شركة الكروم العُمانية (ش.م.ع.ع)
Oman Chromite Company (SAOG)

ANNUAL REPORT 2022



Working Oman's Numerous Quality Chrome Deposits.



HIS MAJESTY
SULTAN HAITHAM BIN TARIK



HIS MAJESTY SULTAN QABOOS BIN SAID BIN TAIMUR
- May his soul rest in peace -

شركة الكروم العمانية (ش.م.ع.ع)
Oman Chromite Company (SAOG)

ANNUAL REPORT 2022

CONTENTS

Board of Directors 10-11

Executive Management 12-13

Chairman's Report 14-15

About the Company 16-17

Company Important Events 18-19

Auditor's Report about Corporate Governance Report 20-21

Corporate Governance Report 22-28

Management Discussion and Analysis Report 30-31

Independent Auditor's Report 32-37

Statement of Financial Position 38

Statement of Comprehensive Income 39

Statement of Changes in Equity 40

Statement of Cach Flows 41

Notes to the Financial Statements 42-64

Board of Directors

Mr.
Humaid bin Masoud bin Ali AL Maqbali

Chairman



Mr.
Ali bin Abdullah bin Ali Al Badi

Board Deputy Chairman

R.N&E Committee Member





Mr.
Nasser bin Saif bin Khalfan Al Maqbali

Board Member

R.N&E Committee Chairman

Mr.
Haitham bin Ahmed bin Mohammed AL Bahrani

Board Member

R.N&E Committee Member





Mr.
Yousef bin Salman bin Baqer Al Saleh

Board Member

Audit Committee Chairman

Mr.
Rashid bin Salim bin Abdullah Al Toqi

Board Member

Audit Committee Member





Mr.
Saif bin Khalifa bin Hassan AL Aamri

Board Member
Audit Committee

Executive Management

Mr.
Abdulmonem bin Mohammed bin Abdullah Al Murshidi

Chief Executive Officer



Mr.
Rashid bin Saif bin Khamis Al Badi

Financial and Admin affairs and IT systems Manager





Mr.
Gustavo Brenno

Mining Planning & Business Development officer

Mr.
eduardo abrahao

Mine Geology & Exploration Manager





Mr.
Mohammed bin Rashid bin Saif Al Balushi

Operation Manger



Mr.
Khlifa bin Said bin Saif Al Alawi

Marketing Manager

Chairman's Report



In the name of God, the Grateful, the Merciful

Dear Shareholders,

On behalf of the Board of Directors of Oman Chromite Company (SAOG), I am pleased to present to you the annual report on the activities and performance of the Company for the financial year ending 31st December 2022.

Exploration and Production

The company achieved - thanks to God Almighty - in 2022, the highest production quantity in its history, as the quantities produced during the year amounted to 105,992 tons, compared to a production quantity of 45,194 tons during the year 2021, with an increase of 134%. As a result of the company's efforts in developing mining and exploration operations in the sites that the company acquired during the past years.

As well, the company was able to achieve good exploratory results in 2022 Through the development of the exploration department and the use of modern technologies, which enabled it to increase production during the year. It is also expected that the company's exploratory efforts in the current sites in 2022 will result in achieving a good level of production and profitable returns in 2023. However, the lack of reserve is still one of the most main risks that the company's faces. Accordingly, the company continues to work on several directions to ensure growth in the level of its reserves. The company continues its efforts to obtain new mining areas, communicate with decision makers, and develop plans to keep pace with developments in establishing new mining areas.

The company achieved the highest production quantity in its history.

Marketing

The total quantities sold internally and externally during 2022 amounted to 68,937 tons, an increase of 51% over the company's sales during the year 2021, which amounted to 45,677 tons. The quantities sold locally amounted to 49,880 tons, represent 72% of total sales.

Income and Profits

(A) The total value of sales for the year 2022 amounted to 4.5 million Omani riyals, compared to 2.9 million Omani riyals in 2021, an increase of 155%, mainly due to the increase in the company's sales and the good reputation of the company and its products.

(B) The net profit after taxation in 2022 amounted to 1,384,110



Omani riyals. compared to net profit after taxation amounting to 369,249 Omani riyals in 2021. The increase in net profit is due to the increase in sales and the company's efforts to reduce production costs.

ther Investments

The company's invested during the year 2022 in bank deposits and in a partnership in the Low-Carbon Ferrochrome project which expected to start operation in 2023. The total interest on bank deposits during the year 2022 amounted to 103,207 RO, compared to 87,023 RO in 2021. The increase is due to the increase in interest rates on deposits and the increase in the value of deposits.

Donations, Grants and the Local Society Development

The Company continuously supports the community by communication with the offices of the Walis and Governors, and through the direct interaction with the citizens of the region. Whereas, 1% of the revenue in 2022 was allocated as support to the local community, with an amount of 45,176 Omani riyals.

Thanks And Gratitude

At the end we are pleased to extend our thanks and appreciation to the honorable shareholders for their trust and permanent support to the company, to the respected members of the Board of Directors for their efforts and constructive cooperation, and to the executive management of the company and all its employees for their effective efforts during the fiscal year 2022 and the previous years. Looking forward, God willing, to be able to overcome the obstacles and challenges facing the company's and to achieve better future results, God willing.

In this regard, we put pray to God Almighty to perpetuate His Majesty Sultan Haitham bin Tariq - may God protect him - with good health, wellness and long life, and to perpetuate this country with more progress and development. We also appreciate the efforts made by the wise government to support all sectors in the Sultanate, including the mining sector, in line with Oman's Vision 2040.

Humaid bin Masoud AL Maqbali
Board Chairman

About the Company



The Lord has given the Sultanate of Oman vast various mineral weaith, were Chrome has been discovered in different places in the Sultanate of Oman especially in mountainous areas. About 500 sites of Chrome have been discovered in different places.

Oman Chromite Company has been established in July 1991 by the Royal Decree No 65/91 as a joint - stock Company with capital value of R.O. 3,000,000 . The main objective of establishing the Company was to expoit economically the mineral wealth especially the Chrome in order to secure the small shareholder's wealth, and to provide job opportunities for Omanis.

Two types of Chrome ore are produced (Metallurgical & Refractory) and exported to the many countries in the world such as Japan, China, India, Germany, Thailand, South Korea and South Africa.

Company Important Events

Issuing of the Royal Decree No. 65/91 for establishing Oman Chromite Company.	1991
Establishing of Oman Chromite Company.	1991
Starting production in Al Ghashabi Mine.	1993
Starting production in Zam 1 Mine.	1994
Starting production in RGR 56 Mine.	1994
Starting production in RG 12 Mine.	1994
Starting production in Zam 2 Mine.	1997
Starting production in Shams Mine.	1999
Fixing and operating the company's crusher.	1999

The company realized the highest quantiy sales (42342)	2003
Issuing of the Royal Decree No. 3/04 to amend some provisions of the Royal Decree No. 65/91 .	2004
Adding of the company share to the industry's general index at Capital Market Authority.	2005
The company was honored by Ministry of Manpower and awarded the distinction shield.	2005
Completing the company subscribed capital.	2007
Starting production in Mahra Mine.	2007
Starting production in Sheik Mine.	2009
Starting production in Wasit Mine.	2014
Award of one Mining License and 8 Exploration Licenses.	2019

Auditor's Report about Corporate Governance Report

Crowe Mak Ghazali llc
Level 5, The Office, Al Khuwair
P.O. Box 971, P.C. 131
Sultanate of Oman
T +968 2403 6300
F +968 2458 7588
www.crow.om
C.R. No. 1/48862/7

AGREED-UPON PROCEDURES REPORT ON COMPLIANCE OF CODE OF CORPORATE GOVERNANCE BY OMAN CHROMITE COMPANY SAOG

To the Shareholders of Oman Chromite Company SAOG

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting Oman Chromite Company SAOG (the Company) in determining whether 'Report on Corporate Governance' prepared by the Board of Directors for the year ended 31 December 2022 is compliant with the Code of Corporate Governance for Public Listed Companies (the Code) issued by the Capital Market Authority (CMA) vide Circular No. E/4/2015 dated 22 July 2015 as amended vide Circular No. E/10/2016 dated 01 December 2016 (the "subject matter") and may not be suitable for another purpose.

Responsibilities of the Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Management

We have complied with the ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the independence requirements in Part 4A of the IESBA Code.

Crowe Mak Ghazali llc
Level 5, The Office, Al Khuwair
P.O. Box 971, P.C. 131
Sultanate of Oman
T +968 2403 6300
F +968 2458 7588
www.crow.om
C.R. No. 1/48862/7

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CHROMITE COMPANY SAOG

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below on the subject matter, which were agreed upon with the Company in the terms of the Letter of Engagement dated 24 April 2022:

	Procedures	Findings
1	Obtain the report on corporate governance (the report) issued by the Board of Directors and ascertain that it includes, as a minimum, all items and requirements suggested by CMA to be covered by the report, as detailed in Annexure 3 of the Code, by comparing the report with such suggested content in that Annexure.	We obtained the report and compared it with the suggested content in Annexure 3 of the Code. We ascertained that the report includes, as a minimum, all items and requirements suggested by CMA to be covered by the report No exceptions were noted in respect of the procedure performed.
2	Obtain the details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 December 2022.	We observed that the Company's Board of Directors has not identified any areas of non-compliance with the Code. Additionally, we obtained written representations from the directors that there were no other areas of non-compliance with the Code for the year ended 31 December 2022, of which they were aware.

CROWE MAK GHAZALI LLC

KAIL JACKSON
Engagement Partner

Muscat, Sultanate of Oman

…. February 2023

Corporate Governance Report

1- Company Management Philosophy

The Company is managed in accordance with the approved Internal Regulations, which are made in compliance with the Company's Regulations and the Code of Corporate Governance which defines the responsibilities of the Board and its committees.

The Board of Oman Chromite Company (SAOG) ("the Company") complies to adopt and support healthy culture regarding the regulation and managing of the Company. So, the members of the Board and the internal committees evaluate to what extent they are committed by procedures and polices connected with this culture and ways to develop it and to check that the Company is applying the principles that are provided in the Regulation Charter of joint stock companies and its amendments related to companies listed on the Muscat Stock Exchange issued by the Capital Market Authority.

2- The Board of Directors

The Board of Directors of the Company is responsible for directing, and supervising the general polices of the Company. These responsibilities include:

a. To set up the objectives for the production and sales.
b. To approve the strategies that shall be executed to realise these objectives.
c. To pursue continuously the executive administration performance of the Company regarding the drawn-up objectives and to what extent it is confined with the executive polices of those objectives.

2-1) Composition and category of directors

The recent Board consists of seven members who have different and various experiences. They are individually and collectively objective and independent.
The representation of the Board for the year 2022 was as follows:

1- Seven members representing shareholders elected by the company's ordinary general assembly in accordance with the provisions of the Commercial Companies Law and the company's articles of association.
2- The period of the membership for the elected members is 3 years. They can be re-elected for another period according to the Royal Decree No.3/2004.

The below table shows the representatives post in the Board according to the charter requirements:

Name of the Director		Representing	Category of the Director	
Mr. Humaid Masoud Al-Muqbali	Chairman	Shareholders	Non	Executive & independent
Mr. Ali bin Abdullah bin Ali Al-Badi	Vice – Chairman	Shareholders	Non	Executive & independent
Mr. Yousef bin Salman bin Baqer Al-Saleh	Member	Shareholders	Non	Executive & independent
Mr. Haitham bin Ahmed bin Mohammed AL Bahrani	Member	Shareholders	Non	Executive & independent
Mr. Nasser bin Saif bin Khalfan Al Maqbali	Member	Shareholders	Non	Executive & independent
Mr. Rashid bin Salim bin Abdullah Al Toqi	Member	Shareholders	Non	Executive & independent
Mr. Saif bin Khalifa bin Hassan AL Aamri	Member	Shareholders	Non	Executive & independent

2.2) Attendance of each director at the Board meeting and the last AGM

The Company had AGM during 2022:

The AGM was held on 06/03/2022 in Muscat.

The below table shows the Board members attendance to the board meeting and the last AGM:

Name of the Director		Board meeting (Number of meetings attended)	Attended last AGM 06/03/2022 (Yes/No)	Number of other Boards/Committees he/she is a Member or Chairperson
Mr. Humaid Masoud AlMuqbali	Chairman	8 Meetings	Yes	None
Mr. Ali bin Abdullah bin Ali Al-Badi	Deputy Chairman	8 Meetings	Yes	None
Mr. Yousef bin Salman bin Baqer Al-Saleh	Member	7 Meetings	Yes	One
Mr. Haitham bin Ahmed bin Mohammed AL Bahrani	Member	7 Meetings	Yes	None
Mr. Nasser bin Saif bin Khalfan Al Maqbali	Member	8 Meetings	Yes	None
Mr. Rashid bin Salim bin Abdullah Al Toqi	Member	8 Meetings	Yes	None
Mr. Saif bin Khalifa bin Hassan AL Aamri	Member	7 Meetings	Yes	None
Mr. Rashid bin Saif bin Suliman Al-Bemani	Member	1 Meetings	Yes	None
Mr. Saed bin Saif bin Nasser Al Sadi	Member	1 Meetings	Yes	None

2-3)The Board of Oman Chromite Company (SAOG) has two committees

1) The Audit Committee

2) The Remuneration, Nomination and Executive Affairs Committee

The below table shows the membership of board members in the committees during the year 2022 as follows:

Name of the Director	Board Committees	
	Audit Committee	Remuneration, Nomination and Executive Affairs Committee
Mr. Humaid Masoud AlMuqbali	-	-
Mr. Ali bin Abdullah bin Ali Al-Badi	-	Member
Mr. Yousef bin Salman bin Baqer Al Saleh	Chairman	-
Mr. Haitham bin Ahmed bin Mohammed Al Bahrani	-	Member
Mr. Nasser bin Saif bin Khalfan Al Maqbali	-	Chairman
Mr. Rashid bin Salim bin Abdullah Al Toqi	Member	-
Mr. Saif bin Khalifa bin Hassan Al Aamri	Member	-

2-4- Number of board meetings held and dates of meeting

During 2022, the Board of Directors held eight meetings as follows:

Number of meeting	Meeting date	Meeting Place
First meeting	27 Jan 2022	Muscat
Second meeting	6 March 2022	Muscat
Third meeting	24 April 2022	Muscat
Fourth meeting	28 July 2022	Muscat
Fifth meeting	15 Sept 2022	Sohar
Sixth meeting	27 Oct 2022	Sohar
Seventh meeting	15 Nov 2022	Sohar
Eighth meeting	15 Dec 2022	Sohar

2-5)Process of nomination of the directors

The nomination for membership in the Board of Directors of Oman Chromite Company (SAOG) is based mainly on the Commercial Companies law of 2019 issued by the Royal Decree No 18/2019 and its amendments and in accordance with the Royal Decree (65/91).

3- Hierarchy of top management

Eng. Abdul Monem Al Murshidi, CEO

B Eng. Mechanical Engineering from Sultan Qaboos University, with over 25 years' experience as below:

- Deputy CEO at Vale Oman Pelletizing Company LLC.
- GM at Gulfstone Company SAOG.
- Leadership position at Sohar Aluminum LLC.
- Different leadership roles at PDO

4- Audit Committee and other Committees

4-1 The Audit Committee

Main functions:

Review and inform the Board of Directors about the quality and management of the internal accounts system and the reports of the account auditors (internal and external) and the accuracy of the financial information and the appropriateness of the accounting policies and financial control systems, as well as the procedure or approval of a change in any or all of what is mentioned above.

The tasks assigned to the committee according to the company's internal regulations:

1) Following the role of Audit Committee as per Code of Corporate Governance for MSX listed companies.
2) Recommending the appointment of the company's internal auditor.
3) Recommending the appointment of the external auditor.
4) Discussion and approval of internal audit plan and report.
5) Reviewing and discussing the reports of external auditors with the company's management, and providing the board with the opinion on these reports.
6) Setting standards for auditing and control.

The Audit Committee had five meetings during the year 2022 as follows:

Member's name	The Audit Committee	
	Post	Number of meetings
Mr. Yousef bin Salman bin Baqer Al Saleh	Chairman	4 Meetings
Mr. Ali bin Abdullah bin Ali Al-Badi	Ex-Chairman	1 Meetings
Mr. Rashid bin Salim bin Abdullah Al Toqi	Member	5 Meetings
Mr. Saif bin Khalifa bin Hassan Al Aamri	Member	4 Meetings
Mr. Saed bin Saif Bin Nasser Al Sadi	Ex-Member	1 Meetings

4- 2 The Remuneration, Nomination and Executive Affairs Committee

Main Functions:

1- Following are the role of Remuneration, Nomination and Executive Affairs Committee as per the Code of Corporate Governance for MSX listed companies.
2- To supervise the routine works of the Company on behalf of the Board, and to supervise the execution of the internal regulations that regulate the Company's works such as tender regulation and purchase regulation.
3- To assist the shareholder at the Annual General Meeting in the nomination of proficient directors and the election of the most fit for purpose. Moreover, the committee aims to assist the Board in selecting the appropriate and necessary executives for the executive management.

The Committee had five meetings during the year 2022
Details of the members and the Committee meetings are as follows:

Member's Name	The Remuneration, Nomination and Executive Affairs Committee	
	Post	Number of meetings
Mr. Nasser bin Saif bin Khalfan Al Maqbali	Chairman	5 Meetings
Mr. Yousef bin Salman bin Baqer Al Saleh	Ex-Chairman	1 Meetings
Mr. Ali bin Abdullah bin Ali Al Badi	Member	4 Meetings
Mr. Haitham bin Ahmed bin Mohammed Al Bahrani	Member	4 Meetings
Mr. Rashid bin Saif bin Suliman Al Bemani	Ex-Member	1 Meetings

5- Remuneration matters

The total annual amount of remuneration and allowances that were paid to the top seven senior employees in the high administration level (salaries, allowances, gratuities) amounted to Rial 233,865 (Two hundred thirty three thousand eight hundred and sixty five).

Nature of- Expense	Amount (RO)
Wages	233,865

Employment contracts: Expatriate employees are employed on a two-year contract, renewable on mutually acceptable terms. Notice period is generally 1 month or salary in lieu thereof. No severance terms are specified in the contracts.

The Directors of the Board are paid for attending the board meetings and the details of the Board Committees meetings for 2021 are as follows:

Board Member's Name	Remuneration of Members Attending the Meeting			
	Board Meeting	Remuneration, Nomination and Executive Affairs Committee	Audit Committee Meeting	Total (RO)
Mr. Humaid Masoud AlMuqbali	7,600	-	-	7,600
Mr. Ali bin Abdullah bin Ali Al-Badi	5,600	2,000	650	8,250
Mr. Yousef bin Salman bin Baqer Al Saleh	4,900	650	2,600	8,150
Mr. Haitham bin Ahmed bin Mohammed Al Bahrani	4,900	2,000	-	6,900
Mr. Nasser bin Saif bin Khalfan Al Maqbali	5,600	3,100	-	8,700
Mr. Rashid bin Salim bin Abdullah Al Toqi	5,600	-	2,500	8,100
Mr. Saif bin Khalifa bin Hassan Al Aamri	4,900	-	2,000	6,900
Mr. Rashid bin Saif bin Suliman Al Bemani	700	500	-	1,200
Mr. Saed bin Saif bin Nasser Al Sadi	700	-	500	1,200
Total	40,500	8,250	8,250	57,000

6- Details of non-compliance by the Company:

The Company has never breached the laws provided by the charter or the requirements that are imposed by the supervision authorities, The Company has never been punished for any accusations.

7- Communication with the Shareholders and Investors:

The Board of Directors is very careful to spread out the essential information that are connected with the Shareholders and the Investors. The Company has a web-site (www.Omanchromite.com), which provides all information about Company's products and other different statements.

The quarterly results of the Company's operations are published in the main Arabic and English newspapers in Oman. The annual report along with fiscal financial statements summary are sent by registered post to the shareholders along with the invitation for the coming Annual General Meeting.

The company's management also communicates with the media and investors through the semi-annual meeting through a video meeting, according to the instructions of the Capital Market Authority.

8- Market Price statements:

High/ low during the financial year with MSX index for industrial sector.

Period	Opening Price	Highest Price	Lowest Price
Jan 25, 2022	3.630	3.630	3.630
Feb 21, 2022	3.590	3.600	3.590
Mar 21, 2022	3.325	3.325	3.325
Jun 30, 2022	2.625	2.625	2.625
Jul 26, 2022	2.400	2.400	2.400
Aug 30, 2022	2.600	2.600	2.600
Sep 08, 2022	2.400	2.400	2.400
Oct 27, 2022	2.100	2.200	2.100
Nov 29, 2022	2.000	2.200	2.000
Dec 05, 2022	2.200	2.200	2.200

Note that there is no trading in the months not mentioned in the above table.

9- Dividend for the year 2022:

The Board of Directors in its meeting held on 02 February 2023 has proposed a cash dividend of 200 baizas per share.

10- Distribution of the Company's shareholders allocation:

The following are the main shareholders who have (5%) or more shares of the Company's capital.

Particulars	Percentage shareholding
Mohammad Moosa Abdullah Al Yousuf	16.06%
Minerals Development Oman SAOC	15.43%
Mohamed Al Barwani Holding LLC	13.67%
Fincorp Investments LLC	10.38%
Al Qurum Establishment LLC	10%
Oman Mining Company LLC	10%
Al Munomh Establishment LLC	5%
Royal Oman Police Pension fund	5%

11- Specific matters regarding the non-compliance with the provisions of regulations and managing the Company:

- None.

12- Professional Profile of the Statutory Auditors:

The shareholders of the Company have appointed Crowe Oman as the auditors for the year 2022 with a total Fees of RO 3,500. Crowe Oman is one of the leading accounting and advisory firms in Oman. Crowe Oman is a member firm of Crowe Global, which has a history of 100+ years. Crowe Global is one of the top 10 accounting networks worldwide, operating with more than 200 member firms in 150 countries, with 833 offices and employing more than 40,566 partners and staff. Crowe practitioners help multinational organizations reduce uncertainty in measuring and reporting the implications of transactions in and across diverse jurisdictions. Crowe provides audit & assurance, tax advisory, risk advisory, business advisory, management consultancy and forensic services to numerous SAOG, SAOC and other prestigious privately owned companies/ groups in the Sultanate of Oman. Their clients can rely on extensive knowledge in specialized areas and personal delivery from the professionals they work with. Please see www.crowe.com/om to learn more. Crowe Oman is accredited by the Capital Market Authority (CMA) to audit joint stock companies (SAOG's). As per 12th Principle (para 2) of the Code of Corporate Governance and is eligible for reappointment as per CMA Regulation.

13- Any other aspects:

The Board of Directors acknowledge that:

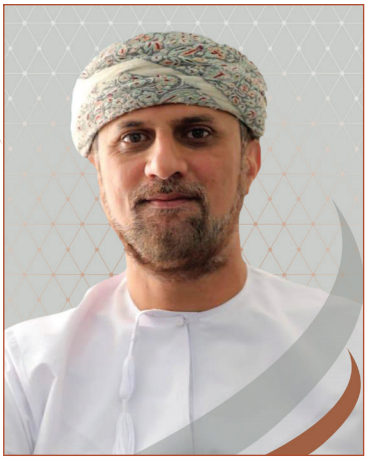
1- The internal control systems are regularly reviewed and comply with internal rules and regulations.
2- The Board of Directors are responsible to ensure that the financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting interpretations Committee (IFRIC) and the requirements of the Companies law of 2019 of the Sultanate of Oman and the Rules and Guidelines for Disclosure Requirements prescribed by the Capital Market Authority.
3- There are no material events affecting the continuation of the Company and its ability to continue its production and operations during the next financial year.



Humaid AlMuqbali
Chairman of the Board



Management Discussion and Analysis Report



Introduction

The company achieved good growth in 2022 in various fields, where the highest annual production in the history of the company was achieved, exceeding 105 thousand tons. The highest quantity and highest sales return were also achieved despite these economic and operational challenges related to the global economic crisis. The company is working to renew its future strategies by focusing on growth and sustainability factors, looking forward to achieving the leadership in the field of Omani chrome ore mining, targeting keeping pace with the aspirations of the Sultanate and its future vision 2040 in the mining sector.

Exploration and Reserve

The company was able to achieve good exploratory results in the year 2022, which enabled it to increase production during the year. In other hand sufficient Reserve was achieved that will enable the company, God willing, to continue achieving good results in the year 2023, however, the Reserve is still one of the most prominent risks threatening the future of the company after 2023. Accordingly, the company continues to work on several directions to increase the level of ore reserves. Where the company continues its efforts to obtain new mining areas and communicate with decision-makers to keep abreast of developments in establishing new mining areas. On the other hand, plans have been put in place to raise the company's efficiency and exploration capabilities, and to work on using modern technology in exploration.

The company succeeded in achieving record sales value and quantity, which is the highest in the company's history.

Production processes

The company's production amount increased during 2022 to 105,922 tons, compared to 45,194 tons in 2021, an increase of 134%. This achieved production quantities during 2022 is a qualitative leap in the amount of production in view of the past years. Also, the cost of the ton produced during 2022 decreased compared to 2021, despite the increase in fuel prices and other costs, were the increase in production and advance planning contributed to reducing costs and achieving good profitability. The company's management is working hard to control production costs by increasing the production rate and achieving operational excellence in the company's operations and the performance of its employees.

Marketing

Oman Chromite Company markets two types of chrome ore, namely metallic and thermal, as it markets locally and externally metallic ore



with different grades. Thermal ore is also exported in smaller quantities outside the country due to the small thermal market with the absence of a local market for the same ore.

Despite the challenges that faced the mining industry and the logistic sector at the global and regional levels, the company succeeded in achieving record sales value and quantity, which is the highest in the company's history. The total amount of sales until the end of the year 2022 reached 68,937 tons, with a value of 4,517,561 Omani Riyals, compared to 45,677 tons during the year 2021 with a value of 2,963,490 OMR.

The company is proud of its relationship and customer confidence in its products, which was built by creating solid relationships with the company's customers based on credibility and maintaining quality products. The company's high reputation and the continuous demand for its products is one of the most important pillars upon which the company builds its plans and future directions.

Sustainability and Social Responsibility

The company pays great attention to achieving a positive impact in its areas of operations by controlling the environmental impact associated with mining operations and implementing environmentally friendly procedures. The relationship with the community is also one of the most important pillars of the company's work in the mining areas through community contributions and achieving an Omanization rate of 76% of the company's total workforce in 2022. The company also continues its policy of enhancing its human resources competencies to be able to meet the challenges of the future stage.

Abdulmonem Al-Murshidi
CEO



Independent Auditor's Report

Crowe Mak Ghazali llc
Level 5, The Office, Al Khuwair
P.O. Box 971, P.C. 131
Sultanate of Oman
T +968 2403 6300
F +968 2458 7588
www.crow.om
C.R. No. 1/48862/7

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CHROMITE COMPANY SAOG

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Oman Chromite Company SAOG ('the Company'), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Crowe

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CHROMITE COMPANY SAOG (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of inventories (refer note: 9)	
As at 31 December 2022, the carrying value of the Company's chromite ore was RO 1,364,770 as disclosed in Note 9 to the financial statements. We consider this area as a key audit matter due to the materiality and significant judgments involved with regard to value, grades, volume and quality.	Our procedures included, amongst others: ▪ Verified the physical existence of inventories by attending the survey process and procedures as part of our site visit; ▪ Agreed the grading of chromite ore included in the inventory valuation; ▪ Assessed the competence and objectivity of the expert used by management for the preparation of the technical reports; ▪ Reviewed the monthly production reports to ensure the accuracy of the quantity produced and the cost of production; and ▪ Evaluated the available market prices at the end of reporting period to estimate the net realizable values.

Other information included in the Company's 2022 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Company's 2022 Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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. If, based on the work we have performed on the other information obtained prior to the date of auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Crowe

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CHROMITE COMPANY SAOG (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the disclosure requirements of the Capital Market Authority and the relevant requirements of the Commercial Companies Law of the Sultanate of Oman, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Crowe

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CHROMITE COMPANY SAOG (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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.

Crowe

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CHROMITE COMPANY SAOG (continued)

Report on other legal and regulatory requirements

We report that the financial statements of the Company as at and for the year ended 31 December 2022, in all material respects, comply with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman, and the disclosure requirements for Public Joint Stock Companies issued by the Capital Market Authority.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Karl Jackson.

CROWE MAK GHAZALI LLC

Karl Jackson
Engagement Partner

Muscat, Sultanate of Oman
27 January 2023

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

(Expressed in Omani Rials)

	Note	AS AT 31 DECEMBER 2022	AS AT 31 DECEMBER 2021
ASSETS			
Non-current assets			
Plant and equipment	4	**629,205**	264,853
Intangible assets	5	**336,693**	148,633
Guarantee deposits	6	**92,000**	92,000
Investment in associates	7	**500,000**	-
Deferred tax asset	16	**-**	38,192
		1,557,898	543,678
Current assets			
Investments at fair value through profit or loss	8	**3,293**	4,217
Inventories	9	**1,379,936**	833,194
Trade and other receivables	10	**526,866**	187,469
Term deposits	11	**2,050,000**	2,050,000
Cash and bank balances	12	**660,420**	500,407
		4,620,515	3,575,287
Total assets		**6,178,413**	4,118,965
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**3,000,000**	3,000,000
Legal reserve	14	**950,970**	812,559
Retained earnings/(accumulated losses)		**945,254**	(300,445)
Total equity		**4,896,224**	3,512,114
Liabilities			
Non-current liabilities			
Employees' end of service benefits	15	**32,134**	21,644
Deferred tax liability	16	**39,087**	-
		71,221	21,644
Current liabilities			
Trade and other payables	17	**1,016,092**	474,287
Income tax payable	16	**194,876**	110,920
		1,210,968	585,207
Total liabilities		**1,282,189**	606,851
Total equity and liabilities		**6,178,413**	4,118,965
Net assets per share	18	**1.632**	1.171

These financial statements were approved and authorised for issue by the Board of Directors on 2 February 2023 and signed on their behalf by:

CHAIRMAN **DEPUTY CHAIRMAN**

The notes on pages 42 to 64 form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

	Note	AS AT 31 DECEMBER 2022	AS AT 31 DECEMBER 2021
Revenue	19	**4,517,561**	2,963,490
Cost of revenue	20	**(1,750,713)**	(1,541,166)
Gross profit/ (loss)		**2,766,848**	1,422,324
Other income	21	**62,553**	24,511
Salaries and other related staff costs	22	**(416,033)**	(272,569)
Selling and distribution expenses	23	**(524,317)**	(435,129)
General and administrative expenses	24	**(325,164)**	(191,722)
Finance charges	25	**(9,854)**	(7,939)
Profit from operations		**1,554,033**	539,476
Unrealised fair value losses on investments at fair value through profit or loss		**(975)**	(1,847)
Interest income		**103,207**	87,023
Profit for the year before taxation		**1,656,265**	624,652
Income tax	16	**(272,155)**	(255,403)
Profit and total comprehensive income for the year		**1,384,110**	369,249
Basic earnings per share	27	**0.461**	0.123

The notes on pages 42 to 64 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

	Share capital RO	Legal reserve RO	(Accumulated loss) / Retained earnings RO	Total RO
At 1 January 2021	3,000,000	775,634	(632,769)	3,142,865
Profit for the year	-	-	369,249	369,249
Transfer to legal reserve	-	36,925	(36,925)	-
At 31 December 2021	3,000,000	812,559	(300,445)	3,512,114
At 1 January 2022	**3,000,000**	**812,559**	**(300,445)**	**3,512,114**
Profit for the year	-	-	1,384,110	1,384,110
Transfer to legal reserve	-	138,411	(138,411)	-
At 31 December 2022	**3,000,000**	**950,970**	**945,254**	**4,896,224**

The notes on pages 42 to 64 form part of these financial statements

SATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

	Notes	2022	2021
		RO	RO
Cash flows from operating activities			
Profit for the year before taxation		1,656,265	624,652
Adjustments for:			
Depreciation	4	62,509	39,329
Amortisation of intangible assets	5	659,262	317,480
Unrealised loss on investments at fair value through profit or loss	8	975	1,847
Gain on disposal of plant and equipment	21	(61,985)	(24,511)
Interest income		(103,207)	(87,023)
Provision for employees' end of service benefit	15	10,490	3,689
Finance charges		9,854	7,939
Cash from operations before working capital changes		2,234,163	883,402
(Increase)/decrease in inventories		(546,742)	335,570
Increase in trade and other receivables		(339,397)	(132,077)
Increase in trade and other payables		541,805	246,759
Cash generated from operations		1,889,829	1,333,654
Income tax paid		(110,920)	-
Net cash from operating activities		1,778,909	1,333,654
Cash flows from investing activities			
Purchase of plant and equipment	4	(426,861)	(193,439)
Proceeds from disposal of plant and equipment		61,985	24,511
Investments in associates		(500,000)	-
Cost incurred on intangible assets	5	(847,322)	(320,316)
Adjustment in investments at fair value through profit or loss		(51)	51
Net movement in term deposits		-	(450,000)
Interest income		103,207	87,023
Net cash used in investing activities		(1,609,042)	(852,170)
Cash flows from financing activities			
Finance charges		(9,854)	(7,939)
Net cash used in financing activities		(9,854)	(7,939)
Net change in cash and cash equivalents during the year		160,013	473,545
Cash and cash equivalents at the beginning of the year		500,407	26,862
Cash and cash equivalents at the end of the year	12	660,420	500,407

The notes on pages 42 to 64 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

1- Legal status and principal activities

Oman Chromite Company SAOG ('the Company') was incorporated in accordance with Royal Decree No. 65/91 dated 18 June 1991 for the purpose of mining and marketing of chromite ore. The Company was incorporated as a public joint stock company in the Sultanate of Oman in the year 1992 and commenced commercial operations in the year 1993.

The Company's principal place of business is located at Sohar, Sultante of Oman.
The Company has 70% interest in a Company, Al Batinah Chromium Mining Company LLC with Share Capital of RO 5,000, which has not commenced operations since its date of incorporation of 19 April 2020.

The Company has purchased 500,000 shares which represents 20% shareholding in Gulf Alloys and Metals (FZC) LLC "the Associate" with a share capital of RO 2,500,000 at an amount of RO 500,000 as per the share purchase agreement dated 27 October 2022. The Associate has not commenced operations since its date of incorporation of 7 October 2019.

The Company has entered into a joint arrangement with Minerals development of Oman to share the cost of exploration, evaluation and feasibility phases of the two sites, Liwa and Mahadha as per the agreement dated 06 June 2022. The Company's contribution of the costs have been disclosed in the note 5 (b).

2- Basis of preparation and adoption of new and amended International Financial Reporting Standards (IFRS)

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), the relevant requirements of the Commercial Companies Law of 2019 of the Sultanate of Oman, and the relevant Rules and Guidelines on Disclosure as issued by the Capital Market Authority (CMA).

Basis of preparation

The financial statements have been prepared on the historical cost convention and going concern assumption, modified for certain assets and liabilities which are stated at their fair values as required by the IFRS. The preparation of financial statements is in conformity with IFRS that requires the use of certain critical accounting estimates. It also requires management to excercise judgment in the process of applying the Company's accounting policies.

Functional currencies

The financial statements are presented in Omani Rial (RO), which is the functional and reporting currency for the financial statements. All figures have been rounded off to the nearest RO, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

2- Basis of preparation and adoption of new and amended IFRS (continued)

New standards, amendments and interpretations to existing IFRS effective 1 January 2022

The financial statements have been prepared based on IFRS effective for the accounting periods beginning on or after 01 January 2022. The Company has adopted these standards for the first time for the annual period beginning from 01 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standards/Amendments to Standards	Effective for annual periods beginning on or after
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	01 January 2022
Annual Improvements to IFRS Standards 2018-2020	01 January 2022
Property, Plant and Equipment: Proceeds before intended Use (Amendments to IAS 16)	01 January 2022
Reference to the Conceptual Framework (Amendment to IFRS 3)	01 January 2022

Standards, amendments and interpretations to existing IFRS that are not yet effective

Certain new standards, amendments and interpretations to existing IFRS have been published that are not effective and mandatory for the Company's accounting period commenced on 1 January 2022, which management has decided to adopt from the applicable periods.

Standards/Amendments to Standards	Effective Date
Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)	01 January 2022
IFRS 17 Insurance Contracts	01 January 2022
Definition of Accounting Estimates (Amendments to IAS 8)	01 January 2022
Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2)	01 January 2022
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	01 January 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment to IFRS 10 and IAS 28)	Deferred Indefinitely

Management believes that adoption of the above new standards and amendments is not likely to have any material impact on the presentation and disclosure of items in the financial statements for future periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

3- Summary of significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial statements is set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customers, the recovery of the consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Other income

Other income earned by the Company is recognised on the accruals basis, or when the Company's right to receive payment is established, unless recovery is doubtful.

Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Depreciation is calculated in accordance with the straight-line method to write-off the cost of each asset to its estimated residual value over its useful economic life.

Depreciation has been calculated from the date of acquisition for the following number of years:

Clause	Years
Mining equipment	5-15
Motor vehicles	5 - 10
Furniture, fixtures and office equipment	3 - 5

Expenditure incurred to replace a component of an item of plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of plant and equipment. All other expenditure is recognised in the statement of profit or loss and other comprehensive income as the expense is incurred.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses 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 and other comprehensive income in the year the asset is derecognised.

Intangible assets

Intangible assets include expenses incurred on exploration and development costs, stripping activities on mines and computer software which are capitalised. Intangible assets are stated at cost less accumulated amortisation and impairment losses.

The Company assesses the stage of either each mine exploration or under development to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date is determined based on the unique nature of each mine exploration and development, 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 development costs' to 'stripping activity asset'.

The stripping activity asset capitalised includes amount spent until the time the mines are ready for commercial production, including directly attributable overhead costs. The stripping activity asset is amortised on a systematic basis over the estimated useful life of the respective mines, which generally ranges between 2 and 3 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

3- Summary of significant accounting policies (continued)

Intangible assets (continued)

Subsequent expenses incurred after the mine has been brought into commercial production are expensed as incurred, except for significant stripping activity expenses, which are deferred and amortised over the period of extraction of the remaining reserves of the respective mine. Any amount of the unamortised balance of the stripping activity asset, which cannot be recovered from the expected future economic benefit, is written-off immediately as and when identified.

Computer software is amortised over a period of 3 years

Exploration and evaluation of assets - Recognition and measurement

The Company accounts for exploration and evaluation ("E&E") costs, having regard to the requirements of IFRS 6 "Exploration for and Evaluation of Mineral Resources". E&E costs include costs incurred after the Company has obtained legal rights to explore in a specific area and costs incurred before the technical feasibility and commercial viability of extracting a mineral resource is demonstrable. Costs for exploring for and evaluating of mineral resources are capitalised and tested for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. Once the technical feasibility and commercial viability of extracting a mineral resource are demonstrated, E&E assets are tested for impairment and transferred to and are treated under stripping activity assets.

E&E costs may include cost of acquisition of exploration rights, technical services and surveying, geological, geochemical and geophysical, exploratory drilling, excavations, sampling and administration expenses, including remuneration of production personnel and supervisory management and the projected costs of retiring the assets (if any), but do not include general prospecting or evaluation costs incurred prior to having obtained the legal rights to explore an area, which are expensed directly to the profit or loss as they are incurred.

Investment in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Company's investment in associates includes goodwill identified on acquisition. Any excess over the fair value of net asset acquired in an acquisition is recognised as a 'bargain gain' and included in the statement of comprehensive income for the period in which the acquisition is completed.

The Company's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the income statement.

Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

3- Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

(i) Classification

The financial assets are classified in the following measurement categories:

a) a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
b) those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in the Company's statement of profit and loss or other comprehensive income. For investments in equity instruments, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss.

(ii) Measurement

At initial recognition, the Company 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss and other comprehensive income as incurred.

The Company has classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

If the Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in the statement of profit or loss and other comprehensive income as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income. The Company has elected to present fair value gains or losses on equity investments in the profit or loss.

(iii) De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

3- Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

(iv) Impairment of financial assets

The Company applies ECL model for measurement and recognition of impairment loss on the financial assets. ECL are the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Company expects to receive. The ECL considers the amount and timing of payments and, hence, a credit loss arises even if the Company expects to receive the payment in full but later than when contractually due. The ECL method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognising allowance for ECL in the statement of profit or loss and other comprehensive income even for receivables that are newly originated or acquired.

Trade receivables are of a short-duration, normally less than 12 months and hence the Company uses the practical expedient in IFRS 9 for measuring ECL for trade receivables using a provision matrix based on ageing of the trade receivables.

The Company uses historical loss experience and derived loss rates based on the past twelve months and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

(v) Income recognition

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the EIR, which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original EIR.

Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The Company determines the classification of its financial liabilities at initial recognition. The classification depends on the business model for managing the financial liabilities and the contractual terms of the cash flows.

(i) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss; and
b) those to be measured at amortised cost..

(ii) Measurement

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

3- Summary of significant accounting policies (continued)

Financial liabilities (continued)

(ii) Measurement (continued)

The Company does not trade in any financial liabilities and does not classify or measure any financial liabilities as at fair value through profit or loss. Consequently, all financial liabilities are classified and subsequently measured at amortized cost.

The Company's financial liabilities include trade and other payables which are measured at amortised cost.

(iii) Derecognition of financial liabilities

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Impairment of non-financial assets

The carrying amount of the Company's assets or its cash generating unit, other than financial assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other asset and groups. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Inventories

Inventories comprise stock of chromite ore and spares that are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises of direct costs of mining/purchase price of spares, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in selling and distribution.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances, net of bank overdrafts. Bank overdrafts are shown as part of current liabilities in then statement of financial position.

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Employees' benefit liabilities

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

3- Summary of significant accounting policies (continued)

Employees' benefit liabilities (continued)

For non-Omani employees, provision is made for amounts payable under the Oman Labour Law, based on the employees' accumulated periods of service at the statement of financial position date. This provision is classified as a non-current liability.

Employee entitlements to annual leave and air passage are recognised when they accrue to the employees and an accrual is made for the estimated liability for annual leave and air passage as a result of services up to the reporting date. The accruals relating to annual leave and air passage is disclosed as a part of current liabilities.

Borrowings costs

Borrowing costs are expensed in the period in which they are incurred. However borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset till such time as the asset is put to commercial use. Thereafter all the borrowings costs are expensed. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Leases - the Company as lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Directors' remuneration

The Company follows the Commercial Companies Law of 2019 of the Sultanate of Oman, and other latest relevant directives issued by CMA, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of profit or loss and other comprehensive income in the year to which they relate.

Dividend

The Board of Directors recommends to the shareholders the dividend to be paid out of the Company's net profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of 2019 of the Sultanate of Oman while recommending the dividend. Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discreet financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Foreign currencies

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss and other comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date when the carrying value was determined.

Income tax

Income tax is provided for in accordance with the fiscal regulations of the Sultanate of Oman.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

3- Summary of significant accounting policies (continued)

Income tax (continued)

Current tax is recognised in the statement of profit or loss and other comprehensive income as the expected tax payable on the taxable income for the year, using tax-rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided using the balance sheet liability method on all temporary differences at the reporting date. It is calculated adopting a tax-rate that is the rate that is expected to apply to the periods when it is anticipated the liabilities will be settled, and which is based on tax-rates (and laws) that have been enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on certain methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Critical accounting estimates and key source of estimation uncertainty

Preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates require judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates. The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:

(i) Economic useful lives of plant and equipment

The Company's plant and equipment are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of plant and equipment are reviewed periodically by management. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

(ii) Economic useful life of intangible assets

Intangible assets are amortised on a straight-line basis over their economic useful lives. The economic useful lives of intangible assets are reviewed periodically by management. The review is based on the current condition of the intangible assets and the estimated period during which they will continue to bring economic benefit to the Company.

(iii) Stripping activity assets / Exploration and Evaluation assets

The Company assesses the stage of each mine under development/construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date is 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. 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 mines plant and equipment
- Ability to produce chromite ore in saleable form (within specifications)
- Ability to sustain ongoing production of chromite ore

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

3- Summary of significant accounting policies (continued)
Critical accounting estimates and key source of estimation uncertainty (continued)

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

(iv) Valuation and impairment of inventories

The carrying value of chromite ore stocks is a significant area of judgement by management, including determining estimates of future chrome prices, future processing costs, ore grades, volume and quality.

The Company creates an impairment provision for obsolete and slow-moving inventories. Estimates of net realisable value of inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the end of the reporting period.

(v) Impairment losses on trade receivables

Trade receivables are stated at their amortised cost as reduced by appropriate provision for ECL for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the trade receivable balances and historical experience adjusted appropriately for the future expectations. Individual trade receivables are written-off when management deems them not to be collectible.

(vi) Going concern

The management reviews the financial position of the Company on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due.

(vii) Contingencies

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

(viii) Taxation

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to the assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible taxation authority.

(ix) Fair value measurements

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. The classification of an item into the level 1, level 2 and level 3 hierarchy is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

4- Plant and equipment

	Mining equipment	Motor vehicles and trucks	Furniture, fixtures and office equipment	Total
	RO	RO	RO	RO
Cost				
At 1 January 2021	1,494,586	630,899	133,424	2,258,909
Additions	83,974	100,000	9,465	193,439
Disposals	-	(132,800)	-	(132,800)
At 31 December 2021	1,578,560	598,099	142,889	2,319,548
At 1 January 2022	**1,578,560**	**598,099**	**142,889**	**2,319,548**
Additions	**360,513**	**40,525**	**25,823**	**426,861**
Disposals	**(341,938)**	**(72,750)**	**(47,183)**	**(461,871)**
At 31 December 2022	**1,597,135**	**565,874**	**121,529**	**2,284,538**
Depreciation				
At 1 January 2021	1,442,978	582,861	122,327	2,148,166
Charge for the year	17,929	16,956	4,444	39,329
Relating to disposals	-	(132,800)	-	(132,800)
At 31 December 2021	1,460,907	467,017	126,771	2,054,695
At 1 January 2022	**1,460,907**	**467,017**	**126,771**	**2,054,695**
Charge for the year	**32,220**	**21,756**	**8,533**	**62,509**
Relating to disposals	**(341,938)**	**(72,750)**	**(47,183)**	**(461,871)**
At 31 December 2022	**1,151,189**	**416,023**	**88,121**	**1,655,333**
Net book value				
At 31 December 2022	**445,946**	**149,851**	**33,408**	**629,205**
At 31 December 2021	117,653	131,082	16,118	264,853

The depreciation charge has been allocated in the statement of comprehensive income as follows:

	2022 RO	2021 RO
Cost of revenue (note 20)	**59,704**	36,711
General and administrative expenses (note 24)	**2,805**	2,618
	62,509	39,329

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

5- Intangible assets

	Exploration and evaluation assets RO	Stripping activity assets RO	Computer software RO	Total RO
Cost				
At 1 January 2021	286,344	698,236	6,000	990,580
Additions	2,836	317,480	-	320,316
At 31 December 2021	289,180	1,015,716	6,000	1,310,896
At 1 January 2022	**289,180**	**1,015,716**	**6,000**	**1,310,896**
Additions	**690,002**	**157,320**	**-**	**847,322**
At 31 December 2022	**979,182**	**1,173,036**	**6,000**	**2,158,218**
Amortisation				
At 1 January 2021	140,547	698,236	6,000	844,783
Charge for the year	-	317,480	-	317,480
At 31 December 2021	140,547	1,015,716	6,000	1,162,263
At 1 January 2022	140,547	1,015,716	6,000	1,162,263
Charge for the year	501,942	157,320	-	659,262
At 31 December 2022	642,489	1,173,036	6,000	1,821,525
Net book value				
At 31 December 2022	**336,693**	**-**	**-**	**336,693**
At 31 December 2021	148,633	-	-	148,633

a) The amortisation charge for the year has been allocated in the statement of comprehensive income as follows:

	2022 RO	2021 RO
Cost of revenue (note 20)	**659,262**	317,480

b) Exploration and evaluation assets represents costs incurred on exploration activities of mines which are currently on-going. Included with the additions for the year is RO 126,591 (2021: RO nil) being the Company's contribution for exploration, excavation and the feasibility phases of the two sites, Liwa and Mahadha that were incurred under a joint arrangements with Minerals Development of Oman.

6- Guarantee deposits

	2022 RO	2021 RO
Guarantee deposits with Environment Authority	**92,000**	92,000

Guaranteedepositsrelatestoamountsubmittedto Environment Authority for different mining site- sandrefundable on the completion of project and return of the site.

7- Investment in associates

	2022 RO	2021 RO
Gulf Alloys and Metals (FZC) LLC	**500,000**	-

Investment in associates represent 20% shareholding in Gulf Alloys and Metals (FZC) LLC, 'the Associate', a Company registered in Sohar Free Zone, North Al Batinah Governorate, Sultanate of Oman.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

7- Investment in associates (continued)

The summarised financial position and results of the associate is as follows:

	2022 RO	2021 RO
Total assets	**3,292,353**	1,793,598
Total liabilities	**1,195,017**	1,843,273
Equity	**2,097,336**	(46,975)
Loss for the year	**(199,189)**	(98,612)

8- Investment at fair value through profit or loss

	2022 Fair value RO	2022 Cost RO	2021 Fair value RO	2021 Cost RO
Listed securities:				
Local quoted investments	**3,293**	**4,217**	4,217	6,115

a) The movement in investments at fair value through profit or loss is as follows:

	2022 RO	2021 RO
At the beginning of the year	**4,217**	6,115
Adjustment during the year	**51**	(51)
Unrealised losses on investments at fair value through profit or loss	**(975)**	(1,847)
At the end of the year	**3,293**	4,217

b) Investments at fair value through profit or loss comprise shares in companies quoted on the Muscat securities Market. At the end of reporting period, investments at fair value through profit or loss with a carrying value of RO 3,293 (2021: RO 4,217) are held by portfolio managers in their capacity as trustees on behalf of the Company.

c) The fair value of the investments at fair value through profit or loss has been determined under the level 1 hierarchy.

d) None of the Company's investment at fair value through profit or loss represents 10% or more of the investee Company's share capital.

9- Inventories

	2022 RO	2021 RO
Chromite ore at full production cost	**1,364,770**	985,916
Less: reduction due to waste, abnormal volumes and net realizable values	**-**	(10,049)
	1,364,770	975,867
Less: provision for slow and non-moving inventories	**-**	(155,000)
	1,364,770	820,867
Spares	**15,166**	12,327
	1,379,936	833,194

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

9- Inventories (continued)

The movement in provision for slow and non-moving inventories during the year is as follows:

	2022 RO	2021 RO
At 1 January	**155,000**	155,000
Reversal of provision during the year	**(155,000)**	-
At 31 December	**-**	155,000

10-Trade and other receivables

	2022 RO	2021 RO
Trade receivables	**320,016**	102,591
Prepayment and other receivables	**206,850**	84,878
	526,866	187,469

a) Trade receivables are generally on 30 to 90 days credit terms. The carrying value of trade receivables stated at amortised cost approximate their fair values. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

The Company applies the IFRS 9 simplified approach to measure ECL using a lifetime ECL provision for trade receivables. To measure ECL on a collective basis, trade receivables are grouped based on similar credit risk and aging. The ECL rates are based on the Company's historical credit losses experienced over the prior periods. The historical losses are then adjusted for the current and forward-looking information on macro-economic factors affecting the Company's customers.
The aging for the trade receivables is as follows:

	2022 RO	2021 RO
Due with in 30 days	**320,016**	102,591

The provision for ECL is determined based on the ECL model and reviewed periodically. At the end of the reporting period, since trade receivables amounting to RO 320,016 (2021: RO 102,591) are not past due, no ECL provision has been created based on historical experiences of the management.
The carrying amounts of the Company's trade receivables are primarily denominated in RO.

b) Guarantee deposits relates to amount submitted to Environment Authority for different mining sites and refundable on the completion of project and return of the site.

11- Term deposits

	2022 RO	2021 RO
Fixed deposits with commercial banks	**2,050,000**	2,050,000

Term deposits are placed with local commercial banks and earn interest rates 4.15% - 4.5% per annum (2021: 3.9% - 4.5% per annum). The term deposits have remaining maturity period of less than 12 months.

Term deposits includes:

a) Deposit amounting to RO 1,800,000 with Maisarah Islamic Banking Services, which carries interest rates of 4.5% per annum (2021: RO 1,800,000 with Sohar International Bank which carries interest rates of 4.5% per annum).
b) Deposit amounting to RO 250,000 with Oman Arab Bank, which carries interest rates of 4.15% per annum (2021: RO 250,000 with Oman Arab Bank which carries interest rates of 3.9%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

12- Cash and bank balances

	2022 RO	2021 RO
Cash in hand	1,600	1,600
Cash at bank:		
- Current account	3,252	707
- Call account	655,568	498,100
	660,420	500,407

The current account balances with banks are non-interest bearing. The call account balances with banks earns interest at 3% per annum (2021: 3% per annum).

13- Share capital

The authorised share capital of the Company comprises 10,000,000 ordinary shares of RO 1 each. The issued and fully paid up share capital of the Company comprises 3,000,000 ordinary shares of RO 1 each (2021: 3,000,000 ordinary shares of RO 1 each).

Shareholders who owns 5% or more of the Company's share capital and the number of shares they hold are as follows:

	2022		2021	
	shares	percentage %	shares	percentage %
Name of shareholders				
Mohammad Moosa Abdullah Al Yousuf	481,797	16.06%	481,797	16.06%
Minerals Development Oman SAOC	462,895	15.43%	450,000	15.00%
MB Holding Company LLC	410,049	13.67%	410,049	13.67%
Fincorp Investments LLC	311,514	10.38%	305,489	10.18%
Oman Mining Company LLC	300,000	10.00%	300,000	10.00%
Al Qurum Establishment	300,000	10.00%	300,000	10.00%
Al Manuma Establishment	150,000	5.00%	150,000	5.00%
Royal Oman Police	150,000	5.00%	150,000	5.00%
	2,566,255	85.54%	2,547,335	84.91%

14- Legal reserve

As per the Commercial Companies Law of the Sultanate of Oman, annual appropriation of 10% of a company's net profit is to be made to a non-distributable legal reserve, until the amount of legal reserve becomes equal to one-third of the amount of issued share capital.

15- Employees' end of service benefits

	2022 RO	2021 RO
Movement in expatriate employees' end of service benefits:		
At 1 January	21,644	17,955
Recognized during the year	10,490	3,689
At 31 December	32,134	21,644

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

16- Income tax

	2022 RO	2021 RO
Statement of comprehensive income		
The tax charge for the year comprises:		
Current year tax	194,876	-
Prior period tax	-	110,920
Deferred tax	77,279	144,483
	272,155	255,403

	2022 RO	2021 RO
Statement of financial position		
Deferred tax (liability)/asset	(39,087)	38,192

a) The Company is liable to income tax at the rate of 15% on the entire taxable income (2021: tax at the rate of 15%).

b) The Company's income tax assessments for tax year 2020 and 2021 have not been finalised by the Tax Authority. Management is of the opinion that the additional taxes, if any, that may become payable on finalisation of the pending tax assessments would not be significant to the Company's financial position at 31 December 2022.

c) The reconciliation of taxation on the accounting profit with the current taxation charge for the year is as follows:

	2022 RO	2021 RO
Tax charge on accounting profit at applicable rates	248,440	93,698
Add/(less) tax effect of:		
Depreciation on property, plant and equipment	(16,816)	(6,241)
Profit on disposal of property, plant and equipment	(9,298)	(3,677)
Loss on investments	146	277
Brought forward losses	(27,596)	(84,057)
	194,876	-

d) Deferred tax assets / (liabilities) and deferred tax (charge) / credit in the financial statements consists of:

	01 January 2022	Recognized in the Statement of Comprehensive Income	31 December 2022
Accelerated depreciation	(12,975)	(26,112)	(39,087)
Carry forward losses	27,917	(27,917)	-
Provision for slow and non-moving inventories	23,250	(23,250)	-
	38,192	(77,279)	(39,087)

	01 January 2021	Recognized in the Statement of Comprehensive Income	31 December 2021
Accelerated depreciation	(3,057)	(9,918)	(12,975)
Carry forward losses	162,482	(134,565)	27,917
Provision for slow and non-moving inventories	23,250	-	23,250
	182,675	(144,483)	38,192

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

17- Trade and other payables

	2022 RO	2021 RO
Trade payables	238,366	192,955
Royalties payable	134,271	46,267
Staff benefits payable	329,203	82,549
Advance from customers	23,550	-
Accruals and other payables	290,702	152,516
	1,016,092	474,287

Trade payables are generally settled within 30 to 90 days of the suppliers' invoice date.

18- Net assets per share

Net assets per share is calculated by dividing the equity attributable to the shareholders at the end of the reporting date by the number of shares outstanding.

	2022 RO	2021 RO
Shareholders' equity	4,896,224	3,512,114
Number of issued and fully paid-up shares	3,000,000	3,000,000
Net assets per share	1.632	1.171

19- Revenue

Disaggregation of revenue from contracts with customers:

The Company's revenue represents income from the contracts with customer by transfer of products at point in time on the following region and product line:

a) Primary geographical region:

	The Year Ended 31 December 2022	The Year Ended 31 December 2021
GCC (Oman)	2,926,569	1,485,718
East Asia	1,474,809	1,331,613
Europe	33,247	27,118
South Africa	18,017	11,261
Others	64,919	107,780
	4,517,561	2,963,490

b) Product line

	The Year Ended 31 December 2022	The Year Ended 31 December 2021
Refractory sales	706,134	1,281,642
Metallurgical sales	3,811,427	1,681,848
	4,517,561	2,963,490

20- Cost of revenue

	The Year Ended 31 December 2022	The Year Ended 31 December 2021
Opening inventories	820,867	1,160,022
Salaries and other staff related costs	553,124	397,137
Cost of mining	504,051	240,442
Equipment hire charges	518,475	210,241
Depreciation on plant and equipment (note 5)	59,704	36,711
Amortisation charge on intangible assets (note 6)	659,262	317,480
	3,115,483	2,362,033
Less: closing inventories	(1,364,770)	(820,867)
	1,750,713	1,541,166

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

21-Other income

	The Year Ended 31 December 2022	The Year Ended 31 December 2021
Gain on disposal of plant and equipment	61,985	24,511
Miscellaneous income	568	-
	62,553	24,511

22-Salaries and other related staff costs

	The Year Ended 31 December 2022	The Year Ended 31 December 2021
Salaries	387,066	251,020
Other related staff costs	28,967	21,549
	416,033	272,569

23-Selling and distribution costs

	The Year Ended 31 December 2022	The Year Ended 31 December 2021
Royalty	446,106	282,666
Sales commission	-	53,463
Transport and clearing charges	34,145	48,419
Freight charges	30,333	39,062
Other related expenses	13,733	11,519
	524,317	435,129

In consideration for the mining rights, the Company is required to pay to the Government of the Sultanate of Oman, a royalty fee at the rate of 10% of revenues, excluding certain selling and distribution costs.

24-General and administrative expenses

	The Year Ended 31 December 2022	The Year Ended 31 December 2021
Directors' remuneration and sitting fees	92,000	54,650
Corporate social responsibility expenses	64,877	27,988
Rent	15,300	17,925
Fees and subscription	15,227	11,777
Legal and professional fees	73,848	34,686
Repairs and maintenance	10,366	8,343
Office expenses	5,979	2,557
Depreciation on plant and equipment (note 5)	2,805	2,618
Insurance	6,305	6,316
Training	9,297	3,550
Communication	6,568	5,131
Business travel and entertainment	2,581	1,583
Utilities	1,835	2,169
Marketing expenses	10,144	755
Miscellaneous expenses	8,032	11,674
	325,164	191,722

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

25-Finance charges

	The Year Ended 31 December 2022	The Year Ended 31 December 2021
Bank charges	**9,854**	7,939

26-Employee costs

a) Total employee costs included under cost of revenue (note 20) and salaries and other related staff costs (note 22) comprise:

	The Year Ended 31 December 2022	The Year Ended 31 December 2021
Salaries and wages	**555,111**	514,151
Employees' end of service benefits (note 15)	**10,490**	3,689
Other benefits	**403,556**	151,866
	969,157	669,706

b) Employee costs are allocated as follows:

	The Year Ended 31 December 2022	The Year Ended 31 December 2021
Cost of revenue (note 20)	**553,124**	397,137
Salaries and other related staff costs (note 22)	**416,033**	272,569
	969,157	669,706

27-Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year with the weighted average number of shares issued and outstanding during the year.

	The Year Ended 31 December 2022	The Year Ended 31 December 2021
Net profit for the year	**1,384,110**	369,249
Weighted average number of shares	**3,000,000**	3,000,000
Basic earnings per share	**0.461**	0.123

No figure for diluted earnings per share has been presented because the Company has not issued any instruments which would have an impact on earnings per share when exercised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

28-Related party transactions

The Company, in the ordinary course of business, deals with parties which fall with in the definition of 'related parties' as contained in the International Accounting Standard Number 24. The terms of these transactions are approved by the management and the management believes that such transactions are at arm's length and are not materially different from those with unrelated parties.

	The Year Ended 31 December 2022	The Year Ended 31 December 2021
Salaries and other related costs	**233,865**	174,848
Directors' remuneration and sitting fees	**92,000**	54,650
Travel allowances paid to directors	**3,964**	5,900
Exploration and evaluation assets	**126,591**	-

The Directors' meeting attendance fees are subject to Shareholders' approval at the forthcoming Annual General Meeting.

29- Contingencies and commitments

	2022	2021
Bank guarantees	**100,000**	85,000

30- Capital management

The primary objective of the management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.
The Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2022.

31-Financial instruments and related risk management

Financial assets include trade and other receivables, Cash and bank balances, term deposits and investment at fair value through profit or loss. Financial liabilities include trade and other payables. Management believes that the fair values of the financial assets and liabilities approximate their carrying values.
The Company's activities expose it to various financial risks, primarily being, market risk (including currency risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk.

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

31- Financial instruments and related risk management (continued)

The Audit Committee oversees how Management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk on sales, purchases, receivables and payables arising primarily from US Dollar, Euro and GCC currencies. The revenue and operating costs denominated in USD and other GCC currencies are covered by the fact that the RO is pegged to the currencies and has remained unchanged since 1986.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Company is exposed to interest rate risk as the Company has interest-earning term deposits and call deposits at commercial interest rates.

b) Credit risk

Credit risk arises from bank balances, as well as credit exposures to outstanding receivables.

(i) Credit risk on financial assets

The expected loss rates are based on the payment profiles of customers and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance for trade receivables is immaterial to the financial statements as at 31 December 2022 and 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

31- Financial instruments and related risk management (continued)

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's management monitors liquidity requirements on a regular basis to ensure that sufficient funds are available, including unutilised credit facilities with banks, to meet any future commitments. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecasted and actual cash flows.

At 31 December 2022	Less than 1 year	Total
Trade and other payables	1,016,092	1,016,092

At 31 December 2021	Less than 1 year	Total
Trade and other payables	474,287	474,287

d) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of the chromite ore will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual commodity or factors affecting all similar commodities traded in the market. The Company is exposed to commodity price risk on the chromite ore. To manage its risk arising from price fluctuations, the management continuously monitors the organised market and the key factors that affect the commodity in which the Company trades.

32-Fair value of financial instruments

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date..

All financial assets and liabilities have been accounted at amortised cost, except for investments in equity instruments designated at fair value through profit or loss, which are routed through profit or loss.

The management has assessed that the other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in Omani Rials)

32-Fair value of financial instruments (continued)

Nature of the financial instrument	Carrying va	Level 1	Level 2	Level 3
At 31 December 2022				
Investment at fair value through profit or loss	3,293	3,293	-	-
At 31 December 2021				
Investment at fair value through profit or loss	4,217	4,217	-	-

33- Operating segments

The Company operates in two segments, one of production and sale of refractory materials (chips and fines) and the other of metal lumps. The information regarding the results of each reportable segment is as follows:
The Company's total sales and trade receivables to external customers are as follows:

At 31 December 2020	Trade receivables		Sales	
	The Year Ended 31 December 2022	The Year Ended 31 December 2021	The Year Ended 31 December 2022	The Year Ended 31 December 2021
Refractory sales	**34,264**	102,591	**706,134**	1,281,642
Metallurgical sales	**285,752**	-	**3,811,427**	1,681,848
	320,016	102,591	**4,517,561**	2,963,490

34- Dividend per share

Subsequent to the end of the reporting period, the Board of Directors in its meeting held on 02 February 2023 has proposed a cash dividend of 200 baizas per share amounting to RO 600,000 for the year 2022, which is subject to the approval of the shareholders at the annual general meeting to be held on 02 March 2023 (2021: Nil).

35-Subsequent events

There were no events occuring subsequent to 31 December 2022 and before the date of the approval that are expected to have a significant impact on these financial statements.

The notes on pages 42 to 64 form part of these financial statements