

**AL MASANE AL KOBRA MINING COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE THREE MONTH AND NINE-MONTH PERIOD ENDED 30
SEPTEMBER 2023**

**AL MASANE AL KOBRA MINING COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

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Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
King's Road Tower, 13th Floor
King Abdul Aziz Road (Malek Road)
P.O. Box 1994
Jeddah 21441
Kingdom of Saudi Arabia
Head Office – Riyadh

C.R. No. 4030276644

Tel: +966 12 221 8400
Fax: +966 12 664 4408

ey.ksa@sa.ey.com
ey.com

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AL MASANE AL KOBRA MINING COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Masane Al Kobra Mining Company (A Saudi Joint Stock Company) (the "Company") as at 30 September 2023, and the related interim condensed statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023, and the related interim condensed statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. Board of Directors 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" as 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 Professional Services

Abdullah Ali AlMakrami
Certified Public Accountant
License No. (476)



Jeddah: 24 Rabi Al-Thani 1445H
(08 November 2023G)

AL MASANE AL KOBRA MINING COMPANY (A SAUDI JOINT STOCK COMPANY)
 INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

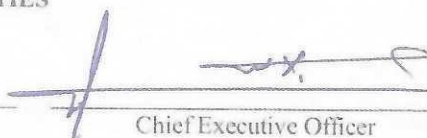
As at 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

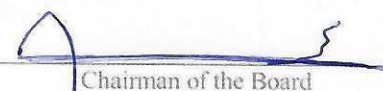
	Notes	30 September 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Mine properties	4	564,145,064	340,880,660
Property, plant and equipment	5	376,451,940	395,950,754
Right-of-use assets		7,281,525	8,550,573
Long term deposits		76,755	76,755
Deferred tax	10.3	28,613,014	29,159,977
TOTAL NON-CURRENT ASSETS		976,568,298	774,618,719
CURRENT ASSETS			
Inventories		97,706,325	82,876,916
Trade and other receivables		141,287,106	162,369,248
Advances and prepayments		85,814,091	146,613,755
Cash and cash equivalents	6	202,812,755	381,391,908
TOTAL CURRENT ASSETS		527,620,277	773,251,827
TOTAL ASSETS		1,504,188,575	1,547,870,546
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7.1	900,000,000	660,000,000
Share premium	7.4	268,589,751	508,589,751
Statutory reserve	7.2	32,359,592	32,359,592
Retained earnings		22,042,136	35,269,168
Share-based compensation reserve	7.6	4,278,249	-
Treasury shares	7.3	(15,364,724)	(16,021,322)
TOTAL EQUITY		1,211,905,004	1,220,197,189
NON-CURRENT LIABILITIES			
Loans and borrowings	8	48,904,118	104,972,205
Lease liabilities		1,067,593	2,091,622
Provision for mine closure cost		31,700,746	30,480,022
Employee benefits	9	13,611,440	10,988,909
TOTAL NON-CURRENT LIABILITIES		95,283,897	148,532,758
CURRENT LIABILITIES			
Loans and borrowings	8	111,724,000	102,648,000
Lease liabilities		883,730	955,108
Trade payables		54,543,140	26,957,734
Accruals and other non-financial liabilities		23,138,506	28,808,071
Provision for zakat and income tax	10	6,208,911	14,227,606
Provision for severance fees		501,387	5,544,080
TOTAL CURRENT LIABILITIES		196,999,674	179,140,599
TOTAL LIABILITIES		292,283,571	327,673,357
TOTAL EQUITY AND LIABILITIES		1,504,188,575	1,547,870,546



Finance Director



Chief Executive Officer



Chairman of the Board

The attached notes from 1 to 16 form an integral part of these interim condensed financial statements.

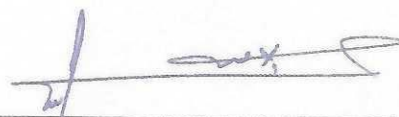
AL MASANE AL KOBRA MINING COMPANY (A SAUDI JOINT STOCK COMPANY)
 INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
 INCOME (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023
 (All amounts in Saudi Riyals unless otherwise stated)

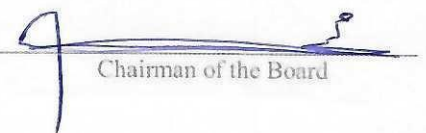
	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2023	2022	2023	2022
Revenue, net	11	110,183,896	125,266,811	373,145,926	427,902,109
Direct costs		(90,300,117)	(88,910,151)	(278,209,264)	(266,638,525)
GROSS PROFIT		19,883,779	36,356,660	94,936,662	161,263,584
Selling and marketing expenses		(3,514,273)	(3,403,075)	(11,143,500)	(18,200,619)
General and administrative expenses		(11,103,939)	(7,477,478)	(31,214,646)	(26,328,994)
OPERATING PROFIT		5,265,567	25,476,107	52,578,516	116,733,971
Finance costs		(1,064,691)	(2,487,773)	(7,131,835)	(8,121,146)
Other income		2,518,399	2,599,055	9,900,915	5,503,416
PROFIT BEFORE ZAKAT AND INCOME TAX		6,719,275	25,587,389	55,347,596	114,116,241
Zakat	10	(1,230,839)	(1,421,887)	(3,699,276)	(6,465,964)
Income tax	10	(308,935)	(1,565,922)	(3,004,281)	(2,821,932)
NET PROFIT FOR THE PERIOD		5,179,501	22,599,580	48,644,039	104,828,345
OTHER COMPREHENSIVE INCOME					
<i>Items that will not be reclassified to statement of profit or loss in subsequent periods:</i>					
Re-measurement (loss)/ gain on defined benefit plans	9	(36,404)	(218,503)	(466,258)	910,681
Deferred tax relating to actuarial loss (gain)	10	1,349	11,673	30,847	(48,648)
		(35,055)	(206,830)	(435,411)	862,033
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,144,446	22,392,750	48,208,628	105,690,378
Earnings per share:					
Basic earnings and diluted earnings per share attributable to ordinary equity holders of the Company	14	0.07	0.37	0.69	1.70

M. Sa'ad

Finance Director



Chief Executive Officer



Chairman of the Board

The attached notes from 1 to 16 form an integral part of these interim condensed financial statements.

AL MASANE AL KOBRA MINING COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

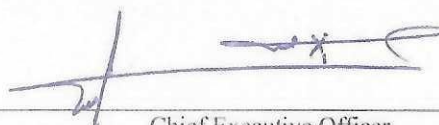
For the nine-month period ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Share-based compensation reserve</i>	<i>Treasury shares</i>	<i>Total</i>
Balance as at 1 January 2022	563,288,650	-	19,726,477	84,862,352	-	(19,441,401)	648,436,078
Profit for the period	-	-	-	104,828,345	-	-	104,828,345
Other comprehensive income for the period	-	-	-	862,033	-	-	862,033
Total comprehensive income for the period	-	-	-	105,690,378	-	-	105,690,378
Increase in share capital	96,711,350	512,570,155	-	-	-	-	609,281,505
Transaction costs	-	(3,980,404)	-	-	-	-	(3,980,404)
Dividend	-	-	-	(127,818,140)	-	-	(127,818,140)
Balance as at 30 September 2022	<u>660,000,000</u>	<u>508,589,751</u>	<u>19,726,477</u>	<u>62,734,590</u>	<u>-</u>	<u>(19,441,401)</u>	<u>1,231,609,417</u>
Balance as at 1 January 2023	660,000,000	508,589,751	32,359,592	35,269,168	-	(16,021,322)	1,220,197,189
Profit for the period	-	-	-	48,644,039	-	-	48,644,039
Other comprehensive loss for the period	-	-	-	(435,411)	-	-	(435,411)
Total comprehensive income for the period	-	-	-	48,208,628	-	-	48,208,628
Increase in share capital (note 7.1 & 7.4)	240,000,000	(240,000,000)	-	-	-	-	-
Share-based compensation (note 7.6)	-	-	-	-	8,296,974	-	8,296,974
Treasury shares issued to employees (note 7.3)	-	-	-	3,362,127	(4,018,725)	656,598	-
Dividend (note 7.5)	-	-	-	(64,797,787)	-	-	(64,797,787)
Balance as at 30 September 2023	<u>900,000,000</u>	<u>268,589,751</u>	<u>32,359,592</u>	<u>22,042,136</u>	<u>4,278,249</u>	<u>(15,364,724)</u>	<u>1,211,905,004</u>



Finance Director



Chief Executive Officer

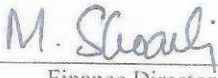
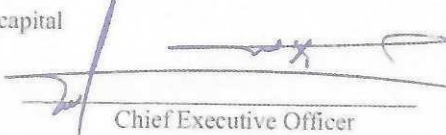



Chairman of the Board

The attached notes from 1 to 16 form an integral part of these interim condensed financial statements.

AL MASANE AL KOBRA MINING COMPANY (A SAUDI JOINT STOCK COMPANY)
 INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine-month period ended 30 September 2023
 (All amounts in Saudi Riyals unless otherwise stated)

	Notes	Nine-month period ended 30 September	
		2023	2022
OPERATING ACTIVITIES			
Profit before zakat and income tax		55,347,596	114,116,241
<i>Adjustment to reconcile profit before zakat and income tax to net cash inflow from operating activities:</i>			
Depreciation, depletion and amortisation	4&5	91,811,290	78,937,007
Amortisation of right-of-use assets		1,269,048	1,469,862
Provision for employee benefits	9	2,532,921	3,007,796
Provision for severance fees		10,510,928	8,743,632
Finance income on short term deposits		(2,417,854)	(5,503,416)
Share-based compensation expense		8,296,974	-
Finance costs		7,131,835	8,121,146
		<u>174,482,738</u>	<u>208,892,268</u>
<i>Working capital adjustments:</i>			
Long term deposits		-	598,284
Inventories		(14,829,410)	(7,556,384)
Trade and other receivables		23,499,996	(32,534,293)
Advances and prepayments		60,799,664	(85,128,662)
Trade payables		50,723,913	3,703,253
Accruals and other non-financial liabilities		(28,808,072)	(8,874,360)
Cash from operations		<u>265,868,829</u>	<u>79,100,106</u>
Zakat paid	10.1	(11,906,754)	(4,175,418)
Income tax paid	10.2	(2,237,688)	(10,587,401)
Severance fees paid		(15,553,621)	(21,268,461)
Employee benefits paid	9	(376,648)	(983,703)
Finance costs paid		(5,911,111)	(7,393,199)
Net cash flows from operating activities		<u>229,883,007</u>	<u>34,691,924</u>
INVESTING ACTIVITIES			
Additions to mine properties	4	(274,754,016)	(87,187,777)
Additions to property, plant and equipment	5	(20,822,863)	(11,046,225)
Net cash flows used in investing activities		<u>(295,576,879)</u>	<u>(98,234,002)</u>
FINANCING ACTIVITIES			
Proceeds from issuance of share capital		-	96,711,350
Proceeds from issuance of share capital attributable to share premium		-	508,589,751
Dividend paid		(64,797,787)	(127,818,140)
Payment of principal portion of loans and borrowings		(46,992,087)	(72,672,767)
Payment of principal portion of lease liabilities		(1,095,407)	(2,353,273)
Net cash flows (used in) / from financing activities		<u>(112,885,281)</u>	<u>402,456,921</u>
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		<u>(178,579,153)</u>	<u>338,914,843</u>
Cash and cash equivalents at the beginning of the period		<u>381,391,908</u>	<u>74,719,638</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>202,812,755</u>	<u>413,634,481</u>
SUPPLEMENTARY SIGNIFICANT NON-CASH INFORMATION:			
Provision for mine closure cost		1,220,724	727,947
Transfer from share premium to share capital		240,000,000	-
 Finance Director	 Chief Executive Officer	 Chairman of the Board	

The attached notes from I to 16 form an integral part of these interim condensed financial statements.

AL MASANE AL KOBRA MINING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

1. COMPANY INFORMATION

Al Masane Al Kobra Mining Company ("the Company" or "AMAK") is a Saudi Joint Stock Company approved by the Ministry of Commerce and Investment Decree Number 247/Q dated 9 Shawwal 1428H (corresponding to 21 October 2007) and registered in Jeddah under Commercial Registration No. 4030175345 on 7 Muharram 1429H (corresponding to 16 January 2008). During 2015, the registered office of the Company was relocated from Jeddah to Najran. Accordingly, Najran Commercial Registration No. 5950017523 dated 3 Duh Al-Qi'dah 1431H (corresponding to 11 October 2010) was modified to be main Commercial Registration. During 2021, the Company obtained commercial registration number 5950123986 dated 22 Dhu Al-Hijjah 1442H (corresponding to 1 August 2021) of a new branch in Najran.

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 Company commenced its commercial production on 1 July 2012. The principal activity of the Company is to produce zinc and copper concentrates and silver and gold ore as per the license Number 86/Q dated 13 Ramadhan 1429H (corresponding to 13 September 2008) issued by Ministry of Industry and Mineral Resources and renewed for further thirty years with license number 142941, starting from 30 June 2022 (corresponding to 1 Dhu Al-Hijjah 1443H).

In addition, the Company obtained the license number 9598/Q dated 24 Duh Al-Qi'dah 1436H (corresponding to 8 September 2015) for twenty years and expiring on 23 Duh Al-Qi'dah 1456H (corresponding to 2 February 2035) from the Ministry of Industry and Mineral Resources for the exploitation of gold and silver dores from accompanying site Mount Guyan Surface.

During 2021, the Company commenced the process for Initial Public Offering ("IPO"). The Capital Market Authority ("CMA") Board issued its resolution approving the Company's application for the offering of 19.8 million shares representing thirty percent of the Company's share capital on 22 December 2021 (corresponding to 18 Jumada Al-Ula 1443H). As at 29 March 2022 (corresponding to 26 Sha'ban 1443H), the Company's shares became listed on the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. The Company's status changed from "A Saudi Closed Joint Stock Company" to "A Saudi Joint Stock Company". The legal formalities in this regard were completed during the year ended 31 December 2022.

As at the reporting date, the Company has two mines namely Al Masane underground mine (underground) and Mount Guyan mine (on ground). The Company is expanding its current activity by further developing the Moyeath orebody development project for the purpose of increasing the productive capacity of Al Masane underground mine.

2. BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

2.1 Statement of compliance

The interim condensed financial statements for the nine-month period ended 30 September 2023 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 2022. In addition, results of the interim period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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 currency

These interim condensed financial statements are presented in Saudi Riyals (SR), which is also the Company's functional currency.

2. BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES (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 2022. 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.

2.5 New Standards, Interpretations and Amendments adopted by the Company

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 2022, except for the adoption of new standards effective as of 1 January 2023. 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 2023, but do not have any material impact on the interim condensed financial statements of the Company.

2.5.1 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts 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. IFRS 17 is based on a 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

The amendments had no impact on the Company's interim condensed financial statements.

2.5.2 Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's interim condensed financial statements.

2.5.3 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Company's interim condensed financial statements but are expected to affect the accounting policy disclosures in the Company's annual financial statements.

2.5.4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's interim condensed financial statements.

At 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES (continued)

2.6 Mine properties, property, plant and equipment and right-of-use assets

Change in estimate

Based on an assessment and the recommendation of the management's consultant, the total expected units of production (UOP) have been revised from 1 January 2023 for Al Masane Mine to 7.04 million metric tonnes (1 January 2022: 8.2 million metric tonnes) and for Mount Guyan Mine to 3.6 million metric tonnes (1 January 2022: 4.1 million metric tonnes). Such change in the UOP has been applied prospectively from 1 January 2023. The change in UOP resulted in change in depreciation and amortization charge for the current period by approximately SR 1.01 million. However, impact on future years cannot be calculated due to annual reviews of remaining useful life and reserves.

3. SEGMENT REPORTING

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 does;
- Mount Guyan mine segment represents extraction and production of the precious metals i.e. gold and silver does; and
- 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.

AL MASANE AL KOBRA MINING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

3. SEGMENT REPORTING (continued)

	<i>Al Masane Mine</i>	<i>Mount Guyan Mine</i>	<i>Corporate</i>	<i>Total</i>
<u>For the nine-month period ended 30 September 2023:</u>				
Revenue				
External customers	258,258,561	122,597,916	-	380,856,477
Movement in provisional pricing	(10,023,893)	2,313,342	-	(7,710,551)
Revenue, net	248,234,668	124,911,258	-	373,145,926
Direct costs	(183,276,195)	(84,888,399)	(10,044,670)	(278,209,264)
Gross profit	64,958,473	40,022,859	(10,044,670)	94,936,662
Selling and distribution expenses	(11,143,500)	-	-	(11,143,500)
General and administrative expenses	-	-	(31,214,646)	(31,214,646)
Operating profit	53,814,973	40,022,859	(41,259,316)	52,578,516
Finance costs	(4,295,263)	(2,836,572)	-	(7,131,835)
Other income	-	-	9,900,915	9,900,915
Profit before zakat and income tax	49,519,710	37,186,287	(31,358,401)	55,347,596
Zakat and income tax	-	-	(6,703,557)	(6,703,557)
Net profit for the period	49,519,710	37,186,287	(38,061,958)	48,644,039
Other comprehensive loss for the period	-	-	(435,411)	(435,411)
Total comprehensive income for the period	49,519,710	37,186,287	(38,497,369)	48,208,628
<u>For the nine-month period ended 30 September 2022:</u>				
Revenue				
External customers	339,299,507	124,530,715	-	463,830,222
Movement in provisional pricing	(35,033,015)	(895,098)	-	(35,928,113)
Revenue, net	304,266,492	123,635,617	-	427,902,109
Direct costs	(189,245,023)	(67,739,189)	(9,654,313)	(266,638,525)
Gross profit	115,021,469	55,896,428	(9,654,313)	161,263,584
Selling and distribution expenses	(18,200,619)	-	-	(18,200,619)
General and administrative expenses	-	-	(26,328,994)	(26,328,994)
Operating profit	96,820,850	55,896,428	(35,983,307)	116,733,971
Finance costs	(4,812,015)	(3,309,131)	-	(8,121,146)
Other income	-	-	5,503,416	5,503,416
Profit before zakat and income tax	92,008,835	52,587,297	(30,479,891)	114,116,241
Zakat and income tax	-	-	(9,287,896)	(9,287,896)
Net profit for the period	92,008,835	52,587,297	(39,767,787)	104,828,345
Other comprehensive income for the period	-	-	862,033	862,033
Total comprehensive income for the period	92,008,835	52,587,297	(38,905,754)	105,690,378
<u>As at 30 September 2023</u>				
Segment assets	654,341,705	214,369,403	635,477,467	1,504,188,575
Segment liabilities	121,186,630	73,093,558	98,003,383	292,283,571
<u>As at 31 December 2022</u>				
Segment assets	690,545,801	225,448,349	631,876,396	1,547,870,546
Segment liabilities	161,093,973	80,052,985	86,526,399	327,673,357

At 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

3. SEGMENT REPORTING (continued)

	<i>Al Masane Mine</i>	<i>Mount Guyan Mine</i>	<i>Corporate</i>	<i>Total</i>
<u>For the three-month period ended 30 September 2023:</u>				
Revenue				
External customers	82,514,465	35,072,502	-	117,586,967
Movement in provisional pricing	(7,635,159)	232,088	-	(7,403,071)
Revenue, net	74,879,306	35,304,590	-	110,183,896
Direct costs	(60,207,571)	(28,069,785)	(2,022,761)	(90,300,117)
Gross profit	14,671,735	7,234,805	(2,022,761)	19,883,779
Selling and distribution expenses	(3,514,273)	-	-	(3,514,273)
General and administrative expenses	-	-	(11,103,939)	(11,103,939)
Operating profit	11,157,462	7,234,805	(13,126,700)	5,265,567
Finance costs	(145,886)	(918,805)	-	(1,064,691)
Other income	-	-	2,518,399	2,518,399
Profit before zakat and income tax	11,011,576	6,316,000	(10,608,301)	6,719,275
Zakat and income tax	-	-	(1,539,774)	(1,539,774)
Net profit for the period	11,011,576	6,316,000	(12,148,075)	5,179,501
Other comprehensive loss for the period	-	-	(35,055)	(35,055)
Total comprehensive income for the period	11,011,576	6,316,000	(12,183,130)	5,144,446
<u>For the three-month period ended 30 September 2022:</u>				
Revenue				
External customers	112,182,749	40,843,412	-	153,026,161
Movement in provisional pricing	(25,025,909)	(2,733,441)	-	(27,759,350)
Revenue, net	87,156,840	38,109,971	-	125,266,811
Direct costs	(65,404,908)	(25,703,114)	2,197,871	(88,910,151)
Gross profit	21,751,932	12,406,857	2,197,871	36,356,660
Selling and distribution expenses	(3,403,075)	-	-	(3,403,075)
General and administrative expenses	-	-	(7,477,478)	(7,477,478)
Operating profit	18,348,857	12,406,857	(5,279,607)	25,476,107
Finance costs	(1,470,528)	(1,017,245)	-	(2,487,773)
Other income	-	-	2,599,055	2,599,055
Profit before zakat and income tax	16,878,329	11,389,612	(2,680,552)	25,587,389
Zakat and income tax	-	-	(2,987,809)	(2,987,809)
Net profit for the period	16,878,329	11,389,612	(5,668,361)	22,599,580
Other comprehensive income for the period	-	-	(206,830)	(206,830)
Total comprehensive income for the period	16,878,329	11,389,612	(5,875,191)	22,392,750

At 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

4 MINE PROPERTIES

	<i>30 September 2023 (Unaudited)</i>	<i>31 December 2022 (Audited)</i>
Cost:		
At the beginning of the period/year	893,911,494	778,123,005
Additions during the period/year	274,754,016	121,294,871
Transfer to property, plant and equipment during the period/year	-	(5,506,382)
	<hr/>	<hr/>
At the end of the period/year	1,168,665,510	893,911,494
	<hr/>	<hr/>
Depreciation:		
At the beginning of the period/year	553,030,834	501,195,584
Charge for the period/year	51,489,612	51,835,250
	<hr/>	<hr/>
At the end of the period/year	604,520,446	553,030,834
	<hr/>	<hr/>
Net book amounts:		
At the end of the period/year	564,145,064	340,880,660
	<hr/> <hr/>	<hr/> <hr/>

5 PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended 30 September 2023, the Company purchased assets with a cost of SR 25,368,117 (30 September 2022: SR 10,908,580), excluding capital work in progress.

The carrying amount of capital work in progress as at 30 September 2023 was SR 6,692,842 (31 December 2022: SR 11,238,094).

The depreciation charge for the nine-month period ended 30 September 2023 amounted to SR 40,321,678 (30 September 2022: SR 27,101,757).

Property, plant and equipment are subject to a pledge as collateral against a long-term loan (note 8).

6 CASH AND CASH EQUIVALENTS

	<i>30 September 2023 (Unaudited)</i>	<i>31 December 2022 (Audited)</i>
Short-term deposits	200,000,000	250,000,000
Bank balances	2,722,702	131,315,268
Cash in hand	90,053	76,640
	<hr/>	<hr/>
	202,812,755	381,391,908
	<hr/> <hr/>	<hr/> <hr/>

7 EQUITY**7.1 Share capital**

Share capital of the Company is divided into 90 million shares of SR 10 each as at 30 September 2023 (66 million shares of SR 10 each as at 31 December 2022). (Note 7.4).

7.2 Statutory reserve

In accordance with the original by-laws of the Company, the Company was required to transfer 10% of its net income for the year to the statutory reserve until it equals to 30% of the share capital.

During the period ended 30 September 2023, the management amended the bylaws of the company to waive this requirement, and completed relevant formalities and approvals.

7.3 Treasury shares

The Company had 1,202,213 treasury shares at the start of the current period. On 1 August 2023, the company issued one bonus share for every 2.75 shares resulting in an increase in treasury shares by 420,532. These shares are held by the Company as treasury shares for the purposes of issuing them to the Company's employees upon vesting of the shares in employee share plans, including those that the Company may adopt in the future. The number of treasury shares issued to employees during the period were 50,550 (31 December 2022: 256,637) (Note 7.6).

At 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

7 EQUITY (continued)**7.4 Share premium**

During 2022, the Board of Directors recommended to the extraordinary general assembly to use the share premium account, which had a balance of SR 508,589,751 as at 31 December 2022 as follows:

- Increase the Company's share capital from SR 660,000,000 to SR 900,000,000 by granting one bonus share for every 2.75 shares. The proposed increase in share capital after obtaining necessary approvals from the competent authorities was approved by the shareholders at the extraordinary general assembly meeting held on 1 August 2023. The remaining legal formalities were completed in this regard during the period ended 30 September 2023.
- The Board of Directors unanimously decided on 11 July 2023 to cancel the transfer of share premium remaining balance of SR 268,589,751 to the statutory reserve account considering changes to the new companies' law, article 123, as well as Company's bylaws.

7.5 Dividends

On 30 May 2023, the Board of Directors announced the distribution of SR 64,797,787 as cash dividends (SR 1 per share) for the first half of the year 2023 which represents 10% of the nominal value of the shares.

7.6 Share based compensation reserve

The company approved the share-based compensation incentive plan for certain key employees applicable from 01 May 2023G. The plan entitles the eligible employees to receive specific number of shares on the dates specified in the plan. The award for grant was granted for nil consideration. The fair value of the grant was determined by reference to the market value of the Company's ordinary shares on the date of grant for equity-settled awards i.e. 30 April 2023G.

The Company recognized the following share-based compensation expense in the interim condensed statement of profit or loss, as an employee benefit expense during the period:

	<i>30 September 2023</i>
<i>Equity settled share-based compensation expense:</i>	
Share-based compensation expense	8,296,974
Shares issued during the period	(4,018,725)
	4,278,249
Share-based compensation reserve	4,278,249

8 LOANS AND BORROWINGS

	<i>30 September 2023 (Unaudited)</i>	<i>31 December 2022 (Audited)</i>
Saudi Industrial Development Fund (SIDF) (note 5)	160,628,118	207,620,205
Less: Current portion shown under current liabilities	(111,724,000)	(102,648,000)
Loans and borrowings under non-current liabilities	48,904,118	104,972,205
	48,904,118	104,972,205

8.1 The 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. The loan was repayable in thirteen semi-annual installments in six years. However, subsequently in July 2018, the Company and SIDF reached to 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 facility amounting to SR 94.3 million 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.

At 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

8 LOANS AND BORROWINGS (continued)

8.2 Loans and borrowings bear finance charges ranging from 2.7% to 5.3% per annum (31 December 2022: 2.7% to 5.3% per annum).

8.3 All loans and borrowings of the Company are shariah compliant.

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:

	<i>30 September 2023 (Unaudited)</i>	<i>31 December 2022 (Audited)</i>
Balance at the beginning of the period / year	10,988,909	9,399,663
<i>Included in interim condensed statement of profit or loss</i>		
Current service cost	2,192,703	3,720,890
Interest cost	340,218	288,625
	2,532,921	4,009,515
<i>Included in interim condensed statement of other comprehensive income</i>		
Actuarial loss/(gain)	466,258	(1,382,493)
Benefits paid	(376,648)	(1,037,776)
Balance at the end of the period / year	13,611,440	10,988,909

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
Current service cost	715,684	575,173	2,192,703	2,790,668
Interest cost on defined benefits obligation	112,222	119,664	340,218	217,128
Actuarial loss/(gain)	36,404	218,503	466,258	(910,681)

Significant assumptions used in determining defined benefits obligation for the Company are shown below:

	<i>30 September 2023 (Unaudited)</i>	<i>31 December 2022 (Audited)</i>
Discount rate	4.50 %	4.20 %
Salary increase rate	4.50 %	4.20 %

10 ZAKAT, INCOME TAX AND DEFERRED TAX**10.1 Zakat**

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2023 (Unaudited)</i>	<i>2022 (Unaudited)</i>	<i>2023 (Unaudited)</i>	<i>2022 (Unaudited)</i>
Zakat relating to current period	1,230,839	1,421,887	7,843,864	11,135,377
Zakat adjustment relating to previous year	-	-	(4,144,588)	(4,669,413)
	1,230,839	1,421,887	3,699,276	6,465,964

At 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

10 ZAKAT, INCOME TAX AND DEFERRED TAX (continued)

The movement in the zakat provision during the period / year is as follows:

	<i>30 September 2023 (Unaudited)</i>	<i>31 December 2022 (Audited)</i>
Balance at the beginning of the period / year	16,051,342	8,844,831
Net charge for the period / year	3,699,276	11,381,929
Payments during the period / year	(11,906,754)	(4,175,418)
Balance at the end of the period / year	7,843,864	16,051,342

10.2 Income tax

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2023 (Unaudited)</i>	<i>2022 (Unaudited)</i>	<i>2023 (Unaudited)</i>	<i>2022 (Unaudited)</i>
Income tax relating to current period	72,503	1,150,151	1,060,480	3,785,405
Income tax adjustment relating to previous year	-	-	1,365,991	(181,660)
	72,503	1,150,151	2,426,471	3,603,745

The movement in the income tax provision for the period / year is as follows:

	<i>30 September 2023 (Unaudited)</i>	<i>31 December 2022 (Audited)</i>
Balance at the beginning of the period / year	(1,823,736)	6,293,684
Net charge for the period / year	2,426,471	2,469,981
Payments during the period / year	(2,237,688)	(10,587,401)
Balance at the end of the period / year	(1,634,953)	(1,823,736)

10.3 Deferred tax

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2023 (Unaudited)</i>	<i>2022 (Unaudited)</i>	<i>2023 (Unaudited)</i>	<i>2022 (Unaudited)</i>
Deferred tax relating to current period	236,432	415,771	577,810	(781,813)
Deferred tax relating to other comprehensive income	(1,349)	(11,673)	(30,847)	48,648
	235,083	404,098	546,963	(733,165)

AL MASANE AL KOBRA MINING COMPANY (A SAUDI JOINT STOCK COMPANY)
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

10 ZAKAT, INCOME TAX AND DEFERRED TAX (continued)

The movement of the deferred tax asset for the period / year ended is as follows:

	<i>30 September 2023 (Unaudited)</i>	<i>31 December 2022 (Audited)</i>
Balance at the beginning of the period / year	29,159,977	31,673,767
Deferred tax credit during the period / year recognised in interim condensed statement of profit or loss	(577,810)	(2,426,519)
Deferred tax debit/(charge) to other comprehensive income	30,847	(87,271)
Balance at the end of the period / year	28,613,014	29,159,977

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 return for the year 2022 and obtained the zakat certificate which is valid till 30 April 2024.

11 REVENUE, NET

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2023 (Unaudited)</i>	<i>2022 (Unaudited)</i>	<i>2023 (Unaudited)</i>	<i>2022 (Unaudited)</i>
Revenue from contracts with customers:				
Copper concentrate	39,027,291	46,797,968	125,100,926	166,155,553
Zinc concentrate	34,071,260	55,922,065	103,088,527	143,092,921
Precious metals	44,488,416	50,306,128	152,667,024	154,581,748
	117,586,967	153,026,161	380,856,477	463,830,222
Movement in provisional pricing adjustments during the period	(7,403,071)	(27,759,350)	(7,710,551)	(35,928,113)
	110,183,896	125,266,811	373,145,926	427,902,109

AL MASANE AL KOBRA MINING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

12 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:

<i>Related party</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Transactions</i>		<i>Transactions</i>	
			<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
			<i>30 September</i>		<i>30 September</i>	
			<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
Arab Commercial Enterprises for Travel	Other related party	Travel charges	-	1,221	-	1,709,586
Najran Mineral Water	Other related party	Water charges	22,080	14,490	55,890	38,640

Following are the details of related party balances payable at the period/year end:

<i>Amount due to related party</i>	<i>30 September</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Arab Commercial Enterprises for Travel	-	(2,810)

Key management compensation

Compensation for key management is as follows:

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
Salaries and other benefits	2,880,013	2,827,497	7,013,587	6,153,318
End of service benefits	24,286	-	181,753	30,652
	2,904,299	2,827,497	7,195,340	6,183,970

At 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

13 CONTINGENCIES AND COMMITMENTS**Contingencies**

The Company has a bid guarantee of SR 100,000 as at 30 September 2023 (31 December 2022: Nil) in favor of Ministry of Industry and Mineral Resources.

Commitments

At 30 September 2023, the Company has future commitments amounting to SR 267 million (31 December 2022: SR 369 million).

14 EARNINGS PER SHARE

Basic earnings per share 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. The calculation of diluted earnings per share is not applicable to the Company. Also, no separate earning per share calculation from continuing operations has been presented since there were no discontinued operations during the period.

The earnings per share calculation is given below:

	<i>Three-month period ended 30</i>		<i>Nine-month period ended 30</i>	
	<i>September</i>		<i>September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
Net profit for the period	5,179,501	22,599,580	48,644,039	104,828,345
Weighted average number of ordinary shares	70,026,893	61,636,267	70,026,893	61,636,267
Earnings per share – Basic and diluted	0.07	0.37	0.69	1.70

15 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

15 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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 management assessed that cash and cash equivalents, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. During the period ended 30 September 2023 and year ended 31 December 2022, there were no movements between the levels.

Fair values of the Company's loans and borrowings 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 2023 and 31 December 2022, the carrying amounts of loans and borrowings were not materially different from their calculated fair values.

16 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been authorized by the Board of Directors on 08 November 2023G, corresponding to 24 Rabi Al-Thani 1445H.