9	**(9,400)**	-	**(580,231)**	-
Deferred tax relating to actuarial loss		**(478)**	-	**30,746**	-
		(9,878)	-	**(549,485)**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**41,809,435**	16,387,903	**134,023,156**	30,558,741
EARNINGS PER SHARE:					
Basic earnings and diluted earnings per share attributable to ordinary equity holders of the Company	17	**0.92**	0.36	**2.96**	0.67

The attached notes from 1 to 21 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the nine-month period ended 30 September 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	*Statutory reserve*	*Retained earnings / (accumulated losses)*	*Treasury stock*	*Total*
Balance as at 1 January 2020	820,000,000	4,427,449	(313,082,896)	(74,713,350)	436,631,203
Profit for the period	-	-	30,558,741	-	30,558,741
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	30,558,741	-	30,558,741
Movement during the period	-	-	-	(57,095,550)	(57,095,550)
Balance as at 30 September 2020	820,000,000	4,427,449	(282,524,155)	(131,808,900)	410,094,394
Balance as at 1 January 2021	820,000,000	4,427,449	(240,632,501)	(131,808,900)	451,986,048
Profit for the period	-	-	134,572,641	-	134,572,641
Other comprehensive income for the period	-	-	(549,485)	-	(549,485)
Total comprehensive income for the period	-	-	134,023,156	-	134,023,156
Reduction of share capital (note 7.1)	(353,000,000)	-	240,632,501	112,367,499	-
Balance as at 30 September 2021	**467,000,000**	**4,427,449**	**134,023,156**	**(19,441,401)**	**586,009,204**

The attached notes from 1 to 21 form an integral part of these interim condensed financial statements.

AL MASANE AL KOBRA MINING COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
For the nine-month period ended 30 September 2021
(All amounts in Saudi Riyals unless otherwise stated)

		Nine-month period ended 30 September	
	Note	***2021***	*2020*
OPERATING ACTIVITIES			
Profit before severance fees, zakat and income tax		**149,280,066**	37,955,061
Adjustment to reconcile profit before severance fee, zakat and income tax to net cash inflow from operating activities:			
Depreciation and amortisation		**63,337,719**	42,019,087
Amortisation of right-of-use assets	6	**1,205,944**	896,091
Provision for slow moving items		-	780,000
Provision for employee benefits	9	**1,889,541**	2,198,461
Provision for mine closure cost		**1,640,289**	405,558
		217,353,559	84,254,258
Working capital adjustments:			
Inventories		**(8,723,766)**	(14,780,351)
Trade and other receivables		**(68,069,262)**	20,954,547
Advances and prepayments		**(12,510,499)**	29,990,847
Trade and other payables and accrued expenses		**5,947,377**	(6,219,220)
Long term deposits		-	(128,092)
Cash from operations		**133,997,409**	114,071,989
Zakat and income tax paid	10	**(14,927,664)**	(2,019,868)
Severance fee paid	11	**(8,756,154)**	(2,498,328)
Employee benefits paid	9	**(752,890)**	(1,049,432)
Net cash flows from operating activities		**109,560,701**	108,504,361
INVESTING ACTIVITIES			
Additions in property, plant and equipment	5	**(14,360,323)**	(13,370,276)
Additions in mine properties	4	**(33,192,660)**	(109,242,424)
Net cash used in investing activities		**(47,552,983)**	(122,612,700)
FINANCING ACTIVITIES			
Advances to shareholders		-	2,861,341
Purchase of treasury shares		-	(57,095,550)
Net movement in loans and borrowings		**(41,743,553)**	55,532,909
Payment of principal portion of lease liabilities		**(2,302,106)**	(2,046,429)
Net cash used in financing activities		**(44,045,659)**	(747,729)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**17,962,059**	(14,856,068)
Cash and cash equivalents at the beginning of the period		**35,169,618**	52,244,794
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**53,131,677**	37,388,726
SUPPLEMENTARY NON-CASH INFORMATION			
Transfer from advances to shareholders to treasury stock		-	2,861,341
Additions in right-of-use assets and lease liabilities	6	**362,550**	1,156,235
Reduction of share capital	7.1	**353,000,000**	-
Additions in deferred mine closure cost	4	**3,492,524**	-

The attached notes from 1 to 21 form an integral part of these interim condensed financial statements.

1. COMPANY INFORMATION

Al Masane Al Kobra Mining Company ("the Company" or "AMAK") is a Saudi Closed Joint Stock Company approved by the Ministry of Commerce and Investment Decree Number 247/Q dated 9 Shawwal 1428H (21 October 2007) and registered in Jeddah under Commercial Registration No. 4030175345 on 7 Muharram 1429H (16 January 2008). During 2015, the head office was moved from Jeddah to Najran. Accordingly, Najran Commercial Registration No. 5950017523 dated 3 Dhul-Qi'dah 1431H (11 October 2010) was modified to be main Commercial Registration. The registered office is located at P.O. Box 96, Najran, Kingdom of Saudi Arabia. The Company is engaged in mining of non-ferrous metal ores (aluminium, copper and lead), mining of ores of precious metals belonging to gold, silver and platinum group, and wholesaling precious metals and gemstones.

The principal activity of the Company is to produce Zinc and Copper concentrates and silver and gold dore as per the license Number 86/Q dated 13 Ramadan 1429H (13 September 2008) issued by Ministry of Petroleum and Mineral Wealth and expiring on 29 Dhul-Qi'dah 1443H (28 June 2022) with a right of renewal for future period of twenty years. The Company commenced its commercial production on 1 July 2012.

In addition, the Company obtained the license number 9598/Q dated 24 Dhul-Qi'dah 1436H (8 September 2015) for twenty years and expiring on 23 Dhul-Qi'dah 1456H (2 February 2035) from the Ministry of Petroleum and Mineral Wealth for the exploitation of gold and silver dores from accompanying site Mount Guyan Surface.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The interim condensed financial statements for the nine-month period ended 30 September 2021 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern. The board of directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2020. In addition, results of the interim nine-month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

2.2 Basis of measurement

These interim condensed financial statements have been prepared on the historical cost basis, except for employee benefit obligation which is recognized at the present value of future obligations using the projected unit credit method. Further, the interim condensed financial statements are prepared using the accrual basis of accounting and going concern concept.

2.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals (SR), which is also the Company's functional and presentation currency.

2. BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgements made by management in applying the Company's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2020, except as mentioned in note 2.6. In the view of the current uncertainty due to COVID-19, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is still evolving with future uncertainties, management will continue to assess the impact based on prospective developments (see also note 19).

2.5 New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2021, but do not have any material impact on the interim condensed financial statements of the Company.

2.5.1 Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

2.6 Mine properties and property, plant and equipment

Change in estimate
Mine properties are depreciated over the period of useful life of mine. Property, plant and equipment excluding buildings, leasehold improvements and motor vehicles are depreciated using unit of production method (UOP).

Based on an assessment and the recommendation of the management's consultant, the total expected units of production (UOP) have been revised in the current period from 7.7 million metric tonnes to 8.6 million metric tonnes and the useful life of Al Masane mine is estimated to be till 31 December 2029 (31 December 2020: 31 March 2030) based on the best estimates. Such change in the UOP and useful life has been applied prospectively from 1 January 2021. The change in UOP and useful life will result in change in depreciation charge for the current period by approximately SR 2.6 million and SR 0.5 million respectively. However, impact on future years cannot be calculated.

The useful life of the new Mount Guyan mine is estimated to be till 31 December 2026.

3. SEGMENT REPORTING

Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer.

An operating segment is group of assets and operations:

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

All of the Company's operations are located in Najran, Saudi Arabia. For management purposes, the Company is organized into business units based on the main types of activities and has two reportable operating segments, as follows:

- Al Masane mine segment represents extraction and production of the base metals i.e. copper and zinc concentrates and byproducts like precious metals i.e. gold and silver dores;
- Mount Guyan mine segment represents extraction and production of the precious metals i.e. gold and silver dores;
- Corporate is responsible for effective management and governance including funding of the projects. The presentation of Corporate information does not represent an operating segment.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Executive Officer monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment and is considered to be the Company's chief operating decision maker. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed financial statements. However, the Company's severance fees, zakat and income taxes are managed on corporate basis and are not allocated to operating segments. There was no operating and reportable segment for the period ended 30 September 2020 as Al Masane mine was the only operational mine during that period.

AL MASANE AL KOBRA MINING COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)
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3. SEGMENT REPORTING (continued)

	Al Masane Mine	*Mount Guyan Mine*	*Corporate*	*Total*
For the three-month period ended 30 September 2021:				
Revenue				
External customers	130,284,658	24,071,558	-	**154,356,216**
Movement in provisional pricing	(4,576,884)	468,330	-	**(4,108,554)**
Revenue, net	125,707,774	24,539,888	-	**150,247,662**
Cost of revenue excluding depreciation and amortization	(45,052,541)	(7,913,408)	-	**(52,965,949)**
Depreciation and amortization	(15,543,175)	(7,514,210)	-	**(23,057,385)**
Selling and distribution expenses	(9,698,523)	-	-	**(9,698,523)**
General and administrative expenses	-	-	(5,284,835)	**(5,284,835)**
Operating profit	55,413,535	9,112,270	(5,284,835)	**59,240,970**
Finance costs	(3,459,916)	(380,418)	-	**(3,840,334)**
Other income	-	-	26,465	**26,465**
Profit before severance fees, zakat and income tax	51,953,619	8,731,852	(5,258,370)	**55,427,101**
Severance fees	-	-	(7,641,165)	**(7,641,165)**
Zakat and income tax	-	-	(5,966,623)	**(5,966,623)**
Net profit for the period	51,953,619	8,731,852	(18,866,158)	**41,819,313**
For the nine-month period ended 30 September 2021:				
Revenue				
External customers	350,276,202	68,613,453	-	**418,889,655**
Movement in provisional pricing	(4,900,388)	468,330	-	**(4,432,058)**
Revenue, net	345,375,814	69,081,783	-	**414,457,597**
Cost of revenue excluding depreciation and amortization	(145,531,018)	(21,036,489)	-	**(166,567,507)**
Depreciation and amortization	(29,084,121)	(18,077,245)	-	**(47,161,366)**
Selling and distribution expenses	(22,902,337)	-	-	**(22,902,337)**
General and administrative expenses	-	-	(18,197,880)	**(18,197,880)**
Operating profit	147,858,338	29,968,049	(18,197,880)	**159,628,507**
Finance costs	(8,017,239)	(2,393,463)	-	**(10,410,702)**
Other income	-	-	62,261	**62,261**
Profit before severance fees, zakat and income tax	139,841,099	27,574,586	(18,135,619)	**149,280,066**
Severance fees	-	-	(15,533,972)	**(15,533,972)**
Zakat and income tax credit	-	-	826,547	**826,547**
Net profit for the period	139,841,099	27,574,586	(32,843,044)	**134,572,641**
Segment assets	736,068,346	199,990,598	119,993,384	**1,056,052,328**
Segment liabilities	311,878,189	77,814,994	80,349,942	**470,043,124**

(All amounts in Saudi Riyals unless otherwise stated)

4. MINE PROPERTIES

		Producing mines				
	Mines under construction	*Intangible assets*	*Mining assets*	*Mining asset underground development asset*	*Deferred mine closure cost*	*Total*
Cost:						
As at 1 January 2021	157,888,815	258,973,236	129,894,826	276,195,821	25,647,693	**848,600,391**
Additions during the period	14,452,938	-	9,322,420	9,417,302	3,492,524	**36,685,184**
Transfer from capital work in progress	136,954	-	-	-	-	**136,954**
Transfers during the period (note 4.1)	(169,486,017)	-	44,095,174	-	-	**(125,390,843)**
As at 30 September 2021	**2,992,690**	**258,973,236**	**183,312,420**	**285,613,123**	**29,140,217**	**760,031,686**
Accumulated depreciation and amortisation:						
As at 1 January 2021	-	175,748,853	81,571,449	197,304,042	8,150,879	**462,775,223**
Charge for the period	-	6,935,364	11,597,418	6,953,482	1,640,289	**27,126,553**
As at 30 September 2021	**-**	**182,684,217**	**93,168,867**	**204,257,524**	**9,791,168**	**489,901,776**
Net book amounts:						
As at 30 September 2021	**2,992,690**	**76,289,019**	**90,143,553**	**81,355,599**	**19,349,049**	**270,129,910**
As at 31 December 2020	157,888,815	83,224,383	48,323,377	78,891,779	17,496,814	385,825,168

4.1 The mines under construction represent Mount Guyan mine and Moyeath mine. Mount Guyan mine has started its commercial production from 1 February 2021 onwards for the extraction of the gold dores. During the period ended 30 September 2021, the assets of mine under construction have been transferred to the producing mines (as mentioned above) and property, plant and equipment (refer note 5) and accordingly depreciation and amortisation on these assets has commenced. The useful life of the Mount Guyan project is expected upto 2026. The balance of mine under construction as at 30 September 2021 relates to Moyeath mine project.

4.2 The amount of borrowing costs capitalised during the nine-month period ended 30 September 2021 was approximately SR 566,996 (30 September 2020: SR 2,150,916). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 4.7%, which is the effective interest rate of the specific borrowing.

(All amounts in Saudi Riyals unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings	*Leasehold improvement*	*Heavy equipment*	*Motor vehicles*	*Civil works*	*Tailing dam*	*Plant and machinery*	*Capital work in progress*	*Total*
Cost:									
As at 1 January 2021	191,974,662	4,051,062	141,230,040	22,753,563	16,288,221	23,900,160	294,463,540	5,045,626	**699,706,874**
Additions during the period	155,896	130,000	10,874,687	-	266,580	-	1,671,667	1,261,493	**14,360,323**
Transfer from capital work in progress	-	312,075	2,293,500	-	-	-	-	(2,742,529)	**(136,954)**
Transfers from mine under construction (note 4.1)	420,000	1,050,301	1,288,686	-	4,349,328	1,656,338	116,626,190	-	**125,390,843**
As at 30 September 2021	**192,550,558**	**5,543,438**	**155,686,913**	**22,753,563**	**20,904,129**	**25,556,498**	**412,761,397**	**3,564,590**	**839,321,086**
Accumulated depreciation:									
As at 1 January 2021	92,613,197	2,084,178	90,053,608	22,480,739	9,996,316	15,804,373	132,697,835	-	**365,730,246**
Charge for the period	8,335,676	772,136	5,921,938	63,612	455,315	741,230	21,561,548	-	**37,851,455**
As at 30 September 2021	**100,948,873**	**2,856,314**	**95,975,546**	**22,544,351**	**10,451,631**	**16,545,603**	**154,259,383**	-	**403,581,701**
Net book amounts:									
As at 30 September 2021	**91,601,685**	**2,687,124**	**59,711,367**	**209,212**	**10,452,498**	**9,010,895**	**258,502,014**	**3,564,590**	**435,739,385**
As at 31 December 2020	99,361,465	1,966,884	51,176,432	272,824	6,291,905	8,095,787	161,765,705	5,045,626	333,976,628

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

5.1 Certain property, plant and equipment were subject to a pledge as collateral against a long-term loan amounting to SR 313.9 million (31 December 2020: SR 343.1 million) (note 8).

5.2 Capital work in progress represents firefighting works and equipment for plant.

5.3 The depreciation charge for the period has been allocated to cost of revenue.

5.4 The buildings are constructed on the site for the mines which are leased by the Company.

6. LEASES

The Company has lease contracts for leasehold buildings and heavy equipment. Leasehold buildings have lease terms for 2 to 10 years while heavy equipment carries a lease term of 3 years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year/period:

	Buildings	***Heavy equipment***	***Total***
As at 1 January 2020	1,757,039	7,597,891	9,354,930
Additions during the year	1,156,234	-	1,156,234
Depreciation expense	(535,560)	(808,874)	(1,344,434)
As at 31 December 2020	2,377,713	6,789,017	**9,166,730**
Additions during the period	362,550	-	**362,550**
Depreciation expense	(730,084)	(475,860)	**(1,205,944)**
As at 30 September 2021	**2,010,179**	**6,313,157**	**8,323,336**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	30 September 2021	*31 December 2020*
As at the beginning of the period / year	**6,055,310**	8,155,123
Additions during the period / year	**362,550**	1,156,234
Accretion of interest during the period / year	**361,284**	792,899
Payments made during the period / year	**(2,663,390)**	(4,048,946)
At as the end of the period / year	**4,115,754**	6,055,310
Current	**2,930,062**	3,830,204
Non-current	**1,185,692**	2,225,106

The following are the amounts recognised in the interim condensed statement of profit or loss:

	For the three-month period ended		***For the nine-month period ended***	
	30 September 2021	*30 September 2020*	***30 September 2021***	*30 September 2020*
Depreciation expense of right-of-use assets	**443,674**	307,427	**1,205,944**	896,091
Interest expense on lease liabilities	**100,151**	169,967	**361,284**	555,065
	543,825	477,394	**1,567,228**	1,451,156

(All amounts in Saudi Riyals unless otherwise stated)

7. SHARE CAPITAL

Share capital of the Company is divided into 46.7 million shares of SR 10 each as at 30 September 2021 and 82 million shares of SR 10 each as at 31 December 2020. The revised shareholding is held by the following shareholders:

Name of the shareholders	*Nationality/Country of incorporation*	***30 September 2021***	*31 December 2020*
Arab Mining Company	Jordan	**95,557,840**	155,025,000
ASAS Mining Co.	Saudi Arabia	**91,865,420**	149,034,720
Treasury shares	Saudi Arabia	**12,094,740**	82,000,000
Mohammed Manea Aballala	Saudi Arabia	**38,894,860**	79,887,290
Rassas Co.	Saudi Arabia	**40,760,030**	66,125,640
Ibrahim Bin Mussalam	Saudi Arabia	**12,107,620**	53,134,150
Arab Mining Co. Fujairah	United Arab Emirates	**24,656,110**	40,000,000
Other shareholders	GCC and others	**151,063,380**	194,793,200
		467,000,000	820,000,000

7.1 During 2018, in the Extraordinary General Assembly Meeting held on 28 October 2018, the shareholders authorsied the Board of Director of the Company to repurchase the shares of the Company up to 10% of the total shares at a maximum price of SR 30 per share.

7.2 The Company repurchased 2,490,445 shares at a price of SR 30 each and registered these shares as treasury stock of SR 74.7 million in 2019. The Company further repurchased 6,990,526 shares at a price of SR 10 each and completed the legal formalities in this regard during 2020.

7.3 During the period ended 31 March 2021, the shareholders of the Company, in an extraordinary general meeting, resolved to reduce the share capital of the Company from SR 820 million to SR 467 million through absorbing accumulated losses of SR 240,632,501 and reducing treasury stocks by 6,990,526 shares worth of SR 112,367,499. The legal formalities in this regard were completed on 10 May 2021 (corresponding to 28 Ramadan 1442 H).

8. LOANS AND BORROWINGS

	30 September 2021	*31 December 2020*
Commercial loan (note 8.1)	**313,874,319**	343,117,871
Tawarroq (note 8.2)	**37,499,999**	50,000,000
	351,374,318	393,117,871
Less: Current portion shown under current liabilities	**(93,666,668)**	(86,666,668)
Loans and borrowings under non-current liabilities	**257,707,650**	306,451,203

8.1 The Commercial loan is obtained from Saudi Industrial Development Fund (SIDF) agreement dated 1 September 2010 for Al Masane project. This loan is secured by mortgage on the Company's property, plant and equipment and by guarantee of each shareholder. The loan is repayable in thirteen semi-annual installments in six years. However, subsequently in July 2018, the Company and SIDF reached an agreement to amend the original loan agreement as per the Company's request to reschedule the payments in eleven semi-annual installments.

In June 2020, the Company and SIDF reached an agreement to again amend the original loan agreement as per the Company's request to reschedule the payments in seven semi-annual installments payable from May 2021 till April 2024.

The Company obtained another loan from Saudi Industrial Development Fund (SIDF) agreement dated 28 June 2020 for its new Mount Guyan Project payable in thirteen semi-annual installments starting from May 2022 to March 2028. This loan is also secured by mortgage on the Company's property, plant and equipment and by guarantee of each shareholder.

(All amounts in Saudi Riyals unless otherwise stated)

8. LOANS AND BORROWINGS (continued)

8.2 In December 2019, the Company obtained credit facilities/financing loan from one of the local commercial banks amounting to SR 110,518,400 which includes payment guarantees, financing the purchases & selling of commodities (Al Tawarroq).

These facilities are guaranteed by joint and several personal guarantees from some of the shareholders covering total facilities. The outstanding loan to be paid over twelve equal quarterly installments starting from March 2021 and ending on December 2023.

8.3 Under the terms of both facilities agreements, the Company is required to maintain certain financial covenants, among other items. The Company is in compliance with these covenants as at 30 September 2021.

9. EMPLOYEE BENEFITS

General description of the plan

The Company operates an unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The movement in EOSB for the period / year ended is as follows:

	30 September 2021	*31 December 2020*
Balance at the beginning of the period / year	**6,902,591**	4,475,706
Included in interim condensed statement of profit or loss		
Current service cost	**1,757,387**	2,200,529
Interest cost	**132,154**	130,186
	1,889,541	2,330,715
Included in interim condensed statement of other comprehensive income		
Actuarial loss	**580,231**	1,298,421
Benefits paid	**(752,890)**	(1,202,251)
Balance at the end of the period / year	**8,619,473**	6,902,591

Significant assumptions used in determining defined benefits obligation for the Company are shown below:

	30 September 2021	*31 December 2020*
Discount rate	**3.00%**	2.70%
Salary increase rate	**2.50%**	2.00%

(All amounts in Saudi Riyals unless otherwise stated)

10. ZAKAT, INCOME TAX AND DEFERRED TAX

10.1 ZAKAT AND INCOME TAX

Movement in provision during the period / year

The movement in the zakat and income tax provision for the period / year is as follows:

	30 September 2021	*31 December 2020*
Balance at the beginning of the period / year	**7,417,786**	5,640,210
Net charge for the period / year	**15,787,870**	8,173,456
Payments during the period / year	**(14,927,664)**	(6,395,880)
Balance at the end of the period / year	**8,277,992**	7,417,786

10.2 DEFERRED TAX

The movement of the deferred tax asset for the period / year ended is as follows:

	30 September 2021	*31 December 2020*
Balance at the beginning of the period / year	**14,847,164**	-
Deferred tax credit during the period / year recognised in interim condensed statement of profit or loss	**16,614,417**	14,784,710
Deferred tax credit to other comprehensive income	**30,746**	62,454
Balance at the end of the period / year	**31,492,327**	14,847,164

Status of assessments

Zakat and income tax assessments have been agreed with the Zakat, Tax and Customs Authority ("ZATCA") up to 2012. The Company submitted the zakat and income tax returns for the year 2020 and obtained the zakat certificate which is valid till 30 April 2022. The zakat and tax returns for the years from 2013 to 2020 are currently under review by the ZATCA and no final assessments have been raised by the ZATCA for these years.

11 PROVISION FOR SEVERANCE FEE

The movement for severance fee provision during the period / year is as follows:

	30 September 2021	*31 December 2020*
At the beginning of the period / year	**8,756,154**	2,000,001
Provided during the period / year	**15,533,972**	9,254,481
Paid during the period / year	**(8,756,154)**	(2,498,328)
At the end of the period / year	**15,533,972**	8,756,154

(All amounts in Saudi Riyals unless otherwise stated)

12 REVENUE, NET

	Three-month period ended		*Nine-month period ended*	
	30 September 2021	*30 September 2020*	***30 September 2021***	*30 September 2020*
Revenue from copper concentrate	**63,817,086**	54,034,146	**164,938,018**	134,677,021
Revenue from zinc concentrate	**54,615,448**	26,477,823	**154,219,568**	66,867,573
Revenue from precious metals	**35,923,682**	15,377,331	**99,732,069**	45,346,317
Movement in provisional revenue	**(4,108,554)**	(6,100,952)	**(4,432,058)**	(12,018,349)
	150,247,662	89,788,348	**414,457,597**	234,872,562

13 SELLING AND MARKETING EXPENSES

	Three-month period ended		*Nine-month period ended*	
	30 September 2021	*30 September 2020*	***30 September 2021***	*30 September 2020*
Transportation	**8,130,641**	2,710,781	**17,047,236**	9,485,845
Advertising and promotion	**1,567,882**	1,168,646	**5,855,101**	2,791,955
	9,698,523	3,879,427	**22,902,337**	12,277,800

14 GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended		*Nine-month period ended*	
	30 September 2021	*30 September 2020*	***30 September 2021***	*30 September 2020*
Employees' salaries and benefits	**2,994,007**	2,420,782	**8,446,270**	7,529,957
Management overheads and other consultancy	**704,464**	2,482,698	**2,864,428**	4,578,575
Professional fees	**1,080,724**	136,951	**5,218,768**	591,013
Other overheads	**505,639**	656,222	**1,668,414**	2,156,680
	5,284,834	5,696,653	**18,197,880**	14,856,225

(All amounts in Saudi Riyals unless otherwise stated)

15 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Company. Pricing policies and terms of these transactions are approved by the Company's management. The following are the details of major related party transactions during the period:

Related party	*Relationship*	*Nature of transaction*	*Transactions* Three-month period ended		*Transactions* Nine-month period ended	
			30 September 2021	*30 September 2020*	***30 September 2021***	*30 September 2020*
Arab Commercial Enterprises for Travel	Other related party	Travel charges	**1,097,189**	43,267	**1,901,222**	351,243
Najran Mineral Water	Other related party	Water charges	**12,880**	9,660	**38,640**	27,300

In addition to guarantees provided by shareholders as disclosed in notes 8.1 and 8.2, the following is the detail of related party balances payable at the period/year end:

	30 September 2021	*31 December 2020*
Amount due to related party		
Arab Commercial Enterprises for Travel	**670,371**	982,833

Key management compensation
Compensation for key management is as follows:

	Three-month period ended		*Nine-month period ended*	
	30 September 2021	*30 September 2020*	***30 September 2021***	*30 September 2020*
Salaries and other benefits	**1,347,676**	1,685,609	**4,688,412**	5,327,187
End of service benefits	**50,941**	48,596	**152,825**	145,790
	1,398,617	1,734,205	**4,841,237**	5,472,977

(All amounts in Saudi Riyals unless otherwise stated)

16 CONTINGENCIES AND COMMITMENTS

As at 30 September 2021, the Company has commitments of SR 8.99 million (31 December 2020: SR 60.57 million) relating to capital expenditures for various projects.

17 EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The earnings per share calculation is given below:

	Three-month period ended		***Nine-month period ended***	
	30 September 2021	*30 September 2020 (restated)*	***30 September 2021***	*30 September 2020 (restated)*
Net profit for the period	**41,819,313**	16,387,903	**134,572,641**	30,558,741
Weighted average number of ordinary shares	**45,490,526**	45,490,526	**45,490,526**	45,490,526
Earnings per share – Basic and diluted	**0.92**	0.36	**2.96**	0.67

18 FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 30 September 2021 and 31 December 2020, the fair values of the Company's financial instruments are estimated to approximate their carrying values. No significant inputs were applied in the valuation of trade receivables as at 30 September 2021 and 31 December 2020.

Fair values of the Company's long-term payables are determined by using DCF method using discount rate that reflects the borrowing rate as at the end of the reporting period. As at 30 September 2021 and 31 December 2020, the carrying amounts of long-term payables were not materially different from their calculated fair values.

During the period ended 30 September 2021 and year ended 31 December 2020, there were no movements between the levels.

19 IMPACT OF COVID-19

The outbreak of novel coronavirus ("COVID-19") since early 2020 and its spread across mainland China and then globally caused disruptions to businesses and economic activities including the KSA. The World Health Organization qualified COVID-19 as a pandemic, with governments issuing strict regulations and guidance for its populations and companies. It necessitated the Company to re-assess its judgments and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2020.

During the period ended 30 September 2021, management has assessed the overall impact on the Company's operations and business aspects, and considered factors like demand from customers, seamless products delivery processes, collections protocols, uninterrupted material supply, working capital projections, etc. Based on this assessment, no significant adjustments were required in the interim condensed financial statements for the period ended 30 September 2021. The situation surrounding COVID-19 and its impact on global economic conditions may continue to impact the Company's business, results of operations and financial condition in 2021. The situation remains uncertain and therefore it is difficult to predict with certainty the length of time that COVID-19 will impact Company's business and overall potential impact of COVID-19 on Company's business, operations and financial condition.

20 SUBSEQUENT EVENTS

On 3 October 2021 (corresponding to 26 Safar 1443H), the shareholders of the Company, in an extraordinary general meeting, passed a resolution about the proposed increase in the Company's share capital from SR 467,000,000 to SR 563,288,650 through the transfer of SR 91,861,201 from the account of retained earnings and SR 4,427,449 from the account of statutory reserve. The legal formalities in this regard have been completed on 19 October 2021.

In the opinion of management, there have been no further significant subsequent events since the period ended 30 September 2021, which would have a material impact on the financial position of the Company as reflected in these interim condensed financial statements.

21 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 9 November 2021, corresponding to 4 Rabi' II 1443H.

شركة المصانع الكبرى للتعدين
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