

Dear Shareholders of Saudi Arabian Mining Company (Ma'aden) (the "Company")

السادة مساهمين شركة التعدين العربية السعودية (معادن) (الشركة)

May Peace and Mercy of Allah be upon you,

السلام عليكم ورحمة الله وبركاته،

On 26/06/2019, the Company announced on the Saudi Stock Exchange (Tadawul) website the recommendation of the Board of Directors to the General Assembly to increase the Company's capital by converting the debt payable to the Public Investment Fund (the "Fund"), amounting to US\$ 796.370.000 (SAR 2.986.387.500) into additional shares, in accordance with the debt conversion agreement signed with the Fund dated 24/10/1440H (corresponding to 27/06/2019G).

أعلنت الشركة بتاريخ ٢٦/٦/٢٠١٩م في موقع السوق المالية السعودية (تداول) عن توصية مجلس الإدارة إلى الجمعية العامة بزيادة رأس مال الشركة عن طريق تحويل الدين المستحق لصندوق الاستثمارات العامة (الصندوق) والبالغ ٧٩٦,٣٧٠,٠٠٠ دولار أمريكي (بما يعادل ٢,٩٨٦,٣٨٧,٥٠٠ ريالاً سعودياً) إلى أسهم إضافية، حسب اتفاقية تحويل الدين الموقعة مع الصندوق بتاريخ ٢٤/١٠/١٤٤٠هـ (الموافق ٢٧/٦/٢٠١٩م).

The above-mentioned agreement, as well as two additional related agreements discussed below, were entered into with the Fund. The Fund owns 65.43% of the Company's shares and is represented on Ma'aden's Board of Directors.

إن الاتفاقية المشار إليها، بالإضافة إلى اتفاقيتين أخرى ذات علاقة تم مناقشتها أدناه، تم التوقيع عليها مع الصندوق. حيث يمتلك الصندوق ما نسبته ٦٥,٤٣% من أسهم الشركة، ولديه تمثيل في مجلس إدارة الشركة.

Pursuant to the applicable laws and regulations and instructions relating to conflicts of interest, its board representatives have notified their relation in respect of the said agreements, concluded with Ma'aden, to the Board of Directors. Such notification has been duly recorded in the minutes of meeting of the Board of Directors. The company's External Auditor has been informed of these agreements as well in order to submit its report pursuant to Article 71 of the Companies Law.

التزاماً بالأنظمة واللوائح والضوابط المعمول بها والخاصة بتعارض المصالح، أبلغ ممثلي الصندوق المجلس عن وجود علاقة فيما يتعلق بتلك الاتفاقيات التي أبرمت لحساب الشركة، وقد أثبت هذا التبليغ في محضر اجتماع المجلس وفقاً للإجراءات النظامية. وقد أبلغ مراجع حسابات الشركة الخارجي بالاتفاقية؛ ليقدم تقريره وفقاً للمادة (٧١) من نظام الشركات.

Key details:

التفاصيل الأساسية:

- Ma'aden entered into a loan agreement dated 24/10/1440H (corresponding to 27 June 2019G) with the Fund, under which the Fund advanced to Ma'aden a loan in the amount of USD 796.370.000 (SAR 2.986.387.500), which amount funded the transfer, pursuant to the transfer and termination agreement dated 23/10/1440H (corresponding to 26/06/2019G) of the Fund's loan in the same amount to Ma'aden Rolling Company from the Fund to Ma'aden.
- أبرمت الشركة اتفاقية قرض مع الصندوق بتاريخ ٢٤/١٠/٤٤٠هـ (الموافق ٢٧/٦/٢٠١٩م)، وبموجبها يقدم الصندوق قرضاً للشركة بمبلغ ٧٩٦,٣٧٠,٠٠٠ دولار أمريكي (بما يعادل ٢,٩٨٦,٣٨٧,٥٠٠ ريالاً سعودياً)، وهو المبلغ الذي مَوَّل تحويل القرض الممنوح من الصندوق لشركة معادن للدرفلة بنفس المبلغ إلى الشركة، وذلك وفقاً لاتفاقية النقل والإنهاء بتاريخ ٢٣/١٠/٤٤٠هـ (الموافق ٢٦/٦/٢٠١٩م).
- Ma'aden entered into a debt conversion agreement dated 24/10/1440H (corresponding to 27/06/2019G) with the Fund, pursuant to which Ma'aden will convert the Fund's loan to Ma'aden in the amount of USD 796.370.000 (SAR 2.986.387.500) into new shares in Ma'aden.
- أبرمت الشركة اتفاقية تحويل الدين بتاريخ ٢٤/١٠/٤٤٠هـ (الموافق ٢٧/٦/٢٠١٩م) مع الصندوق، تقوم الشركة بموجبها بتحويل قرض الصندوق بمبلغ ٧٩٦,٣٧٠,٠٠٠ دولار أمريكي (بما يعادل ٢,٩٨٦,٣٨٧,٥٠٠ ريالاً سعودياً) إلى أسهم جديدة في الشركة.
- Additional information can be found in the Shareholders' Circular published on the Company and Tadawul's websites.
- يمكن الحصول على معلومات إضافية في نشرة المساهمين المنشورة على موقع الشركة وتداول.

With best regards,

وتقبلوا التحية والتقدير ،،،

Chairman of the Board of Directors of Saudi Arabian Mining Company (Ma'aden)

رئيس مجلس إدارة شركة التعدين العربية السعودية (معادن)



To the Shareholders
Saudi Arabian Mining Company (Ma'aden)

Limited assurance report on declaration submitted by the Chairman of the Board of Directors to the shareholders of Saudi Arabian Mining Company (Ma'aden)

We have undertaken a limited assurance engagement in respect of the accompanying declaration of statement of agreements (the "Declaration") concluded between Saudi Arabian Mining Company (Ma'aden) (the "Company"), Ma'aden Rolling Company ("MRC"), a subsidiary of the Company, and Public Investment Fund ("PIF"), a related party of the directors of the Company, in connection with the conversion of the debt payable by the Company to PIF into share capital which is subject to approval in an Extraordinary General Assembly and for which the Declaration will be submitted by the Chairman of the Board of Directors of the Company in accordance with the applicable criteria mentioned below so as to comply with the requirements of Article 71 of the Regulations for Companies.

Subject matter

The Subject Matter for our limited assurance engagement is the Declaration prepared by the management of the Company and approved by the Chairman of the Board of Directors as attached to this report and submitted to us.

Criteria

The applicable Criteria is the requirements of Article 71 of Regulations for Companies issued by the Ministry of Commerce and Investment (2015-1437H) which states that any member of the board of directors (the "Board") with any interest, both directly or indirectly, in the transactions or contracts made for the account of the Company shall declare such interests for the approval of a general assembly of the Company. The Board member must notify the Board of such interest and excuse himself in vote by the Board to approve such transactions or contracts. The Chairman of the Board will notify the general assembly of transactions and contracts in which a member of the Board has a direct or indirect interest.

Management's responsibility

The management of the Company is responsible for the preparation of the Declaration in accordance with the Criteria and ensuring its completeness. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Declaration that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence requirements of the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, and the ethical requirements that are relevant to our limited assurance engagement in the Kingdom of Saudi Arabia, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1, as endorsed in the Kingdom of Saudi Arabia, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Our responsibility

Our responsibility is to express a limited assurance conclusion on the Declaration based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (“ISAE”) 3000 (Revised), ‘Assurance Engagements Other Than Audits or Reviews of Historical Financial Information’, as endorsed in the Kingdom of Saudi Arabia. This standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Company has not complied with the applicable requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration.

The procedures selected depend on our judgment, including the assessment of risks such as failure of systems and controls, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company’s compliance with the requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration. Our procedures included examining, on a test basis, evidence supporting systems and controls in respect of the preparation of the Declaration in accordance with the requirements of Article 71 of the Regulations for Companies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Summary of work performed

We have planned and performed the following procedures to obtain limited assurance over the Company’s compliance with the requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration:

- Discussed with the management the process for approving the transactions and agreements by any of the Board members with the Company.
- Obtained the accompanying Declaration that includes details of the following transactions and agreements entered into between the Company, MRC and PIF:
 - A tripartite agreement between the Company, MRC and PIF to transfer an existing loan between PIF (as lender) and MRC (as the existing borrower) to the Company as the new borrower dated 26 June 2019 (“Transfer and Termination Agreement”);
 - A new loan agreement between the Company and PIF dated 27 June 2019 (“PIF-Ma’aden loan agreement”); and
 - An agreement between the Company and PIF to convert the loan due to PIF by the Company into the Company’s share capital dated 27 June 2019 (“Debt conversion agreement”).
- Reviewed the minutes of the Board meeting, which indicate that the board members notified the Board on the transactions and agreements entered into between the Company, MRC and PIF; and verified based on the minutes that the concerned board members did not vote on the resolution issued towards approval of the above-mentioned agreements at the meeting of the Board.
- Tested the consistency of the transactions included in the accompanying Declaration with the agreements entered into between the Company, MRC and PIF.



Inherent limitations

Our procedures regarding systems and controls relating to the preparation of the Declaration in accordance with the requirements of the Article 71 of the Regulations for Companies, are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Furthermore, such procedures may not be relied upon as evidence of the effectiveness of the systems and controls against fraudulent collusion, especially on the part of those holding positions of authority or trust.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) as endorsed in the Kingdom of Saudi Arabia. Consequently, the nature, timing and extent of the procedures outlined above for gathering sufficient appropriate evidence were deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Our procedures did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements as endorsed in the Kingdom of Saudi Arabia and, accordingly, we do not express an audit or a review opinion in relation to the adequacy of systems and controls.

This conclusion relates only to the accompanying Declaration, and should not be seen as providing assurance as to any future dates or periods, as changes to systems or controls may alter the validity of our conclusion.

Limited assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with the applicable requirements of Article 71 of the Regulations for Companies in the preparation of the accompanying Declaration of the Transfer and Termination Agreement, PIF-Ma'aden loan agreement and Debt conversion agreement.

Restriction of use

This report, including our conclusion, has been prepared solely upon the request of the management of the Company, to assist the Company and its Chairman of the Board of Directors in fulfilling its reporting obligations to the Extraordinary General Assembly in accordance with Article 71 of the Regulations for Companies. The report should not be used for any other purpose or to be distributed to or otherwise quoted or referred to, without our prior consent to any other parties other than the Ministry of Commerce and Investment, Capital Market Authority and the shareholders of the Company.

PriceWaterhouseCoopers

Omar M. Al Sagga
License Number 369



6 October 2019