



رؤية
VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Annual Report

Financial year

2023

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

شركة المصانع الكبرى للتعدين



أمسك
AMAK

Al Masane Al Kobra Mining Co.



REPORT ABBREVIATION ELEMENTS

PLANTS	ABBREVIATION
JABAL GUYAN	Gu
MOYEATH	ALMO-ex
AL MASANE MINE	ALM

ELEMENT	ABBREVIATION
COPPER	Cu
ZINC	Zn
GOLD	Au
SILVER	Ag
DRY METRIC TONNE	dmt
TONNE	Ton
OUNCE	Oz

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KING OF SAUDI ARABIA

CUSTODIAN OF THE TWO HOLY MOSQUES

**KING SALMAN
BIN ABDULAZIZ AL SAUD**



His Royal Highness Prince

**MOHAMMED BIN SALMAN
BIN ABDULAZIZ AL SAUD**

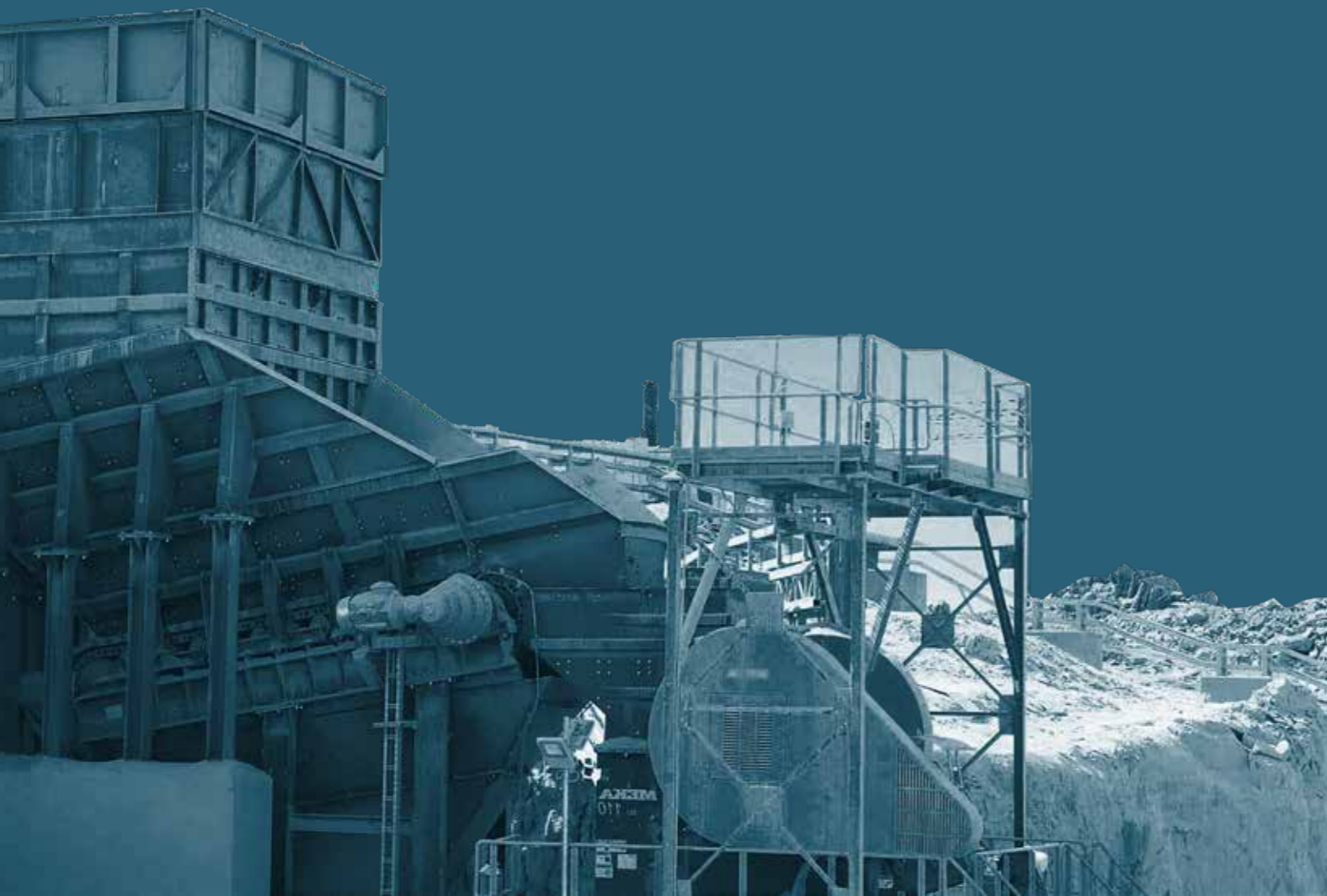
CROWN PRINCE

AND PRIME MINISTER

INTRODUCTION

The Board of Directors of AMAK is pleased to present the annual report for the year 2023, including the Audited financial statements for the fiscal year ended December 31, 2023, and the Auditor's report on the company's financial results, as well as the most important developments, results, operational activities and objectives achieved in 2023.

The report also sheds light on the most important developments, achievements, activities and objectives accomplished during the year, which reflects the company's performance in developing the shareholders' equities.



VIEW OF THE LEADERSHIP

◆ CHAIRMAN'S STATEMENT

Peace be upon you, Allah's mercy and blessings be upon you.

During this remarkable year, we accelerated our journey to achieve our strategic objectives. We continue to move forward on our journey based on our ambitious goals and aspirations and our supporting strategies that drive our performance, expansion efforts and the development of core capabilities to support the company's strategy. We succeeded in consolidating our position as a leading mining company in the Kingdom of Saudi Arabia.

Within the framework of the targets of Vision 2030 for the mining sector to be an essential third pillar and an essential part of the development strategy to transform the economy and diversify sources of income. Therefore, we at AMAK are keen to make efforts to continue our growth and progress to add distinctive and sustainable value to all our stakeholders.

During the fiscal year 2023, AMAK realized a net profit of SAR 54 million. Throughout the year, the company sought to strengthen its financial position, keeping the future in mind, and succeeded in significantly reducing its total liabilities (the company's liabilities include lending and borrowing items, etc.) from SAR 207.3 million to SAR 110 million, and the investment in fixed assets increased during the year by SAR 399 million.

Striving for continuous improvement is one of the pillars of our business, which is why the company made the decision to expand the scope of its activities by developing the expansion project of the Al Masane Mine (Moyaeth Orebody) in order to increase production capacity. His Highness Prince Jalawi bin Abdulaziz bin Musa'ed, Emir of Najran, inaugurated the project in July 2022 by laying the foundation stone. Work on the new plant (Moyeath) is expected to start at the end of the first quarter of 2023. The mine will operate with an annual production capacity of approximately 1.2 million tons, with AMAK's production of zinc estimated to increase by 80% and copper by 50%. This will have a significant impact on both our output and earnings.

In 2023, we secured five new exploration licenses, and we look forward to these sites being growth stories that support AMAK's future journey. As we conclude our second year as a publicly listed company, I am grateful for the existence of a strong and supportive investment environment with many assets and exceptional success, and the efforts of the company's executive management and all departments and employees of the company will continue to develop and improve its productive activities and raise its performance to new levels under the supervision and guidance of its Board of Directors in order to achieve the aspirations and hopes of the valued shareholders.

Acknowledgments:

On behalf of myself and my fellow board members, I would like to express my thanks and gratitude to the Prince of Najran Region, His Highness Prince Jalawi bin Abdulaziz bin Musa'ed, for his continuous support, and to the government authorities that helped us to continue our progress, including the Ministry of Commerce, Ministry of Industry and Mineral Resources, Saudi Industrial Development Fund, Ministry of Environment and Water, and our dear shareholders for their support and trust.

I would also like to thank our executive management and the entire AMAK team for the successful implementation of the company's strategy and operational excellence this year.

I extend my sincere thanks and gratitude to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz and His Royal Highness Crown Prince Mohammed bin Salman for their support to various sectors, especially the mining sector, to contribute to the realization of the Kingdom's Vision 2030.



Engineer Mohammed bin Mane Aballala
 Chairman of the Board of Directors of
 Al Masane Al Kobra Mining Co. (AMAK)

◆ CEO MESSAGE

AMAK Company, feel proud to participate in the efforts aimed at achieving the Kingdom's ambition and aligning with the Kingdom's Vision 2030, through the tireless endeavours to build a Mining Company, which seek to be the leading company in this Sector.

In 2023, AMAK obtained 5 licenses to explore various minerals, including Gold, Copper, and Zinc, in many locations in our beloved Kingdom. The company's expenses on exploration activities are more than 24 Million Saudi Riyals, against 15 Million Saudi Riyals in 2022. We sense the company's keenness to increase its mining reserves for the coming years and to increase the mining reserves to more than ten years - God Willing.

In 2023, the company developed an approach to serving local communities with a more effective governance model and framework, forming an Environmental and Social Committee to manage community performance, with a special focus on the local community. As for social contribution, the company implemented many initiatives that contributed to improving the environment of local communities, especially the communities surrounding the AMAK mines, and seeks to share resources and expertise in serving the public interest.

In 2023, AMAK produced 963 Thousand tons of Mine Raw, compared to 797 Thousand tons in 2022. As well as refining 785 Thousand tons, compared to 780 Thousand tons in 2022. In addition to producing 45,700 tons of zinc concentrate, compared to 41,151 tons in 2022. The company also produced 19,500 tons of copper concentrate, compared to 21,000 tons in 2022. And producing 76,000 ounces of silver and 26,000 ounces of gold in 2023.

We aim to start production from the extension of the Masne Mine (development of the Moayeth orebody) in 2024, to increase the company's production of copper and zinc concentrates, by up to 80% for zinc and 40% for copper.

Mining involves some risks, however, we believe that we can avoid such accidents, if such risks are assessed and managed proactively. Therefore, we invest in training and preventative measures to improve safety.

Therefore, keeping AMAK's team safe and healthy remains our top priority, as we believe that long-term success is directly related to the extent of our care for the work team, the successful implementation of this program depends on a solid internal culture and leadership committed to the health and safety of the entire team.



Eng. Yahiya Muhammad Alamin Alshangiti
 CEO
 Until 31/12/2023

◆ INTRODUCTION TO **AMAK**

Founded in 2008, AMAK is a listed mining company based in Saudi Arabia, with a clear vision to expand through the ration, discovery, and development of mining projects across the country.

The Saudi government's Vision 2030 aims to create a thriving economy with a vibrant listed sector, providing diversified wealth creation and enterprise outside of The Kingdom's historic strength in hydrocarbons. Mining is a key part of this transformation and AMAK aims to be at the forefront of these reforms.

AMAK currently operates Al Masane VMS Mine and Guyan Gold Mine, both of which are located near the city of Najran, in Southwestern Saudi Arabia.

Our mines produce gold dore and export it via Jeddah International Airport to Switzerland, and the Zinc and Cooper concentrates by shipping via Jazan seaport where AMAK has 10,000 square meter storage at the port.

AMAK is one of the pioneers in the mining industry in the private sector in KSA. It is one of the largest producers of zinc, copper concentrates, gold and silver, which puts us at the forefront of the sector to create an added value chain with an effective economic impact.

PRODUCT PERFORMANCE HIGHLIGHTS FOR GOLD, SILVER, COPPER, AND ZINC

Almasane Mine

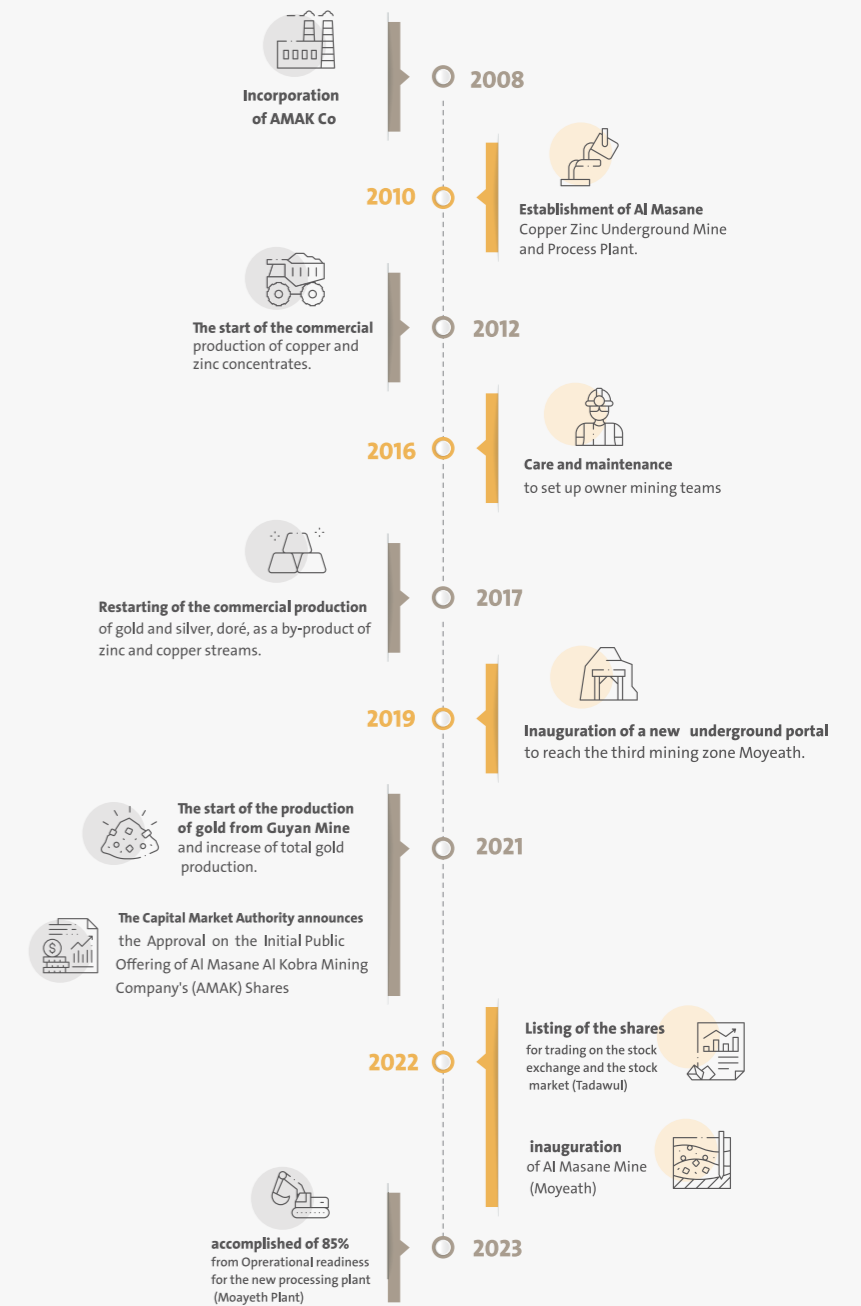
2023	
Mining output	915,053 dmt (963,214 wmt)
Copper	19,515 Ton
Zinc	45,700 Ton
Silver	75,509 Oz
Gold	5,343 Oz

Guyan Mine

2023	
Tonnes Milled	448,081 dmt
Gold	21,009 Oz



◆ KEY MILESTONES & ACHIEVEMENTS



◆ OUR GUIDING PRINCIPLES

Vision

AMAK'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

Objectives

To contribute to empowering the national economy, utilizing the mineral assets in the kingdom of Saudi Arabia, and to dedicate our endeavors to make the mining industry one of the economic growth pillars in the Kingdom, in line with the Kingdom vision 2030, through expanding the company scope of operations across the region

Mission

AMAK 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. AMAK 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.

Values

Our values are a reflection of our objective and identifies the meaning of work in Al-Masane Al-kobra mining company. Our values are the core of our culture and the model by which we always carry out our works. Safety - Integrity - Leadership - Responsibility - Sustainability

Safety

Safety is our priority; We provide a safe work environment and take care and implement appropriate procedures and plans for safety at work sites.

Integrity

We uphold the highest standards of conduct and business ethics, at all levels of the company's business.

Continuous Improvement

We are not satisfied only with what we have achieved, but we celebrate our success, strive for excellence and perfection, and lead change with all our might.

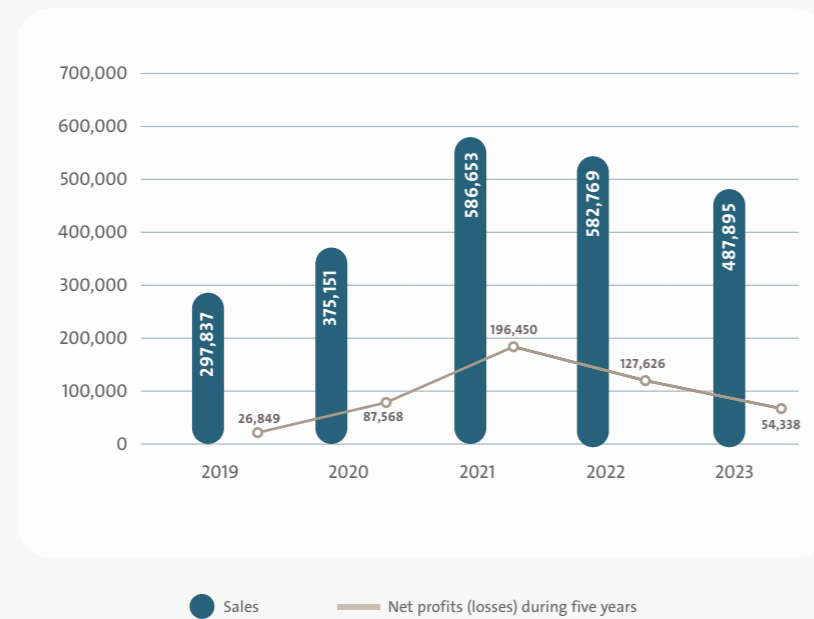
Teamwork

We work to achieve important achievements and carefully studied goals with a team spirit.

FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

year	SAR (000)				
	2019	2020	2021	2022	2023
Sales	297,837	375,151	586,653	582,769	487,895
Cost of sales	(218,960)	(249,892)	(318,956)	(374,408)	(371,999)
Gross profit	78,878	125,259	267,697	208,360	115,896
Selling and marketing expenses	(20,420)	(16,543)	(28,641)	(24,825)	(15,687)
General and administrative expenses	(20,272)	(19,980)	(22,442)	(39,589)	(43,743)
Operating income/(loss)	38,186	88,737	216,614	143,947	56,466
Finance cost	(6,662)	(6,752)	(13,547)	(12,042)	(7,811)
Other (expenses) / income, net	2,091	208	65	10,705	11,801
Profit / (loss) before zakat and income tax	33,615	82,192	203,133	142,610	60,457
Zakat expense	(4,476)	(2,308)	(8,845)	(11,382)	(2,315)
Income tax credit, net	(1,851)	8,919	2,977	(4,897)	(3,559)
Profit / (loss) for the year	27,288	88,804	197,265	126,331	54,583
Actuarial (loss) / gain on End of Service	(439)	(1,236)	(815)	1,295	(245)
Net Profit / (loss) for the year	26,849	87,568	196,450	127,626	54,338



FINANCIAL POSITION

SAR (000)	2019	2020	2021	2022	2023
Current Assets	197,359	202,906	368,224	773,252	411,312
Non-current Assets	623,092	744,011	744,037	774,619	1,042,901
Total Assets	820,451	946,917	1,112,261	1,547,871	1,454,214
Current Liabilities	104,245	149,340	198,538	179,141	143,566
Non-current Liabilities	294,692	345,591	265,287	148,533	90,418
Total Liabilities	398,937	494,931	463,825	327,673	233,984
Shareholder's Equity					
Share Capital	820,000	820,000	563,289	660,000	900,000
Share Premium	-	-	-	508,590	268,590
Statutory reserve	4,427	4,427	19,726	32,360	-
Treasury shares	(74,713)	(131,809)	(19,441)	(16,021)	(15,256)
Share-based compensation reserve	-	-	-	-	5,591
Retained earnings / (Loss)	(328,200)	(240,632)	84,862	35,269	61,305
Total Equity	421,514	451,986	648,436	1,220,197	1,220,230
Total Equity and Liabilities	820,451	946,917	1,112,261	1,547,871	1,454,214



◆ GEOGRAPHICAL ANALYSIS OF THE TOTAL REVENUES OF THE COMPANY

Geographical Area	2021		2022		2023	
	Revenue SAR (000)	Percentage	Revenue SAR (000)	Percentage	Revenue SAR (000)	Percentage
United Kingdom	428,607	73%	362,547	62%	-	-
Europe	158,046	27%	220,222	38%	487,895	100%

◆ DISCLOSURE OF LOANS

Loans movement	Saudi Industrial Development Fund SAR (000)
Principal Amount	424,300
Opening balance 01-Jan-23	207,620
Repayments	(101,400)
Interest	4,107
Closing balance 31-Dec-23	110,327

◆ BREAKDOWN OF REVENUE

PRODUCT	2021		2022		2023	
	Revenue SAR (000)	Percentage	Revenue SAR (000)	Percentage	Revenue SAR (000)	Percentage
Copper Concentrate	230,799	39%	187,656	32%	156,411	32%
Zinc Concentrate	197,808	34%	174,891	30%	130,901	27%
Precious Metals	158,046	27%	220,222	38%	200,582	41%
Total	586,653	100%	582,769	100%	487,895	100%

A statement of the value of the statutory payments due and payable on account of any zakat, taxes, fees

Details	2023		Details	Reasons
	Paid / (Received) (SAR)	Amount due till end of financial year but not paid / (receivable) (SAR)		
Zakat & Tax	14,462,233	4,916,582	The company is subject to the regulations of the General Authority for Zakat and Income	Due amount to be paid in Apr 2024
Severance fee	16,630,116	2,431,448	The company is subject to the regulations of the Ministry of Industry and Mineral Resources	Due amount to be paid in Apr 2024
GOSI	4,514,215	393,702	The Company is subject to the social insurance system	Due amount paid in Jan 2024
VAT	(57,109,244)	(21,302,650)	The company is subject to the regulations of the General Authority for Zakat and Income	Due amount to be Received after ZATCA audit for Oct, Nov and Dec 2023.
Cost of Visa & Passport	1,201,200	-	The Company renews residence permits for its workers, as well as exit and return visas	-

◆ ABOUT US

AMAK

Al-Masane Al-Kobra Mining Co. (AMAK) is a listed mining company registered and licensed by the Ministry of Industry and Mineral Resources and is located in the Najran region in the Kingdom of Saudi Arabia

Since inception in 2008, Al Masane Al Kobra Mining Company has adopted a long-term advanced business strategy, based on the research and sustainable growth of its technical and operational infrastructure to support all of its various activities. AMAK aims to achieve an array of major successes in order to be the leader in the mining sector in the Kingdom of Saudi Arabia.

The company applies all business requirements related to this field, including exploration, processing, smelting, and mining in line with the latest and advanced global best practices.

The company began commercial production of copper and zinc concentrates in 2012, with the areas where it invests extending to include various and wide geological areas in the southern area of the Kingdom, such as Al Masane Underground Mine, which covers three areas: Saadah, Al-Houra and Moyeath. A new underground portal was inaugurated by the company in 2019 to reach the third mining zone in Moyeath.

AMAK has become one of the major mining companies in the Kingdom of Saudi Arabia. We produce copper, zinc, gold, and silver in distinct commercial quantities, adopting an advanced business model that is based on extending the life of the mines to increase mineral resources, identify and follow up the exploration of similar promising deposits in the Kingdom or abroad. We ensure a safe working environment wherein our human capital is absolutely the most important asset of the company.

As part of our advanced professional practices, which we apply in all our activities and events within our work channels, AMAK adopts the highest standards of governance over our strategic relationships with the community and the local environment during the development of our projects. The company strives to achieve real development of the community, while maintaining the integrity of the geographical and environmental ambience, in accordance with the highest professional standards applied globally in this field.

Business Overview



Al Masane Mine

Al Masane Mine is the main mining camp of AMAK, that has been discovered for the first time in 1967 and is in Najran southwest of the Kingdom, at an elevation of 1620 meters. It lays about 414 kms away from Jizan port on the red sea, which is used as a point of discharge of copper and zinc concentrates. It also lies around 640 kms away from Jeddah.

The camp is connected with an asphalt road leading to Najran.

The camp was established in 2008 with construction works started in 2010. Production of copper and zinc concentrates started in 2012.

The mine has an annual mining and processing capacity of around 800 thousand tons and includes three geological zones: Saadah, Al Houra, and Moyeath. In 2019, a new underground portal was launched to reach the new mining zone; (Moyeath).

The ore extracted underground is directly transported to the process plant, which operates at a production capacity of 100 tons/hour to produce copper metal and zinc metal in the concentrates. The current production capacity is 19,515 dmt of copper and 45,700 dmt of zinc yearly. The production of gold and silver, doré, as a by-product of copper and zinc processing, also started commercially in 2018.

Guyan Gold Mine

In line with the sustainable business development strategy, AMAK has constructed and commissioned Guyan Gold Mine, which is designed and built to produce 40,000 oz per year at full capacity. The open mining started in late 2020 and the process plant was commissioned in early 2021. The first gold smelting from Guyan Gold Mine was done in January 2021.

Guyan is a high-grade open pit mining operation. The excavated ore from the open pit is crushed at the crusher near the pit before being trucked to the Process plant. The Guyan Process Plant is established in the main AMAK Camp, which is 15 kilometres from the open pit.

Guyan Process Plant has a throughput capacity of 400,000 tons per year. In the Process Plant, ore goes through grinding, gravity circuit, CIP, elution, smelting and filtering stages. At Guyan Gold plant AMAK produces gold bars (Doré) and ships to refineries. AMAK continues exploration works at concessions in the deeper and nearby levels of orebodies alike, relying on the data provided by satellites equipped with advanced technologies to carry on with the broadly promising pit development drilling opportunities at Al Masane, Guyan, Al Aqiq and other mineralization zones.

ALM Expansion -Moyeath Project

AMAK has initiated a new expansion project in 2019 to develop the Moyeath orebody. Moyeath is a high-grade massive sulphide mineralization with very high zinc and silver grades, with a significant amount of copper and gold.

All the metallurgical testworks were completed in 2019 and 2020 and a new processing plant has been designed to process this special orebody. Consultants from South Africa and Australia are currently working to complete the final touches of the process plant, which will have a mill throughput capacity of 400,000 tons per year.

Together with Moyeath Plant, the AMAK's base metal processing capacity will increase by 50% reaching up to 1.2 million tons per year – extending the life of the mine for more than 10 years. With the scheduled commissioning of Moyeath Process Plant in 2024, AMAK's zinc output is designed to increase by more than 80% and copper output by 50% plus gold and silver.

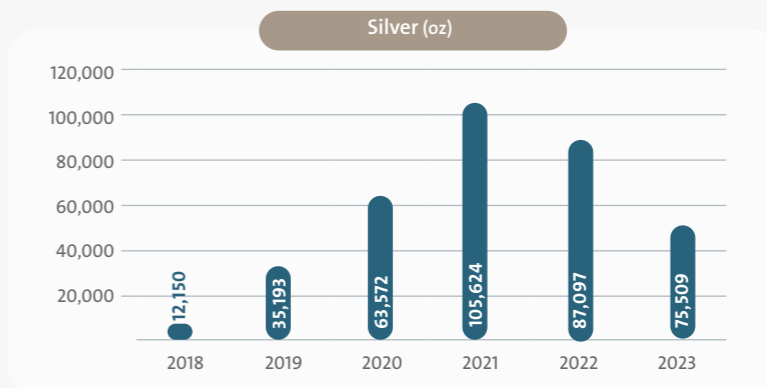
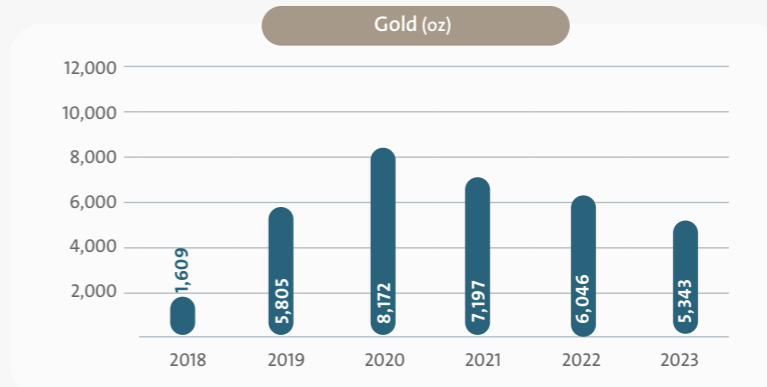
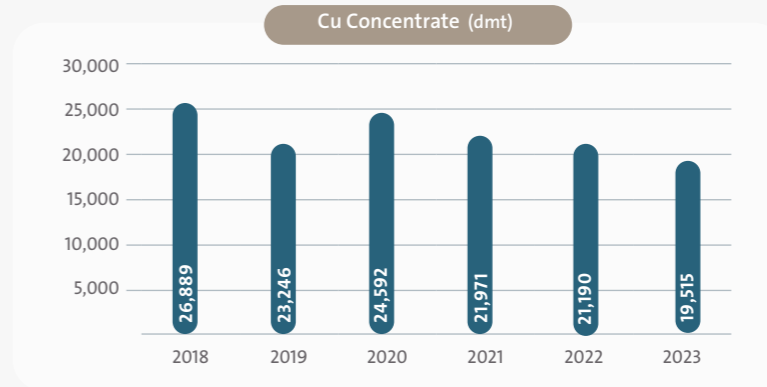
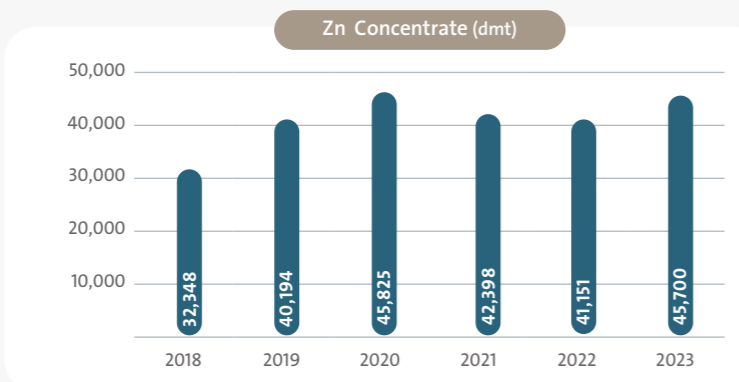
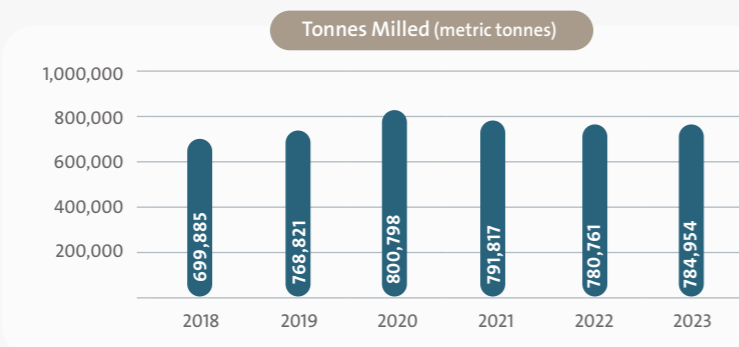
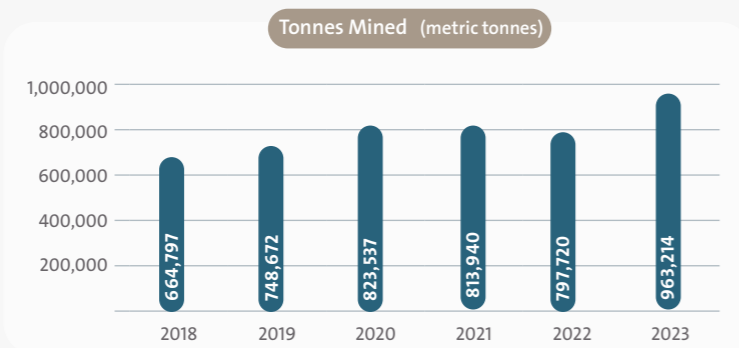
Resource development drilling and underground infrastructure to support the production of high-quality ore are ongoing, aiming to prolong the life of the processing plant for more than 10 years.

ALM Mine

The following table shows the production of Ore, Mill throughput, production of Copper and Zinc concentrates and Gold and Silver dore for the last 6 years:

Year	Al Masane Mine					
	2018	2019	2020	2021	2022	2023
Tonnes Mined (metric tonnes)	664,797	748,672	823,537	813,940	797,720	963,214
(%) Cu	1.02	0.94	1.01	0.83	0.82	0.69
(%) Zn	3.55	3.74	4.42	3.64	3.45	3.47
Au (gpt)	0.92	0.96	1.02	0.90	0.86	0.82
Ag (gpt)	29.49	30.91	37.14	32.74	28.22	28.94
Tonnes Milled (metric tonnes)	699,885	768,821	800,798	791,817	780,761	784,954
(%) Cu	1.10	0.97	1.00	0.82	0.82	0.69
(%) Zn	3.27	3.54	3.74	3.36	3.35	3.52
Au (gpt)	0.86	1.12	0.95	0.98	0.91	0.87
Ag (gpt)	25.62	28.10	33.13	32.73	28.78	30.29
(%) Cu Recovery	80.78	80.69	81.12	78.68	76.75	78.37
(%) Zn Recovery	72.73	79.85	80.53	79.89	78.04	83.60
Zn Concentrate (dmt)	32,348	40,194	45,825	42,398	41,151	45,700
Cu Concentrate (dmt)	26,889	23,246	24,592	21,971	21,190	19,515
Gold (oz)	1,609	5,805	8,172	7,197	6,046	5,343
Silver (oz)	12,150	35,193	63,572	105,624	87,097	75,509

Year	Tonnes Mined (metric tonnes)	Tonnes Milled (metric tonnes)	Zn Concentrate (dmt)	Cu Concentrate (dmt)	Gold (oz)	Silver (oz)
2018	664,797	699,885	32,348	26,889	1,609	12,150
2019	748,672	768,821	40,194	23,246	5,805	35,193
2020	823,537	800,798	45,825	24,592	8,172	63,572
2021	813,940	791,817	42,398	21,971	7,197	105,624
2022	797,720	780,761	41,151	21,190	6,046	87,097
2023	963,214	784,954	45,700	19,515	5,343	75,509



◆ Guyan Gold Mine production statistics

The following table shows the Mill throughput, production of Gold for the last 3 years:

Year	Guyan Mine		
	2021	2022	2023
Tonnes Milled (metric tonnes)	350,338	471,898	448,081
Gold (oz)	17,706	24,864	21,009

RESOURCES AND RESERVES

The Company's primary operations are the operation of Al Masane Copper/Zinc Mine and Guyan Gold 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 Al Masane Mine and produces gold Dorés.

AMAK Mineral Resource and Reserves Statements December 2023 in accordance with JORC 2012

d. Introduction

The Mineral Resource and Ore Reserves of a mining company are key assets of the business.

The Ore Reserve and Mineral Resource estimates in this report were prepared by Competent Persons in accordance with the requirements of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition (the JORC Code).

The JORC Code represents current global industry best practice for the reporting of Ore Reserves and Mineral Resources. The reporting of Ore Reserve and Mineral Resource estimates by AMAK and SRK complies with the principles of transparency, materiality, and competence in the JORC Code for the estimation, classification, reporting, review, and presentation of this report.

The Mineral Resources and Ore Reserves terminology used in this report follows the definitions in the JORC Code. Additional terms are defined in the Glossary.



e. Qualifications / Competent Persons

The Mineral Resource and Mineral Reserve Report for the Al Masane Cu-Zn-Au-Ag Mine, Jabal Guyan Gold Mine, Al Aqiq Gold Mine and Khutianah Gold Project were prepared by SRK and AMAK. The report has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code, 2012 Edition ("JORC Code").

The Mineral Resource estimates were prepared by AMAK Geologist who are Ismail Cakici (Resource Geology Superintendent MAusIMM (3060478)) and Behzat Ersen Sahindur (Al Masane Geology Manager MAusIMM (328628)) and reviewed by SRK Competent Person who is James Williams (FGS), a Senior Consultant at SRK, who has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person ("CP") as defined in the JORC Code for the Mineral Resource.

Al Masane Cu-Zn-Au-Ag mine ore reserve was prepared by Mr. Sinan Burak Avci (UG Mine Manager MAusIMM (326493)).

Jabal Guyan gold mine and Al Aqiq gold mine ore reserves were prepared by Mr. Nihat Soyer (Guyan Mine Manager MAusIMM (3053695)).

◆ Al Masane Cu-Zn-Au-Ag Mine Mineral Resource Statement

Mineral Resource Statement for Al Masane Cu-Zn-Au-Ag mine, Kingdom of Saudi Arabia, as of 31 December 2023;

Mineral Resource Category	Deposit	Tonnes	Cu	Zn	Au	Ag
		Kton	(%)	(%)	(g/t)	(g/t)
Measured	Saadah	936	0.83	3.06	0.67	23.62
	Al Houra	1,235	0.66	2.71	0.7	23.31
	Moyeath	635	0.68	6.43	0.89	48.67
Indicated	Saadah	784	0.92	2.24	0.54	17.76
	Al Houra	1,120	0.67	3.29	0.75	27.41
	Moyeath	1,755	0.46	4.36	0.98	37.05
Total Measure and Indicated		6,465	0.67	3.62	0.78	29.61
Inferred	Saadah	641	0.6	2	0.7	20
	Al Houra	366	0.4	2	1.1	17
	Moyeath	269	0.2	2.3	0.7	24
Total Inferred		1,276	0.46	2.9	0.81	19.98
Total Mineral Resource		7,741	0.63	3.36	0.79	28.03

Mineral Resource Statement stated in table notes the following;

- Mineral Resources are not Ore Reserves and do not have demonstrated economic viability.
- Mineral Resources are reported Inclusive of Mineral Reserves.
- The long-term commodity price assumption is USD10,100/t for Cu, USD3,250/t for Zn, USD27.25/oz for Ag and USD1,950/oz for Au. The underground Mineral Resources are reported within broad regions identified by the MSO as satisfying RPEEE, which consider an NSR cut-off above 63.16USD/tonne.
- The entire volume of the optimised mineable shapes is reported as the shapes consider the minimum mining width/selectivity assumed by possible underground mining practices at Al Masane.
- The reported Mineral Resources have an effective date of 31 December 2023. The Competent Person for the declaration of Mineral Resources is James Williams (CGeol) of SRK Consulting (UK) Ltd.
- The Mineral Resource estimate was prepared by AMAK personnel and has been reviewed by SRK. The Mineral Resource estimate considers drilling and sampling data up to October 26th, 2023 and has been depleted by survey volume representing mining to 30 September 2023, whilst the MSO generated by AMAK consider depletion up until 31 December 2023.
- No mining recovery has been applied in the Statement.
- Areas identified as sill pillars in the MSO generation (due to the mining design) have been excluded from the resource.
- Tonnages are reported in metric units, grades in grams per tonne (g/t) and in per cent (%). Tonnages and grade totals are rounded appropriately.
- Rounding, as required by reporting guidelines, may result in apparent summation.

◆ Jabal Guyan Gold Mine Mineral Resource Statement

Mineral Resource Statement for Jabal Guyan Gold Mine, Kingdom of Saudi Arabia, as of 31 January 2024;

Type	Category	Tonnes	Au	Au
		(kton)	(g/t)	koz
Open Pit	Measured	195	2.11	13.2
	Indicated	660	2.77	58.8
	Inferred	84	1.80	4.9
OP Measured, Indicated and Inferred Total		939	2.55	76.9
Underground	Measured	-	-	-
	Indicated	1,356	2.18	95.0
	Inferred	1,195	1.80	69.2
UG Measured, Indicated and Inferred Total		2,551	2.00	164.2
Total Mineral Resource		3,490	2.15	241.1

Mineral Resource Statement stated in table notes the following;

- Mineral Resources are not Ore Reserves and do not have demonstrated economic viability.
- The long-term commodity price assumption is USD1,950/oz for Au.
- The open pit Mineral Resources are reported within an optimised pit shell above a 0.62 g/t Au cut-off. The underground Mineral Resources are reported within optimised mineable shapes considering an Au cut-off grade of 1.0 g/t.
- The entire volume of the optimised mineable shapes is reported as the shapes consider the minimum mining width/selectivity assumed by possible underground mining practices at Guyan.
- The reported Mineral Resources have an effective date of 31 January 2024. The Competent Person for the declaration of Mineral Resources is James Williams, CGeol, of SRK Consulting (UK) Ltd.
- The Mineral Resource estimate was prepared by AMAK personnel and has been reviewed by SRK. The Mineral Resource estimate considers drilling and assay data up to 15 January 2024, and has been depleted by survey volumes representing open pit mining to 31 January 2024.
- Technical and Economic assumptions were agreed between SRK and AMAK for mining factors and processing factors, which were used for optimisations.
- Tonnages are reported in metric units, grades in grams per tonne (g/t) and in per cent (%). Tonnages and grade totals are rounded appropriately.
- Rounding, as required by reporting guidelines, may result in apparent summation

◆ Al Aqiq Gold Mine Mineral Resource Statement

Mineral Resource Statement for Al Aqiq Gold Mine, Kingdom of Saudi Arabia, as of 30 September 2023;

Type	Category	Tonnes	Au	Au
		(kton)	(g/t)	koz
Open Pit	Indicated	112	2.45	8.8
	Inferred	44	1.40	2.0
OP Measured, Indicated and Inferred Total		156	2.15	10.8
Underground	Indicated	151	1.66	8.1
	Inferred	142	1.50	6.8
UG Measured, Indicated and Inferred Total		293	1.58	14.9
Total Mineral Resource		449	1.78	25.7

Mineral Resource Statement stated in table notes the following;

- Mineral Resources are not Ore Reserves and do not have demonstrated economic viability.
- Mineral Resources are reported inclusive of Mineral Reserves.
- The long-term commodity price assumption is USD1,950/oz for Au.
- The open pit Mineral Resources are reported within an optimised pit shell above a 0.48 g/t Au cut-off. The underground Mineral Resources are reported within optimised mineable shapes considering an Au cut-off grade of 1.0 g/t.
- The entire volume of the optimised mineable shapes is reported as the shapes consider the minimum mining width/selectivity assumed by possible underground mining practices at Al Aqiq.
- The reported Mineral Resources have an effective date of 30 September 2023. The Competent Person for the declaration of Mineral Resources is James Williams, CGeol, of SRK Consulting (UK) Ltd.
- The Mineral Resource estimate was prepared by AMAK personnel and has been reviewed by SRK. The Mineral Resource estimate considers drilling and assay data up to September 2023, and has been depleted by survey volumes representing open pit mining to 30 September 2023.
- Technical and Economic assumptions were agreed between SRK and AMAK for mining factors and processing factors, which were used for optimisations.
- Tonnages are reported in metric units, grades in grams per tonne (g/t) and in per cent (%). Tonnages and grade totals are rounded appropriately.
- Rounding, as required by reporting guidelines, may result in apparent summation.

◆ Khutianah Gold Project Mineral Resource Statement

Mineral Resource Statement for Khutianah Gold Project, Kingdom of Saudi Arabia, as of 31 December 2023;

Type	Category	Tonnes	Au	Au
		(kton)	(g/t)	koz
Open Pit	Indicated	131	1.79	7.5
	Inferred	260	1.70	14.2
OP Measured, Indicated and Inferred Total		391	1.73	21.7
Underground	Indicated	137	1.57	6.9
	Inferred	960	1.90	58.6
UG Measured, Indicated and Inferred Total		1,097	1.86	65.5
Total Mineral Resource		1,488	1.82	87.2

Mineral Resource Statement stated in table notes the following;

- Mineral Resources are not Ore Reserves and do not have demonstrated economic viability.
- The long-term commodity price assumption is USD1,950/oz for Au.
- The open pit Mineral Resources are reported within an optimised pit shell above a 0.64 g/t Au cut-off. The underground Mineral Resources are reported within optimised mineable shapes considering an Au cut-off grade of 1.0 g/t.
- The entire volume of the optimised mineable shapes is reported as the shapes consider the minimum mining width/selectivity assumed by possible underground mining practices at Khutianah.
- The reported Mineral Resources have an effective date of 31 December 2023. The Competent Person for the declaration of Mineral Resources is James Williams, CGeol, of SRK Consulting (UK) Ltd.
- The Mineral Resource estimate was prepared by AMAK personnel and has been reviewed by SRK. The Mineral Resource estimate considers drilling and assay data up to 31 December 2023, no modern mining has occurred at the Project to date.
- Technical and Economic assumptions were agreed between SRK and AMAK for mining factors and processing factors, which were used for optimisations.
- Tonnages are reported in metric units, grades in grams per tonne (g/t) and in per cent (%). Tonnages and grade totals are rounded appropriately.
- Rounding, as required by reporting guidelines, may result in apparent summation.

◆ Al Masane Cu-Zn-Au-Ag Mine Ore Reserve

Ore Reserve Statement for Al Masane Cu-Zn-Au-Ag Mine, Kingdom of Saudi Arabia, as of 31 December 2023;

Reserve Category	Deposit	Tonnes	Cu	Zn	Au	Ag
		(kton)	(%)	(%)	(g/t)	(g/t)
Proven	Saadah	936.28	0.82	3.05	0.67	23.96
	Al Houra	1,233.47	0.66	2.74	0.70	23.17
	Moyeath	635.94	0.70	6.51	0.93	44.89
Probable	Saadah	784.14	0.93	2.37	0.56	18.33
	Al Houra	1,120.28	0.67	3.18	0.72	28.16
	Moyeath	1,754.96	0.46	4.34	0.98	37.54
Total Proven and Probable		6,465	0.67	3.62	0.78	29.60
Stockpile	Saadah and Alhoura	113.9	0.76	3.38	0.78	27.35
	Moyeath	34.3	0.73	6.01	0.70	39.40
Total Stockpile		148.2	0.75	3.99	0.76	30.14
Total Mineral Resource		6,613.2	0.67	3.63	0.78	29.61

Mineral Resource Statement stated in table notes the following;

- Ore Reserves have demonstrated economic viability.
- The reporting standard adopted for the reporting of the ORE uses the terminology, definitions and guidelines given in the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012).
- The Competent Person for reporting of Ore Reserves is Mr. Sinan Burak Avcı MAusIMM (326493), an AMAK employee who is Al Masane UG Mine Manager.
- Ore Reserves are reported above a break-even copper equivalent cut-off grade of 1.00% or for a small number of stopes a marginal copper equivalent cut-off grade of 0.62%. The copper equivalent grade is derived from the NSR model and calculated based on equivalent factors for the Ore Reserves of $(Cu \% * 1.00) + (Zn \% * 0.277) + (Au \text{ g/t} * 0.494) + (Ag \text{ g/t} * 0.006)$. The NSR calculation is based on metal prices of USD10,100/t Cu, USD3,250/t Zn, USD1,950/oz Au and USD27.25/oz Ag.
- Modifying factors for unplanned dilution of 0.60 m dilution skin for both HW and FW additional 10% and mining recovery of 98%.
- All figures are rounded to reflect the relative accuracy of the estimate.

◆ Jabal Guyan Gold Mine Ore Reserve

Ore Reserve Statement for Jabal Guyan Gold Mine, Kingdom of Saudi Arabia, as of 31 December 2023;

Type	Category	Tonnes	Au	Au
		(kton)	(g/t)	koz
Open Pit	Proven	192	2.29	14.1
	Probable	549	2.19	38.5
Open Pit Proven and Probable		741	2.21	52.6
Underground	Proven	69	1.86	4.2
	Probable	2,089	1.57	105.7
Underground Proven and Probable		2,158	1.58	109.9
Stockpile	Run-of-Mine	2.52	1.70	0.14
	Crushed Stockpile	0.40	2.38	0.03
	Plant Crushed Stockpile	1.23	1.40	0.06
Total Stockpile		4.14	1.67	0.22
Total Mineral Reserve		2,903	1.74	162.8

Mineral Resource Statement stated in table notes the following;

- Ore Reserves have demonstrated economic viability.
- The reporting standard adopted for the reporting of the ORE uses the terminology, definitions and guidelines given in the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012).
- The Competent Person for reporting of Ore Reserves is Mr. Nihat Soyer MAusIMM (3053695), an AMAK employee who is Guyan Mine Manager.
- Reported at open pit cut-off grade of 0.5 g/t Au and underground cut-off grade of 1.00 g/t Au.
- The Ore Reserve incorporates additional mining dilution of 33.8% and recovery of 91.8% to that included in the regularised mining model.
- Modifying factors for UG unplanned dilution of 0.30 m dilution skin for both HW and FW.
- All figures are rounded to reflect the relative accuracy of the estimate.

◆ Al Aqiq Gold Mine Ore Reserve

Ore Reserve Statement for Al Aqiq Gold Mine, Kingdom of Saudi Arabia, as of 31 December 2023;

Type	Category	Tonnes	Au	Au
		(kton)	(g/t)	koz
Open Pit	Proven	34	2.15	2.4
	Probable	137	2.07	9.7
Open Pit Proven and Probable		171	2.21	11.5
Total Mineral Reserve		171	2.21	11.5

Mineral Resource Statement stated in table notes the following;

- Ore Reserves have demonstrated economic viability.
- The reporting standard adopted for the reporting of the ORE uses the terminology, definitions and guidelines given in the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012).
- The Competent Person for reporting of Ore Reserves is Mr. Nihat Soyer MAusIMM (3053695), an AMAK employee who is Guyan Mine Manager.
- Reported at open pit cut-off grade of 0.5 g/t Au and underground cut-off grade of 1.00 g/t Au.
- The Ore Reserve incorporates additional mining dilution of 3.4% and recovery of 70.6 % to that included in the regularised mining model.
- Modifying factors for UG unplanned dilution of 0.30 m dilution skin for both HW and FW.
- All figures are rounded to reflect the relative accuracy of the estimate.



MARKET OVERVIEW

The Kingdom's geology gives it an abundance of natural resources and raw materials. In recent years, Saudi Arabia has witnessed remarkable growth in the production of primary, midstream, and downstream mineral and metals products catering to both local and export markets.

Currently, Saudi Arabia strives to increase the mining sector's contribution to the Saudi economy, as part of the Kingdom's 2030 vision, to become the third pillar of KSA Industry alongside oil & gas and petrochemicals.

Accordingly, the Saudi Industrial Clusters Program, along with its strategic partners, is working to expand primary materials industries (midstream), and to develop sustainable and globally competitive value-added semi-finished and finished metal industries (downstream) that support the Kingdom's goals of diversification and development of advanced industries such as automotive, aerospace, shipbuilding, machinery & equipment, and others.

The Minerals and Metals Cluster is currently directing its efforts towards expanding the aluminum, steel, and copper/zinc industrial base, in addition to, titanium and specialty metals, tantalum, niobium, rare earth elements, and quartz/silica industries

On the other hand, the large existing demand for copper products (i.e., cables and rods) provides an opportunity for expanding copper mining, developing a copper smelter, and expanding the existing downstream industries into new products such as tubes, bars, plates, and others.

The mining industry is the key pillar of economic diversification. The minerals will be used for the creation of heavy industries in all fields: automobile, fertilizer, and battery.

Currently, investments in Saudi Arabia's mining sector are valued between SR170 and SR180 billion (US\$45.3 to \$47.96 billion). Khaled Al-Mudaifer, the vice minister for Mining Affairs at Saudi Arabia's Ministry of Industry and Mineral Resources, expects this figure to grow an additional 150 percent within a decade.

To boost its mineral production and move towards the 2030 vision of economic diversification, Saudi Arabia is investing heavily in its mining sector. While the official Saudi Press Agency reports that more than 1,290 plants are currently producing mineral products in Saudi industrial cities, the kingdom auctioned off new mining licenses in 2022 and aims to create more than 200,000 direct and indirect jobs in the sector by 2030.

The kingdom's other major project is to open the mining market up to foreign investors by privatising the country's mining companies.

STRATEGIES AND OUTLOOK

Our Approach

AMAK has a long history and track record of achievements and success, by which it has become the real leader of the mining sector in the Kingdom of Saudi Arabia, and has demonstrated the following competitive advantages in the sector:

- A robust operational and technical infrastructure, managed by competent, experienced, and talented people.
- An advanced business strategy, which provides for the resiliency and efficiency required to overcome challenges and convert them into real success opportunities.
- Adoption of distinct professional practices, through which the company extends the life of its mines, through the increase of mineral resources available within them.
- High proficiency in identifying and exploring deposits, and finding nearby, high quality and similar metal deposits.
- Constantly working on discovering similar regional mineralization projects.

We are the pioneers of the mining sector in The Kingdom and set new standards in the mining business. AMAK has obtained approvals from all relevant governmental authorities and has started the exploration process to identify the locations of mineral deposits such as copper, zinc, lead, gold, silver, nickel, etc. Drilling works are then carried out to obtain samples of minerals to analyse its quality. Diamond drilling works are also implemented to identify the quantity of orebodies. Initial data is then collected to calculate project estimates in line with international reporting standards such as NI 43-101 (Canada) and JORC CODE (Australia).

STRATEGY FOR THE FUTURE

- To contribute to achieving the goals of the Kingdom of Saudi Arabia's vision 2030, the most important of which is to increase the private sector's contribution to GDP from 40% to 65% and raise the share of non-oil exports in non-oil GDP from 16% to 50%.
- Continue the Company's growth through the expansion of operations into existing and new regions of the Kingdom of Saudi Arabia.
- Extend the life of our mines to more than 20 years with resource development at deeper levels, nearby exploration, local area exploration, greenfield reconnaissance, and exploration in new concessions acquired from the Ministry of Industry and Mineral Resources (MIM).
- Expand the Company's exploration license areas. To this end the Company has recently near the existing Al Masane Mining License and intends to conduct further exploration in this area. This area includes four known mineralization prospects identified in the Competent Person's Reports (CPR). In Al Masane Mining License, there are several other mineral occurrences identified which need further geological works and studies.
- Maintain position in the 25th percentile of 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 the gold and silver which can be found in our Copper concentrate, as well as our cost-effective mass production methods used 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 Southeast 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, our Copper concentrate has a considerable amount of gold (+5 gpt) and silver (+300 gpt) which makes this product more attractive for certain smelters. Moyeath Copper Concentrate will have 24.7% copper, 18.7gpt Gold, and 596gpt Silver (average across the life of the mine).
- Train local human resources to decrease the dependency on expatriates in our workforce. The Company will especially focus on the training and education of local 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 human exposure

a. Capital Projects

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.

b. Saudization Program.

The company is a firm believer in the value of a diverse workforce and an inclusive workplace in order to create the future of AMAK. As part of its Saudization efforts, the company is always seeking to attract and develop the local workforce. Notwithstanding the exceptional difficulties of the remote work location of the minesite, the company remained committed to putting the Saudization strategy into practice to be able to increase the percentage of Saudization.

To enhance the local talent pool, the company, in partnership with Saudi Mining Polytechnic (SMP), has enrolled 30 Saudis to be trained for different aspects of mining and processing operations. This is in addition to the on-going annual training programs for Saudis who are currently working with the company to address training gaps for their individual development.

The plan for Saudi employees to handle larger roles in the coming years is within reach as we have increased the number of Saudi engineers and other professionals who are now undergoing an in-house 1-year Saudi training program. This is hands-on training under the direct supervision of our technical experts as their advisor.

A career development policy and succession plans have already been put in place to ensure that the trained Saudis will be able to handle Supervisory and Managerial roles to further support the initiatives.

Saudi Women in Mining will also be part of the company's long-term development program. Due to remote work locations however, safety is the paramount consideration, thus a separate accommodation and safe working areas are well thought-out.



Explorations Review

As of 31 December 2023, AMAK had expanded and progressed with dedicated team the exploration for both Brownfield exploration licenses and Greenfield exploration licenses on top of the Project Generation of the 12 Reconnaissance licenses and the Ministry Bidding opportunities. AMAK exploration license comprises of the 903km² area divided into greenfield exploration licenses (607km²) and brownfield exploration licenses including the mining license with 348km² (Figure 1).

The greenfield exploration licenses comprise of Radeniah East approx. 200km W of Riyadh, Antaq 1, Antaq 2, Antaq 3 and Antaq located 300km SW of Riyadh. Mazjuh and Kutam exploration license are in Asir region close to Mahayil Asir and Dhahran Al Janoub governorates respectively. Qatan Exploration license is located 70 km East of the Al Masane mine.

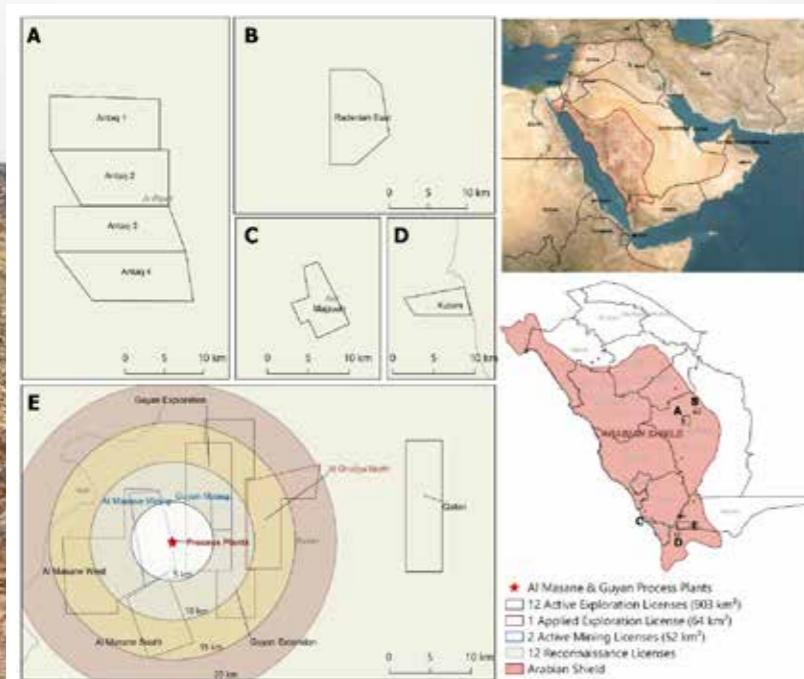


Figure 1: AMAK exploration license comprises of the 903km² area divided into greenfield exploration licenses (607km²) and brownfield exploration licenses including the mining license with 348 km².



AMAK Exploration strategy has been systematic remote sensing studies and desktop target generation followed by boots on the ground geological mapping and systematic exploration geochemistry. This was completed for all active and newly issued exploration licenses during 2023. Target ranking and rationalizing of the priority targets is in advanced stage and will be concluded in Q1, 2024 upon receiving all assays results and interpretation for follow up detailed geochemistry and drilling targets.

2023 achievement include new gold deposit discovery within one year of the Radeniah Exploration license granting in AMAK greenfield areas. AMAK has a proven ability to develop successful and rapid exploration projects and drilling early to bring decision as quick as possible. Positive surface geochemical anomaly followed by trenching and subsequently early drill targets defined multiple high-grade zones from 26 RC drillholes for 2984m and 6 trenches confirming 1.5km strike drilled to 100m depth (Figure 2). The maiden drilling spacing was 50-100m and downhole depth ranged from 100-150m.

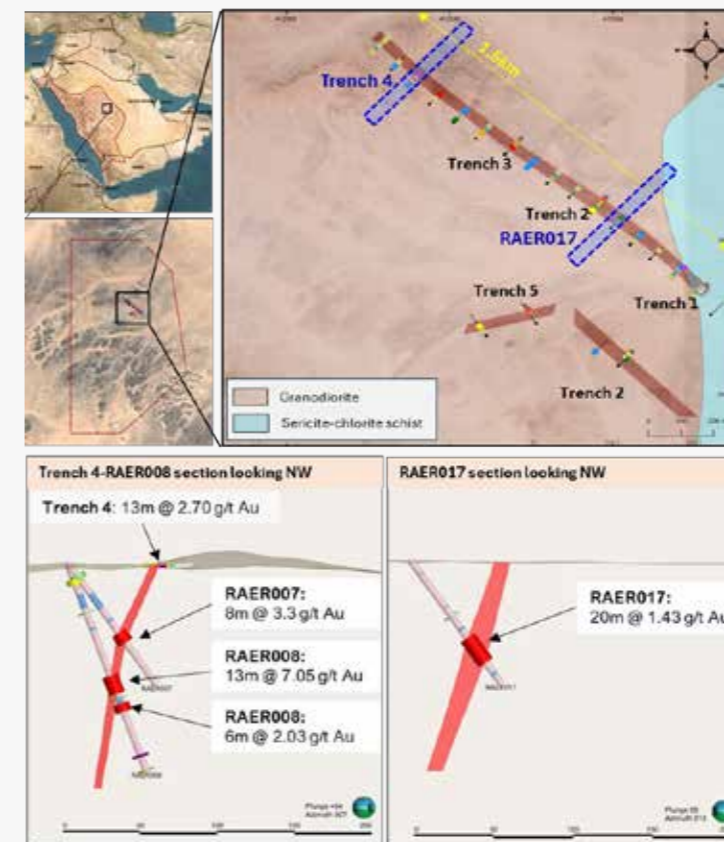


Figure 2: Radeniah East gold deposit discovery is defined by 26 RC drillholes for 2984m and 6 trenches confirming 1.5km strike drilled to 100m depth.

Notable significant gold intercepts include trench 4 assay results with 13m @ 2.70g/t which was replicated at depth with RC drilling intercept of RAER008 at 13m @ 7.05g/t from 72m downhole depth. RAER017 with 20m @1.4g/t Au downhole from 52m was another significant intercept 700m along strike from RAER008. Up to 3,000m of diamond drilling have been planned in Q1, 2024 as follow up for structural framework and upgrading the exploration to inferred resource confidence.

Further detailed mapping was completed covering the whole 82.84km² Radeniah East exploration license to identify further gold and base metals opportunities with collection of 110 geochemical samples plus 15 petrographic samples.

45 traverses' boots on the ground mapping program were completed in 2023 across approximately 400 km² of the Antaq group of licenses. A total of 456 whole rock samples for geochemical analysis, 24 samples for petrographic analysis, and 17 soil samples for Ionic LeachTM analysis were collected, 6 trenches were also completed. The aim of program was delineating geochemical anomalies to locate higher-grade Porphyry Cu-Au-Mo mineralization than the one found to date at Suwaj-Ghuathayra prospect in Antaq 4 exploration license by legacy exploration works from SGS and Ministry of Minerals.

Detailed mapping was also completed on Kutam exploration license located 100km south of the AMAK Al Masane VMS mine. 110 rock sampling and 52 stream sediments geochemical results and 7 trenches assays constrained 3 gold and 3 VMS follow up target's areas. Structured geochemical anomalies and identified targets areas were ranked and prioritized follow up systematic exploration through 2024-2026.

During 2023, AMAK continues with aggressive Brownfield Exploration within our current mining licences at Al Masane Cu-Zn-Au-Ag and Guyan Gold Mines, as well as adjacent Guyan Exploration License. A total of 47,138m diamond drilling and 4,383m RC drilling were completed across surface and underground drilling targets. The Brownfield Exploration focus on the mine site orebody extensions & satellite deposits within economic transport distance of the processing plant stationed at Al Masane and Guyan Mines (Figure 3).

These opportunities create flexibility to increase mine output with quicker payback and improve the operational flexibility in mine planning utilizing available Guyan and Al Masane mine infrastructures but also mitigate increased resource and reserve depletion due to capacity expansions at existing mines like the Moyoath processing plant.

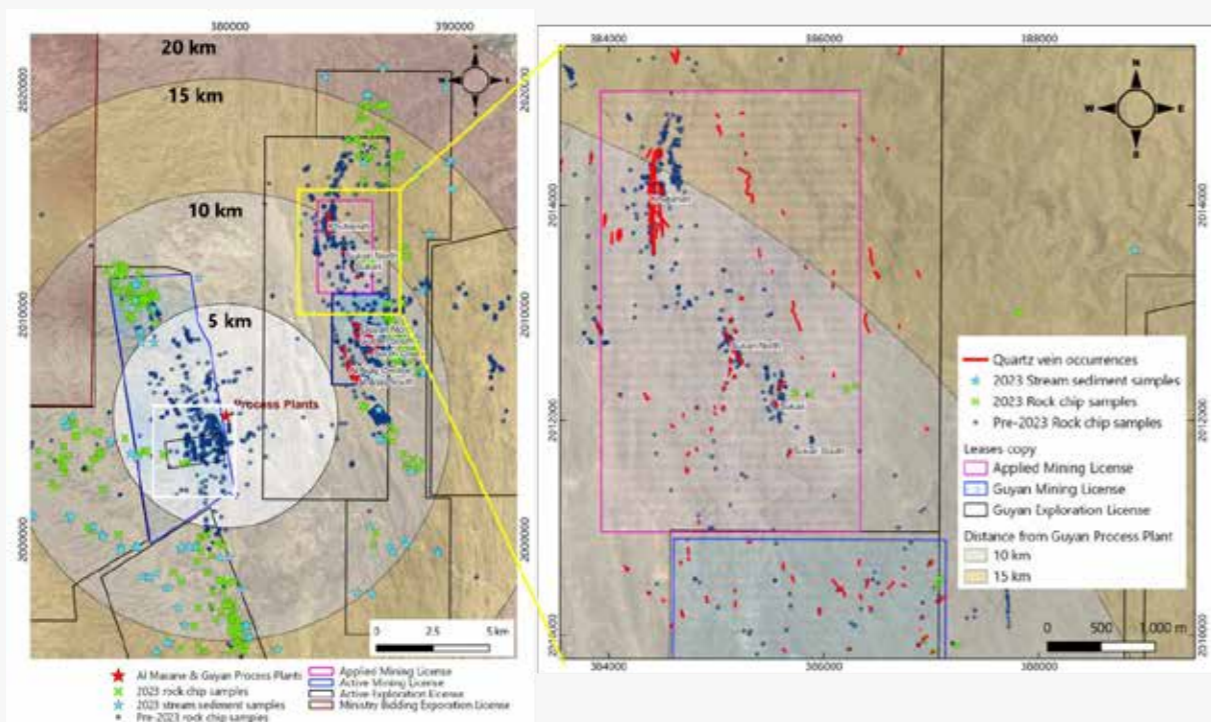


Figure 3: The Brownfield Exploration focus on the mine site orebody extensions & satellite deposits within economic transport distance of the processing plant stationed at Al Masane and Guyan Mines. Khutianah gold satellite deposit is scheduled for Mining Application during Q1, 2024.

Newly issued in 2023 Guyan Extension, Al Masane South and Al Masane West exploration licenses were detailed mapped, systematic geochemical sampled the strategic targets in context of the structural framework to the Al Masane VMS mine and Guyan Gold Deposits.

A total of 289 rock geochemical samples and 120 stream sediments samples were collected from mapping program during 2023. 2024 result driven exploration programs will be finalized on receiving all the geochemistry assays results, target ranking, rationalizing priority for follow up success dependent through 2024-2026.

Exploration success on extensional and infill drilling for Khutianah Gold satellite Deposit located within Guyan Exploration License 6km from the Guyan Gold Mine proceeded to technical decision point toward Scoping and Pre-Feasibility studies planned in Q1, 2024. Khutianah ore geometry have multiple shallow dipping ~500 mineralization is appealing in terms of cost and timing of development to share synergy with Guyan Gold Open Pit mine. It is scheduled for Khutianah Mine License application in Q1, 2024.

Wadi Shann VMS prospects located 600m-1000m south of Al Houra orebody of the Al Masane Cu-Zn-Au-Ag within Al Masane Mining license was tested with Ground EM, IP and AMT. The geophysics survey was conducted as orientation for the potential size, depth, and geometry of the buried conductors of the Al Masane like VMS deposits prior to costly drilling given expense to construction of drilling access in the rugged terrain. 154 TDEM stations (in loop with both TX and RX moving), 121 AMT stations (15.9 km of 50x50m dipole, Hx and Hy Magnetic measurements), and 4,829 IP surveys (8,400m receiver dipole 50m) covering 2.5km x 1.2km was completed during 2023. Review of mapping and geochem data, ground IP, AMT and TDEM geophysics, structural framework model for Al Masane Brownfield progressed to drilling targets with focus on Wadi Shann Prospects. Surface diamond drilling started in Q4, 2023 and assay results will be reported in 2024.

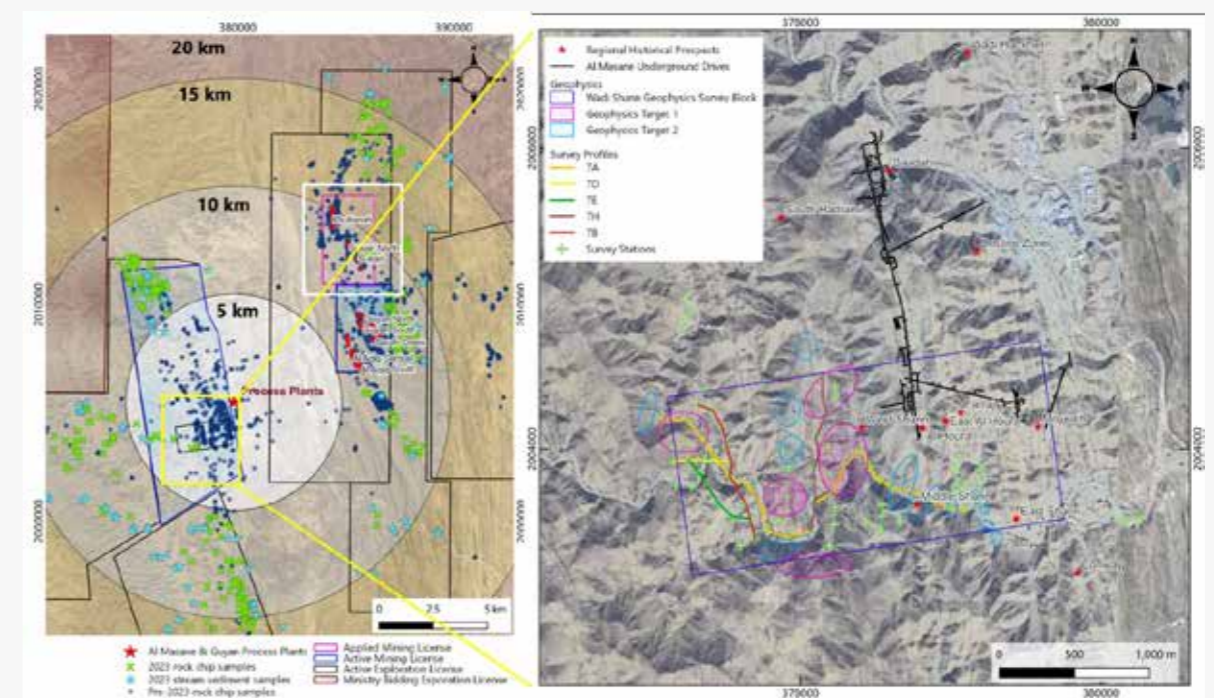


Figure 4: The Brownfield Exploration focus on the mine site orebody extensions & satellite deposits within economic transport distance of the processing plant stationed at Al Masane and Guyan Mines. Wadi Shann VMS Prospects surface diamond drilling started in Q4, 2023.



AMAK EMPLOYEES

“Company’s Hardworking Employees, Our Valuable Asset”

AMAK seeks to be a model for responsible mining and sustainable development, as the company’s culture is based on encouraging employees to fully explore their potential and skills. We strive to be an inspiring company, and our employees are motivated to work hard.

AMAK employees work with high skill and proficiency so that AMAK occupies a leading position in the mining industry. The essential pillar of our sustainable business is a collaborative team that relies on best practices to discover, develop and process minerals in a profitable method.

AMAK pays great attention to the safety and environment of our employees, and the development of their skills, focusing on product grade and recovery rates, and the availability and use of factories.

AMAK, to date, employs 769 employees, with 125 new employees joining in 2023. Our Saudization percentage is 32.95% until December 2023, ranked in the medium green category.

AMAK plans to maintain the same number of employees in 2024, indeed added additional employees to support the manpower requirements to operate the new processing plant in Ma’id by Q1 in 2024.

Continuity of Training and Development

AMAK provides all employees with opportunities to acquire knowledge and develop skills through workforce training and encouraging career advancement based on improved performance. We prepare employees to occupy high responsibility positions, providing them with awareness of health, safety and environmental management, encouraging them to achieve the ongoing personal satisfaction through utilizing their abilities in optimal way, helping AMAK to prosper and develop, and enhancing organizational efficiency through increased productivity. AMAK’s new employees undergo the Employee Onboarding Program (EOP), which is a comprehensive orientation program for new employees. The program’s topics include health, safety and environmental policies, standards of performance and behavior at work, lifestyle and mental health, and appreciation of diversity at work.

Furthermore, to maintain the learning and development program for AMAK employees, conducts an annual training needs analysis to identify training gaps that will form part of internal and external training programs provided to employees based on annual training and development master plans.

Specialized Recruitment and Training

AMAK is committed to localize jobs in its mines, factories and other facilities, in all positions including engineers, technicians, operators, geologists and accountants. Our goal is to increase the Saudization percentage in all our facilities on an annual basis.

AMAK prioritizes community employment and training, increasing Saudization in all regions and governorates in which we operate. In fact, according to the Ministry of Human Resources and Social Development’s NITAQAT system (ranks companies in the Kingdom according to the number of Saudi employees).

As for continuing technical training, 30 Saudi citizens were trained at the Saudi Mining Polytechnic (SMP) in Arar. The students will complete the diploma training curriculum by the end of March 2024, and after that, they will continue actual practical training at the company’s mine.

After the training period, it is expected that trainees will be familiar with mining operations, in particular processing plant equipment and mining machinery, which they will eventually work on when they join our operations team at the mining.

Subject	2020	2021	2022	2023
Local Saudis (Communities Near Mines)	57 of 102 (55%)	90 of 140 (64%)	146 of 213 (68%)	160 of 234 (68%)
Total Saudis	30.0%	30.1%	33.33%	32.95%
Saudis in Administrative Positions	20%	20%	25%	25%

Training and Development Costs in 2023	
Training and Development Type	Costs (SAR)
SMP	1,863,000
Trainee Salary	877,396
Internal Training	101,791
External Training	236,318
Outdoor Safety Training	90,000
TOTAL	3,168,505

SUSTAINABILITY AND INCLUSION

SUSTAINABILITY AND INCLUSION

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

Environmental, Social, and Governance (ESG) issues have become increasingly important to organisations and companies across the world. A global effort towards greater sustainability in business practice has led to an enhanced focus on assessing and managing environmental, social and governance risks. Stock exchanges, regulatory bodies, and government agencies have mandated ESG-related reporting to help stakeholders understand how a company is dealing with these risks and opportunities

AMAK'S COMMITMENT TO ESG

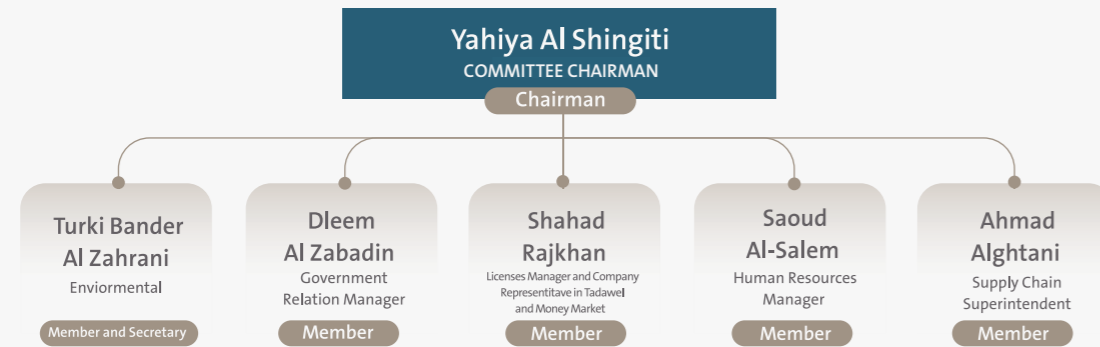
AMAK believes strongly that each company in The Kingdom must play its part in enhancing our oversight and action on all aspects of ESG. Our business has grown and developed, with our position in the mining sector increasing each year, and this has been accompanied by a growing sense of responsibility to examine all areas of our business and to see what more we can do to ensure that everything we do benefits The Kingdom and its people in a sustainable way. Sustainability is also a fundamental component of Saudi Arabia's Vision 2030 initiative and AMAK has begun the process of increasing its focus on ESG in a systematic manner, with a view to looking at how we can strengthen our work on this comprehensively. As we develop our processes to oversee data collection and manage changes where needed, we hope to provide more detailed reporting on this in the future.

ESG OVERSIGHT

We have created an ESG Committee to support AMAK's Board in providing oversight of all ESG matters. This includes, but is not limited to, environmental, health and safety, corporate social responsibility, sustainability, philanthropy, corporate governance, reputation, diversity, equity and inclusion, community issues, and other public policy matters relevant to the company.

Chaired by our CEO, Eng. Yahiya Al Shangiti, the committee comprises and members drawn from key areas across AMAK. These include our Environmental Engineer, Government Relations Manager, Mining Rights Manager and Company Representative on the Tadawul (Saudi stock exchange), Human Resources Manager, and our Superintendent of Contracts and Procurement.

ESG COMMITTEE STRUCTURE



Note: Eng. Yahiya Al Shingiti held the position of ESG Chairman till 31st December 2023 and Eng. Christopher Gerard Warwick has taken over this position from 1st of January 2024

Our ESG Roadmap

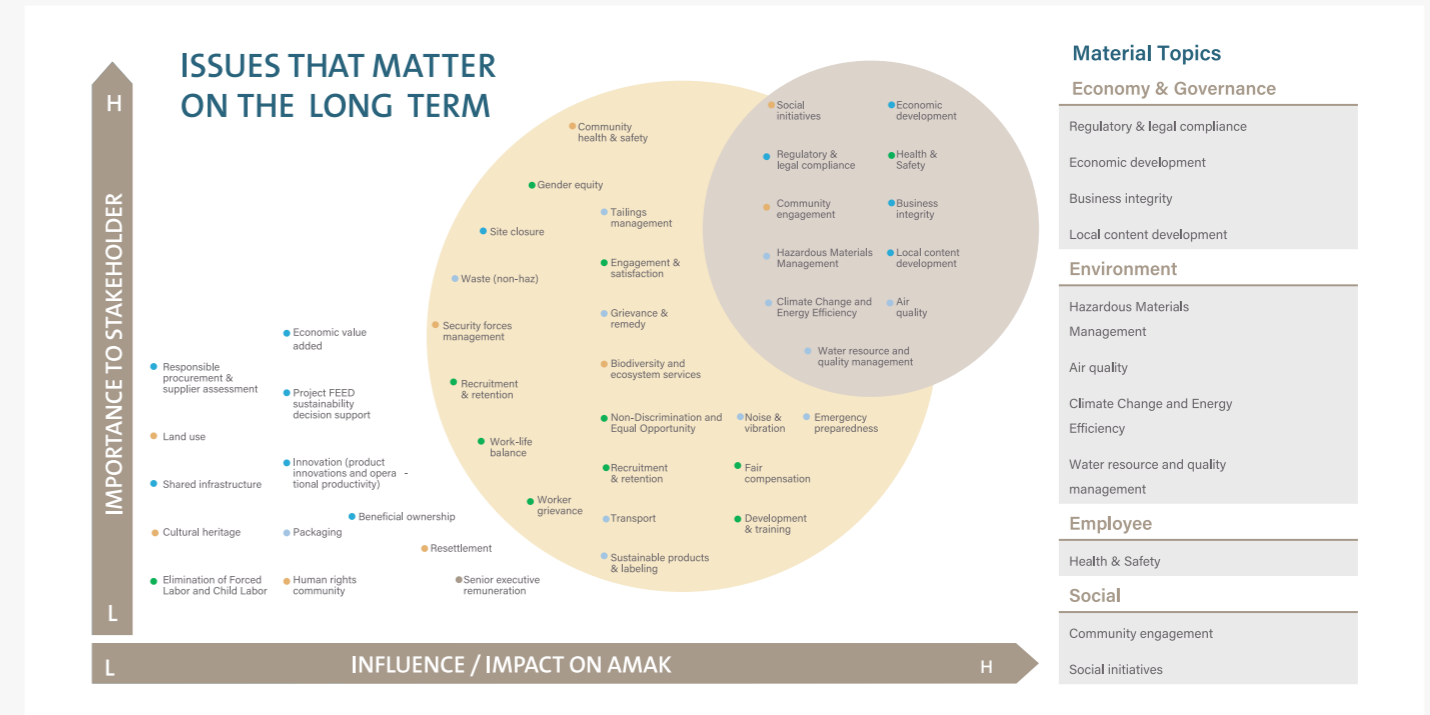
Talk is cheap when it comes to ESG and AMAK aims to take decisive action to demonstrate our determination to create change in this area. To turn our commitment to ESG from an intention into concrete reform, AMAK has developed a detailed ESG Roadmap which will guide our work in this area over the coming months and years. This plan encompasses every facet of our business, and all strands of ESG oversight, and will potentially form the basis of our approach for the next decade.

Several of these projects are already underway and we are determined to commit to ESG principles and share more about our implementation of it in our future reports.

Our plan includes

- The creation of a new Sustainability Policy for the company
- Establishing AMAK's environmental footprint—our baseline and targets for the future such as on our greenhouse gas emissions, energy use and water consumption
- A comprehensive review of AMAK's social engagement, local hiring, local buying, our complaint mechanisms, and our local contribution.
- Conducting a Materiality Matrix for the company, which assesses the company's total ESG footprint, provides a baseline to assess our performance, and which will be used to inform our ESG strategies in the future.
- The use of advanced tracking software to keep an eye on the various ESG metrics so we can monitor our progress.
- Consulting with experts on sustainability to create a Sustainability Report that can be included in our Annual Reports.

OUR ESG MATERIALITY MATRIX



To get a clear understanding of the sustainability issues that concern our stakeholders, we conducted a materiality assessment in 2022. The outcome has shaped our ESG framework and sustainability reporting. These issues which are our focus areas, inform our sustainability index that lays down our targets for each year on these material issues.

STEWARDSHIP OUR ENVIRONMENT

AMAK is committed to following environmental regulations and conducting all our activities in an environmentally friendly way. We are monitoring environmental parameters to ensure that our activities are not affecting the environment in a negative way.

Here are just some of the ways in which we are trying to promote and protect the environment where we operate:

- Air Monitoring - Quarterly air monitoring is carried out by a third party to ensure that emissions are within the necessary limits.
- National Centre for Environmental Compliance (NCEC) - We have NCEC environmental licenses for Al Masane Process Plant, Guyan Process Plant, Guyan Mine and Jizan Warehouse.
- Dust filters - Dust filters have been installed at Al Masane and Guyan site, and regular inspection and maintenance of the filters are carried out by NCEC approved parties to avoid air pollution.
- Water Quality Monitoring - Quarterly water quality monitoring is carried out by a third party to ensure that emissions are within the limit.
- Water Recycling - At AMAK we aim to reduce the usage of water by recycling our industrial water and by using our Sewage Treatment Plant, which allows us to use this water in our irrigation and dust suppression systems. In this way, we are able to recycle a total of 90,000m3 of water yearly.
- Hazardous Waste Disposal – A hazardous waste disposal contract has been made with SEPCO (a leading waste management company in The Kingdom) and disposal is carried out as per the environmental laws.
- Medical Waste Disposal – A medical waste disposal contract has also been made with SEPCO and disposal is carried out as per the environmental laws.
- Scrap Storage Areas - Different scrap storage areas have been made for the storage of Hazardous Waste, Non-Hazardous Waste, Scrap Metals, Scrap Batteries and Scrap Electrical Cables, etc.
- Used Oil Disposal - We have a contract with a company approved by NCEC (National Center for Environmental Compliance) and disposal is carried out as per the environmental laws.
- Disposal of Tailings – Tailings are the materials left over after ores have been separated into their valuable and non-valuable fractions. Dedicated tailing collection areas have been made with geomembrane linings and tailings are stored in those areas.
- Green Zone Development - Trees have been planted near AMAK’s office area, camps, roadsides, Processing Plant, near our Workshop, Scrap Yard etc. and plantation is continuously done to increase the green zone further.
- Sewage Treatment Plant (STP)- Around 250m3 of treated water is produced per day from our STP, which is used in dust suppression, plantation and production.
- Housekeeping – A designated housekeeping team cleans the mine site on a daily basis. We have permission from Safa Municipality for the disposal of municipal waste in that area.

OUR SOCIAL PERFORMANCE

Health and Safety

Lost Time Injury (LTI) and Lost Time Injury Frequency Rate (LTIFR) are key metrics that we use to assess our performance on health and safety. LTIs refer to incidents that result in disability or an employee missing work due to an injury. LTIFR looks at the frequency with which these incidents have occurred in the workplace per one million hours worked.

Year	No. of LTI	LTIFR
2020	3	1.84
2021	1	0.6
2022	1	0.6
2023	0	0

Training and Safety in 2023

Training	No
Total training hours	17481 hr
Safety training courses	30
Near miss reports	161

AMAK is committed to taking care of its employees, working hard to ensure their safety and that of our contractor workers.

Internationally Recognized Standards and Procedures

We have an effective Health & Safety policy and procedures to ensure safe work at AMAK mine sites. We work to internationally certified standards, with the following key management and safety measures in place:

- AMAK is an IMS (Integrated Management System) certified company. We have implemented ISO 9001, ISO 14001 and ISO 45001 management systems. AMAK laboratory has been also accredited to ISO/IEC 17025:2017 standard.
- ISO 9001 is an international standard dedicated to Quality Management Systems (QMS). It outlines a framework for improving quality and looking to provide products and services that consistently meet the requirements and expectations of customers and other relevant interested parties in the most efficient manner.
- ISO 14001 certification demonstrates that our product meets environmental protection expectations, and we are fulfilling our legal obligations towards a safe environment.
- ISO 45001 is an international standard that specifies requirements for an occupational health & safety (OHS) management system. By following the ISO 45001 management system, we have improved our occupational health and safety performance and continue to improve these measures each year.
- Personal Protective Equipment (PPE) – All employees, whether AMAK employees or Contractors, have to wear mandatory and job-specific PPE at our sites.
- Health and Safety Environment (HSE) Training - All new employees must attend Safety Induction Training before the start of their job with AMAK. Job-specific, refresher HSE training is conducted periodically, to ensure employees are continually made aware of their job-related hazards and the correct control measures.
- Permit to Work System – A Work Permit is required to do high-risk activities like Isolation and Lockout, Working at Height, Hot Work, Confined Space Entry, Lifting Activities and Excavation.
- Standard Operating Procedures (SOPs) – We have prepared SOPs for almost all important activities, which set out the safe methods for performing each job.
- Emergency Preparedness - AMAK has a Fire Truck and Ambulance to handle any emergency. Our Firefighting team has around 45 members to handle any fire situation. Assembly point signboards have been installed at various locations. Emergency mock drills are conducted at regular intervals to assess our readiness for emergencies.
- Fire Fighting – AMAK's Fire Truck, multiple varying types of fire extinguishers, Fire Hose cabinets, Fire hydrants, smoke detectors and heat detectors are available to handle any fire at the mine site and camps.
- AMAK Clinic - AMAK has an onsite clinic with basic medicines and equipment. One doctor and two nurses are available. Clinic services are available 24/7.
- Worksite Inspection - Periodic workplace inspection is carried out to find and rectify unsafe work practices and conditions.
- Process of Raw Materials - Many hazardous chemicals are used in the process of manufacturing Copper Concentrate, Zinc Concentrate, Gold and Silver bullions. Chemical proof suits and masks are used for the safety of our workers. Gas monitors are installed at cyanide preparation areas for safety.
- Mining Operations - Only trained and qualified employees are engaged in drilling, use of explosives, scaling, hauling etc. Our Underground Mine has refuge chambers with gas monitors and emergency telephones.





HEALTH AND SAFETY AWARENESS

AMAK continually promotes Health and Safety awareness in multiple ways. Some of our initiatives include:

1. Rewarding employees - An award is given every month to AMAK employees or contractors for reporting incidents that were very close to being an accident or injury. This is called the 'Best Near Miss of the Month Award'. It's one of several ways in which our employees are encouraged to remain vigilant at their workplace, continually on the lookout for unsafe acts and conditions, which helps in implementing control measures to make the workplace safe.
2. Monthly Party – A monthly party is held, where all AMAK employees and Contractors celebrate together. The 'Best Near Miss Award' is given at this party and the winner is highlighted to encourage other employees to participate in HSE activities.
3. We ensure that safety signs are installed throughout our mine sites for safety awareness.
4. Onsite and Offsite safety training is conducted on a regular basis to increase and refresh safety awareness.
5. Daily safety messages are sent out to all AMAK employees to increase safety awareness and promote our health and safety protocols.
6. AMAK's ensures the involvement of our employees in health and safety discussions in safety representatives' meetings.

INCENTIVES FOR PROMOTING HEALTH AND SAFETY PERFORMANCE

AMAK provides a number of incentives to our employees, which are tied to health and safety performance. Many of the Key Performance Indicators (KPIs), by which we judge how well our employees are carrying out their roles, are tied to health and safety.

AMAK allocates our bonus benefits based on KPIs in which Health and safety performance is an integral part. Every employee has a target of hours spent undergoing safety training and each department has a target for Lost Time Injury Frequency Rate. In addition, every month an award is given to the department which is performing the best 'housekeeping' in their area and ensuring their department is a safe environment.

INJURIES AND ACCIDENTS

Mining can be inherently dangerous work. Around the world, approximately 15,000 miners are killed each year in accidents. However, AMAK believes strongly that with the right procedures in place and a culture of promoting effective health and safety practices, the risk can be minimized significantly.

As a result, we have an excellent track record on safety – reporting only 25 first aid injuries in 2023. We still believe that even one injury is too many and are taking the following steps to decrease the accident rate further:

1. Root cause analysis has been conducted for each incident and corrective actions have been implemented.
2. Refresher safety training has been conducted to increase awareness and create learnings from past incidents.
3. Risk Assessment has been conducted for the entire mine site, including all major activities, to eliminate the hazard.
4. Safety counselling is provided on regular basis, so that the employees may not repeat the same mistake in the future.
5. Development of Standard Operating Procedures (SOPs) in response to accidents and working accordingly to avoid further incidents
6. 24-hour monitoring of safety during plant shutdowns.

Local Content

AMAK is actively engaged with both the local community near our mines, and with local and national government, seeking to contribute resources and expertise in the public interest.

In our engagement with local communities, we are guided by five key aims:

1. Continuously educating local communities on our operational activities and their effects.
2. Creating local development initiatives within the nearby communities to create sustainable opportunities.
3. Provision of work opportunities for the locals at the mine sites.
4. Preference is given to local and national goods and services when buying for mining operations.
5. Preference is given to local, small, and medium companies with contracts of tens of millions.

One area where AMAK makes a difference to the local economy is our focus on driving opportunities for local suppliers by purchasing predominantly from businesses in The Kingdom.

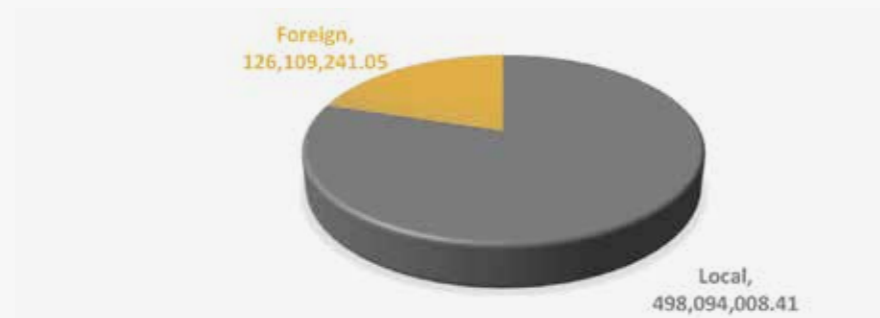
Purchase Orders in 2023:

6,554 Domestic and international orders were placed in 2023.

The total number of orders – from both Domestic and International purchases, was SAR 624,203,249.46

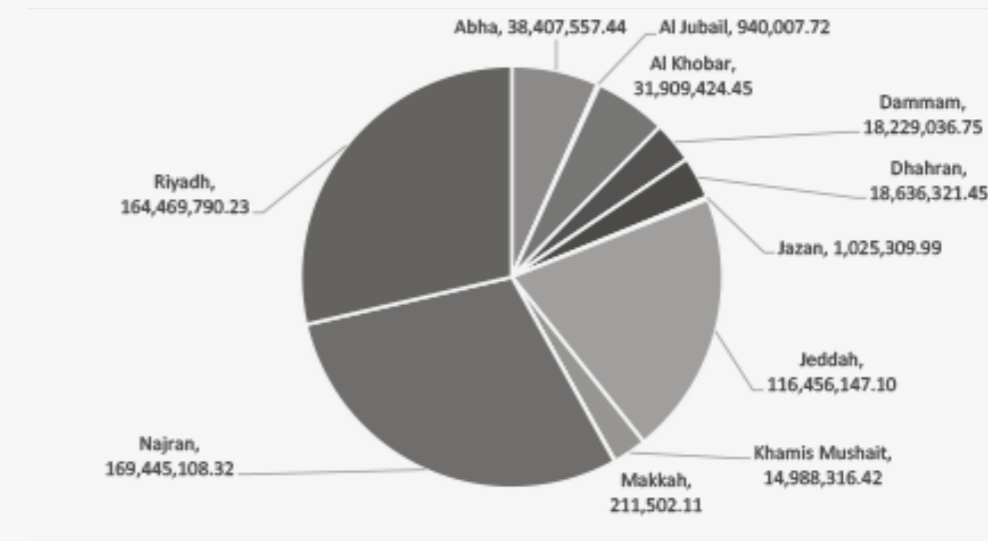
5752 purchase orders issued in the amount of SAR 498,094,008.41 from the Saudi Arabian suppliers. 87.8 % of total orders were sourced from The Kingdom.

Origin 2023	Purchases (SAR)	Count	Percentage %
Local	498,094,008.41	5752	87.8
Foreign	126,109,241.05	799	12.2
Grand Total:	624,203,249.46	6554	100



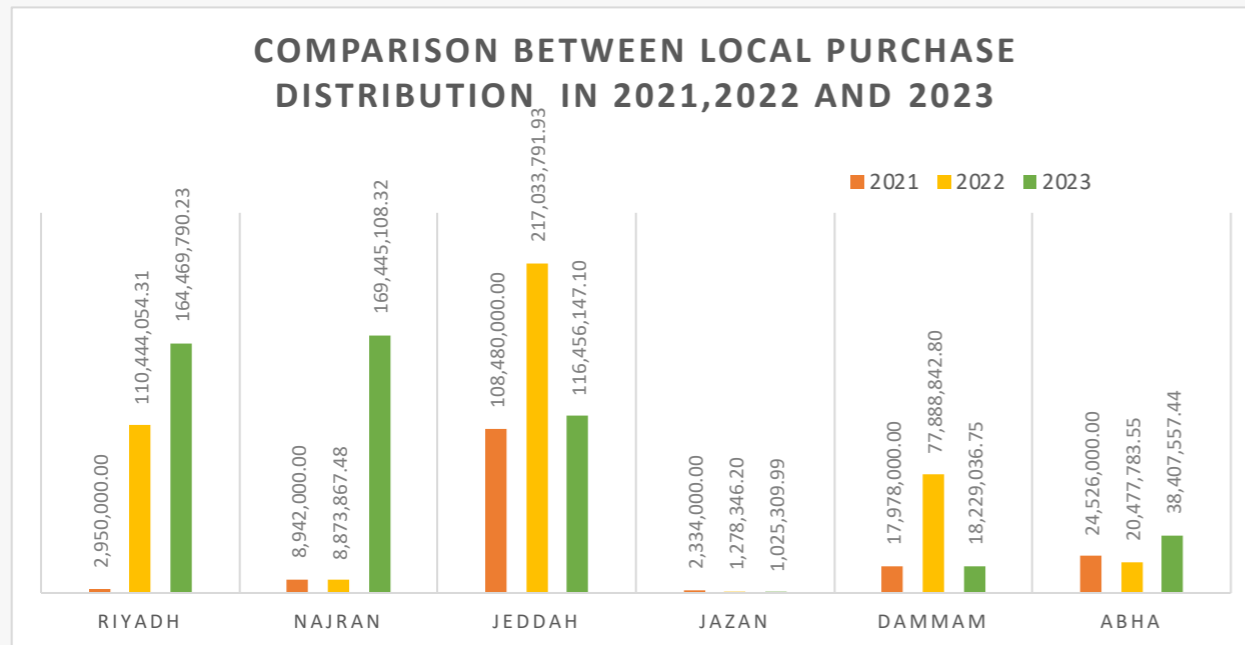
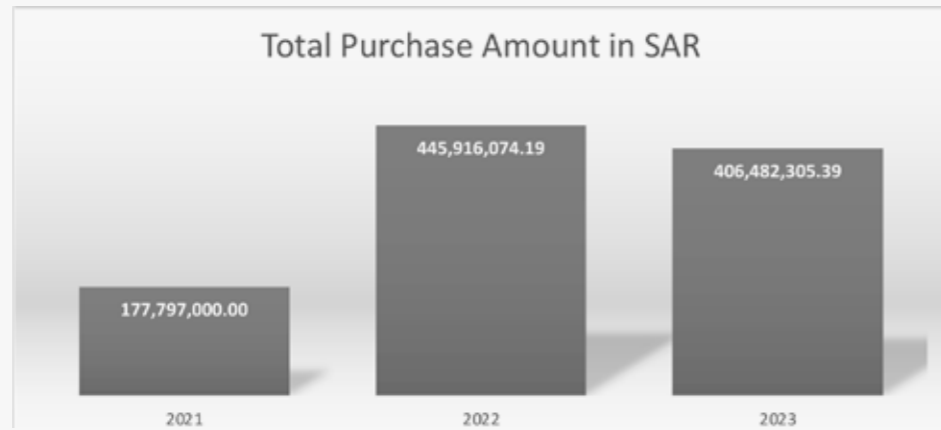
Regional Distribution of Local Purchases:

City	Purchases	Count
Abha	38,407,557.44	375
Al Jubail	940,007.72	86
Al Khobar	31,909,424.45	532
Dammam	18,229,036.75	528
Dhahran	18,636,321.45	10
Jazan	1,025,309.99	43
Jeddah	116,456,147.10	1,667
Khamis Mushait	14,988,316.42	722
Makkah	211,502.11	11
Najran	169,445,108.32	1,235
Riyadh	164,469,790.23	543
Grand Total:	498,094,008.41	5752



As an ardent supporter of Vision 2030, AMAK will continue to support the country's economy by increasing its local, regional, and domestic purchases.

Comparison between local purchase distribution in 2021, 2022 and 2023:



Empowering local suppliers:

Region	2023	2022	2021	2020
Local Saudi suppliers	76.7%	8.75%	25.52%	14.45%
Other Saudi Suppliers	23.3%	91.25%	74.48%	85.55%
Total Amount Spent	498,094,008.41 SAR	445,619,074.19 SAR	238,283,773.20 SAR	93,122,509.37 SAR

SUPPORTING LOCAL COMMUNITIES

Many international reports have unanimously agreed that the environment and society have a significant impact on the mining sector, as it directly affects the local communities surrounding its operations, and that the sector is very important for communities as it supports sustainable economic growth and promotes community building.

A community is defined as people who live and/or work in areas with economic, social or environmental impact, and a community can vary between people living near mining operations or those who live farther away and being affected by such operations.

During 2023, the company worked to develop a better approach to serving local communities with a more effective governance model and framework, assigning the Head of Government Relations and the Community Performance Management Support Team to a distance of 15 km from the company's headquarters, with a special focus on the elderly, orphans and widows. The company presented a package of initiatives that contributed to improving the environment of local communities, especially the communities surrounding its mines, and seeks to contribute resources and expertise in the service of the public interest.

Executive summary of community initiatives during 2023:

As part of its commitment to the communities in which it operates, the company aims to activate its social responsibility by making contributions to society and the environment and is committed to creating a sustainable future for all stakeholders involved, so it launched a number of community initiatives that have been implemented with local partners from government agencies and non-profit organizations, targeting local communities and focusing on the communities hosting the company's activities.

1 Participation in the Environment Week event (your environment knows you) (In cooperation with the Ministry of Environment, Water and Agriculture)

AMAK participated in the "Your Environment Knows You" event held in March 2023 under the patronage of the Governor of Najran Region, His Highness Prince Jalawi bin Abdulaziz bin Musa'ed bin Jalawi Al Saud, may God protect him, as part of its interest in the environment and promoting a more sustainable lifestyle, and set up a space to educate attendees about its business practices and collaborated with Saudi innovative entrepreneurs to distribute environmentally friendly gifts.

Objectives of the initiative:

- Promote sustainable institutions and raise awareness of the importance of environmental protection.
- Enhance efforts to reduce environmental impacts in mining business.
- Provide attendees with important information about the environment to make a positive impact in the region.

2 Food baskets distribution initiative for the blessed month of Ramadan.

In March 2023, and as part of the company's commitment and support to families in the communities surrounding the company's business, AMAK, in cooperation with Al-Bir Charitable Society in Thar Governorate, launched a charitable and community initiative to provide food baskets to needy families in Thar Governorate, Najran Region, where more than 300 baskets were distributed with food and other items.

3 (ARHEBO) Program Initiative

AMAK seeks to create a communicative community in the region, especially the local community, by creating the Arhabo initiative aimed at building communication mechanisms with the host community through monthly meetings to introduce the mechanisms of mining work, conducting field tours at the company's headquarters and mines, managing discussions on ways to develop the region and the surrounding areas, as well as responding to their inquiries and knowing their interests.

4 NATIONAL DAY INITIATIVE at Abdul Rahman Bin Auf School in (Al-Safah) area

In September 2023, in partnership with Wa'ed Sports Association and in the presence of the head of Al-Safah Center, the Director of Police in the region, the coordinator of schools in the northern governorates of the Education Office in the (Habuna) region, a number of notables of the region and parents, AMAK participated in activating the 93rd Saudi National Day by presenting a cultural entertainment program (operetta on the National Day) and presented gifts to the attendees.

5 CHARITIES Development Initiative

In August 2023, the company contributed to providing a development program for 7 charities in Najran region in cooperation with Jusoor Association, which specializes in developing associations directly, with the aim of contributing to the rehabilitation of associations in the northern governorates of Najran to achieve community development with a significant impact.

6 ENTREPRENEURSHIP Training Courses Initiative

In October 2023, the company activated a training program on entrepreneurship by providing qualified trainers to provide intensive programs to raise awareness and motivate the youth of the region to start a business.

The objective of the initiative:

- Contribute to providing training opportunities for the youth of the region
- Helping those interested in raising their abilities and morale to start their business

Exploiting opportunities for participating youth and linking their skills and directing their desires

7 WORLD DIABETES DAY INITIATIVE

In November 2023, AMAK, in cooperation with Al Dhafer Hospital in Najran, participated in activating the World Diabetes Day, where a corner was held to examine the vital signs of the attendees and make an awareness presentation for the attendees, to raise awareness among families in local communities.

8 DURING 2023 AD, AMAK contributed and supported a number of national committees, and associations, to serve the local community in the Najran region, such as:

- The National Committee for the Care of Prisoners
- Supporting the Emirate of Najran Fund
- Supporting the National Development Association in Thar Governorate, affiliated with the Emirate of Najran Region
- Supporting the Saudi Journalists Association
- Contributing to supporting a school by providing a football field

Some of AMAK's participation in conferences, national initiatives and sponsorships

1 Participation in the Future of International Mining Conference 2023

AMAK participated in the Future of International Mining Conference 2023, as a sponsor and strategic partner, giving the company a leading role in the conference. There we were able to present our work to the delegations participating in the Conference.

2 Participation in the Mining Exploration Incubator "Nathri"

As a complement to AMAK's support for national programs, the company actively participated in the mining exploration incubator "Nathri", which was one of the initiatives that the Ministry of Industry and Mineral Resources was keen to establish a sustainable local exploration environment to enable emerging explorers from individuals, local small and medium companies, and investors interested in the mining sector, in line with the objectives of the Kingdom's Vision 2030 and the National Industrial Development and Logistics Program, to make the mining sector the third pillar of national industries.

3 Mining Biddings Workshops & Meetings

The company attended multiple meetings and workshops held by the Ministry of Industry and Mineral Resources regarding mining competitions for detection licenses in several regions of the Kingdom of Saudi Arabia.

4 Attending the Saudi Capital Market Forum (SCMF) 2023

February 2023 The company attended the SCMF 2023, interviewed investors and those interested in investing, and responded to their questions and inquiries regarding operational operations and financial statements.

5 Participation in the Saudi Green Initiative

In March 2023, the company partnered with the Emirate of Najran Region and signed an agreement to contribute to afforestation to serve the initiative in Najran region.

6 Signing a memorandum of understanding with the Ministry of Environment, Water and Agriculture

In July 2023, under the sponcer of His Highness the prince of the Najran province, Prince Jalawi bin Musaed bin Abdulaziz, God protect him.

The memorandum aims to enhance cooperation to achieve integration and unify efforts, to achieve common benefits by activating volunteer work in the environmental field to achieve the goals of the Kingdom's Vision 2030.

To contribute to the work of improving vegetation cover, the (We Make It Green) initiative, and the initiative of His Highness the Emir of the Najran region (This is Najran).

7 Signing MOU with the Sub-Council of Civil Associations in the Najran region

A memorandum of cooperation was signed in May 2023 to frame joint work to benefit from the Council's experience in empowering and enhancing the role of social responsibility, collecting data analyzing target areas, and involving appropriate associations to run community activities and initiatives.





GOVERNANCE

◆ CORPORATE GOVERNANCE

Introduction:

The Company's Board of Directors is keen to comply with the Corporate Governance Regulations issued by the Capital Market Authority (CMA) and the disclosure and transparency requirements issued by the Registration and Listing Rules, and to develop its Corporate Governance Manual in order to be in line with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority (CMA).

The management structure of Almasane Alkobra Mining Company (AMAK) consists of the company's Board of Directors (the Board) and four committees emanating from the Board of Directors in addition to the executive management, and on 12 / 11 / 2023, an additional committee was created by the Board of Directors, the Investment Committee, and the Board of Directors has the overall responsibility for setting AMAK's governance principles and policies, supervising and auditing them to ensure compliance with relevant laws and regulations with the aim of enhancing the company's growth and sustainability.

Whereas the Board has formed four committees and created a fifth committee to enhance its functions and their performance is subject to periodic audit by the Board in accordance with the statutory requirements and the Board's need for the recommendations issued by these committees (Audit Committee, Remuneration and Nomination Committee, Commercial Committee, Executive Committee and Investment Committee).

The Board of Directors' work regulation stipulates (Board member's attendance at General Assembly meetings) with the aim of Board members meeting with shareholders to listen to their suggestions, comments and directions about the company and its performance as they are among the most important stakeholders, and in order to enhance their confidence and answer their inquiries, the company's management has appointed investor relations officers.

1.1. Structural Composition of the company's Board of Directors



**ENG. MOHAMMED
BIN MANEA ABALLALA**

Chairman



**MR. IBRAHIM
ALI BIN MUSALLAM**

Vice Chairman



**ENG. AYMAN
ABDULRAHMAN AL-SHIBL**

Member and Board Secretary



**ENG. FEKRY
YOUSSEF MOHAMED**

Member



**ENG. MOHAMMED
AHMED ALSHEHHI**

Member



**MR. MAJED
BIN MUSSALAM**

Member



**DR. ABDULELAH
OTHMAN AL SALEH**

Member



**MR. ABDULSALAM
ABDULLAH AL DRAIBI**

Member



**ENG. SAVAS
SAHIN**

Member

1.2. Current Roles, Experience and Qualifications of the Company's Board Members

The Board of Directors is responsible for the overall strategy and direction of the company's business, and the Board of Directors of AMAK consists of nine members who were appointed at the Ordinary General Assembly for a period of three years, as their three-year term started on 09 / 01 / 2022 AD and ends on 08 / 01 / 2025 AD. The details of the Company's Board of Directors with their current roles, qualifications and experience are shown in the table below.

Name	Capacity	Current jobs	Previous jobs	Qualification	Experience
Eng. Mohammed bin Manea S. Aballala	Non-executive	Chairman of the Board of Directors of Almasane Alkobra Mining Company (AMAK) Member of the Board of Directors of Asas Mining Company	Worked as an engineer officer in military works at the Ministry of Defense since 1984 AD and retired in 2005 AD with the rank of brigadier general.	Bachelor of Civil Engineering Bachelor's and Master's degrees in political science	39 years of experience, including 21 years in the engineering sector in military works at the Ministry of Defense and Aviation
Mr. Ibrahim bin Ali H. Musallam	Non-executive	Vice Chairman of the Board of Directors of Almasane Alkobra Mining Company (AMAK) Chairman of the Board of Directors of Asas Mining Company	Chairman of the Board of Directors of SKAB Group Company Vice Chairman of the Board of Directors of SKAB Group Company Holding the position of CEO of the first recycling plant in Jeddah Chairman of the Board of Directors of Al Salam Aerospace Industries Company	Bachelor's degree in International Business and Finance	Over 31 years of experience in senior and executive positions, Member of the Board of Directors.
Eng. Ayman bin Abdulrahman H. AlShibl	Independent	Member and Secretary of the Board of Directors of Almasane Alkobra Mining Company (AMAK) CEO – United Medical Group Company	General Director of Thamarat Najran Company Limited	Bachelor of Civil Engineering Holds many engineering certificates Holds courses in engineering management and information systems. Membership of the Saudi Council of Engineers, Consultant class	39 years of experience in various companies, including 9 years in the government sector, and then moved to work in the private sector.
Eng. Fekry Youssef Mohamed	Non-executive	Member of the Board of Directors Almasane Alkobra Mining Company (AMAK) Member of the Board of Directors and Chairman of the Audit and Governance Committee of the Arab Mining Company Vice Chairman of the Board of Directors and member of the Board of Directors of the Arab Institute for the Development of Mineral Industries Managing Director of Mining and Member of the Board of Directors of IMEX International	Undersecretary of the Ministry of Petroleum and Mineral Resources in Egypt Chairman of the Board of Directors and Managing Director of Petrocella Petroleum Company in Egypt Chairman of the Board of Directors and Managing Director of Shalatin Gold Mining Company Member of the Board of Directors and Chairman of the Audit and Governance Committee of the Fluorine Chemical Industries Company Member of the Board of Directors of the Egyptian Natural Gas Holding Company. Member of the Board of Directors and Chairman of the Audit and Governance Committee at Al-Nasr Mining Company Member of the Board of Directors of the Egyptian Nuclear Energy Authority Chairman of the Board of Directors at the Egyptian General Authority for Mineral Resources Chairman of the Board of Directors of the Egyptian Phosphate and Fertilizer Marketing Company, AMFCO	Bachelor of Geology, Zagazig University, Arab Republic of Egypt	Over 29 years of experience in the mining and energy sector in various executive positions and board memberships in multiple companies

Name	Capacity	Current jobs	Previous jobs	Qualification	Experience
Eng. Mohammed bin Ahmad M. AlShehhi	Non-executive	Member of the Board of Directors of Almasane Alkobra Mining Company (AMAK) Chairman of the Board of Directors of the Arab Mining Company Chairman of the Board of Directors of the Arab Mining Company – Fujairah Chairman of the Board of Directors of the Arab Basalt Fiber Company Member of the Board of Directors of the Islamic Arab Insurance Company Vice Chairman of the Board of Directors of Salama Insurance Company – UAE Chairman of the Board of Directors of Salama Insurance – Egypt	Member of the Board of Directors of Gulf Quarry Company - Member of the Board of Directors of the Emirates General Petroleum Corporation	Executive Master, American University of Sharjah, United Arab Emirates. Bachelor's degree in Electrical Engineering, University of South Florida, United	Over 31 years of experience in the mining and energy sector in various executive and board member positions
Mr. Majed bin Ali H. Musallam	Non-executive	Member of Almasane Alkobra Mining Company (AMAK) Member of the Board of Directors at Alsalam Aerospace Industries Company Member of the Board of Directors of Asas Mining Company Member of the Board of Directors of Najran Cement Company	Member of the Board of Directors of SKAB Group Company	Bachelor's degree, Business Administration, King Abdulaziz University, Jeddah, Kingdom of Saudi Arabia	Over 16 years of experience in the real estate, aviation and mining sectors
PhD. Abdulelah bin Othman N. AlSaleh	Independent	Member of the Board of Directors of Almasane Alkobra Mining Company (AMAK) Vice Chairman of the Board of Directors of the Public Retirement Organization Chairman of the Board of Directors of the leading company General Director of Rabat Investment Company Golden Delivery Company for Information Technology Member of the Board of Directors of RS Infratech Saudi Arabia Limited Member of the Board of Supervisors of the Endowments Foundation , Mr. Othman Al-Saleh	Director of the Engineering Department at the General Administration of Military Works Director of the Contracts and Tenders Department at the General Administration of Military Works Legal advisor at the General Administration of Military Works Special legal advisor to the Minister of Defense Director of the Department of Foreign Procurement and International Agreements at the Ministry of Defense Secretary General of the Military Service Council Secretary General of the Islamic Military Coalition to Combat Terrorism	Doctor of Laws (Juris Doctor), University of Michigan Bachelor of Civil Engineering, California Member of the American Bar Association	Over 41 years of experience, held many strategic positions in a number of government institutions. Also worked in more than one position in the engineering sector in several ministries, he is a member of the Board of Directors
Mr. Abdulsalam bin Abdullah A. AlDuraibi	Independent	Managing Director and CEO of Najran Cement Company Managing Director of Wasl Al Janoub Land Transport Company	Senior Investment Manager, Investment/ Mergers & Acquisitions Department – Savola Group	Certified Financial Analyst (CFA) certification Master of Business Administration (MBA) - Seattle University Bachelor of Management Information Systems - King Fahd University of Petroleum and Minerals	Over 15 years of experience included executive positions, membership in boards of directors and committees Various projects management and business development, mergers and acquisitions, investment management, improving operational efficiency and capital allocation efficiency. In addition to many training courses
Eng. Savas Sahin	Non-executive	Member of the Board of Directors of Almasane Alkobra Mining Company (AMAK) Board Member of Pasofino Gold TSX-V (VEIN) CEO and Member of the Board of Directors of ESAN ECZACIBASI	CEO of Almasane Alkobra Mining Company (AMAK)	BSc in Mining Engineering Executive MBA Degree.	Over 26 years of experience in the mining industry, held many strategic roles in mining companies in Turkey and Australia.

1.3. Committee Members (Non-Board of Directors)

MEMBERS OF THE COMMERCIAL COMMITTEE				
Name	Current jobs	Previous jobs	Qualifications	Experience
Eng. Yahiya Muhammad Al-Shangiti	of Almasane Alkobra Mining Company (AMAK) To 31 Dec 2023	Chairman of the Board of Directors Drill Corp Sahara Saudi worked as a consultant to the Saudi Council of Engineers Member of the National Mining Committee Member of the Board of Directors of the Saudi Technical Institute for Mining Hold Chairman of Ma'aden Gold and Basic Metals Company (MGBM)	Bachelor's degree in mining engineering, and a master's degree in mining sector and environmental management – Britain Member of the American Management Association, the Society of Mining and Mineral Exploration, and the Saudi Council of Engineers.	Mining engineer with more than 30 years of experience in the mining industry.
Eng. Christopher Gerard Warwick, appointment date: 01 Jan 2024 AD	Acting CEO of Almasane Alkobra Mining Company (AMAK) From 01 Jan 2024	Regional Director of Pan American Silver – Mexico General Director of Pan American Silver – Mexico Member of the Executive Committee of the Chamber of Mines – Mexico Mine Director at Mopani Company in Zambia Mine Director at Metorex Company – Zambia Underground Director ZCCM Zambia / Binani	Bachelor's degree in Mining Engineering from CSM/UK Holds many accredited professional certificates in engineering Holds professional certificates in environmental engineering Registered professional engineer with the UK's Royal Institute of Mining and Metallurgy (IMMM) Holds a professional degree in engineering from the Zambia Mining Institute Registered engineer in Zambia	Mining engineer with over 33 years of experience in the mining industry.

Note: Engineer Yahiya Muhammad Al-Shangiti membership ended on 31 Dec 2023 AD, and Engineer Christopher Gerard Warwick was appointed starting 01 Jan 2024 AD.

MEMBERS OF THE AUDIT COMMITTEE				
Name	Current jobs	Previous jobs	Qualifications	Experience
Mr. Waleed bin Ahmed Bamarouf	CPA, Certified Public Accountant, Certified Business Evaluator, Bankruptcy Trustee and Audit Partner with Talal Abu-Ghazaleh & Co.	Financial Director at Al Ahly Takaful Company	Fellowship of the American Institute of Certified Public Accountants (CPA) Certified Management Accountant (CMA) Fellowship of the Saudi Organization for Certified Public Accountants (SOCPA) Certified Internal Auditor (CIA) Fellowship – Certified Business Valuator (ABV) He holds an Executive Master of Business Administration	Extensive experience on boards of directors and Audit committees in several joint stock companies in the field of accounting, auditing, compliance and corporate governance.
Mr. Hassan Yassin Hassan Al-Takroui	General Director of the Arab Mining Company – a joint Arab company	Executive Director / Jordan Kuwait Bank Executive Partner / PKF Jordan Lead Audit Director / Talal Abu Ghazaleh International Group Lead auditor / Deloitte	Bachelor of Accounting 1995 Master of Accounting 2016 holds a number of professional certificates in the field of auditing and accounting from the United States of America and Jordan, including: FCPA - CIA - CISA - CFE - AICPA - AMLP - IFRS Specialist Member of the British Society of Financial Accountants Member of the Society of Certified Public Accountants,	Vice Chairman of the Board of Directors of the Arab Detergent Chemicals Company – Baghdad (2016 – 2020) Member of the Board of Directors of the Arab Iron and Steel Union
Eng. Mansour Al-Sharif	CEO of Al Sharq Aviation Industry Company Managing Director of Saudi Private Aviation Company Managing Director of Rabigh Aviation Academy	Financial Director of Aircraft Complementary Equipment Company Project Director at Alkhabeer Bank	Bachelor's degree in Electrical Engineering from King Saud University Master of Business Administration from the University of Dayton, Ohio, in the United States Master of Financial Management from San Diego State University, California, United States Diploma in aviation law from International Air Transport Association (IATA) Diploma in aviation safety from International Air Transport Association (IATA)	19 years of work experience, including executive and financial positions and multiple committee and board memberships in companies inside and outside the Kingdom of Saudi Arabia
Mr. Mehdeeb Saleh Al-Mehaideb	General Director of Partnerships Department, National Transformation Program	Director of Investor Relations at the National Industrialization Company Member of the Board of Directors of Almasane Alkobra Mining Company (AMAK) Member of the Board of Directors of the National Batteries Company Limited Member of the Board of Directors of Al-Rowad International Industrial Membranes Company Limited Member of the Audit Committee of the National Metal Manufacturing and Casting Company	Master of Business Administration (MBA), Avila University, USA. Bachelor of Accounting, King Saud University, Kingdom of Saudi Arabia	Over 20 years of diverse experience in various organizations in various managerial and executive positions

MEMBERS OF THE EXECUTIVE COMMITTEE				
Name	Current jobs	Previous jobs	Qualifications	Experience
Eng. / Yahi-ya Muhammad Al-Shangiti	CEO of Almasane Alkobra Mining Company (AMAK) To 31 Dec 2023	Chairman of the Board of Directors Drill Corp Sahara Saudi worked as a consultant to the Saudi Council of Engineers Member of the National Mining Committee Member of the Board of Directors of the Saudi Technical Institute for Mining Hold Chairman of Ma'aden Gold and Basic Metals Company (MGBM)	Bachelor's degree in mining engineering, and a master's degree in mining sector and environmental management – Britain Member of the American Management Association, the Society of Mining and Mineral Exploration, and the Saudi Council of Engineers.	Mining engineer with more than 31 years of experience in the mining industry.
Eng. / Christopher Gerard Warwick, appointment date: 01 Jan 2024 AD	Acting CEO of Almasane Alkobra Mining Company (AMAK) From 01 Jan 2024	Regional Director of Pan American Silver – Mexico General Director of Pan American Silver – Mexico Member of the Executive Committee of the Chamber of Mines – Mexico Mine Director at Mopani Company in Zambia Mine Director at Metorex Company – Zambia Underground Director ZCCM Zambia / Binani	Bachelor's degree in Mining Engineering from CSM/UK Holds many accredited professional certificates in engineering Holds professional certificates in environmental engineering Registered professional engineer with the UK's Royal Institute of Mining and Metallurgy (IMMM) Holds a professional degree in engineering from the Zambia Mining Institute Registered engineer in Zambia	Mining engineer with more than 33 years of experience in the mining industry
Eng. / Taha Mahmoud Salman Al-Khawaldeh	General Manager of the Arab Mining Company – Fujairah General Manager of the Arab Basalt Fiber Company Director of Investment Management/Arab Mining Company	Exploration Geologist / Arab Mining Company Mining Geologist / Arab Mining Company Head of Project Development Department / Arab Mining Company. Senior Investment Studies Specialist/Arab Mining Company. Member of the Steering Committee / Almasane Alkobra Mining Company (AMAK). Vice Chairman of the Board of Directors of the Arab Engineering Industries Company. Member of the Board of Directors of Al Dar University Studies and Consulting Company	MSc Applied Geology (Industrial Minerals and Rocks)	30 years of mining experience at Arabian Mining Company

Note: Engineer Yahiya Muhammad Al-Shangiti membership ended on 31 Dec 2023 AD, and Engineer Christopher Gerard Warwick was appointed starting 01Jan 2024 AD.

1.4.Names of companies inside and outside the Kingdom of Saudi Arabia in which a member of the company's board of directors is a current or former member of its board of directors or its director

Name	Names of companies whose board members are current board members or directors	Inside / Outside the Kingdom of Saudi Arabia	Legal entity (listed share-holding / un-listed share-holding / limited liability)	Names of companies whose board members are members of previous management or directors	Inside / Outside the Kingdom of Saudi Arabia	Legal entity (listed share-holding / un-listed shareholding / limited liability)
Eng.Mohammed bin Manea S. Aballala	Asas Mining Company	Inside KSA	Limited liability	Najran Cement Company (Chair-man of the Board of Directors) The Board session ends on: 08 August 2022	KSA	Listed company
Mr. Ibrahim bin Ali H. Musallam	Asas Mining Company	Inside KSA	Limited liability	CEO of SADAC Environment Group	KSA	Limited liability
				Chairman of the Board of Directors of Al Salam Aviation Industry Company	KSA	Limited liability
				SKAB Group Company	KSA	Joint stock company (closed), not listed
PhD. Abdulelah bin Othman N. AlSaleh	Alraeadah Co. (Chairman of Board of Directors)	Inside KSA	Limited liability			
	Rabat Investment Company (General Director)	Inside KSA	Limited liability			
	Golden Delivery Company for Information Technology (Member of the Board of Directors)	Inside KSA	Limited liability			
	RS Infratech Saudi Arabia Limited Liability Co. (Board Member)	Inside KSA	Limited liability			
Eng. Ayman bin Abdulrahman H. AlShibl	United Medical Group	Inside KSA	Limited Liability Company	Najran Cement Company (Member and Secretary of the Board of Directors) The Board session ends on: 08 August 2022	KSA	Listed company
				Former General Director of Thamarat Najran Company	KSA	Limited Liability Company
Mr. Abdulsalam bin Abdullah A. AlDuraibi	Managing Director and CEO of Najran Cement Company	Inside KSA	Listed joint stock company			
	Managing Director of Wasl Al Janoub Land Transport Company	Inside KSA	Limited Liability Company			
Eng. Fekry Youssef Mohamed	Member of the Board of Directors and Chairman of the Audit and Governance Committee of the Arab Mining Company	Hashemite Kingdom of Jordan	Limited liability	Undersecretary of the Ministry of Petroleum for Mineral Resources	Egypt	Government ministry
				Petrocella Petroleum Company Chairman and Man-aging Director	Egypt	Limited liability
				Chairman of the Board of Directors of the Egyptian Phosphate and Fertilizer Marketing Company (EMFCOA)	Egypt	Governmental joint stock company
	Vice Chairman and Board Member - Arab Institute for Mineral Industries Development	Hashemite Kingdom of Jordan	Joint Arab company – Limited Liability	Member of the Board of Directors of the Egyptian Nuclear Energy Authority	Egypt	Government Authority
				Member of the Board of Directors and Chairman of the Audit and Governance Committee of the Fluorine Chemical Industries Company	Tunisia	Listed company
	Managing Director of Mining and Member of the Board of Directors Managing Director of Mining and Member of the Board of Directors of IMEX International Company	Egypt	Shareholding company	Chairman of the Board of Directors and Managing Director of Shalatin Gold Mining Company	Egypt	Public joint stock company
				Chairman of the Board of Directors of the Egyptian General Authority for Mineral Resources (AMRA)	Egypt	Government Authority
				Member of the Board of Directors and Audit and Governance Committee of Al-Nasr Mining Company	Egypt	Government Authority
				Member of the Board of Directors of the Egyptian Natural Gas Holding Company	Egypt	Holding
				Undersecretary of the Ministry of Economic Affairs in Dubai	UAE	-

Name	Names of companies whose board members are current board members or directors	Inside / Outside the Kingdom of Saudi Arabia	Legal entity (listed share-holding / un-listed share-holding / limited liability)	Names of companies whose board members are members of previous management or directors	Inside / Outside the Kingdom of Saudi Arabia	Legal entity (listed share-holding / unlisted shareholding / limited liability)
Eng. Mohammed bin Ahmad M. AlShehhi	Chairman of the Board of Directors of the Arab Mining Company	Jordan	Joint Arab company	Member of the Board of Directors of Gulf Quarry Company	Sultanate of Oman	Listed public joint stock company
	Chairman of the Board of Directors of the Arab Mining Company – Fujairah	UAE	Limited liability			
	Chairman of the Board of Directors of the Arab Basalt Fiber Company	UAE	Limited liability			
	Member of the Board of Directors of the Islamic Arab Insurance Company	UAE	Listed public joint stock company	Member of the Board of Directors of the Emirates General Petroleum Corporation	UAE	Public Institution
	Vice Chairman of the Board of Directors of Salama Insurance Company - UAE	UAE	Listed public joint stock company			
Chairman of the Board of Directors of Salama Insurance Company – Egypt	Egypt	Listed public joint stock company				
Eng. Savas Sahin	Pasofino Gold TSX-V (VEIN) Board Member	Outside KSA	Listed company	CEO of Almasane Alkobra Mining Company (AMAK)	Inside KSA	Listed company
	ESAN ECZACIBA-SI CEO and member of the Board of Directors	Outside KSA	Limited liability			
Mr. Majed bin Ali H. Musallam	Al Salam Aviation Industries Company	Inside KSA	Limited liability	SKAB Group Company	Inside KSA	Closed joint stock company
	Najran Cement Company (Board Member)	Inside KSA	Listed joint stock company			
	Asas Mining Company	Inside KSA	Limited liability			

2.1A description of any interest, contractual securities or issuance rights of the Company's Board of Directors, senior executives and their relatives on the Company's shares or debt instruments of the Company or its subsidiaries and any change in such interest or rights during the last fiscal year.

(a) Interests and Rights of Members of the Company's Board of Directors

Sr. No.	Name	Number of shares at start of year	Number of shares at end of year	Net change	Percentage change
1	Eng. Mohammed bin Manea S. Aballala	3,886,133	2,000,000	(1,886,133)	-49%
2	Mr. Ibrahim bin Ali H. Musallam	1,851,070	2,305,659	454,589	25%
3	Eng. Mohammed bin Ahmad M. AlShehhi	-	-	-	-
4	PhD. Abdulelah bin Othman N. AlSaleh	121,250	165,340	44,090	36%
5	Eng. Fekry Youssef Mohamed	-	-	-	-
6	Mr. Majed bin Ali H. Musallam	1,696,019	3,001,476	1,305,457	77%
7	Mr. Abdulsalam bin Abdullah A. AlDuraibi	780	1,063	283	36%
8	Eng. Savas Sahin	235,285	147,314	(87,971)	-37%
9	Eng. Ayman bin Abdulrahman H. AlShibl	937,265	1,278,087	340,822	36%

Note: The Company was offered for public subscription on 29 March 2022 AD

(b) Interests and Rights of Senior Executives

Sr. No.	Name	Number of shares at start of year	Number of shares at end of year	Net change	Percentage change
1	Muhammad Shoab Mushtaq Ahmed	2,200	3,300	1,100	50%

Information relating to any business or contract to which the Company is a party and in which a board member, executive director or any person associated with any of them has an interest

Related Party	Nature of the Relationship	Nature of the transaction	Term	Amount (SAR)
Najran Water Company Limited	Mr. Ibrahim bin Ali H. Musallam, Member of the Board of Directors. Mr. Majed bin Ali H. Musallam, Member of the Board of Directors.	Purchasing drinking water for the use of company employees	One year	Eighty-eight thousand nine hundred and forty-three (88,943) Saudi Riyals only



2.2 Brief Description of the Roles and Tasks of the Committees

(a) Audit Committee

The main task of the Audit Committee is to verify the adequacy and effectiveness of the implementation of the internal control system and to make any recommendations to the Board of Directors that would activate and develop the system to achieve the company's objectives. The Committee is also responsible for auditing the risk management policies, annual risk report and risk mitigation plans before presenting them to the Board of Directors. The Committee is responsible for ensuring compliance with the regulations and corporate governance practices issued by the Capital Market Authority and the Corporate Governance Manual. The role and responsibilities of the Audit Committee are briefly described below:

1. Report periodically and regularly to the Board of Directors on the activities of the Audit Committee and related issues and recommendations.
2. Provide an open means of communication between the internal auditor, external auditors and the Board of Directors.
3. Submit an annual report to the Board of Directors, describing the composition, responsibilities and discharge of the committee and any other information required by the rules, including the approval of non-audit services.
4. Audit any other reports issued by the Company that relate to the Committee's responsibilities.
5. Perform other activities related to this activity as requested by the Board of Directors.
6. Follow up on allegations of material, financial, ethical or legal irregularities; consider serious violations of company policies, alleged violation of legal provisions or breach of professional conduct highlighted by the internal auditor or any other employee.
7. Conduct, supervise and direct any special investigations, as needed, regarding matters relating to the Company's financial statements, internal controls, compliance with laws or business ethics.
8. Audit all significant issues within the scope of the Committee's charter, including any changes in accounting principles, with management and the external auditors, prior to making any decision on the reporting practices to be followed by the Company and report thereon to the Board of Directors.
9. Annually audit and assess the adequacy of the Audit Committee Charter and seek Board approval for proposed changes as well as ensure appropriate disclosure as required by law or regulation.
10. Audit with management in the case of Zakat/tax returns and tax matters.
11. Annually confirm the implementation of all responsibilities stipulated in the charter.
12. Periodically evaluate the performance of the Audit Committee and individuals, as well as establish procedures for receiving, retaining, and handling complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, including procedures for confidential and anonymous submission by Company employees regarding questionable accounting or auditing matters.
13. Receive suggestions, questions or recommendations from the external auditors, internal auditor and executive management.

The Audit Committee consists of five (5) members who are appointed by the Ordinary General Assembly for a term of three (3) years. At least one member of the Audit Committee shall be an independent member and may not include an executive director. At least one member of the Audit Committee shall specialize in finance and accounting. The members of the committee were appointed by the company's General Assembly on 10 / 01 / 2022.

The Board of Directors shall take the necessary measures to enable the Audit Committee to carry out its tasks, including informing the Committee without any restriction, of all data, information, reports, records, correspondence or other matters deemed necessary by the Committee.

The committee held 5 meetings during 2023. The table below shows the attendance record of the Audit Committee members during 2023.

Sr. No.	Name	Member nature	No. of meetings				
			1 06/03/2023	2 10/05/2023	3 02/08/2023	4 01/11/2023	5 17/12/2023
1	Mr. Waleed bin Ahmed bin Marouf	Chairman of the Committee	√	√	√	√	√
2	Mr. Abdulsalam bin Abdullah A. AlDuraibi	Committee member	√	√	√	√	√
3	Eng. / Mansour bin Nasser Al Sharif	Committee member	X	X	√	√	√
4	Mr. Mehideb Saleh Al-Mehaideb	Committee member	√	√	√	√	√
5	Mr. Hassan Al-Takrouri	Committee member	√	√	√	√	√

- The Audit Committee's opinion on the adequacy of the company's internal control system:

Based on what was presented to the Committee from the internal audit reports, the Audit Committee does not see any material observations affecting the conduct of the Company's business and that the Company's internal control and risk management systems have been prepared on a sound basis and have been implemented effectively.

Committee Recommendations:

Audit Committee's recommendation to appoint an internal auditor:

The Audit Committee recommended re-appointing the company's internal auditor, as it re-engaged an internal audit firm during 2023 to carry out the internal audit work for 2024.

Recommendations of the Audit Committee that conflict with the decisions of the Board of Directors or that are rejected by the Board regarding appointment, dismissal, or determining the external auditor's fees, along with the justifications for those recommendations:

There are no recommendations from the Audit Committee that conflict with the decisions of the Board of Directors or the Board refused to take any action related to appointing, dismissing, determining fees and evaluating the performance of the company's external auditor or appointing an internal auditor employee.

(b) Executive Committee:

The main task of the Executive Committee of the Board of Directors is to assist the Board in performing the activities and tasks delegated to it by the Board of Directors, in order to facilitate the smooth functioning of the Company. The Committee's scope of work includes all actions that enable it to perform its functions, including

- To assist the Board of Directors in performing the activities and tasks delegated to it by the Board of Directors in order to facilitate the smooth running of the Company.
- To assist the Board of Directors in developing the Company's key strategic objectives and investment strategies.
- To assist the Board of Directors in defining and establishing the vision and mission of the company.
- Develop the business plan based on the company's vision and mission and assist the Board of Directors in setting the direction of the business.
- To assist the Board in conducting a strategic review of the company's performance on a regular basis to determine if the company is achieving its short- and long-term goals.
- To review and approve all major investment decisions in line with the company's approved strategies.
- To establish business processes operational policies and procedures to be followed while carrying out the day-to-day operations of the company.
- Explore ways to execute the business in a cost-effective and efficient manner to meet customer expectations and satisfaction.
- To ensure that there is proper coordination and communication between senior management and the Board of Directors.

The Executive Committee consists of four (4) members appointed by the Board of Directors for a period of three (3) years, as the members of the Committee were appointed on 10 / 01 / 2022 by Board of Directors Resolution No. (02/2022) dated 07 / 06 / 1443 AH corresponding to 10 / 01 / 2022. The Board of Directors takes the necessary measures to enable the Executive Committee to carry out its tasks, including informing the Executive Committee, without any restrictions, of all data, information, reports, records, correspondence or other matters deemed necessary by the Executive Committee. The table below shows the committee meetings and attendance of members during the year 2023:

Sr. No.	Name	Member nature	No. of meetings			
			1 16/01/2023	2 15/06/2023	3 14/12/2023	4 17/12/2023
1	Eng.Savas Sahin	Chairman of the Committee	√	√	√	√
2	Eng. / Yahiya Muhammad Al-Shangiti *	Member	√	√	√	√
3	Mr. Abdulsalam bin Abdullah A. AlDuraibi	Member	√	√	√	√
4	Eng. / Taha bin Mahmoud Al Khawaldeh	Member	√	√	√	√

*Note: Engineer Yahiya Muhammad Al-Shangiti membership ended on 31 Dec 2023 AD, and Eng. / Christopher Gerard Warwick was appointed starting 01 Jan 2024 AD.

(c) Commercial Committee:

The main task of the Commercial Committee is to monitor the risk management of the Company's business activities, management policies, reliability of financial and management reporting and compliance with relevant laws and regulations. The Committee's scope of work includes all actions that enable it to perform its tasks, including:

- To review the strategic direction of the business activities and monitoring the implementation of the agreed strategy.
- To review business and other transactions to ensure that they are consistent with the agreed strategy.
- To review and evaluate business performance.

The Commercial Committee consists of four members, three of whom are from the Board of Directors and one from the Company's management, as the members of the Committee were appointed on 10 / 01 / 2022 AD by Board of Directors Resolution No. (02/2022) dated 07 / 06 / 1443 AH corresponding to 10 / 01 / 2022 AD, and the Committee performed its duties and responsibilities by holding 2 meetings during 2023 AD. The table below shows the attendance of the members at the committee meetings.

Sr. No.	Name	Member nature	No. of meetings	
			1 06/04/2023	2 13/11/2023
1	Eng.Mohammed bin Manea S. Aballala	Chairman of the Committee	√	√
2	Eng.Savas Sahin	Member	√	√
3	Eng. / Yahiya Muhammad Al-Shangiti *	Member (from company management)	√	√
4	Eng.Fekry Youssef Mohamed	Member	√	√

*Note: Engineer Yahiya Muhammad Al-Shangiti membership ended on 31 Dec 2023 AD, and Eng. / Christopher Gerard Warwick was appointed starting 01 Jan 2024 AD.

(d) Nominations and Remuneration Committee

The committee's scope of work includes all duties designed to enable it to perform its tasks, including:

- To assist the Board of Directors in identifying individuals qualified to become members of the Board of Directors or Executive Management and recommend to the Board of Directors candidates to stand for election as members of the Board of Directors at the annual general meeting of shareholders. The Committee may consider individuals proposed by shareholders and management at its discretion.
- Annually review the appropriate skill requirements for Board membership and prepare a description of the capabilities and qualifications required for such membership, including the time a Board member must devote to Board activities.
- To review the composition of each Board of Directors committee and recommend to the Board of Directors for approval of Board members to serve as members of each committee.
- To assist the Board of Directors in selecting, developing, and evaluating potential candidates for the position of executive officer, including Chairman of the Board, and oversee the development of executive succession plans.
- To keep Maintain an orientation program for new members.
- Develop the annual Board self-evaluation process and recommend it to the Board of Directors for approval and oversee the annual Board self-evaluation.
- To assist the Board of Directors in determining on an annual basis each director and executive officer's compliance with the Company's Code of Conduct and Ethics and report any violations of this Code to the Board of Directors.
- Regular review of structure, volume and compensation; Including the skills, knowledge and experience required by the Board of Directors and recommending changes.
- To make clear policies regarding compensation and remunerations for members of the Board of Directors and senior executives (CEO, CFO, and Chief Operating Officer).
- Recommending the form and amounts of compensation In discharging this responsibility, the Committee seeks to attract, motivate, remuneration and retain Directors of high integrity and superior ability who are focused on enhancing long-term shareholder value.

Taking into account the requirements that must be met by members of the Nomination and Remuneration Committee, the Board of Directors appoints members of the Committee for a period of three years. The Board of Directors takes the necessary measures to enable the Nominations and Remunerations Committee to carry out its functions, including informing the Nominations and Remunerations Committee without any restrictions of all data, information, reports, records, correspondence or other matters that the Nominations and Remunerations Committee requests and which it deems necessary.

The Nominations and Remuneration Committee consists of three (3) members. The committee members were appointed on 10 / 01 / 2020 AD pursuant to Board of Directors Resolution No. (02/2022) dated 07 / 06 / 1443 AH corresponding to 10 / 01 / 2022 AD.

The committee held (3) meetings during 2023 AD, and the table below shows the attendance record of the committee members during the year 2023 AD.

Sr. No.	Name	Member nature	No. of meetings		
			1 30/01/2023	2 20/02/2023	3 28/12/2023
1	PhD. Abdulelah bin Othman N. AlSaleh	Chairman of the Committee	√	√	√
2	Eng.Mohammed bin Ahmad M. AlShehhi	Member	√	√	√
3	Mr.Abdulsalam bin Abdullah A. AlDuraibi	Member	√	√	√

(e) Investment Committee:

The Investment Committee was created as a committee emanating from the Board of Directors on November 12, 2023

The committee's scope of work includes all duties designed to enable it to fulfill its duties, including:-

- To assist the Board of Directors in fulfilling its responsibilities by establishing guidelines for the company's investments.
- To determine investment objectives and investment policies and supervise investment activities based on the approval of the Board of Directors.
- To take investment decisions in accordance with the schedule of powers approved by the Board of Directors.
- To make recommendations to the Board of Directors regarding investment activities and regularly monitor the results of investment operations.
- To ensure compliance with the company's investment policies and guidelines.
- To prepare reports on the overall investment results and submit them to the Board of Directors and periodically review the investment performance reports to ensure that they achieve the agreed objectives and take appropriate actions
- To assist the Board of Directors in performing any activities or tasks as determined by the Board of Directors within the Committee's terms of reference, in order to facilitate the smooth implementation of the Company's investment operations.

Taking into account the requirements to be fulfilled by the members of the Investment Committee, the Board of Directors shall appoint the members of the Committee for a period of three years or until the end of the Board's session, whichever is earlier. The Board of Directors shall take the necessary measures to enable the Committee to carry out its functions, including informing the Investment Committee without any restriction of all data, information, reports, records, correspondence or other matters requested by the Committee and deemed necessary.

The Investment Committee consists of three (3) members who were appointed on 12 / 11 / 2023 by the Board of Directors Resolution No. (76/2023) dated 28 / 04 / 1445H corresponding to 12 / 11 / 2023

The committee did not hold any meetings during the year 2023. The table below shows the names of the committee members:

Sr. No.	Name	Member nature
1	Eng.Mohammed bin Manea S. Aballala	Chairman of the Committee
2	Eng.Mohammed bin Ahmad M. AlShehhi	Member
3	Eng.Savas Sahin	Member

2.3 The means used by the Board of Directors to evaluate its performance, the performance of its committee members, the external authority that conducted the evaluation, and its relationship with the company, if any The Nominations and Remuneration Committee prepared a model to evaluate the performance of the Board of Directors and the committees emanating internally, without the assistance of external parties. Members of the Board of Directors participated in the evaluation process and expressed their opinions and suggestions. The results are analyzed by the Nominations and Remuneration Committee and its recommendations are submitted to the Board of Directors.

2.4 Executive Management

Details of executive management, their current roles, qualifications and experience are presented below.

Name	Current Jobs	Previous Jobs	Qualification	Experience
Eng. Christopher Gerard Warwick, appointment date: 01 Jan 2024 AD	Acting CEO of Almasane Alkobra Mining Company (AMAK) Member of the Executive Committee and Commercial Committee of Almasane Alkobra Mining Company (AMAK) From 01 Jan 2024 AD	Regional Director of Pan American Silver – Mexico General Director of Pan American Silver – Mexico Member of the Executive Committee of the Chamber of Mines – Mexico Mine Director at Mopani Company in Zambia Mine Director at Metorex Company – Zambia Underground Director ZCCM Zambia / Binani	Bachelor's degree in Mining Engineering from CSM/UK Holds many accredited professional certificates in engineering Holds professional certificates in environmental engineering Registered professional engineer with the UK's Royal Institute of Mining and Metallurgy (IMMM) Holds a professional degree in engineering from the Zambia Mining Institute Registered engineer in Zambia	Mining engineer with over 33 years of experience in the mining industry.
Eng. Yahiya Muhammad Al-Shangiti * Employment contract expires on 31 Dec 2023	Member of the Executive Committee and Commercial Committee of Almasane Alkobra Mining Company (AMAK) to 31 Dec 2023 AD	Chairman of the Board of Directors Drill Corp Sahara Saudi Worked as a consultant to the Saudi Council of Engi-neers Member of the National Mining Committee Member of the Board of Directors of the Saudi Technical Institute for Mining Hold Chairman of Ma'aden Gold and Basic Metals Company (MGBM)	Bachelor's degree in mining engineering, and a master's degree in mining sector and environmental management – Britain Member of the American Management Association, the Society of Mining and Mineral Exploration, and the Saudi Council of Engineers.	Mining engineer with more than 30 years of experience in the mining industry.
Mr. Muhammad Shuaib	Financial Director at Al-masane Alkobra Mining Company (AMAK)	Financial Reporting Manager, Enaya Co-operative Insurance Company	Bachelor of Economics, Certified Finance and Accounting Professional from the Institute of Chartered Accountants of Pakistan, and Associate Certified Public Accountant (CPA) from the Institute of Public Accountants of Pakistan Associate member of the Saudi Organization for Auditors and Accountants (SOCPA)	16 years of various experience in finance and accounts, systems de-sign and implementation, taxes, and internal and external auditing in various sectors such as the Big Four auditing firms, manufactur-ing, insurance, and the service sec-tor.

*Note: Eng. Yahiya Muhammad Al-Shangiti employment contract as Chief Executive Officer ended on 31 Dec 2023, and Christopher Gerard Warwick was appointed as Acting Chief Executive Officer starting 01 Jan 2024.

2.5 Number of Board of Directors meetings held during the last fiscal year, meeting dates and attendance record of each meeting with the names of those attend

The Board of Directors held (4) meetings during 2023, and the table below shows the record of the dates and attendance of the meetings.

No.	Meeting No. & date	Eng. Mo-hammed bin Manea S. Aballala	Mr. Ibrahim bin Ali H. Musallam	Eng. Mohammed bin Ahmad M. AISheh-hi	PhD. Abdulelah bin Oth man N. ALSaleh	Eng. Fekry Youssef Mohamed	Mr. Majed bin Ali H. Musallam	Eng. Savas Sahin	Mr. Abdulsalam bin Abdullah A. AlDuraibi	Eng. Ayman bin Abdulrahman H. AlShibl
1	73 – 10 / 01 / 2023	1	1	1	1	1	1	1	1	1
2	74 – 30 / 04 / 2023	1	1	1	1	1	1	1	1	1
3	75 – 03 / 09 / 2023	1	1	1	1	1	1	1	1	1
4	76 – 12 / 11 / 2023	1	1	1	1	1	1	1	1	1
	Meetings total	4	4	4	4	4	4	4	4	4
	Attendances total	4	4	4	4	4	4	4	4	4
	Attendances percentage %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

2.6 A statement of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board of Directors members who attended the Assembly

During the year 2023, 3 General Assembly meetings were held through modern technology and the meetings were held using the digital platform. The table below shows the record of the meeting dates and the attendance record of the Board Directors:

Sr. No.	Name	Ordinary General Assembly	Extraordinary General Assembly	Extraordinary General Assembly
		29/05/2023	1/08/2023	21/12/2023
1	Eng. Mohammed bin Manea S. Aballala	√	√	√
2	Mr. Ibrahim bin Ali H. Musallam	√	√	√
3	Eng. Mohammed bin Ahmad M. AIShehhi	√	√	X*
4	Eng. Ayman bin Abdulrahman H. AlShibl	√	√	√
5	Eng. Fekry Youssef Mohamed	√	√	√
6	Mr. Majed bin Ali H. Musallam	√	√	√
7	PhD. Abdulelah bin Othman N. ALSaleh	√	√	√
8	Mr. Abdulsalam bin Abdullah A. AlDuraibi	√	√	√
9	Eng. Savas Sahin	√	√	X*

*Not attended due to travel

2.7 Number, dates, and reasons for the company's requests for the shareholders' register

A number of 11 requests were requested for shareholder records, detailed as follows:

No.	Request Date	Request Reason
1	02/01/2023	Corporate procedures
2	03/04/2023	Corporate procedures
3	29/05/2023	General Assembly
4	19/06/2023	Corporate procedures
5	03/07/2023	Corporate procedures
6	01/08/2023	General Assembly
7	08/08/2023	Others
8	29/10/2023	Corporate procedures
9	07/11/2023	Corporate procedures
10	16/11/2023	Corporate procedures
11	21/12/2023	General Assembly

2.8 Disclosure of the remuneration of members of the Board of Directors, Executive Management, and committees emanating from the Board of Directors

In accordance with Article No. (90) of the Corporate Governance Regulations

•The remuneration policy for members of the company's board of directors.

1. The Nominations and Remuneration Committee recommends remuneration to the Board of Directors to the Board of Directors. The company's general assembly determines the remuneration of board members.
2. Based on the recommendation of the Nominations and Remuneration Committee, the Board of Directors determines the remuneration to be paid to the Chairman of the Board of Directors in addition to the remuneration paid to members of the Board of Directors.
3. Board members' remuneration consists of financial or in-kind remunerations and benefits. Annual bonuses are divided among the members in the case of new board members (according to the date of appointment).
4. The Board of Directors determines the remuneration of the Secretary of the Board of Directors.
5. Members of the Board of Directors who reside outside the cities where the Board of Directors or General Assembly meetings are held are entitled to payment of all expenses incurred in attending the meetings, provided that such expenses are reasonable and acceptable according to business standards. Such as travel expenses, meals, accommodation and other expenses incurred by them.

•Remuneration for Members of the Board of Directors Committees

The Nominations and Remuneration Committee recommends to the Board of Directors the remuneration of members of the committees emanating from the Board of Directors.

1.The remuneration of the members of the Audit Committee is determined based on the recommendation of the Nominations and Remuneration Committee of the Board of Directors. The Board of Directors determines the remuneration of members of other Board committees, the Board Secretary, and committee secretaries in exchange for their attendance at committee meetings and any other allowances.

2. Members of Board Committees who reside outside the cities in which the Committee meets are entitled to payment of all expenses they incur in attending meetings, provided that such expenses are reasonable and acceptable according to business standards such as travel, meals, lodging and other expenses incurred by them.

3. The remuneration shall be fair and proportionate to the member's powers and the duties and responsibilities of the members of the committees emanating from the Board of Directors. The remuneration shall also be commensurate with the company's activity and the members' required skills.

•Remuneration for Senior Executives

The Nominations and Remuneration Committee recommends to the Board of Directors the remunerations of the company's senior executives based on the annual performance indicators and the company's annual net profits.

Approval of the annual bonus for senior executives by the Board of Directors

The Company is committed to following fair compensation practices and standard benefits that will attract and remuneration qualified executives.

• Board of Directors' remuneration (in thousand Saudi Riyals)

Name	Fixed remunerations					Variable remunerations					Expense allowance	Grand total	End-of-service award	
	A certain amount	Allowance for attending Board meetings	Total allowance for attending committee sessions	Benefits in kind	A statement of what Boards members received in their capacity as workers or administrators, or what they received in exchange for technical, administrative, or consulting work.	Remuneration of the Chairman, Managing Director, or Secretary, if he is a member	Total	Granted shares (value is entered)	Long-term incentive plans	Short-term incentive plans				Periodic bonuses
Independent members														
PhD. Abdulelah bin Othman N. ALSaleh	400	20	9			429								
Mr. Abdulsalam bin Abdullah A. AlDuraibi	400	20	36			456								
Eng. Ayman bin Abdulrahman H. AlShibl	400	20	—		240	660								
Total	1,200	60	45		240	1545								
Non-Executive Members														
Eng. Mohammed bin Manea S. Aballala	400	20	6		200	626								
Mr. Ibrahim bin Ali H. Musallam	400	20	—			420								
Eng. Mohammed bin Ahmad M. AlShehhi	400	20	9			429								
Eng. Fekry Youssef Mohamed	400	20	6			426								
Mr. Majed bin Ali H. Musallam	400	20	—			420								
Eng. Savas Sahin	400	20	18			438								
Total	2,400	120	39		200	2,759								
Executive members														
Total	3,600	180	84		440	4,304								

The amount shown in the table above represents the annual remuneration based on the period the member spent as a member of the Board of Directors for the fiscal year ending 31 Dec 2022, which was disbursed during the year 2023 after being approved by the General Assembly held on 29 May 2023 AD. Allowance for attending Board meetings and committees meetings for the year 2023, which was disbursed during the year 2023 AD

• Remuneration of Senior Executives (in thousands of Saudi Riyals)

The table below shows the total amount received by senior executives, including the CEO and CFO:

Senior Executives	REMUNERATION OF SENIOR EXECUTIVES										End of service award	Total remunerations for Board executive, if any	Grand Total	
	Fixed Remunerations				Variable Remunerations									
	Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total				
Total	1,812,883	494,980	-	2,307,863	-	-	838,750	-	262,350	-	3,408,963	244,068	-	3,653,031

EXECUTIVE MANAGEMENT				
Name	Fixed Remunerations	Variable Remunerations	End of service benefits (paid / payable)	Grand total
Executive management	2,307,863	1,101,100	244,068	3,653,031

The company disclosed executive remuneration, in accordance with Article (90) of the Corporate Governance Regulations. The company aspires to disclose executive remuneration in line with the level of general disclosure in the Saudi financial market, and the maturity of practice, in order to give the correct impression of the compensation procedures mechanism, which depends on the competitiveness of human capital. The company seeks to prevent risks related to detailed disclosure, guided by the discretionary authority in Article (87) of the Rules on the Offer of Securities and Continuing Obligations.

• Committee Members' Remuneration (In thousand Saudia Riyals)

REMUNERATION FOR COMMITTEE MEMBERS				
Name		Fixed remuneration (excluding allowance for attending Board meetings)	Allowance for attending committee sessions for 2023	Total
Members of the Audit Committee				
1	Mr. Waleed Ahmed Bamarouf	150	15	165
2	Mr. Abdulsalam bin Abdullah A. AlDuraibi	50	15	65
3	Mr. Hassan Yassin Al-Takrouri	100	15	115
4	Eng. / Mansour Nasser Al-Sharif	100	9	109
5	Mr. Mehideb Saleh Al-Mehaideb	100	15	115
Total		500	69	569
Members of the Remuneration and Nominations Committee				
1	PhD. Abdulelah bin Othman N. AlSaleh	75	9	84
2	Mr. Mohammed bin Ahmad M. AlShehhi	50	9	59
3	Mr. Abdulsalam bin Abdullah A. AlDuraibi	50	9	59
Total		175	27	202
Members of the Commercial Committee				
1	Eng.Mohammed bin Manea S. Aballala	75	6	81
2	Eng. / Yahiya Muhammad Al-Shangiti	50	6	56
3	Eng. Savas Sahin	50	6	56
4	Eng.Fekry Youssef Mohamed	50	6	56
Total		225	24	249
Members of the Executive Committee				
1	Eng./ Yahiya Muhammad Al-Shangiti	50	12	62
2	Mr. Abdulsalam bin Abdullah A. AlDuraibi	50	12	62
3	Mr. Taha Al Khawaldeh	-	12	12
4	Eng. Savas Sahin	75	12	87
Total		175	48	223

The amount shown in the table above represents the annual remuneration based on the period the member spent as a member of the committees for the fiscal year ending 31 Dec 2022, which was disbursed during the year 2023 after being approved by the General Assembly held on 29 May 2023 AD. Allowance for attending committees meetings for the year 2023, which was disbursed during the year 2023 AD

*All of the above regarding the remuneration of members of the Board of Directors and Executive Management does not contain any material deviation from the approved policies.

Members of the Board of Directors and committees of the Board of Directors are entitled to the following remuneration:

1. The members of the Board of Directors were granted a remuneration of four hundred thousand Saudi Riyals (SAR 400,000), in addition to the Chairman of the Board of Directors was granted an additional remuneration of two hundred thousand Saudi Riyals (SAR 200,000) and the Secretary of the Board was granted a remuneration of two hundred and forty thousand Saudi Riyals (SAR 240,000) for their efforts in following up the company's business for the fiscal year ending 31 / 12 / 2022 AD.
2. An additional remuneration of one hundred fifty Saudi Riyals (SAR 150,000) was granted to the Chairman of the Audit Committee for the fiscal year ending 31 / 12 / 2022.
3. Additional remunerations were granted to the heads of the other committees amounting to seventy-five thousand Saudi Riyals (SAR 75,000) for the fiscal year ending on 31 / 12 / 2022.
4. All committee members other than the Board of Directors or Executive Management were granted an allowance of one hundred thousand Saudi Riyals (SAR 100,000) and committee members from the Board of Directors or Executive Management were compensated with an allowance of fifty thousand Saudi Riyals (SAR 50,000).

• Meeting Attendance Allowance

Members of the Board of Directors received a fixed amount (SAR 5,000) five thousand Saudi Riyals for attending Board of Directors meetings and committees emanating from the Board of Directors.

Committee members (including non-board members) receive a remuneration of (SAR 3,000) for attending each meeting.

- Any penalty, sanction, precautionary measure or restriction imposed on the Company by the Authority or any other regulatory or judicial authority, indicating the reasons for the violation, the party imposed it and the means of treat and avoid in the future..

There is no penalty, sanction, precautionary measure or precautionary restriction imposed on AMAK by the Capital Market Authority or any supervisory, regulatory or judicial authority inside or outside the Kingdom of Saudi Arabia.

2.9 External Auditor's Report on the Financial Statements

The external auditor issued an unqualified opinion on the Company's financial statements for the fiscal year ending on 31 / 12 / 2023 AD.

2.10 Information regarding fees paid to the Audit Firm

Ernst & Young Professional is External Auditors for the company also rendering other non-audit services to the company. EY fees for the year 2023 related to the audit and review of AMAK's financial statements were SAR 505,000 (2022: SAR 475,000). and the total fees paid for the year 2023 for other non-audit services for the year were 65.80% as compared to audit services.

2.11 Results of the annual auditing of the effectiveness of the Company's internal control procedures The Company's internal auditor submits periodic reports to the Audit Committee on operational, administrative and financial processes to verify the effectiveness of the internal control system and the periodic reports did not show any material weakness in the Company's internal control system.

The external auditor assesses the internal control procedures as part of the company's audit assignments, as they are allowed to review all minutes of board meetings, board committees and internal audit reports.

2.12 Company Declarations The AMAK Board of Directors acknowledges the following in light of the available data, the company's auditor's report, and future indicators:

- The accounts reports have been properly prepared according to the accounting standards issued by the Saudi Organization for Chartered and Professional Accountants-SOCPA.
- The internal control system has been prepared on sound foundations and implemented effectively.
- There are no fundamental concerns about the company's ability to continue operations, Allah willing.
- During the fiscal year 2023, there were no significant businesses or contracts in which the company, a member of its Board of Directors, a senior executive, or a relevant individual had an interest, except for those listed in the report as work with relevant parties.

2.13 Disclosure of details of treasury shares held by the Company and details of utilization of such shares

The Company holds treasury shares for employees as per the details given in the table below:

Description	Number of Treasury shares	Value SAR
Opening balance as at 01-Jan-2023	1,202,213	16,021,322
Share based compensation during 2023	(61,650)	(765,076)
Bonus share issued during 2023	420,532	-
Closing balance as at 31-Dec-2023	1,561,095	15,256,246

2.14 Measures taken by the Board of Directors to inform its members of the shareholders' proposals and observations regarding the Company and its performance

The members of the Board of Directors are informed through the Chairman of the Board of Directors of the shareholders' proposals and observations that reach the Company regarding the Company's performance or any other proposals. The Company has provided several channels to communicate with shareholders on its website as well as through the Investor Relations Department.

5. Corporate Governance

5.1 Provisions / Clauses not applicable to Almasane Alkobra Mining Company (AMAK).

1. Almasane Alkobra Mining Company (AMAK) has not provided a cash loan of any kind to its board members or provided guarantees for loans entered into by a board member with third parties.
2. Almasane Alkobra Mining Company (AMAK) has no interest in the class of voting shares held by the Company (other than the directors and senior executives and their spouses and minor children) who have notified the Company of such rights
3. There are no classes and numbers for any convertible debt instruments, contractual securities, warrants or similar rights that have been issued.
4. There are no rights, transfers or subscriptions under convertible debt instruments, contractual securities, subscription bonds or similar rights issued or granted by the Company during the fiscal year.
5. There are no arrangements or agreements under which a member of the Company's Board of Directors or a senior executive waives any remuneration and dividends.
6. There is no recommendation by the Board of Directors to change the auditor before the end of the period for which they were appointed.
7. The Company does not have any transfer or subscription rights under debt instruments convertible into shares

5.2 A description of any redemption, purchase or cancellation of any redeemable debt instruments and the value of such securities outstanding

The Company has not issued, redeemed, purchased or canceled any redeemable debt instruments.

5.3 Applicable and non-applicable provisions of the Corporate Governance Code and the rationale thereof

The Company currently complies with the mandatory corporate governance requirements that apply to Saudi public shareholding companies, with the exception of certain mandatory provisions only in relation to listed companies which the Company does not currently comply with as follows:

a. The Company currently complies with the mandatory governance requirements that apply to Saudi public shareholding companies, with the exception of some guiding and indicative provisions only, as follows:

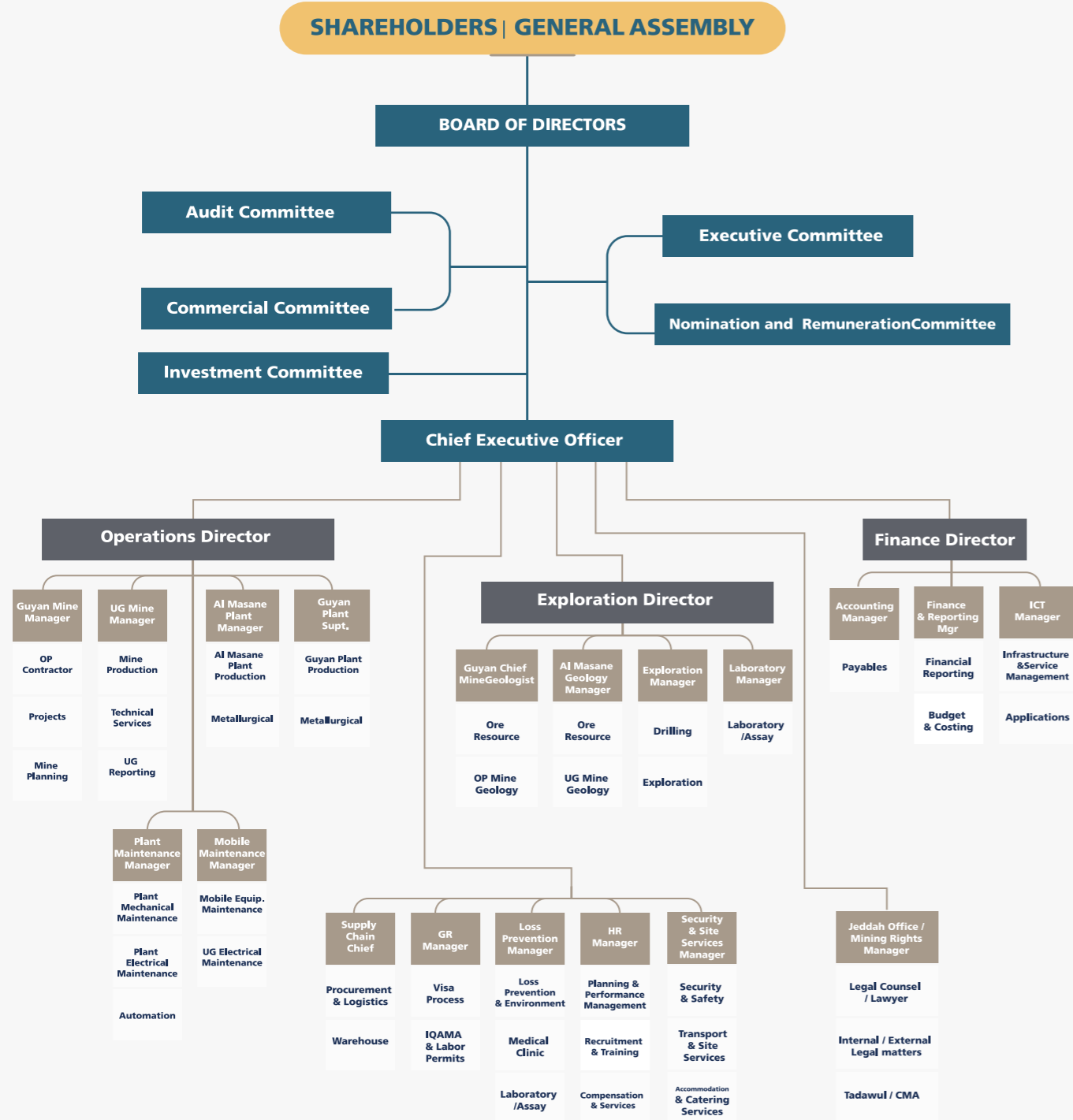
Article No.	Clause No.	Requirements	Reasons for non-application
39	(e)	Evaluation: The Board of Directors makes the necessary arrangements to obtain an evaluation of its performance from a competent third party every three years.	Not more than 3 years have passed before the evaluation was conducted by a third party
39	(f)	Evaluation: Non-executive board members periodically evaluate the performance of the Chairman of the Board of Directors	Guidance article that will be applied in the future
67	—	Form risk management committee	Guidance article
69	—	The Risk Management Committee meets periodically (at least every six months) and when necessary	Guidance article
82	3	Employee incentives Establishing social institutions for the benefit of company employees	Guidance article
85	1	Social initiative Develop measurement indicators that link the company's performance to social work initiatives and compare it with other companies operating in similar activities.	Guidance article
85	4	Social initiative Creating awareness programs for the community to introduce them to the company's social responsibility.	Guidance article
92		Form a corporate governance committee	Guidance article



SENIOR MANAGEMENT OVERVIEW

AL MASANEAL KOBRA MINING COMPANY(AMAK)

2023 ORGANIZATION CHART



RISK MANAGEMENT

◆ Risk Management

AMAK has formed a Risk Management Committee (Internal Committee) that oversees the articulation of the risk management strategy and risk management policies and procedures of the company. The committee is also responsible for determining what the acceptable level of risk for the company is, considering the nature of the mining sector. One other responsibility that falls under this committee is assessing the effectiveness of the risk management system that is set up in the company. The committee is also tasked with bringing the culture of risk management into the company by promoting the practice among employees, and provide continues workshops for the employees. Information about any risks the Company faces (whether operational or financing risks or market risks) and the policy for managing and monitoring these risks

The Board of Directors endeavors to establish strong foundations to support the Company in carrying out its operations, developing resources and expanding activities. AMAK's risk management system aims to protect strategic objectives and activities and Achieving the highest levels of independence for internal and external audit and ensuring that they are dealt with and evaluated periodically in order to ensure the safety and protection of the company's assets, in addition to ensure commitment in following the correct provisions of Corporate Governance regarding risk management and disclosure, increase the efficiency of management, and seize opportunities to increase the value of AMAK's assets and profitability in the long run. The Board of Directors, according to the information available to it, confirms that there is no doubt about the Company's ability to continue its activities.

Potential risks which may affect AMAK's future plans include but are not limited to - increases in fuel prices supplied by ARAMCO, expansion of production capacity by existing Mines, a decline in metal prices, higher freight and transport costs, higher raw material costs, higher costs and fees for expatriates' employment, and political conditions on the Najran border.

Potential risks which may affect Company's future plans include but not limited to - increase in fuel prices supplied by ARAMCO,

Amak's finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the Company is exposed to market risk, credit risk and liquidity risk and other risks:

Financial Risks

The Company's principal financial liabilities comprise loans and borrowings, lease liabilities, and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support them. 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 a 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 a 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 out 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 is not exposed 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 are mainly copper, zinc, silver and gold which it sells into global markets. The market prices of copper, 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, 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.

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, 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 two customer which account for total sales of the Company. 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 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 cash and cash equivalents, trade and other receivables as at 31 December 2022 and 2023 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. AMAK regularly conducts a 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.



INVESTOR RELATIONS

The company's policy in distributing profits:

Considering what other relevant regulations stipulate, the company's annual net profits are distributed as follows:

According to article (47) of the company's bylaw which stated as follows:

a-The ordinary general assembly determines the profits distributed to shareholders. The company may distribute interim dividends Semi-annually or quarterly, after meeting the following requirements:

1-The Ordinary General Assembly authorizes the Board to distribute interim dividends according to a resolution that is renewed annually.

2-The company must have good and regular profits.

3-To have reasonable liquidity and can reasonably expect its level of profits.

4-The company must have distributable profits according to the latest audited financial statements sufficient to cover the profits proposed to be distributed, after deducting what has been distributed and capitalized from those profits after the date of these financial statements.

b-The distribution of profits shall be recorded at the expense of retained profits accumulated from previous years or distributable reserves consisting of profits, or both. The company must take into account the sequence and regularity in the method and ratios of distributing profits according to the capabilities and liquidity available to the company. The Board of Directors must disclose and announce the regular periodic profit percentages that it decided to distribute to shareholders on time.

c-The company must disclose, to the Authority and the public immediately and without delay, the resolution made to distribute interim dividends.

- The General Assembly determines the percentage that must be distributed to shareholders from the net profits after deducting reserves, if any.

Notes:

The Board of Directors in their meeting held on 10-10-1444 AH corresponding to 30-04-2023 AD, has approved the company's dividend distribution policy for the years 2023 AD and 2024 AD, which was approved by the Ordinary General Assembly meeting on 29-05-2023 AD. The objective of the dividend policy is to maintain a minimum level of dividend per share on a semi-annual basis.

The dividend policy is as follows:

1- Distributing all profits achieved during the years 2023 AD and 2024 AD as cash dividends to shareholders. The Company will consider paying additional dividends distributions, the additional distributions are subject to the recommendation of the Board of Directors to the general assembly, and after evaluating the Company's financial position, future prospects, and the Company's capital expenditure requirements. The additional distributions dividend is likely to vary from half year to the next based on the Company's performance.

2- Dividend distribution on a semi-annual basis will be after authorizing the Board of Directors by the General Assembly.

The dividends policy will remain subject to change based on the following:

1- Any material changes in the strategy and business of the Company (including the business environment it operates in)

2- Laws and regulations that are applicable on the Company; and

3- Any banking, other funding, or credit rating covenants that the Company may be bound to follow from time to time.

Payment of dividends to shareholders:

The dividends to be distributed to shareholders shall be paid on the dates determined by the Board of Directors under the instructions issued by the Ministry of Commerce and the Capital Market Authority.

Dividends distributed during 2023.

Statement	Dividends distributed for the first half of 2023	Dividends distributed for the second half of 2023	Total for the year 2023
Payment Date	15-06-2023	21-01-2024	-
Nominal dividend-to-share ratio %	10%	5.6%	15.6%
Total distributed profit	64,797,787	57,485,288	122,283,075

Investor relations

AMAK has always valued the relationship between itself and investors, as our Investor Relations Department provides a dedicated and ongoing link between the company and the individuals and institutions that make what we do possible. It focuses entirely on developing and improving relations between shareholders and AMAK as follows:

- AMAK is committed to achieving the principles and protection of shareholders' rights and ensuring fairness and quality by providing the appropriate information at the right time.
- The Company provides details on its performance and activities throughout the year using the Annual Report and Annual General Assembly Meeting. It also updates its shareholders and investors about any other significant development that may occur and thereby affects its financial position and business in a way that does not affect its competitiveness. AMAK does this through several channels, such as the official Saudi Exchange "Tadawul" website, the Company's Investor Relations website, and other means of communication. This ensures that all beneficiaries have equal opportunities to access such information and helps them make investment decisions based on correct and timely information.
- AMAK is fully committed to implementing all policies and procedures for disclosing financial statements and performance reports, under legal requirements and applicable regulations and instructions received from relevant authorities.
- AMAK is keen on distributing due dividends to shareholders in a timely fashion. The Company regularly reminds them to update their personal information and to link their bank accounts to Tadawul's portfolios, to prevent delays in dividend distributions.

If you are an existing investor or are interested in investing in AMAK and joining its journey towards pioneering private mining companies in Saudi Arabia, do not hesitate to contact our Investor Relations Department and they will be happy to assist you with any inquiries.

Investor relations contact information

Phone: 0122162699

Email: ir@amak.com.sa

TERMS AND DEFINITIONS

Term	Definition
Mineral Resource	A Mineral Resource is a concentration or occurrence of material of economic interest in or on the Earth's crust in such form, grade, quality, and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, continuity, and other geological characteristics of a Mineral Resource are known, estimated, or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided in order of increasing geological confidence into Inferred, Indicated and Measured categories.
Inferred Mineral Resource	An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated from limited geological evidence and sampling. Geological evidence is sufficient to imply, but not verify, geological and grade continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes. An Inferred Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that most of an Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.
Indicated Mineral Resource	An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling, and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade/quality continuity between points where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.
Measured Mineral Resource	A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling, and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes and is sufficient to confirm geological and grade/quality continuity between points where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

Term	Definition
Ore Reserve	An Ore Reserve is the economically mineable part of a Measured or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level, which include the application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The key underlying assumptions and outcomes of the prefeasibility study or feasibility study must be disclosed at the time of reporting of a new or materially changed Ore Reserve. Ore Reserves are sub-divided in order of increasing confidence into Probable and Proved classifications.
Probable Ore Reserve	A Probable Ore Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the modifying factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve. A Probable Ore Reserve has a lower level of confidence than a Proved Ore Reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.
Proved Ore Reserve	A Proved Ore Reserve is the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors. A Proved Ore Reserve represents the highest confidence category of an Ore Reserve estimate. The style of mineralisation or other factors could mean that Proved Ore Reserves are not achievable in some deposits.
Reserve Life	Reserve life is the remaining years of mining and processing according to the life of mine plan in the Ore Reserve report.
Grade	Grade is the estimate of the quantity, percentage or quality of a metal or mineral contained within a mineral deposit.
Cutoff grade	Cut-off grade is the grade above or below which the Mineral Resource or Ore Reserve is economic.
Metal Equivalent	Metal Equivalent is mineralisation that is comprised of several metals of economic value is converted to a single metal. Copper Equivalent was used as a metal equivalent in the Al Masane mine.
Mining Depletion	Mining depletion is the reduction in the Ore Reserve or Mineral Resource due to annual mine production estimated from mine survey and production reconciliation.

Term	Definition
Reasonable Prospects for Eventual Economic Extraction (RPEE)	The term 'reasonable prospects for eventual economic extraction' implies the Competent Person [judges] the technical and economic factors likely to influence the prospect of economic extraction, including the approximate mining parameters.
Mineable Shape Optimiser (MSO)	Mineable Shape Optimiser (MSO) is a strategic mine planning tool that automates the design of stope shapes for a range of stoping methods for underground mines.
Effective Date	The effective date of the Mineral Resources and Mineral Reserves estimate is the date when these estimates are current.
New Data	New data are new data from drilling, sampling, chemical analysis, geotechnical, metallurgical, or technical studies.
Cost Factors	Cost factors are the operating, capital, processing, and transport costs used to estimate the economics of extraction of the Mineral Resource and the economic mine ability of the Ore Reserve.
Estimation methodology	Estimation methodology is method which is used by the Competent Person to estimate the tonnes, grade, quality or confidence level of the estimates to classify the Mineral Resource or Ore Reserve
Life of Mine Plan	The Life of Mine Plan is the approved long-term plan for the design, development, ore extraction and processing of a mine in an Ore Reserve report by a Competent Person.
Revenue Factors	Revenue factors are changes in the sale prices of the mineral commodity and foreign currency exchange rates used to convert the international market price to the local currency.
Stockpiles	Stockpile changes are annual changes in the tonnage and grade or classification of the Mineral Resource or Ore Reserve classification of ore in temporary storage after mining but before processing.
Green Field Projects	Projects for which no previous exploration work has been conducted.
Modifying Factors	Modifying Factors are considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to mining, processing metallurgical, infrastructure, economic, marketing, legal, environmental, social, and governmental factors



FINANCIAL STATEMENTS

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

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT**

31 DECEMBER 2023

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

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
31 DECEMBER 2023**

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AL MASANE AL KOBRA MINING COMPANY
(A SAUDI 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 (A Saudi Joint Stock Company) (the "Company"), which comprise the statement of financial position as at 31 December 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, 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 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 the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AL MASANE AL KOBRA MINING COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Revenue recognition</p> <p>The Company's revenue from sales of metals (copper, zinc, gold & silver) during the year was amounting to SR 488 million.</p> <p>Individual sales transactions represent significant amounts. The Company's sales are initially recorded on provisional prices which are subject to change. Final prices are determined on the basis of specified future time period after shipment, based on average or ruling market prices in accordance with the terms of contractual arrangement.</p> <p>We determined this to be a key audit matter since determination of future average or ruling market price, at the reporting date, involve significant judgment and estimation by the Company's management.</p> <p>Refer to note 4.17 to the financial statements for the accounting policy, note 3.1.5 for the critical accounting judgements, estimates and assumptions and note 22 which details the disclosure of revenue.</p>	<p>Our audit procedures included, among others, the following procedures:</p> <p>(i) Assessed the Company's accounting policy for revenue recognition for compliance with IFRS.</p> <p>(ii) Evaluated the Company's controls for recognizing revenues at appropriate prices and in the correct accounting period.</p> <p>(iii) Assessed the reasonableness for management estimation of the provisional pricing.</p> <p>(iv) On a sample basis, tested sales transactions against sales contracts, invoices and shipping documents to assess that revenues have been recognized at appropriate prices and in the correct accounting period. Further, we tested the final adjustments of the customers to the provisional invoices.</p> <p>(v) Ensured that adequate disclosure has been made in the financial statements.</p>
<p>Depreciation/amortisation of mine properties and property, plant and equipment</p> <p>The carrying value of mine properties and property, plant and equipment amounted to SR 638 million and SR 374 million as at 31 December 2023; which represents 69.6% of the total assets.</p> <p>The Company applies straight line depreciation/amortisation policy for mine properties over the useful life of mines and a unit of production depreciation policy for majority of property, plant and equipment. The management uses expert for the determination of the useful life of mines and the estimation of mineral reserve quantities which requires significant judgment and estimation.</p> <p>We determined this to be a key audit matter since the mineral reserves impact management's estimate of useful life and depreciation rate of mine properties and property, plant and equipment.</p> <p>Refer to note 4.5 to the financial statements for the accounting policy, note 3.2.1 for the critical accounting judgements, estimates and assumptions and note 7 & 8 which details the disclosure of mine properties and property, plant and equipment respectively.</p>	<p>Our audit procedures included, among others, the following procedures:</p> <p>(i) Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience and assessed their independence.</p> <p>(ii) Reviewed the report of the management expert to understand the changes in reserves estimates during the year.</p> <p>(iii) On sample basis, tested that the updated reserves quantity has been appropriately applied to the calculation of depreciation/amortisation.</p> <p>(iv) Evaluated the management's assessment of useful lives of mine properties and property, plant and equipment considering change in reserve quantities.</p> <p>(v) Assessed the adequacy and appropriateness of the related disclosures in the accompanying financial statements.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AL MASANE AL KOBRA MINING COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

Report on the Audit of the Financial Statements (continued)

Other information included in The Company's 2023 Annual Report

Other information consists of the information included in the Company's 2023 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Company's 2023 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Company's 2023 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the 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 Saudi Organization for Chartered and Professional Accountants 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, i.e. the Board of Directors 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AL MASANE AL KOBRA MINING COMPANY
(A SAUDI 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:

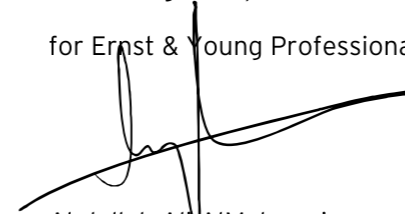
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services



Abdullah AlMakrami
Certified Public Accountant
License No. (476)

Jeddah: 29 Sha'ban 1445H
(10 March 2024G)



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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

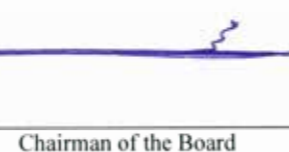
	Notes	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Mine properties	7	638,144,398	340,880,660
Property, plant and equipment	8	373,911,992	395,950,754
Right-of-use assets	9	2,302,964	8,550,573
Long term deposits		30,854	76,755
Deferred tax	20	28,511,219	29,159,977
TOTAL NON-CURRENT ASSETS		1,042,901,427	774,618,719
CURRENT ASSETS			
Inventories	10	100,625,825	82,876,916
Trade and other receivables	11	129,577,394	162,369,248
Advances and prepayments	12	70,169,167	146,613,755
Cash and cash equivalents	13	110,940,021	381,391,908
TOTAL CURRENT ASSETS		411,312,407	773,251,827
TOTAL ASSETS		1,454,213,834	1,547,870,546
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14.1	900,000,000	660,000,000
Share premium	14.4	268,589,751	508,589,751
Statutory reserve	14.2	-	32,359,592
Retained earnings		61,305,053	35,269,168
Share-based compensation reserve	14.6	5,591,482	-
Treasury shares	14.1	(15,256,246)	(16,021,322)
TOTAL EQUITY		1,220,230,040	1,220,197,189
NON-CURRENT LIABILITIES			
Loans and borrowings	15	43,182,626	104,972,205
Lease liabilities	9	1,176,421	2,091,622
Provision for mine closure cost	16	32,107,655	30,480,022
Employee benefits	17	13,951,422	10,988,909
TOTAL NON-CURRENT LIABILITIES		90,418,124	148,532,758
CURRENT LIABILITIES			
Loans and borrowings – current portion	15	67,144,909	102,648,000
Lease liabilities – current portion	9	915,202	955,108
Trade payables	18	46,227,626	26,957,734
Accruals and other non-financial liabilities	19	21,929,903	28,808,071
Provision for zakat and income tax	20	4,916,582	14,227,606
Provision for severance fees	21	2,431,448	5,544,080
TOTAL CURRENT LIABILITIES		143,565,670	179,140,599
TOTAL LIABILITIES		233,983,794	327,673,357
TOTAL EQUITY AND LIABILITIES		1,454,213,834	1,547,870,546



M. Shoaib
Finance Director



Chir-B. Waidh
Chief Executive Officer



Chairman of the Board

The attached notes from 1 to 35 form an integral part of these financial statements.

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

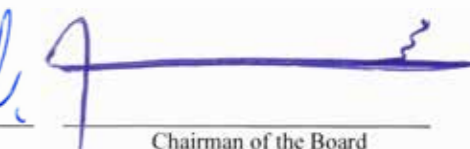
	Note	2023	2022
Revenue, net	22	487,894,683	582,768,703
Direct costs		(371,999,011)	(374,408,470)
GROSS PROFIT		115,895,672	208,360,233
Selling and marketing expenses	23	(15,686,525)	(24,824,990)
General and administrative expenses	24	(43,742,657)	(39,588,532)
OPERATING PROFIT		56,466,490	143,946,711
Finance costs	25	(7,810,659)	(12,042,497)
Other income/(expenses), net		11,801,099	10,705,361
PROFIT BEFORE ZAKAT AND INCOME TAX		60,456,930	142,609,575
Zakat expense	20	(2,314,785)	(11,381,929)
Income tax expense	20	(3,559,189)	(4,896,500)
NET PROFIT FOR THE YEAR		54,582,956	126,331,146
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	17	(318,983)	1,382,493
Deferred tax relating to actuarial (loss)/gain	20	74,008	(87,271)
		(244,975)	1,295,222
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		54,337,981	127,626,368
EARNINGS PER SHARE:			
Basic and diluted earnings per share attributable to ordinary equity holders of the Company	26	0.73	2.02



M. Shoaib
Finance Director



Chir-B. Waidh
Chief Executive Officer



Chairman of the Board

The attached notes from 1 to 35 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

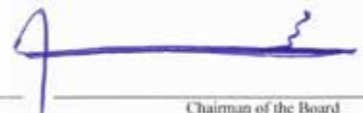
	Share capital	Share premium	Statutory reserve	Share-based compensation reserve	Retained earnings	Treasury shares	Total
Balance as at 1 January 2022	563,288,650	-	19,726,477	-	84,862,352	(19,441,401)	648,436,078
Net profit for the year	-	-	-	-	126,331,146	-	126,331,146
Other comprehensive income for the year	-	-	-	-	1,295,222	-	1,295,222
Total comprehensive income for the year	-	-	-	-	127,626,368	-	127,626,368
Increase in share capital (note 14.1 (d))	96,711,350	512,570,155	-	-	-	-	609,281,505
Transaction costs (note 14.1 (d))	-	(3,980,404)	-	-	-	-	(3,980,404)
Current period charge (note 14.6)	-	-	-	6,730,631	-	-	6,730,631
Treasury shares issued to employees (note 14.6)	-	-	-	(6,730,631)	3,310,552	3,420,079	-
Dividend (note 14.3)	-	-	-	-	(167,896,989)	-	(167,896,989)
Transfer to statutory reserve (note 14.2)	-	-	12,633,115	-	(12,633,115)	-	-
Balance as at 31 December 2022	660,000,000	508,589,751	32,359,592	-	35,269,168	(16,021,322)	1,220,197,189
Net profit for the year	-	-	-	-	54,582,956	-	54,582,956
Other comprehensive income for the year	-	-	-	-	(244,975)	-	(244,975)
Total comprehensive income for the year	-	-	-	-	54,337,981	-	54,337,981
Increase in share capital (note 14.1 (d))	240,000,000	(240,000,000)	-	-	-	-	-
Current period charge (note 14.6)	-	-	-	10,492,657	-	-	10,492,657
Treasury shares issued to employees (note 14.6)	-	-	-	(4,901,175)	4,136,099	765,076	-
Dividend (note 14.3)	-	-	-	-	(64,797,787)	-	(64,797,787)
Transfer from statutory reserve (note 14.2)	-	-	(32,359,592)	-	32,359,592	-	-
Balance as at 31 December 2023	900,000,000	268,589,751	-	5,591,482	61,305,053	(15,256,246)	1,220,230,040



Finance Director



Chief Executive Officer



Chairman of the Board

The attached notes from 1 to 35 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

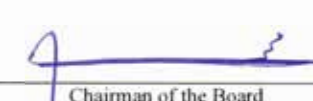
	Note	2023	2022
OPERATING ACTIVITIES			
Profit before zakat and income tax		60,456,930	142,609,575
<i>Adjustment to reconcile profit before zakat and income tax to net cash inflow from operating activities:</i>			
Depreciation, depletion and amortisation	7&8	128,072,223	107,498,086
Amortisation of right-of-use assets	9	966,883	1,939,183
Provision for employee benefits	17	3,399,692	4,009,515
Provision for severance fees	21	13,517,484	24,188,950
Finance income on short term deposits		(982,291)	1,054,103
Share-based compensation expense	14.6	10,492,657	6,730,631
Finance costs	25	7,810,658	12,042,497
Reversal of provision for slow moving inventories	10 (a)	(1,985,743)	-
Loss from derecognition of property, plant and equipment		389,757	-
		222,138,250	300,072,540
<i>Working capital adjustments:</i>			
Long term deposits		45,900	598,284
Inventories		(15,763,166)	(11,527,645)
Trade and other receivables		33,774,145	19,226,588
Advances and prepayments		76,444,588	(107,108,549)
Trade payables		19,332,174	8,905,717
Accruals and other non-financial liabilities		(6,940,450)	(5,116,567)
Cash from operations		329,031,441	205,050,368
Zakat paid	20	(11,906,754)	(4,175,418)
Income tax paid	20	(2,555,479)	(10,587,401)
Severance fee paid	21	(16,630,116)	(38,845,491)
Employee benefits paid	17	(756,162)	(1,037,776)
Finance costs paid		(5,998,027)	(10,504,906)
Net cash flows from operating activities		291,184,903	139,899,376
INVESTING ACTIVITIES			
Additions in property, plant and equipment	8	(36,577,232)	(24,722,332)
Additions in mine properties	7	(362,141,519)	(121,294,871)
Proceeds from derecognition of property, plant and equipment		312,523	-
Net cash used in investing activities		(398,406,228)	(146,017,203)
FINANCING ACTIVITIES			
Issuance of share capital	14.1(c)	-	96,711,350
Increase in share premium, net of transaction cost	14.1(c)	-	508,589,751
Dividend paid	14.5	(64,797,787)	(167,896,989)
Repayment of long-term borrowings		(97,292,670)	(121,510,878)
Payment of principal portion of lease liabilities	9	(1,140,105)	(3,103,137)
Net cash (used in)/from financing activities		(163,230,562)	312,790,097
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(270,451,887)	306,672,270
Cash and cash equivalents at the beginning of the year		381,391,908	74,719,638
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	110,940,021	381,391,908
SUPPLEMENTARY NON-CASH INFORMATION			
Additions in right-of-use assets and lease liabilities	9	-	2,620,097
Transfer from share premium to share capital	14.4	240,000,000	-
Transfer from statutory reserve to retained earnings	14.2	32,359,592	-
Adjustments/additions in deferred mine closure cost	16	-	(5,506,382)
Provision for mine closure cost	16	1,627,633	1,537,591



Finance Director



Chief Executive Officer



Chairman of the Board

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 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 ores 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 Moeath orebody development project for the purpose of increasing the productive capacity of Al Masane underground mine.

2. BASIS OF PREPARATION**2.1 Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") 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 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. 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 also the Company's functional and presentation currency.

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, and the accompanying disclosures, and the disclosure of contingent liabilities. 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.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Sensitivity analyses disclosure (notes 17 & 30)
- Financial instruments risk management (note 30)
- Capital management (note 31)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**3.1 Judgements**

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 under development/construction 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/underground mine development asset

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**3.1 Judgements (continued)****3.1.4 Deferred tax 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 year (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 and 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.

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 (2023: 5.34% and 2022: 5.34%). 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.

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 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.

3.2.8 Defined benefit plan

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuation. 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 17.

3.2.9 Share-based compensation

In determining the fair value of an equity-settled award, an appropriate valuation method is applied. Service and non-market performance conditions are not taken into account in determining the fair value of the award, but during the vesting period the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of awards that are expected to vest. Any market performance conditions and non-vesting conditions are taken into account in determining the award's fair value.

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.

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. MATERIAL ACCOUNTING POLICY INFORMATION

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.

4.3 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**4.3 Exploration and evaluation assets (continued)**

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.

4.4 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**4.5 Mine properties and property, plant and equipment (continued)****Depreciation / 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.

Depreciation/amortisation is calculated based on the following methods:

Categories	Depreciation / amortisation method
Intangible assets	Straight line - useful life of mine
Mining assets	Straight line - useful life of mine
Underground mine development asset	Straight line - useful life of mine
Buildings	Straight line - shorter of useful life of mine or 30 years
Leasehold improvement	Straight line - shorter of lease term or useful life of mine
Civil works	Unit of production
Plant and machinery	Unit of production
Heavy equipment	Unit of production
Tailing dam	Unit of production
Motor vehicles	Straight line - 4 years
Information technology equipments	Straight line - 3 years

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.

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, the 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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**4.5 Mine properties and property, plant and equipment (continued)****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 3.62 million. However, impact on future years cannot be calculated due to annual reviews of remaining useful life and reserves.

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 4.10.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**4.6 Leases (continued)****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**Concentrates**

Concentrates 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. Quantities and grades of stockpiles and work-in-process are assessed primarily through surveys and assays.

Tools, spare parts and consumables

Tools, spare parts and consumables 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 and statement of cash flows 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.

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 4.17.

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.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**4.9 Financial instruments (continued)****i) Financial assets (continued)**

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.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**4.9 Financial instruments (continued)****i) Financial assets (continued)****Subsequent measurement (continued)****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.

Majority 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 sole 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.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**4.9 Financial instruments (continued)****i) Financial assets (continued)****Impairment (continued)**

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.

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 15).

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**4.9 Financial instruments (continued)****ii) Financial liabilities (continued)*****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.

4.10 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. 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 groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or 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 recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets, excluding goodwill, with indefinite useful lives are tested for 52% 63% annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Goodwill is tested for impairment annually at year end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**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.

4.12 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.

Share-based compensation

The cost of an equity-settled award granted to employees is measured by reference to the fair value of the equity instrument on the date the award is granted. This cost is recognized as an employee benefit expense in the statement of profit or loss with a corresponding increase in equity. The cost of equity-settled award is recognized over the vesting period, which is the period over which the employees render the required service for the award and any non-market performance condition attached to the award is required to be met.

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 17).

4.13 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.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**4.13 Provisions (continued)****(b) Rehabilitation provision (continued)**

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.

4.14 Severance fees

Effective from 1 January 2021 onwards the Company is required to pay to the Government of Saudi Arabia severance fees, in accordance with the Mining Investment Law as issued via Ministerial Resolution No. 1006/1/1442 dated 9 Jumada Al-Ula 1442H (corresponding to 17 April 2021) (the "Mining Law"), representing amount equivalent of a) 20% of hypothetical income net of proportionate zakat due to Zakat, Tax and Customs Authority ("ZATCA") and b) specified percentage of the net value of the minerals upon extraction. The Company has accounted for severance fees representing the equivalent of 20% of hypothetical income net of proportionate zakat due to ZATCA under International Accounting Standard 12 ("IAS 12") "Income Taxes" (Note 21). The net income for each mining license registered in the name of the Company is subject to severance fees. Severance fees is shown as part of cost of revenue in the statement of profit or loss.

In mixed 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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**4.15 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.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**4.15 Zakat and tax (continued)****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.

Value Added Tax ("VAT")

Assets and expenses are recognised net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to, ZATCA is included as part of other receivables or other payables.

4.16 Earnings per share ("EPS")

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.

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**Direct costs**

Production costs and direct expenses are classified as direct costs. 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 direct costs or selling and distribution expenses. Allocation of overheads between direct costs, selling and distribution expenses, and general and administrative expenses, where required, is made on a consistent basis.

4.19 Treasury Shares

Own equity instruments that are repurchased (treasury shares) are recognized and deducted from equity at the amount of consideration paid by the Company for their acquisition. Any difference between the carrying amount of the shares and the consideration, if reissued, is recognized in retained earnings and are not recognised in the statement of income.

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 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5.1 IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. 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 a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, 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 new standard had no impact on the Company's financial statements.

5.2 Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, 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 financial statements.

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 have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

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 financial statements.

5.5 International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

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

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance 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 Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

6.2 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, 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
- 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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

6.3 Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

	Producing mines					Total
	Mine under construction	Intangible assets	Mining assets	Underground mine development asset	Deferred mine closure cost	
Cost:						
As at 1 January 2022	9,524,761	258,973,236	191,665,361	288,819,430	29,140,217	778,123,005
Additions during the year	76,474,912	-	33,791,891	11,028,068	-	121,294,871
Adjustment during the year (note 16)	-	-	-	-	(5,506,382)	(5,506,382)
As at 31 December 2022	85,999,673	258,973,236	225,457,252	299,847,498	23,633,835	893,911,494
Additions during the year	296,531,857	-	46,706,520	18,903,142	-	362,141,519
Transfer from capital work in progress (note 8)	6,624,427	-	-	-	-	6,624,427
As at 31 December 2023	389,155,957	258,973,236	272,163,772	318,750,640	23,633,835	1,262,677,440
Accumulated depletion and amortization:						
As at 1 January 2022	-	184,996,007	98,815,439	206,789,042	10,595,096	501,195,584
Charge for the year	-	9,247,153	30,038,734	10,966,923	1,582,440	51,835,250
As at 31 December 2022	-	194,243,160	128,854,173	217,755,965	12,177,536	553,030,834
Charge for the year	-	9,247,153	47,979,689	12,561,056	1,714,310	71,502,209
As at 31 December 2023	-	203,490,313	176,833,862	230,317,021	13,891,846	624,533,042
Net book amounts:						
As at 31 December 2023	389,155,957	55,482,923	95,329,910	88,433,619	9,741,989	638,144,398
As at 31 December 2022	85,999,673	64,730,076	96,603,079	82,091,533	11,456,299	340,880,660

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

8	PROPERTY, PLANT AND EQUIPMENT											Total
		Buildings	Leasehold improvement	Civil works	Plant and machinery	Heavy equipment	Tailing dam	Motor vehicles	Office equipments	Capital work in progress		
Cost:												
As at 1 January 2022	192,696,958	5,543,438	20,637,549	412,761,407	160,261,891	25,556,498	22,733,563	-	5,541,758	845,733,062		
Additions during the year	127,849	371,778	134,892	-	15,256,200	-	239,350	-	8,592,263	24,722,332		
Transfers	260,751	1,925,000	-	-	710,176	-	-	-	(2,895,927)	-		
As at 31 December 2022	193,085,558	7,840,216	20,772,441	412,761,407	176,228,267	25,556,498	22,992,913	-	11,238,094	870,475,394		
Additions during the year	-	653,000	317,946	-	29,226,231	-	-	126,595	6,253,460	36,577,232		
Transfer from right of use assets	-	-	-	-	7,977,138	-	-	-	-	7,977,138		
Transfer to mine properties (note 7)	-	-	-	-	-	-	-	-	(6,624,427)	(6,624,427)		
Transfer	-	-	-	-	1,830,190	-	-	-	(1,830,190)	-		
Disposals	-	-	-	-	(945,594)	-	(1,487,525)	-	-	(2,433,119)		
As at 31 December 2023	193,085,558	8,493,216	21,090,387	412,761,407	214,316,232	25,556,498	21,505,388	126,595	9,036,937	905,972,218		
Accumulated depreciation:												
As at 1 January 2022	103,736,093	2,550,289	11,264,816	163,428,938	98,490,112	16,826,002	22,565,554	-	-	418,861,804		
Charge for the year	11,111,224	736,057	1,232,485	28,344,170	12,927,295	1,194,055	117,550	-	-	55,662,836		
As at 31 December 2022	114,847,317	3,286,346	12,497,301	191,773,108	111,417,407	18,020,057	22,683,104	-	-	474,524,640		
Charge for the year	11,111,224	919,117	1,127,980	25,374,287	16,867,553	1,027,900	131,403	10,550	-	56,570,014		
Transfer from right of assets	-	-	-	-	2,696,412	-	-	-	-	2,696,412		
Disposals	-	-	-	-	(243,318)	-	(1,487,522)	-	-	(1,730,840)		
As at 31 December 2023	125,958,541	4,205,463	13,625,281	217,147,395	130,738,054	19,047,957	21,326,985	10,550	-	532,060,226		
Net book amounts:												
As at 31 December 2023	67,127,017	4,287,753	7,465,106	195,614,012	83,578,178	6,508,541	178,403	116,045	9,036,937	373,911,992		
As at 31 December 2022	78,238,241	4,553,870	8,275,140	220,988,299	64,810,860	7,536,441	309,809	-	11,238,094	395,950,754		

Intangible assets represents exploration and evaluation assets (including mining rights originally granted by the Royal Decree Number M/17 effective 1 Dhu Al-Hijjah 1413H (corresponding to 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 ("ASDC") 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 kilometer 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 was transferred to the Company as per the ministry of Petroleum and mineral resources resolution dated 13 Ramadhan 1429H (corresponding to 13 September 2008) and the ministry subsequent letter dated 2 Muharram 1430H (corresponding to 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 explore and process the estimated ore reserves.

1. The mine under construction represents Moyeath project and evaluation and exploration expenses capitalised.

2. The depletion and amortization charge for the year has been allocated to direct costs.

3. The mine under construction represents Moyeath project and evaluation and exploration expenses capitalised.

MINE PROPERTIES (continued)**NOTES TO THE FINANCIAL STATEMENTS (continued)****AL MASANE AL KOBRA MINING COMPANY (A SAUDI JOINT STOCK COMPANY)**

At 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

8 PROPERTY, PLANT AND EQUIPMENT (continued)

- 8.1 Property, plant and equipment are subject to a pledge as collateral against a long-term loan (note 15).
- 8.2 The depreciation charge for the year has been allocated to direct costs.
- 8.3 The buildings are constructed on the site for the mines which are leased by the Company from the Ministry of Industry and Mineral Resources.

9 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:

	<i>Buildings</i>	<i>Heavy equipment</i>	<i>Total</i>
As at 1 January 2022	1,721,805	6,147,854	7,869,659
Additions during the year	2,620,097	-	2,620,097
Depreciation expense	(1,072,055)	(867,128)	(1,939,183)
As at 31 December 2022	3,269,847	5,280,726	8,550,573
Transfers to property, plant and equipment	-	(5,280,726)	(5,280,726)
Depreciation expense	(966,883)	-	(966,883)
As at 31 December 2023	2,302,964	-	2,302,964

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	<i>2023</i>	<i>2022</i>
As at the beginning of the year	3,046,730	3,529,770
Additions during the year	-	2,620,097
Accretion of interest during the year	184,998	210,301
Payments made during the year	(1,140,105)	(3,313,438)
At the end of the year	2,091,623	3,046,730
Current	915,202	955,108
Non-current	1,176,421	2,091,622

The following are the amounts recognised in the statement of profit or loss and other comprehensive income:

	<i>2023</i>	<i>2022</i>
Depreciation expense of right-of-use assets	966,883	1,939,183
Interest expense on lease liabilities	184,998	210,301
	1,151,881	2,149,484

The Company had total cash outflows for leases of SR 1,140,105 (2022: SR 3,313,438). The Company also had non-cash additions to right-of-use assets and lease liabilities of SR Nil (2022: SR 2,620,097).

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

10 INVENTORIES

	<i>2023</i>	<i>2022</i>
Concentrates	20,718,050	15,044,811
Ore stockpile	13,859,304	5,127,155
Consumables	18,581,764	21,008,872
Tools and spare parts	51,093,278	47,308,392
	104,252,396	88,489,230
Less: Allowance for slow moving inventories (see note below)	(3,626,571)	(5,612,314)
	100,625,825	82,876,916

a) Movement in the allowance for slow moving inventories is as follows:

	<i>2023</i>	<i>2022</i>
At the beginning of the year	5,612,314	5,612,314
Inventory written off	(1,985,743)	-
At the end of the year	3,626,571	5,612,314

11 TRADE AND OTHER RECEIVABLES

	<i>2023</i>	<i>2022</i>
Trade receivables (subject to provisional pricing) – fair value	125,210,833	156,302,262
Add: Provisional pricing adjustment at fair value	3,384,270	5,012,883
Net trade accounts receivable	128,595,103	161,315,145
Accrued income on deposits	982,291	1,054,103
	129,577,394	162,369,248

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. See financial instruments risk management (note 30) on credit risk of trade receivables, which explain how the Company manages and measure credit quality of trade receivables.

12 ADVANCES AND PREPAYMENTS

	<i>2023</i>	<i>2022</i>
Advances to suppliers	43,099,437	126,365,214
Less: Provision for advances to suppliers	(1,754,885)	(1,754,885)
Advances to suppliers - net	41,344,552	124,610,329
Prepayments	7,310,067	12,337,615
Employee receivables	211,898	145,472
Value added tax	21,302,650	9,520,339
	70,169,167	146,613,755

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

13 CASH AND CASH EQUIVALENTS

	2023	2022
Cash in hand	86,641	76,640
Bank balances	10,853,380	131,315,268
Short-term deposits	100,000,000	250,000,000
	<u>110,940,021</u>	<u>381,391,908</u>

Short term deposits carries profit margin ranging from 6.15% to 6.18% with a maturity of less than 3 months at reporting date

14 EQUITY

14.1 Share capital

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

- (a) On 18 November 2021 (corresponding to 13 Rabi Al-Thani 1443H), the shareholders of the Company, in an extraordinary general meeting, passed a resolution to increase the Company's share capital from SR 563,288,650 to SR 660,000,000 as part of the IPO process. The legal formalities in this regard have been completed on 23 March 2022 (corresponding to 20 Sha'ban 1443H). The total proceeds received from the IPO subscription were SR 609,281,505, out of which SR 96,711,350 has been recorded as an increase in share capital and the remaining balance of SR 512,570,155 has been recorded as share premium before deducting transaction cost amounting to SR 3,980,404.
- (b) On 1 August 2023, the shareholders of the company at the extraordinary general assembly meeting approved the increase in 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 after obtaining necessary approvals from the competent authorities. The legal formalities were completed in this regard during the year ended 31 December 2023.

14.2 Statutory reserve

In accordance with the old 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. The management amended the bylaws of the company to waive this requirement and completed relevant formalities and approvals during the year ended 31 December 2023.

On 27 November 2023 (corresponding to 13 Jumada Al-Ula 1445H), the Board of Directors of the Company recommended to the shareholders to transfer the statutory reserve balance of SR 32,359,592 to retained earnings. The recommendation of transfer of statutory reserve to retained earnings was approved by the shareholders in their Extraordinary General Assembly Meeting held on 21 December 2023 (corresponding to 8 Jumada Al-Alkhirah 1445H). The legal formalities were completed in this regard during the year ended 31 December 2023.

14.3 Treasury shares

The Company had 1,202,213 treasury shares at the beginning of year. The number of treasury shares held by the Company increased by 420,532 ordinary shares as a result of the issuance of bonus shares during 2023 (Note 14.1). These shares are held by the Company as treasury shares to be allocated to the Employees' Long-term Incentives Programs. The number of treasury shares issued during the year to employees under the share-based compensation plan were 61,650 (31 December 2022: 256,637) (Note 14.6).

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

14 EQUITY (continued)

14.4 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 legal formalities were completed in this regard during the year ended 31 December 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.

14.5 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.

14.6 Share-based compensation

During the current year, the company approved new 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 statement of profit or loss, as an employee benefit expense during the period:

	2023
<i>Equity settled share-based compensation expense:</i>	
Share-based compensation expense	10,492,657
Shares issued during the period	(4,901,175)
	<u>5,591,482</u>
Share-based compensation reserve	<u>5,591,482</u>

During the previous year, share-based compensation relates to equity-settled grants of ordinary shares granted as per employment contract and equity-settled bonus grants of ordinary shares granted to Company's eligible employees. Awards were equity settled and cannot be settled in cash. The Company recognized the following share-based compensation expense in the statement of profit or loss, as an employee benefit expense during the year ended 31 December 2022:

	2022
<i>Equity settled share-based compensation expense:</i>	
As per employment contract	1,968,311
Equity settled share-based employment bonus	4,762,320
	<u>6,730,631</u>

Awards for both grants were granted for nil consideration. The fair value of grants was determined by reference to the market value of the Company's ordinary shares on the date of grant for equity-settled awards. The number of awards settled in shares during the year of 2022 was 196,237 in relation to the grants of ordinary shares as per employment contract and 60,400 in relation to the bonus grants of ordinary shares to Company's eligible employees.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

15 LOANS AND BORROWINGS

	2023	2022
Saudi Industrial Development Fund (SIDF) (note 8)	110,327,535	207,620,205
Less: Current portion shown under current liabilities	(67,144,909)	(102,648,000)
Loans and borrowings under non-current liabilities	<u>43,182,626</u>	<u>104,972,205</u>

15.1 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 and by guarantee of each of the former shareholder of the Company prior to the listing. 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 and by guarantee of each of the former shareholder of the Company prior to the listing. However, on 4 October 2022, SIDF has released corporate and personal guarantees of former shareholders for both facilities.

15.2 Loans and borrowings bear finance charges ranging from 2.59% to 5.23% per annum (2022: 2.7% to 5.3% per annum).

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

The undiscounted outstanding loans/facilities maturities are as follows:

Year	2023	2022
2023	-	101,400,000
2024	66,500,000	68,912,000
2025	15,000,000	16,416,000
Thereafter	28,300,000	31,840,000
	<u>109,800,000</u>	<u>218,568,000</u>

16 PROVISION FOR MINE CLOSURE COST

	2023	2022
At the beginning of the year	30,480,022	34,448,813
Adjustments for the year	-	(5,506,382)
Unwinding of discount for the year	1,627,633	1,537,591
At the end of the year	<u>32,107,655</u>	<u>30,480,022</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

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17 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:

	2023	2022
Balance at the beginning of the year	10,988,909	9,399,663
Included in statement of profit or loss		
Current service cost	2,954,037	3,720,890
Interest cost	445,655	288,625
	<u>3,399,692</u>	<u>4,009,515</u>
Included in statement of other comprehensive income		
Actuarial loss/(gain)	318,983	(1,382,493)
Benefits paid	(756,162)	(1,037,776)
Balance at the end of the year	<u>13,951,422</u>	<u>10,988,909</u>

Actuarial assumptions

The following were the principal actuarial assumptions applied at the reporting date:

	2023	2022
Discount rate	4.75%	4.20%
Future salary growth / Expected rate of salary increases	4.75%	4.20%
Mortality rate	Age-wise	Age-wise
Employee turnover / withdrawal rates	Age and service	Age and service

The quantitative sensitivity analysis for principal assumptions is as follows:

	2023	2022
Discount rate:		
+1% increase	(815,075)	(651,281)
-1% decrease	911,892	729,775
Salary increase rate:		
+1% increase	766,273	614,644
-1% decrease	(700,010)	(560,741)

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 6 years (2022: 6.5 years).

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17 EMPLOYEE BENEFITS (continued)

The following is the breakup of the actuarial loss/(gain):

	2023	2022
Demographic assumptions	-	(802,313)
Experience adjustments	318,983	(630,151)
Change in financial assumptions	-	49,971
	<u>318,983</u>	<u>(1,382,493)</u>

The following payments are expected to the defined benefit plan in future years:

	2023	2022
Within the next 12 months (next annual reporting period)	2,107,363	1,661,829
Between 1 and 5 years	6,515,755	4,906,357
Beyond 5 years	10,844,658	8,189,196
Total expected payments	<u>19,467,776</u>	<u>14,757,382</u>

18 TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 60-150 days terms. For terms and conditions with related parties, refer to note 28. For explanations on the Company's liquidity risk management processes, refer to note 30.

19 ACCRUALS AND OTHER NON-FINANCIAL LIABILITIES

	2023	2022
Accrued expenses	11,846,104	19,531,740
Vacation accruals and others	10,083,799	9,276,331
	<u>21,929,903</u>	<u>28,808,071</u>

20 ZAKAT AND INCOME TAX

20.1 ZAKAT

Charge for the year

	2023	2022
Zakat relating to current year	6,459,374	16,051,342
Zakat relating to prior years	(4,144,588)	(4,669,413)
	<u>2,314,786</u>	<u>11,381,929</u>

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20 ZAKAT AND INCOME TAX (continued)

20.1 ZAKAT (continued)

The zakat charge is based on the following:

	2023	2022
Equity	1,139,061,132	1,105,281,591
Opening provisions and other adjustments	158,513,383	50,878,520
Book value of long-term assets (net of related financing)	(1,058,193,091)	(589,712,197)
	<u>239,381,424</u>	<u>566,447,914</u>
Zakatable income for the year	56,844,340	144,047,531
Zakat base	<u>296,225,764</u>	<u>710,495,445</u>

Movement in zakat provision during the year

The movement in the zakat provision for the year is as follows:

	2023	2022
Balance at the beginning of the year	16,051,342	8,844,831
Net charge for the year	2,314,786	11,381,929
Payments during the year	(11,906,754)	(4,175,418)
Balance at the end of the year	<u>6,459,374</u>	<u>16,051,342</u>

20.2 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:

	2023	2022
<u>Included in the statement of profit or loss:</u>		
Income tax expense for the year	2,836,423	2,469,981
Deferred tax charge during the year	722,766	2,426,519
	<u>3,559,189</u>	<u>4,896,500</u>
<u>Included in the statement of other comprehensive income:</u>		
Deferred tax (credit)/debit relating to actuarial (gain)/loss	(74,008)	87,271

Reconciliation of tax expense and the accounting profit for the year ended:

	2023	2022
Profit before zakat and income tax	60,456,930	142,609,575
Income tax expense as per tax rate of 20% applicable in KSA	12,091,386	28,521,915
Adjustments for amounts which are not deductible/(taxable) in calculating taxable income:		
Saudi shareholding not subject to tax – 81.65% (2022: 85.47%)	(9,872,617)	(24,377,681)
Others	1,340,420	752,266
At the effective income tax rate of 5.91% debit (2022: 3.43% debit)	<u>3,559,189</u>	<u>4,896,500</u>
Share of Non-Saudi shareholding	<u>18.35%</u>	<u>14.53%</u>

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20 ZAKAT AND INCOME TAX (continued)**20.2 INCOME TAX (continued)**

	2023	2022
Income tax relating to current year	1,470,432	2,651,641
Income tax relating to prior year	1,365,991	(181,660)
	<u>2,836,423</u>	<u>2,469,981</u>

The movement in the income tax provision during the year is as follows:

	2023	2022
At the beginning of the year	(1,823,736)	6,293,684
Provided during the year	2,836,423	2,469,981
Paid during the year	(2,555,479)	(10,587,401)
At the end of the year	<u>(1,542,792)</u>	<u>(1,823,736)</u>

Components of deferred tax are as follows:

	2023	2022
Carryforward tax losses	27,533,003	28,468,630
Difference in accounting and tax base of property, plant and equipment	(925,152)	(863,863)
Provisions	1,391,376	1,235,787
Employee benefits	511,992	319,423
Net deferred tax assets	<u>28,511,219</u>	<u>29,159,977</u>

The movement of the deferred tax asset for the year ended 31 December is as follows:

	2023	2022
As of 1 January	29,159,977	31,673,767
Deferred tax credit during the year recognised in statement of profit or loss	(722,766)	(2,426,519)
Deferred tax credit to other comprehensive income	74,008	(87,271)
As at 31 December	<u>28,511,219</u>	<u>29,159,977</u>

Status of assessments**Zakat and income tax status:**

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.

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21 PROVISION FOR SEVERANCE FEE

	2023	2022
Severance fees relating to current year	8,619,941	18,206,630
Severance fees relating to prior year	4,897,543	5,982,320
	<u>13,517,484</u>	<u>24,188,950</u>

	2023	2022
At 1 January	5,544,080	20,200,621
Provision during the year	13,517,484	24,188,950
Paid during the year	(16,630,116)	(38,845,491)
At 31 December	<u>2,431,448</u>	<u>5,544,080</u>

Severance fees is shown as part of direct costs in the statement of profit or loss.

22 REVENUE, NET

	2023	2022
Revenue from contracts with customers:		
Copper concentrate	159,476,103	187,036,042
Zinc concentrate	137,504,147	188,072,494
Precious metals	196,055,533	214,969,860
	<u>493,035,783</u>	<u>590,078,396</u>
Movement in provisional pricing adjustments during the year	(5,141,100)	(7,309,693)
	<u>487,894,683</u>	<u>582,768,703</u>

23 SELLING AND DISTRIBUTION EXPENSES

	2023	2022
Transportation	14,591,439	21,370,875
Advertising and promotion	1,095,086	3,454,115
	<u>15,686,525</u>	<u>24,824,990</u>

24 GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Employee costs	17,149,017	14,829,214
Management remuneration and benefits	7,650,526	4,819,650
Professional fees	4,799,768	10,273,233
Computer and office supplies	3,650,689	2,935,804
Share based compensation expense	10,492,657	6,730,631
	<u>43,742,657</u>	<u>39,588,532</u>

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25 FINANCE COSTS

	2023	2022
Finance cost on loans and bank charges	5,998,027	10,294,605
Finance cost on lease liabilities	184,998	210,301
Unwinding on mine closure cost	1,627,633	1,537,591
	<u>7,810,658</u>	<u>12,042,497</u>

26 EARNINGS PER SHARE

Basic earnings per share 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. As a result of issuance of bonus shares (note 14.1), the outstanding weighted average number of ordinary shares post the bonus shares issuance have been used for calculation of basic and diluted earnings per ordinary share. The earnings per share calculation is given below:

	2023	2022
Net profit attributable to ordinary shareholders	54,582,956	126,331,146
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	74,644,019	62,405,767
Basic and diluted earnings per ordinary share	<u>0.73</u>	<u>2.02</u>

Potential ordinary shares during the year ended 31 December 2023 related to employees' share-based compensation in respect of employee share plans that were awarded to the Company's eligible employees under those plan terms (note 14.6). These share plans did not have a significant dilution effect on basic earnings per share for the years ended 31 December 2023 and 2022.

27 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:

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

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 financial statements. However, the Company's severance fees, zakat and income taxes are managed on corporate basis and are not allocated to operating segments.

At 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

27 SEGMENT REPORTING (continued)

	<i>Al Masane Mine</i>	<i>Mount Guyan Mine</i>	<i>Corporate</i>	<i>Total</i>
For the year ended 31 December 2023:				
Revenue				
External customers	336,830,660	156,205,123	-	493,035,783
Movement in provisional pricing	(8,900,979)	3,759,879	-	(5,141,100)
Revenue, net	327,929,681	159,965,002	-	487,894,683
Direct costs	(243,770,996)	(114,710,532)	(13,517,483)	(371,999,011)
Gross profit	84,158,685	45,254,470	(13,517,483)	115,895,672
Selling and distribution expenses	(15,686,525)	-	-	(15,686,525)
General and administrative expenses	-	-	(43,742,657)	(43,742,657)
Operating profit	68,472,160	45,254,470	(57,260,140)	56,466,490
Finance costs	(4,159,373)	(3,651,286)	-	(7,810,659)
Other income	-	-	11,801,099	11,801,099
Profit before zakat and income tax	64,312,787	41,603,184	(45,459,041)	60,456,930
Zakat and income tax	-	-	(5,873,974)	(5,873,974)
Net profit for the period	<u>64,312,787</u>	<u>41,603,184</u>	<u>(51,333,015)</u>	<u>54,582,956</u>
For the year ended 31 December 2022:				
Revenue				
External customers	418,644,633	171,433,763	-	590,078,396
Movement in provisional pricing	(10,872,176)	3,562,483	-	(7,309,693)
Revenue, net	407,772,457	174,996,246	-	582,768,703
Direct costs	(253,628,438)	(96,591,083)	(24,188,949)	(374,408,470)
Gross profit	154,144,019	78,405,163	(24,188,949)	208,360,233
Selling and distribution expenses	(24,824,990)	-	-	(24,824,990)
General and administrative expenses	-	-	(39,588,532)	(39,588,532)
Operating profit	129,319,029	78,405,163	(63,777,481)	143,946,711
Finance costs	(6,883,530)	(5,158,967)	-	(12,042,497)
Other income	-	-	10,705,361	10,705,361
Profit before zakat and income tax	122,435,499	73,246,196	(53,072,120)	142,609,575
Zakat and income tax	-	-	(16,278,429)	(16,278,429)
Net profit for the period	<u>122,435,499</u>	<u>73,246,196</u>	<u>(69,350,549)</u>	<u>126,331,146</u>
As at 31 December 2023				
Segment assets	<u>646,924,752</u>	<u>214,840,495</u>	<u>600,280,061</u>	<u>1,462,045,308</u>
Segment liabilities	<u>79,826,542</u>	<u>64,700,270</u>	<u>97,288,456</u>	<u>241,815,268</u>
As at 31 December 2022				
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

28 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 year:

Related party	Relationship	Nature of transaction	Transactions	
			2023	2022
Arab Commercial Enterprises for Travel	Other related party	Travel charges	-	1,712,396
Najran Mineral Water	Other related party	Water charges	88,943	57,960
Following is the detail of related party balances payable at the year-end:				
<i>Amount due to related party</i>			2023	2022
Najran Mineral Water			(9,315)	-
Arab Commercial Enterprises for Travel			(9,315)	(2,810)
				(2,810)

Key management compensation

Compensation for key management is as follows:

Salaries and other benefits	2023	2022
End of service benefits	10,721,989	9,792,258
	506,418	567,610
	11,228,407	10,359,868

29 CONTINGENCIES AND COMMITMENTS**Contingencies**

The Company has bank guarantees of SR 644,184 as at 31 December 2023 (2022: SR Nil).

Commitments

At 31 December 2023, the Company has future commitments amounting to SR 239 million (2022: SR 369 million).

30 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company's principal financial liabilities comprise loans and borrowings, lease liabilities, trade 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.

Commission rate sensitivity

The following table demonstrates the sensitivity of the Company to a reasonably possible change in commission rates, on that portion of loans and borrowings affected. With all other variables held constant, the impact on the Company's profit before zakat and tax for the year ended 31 December 2023 and 2022 will be as follows:

	Increase / decrease in basis points	Effect on profit before zakat and tax
2023	+100	(1,103,275)
	-100	1,103,275
2022	+100	(2,076,202)
	-100	2,076,202

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, zinc, silver and gold which it sells into global markets. The market prices of copper, 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, 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.

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30 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)**Commodity price risk (continued)**

	<i>Effect on profit before tax for the year ended 31 December 2023 increase/(decrease)</i>	<i>Effect on profit before tax for the year ended 31 December 2022 increase/(decrease)</i>
Increase / (decrease) in the Copper price		
+10%	15,641,134	18,765,639
-10%	(15,641,134)	(18,765,639)
Increase / (decrease) in the Zinc price		
+10%	13,090,130	17,489,060
-10%	(13,090,130)	(17,489,060)
Increase / (decrease) in the Gold price		
+10%	19,471,329	21,447,714
-10%	(19,471,329)	(21,447,714)
Increase / (decrease) in the Silver price		
+10%	586,875	574,458
-10%	(586,875)	(574,458)

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, 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 two customer which account for total sales of the Company. 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 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 cash and cash equivalents, trade and other receivables as at 31 December 2023 and 2022 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.

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30 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)**Liquidity risk (continued)**

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	<i>2023</i>	<i>Within 1 year SR</i>	<i>1 to 5 years SR</i>	<i>More than 5 Years SR</i>	<i>Total SR</i>
Loans and borrowings	66,500,000	43,300,000	-	-	109,800,000
Lease liabilities	1,038,284	1,269,901	-	-	2,308,185
Trade payables	46,227,626	-	-	-	46,227,626
	113,765,910	44,569,901	-	-	158,335,811
				<i>More than 5 Years SR</i>	<i>Total SR</i>
2022	<i>Within 1 year SR</i>	<i>1 to 5 years SR</i>	<i>More than 5 Years SR</i>	<i>Total SR</i>	
Loans and borrowings	101,148,000	111,624,000	-	-	212,772,000
Lease liabilities	1,140,106	2,308,185	-	-	3,448,291
Trade payables	26,957,734	-	-	-	26,957,734
	129,245,840	113,932,185	-	-	243,178,025

31 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.

	<i>2023</i>	<i>2022</i>
Debt – lease liabilities and loans and borrowings (including current portion)	112,419,158	210,666,935
Equity	1,220,230,040	1,220,197,189
Capital and debt	1,332,649,198	1,430,864,124
Gearing ratio	8.44%	14.72%

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32 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, categorize the use of relevant observable inputs and categorize the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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

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.

All financial instruments measured at fair value use level 1 valuation techniques in both years. During the year ended 2023 and 2022, there were no movements between the levels.

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.

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

33 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of changes in liabilities arising from financing activities are as follows:

	<i>1 January 2023</i>	<i>Additions</i>	<i>Cash flows</i>	<i>Other</i>	<i>31 December 2023</i>
Lease liabilities	3,046,730	-	(1,140,106)	184,998	2,091,623
Loans and borrowings	207,620,205	-	(101,400,000)	4,107,330	110,327,535
Total liabilities from financing activities	210,666,935	-	(102,540,106)	4,292,328	112,419,158

	<i>1 January 2022</i>	<i>Additions</i>	<i>Cash flows</i>	<i>Other</i>	<i>31 December 2022</i>
Lease liabilities	3,529,770	2,620,097	(3,313,438)	210,301	3,046,730
Loans and borrowings	329,131,083	-	(130,909,806)	9,398,928	207,620,205
Total liabilities from financing activities	332,660,853	2,620,097	(134,223,244)	9,609,229	210,666,935

The 'Other' column includes the effect of finance charges on unwinding of loan and lease liabilities. The Company classifies interest paid as cash flows from operating activities.

34 SUBSEQUENT EVENTS

On 4 January 2024, the Board of Directors announced the distribution of SR 57 million (SR 0.65 per share) for the second half of the year 2023 which represents 6.5% of the nominal value of the shares. On 21 January 2024, the Company distributed the cash dividend.

There have been no further significant subsequent events since the year ended 31 December 2023, which would have a material impact on the financial position of the Company as reflected in these financial statements.

35 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 29 Sha'ban 1445H, corresponding to 10 March 2024G.

جمهورية مصر العربية

شركة المصانع الكبرى للتعدين



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