(Convenience translation of the consolidated financial statements originally issued in Turkish)

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Interim condensed consolidated financial statements as of June 30, 2022 together with limited review report

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(Convenience translation of the limited review report and consolidated financial statements originally issued in Turkish)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of
İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of İpek Doğal Enerji Kaynakları Araştırma ve Üretim Anonim Şirketi (the Company) and its subsidiaries (collectively referred to as the "Group") as of June 30, 2022 and the interim condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and explanatory notes. Group management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Turkish Accounting Standard 34, Interim Financial Reporting (TAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim consolidated financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

1) As explained in detail in Note 10, pursuant to the decision of the Ankara 5th Criminal Court of Peace dated October 26, 2015, the management of the Group was transferred to the Board of Trustees and then to the Savings Deposit Insurance Fund ("SDIF") on September 22, 2016,and various examinations and studies are continuing before the Group by the Prosecutor's Office, the Police Financial Crimes Branch and the CMB as of the balance sheet date. Regarding the reports that will constitute the basis of the relevant decision and the status of the ongoing legal process, we could not obtain sufficient and appropriate audit evidence as to whether any correction is required in the financial statements of the Group.

2) As explained in detail in Note 5, the control over the Group's UK-based subsidiary Koza Ltd was lost as a result of the General Meeting of the Company on September 11, 2015 and its registration in England on November 2, 2015. The legal process initiated by the CMB regarding loss of control pursuant to its decision dated February 4, 2016 continues as of the date of this report. Due to the fact that the Group could not present the fair value determination work to be done in accordance with the provisions of TFRS 9 - Financial Instruments Standard, since the shares of the Company are accounted as financial assets and TFRS 10 - Consolidated Financial Statements Standard after loss of control, we could not obtain sufficient appropriate audit evidence as to whether any adjustments to the consolidated financial statements are necessary.

Emphasis of Matter

We draw attention to Note 20 explaining that the independently audited consolidated financial statements of the Group for the years ended December 31, 2016, 2017, 2018, 2019, 2020 and 2021 were approved and published by the Board of Directors with the resolutions dated April 24, 2018, April 30, 2018, February 28, 2019, February 27, 2020, March 1 2021 and March 1 2022 respectively by excluding the possible cumulative reflections of the works and transactions belonging to the previous financial periods on the tables in accordance with the provisions of Article 401/4 of the Turkish Commercial Code No. 6102 ("TCC"). Independently audited consolidated financial statements for the year ended December 31, 2015, on the other hand, were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Group for the years 2015, 2016, 2017, 2018,2019, 2020 and 2021 could not be held due to the reasons stated in the paragraph of the basis for qualified conclusion and the consolidated financial statements of the relevant periods could not be submitted to the approval of the General Assembly. However, this issue does not affect the result announced by us.

Qualified Conclusion

Based on our review, with the exception of the matters described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with TAS 34.

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Additional paragraph for convenience translation to English

In the accompanying consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying interim condensed consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

T.C. BAĞIMSIZ DENETÇİ 1923

Mehmet Can Altıntaş, SMMM
Partner

August 9, 2022
Ankara

(Convenience translation of the consolidated financial statements originally issued in Turkish)

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Condensed consolidated statement of financial position
as of June 30, 2022
(All amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Reviewed	*Audited*
Assets	**Notes**	**June 30, 2022**	December 31, 2021
Current assets		**10.737.713**	9.757.601
Cash and cash equivalents	4	**3.307.751**	9.179.190
Financial investments	5	**6.337.952**	-
Trade receivables			
- Due from third parties		**37.699**	27.626
Other receivables			
- Due from related parties	17	**185.897**	-
- Due from third parties		**105.618**	56.129
Inventories	6	**715.128**	450.990
Biological asset		**15.167**	13.177
Prepaid expenses		**30.099**	28.438
Current period tax assets		**93**	142
Other current assets		**2.309**	1.909
Non-current assets		**3.184.891**	2.527.469
Financial investments	5	**874.688**	293.543
Other receivables			
- Due from related parties	17	**-**	160.955
- Due from third parties		**3.571**	3.281
Investment properties	7	**218.693**	221.882
Right-of-use assets		**26.940**	36.953
Property, plant and equipment	8	**1.513.008**	1.429.593
Intangible assets			
- Goodwill	9	**11.232**	11.232
- Other intangible assets	9	**3.813**	4.046
Prepaid expenses		**148.207**	12.418
Deferred tax assets	15	**253.293**	219.537
Other non-current assets		**131.446**	134.029
Total assets		**13.922.604**	12.285.070

(Convenience translation of the consolidated financial statements originally issued in Turkish)

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Condensed consolidated statement of financial position as of June 30, 2022

(All amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Reviewed	*Audited*
Liabilities	**Notes**	**June 30, 2022**	December 31, 2021
Current liabilities		**1.147.726**	1.193.322
Short-term lease liabilities			
- Lease liabilities		**24.093**	19.470
Trade payables			
- Due to third parties		**200.995**	215.803
Payables related to employee benefits		**35.664**	21.212
Other payables			
- Due to related parties	17	**2.740**	-
- Due to third parties		**18.176**	17.957
Deferred income		**4.989**	1.147
Current income tax liabilities	15	**222.228**	426.361
Short-term provisions			
- Provisions for employment benefits	10	**44.132**	38.913
- Other short-term provisions	10	**585.222**	446.252
Other current liabilities		**9.487**	6.207
Non-current liabilities		**481.443**	415.955
Long-term lease liabilities			
- Lease liabilities		**6.549**	20.667
Other payables		**91.534**	72.513
Deferred income		**185**	224
Long-term provisions			
- Provisions for employment benefits	10	**75.508**	48.952
- Other long-term provisions	10	**307.667**	273.599
Equity		**12.293.435**	10.675.793
Equity of parent company		**2.472.937**	2.139.540
Paid-in share capital	11	**259.786**	259.786
Share premium		**239**	239
Other comprehensive income / expense not to be reclassified to profit or loss			
- *Actuarial gain / (loss) fund for employee benefits*		**(11.341)**	(3.854)
Other comprehensive income / expense to be reclassified to profit or loss	11	**49.204**	49.204
Restricted reserves		**1.834.165**	1.173.656
Retained earnings		**340.884**	660.509
Profit for the period			
Non-controlling interests		**9.820.498**	8.536.253
Total liabilities and equity		**13.922.604**	12.285.070

Condensed consolidated statements of profit or loss and other comprehensive income for the period ended June 30, 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	**Reviewed** January 1 – June 30, 2022	*Reviewed* January 1 – June 30, 2021	***Reviewed*** April 1 – June 30, 2022	*Reviewed* April 1 – June 30, 2021
Revenue	12	**2.788.865**	2.044.486	**1.323.717**	1.165.114
Cost of sales (-)	12	**(1.086.178)**	(685.540)	**(558.845)**	(323.808)
Gross profit		**1.702.687**	1.358.946	**764.872**	841.306
Marketing, sales and distribution expenses (-)		**(5.189)**	(3.904)	**(2.931)**	(1.993)
General administrative expenses (-)		**(207.158)**	(286.621)	**(137.788)**	(203.007)
Research and development expenses (-)		**(138.136)**	(127.610)	**(40.799)**	(67.333)
Other operating income	14	**152.686**	114.382	**79.582**	109.597
Other operating expenses (-)	14	**(384.356)**	(12.221)	**(333.318)**	(7.196)
Operating profit		**1.120.534**	1.042.972	**329.618**	671.374
Income from investing activities	13	**1.101.462**	860.652	**626.421**	355.937
Expense from investing activities (-)		**(145.853)**	-	**(97.736)**	-
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9		**3.339**	**-**	**8.638**	-
Operating profit before financial income and expense		**2.079.482**	1.903.624	**866.941**	1.027.311
Financial expense (-)		**2.178**	-	**4.236**	-
Profit before tax		**2.081.660**	1.903.624	**871.177**	1.027.311
Tax expense from continuing operations		**(445.569)**	(433.929)	**(220.473)**	(268.670)
- Current tax expense (-)	15	**(474.714)**	(476.000)	**(221.412)**	(282.499)
- Deferred tax income	15	**29.145**	42.071	**939**	13.829
Net profit for the period		**1.636.091**	1.469.695	**650.704**	758.641
Other comprehensive income / (expense)					
Total other comprehensive income not to be classified to profit or loss in subsequent years					
Gains / (losses) on remeasurements of defined benefit plans		**(23.061)**	(4.294)	**(11.515)**	(752)
Gains / (losses) on remeasurements of defined benefit plans, tax effect		**4.612**	987	**2.303**	279
Total comprehensive income		**1.617.642**	1.466.388	**641.492**	758.168
Attributable to:		**1.295.207**	1.090.203	**521.606**	559.518
Non-controlling interests		**340.884**	379.492	**129.098**	199.123
Equity of parent company					
Comprehensive income		**1.284.245**	1.088.313	**516.057**	559.368
Non-controlling interests		**333.397**	378.075	**125.435**	198.800
Equity of parent company					
Earnings per 100 share from profit for the period	16	**1,312**	1,461	**0,497**	0,7665
Earnings per 100 shares from total comprehensive income	16	**1,283**	1,455	**0,483**	0,7652

(Convenience translation of the consolidated financial statements originally issued in Turkish)

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Condensed consolidated statements of changes in equity for the period ended June 30, 2022

(All amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

			Other comprehensive income/expense not to be reclassified to profit or loss	Other comprehensive income/expense to be reclassified to profit or loss		Retained earnings				
	Paid in capital	Share premium	Actuarial (loss) / gain fund for employment termination benefit	Gains / (losses) on financial assets at fair value through other comprehensive income	Restricted reserves	Retained earnings	Net profit for the period	Equity of parent company	Non-controlling interests	Total equity
Balances as of January 1, 2021	259.786	239	(3.737)	-	49.204	811.493	362.163	1.479.148	6.285.010	7.764.158
Net profit for the period	-	-	-	-	-	-	379.492	379.492	1.090.203	1.469.695
Other comprehensive income/(loss)	-	-	(1.417)	-	-	-	-	(1.417)	(1.890)	(3.307)
Total comprehensive income/(loss)	-	-	(1.417)	-	-	-	379.492	378.075	1.088.313	1.466.388
Transfers	-	-	-	-	-	362.163	(362.163)	-	-	-
Balance as of June 30, 2021	259.786	239	(5.154)	-	49.204	1.173.656	379.492	1.857.223	7.373.323	9.230.546
Balance as of January 1, 2022	**259.786**	**239**	**(3.854)**	**-**	**49.204**	**1.173.656**	**660.509**	**2.139.540**	**8.536.253**	**10.675.793**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**340.884**	**340.884**	**1.295.207**	**1.636.091**
Other comprehensive income/(loss)	**-**	**-**	**(7.487)**	**-**	**-**	**-**	**-**	**(7.487)**	**(10.962)**	**(18.449)**
Total comprehensive income/(loss)	**-**	**-**	**(7.487)**	**-**	**-**	**-**	**340.884**	**333.397**	**1.284.245**	**1.617.642**
Transfers	**-**	**-**	**-**	**-**	**-**	**660.509**	**(660.509)**	**-**	**-**	**-**
Balances as of June 30, 2022	**259.786**	**239**	**(11.341)**	**-**	**49.204**	**1.834.165**	**340.884**	**2.472.937**	**9.820.498**	**12.293.435**

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Condensed consolidated statements of cash flows
for the period ended June 30, 2022
(All amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Note	***Reviewed*** **January 1 – June 30, 2022**	Reviewed January 1 – June 30, 2021
A. Cash flows from operating activities		**189.562**	1.023.065
Profit for the period from continuing operations		**1.636.091**	1.469.695
Adjustments to reconcile profit for the period			
Adjustments for depreciation and amortization		**160.587**	88.609
Adjustments for gains arising from the sale of fixed assets classified for sale		**(34.092)**	(81.290)
Adjustments for fair value loss (gains) of financial assets		**(235.912)**	-
Adjustments for recognition/ (derecognition) impairment of trade receivables		**4.778**	4.554
Adjustments for provisions			
- Adjustments for provisions for employee benefits	10	**9.173**	28.425
- Adjustment for lawsuits and / or penalty provision	10	**30.134**	-
- Adjustments for debt provisions	10	**207.122**	59.381
- Adjustments for rehabilitation and state rights provision	10	**280.829**	(57.044)
Adjustments for tax expense	14	**445.569**	433.929
Adjustments for interest income	13	**(831.441)**	(526.584)
Adjustments for interest expenses		**8.422**	4.058
Adjustment for impairment in inventories	6	**(48.913)**	28.880
Total adjustments		**(3.744)**	(17.082)
Increase in trade receivables		**(14.851)**	(13.098)
Decrease in other receivables		**(380.777)**	(144.027)
Adjustment for increase in inventories	6	**(215.225)**	(86.335)
Decrease/ (increase) in biological assets		**(1.990)**	487
Increases in prepaid expenses		**(137.450)**	(24.262)
Decrease in trade payables		**(14.808)**	56.078
Increase in liabilities within the scope of employee benefits		**14.453**	1.192
Increase in other assets		**2.231**	(68.556)
Increase decrease in other liabilities		**21.980**	9.343
Increase in deferred income		**3.750**	3.104
Decrease in other liabilities		**3.363**	47.283
Taxes paid		**(372.789)**	(205.705)
Payments related to other provisions	10	**(345.046)**	(2.662)
Payments of employee retirement benefits	10	**(5.626)**	(2.390)
Net cash from operating activities		**(1.442.785)**	(429.548)
B. Cash flows from investing activities		**(6.083.180)**	291.492
Cash inflows from the sales of property, plant and equipment		**52.818**	50
Cash outflows from the purchase of tangible assets	8	**(248.308)**	(317.695)
Cash outflows from the purchase of intangible assets	9	**(969)**	(2.585)
Cash outflows from the purchase of investment properties	7	**(15)**	(2.503)
Cash inflows from the sale of fixed assets classified for sale		**-**	92.007
Interest received		**573.351**	496.197
Changes in financial investments		**(6.447.273)**	34.157
Cash outflows related to lease agreements (-)		**(12.784)**	(8.136)
C. Net cash from financing activities		**-**	-
Net increase in cash and cash equivalents		**(5.893.618)**	1.314.557
Cash and cash equivalents at the beginning of the year	4	**9.138.738**	6.165.594
Cash and cash equivalents at the end of the year	4	**3.245.120**	7.480.151

1. Group's organization and nature of operations

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. ("Company") was established as a Joint Stock Company with Trade Registry Number 55759 with the articles of association published in the Trade Registry Gazette dated January 8, 1985 and numbered 1174. The Group has changed its title as İpek Doğal Enerji Kaynak Araştırma ve Üretim A.Ş. on June 10, 2011 which was İpek Matbaacılık Sanayi ve Ticaret A.Ş., by including oil, natural gas, energy and energy resources research and production activities in its main field of activity which was printing and invitation in the establishment. This change was announced in the Trade Registry Gazette dated June 15, 2011 and numbered 7837. The company and all of its subsidiaries, whose details are explained in footnote 2.2, are named as "Group" together.

Group's address; Uğur Mumcu Mahallesi, Fatih Sultan Mehmet Bulvarı, İstanbul Yolu 10. Km, No: 310, 06370, Yenimahalle, Ankara, Türkiye.

As of 30 June 2022, 62.12% of the Company's shares, including the stocks traded in Borsa Istanbul ("BIST"), belong to Koza İpek Holding A.Ş. Pursuant to the decision of the Company dated October 26, 2015, the Company Management was transferred to the Board of Trustees, and subsequently, with the Decree Law No. 674 on Making Certain Arrangements Under the State of Emergency ("KHK"), published on September 1, 2016, all the powers of the Company were transferred to the Savings Deposit Insurance Fund on September 22, 2016. ("TMSF"). As of June 30, 2022, shares corresponding to 37.72% of the Company's capital (31 December 2021: 37.72%) are traded on the BIST.

As of October 26, 2015, all the powers of the management body have been transferred to the trustees appointed to the Group Management and it has been decided that new management bodies will be formed by these trustees.

With the Decree Law No. 674 on Making Some Regulations under the State of Emergency ("Decree") published on September 1, 2016, it was decided to transfer all the powers previously given to the trustees assigned to companies by the courts to the Savings Deposit Insurance Fund ("SDIF"). In this context, on September 22, 2016, it has decided to terminate all the powers given to the trustees assigned to the İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. on the basis of the article 19/1 of the aforementioned Decree and transfer the İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.to the SDIF.

The Group's consolidated financial statements for the years ended December 31, 2016, 2017, 2018, 2019, 2020 and 2021 have been approved by the Board of Directors with the board decisions dated April 24, 2018, April 30, 2018, February 28, 2019, February 27, 2020, March 1, 2021 and March 1, 2022 respectively and published by excluding the possible cumulative effects of the works and transactions belonging to the previous financial periods, whose judgment process continues, in accordance with the provisions of Article 401/4 of the Turkish Commercial Code No. 6102 ("TCC"). Audited consolidated financial statements for the year ended December 31, 2015 were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Group for the years 2015, 2016, 2017, 2018, 2019, 2020 and 2021 as explained in detailed in Note 10, could not be carried out due to various examinations and works by the Prosecutor's Office, the Police Financial Crimes Branch and the CMB, and these consolidated financial statements of the Group could not be submitted to the approval of the General Assembly.

Koza Altın İşletmeleri AŞ, a subsidiary of the Group, has established UK-based Koza Ltd., which owns 100%, in order to establish abroad mining ventures on March 31, 2014. The control of Koza Ltd, which the Company was consolidated until September 11, 2015, was lost as a result of the General Assembly held on September 11, 2015. The legal process initiated by the CMB regarding loss of control pursuant to decision dated February 4, 2016 continues as of the date of the consolidated financial statements. Under condensed consolidated financial statements, the Group has presented Koza Ltd. under the "Financial Investments" account with a cost value amounting to Thousand TL 218.325 (December 31, 2020: Thousand TL 218.325).

1. Group’s organisation and nature of operations (continued)

Group's consolidated participations located in Turkey until December 31, 2015, Bugün Televizyon Radyo ve Perakende A.Ş., Yaşam Televizyon Yayın Hizmetleri A.Ş. ve Koza İpek Basın ve Basım Sanayi ve Ticaret A.Ş. and subsidiaries Koza Prodüksiyon ve Ticaret A.Ş., Rek-Tur Reklam Pazarlama ve Ticaret Ltd. Şti. ve İpek Online Bilişim Hizmetleri Ltd. Şti. has not been included in the scope of consolidation since 2016 due to the official cancellation of the trade registry record with the Decree Law in 2016.

As of June 30, 2022, the number of employee is 2.856 (June 30, 2021: 2.912 people).

Approval of condensed consolidated financial statements

The condensed consolidated financial statements dated June 30, 2022 were approved by the Board of Directors and authorized to be published on August 9, 2022.

2. Basis of presentation of condensed consolidated financial statements

2.1 Basis of presentation

Finanzcial reporting standards

The Company and its subsidiaries established in Turkey, prepare its financial statements in accordance with the Turkish Commercial Code (TCC) numbered 6102, tax legislation and the Uniform Chart of Accounts published by the Ministry of Finance.

The accompanying condensed consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which were published in the Resmi Gazete No:28676 on June 13, 2013. The accompanying condensed consolidated financial statements are prepared based on the Turkish Financial Reporting Standards and Interpretations (“TAS/TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

The consolidated condensed consolidated financial statements and notes are presented in accordance with the "2019 TAS Taxonomy" announced by the POA with the principle decision dated June 7, 2019.

The condensed consolidated financial statements are based on legal records and expressed in TL, and have been prepared by subjecting to some corrections and classification changes in order to present the Group's status according to TAS and TFRS. These adjustments generally consist of deferred taxes, provisions, depreciation of property, plant and equipment and intangible asset amortization on economic life and pro-rata basis, and the valuation of buildings, investment properties and some financial assets.

Foreign currency

Functional and reporting currency

The condensed consolidated financial statements are presented in TL, which is the functional currency of the Group and the presentation currency of the Group.

2. Basis of presentation of condensed consolidated financial statements (continued)

2.1 Basis of presentation (continued)

Foreign currency transactions and balances

Foreign currency transactions have been converted over the exchange rates valid on the dates of the transaction. Monetary assets and liabilities based on foreign currency are converted using the exchange rates valid on the date of the statement of financial position. Exchange difference income or expense arising from foreign currency-based operational transactions (trade receivables and debts) is presented under the "other income / expenses from operating activities", while the exchange difference income or expense arising from the translation of other foreign currency based monetary assets and liabilities is presented under "finance income / expenses" in the statement of profit or loss.

Adjustment of Financial Statements in High Inflation Periods

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 June 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of June 30, 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

Going concern

The Group has prepared its condensed consolidated financial statements according to the going concern principle.

Declaration of conformity to TFRS

The Group has prepared its interim condensed consolidated financial statements for the period ending on June 30, 2020, in accordance with the CMB's Communiqué Serial: II-14.1 and its announcements clarifying this communiqué. The condensed consolidated financial statements and notes are presented in accordance with the formats recommended by the CMB and including the required information.

2.2 Consolidation principles

(a) Consolidated financial statements include the accounts of the Company and its subsidiaries prepared according to the principles stated below. During the preparation of the financial statements of the companies included in the scope of consolidation, necessary corrections and classifications were made in terms of compliance with TFRS and the accounting policies and presentation styles applied by the Group.

2. Basis of presentation of condensed consolidated financial statements (continued)

2.2 Consolidation principles (continued)

(b) The subsidiaries controlled by the company has been included in the consolidated financial statements by full consolidation method. Control is provided only when all of the following indicators are present on the enterprise in which the Company invests;

a) has power over the enterprise in which it invests,
b) is exposed to or is entitled to varying returns due to its relationship with the investee,
c) has the ability to use its power over the investee to influence the amount of returns it will generate.

During the consolidation process, the registered participation values of the shares owned by the Company and its subsidiaries were netted mutually with the relevant equities. Intra-group transactions and balances between the Company and the subsidiaries have been netted during the consolidation process. The registered values of the shares owned by the Company and the dividends arising from them have been netted from the relevant equity and profit or loss statement accounts.

The subsidiaries have been included in the scope of consolidation as of the date the control over its activities was transferred to the Group.

Subsidiaries

As of June 30, 2022 and December 31, 2021, the activities of the consolidated subsidiaries and the operating segments in which the subsidiaries operate in line with the purpose of the consolidated financial statements are as follows:

June 30, 2022

Title	**Business segments**	**Nature of business**
Koza Anadolu Metal Madencilik İşletmeleri A.Ş.	Mining	Mining
ATP İnşaat ve Ticaret A.Ş.	Construction and mining	Mining
Koza Altın İşletmeleri A.Ş.	Mining	Mining
Özdemir Antimuan Madenleri A.Ş.	Mining	Mining
ATP Havacılık Ticaret A.Ş.	Air transportation	Transportation
ATP Koza Turizm Seyahat Ticaret A.Ş.	Tourism and hotel management	Tourism
ATP Koza Gıda Tarım Hayvancılık Sanayi ve Ticaret A.Ş.	Food and farming	Food
Konaklı Metal Madencilik Sanayi Ticaret A.Ş.	Mining	Mining

December 31, 2021

Title	Business segments	Nature of business
Koza Anadolu Metal Madencilik İşletmeleri A.Ş.	Mining	Mining
ATP İnşaat ve Ticaret A.Ş.	Construction and mining	Mining
Koza Altın İşletmeleri A.Ş.	Mining	Mining
Özdemir Antimuan Madenleri A.Ş.	Mining	Mining
ATP Havacılık Ticaret A.Ş.	Air transportation	Transportation
ATP Koza Turizm Seyahat Ticaret A.Ş.	Tourism and hotel management	Tourism
ATP Koza Gıda Tarım Hayvancılık Sanayi ve Ticaret A.Ş.	Food and farming	Food
Konaklı Metal Madencilik Sanayi Ticaret A.Ş.	Mining	Mining

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

2. Basis of presentation of condensed consolidated financial statements (continued)

2.2 Consolidation principles (continued)

As of June 30, 2022 and December 31, 2021 titles, capitals, effective ownership rates and minority rates of the subsidiaries of the Group are as follows:

June 30, 2022

Title	**Direct ownership share (%)**	**Effective ownership share (%)**	**Minority share (%)**
Koza Anadolu Metal Maden. İşletmeleri A.Ş.	52,25	52,25	47,75
ATP İnşaat ve Ticaret A.Ş.	-	51,75	48,25
Koza Altın İşletmeleri A.Ş. (*)	-	23,29	76,71
Özdemir Antimuan Madenleri A.Ş.	-	51,75	48,25
ATP Havacılık Ticaret A.Ş.	-	51,23	48,77
ATP Koza Turizm Seyahat Ticaret A.Ş.	-	51,75	48,25
ATP Koza Gıda Tarım Hayvancılık San. ve Tic. A.Ş.	-	51,75	48,25
Konaklı Metal Madencilik Sanayi Ticaret A.Ş.	-	37,48	62,52
Koza İpek Tedarik Ticaret A.Ş. (**)	28,00	52,88	47,12

December 31, 2021

Title	Direct ownership share (%)	Effective ownership share (%)	Minority share (%)
Koza Anadolu Metal Maden. İşletmeleri A.Ş.	52,25	52,25	47,75
ATP İnşaat ve Ticaret A.Ş.	-	51,75	48,25
Koza Altın İşletmeleri A.Ş. (*)	-	23,29	76,71
Özdemir Antimuan Madenleri A.Ş.	-	51,75	48,25
ATP Havacılık Ticaret A.Ş.	-	51,23	48,77
ATP Koza Turizm Seyahat Ticaret A.Ş.	-	51,75	48,25
ATP Koza Gıda Tarım Hayvancılık San. ve Tic. A.Ş.	-	51,75	48,25
Konaklı Metal Madencilik Sanayi Ticaret A.Ş.	-	37,48	62,52
Koza İpek Tedarik Ticaret A.Ş. (**)	28,00	52,88	47,12

(*) Although the effective ownership rate of the Group is less than 50%, it uses its dominance power to manage the financial and operating policies of the company in question.

(**) Although the effective ownership rate of the Group is less than 50%, it uses its dominant authority to manage the financial and operating policies of the said company. It is not included in the scope of consolidation as it does not have a significant impact. Total assets, turnover and net profit for the period of the subsidiary not included in the scope of consolidation; the ratio of consolidated total assets, turnover and net profit for the period is below 1%.

(c) The shares of non-controlling shareholders in the net assets and operating results of subsidiaries are shown as "non-controlling interests" in the consolidated financial statements.

(d) Koza Altın İşletmeleri A.Ş. ("Koza Altın"), one of the subsidiaries of the Group, established UK-based Koza Ltd., in which it has a 100% share, to make mining ventures abroad on June 30, 2014. It has been understood that the control of the Group over its subsidiary Koza Ltd, which it consolidated until September 11, 2015, was lost as a result of the general meeting held on September 11, 2015. The legal process initiated by the CMB regarding the loss of control pursuant to its decision dated February 4, 2016 continues as of the balance sheet date. In its consolidated financial statements, the Group has presented Koza Ltd. under "Financial Investments" in non-current assets at a cost of Thousands TL 218.325.

(e) Group's consolidated participations located in Turkey until December 31, 2015, Bugün Televizyon Radyo ve Perakende A.Ş., Yaşam Televizyon Yayın Hizmetleri A.Ş. ve Koza İpek Basın ve Basım Sanayi ve Ticaret A.Ş. and subsidiaries Koza Prodüksiyon ve Ticaret A.Ş., Rek-Tur Reklam Pazarlama ve Ticaret Ltd. Şti. ve İpek Online Bilişim Hizmetleri Ltd. Şti. has not been included in the scope of consolidation since 2016 due to the official cancellation of the trade registry record with the Decree Law in 2016.

2. Basis of presentation of condensed consolidated financial statements (continued)

2.3. Accounting policies, changes in accounting estimates and errors

Accounting policy changes arising from the implementation of a new TAS / TFRS for the first time are applied retrospectively or prospectively in accordance with the transition provisions of the TAS / TFRS, if any. If there is no transition requirement, significant optional changes in accounting policies or detected accounting errors are applied retrospectively and the financial statements of the previous period are restated.

Changes in accounting estimates are applied in the current period when the change is made if they are related to only one period, and if they are related to future periods, they are applied both in the period of change and prospectively.

2.4 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of June 30, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of January 1, 2022 are as follows:

- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- Annual Improvements – 2018–2020 Cycle

The amendments / improvements did not have a significant impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

- Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TAS 8 - Definition of Accounting Estimates
- Amendments to TAS 1 - Disclosure of Accounting Policies
- Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group expects no significant impact on its balance sheet and equity.

2.5 Summary of significant accounting policies

Consolidated financial statements for the period ending on March 31, 2021 have been prepared in accordance with TAS 34 standard for the preparation of interim financial statements of TAS / TFRS.

The consolidated financial statements for the period ending on March 31, 2021 have been prepared by applying accounting policies consistent with the accounting policies applied during the preparation of the financial statements for the year ending on December 31, 2020. Therefore, these condolidated financial statements should be evaluated together with the financial statements for the year ended December 31, 2020.

2.6 Significant accounting judgments estimates and assumptions

In the preparation of condensed consolidated financial statements, the Group management requires the use of estimates and assumptions that may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the amounts of income and expenses reported during the accounting period. Accounting judgments, estimates and assumptions are continuously evaluated by considering past experience, other factors and reasonable expectations about future events under current conditions. Necessary corrections are made and presented in the profit or loss statement in the period when it realized. Although these estimates and assumptions are based on management's best knowledge of current events and transactions, actual results may differ from their assumptions.

a) Mining assets consists of mine site development costs, mining rights, mining lands, deferred stripping costs and discounted costs associated with the improvement, rehabilitation and closure of mine sites. Mining assets are accounted in the consolidated financial statements with their net book value after deducting the accumulated depreciation and permanent impairment, if any, from their acquisition costs. Mining assets start to be amortized on a production basis according to producible ore reserve with the commencement of production. The depreciation expenses of the mining assets are associated with the production costs on the basis of the relevant mining sites.

Within the scope of long-term plan studies, which are regularly updated, the Group conducts studies to determine the remaining reserves of mining assets, revising the possible effects of employee benefit obligations, production-based depreciation calculations, and rehabilitation provisions within this scope.

The Group management reviews the estimates made in relation to the visible and probable mineral reserves in each balance sheet period. In certain periods, the Group management has independent professional valuation companies make valuation studies in accordance with the Australian Exploration Results, Mineral Resources and Gold Reserves 2012 Standards ("JORC") to determine the amount of visible, possible and probable mineral reserves and It is updated by or under the supervision of persons who have the competencies specified in. As of December 31, 2021, the aforementioned reserve and resource amounts were updated by the independent professional valuation Group "SRK Consulting" in line with the "JORC" standards.

Within the scope of these studies, the assumptions and methods used in determining the mineral reserves contain some uncertainties (such as gold prices, exchange rates, geographic and statistical variables), and the assumptions and methods developed in relation to the mineral reserve may change significantly depending on the availability of new information. The cost and depreciation of mining assets are adjusted prospectively based on these updates.

2. Basis of presentation of condensed consolidated financial statements (continued)

2.6 Significant accounting judgments estimates and assumptions (continued)

b) Mining assets are amortized using the "production" method and the visible and possible gold reserve amount is used to calculate the depreciation rate. Other tangible assets, both movable and fixed, other than mining assets are depreciated using the straight-line method over their useful lives, limited with lifetime of the mines they are related to. The depreciation amounts calculated on the basis of the visible and possible gold reserves and using the production units method may vary between periods and for some mining assets, the depreciation may be affected by the deviation between the actual and estimated production amounts. These differences arise from the variables or assumptions stated below;

- Changes in the amount of visible and possible gold reserves as a result of the work done,
- The reserve's tenor ("grade") ratio, which can vary significantly from time to time,
- The actual gold price and the estimated gold price taken into account in reserve valuation and tenor determination studies,
- Other matters that may occur in the mine sites and cannot be predicted in advance and may affect the activities,
- Unpredictable changes in mining, processing and rehabilitation costs, discount rates, exchange rate changes,
- The effects of changes in mineral life on the useful life of tangible assets depreciated with the straight-line method and whose useful life are limited to the mine life.

The impairment tests performed by the Group management depend on the management's estimates about the future gold prices, current market conditions, exchange rates and pre-tax discount rate together with the relevant project risk. The recoverable value of the cash-generating units is determined as the higher one from the use value of the relevant cash-generating unit or its fair value after deducting sales costs. These calculations require the use of some assumptions and estimates. Changes in assumptions and estimates based on gold prices may affect the useful lifes of mines, and conditions may arise that may require adjustment on the carrying values of both goodwill and related assets.

Assets are grouped as independent and smallest cash generating units. If an impairment indicator is determined, estimates and assumptions are established for the cash flows to be obtained from each cash-generating unit determined. Impairment tests of both tangible assets and goodwill contain a certain amount of uncertainty due to the estimates and assumptions used. This uncertainty arises from the amount of visible and possible workable gold reserves used, current and future predicted gold prices, discount rates, exchange rates and estimated production costs.

c) Amount of provisions reflected in condensed consolidated financial statements regarding environmental rehabilitation, improvement of mine sites and closure of mine sites is based on the plans of the Group management and the requirements of the relevant legal regulations. Changes in the aforementioned plans and legal regulations, up-to-date market data and prices, discount rates used, changes in estimates based on mineral resources and reserves may affect provisions.

2. Basis of presentation of condensed consolidated financial statements (continued)

2.6 Significant accounting judgments estimates and assumptions (continued)

As of June 30, 2022, the Group reassessed the provision amounts due to changes in discount rates, costs, production areas subject to rehabilitation and reserve lifetimes. The Group evaluates the mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation due to the large number of factors that may affect the final liability to be paid. These factors include estimates of the scope and cost of rehabilitation activities, technological changes, changes in regulations, cost increases proportional to inflation rates and changes in net discount rates (June 30, 2021: 1,22 %, December 31, 2020 0,07%). These uncertainties may cause future expenditures to differ from the amounts estimated today.

The provision amount at the reporting date represents the best estimate of the present value of future rehabilitation costs. Changes in estimated future costs are accounted in the balance sheet by increasing or decreasing the rehabilitation obligation or asset if the initial estimate was initially recognized as part of an asset measured in accordance with TAS 16 Property, plant and equipment. Any reduction in the rehabilitation obligation and hence any reduction in the rehabilitation asset cannot exceed the carried value of that asset. In case of excess, the amount exceeding the carried value is immediately taken to profit or loss.

d) Deferred tax assets are recorded when it is determined that it is possible to generate taxable income in the coming years. In cases where taxable income is likely to occur, deferred tax assets are calculated over temporary differences. The Group management, as a result of its assessment, has been recognized as a deferred tax asset for financial losses that can be used within a predictable period and within the framework of tax laws. This evaluation is based on the assumptions used that the related subsidiary has taxable profit in the future periods.

e) As the Group operates in the mining industry, it is exposed to many risks arising from laws and regulations. As of the balance sheet date, The results of current or future legal practices can be estimated within a certain ratio, based on the past experiences of the Group management and as a result of the legal consultancy received. Negative effects of a decision or application that may be taken against the Group may significantly affect the activities of the Group. As of June 30, 2021, there is no legal risk expected to significantly affect the activities of the Group.

f) At the stage of determining the amount of the provision for the lawsuits, the management consider the possibility of the ongoing lawsuits to be concluded against the Group and the legal advisors' evaluation of the consequences that may arise in case these lawsuits are concluded against the Group. The Group management makes the best estimate based on the information provided.

g) The gold in circuit inventory amount, which is followed as a semi-finished product and has not yet turned into finished gold during the production process, is evaluated separately for each production facility by making technical production calculations and estimations. The gold in circuit process, which is common for both tank leaching and heap leach production plants, ends after finished gold is obtained. Since the production processes of tank leaching and heap leaching facilities are different from each other, the amount of gold stock in the circuit differs on the basis of facilities, and the estimated amount of gold that can be obtained from the gold in circuit stocks of each facility at the end of the production process and the life of mine is analyzed based on technical calculations.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

3. Segment reporting

The Group's reporting according to the operating segments made as of June 30, 2022 is presented as follows:

June 30, 2022	Mine	Transportation	Tourism	Food	Elimination adjustments	Total
Current assets	12.517.763	3.157	12.133	65.709	(1.861.049)	10.737.713
Non-current assets	4.059.906	430.002	128.338	14.696	(1.448.051)	3.184.891
Total assets	**16.577.669**	**433.159**	**140.471**	**80.405**	**(3.309.100)**	**13.922.604**
Current liabilities	2.200.451	745.328	10.852	50.936	(1.859.841)	1.147.726
Non-current liabilities	486.982	222	48	2.500	(8.309)	481.443
Equity	13.890.237	(312.392)	129.571	26.969	(1.440.950)	12.293.435
Total liabilities	**16.577.670**	**433.158**	**140.471**	**80.405**	**(3.309.100)**	**13.922.604**

January 1 – June 30, 2021	Mining	Transportation	Tourism	Food	Elimination adjustments	Total
Continuing operations						
Sales	2.756.580	-	3.225	29.084	(24)	2.788.865
Cost of sales (-)	(1.045.327)	(12.908)	(1.919)	(27.275)	1.251	(1.086.178)
Gross profit / loss	**1.711.253**	**(12.908)**	**1.306**	**1.809**	**1.227**	**1.702.687**
Research and development expenses (-)	(138.136)	-	-	-	-	(138.136)
Marketing expenses (-)	(3.343)	-	-	(1.846)	-	(5.189)
General administrative expenses (-)	(213.439)	(320)	(1.312)	(1.709)	9.622	(207.158)
Other operating income	157.602	651	447	3.501	(9.515)	152.686
Other operating expenses (-)	(372.434)	(8.051)	(3.079)	(1.708)	916	(384.356)
Operating profit / loss	**1.141.503**	**(20.628)**	**(2.638)**	**47**	**2.250**	**1.120.534**
Income / expense from investing activities, net	1.125.359	(142.983)	2.969	18.994	(48.730)	955.609
Financial income	13.709	-	-	-	(13.709)	-
Financial expenses (-)	(45.667)	(6.805)	-	(5.246)	59.896	2.178
TFRS 9	3.339	-	-	-	-	3.339
Profit / loss before tax from continuing operations	**2.238.243**	**(170.416)**	**331**	**13.795**	**(293)**	**2.081.660**
Tax income /expense from continuing operations	**(446.556)**	**2.105**	**(1.281)**	**163**	**-**	**(445.569)**
Current period tax expense	(474.714)	-	-	-	-	(474.714)
Deferred tax income / expense	28.158	2.105	(1.281)	163	-	29.145
Profit / loss for the period	**1.791.687**	**(168.311)**	**(950)**	**13.958**	**(293)**	**1.636.091**

In the table above, the amounts related to the segments are presented at the combined level, and all elimination balances within the Group are presented in the "Elimination adjustments" column

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

3. Segment reporting (continued)

The reporting of the Group as of June 30 2021 and December 31, 2021 according to the operating segments is presented as follows:

December 31, 2021	Mining	Transportation	Tourism	Food	Elimination adjustments	Total
Current assets	9.694.345	3.506	8.038	55.000	(3.288)	9.757.601
Non-current assets	4.952.684	433.761	132.362	21.674	(3.013.012)	2.527.469
Total assets	**14.647.029**	**437.267**	**140.400**	**76.674**	**(3.016.300)**	**12.285.070**
Current liabilities	1.323.421	3.784	8.096	61.347	(203.326)	1.193.322
Non-current liabilities	1.239.039	577.564	1.785	1.398	(1.403.831)	415.955
Equity	12.084.570	(144.081)	130.520	13.929	(1.409.145)	10.675.793
Total liabilities	**14.647.030**	**437.267**	**140.401**	**76.674**	**(3.016.302)**	**12.285.070**

January 1 – June 30, 2021	**Mining**	**Transportation**	**Tourism**	**Food**	**Elimination adjustments**	**Total**
Continuing operations						
Sales	2.015.943	-	2.862	25.681	-	2.044.486
Cost of sales (-)	(648.036)	(11.543)	(2.005)	(23.536)	(420)	(685.540)
Gross profit /(loss)	**1.367.907**	**(11.543)**	**857**	**2.145**	**(420)**	**1.358.946**
Research and development expenses (-)	(127.610)	-	-	-	-	(127.610)
Marketing expenses (-)	(2.189)	-	-	(1.715)	-	(3.904)
General administrative expenses (-)	(285.248)	(1.001)	(1.847)	(2.063)	3.538	(286.621)
Other operating income	33.303	64.660	264	1.215	14.940	114.382
Other operating expenses (-)	5.870	(3.063)	(1.524)	(804)	(12.700)	(12.221)
Operating profit/ (loss)	**992.033**	**49.053**	**(2.250)**	**(1.222)**	**5.358**	**1.042.972**
Income /expense from investing activities net	832.978	75.910	80	229	(48.545)	860.652
Financial income	-	-	-	-	-	-
Financial expense (-)	(38.565)	(1.499)	(32)	(3.268)	43.364	-
Profit /loss before tax from continuing operations	**1.786.446**	**123.464**	**(2.202)**	**(4.261)**	**177**	**1.903.624**
Tax income /expense from continuing operations	(427.100)	(10.708)	3.379	500	-	(433.929)
Current period tax expense	(476.000)	-	-	-	-	(476.000)
Deferred tax income /expense	48.900	(10.708)	3.379	500	-	42.071
Profit/ (loss) for the period	**1.359.346**	**112.756**	**1.177**	**(3.761)**	**177**	**1.469.695**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

4. Cash and cash equivalents

	June 30, 2022	December 31, 2021
Cash	**241**	266
Banks		
- Demand deposits	**18.173**	16.748
- Time deposits	**3.289.125**	9.162.005
Other cash and cash equivalents	**212**	171
Total	**3.307.751**	9.179.190
Less: Interest accruals	**(62.631)**	(40.452)
Cash and cash equivalents presented in the cash flow statement	**3.245.120**	9.138.738

The details of the Group's time deposits as of June 30, 2022 are as follows;

Currency	Interest rate	Maturity	Currency amount	TL Equivalent
TL	**%14,50 - %26**	**1-30 Gün**	**3.283.757**	**3.283.757**
USD	**%0,50**	**1-30 Gün**	**322**	**5.368**
Total				**3.289.125**

The details of the Groups time deposits as of December 31, 2021 are as follows;

Currency	Interest rate	Maturity	Currency amount	TL Equivalent
TL	%14 - %22,5	1-30 Days	8.360.683	8.360.683
USD	%0,75 - %1,3	1-30 Days	61.747	801.322
Total				9.162.005

The Group's blocked deposits of Thousands TL 64.433 have been presented under financial investments account (December 31, 2021: Thousands TL 75.120).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

5. Financial investments

a. Short term financial investments

The short term financial investments of the Company as of June 30, 2022 and December 31, 2021 are as follows;

	June 30, 2022	December 31, 2021
Financial assets measured at amortised cost(***)	**4.800.777**	-
Currency protected time deposits (**)	**1.037.175**	-
Financial assets accounted at fair value under profit or loss (****)	**500.000**	-
Total	**6.337.952**	-

b. Long term financial investments

The long term financial investments of the Company as of June 30, 2022 and December 31, 2021 are as follows;

	June 30, 2022	December 31, 2021
Financial assets measured at amortised cost(***)	**591.832**	-
Shares in subsidiaries (*)	**218.423**	218.423
Blocked deposits	**64.433**	75.120
Toplam	**874.688**	**293.543**

(*) With the decisions taken at the General Assembly meeting held on September 11, 2015 and the amendment of the articles of association on the same date of Koza Ltd. which is the subsidiary of the Company with 100% share, two A Group shares each worth 1 GBP ("GBP") and the control has transferred to A Group shareholders. Pursuant to the amendment to the articles of association made as of September 11, 2015, savings regarding all operational and managerial activities of Koza Ltd., decision and approval of the articles of association, approval of liquidation transactions and share transfer transactions, etc. rights are given to directors. As a result of the mentioned changes, the Company has lost the control over Koza Ltd. and Koza Ltd. was excluded from the scope of consolidation. It has been accounted in the financial statements at cost since the date the control has ended. As of the report date, fair value measurement could not be calculated due to uncertainties arising from the ongoing legal processes about Koza Ltd.

A legal process has been initiated by the CMB with the decision dated February 4, 2016 regarding the General Assembly and the resolutions taken, in cases where the final judicial decisions regarding this decision differ from the initially recorded amounts, these differences will be accounted in the period determined.

(**) Currency protected time deposits are accounted as financial assets at fair value under profit or loss.

The Company has converted foreign exchange deposit accounts amounting to USD 61,742,516 into "Currency protected time deposits accounts". The maturity of currency protected time deposis is 182 days.

(***) As of June 30, 2022, the Company has TL 4,752,743 bonds and TL 639,866 government bonds, which are recognized as financial assets measured at the amortized cost.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

5. Financial investments (continued)

Financial assets	Interest Rate	Maturity	Currency	Total Amount
Bond	%18,70 - %23,86	299 – 315 Gün	TL	**4.752.743**
Government Bond	%20,17 - %22,08	581 - 602 Gün	TL	**639.866**
Total				**5.392.609**

(****) The Company has TL 500,000,000 in total funds and the funds are accounted as financial assets at fair value under profit or loss.

6. Inventories

The inventories of the Group as of June 30, 2022 and December 31, 2021 are as follows;

	June 30, 2022	December 31, 2021
Gold and silver in the production process and gold and silver bars	**242.998**	144.592
Ready to be processed mined ore clusters	**121.995**	141.220
Chemicals and operating materials	**121.508**	95.046
Spare parts (*)	**189.220**	94.088
Other inventories (**)	**39.407**	24.957
Provision for inventory impairment (-)	**-**	(48.913)
Total	**715.128**	450.990

(*) Spare parts are used for the ongoing operations of the gold mines that continue their operations.
(**) Other inventories consist of food and concentrated antimony stocks.

The movements of the provision for inventory impairment within the accounting periods of June 30, 2022 and 2021 are as follows:

	2022	2021
January 1	**65.480**	36.598
Additions	**-**	48.494
Disposals / Cancellations	**(65.480)**	(19.612)
June 30	**-**	65.480

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

7. Investment properties

Investment properties of the Group as of June 30, 2022 and 2021 are as follows;

	January 1, 2022	**Additions**	**Disposals**	**June 30, 2022**
Cost				
Flats	**108.478**	**-**	**-**	**108.478**
Dormitory buildings	**25.625**	**-**	**-**	**25.625**
Hotel	**180.158**	**15**	**(875)**	**179.298**
Total	**314.261**	**15**	**(875)**	**313.401**
Accumulated depreciation				
Flats	**10.985**	**963**	**-**	**11.948**
Dormitory buildings	**4.593**	**257**	**-**	**4.850**
Hotel	**76.801**	**1.984**	**(875)**	**77.910**
Total	**92.379**	**3.204**	**(875)**	**94.708**
Net book value	**221.882**			**218.693**

	January 1, 2021	Additions	Disposals	June 30, 2021
Cost				
Flats	108.478	-	-	108.478
Dormitory buildings	25.625	-	-	25.625
Hotel	177.655	2.503	-	180.158
Total	311.758	2.503	-	314.261
Accumulated depreciation				
Flats	9.059	859	-	9.918
Dormitory buildings	4.081	477	-	4.558
Hotel	71.409	2.204	-	73.613
Total	84.549	3.540	-	88.089
Net book value	227.209			226.172

Investment properties amounting of Thousand TL 89.978 in the flats are located in United Kingdom, and members of the İpek Family live in these apartments. Due to the current legal processes, the lease agreement has not been signed. When the legal processes are end, the necessary evaluations will be made by the Group management in accordance with the market practices. Investment properties amounting of Thousand TL 25.625 of the in the dormitory buildings consist of the dormitory building in Gümüşhane and Bergama. There isn’t any rental agreement.

In 2022, from investment properties owned by Koza Altın, thousand TL 604 of rental income has been obtained from investment properties. (January 1 – June 30, 2021: thousand TL 518).Within the scope of the lease contract of Angel's Hotel and Royal Garden Hotel, which are owned by Koza Turizm, the Group has obtained a rental income of Thousand TL 3.225 between January 1 – June 30, 2022 (January 1 – June 30, 2021: Thousand TL 2.811). As of June 30, 2022, there are annotations placed by the General Directorate of National Real Estate on the Group's real estates in Turkey.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

8. Property, plant and equipment

The property, plant and equipment of the Group as of June 30 31, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Mining assets	**415.888**	393.080
Other tangible assets	**1.097.120**	1.036.513
Total	**1.513.008**	1.429.593

a) Mining assets

As of June 30 31, 2022 and December 31, 2021, mining assets consists of mining rights, mine site development costs, deferred stripping costs, mining lands and closing and rehabilitation of mines, and the net book values of these mining assets are as follows.

	June 30, 2022	December 31, 2021
Lands	**20.725**	30.889
Mine site development cost	**252.085**	220.470
Deferred stripping costs	**24.042**	14.313
Rehabilitation mining facility	**58.396**	66.764
Mining rights	**60.640**	60.644
Total	**415.888**	393.080

The movements of mining assets during the period as of June 30, 2022 and 2021 are as follows;

	January 1, 2022	Additions	Disposals	June 30, 2022
Cost				
Lands	73.696	7.769	(15.569)	65.896
Mine site development cost	584.884	54.215	-	639.099
Deferred stripping costs	278.899	27.758	-	306.657
Rehabilitation mining facility	331.055	35.167	-	366.222
Mining rights	74.005	-	-	74.005
Total	1.342.539	124.909	(15.569)	1.451.879
Accumulated depreciation				
Lands	42.807	2.364	-	45.171
Mine site development cost	364.415	22.599	-	387.014
Deferred stripping costs	264.586	18.029	-	282.615
Rehabilitation mining facility	264.290	43.536	-	307.826
Mining rights	13.361	4	-	13.365
Total	949.459	86.532	-	1.035.991
Net book value	393.080			415.888

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

8. Property, plant and equipment (continued)

a) Mining assets (continued)

	January 1, 2021	Additions	June 30, 2021
Cost			
Lands	70.546	2.674	73.220
Mine site development cost	451.048	47.535	498.583
Deferred stripping costs	263.994	6.323	270.317
Rehabilitation of mining facility	231.133	9.819	240.952
Mining rights	50.765	-	50.765
Total	1.067.486	66.351	1.133.837
Accumulated depreciation			
Lands	38.216	2.613	40.829
Mine site development cost	328.009	16.850	344.859
Deferred stripping costs	252.676	4.560	257.236
Rehabilitation of mining facility	209.015	8.168	217.183
Mining rights	13.349	8	13.357
Total	841.265	32.199	873.464
Net book value	226.221		260.373

Depreciation expenses are included in the cost of goods sold.

There isn't any mortgage on mining assets as of June 30, 2022 (December 31, 2021: None).

The cost of the lands, mining rights and mine site development cost of the Group, which have been fully depreciated as of June 30, 2022, but in use, are amounting to Thousands TL 115.800 (June 30, 2021: Thousands TL 105.635).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

8. Property, plant and equipment (continued)

b) Other tangible assets

Movements of other tangible assets during the period as of June 30, 2022 and December 31, 2021 are as follows;

	January 1, 2022	Additions	Disposals	Transfers	June 30, 2022
Cost					
Land, buildings and land improvements	401.691	6.341	(8)	6.227	414.251
Machinery and equipment	853.220	62.692	(8.135)	33.442	941.219
Motor vehicles	584.935	34.909	(1.479)	-	618.365
Furniture and fixtures	94.542	8.640	(1.071)	452	102.563
Construction in progress	45.777	10.817	-	(40.121)	16.473
Total	**1.980.165**	**123.399**	**(10.693)**	**-**	**2.092.871**
Accumulated depreciation					
Buildings and land improvements	194.436	9.270	(4)	-	203.702
Machinery and equipment	604.819	22.427	(5.282)	-	621.964
Motor vehicles	89.015	22.141	(1.407)	-	109.749
Furniture and fixtures	55.382	5.813	(859)	-	60.336
Total	**943.652**	**59.651**	**(7.552)**	**-**	**995.751**
Net book value	**1.036.513**				**1.097.120**

There isn't any mortgage on other property, plant and equipment as of June 30, 2022 (December 31, 2021: None).

As of June 30, 2022, the insurance amount on the property, plant and equipment and inventories of the Group is amounting to Thousands TL 1.253.143 (June 30, 2021: Thousands TL 225.676).

As of 30 June 2022, the cost of the Group's other tangible fixed assets, which are fully depreciated but in use, is TL 368.152 Thousand (30 June 2022: TL 358.732 Thousand).

There are no financing expenses capitalized on property, plant and equipment.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

8. Property, plant and equipment (continued)

b) Other tangible assets (continued)

	January 1, 2021	Additions	Disposals	Transfers	June 30, 2021
Cost					
Land, buildings and land improvements	367.443	3.363	-	9.802	380.608
Machinery and equipment	772.354	31.149	-	230	803.733
Motor vehicles (*)	103.611	465.445	(312)	-	568.744
Furniture and fixtures	74.831	6.577	(4)	-	81.404
Construction in progress	15.978	12.134	-	(10.032)	18.080
Total	1.334.217	518.668	(316)	-	1.852.569
Accumulated depreciation					
Buildings and land improvements	175.328	8.961	-	-	184.289
Machinery and equipment	563.734	19.213	-	-	582.947
Motor vehicles	56.462	11.944	(267)	-	68.139
Furniture and fixtures	46.221	3.968	-	-	50.189
Total	841.745	44.086	(267)	-	885.564
Net book value	492.472				967.005

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

9. Intangible assets

a) Goodwill

The details of the Group's intangible assets as of June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Goodwill related to Newmont Altın purchase	11.232	11.232
Total	**11.232**	11.232

Purchase of Newmont Altın:

The Group purchased 99.84% of Newmont Altın's shares in order to gain competitive advantage and create synergy by benefiting from the mining fields owned by Newmont Altın on June 28, 2010, in accordance with the "Share Purchase Agreement" with Newmont Overseas and Canmont. As of the same date, control of Newmont Altın was transferred to Koza Altın.

Koza Altın has paid Thousand USD 538 and Thousand USD 2.462 , which constitute part of the total purchase price of 8.500 Thousand US dollars, for 99.84% Newmont Altın shares, on June 28, 2010 and July 2, 2010, respectively. The remaining 5.500 thousand USD of the purchase price, Thousand US dollars 3.000 will be paid after the start of the Diyadin project, which is planned for at least one year after the balance sheet date, and the remaining Thousands US dollars 2.500 will be paid one year after the second payment.

As of June 30, 2022, it is highly probable that a sufficient amount of visible and probable reserves will be found in the mentioned mine sites in the coming years according to the estimates of the gold price made by the management, geological and geochemical studies and expert reports,. As a result of these evaluations, no impairment is expected in the goodwill arising from the acquisition of Newmont Altın as of June 30, 2022.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

9. Intangible assets (continued)

b) Other intangible assets

	January 1, 2022	Additions	June 30, 2022
Cost			
Rights	**17.180**	**969**	**18.149**
Total	**17.180**	**969**	**18.149**
Accumulated amortization			
Rights	**13.134**	**1.202**	**14.336**
Total	**13.134**	**1.202**	**14.336**
Net book value	**4.046**		**3.813**

	January 1, 2021	Additions	June 30, 2021
Cost			
Rights	12.572	2.585	15.157
Total	12.572	2.585	15.157
Accumulated amortization			
Rights	11.390	697	12.087
Total	11.390	697	12.087
Net book value	1.182		3.070

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

10. Provisions, contingent assets and liabilities

As of June 30, 2022 and December 31, 2021, the details of the Group's provisions, contingent assets and liabilities are as follows:

a) Short-term provisions

	June 30, 2022	December 31, 2021
State right expense provision (*)	**222.378**	320.010
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	**53.564**	54.218
Provisions for lawsuit	**86.278**	56.144
Other provisions (**)	**223.002**	15.880
Total	**585.222**	446.252

(*) Based on the President's decision dated 03.09.2020 published in the Official Gazette (Decision number: 2932); IV. It has been decided to apply the Government Rights rates determined for gold and silver from Group Mines with an increment of 25%.

(**) A major part of the provision amount allocated for school constructions within the scope of the social responsibility project between the Ministry of National Education and Koza Altın.

As of June 30, 2022, TL 205.015 thousand of the balance consists of committed school donations.

b) Long-term provisions

	June 30, 2022	December 31, 2021
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	**307.667**	273.599
Total	**307.667**	273.599

The movement table of environmental rehabilitation, improvement of mining sites and provision for mine closure is as follows;

	2022	2021
January 1	**327.817**	193.703
Paid during the period	**(33.977)**	(2.662)
Discount effect	**(13.093)**	200
Effect of changes in estimates and assumptions	**253**	713
Additions / (cancellations), net	**80.231**	35.684
June 30	**361.231**	227.638

(*) The amount of provisions reflected to the financial statements for environmental rehabilitation, reclamation and closure of mine sites is based on the plans of the Company management and the requirements of the relevant legal regulations, changes in the plan and legal regulations, current market data and prices, discount rates used, mineral resources and regulations. Changes in estimates based on reserves may affect provisions. As with reserve and resource amounts, rehabilitation provision amounts are evaluated by SRK Consulting and provision figures are determined in US Dollars.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

10. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits

i- Short-term provisions for employee benefits

	June 30, 2022	December 31, 2021
Provision for unused vacation	**24.383**	16.034
Provision for personnel bonus	**19.749**	22.879
Total	**44.132**	38.913

The movement of provision for unused vacation is as follows;

	2022	2021
January 1	**16.034**	11.147
Additions	**8.349**	4.684
June 30	**24.383**	15.831

ii- Long-term provisions for employee benefits

	June 30, 2022	December 31, 2021
Provision for employee termination benefits	**75.508**	48.952
Total	**75.508**	48.952

Under the Turkish Labour Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees who are entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated March 6, 1981 and No: 4447 dated August 25, 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transition provisions related to the pre-retirement service term were excluded from the law since the related law was changed as of May 23, 2002.

The provision for severance pay is not subject to any funding and there is no funding requirement.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the real rate net of expected effects of inflation. The severance pay ceiling is revised in every six months, and the ceiling amount of TL 15.371,40 (July 1, 2021: TL 8.284,51) as of July 1, 2022 was taken into consideration in the calculation of the provision for severance pay. TFRS requires actuarial valuation methods to be developed to estimate the provision for severance pay. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	June 30, 2022	December 31, 2021
Net discount rate	**%4,17**	%4,17
Turnover rate related the probability of retirement (rate of employees to remain retirement)	**%94,68**	%93,62

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

10. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits (continued)

ii- Long-term provisions for employee benefits (continued)

The movements of the provision for severance pay within the accounting periods of June 30, 2022 and June 30, 2021 are as follows:

	2022	2021
January 1	**48.952**	39.837
Interest cost	**5.167**	2.569
Service cost	**3.954**	4.711
Actuarial loss / (gain)	**23.061**	4.294
Severance paid	**(5.626)**	(2.390)
June 30	**75.508**	49.021

Severance pay liability is not legally subject to any funding. Provision for severance pay is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 ("Employee Benefits") stipulates the development of Group's liabilities within the scope of defined benefit plans by using actuarial valuation methods.

The sensitivity analysis of the important assumptions used in the calculation of the severance pay provision as of June 30, 2022 and 2021 is as follows:

	Discount rate		**Rate of retirement**	
	%0,50 increase	%0,50 decrease	%0,50 increase	%0,50 decrease
2022	**(7.727)**	**9.334**	**1.775**	**(1.833)**

	Discount rate		**Rate of retirement**	
	%0,50 increase	%0,50 decrease	%0,50 increase	%0,50 decrease
2021	(2.945)	3.271	749	(722)

10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases

i- Lawsuits related to the Ovacık mine

For the cancellation of the EIA positive decision issued for the Ovacık 3rd waste storage facility, the İzmir 3rd Administrative Court’s case numbered 2017/1432 E. Was filed against the Ministry of Environment and Urbanization, and the Company intervened to the case. The court delivered a judgement of dismissal on March 12, 2020, in favor of the Company, which is open to appeal to the Council of State. It was appealed by the plaintiffs with a request for a stay of execution. The Council of State rejected the appeal requests of the plaintiffs in favor of our company with the decision dated September 24, 2020 and decided to send the file to the local court for procedural reasons that do not affect the merits. The trial has ended and will not affect the company's operations.

For the cancellation of the EIA affirmative decision issued for the Ovacık gold mine in accordance with the provisions of the 2009/7 circular, Izmir 6th Administrative Court’s case numbered 2017/1317 E. was filed against the Ministry of Environment and Urbanization and the Company intervened to the case. İzmir 6th Administrative Court rejected the case in favor of the Company in the case file numbered 2017/1317 E., and file numbered 2020/350 E in the same court the Council of State dismissed the appeal requests of the plaintiffs and ordered to change of venue by delivering the file to the local court for procedural rules of law, not for the substantive ones. The trial has ended and will not affect the company's operations. Therefore, the Company continues activities of production within the scope of the relevant EIA affirmative report.

The results of other lawsuits regarding the Ovacık gold mine are not such as to affect the Company’s activities.

ii- Lawsuits related to Kaymaz mine

The Company has filed lawsuits in Eskisehir 1st Administrative Court numbered 2014/1084 E. and Eskişehir 1st Administrative Court numbered 2014/760 E. Requesting cancellation and stay of execution against the operations related to the cessation of operations in the agricultural lands of the Kaymaz gold mine located in the field bearing a registration number of 43539 and 82567. Among these lawsuits, with respect to the lawsuit numbered 2014/760 E. İn Eskisehir 1st Administrative Court filed regarding the field with license number of İR 43539 and the lawsuit numbered 2014/1084 E. regarding the field with license number of İR 82567; the court ordered to the cancellation of proceedings subject to the case, with open appeal. Both cases were concluded in favor of the Company. Upon the appeal of the plaintiffs in both files, the Council of State ordered to suspend the execution of the court decisions. In the examination of the appeal, a decision was made in favor of the company in terms of both files, and the trial continues at the stage of correction of the decision.

The Company intervened in the case along with the defendant Ministry of Environment and Urbanization which was filed for the cancellation and stay of execution of the EIA affirmative decision given regarding the 2nd Waste Storage Facility project planned to be made in the field site with the operation license number of 82567 and the trial is ongoing in Eskişehir 1st Administrative Court in the cases filed with the number 2020/302 E. and 2020/350 E. The plaintiffs appealed the files and the Council of State upheld both decisions of the Eskişehir 1st Administrative Court in favor of our company in the files of the Eskişehir 1st Administrative Court, numbered 2020/302 E. and 2020/350 E.

iii- Lawsuits related to other mines

These lawsuits are related to the expansion of the activities in some licensed fields and / or the permits and licenses of the new areas to be operated.

10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

Lawsuits related to Çukuralan mine:

A lawsuit numbered 2017/1656 E. was filed against the Ministry of Environment and Urbanization in İzmir 6th Administrative Court for the cancellation of the EIA affirmative report issued for the 3rd capacity increase Project of Çukuralan mining facility, and the Company intervened in the case. The court decided to cancel the transaction subject to the case, and the Council of State reversed the decision in favor of the company by not being hit by the decision of the local court after the appeal review. While the trial continued in Izmir 6th Administrative Court on the basis number of 2019/574, the court decided to cancel the said transaction with the decision dated 23.02.2021. The decision has been appealed.

Regarding the 3rd capacity increase 2009/7 project of Çukuralan Gold Mine, Izmir 6th Administrative Court has been sued for the suspension of execution and cancellation of the Environmental Impact Assessment (EIA) positive Decision issued by the Ministry of Environment and Urbanization with the 2019/1120 E. file. has been opened. Our company intervenes in the relevant case together with the defendant Ministry. The previous base number and court of the relevant file is Izmir 3rd Administrative Court 2019/171 E. Due to the connection with the Çukuralan 3. Capacity Increase file, the main record of the file was closed by the decision of the İzmir Regional Administrative Court 4th Administrative Law Department and it was decided by the İzmir 3rd Administrative Court to send it to the İzmir 6th Administrative Court due to the relevant connection. While the relevant case continued with the number 2019/1120 of the Izmir 6th Administrative Court, the EIA affirmative decision, which was subject to the court decision, was annulled and an appeal was filed and the trial is ongoing before the Council of State. At this point, it is stated that, according to the decision of the Council of State, for the 2019/574 E. file, it is not possible to apply two different EIA Positive decisions related to the same project together, due to a second EIA Positive decision regarding the project in question, and that the EIA Positive decision, which is the subject of the case, was implicitly withdrawn by the respondent Ministry. Since it was concluded that it should be accepted and that the subject of the pending case is no more, it is certain that the decision of the 6th Administrative Court of İzmir, numbered 2019/574 E. In terms of the 2019/1120 E. file, it has been decided that there is no legal inaccuracy in the decision of the İzmir 6th Administrative Court regarding the cancellation of the action in question, and that the appeal requests of our intervening company as well as the respondent Ministry and the respondent Ministry are rejected. In addition, our company was involved in the lawsuit filed by some plaintiffs against the Izmir Governor's Office for the cancellation of the Environmental Impact Assessment Not Required decision given for the Çukuralan Gold Mine Crushing and Screening Plant Project, which is planned to be carried out by our company in the 2020/1479 E. file of the 6th Administrative Court of Izmir. It is still in the appeal phase.

Regarding the 3rd capacity increase project of the Çukuralan Gold Mine Plant, planned to be carried out by our company, some plaintiffs have filed a lawsuit against the Ministry of Environment and Urbanization by some plaintiffs for the stay of execution and cancellation of the Environmental Impact Assessment (EIA) positive Decision given by the Ministry of Environment and Urbanization. A lawsuit was filed with the Administrative Court with the file numbered 2021/1407 E. and 2021/1013 E. Our company has been involved in the relevant case alongside the defendant ministry and the proceedings are still ongoing.Currently, all of the production activities subject to court decisions regarding the Çukuralan Gold Mine Operation 3rd Capacity Increase Project, mining (production) activities continue in accordance with the relevant legislation within the scope of the new EIA Positive decision.

10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

Lawsuit related to Çanakkale Project:

In the lawsuit filed for the cancellation of the EIA positive decision and the stay of execution of the S:20101197 Gold Silver Mine Project, which is planned to be built around the Serçiler and Terziler villages of the Merkez district of Çanakkale, the company is involved in the 2020/763 E. file alongside the Ministry of Environment and Urbanization. At the present stage, Çanakkale 1st Administrative Court decided to cancel the action subject to the lawsuit, an appeal was filed against the decision and the appeal process continues.

iv- Lawsuits regarding the Company's subsidiary abroad

Legal actions has been initiated against the amendment in the main contract and establishment of privileged share as well as the board change with respect to London-based Koza Ltd., in which the Company owns 100% shares, and the legal process is ongoing before London courts. On the date of January 23, 2019, it has been decided by the 10th Commercial Court of First Instance of Ankara (case file number 2017/349 E) with an open appeal within two weeks from the notification date that 60.000.000 British Pounds shall be taken from the defendants to Koza Altın İşletmeleri A.Ş. as of September 1, 2015, together with the interest to be accrued according to the article 4 / a of the law numbered 3095. Following an appeal filed by the defendants against this court decision, the 21st Civil Chamber of Ankara Regional Court of Justice, which is the court of appeal, ordered to deem the defendants' request of appeal has not been filed for procedural reasons, with the decision numbered 2019/699 E. and 2019/1189 K. An appeal was filed by the defendants against this decision. The Court of Cassation decided to quash the file for procedural reasons. Ankara 10th Commercial Court of First Instance, with its additional decision, decided that the appeal application of the defendants was not made. The defendants appealed the decision. The appeal process continues.

v- Liability lawsuits filed against former managers

As a result of the evaluations made by the CMB after the decision to appoint a trustee, the Company was instructed to file a liability lawsuit against previous board members for various reasons, and various liability lawsuits were filed against former managers on behalf of Ankara Commercial Courts, and the lawsuits are still pending. Lawsuits that may affect the activities of the Company are announced on the public disclosure platform in legal periods.

vi- Other legal processes

Pursuant to the decision of the 5th Criminal Court of Peace in Ankara, the management of the Company was transferred to the Board of Trustees and then to the Savings Deposit Insurance Fund ("SDIF") on September 22, 2016. The indictment issued by the Ankara Chief Public Prosecutor's Office regarding the events that led to the appointment of a trustee was accepted by the Ankara 24th High Criminal Court and their trial was initiated with the file number 2017/44 E. and the case was resolved by the court of first instance. It has been decided by the court of first instance to confiscate the Company shares that belonged to the previous board members who were judged. Until the decision is finalized, it has been decided that the above-described measure of appointing a trustee will be continued. The decision is not finalized yet. In the case file of the Ankara 24th High Criminal Court numbered 2017/44 E., it has been further ordered by the court that the actions be severed with respect to the former members of the board of directors who could not have been tried due to their nonappearance in court and that the judgement to be continued through this new file and the aforementioned measure of the appointment of trustees to be sustained until the end of the trial. The new file severed is registered in the number of 2020/20 E under the Ankara 24th High Criminal Court's jurisdiction.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

In the case where the accused Cafer Tekin İpek and Özlem Özdemir are tried in the separate case file numbered 2021/157 E. of the Ankara 24th Heavy Penal Court; It was decided to punish the defendants, with the legal remedy of appeal being open, and the trial process continues.

vii- Employee lawsuits and cases of contract receivables

As of June 30, 2022, the provision amount accounted for ongoing employee and other lawsuits against the Company is amounting to TL 86.278 Thousand (December 31, 2021: TL 56.144 Thousand).

e) Commitments and contingent liabilities

i- Letter of guarantees given

The details of the letter of guarantees given by the Group as of June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
A. CPM's given on behalf of own legal personality		
- Guarantee	**67.684**	76.991
- Pledges	***67.684***	76.991
B. CPM's given given in favor of partnerships which are fully consolidated	-	-
C. CPM's given for assurance of third parties debts in order to conduct usual business activities	-	-
D. Total amount of other CPM's given	-	-
i. Total amount of CPM's given in favor of the parent company	-	-
ii. Total amount of CPM's given in favor of the group companies which are not in scope of B and C	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-
Total	**67.684**	76.991

ii- Letter of guarantees received

The details of the Group's letter of guarantees received as of June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Guarantee cheques	**1.146.549**	896.303
Guarantee letters	**343.830**	120.359
Security bonds	**52.385**	47.129
Total	**1.542.764**	1.063.791

iii- Government grants

6% of the income tax calculated on the Employer's Insurance Premium Share for the employees of the Company's mining processing facility in Mastra-Gümüşhane is covered by the Treasury within the scope of the "Regional Insurance Premium Incentive" numbered 56486. The company also benefits from the 5% employer's insurance premium incentive within the scope of the "Social Insurance and General Health Insurance Law" No. 5510 in all workplaces.

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

11. Equity

a) Share capital

As of June 30, 2022, the Company's paid-in capital is amounting to Thousand TL 259.786 (December 31, 2021: Thousand TL 259.786) and 25.978.556.100 shares with a nominal share value of 1 Kuruş (December 31, 2021: 25.978.556.100). The registered capital ceiling of the Company is Thousand TL 400.000 (December 31, 2021: Thousand TL 400.000).

In accordance with the Capital Markets Board's document regarding the Registration of the shares to be issued by the Joint Stock Companies for the Capital Increase dated February 2, 2012 and numbered 5/10, the Company was registered at the Ankara Trade Registry Office on February 2, 2012 and has increased its issued capital from Thousand TL 129.893 to Thousand TL 259.786.

The breakdown of shareholders holding capital is as follows:

	June 30, 2022		December 31, 2021	
Capital	**Share percentage (%)**	**Share amount**	Share percentage (%)	Share amount
Koza İpek Holding A.Ş.	**62,12**	**161.383**	62,12	161.383
Public listed	**37,72**	**98.003**	37,72	98.003
Other	**0,16**	**400**	0,16	400
Paid-in capital	**100**	**259.786**	100	259.786

The privileges given to shares representing the capital are as follows:

Company	**Registered / Bearer**	**Par value**	**Concession Type (*)**
A	Registered	22.052	3-4
B	Bearer	51.455	3
C	Bearer	186.279	**-**

(*)Concession Type:
1. Dividend privilege
2. Voting privilege
3.Privilege in the election of the board of directors
4. Privilege in the selection of the supervisory board
5. Limitations on priviliges about buy new shares, transfer etc.
6. Other privileges

There are no privileges for (A) and (B) type shares with registered and bearer type shares other than the privileges stated above, and a trustee was appointed to the Company pursuant to the decision of Ankara Criminal Court of Peace on October 26, 2015. Subsequently, the Group was transferred to the SDIF on September 22, 2016. For this reason, the privileges of (A) and (B) share Company cannot be used.

Share premiums represent the cash inflows generated by selling the shares at market prices. These premiums are accounted under equity and cannot be distributed. However, it can be used for future capital increases.

According to the Turkish Commercial Code, legal reserves consist of first and second legal reserves. The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is 10% of the distributed profit in excess of 5% of the paid-in share capital. According to the Turkish Commercial Code, as long as the legal reserves do not exceed 50% of the paid-in capital, they can only be used to offset the losses, it is not possible to use them in any other way.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

11. Equity (continued)

a) Share capital (continued)

Public companies make their dividend distributions according to the CMB's "Dividend Communiqué" numbered II19.1, which entered into force as of February 1, 2014.

Companies distribute their profits within the framework of profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant legislation, by the decision of the general assembly. Within the scope of the said communique, a minimum distribution rate has not been determined. Companies pay dividends as specified in their articles of association or profit distribution policies. In addition, dividends can be paid in installments of equal or different amounts and dividend advances can be distributed over the profit in the financial statements.

Unless the reserves that should be set aside according to the TCC and the dividend determined for the shareholders in the articles of association or in the profit distribution policy are reserved; it cannot be decided to allocate other reserves, to transfer profits to the next year, and to distribute dividends to dividend owners, members of the board of directors, company employees and persons other than shareholders, and no dividends can be distributed to these persons unless the dividend determined for shareholders is paid in cash.

Company 's restricted reserves are as follows:

	June 30, 2022	December 31, 2021
Restricted reserves	**49.204**	49.204
Total	**49.204**	49.204

According to the Turkish Commercial Code, legal reserves consist of first and second legal reserves. The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is 10% of the distributed profit in excess of 5% of the paid-in share capital. According to the Turkish Commercial Code, as long as the legal reserves do not exceed 50% of the paid-in capital, they can only be used to offset the losses, it is not possible to use them in any other way.

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

12. Revenue and cost of sales

The details of the Group's revenue and cost of sales as of January 1 – March 31, 2022 and 2021 are as follows:

	January 1 – June 30, 2022	January 1 – June 30, 2021	**April 1 – June 30, 2022**	April 1 – June 30, 2021
Sales	**2.718.230**	2.000.677	**1.286.089**	1.138.351
Exports	**71.029**	41.472	**39.032**	25.644
Other sales	**1**	2.606	**(1.166)**	1.300
Total sales	**2.789.260**	2.044.755	**1.323.955**	1.165.295
Sales returns	**(292)**	(177)	**(169)**	(89)
Sales discounts and other discounts	**(103)**	(92)	**(69)**	(92)
Net sales	**2.788.865**	2.044.486	**1.323.717**	1.165.114
Cost of sales	**(1.086.178)**	(685.540)	**(558.845)**	(323.808)
Gross profit	**1.702.687**	1.358.946	**764.872**	841.306

The distribution of the Group’s revenues by product type as of January 1 – June 30, 2022 and 2021 is as follows:

	January 1 – June 30, 2022	January 1 – June 30, 2021	**April 1 – June 30, 2022**	April 1 – June 30, 2021
Sales of gold bullion	**2.666.272**	1.963.249	1.262.012	1.118.616
Sales of silver bullion	**13.934**	7.324	9.451	3.159
Other	**109.054**	74.182	52.492	43.520
Total	**2.789.260**	2.044.755	1.323.955	1.165.295

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

13. Income / (expenses) from investing activities

a- Income from investing activities

The details of the Group's income and expenses from investment activities as of January 1 - March 31, 2022 and 2021 are as follows:

	January 1 – June 30, 2022	January 1 – June 30, 2021	**April 1 – June 30, 2022**	April 1 – June 30, 2020
Interest income	**831.441**	526.584	**525.599**	283.970
Currency protected time deposit income	**235.912**	-	**79.560**	-
Foreign exchange income	**-**	249.494	**-**	69.980
Profit on sale of fixed assets	**34.109**	-	**21.262**	-
Profit on sale of fixed assets classified for sale	**-**	81.462	**-**	173
Other	**-**	3.112	**-**	1.814
Total	**1.101.462**	860.652	**626.421**	355.937

b- Expense from investing activities

	January 1 – June 30, 2022	January 1 – June 30, 2021	**April 1 – June 30, 2022**	April 1 – June 30, 2020
Foreign exchange expense	**145.853**	-	**97.736**	-
Total	**145.853**	-	**97.736**	-

14. Other operating incomes and expenses

a- Other operating incomes

The details of the Group's other operating income as of January 1 - June 3, 2022 and 2021 are as follows:

	January 1 – June 30, 2022	January 1 – June 30, 2021	**April 1 – June 30, 2022**	April 1 – June 30, 2020
Foreign exchange income related to trading activities	**115.483**	88.359	**50.569**	89.977
Other	**37.203**	26.023	**29.013**	19.620
Total	**152.686**	114.382	**79.582**	109.597

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

14. Other operating incomes and expenses (continued)

b- Other operating expenses

The details of the Group's other operating expense as of January 1 - June 3, 2022 and 2021 are as follows:

	January 1 – June 30, 2022	January 1 – June 30, 2021	**April 1 – June 30, 2022**	April 1 – June 30, 2020
Lawsuit provision	**30.134**	-	**30.134**	-
Financial leasings transactions	**3.256**	1.301	**1.519**	1.089
Other (**)	**350.966**	10.920	**301.665**	6.107
Total	**384.356**	12.221	**333.318**	7.196

(**) As of 30 June 2022, TL 115.027 thousand of the balance consists of committed school donations, and TL 205.015 thousand consists of the provision entries for these donations.

15. Income taxes

Current income tax

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, dividend income from domestic companies, other exempt income and investment incentives utilized.

The effective tax rate applied in 2022 is 23% (2021: %25).

20% tax rate that is specified in the first paragraph of Article 32 of the Corporate Tax Law No. 5520 and the Law No. 7061 "Amending Some Tax Laws and Some Other Laws" adopted on November 28, 2018 will be applied as 22% for corporate earnings for the 2018, 2019 and 2020 taxation periods has been added with a provisional article. Also with the same regulation and stated in 5520 numbered Law No, 5, 75% of exemption from corporate tax rate the profits arising from the sale of real estates (immovables) which is in assets for at least two full years has been changed to 50%. In Turkey, temporary taxes are calculated and accrued on a quarterly basis. Corporate income tax rate applied in 2022 is 23%. Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

In the deferred tax calculation for the period of January 1 - June 30, 2022; Deferred tax assets or liabilities, which are included in the measurement heading of TAS-12 “Income Taxes” standard, are based on tax rates (and tax laws) that are in force as of the end of the reporting period (and tax laws), which are expected to be applied in the periods when assets are converted into income or liabilities are paid.As per the provision above; the rates 23% for short-term assets and liabilities and 20% for long-term assets and liabilities have been taken into account for 2022 in the deferred tax calculation of the Company in Turkey. There is no definite and definitive agreement procedure regarding tax assessment in Turkey.Companies prepare their tax returns between 1-25 April of the year following the closing period of the relevant year. These declarations and the accounting records based on them can be reviewed and changed by the Tax authorities within 5 years.

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

15. Income taxes (continued)

Income Withholding Tax

In addition to corporate tax, income tax withholding must be calculated separately on dividends, excluding those distributed to full-fledged corporations and foreign companies' branches in Turkey, which receive dividends in case of distribution and declare these dividends by including them in corporate income. Income tax withholding was applied as 10% in all companies between April 24, 2003 and July 22, 2006. As of 22 December 2021, this rate is applied as 10% with the President's decision numbered 4936. Dividends that are not distributed and added to the capital are not subject to income tax withholding.

Withholding tax at the rate of 19,8% is still applied to investment allowances related with investment incentive certificates obtained before April 24, 2003. No tax withholding is imposed on investment expenditures without incentive certificate after this date.

Corporate tax liabilities recognized in the balance sheet as of June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Corporate tax provision	**538.527**	1.115.449
Prepaid taxes (-)	**(316.299)**	(689.088)
Current income tax liability	**222.228**	426.361

Tax expense details recognized in the income statement as of June 30, 2022 and 2021 are as follows:

	June 30, 2022	June 30, 2021
Current tax expense	**(474.714)**	(476.000)
Deferred tax expense / (income)	**29.145**	42.071
Total tax expense	**(445.569)**	(433.929)

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

15. Income taxes (continued)

Deferred taxes

The Group recognizes deferred tax assets and liabilities for temporary differences arising from differences between its tax base legal financial statements and its condensed consolidated financial statements prepared in accordance with TMS / TFRS. The aforementioned differences are generally due to the fact that some income and expense items are included in different periods in the financial statements subject to tax and the condensed consolidated financial statements prepared in accordance with TMS / TFRS, and these differences are stated below. In the calculation of deferred tax assets and liabilities, the tax rates expected to be applied in the periods when assets are converted into income or debts are paid are taken into account.

	June 30, 2022		December 31, 2021	
	Cumulative temporary differences	**Deferred tax**	Cumulative temporary differences	Deferred tax
Tangible and intangible fixed assets	**726.206**	**145.288**	628.662	138.367
State right provision	**222.378**	**51.147**	320.010	73.602
Adjustment related to inventories	**153.763**	**30.753**	-	-
Lawsuit provision	**81.167**	**16.233**	51.635	11.584
Effect of amortised cost of bonds	**49.724**	**9.945**	-	-
Provision for employee termination benefits	**75.508**	**15.102**	48.952	10.754
Provisions for doubtful receivables	**31.093**	**6.219**	26.115	5.799
Provision for unused vacation	**24.383**	**4.877**	16.034	3.673
Personnel bonus provision	**19.742**	**3.948**	22.879	5.262
Lease activities	**5.576**	**1.115**	5.330	1.226
Provisions for TFRS 9	**2.090**	**417**	5.365	1.234
Deferred tax assets	**1.391.630**	**285.044**	1.124.982	251.501
Deferred tax liabilities				-
Provision for deferred tax		**(31.751)**		(31.964)
Deferred tax assets, net		**253.293**		219.537

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

15. Income taxes (continued)

Movement of deferred tax is as follows:

	2022	2021
January 1	**219.536**	143.950
Deferred tax expense recognized in income statement	**29.145**	42.071
Deferred tax expense recognized in equity	**4.612**	987
June 30	**253.293**	187.008

The reconciliation of the tax is as follows:

	2022	2021
Profit before tax	**2.081.660**	1.903.624
Effective tax rate	**23%**	25%
Tax calculated using effective tax rate	**478.782**	475.906
Different tax rate effect	**92.991**	6.409
Temporary differences not subject to deferred tax	**17.025**	(12.690)
Financial losses on not subject to tax	**7.924**	4.505
Effect of non-deductible expenses	**(733)**	(14.727)
Effect of tax deductible losses	**(4.206)**	(9.907)
Exemptions and discounts	**(150.562)**	(13.388)
Other	**4.348**	(2.178)
Corporate tax provision	445.569	433.930

16. Earnings per share

Earnings per share is calculated by dividing the current year net profit of the parent company by the weighted average number of shares traded throughout the year.

Companies in Turkey have right to increase its capital through the distribution of bonus shares to be met from the re-valuation fund or accumulated profits. During the calculation of earnings per share, these increases are accepted as shares distributed as dividends. Dividend distributions added to the capital are also evaluated in the same way. Therefore, while calculating the average number of shares, it is assumed that such shares are in circulation throughout the year. For this reason, the weighted average of the number of shares used in calculating the earnings per share is determined by considering the retroactive effects.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

16. Earnings per share (continued)

The earnings per share of the Group as of June 30, 2022 and 2021 are as follows:

	January 1 – June 30, 2022	January 1 – June 30, 2021	**April 1 – June 30, 2022**	April 1 – June 30, 2021
Net profit attributable to the owners of the Group	**340.884**	379.492	**129.098**	199.123
Weighted average number of share certificates	**25.978.556**	25.978.556	**25.978.556**	25.978.556
Earnings per 100 share	**1,312**	1,461	**0,497**	0,7665
Total comprehensive income attributable to the owners of the Group	**333.397**	378.075	**125.435**	198.800
Earnings per 100 shares from total comprehensive income	**1,283**	1,455	**0,483**	0,7652

17. Related party disclosures

The other trade payables and other receivables of the Group consist of the payables and receivables given and received in order to meet the financing needs of the Group and its related parties during the year. Other payables and other receivables do not have a certain maturity, and the Group accrues interest on the related payables and receivables at the end of the period, using the current interest rate determined monthly, taking into account the evaluations made by the Group management and the developments in the markets. In this context, the current interest for June 2022 was applied as %18,51 per year (June 30, 2021: %18,68).

Transactions with related parties are classified according to the following groups and include all related party disclosures in this note:

(1) Main shareholders
(2) Subsidiaries of other company of the main shareholders
(3) Other

The details of the transactions between the Group and other related parties are explained as below.

a) Related party balances

Short term related party balances

Short term other receivables of the Group from related parties as of June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Koza İpek Holding A.Ş. (1)	**184.843**	-
Other (3)	**1.054**	-
Total	**185.897**	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

17. Related party disclosures (continued)

Short term other payables of the Group to related parties as of June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Other (3)	**2.740**	-
Total	**2.740**	-

Long term related party balances

Long term other payables of the Group to related parties as of June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Koza İpek Holding A.Ş. (1)	**-**	160.081
Diğer (3)	**-**	874
Toplam	**-**	160.955

b) Transactions with related parties

The purchases of the Group from related parties between January 1 – June 30, 2022 and 2020 are as follows;

	January 1 – June 30, 2022			January 1 – June 30, 2021		
	Interest	**Service**	**Other**	Interest	Service	Other
Koza İpek Holding A.Ş. (1)	**365**	**-**	**2.121**	1.221	-	1.470
	365	**-**	**2.121**	1.221	-	1.470

Sales of the Group to related parties between January 1 – June 30, 2022 and 2021 are as follows;

	January 1 – June 30, 2022			January 1 – June 30, 2021		
	Interest	**Service**	**Other**	Interest	Service	Other
Koza İpek Holding A.Ş. (1	**15.742**	**-**	**231**	12.725	-	54
Koza İpek Sigorta Aracılık Hizmetleri A.Ş	**-**	**-**	**-**	-	-	71
Other (3)	**-**	**-**	**62**	-	-	22
	15.742		**293**	12.725	-	147

c) Compensations provided to key management; The group's key management consist of the general manager and assistant general managers. Compensation provided to senior management include short-term benefits such as wages and bonuses. Total amount of wages and similar benefits paid to key management between January 1 – June 30, 2022 is amounting to Thousand TL 8.005 (January 1 – June 30, 2021: Thousand TL 5.088).

18. Nature and level of risks arising from financial instruments

The main financial instruments of the Group consist of cash and short-term deposits. The main purpose of financial instruments is to provide financing for the Group's activities. Apart from these, the Group has financial instruments such as trade receivables and payables that arise as a result of its activities.

The main risk posed by the Company's financial instruments is foreign currency risk. Risk management policy is to focus on unexpected changes in the financial markets.

The management policy of financial risks should be made by the Group's senior management and commercial and financial affairs department in line with the policies and strategies approved by the Board of Directors. The Board of Directors should prepare general principles and policies for the management of currency, interest and capital risks, and closely monitor financial and operational risks (especially arising from fluctuations in gold prices). The Group does not have an Early Risk Detection Committee.

The purpose that the Group should set to manage financial risks can be summarized as follows:

- Ensuring the continuity of the cash flow obtained from the activities and main assets of the Group, taking into account the exchange rate and interest risks,
- Keeping a sufficient amount of credit resources available to be used effectively and efficiently under the most appropriate conditions in terms of type and maturity,
- Keeping the risks arising from the counterparty at a minimum level and following them effectively.

The main risks arising from the financial instruments of the Group are interest rate risk, foreign currency risk, credit risk and liquidity risk. The policies of the management regarding to manage these risks are summarized below.

a) Credit risk:

The risk of financial loss of the Group due to the failure of one of the parties to the financial instrument to fulfill its contractual obligation is defined as credit risk. Financial instruments of the Group that may cause a significant concentration of credit risk mainly consist of cash and cash equivalents and trade receivables. The maximum credit risk that the Group may be exposed to is up to the amounts reflected in the consolidated financial statements.

The Group has cash and cash equivalents in various financial institutions.

The Group sales consist gold dore bars with a right of first refusal to domestic banks on consignment to be sold to the Central Bank of the Republic of Turkey and silver to a domestic refinery on consignment. Due to the fact that the sales are made on demand and the customer is corporate, the Company considers that there is no significant risk of receivables.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

18. Nature and level of risks arising from financial instruments (continued)

a) Credit risk (continued)

The analysis of the Group's credit risk as of June 30, 2022 and December 31, 2021 is as follows:

	Trade receivables		Other receivables		Cash and cash equivalents
June 30, 2022	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits in banks**
Maximum credit risk exposure as of the reporting date (A + B + C + D + E))*	-	**37.699**	**185.897**	**109.189**	**3.307.298**
Portion of the maximum risk that is guaranteed with a collateral, etc	-				
A. Net book value of financial assets that are not overdue or not impaired	-	**37.699**	**185.897**	**109.189**	**3.307.298**
B. The book value of financial assets whose conditions have been renegotiated or that would be deemed overdue or impaired	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-
Overdue (gross book value)	-		-	-	-
Impairment (-)	-	**95.627**	-	-	-
The part of net value under guarantee with collateral, etc	-	**(95.627)**	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment (-)	-		-	-	-
The part of net value under guarantee with collateral, etc.	-		-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, have not been taken into account.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

18. Nature and level of risks arising from financial instruments (continued)

a) Credit risk (continued)

	Trade receivables		Other receivables		Cash and cash equivalents
December 31, 2021	Related party	Third party	Related party	Third Party	Deposits in banks
Maximum credit risk exposure as of the reporting date (A + B + C + D + E)*	-	27.626	160.955	59.410	9.178.753
Portion of the maximum risk that is guaranteed with a collateral, etc	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	-	27.626	160.955	59.410	9.178.753
B. The book value of financial assets whose conditions have been renegotiated or that would be deemed overdue or impaired	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-
D. Net book values of impaired assets	-		-	-	-
Overdue (gross book value)	-	90.850	-	-	-
Impairment (-)	-	(90.850)	-	-	-
The part of net value under guarantee with collateral, etc	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral, etc	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, have not been taken into account

b) Market risk

Due to its operations, the Group is exposed to financial risks related to changes in exchange rates and interest rates. Market risks encountered at the Group level are measured on the basis of sensitivity analysis. In the current year, there isn't any change in the market risk that the Group is exposed to, or the method of handling the encountered risks or the method used to measure these risks, compared to the previous year.

Transactions in foreign currency cause exchange risk. The Group controls this risk through a natural precaution that occurs by netting foreign currency assets and liabilities.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

18. Nature and level of risks arising from financial instruments (continued)

b) Market risk (continued)

The distribution of the monetary and non-monetary assets and monetary and non-monetary liabilities of the Group in foreign currency as of the date of financial position is as follows:

June 30, 2022	**TL Equivalent**	**Usd**	**Euro**	**Gbp**
Cash and cash equivalents	**22.451**	**397**	**902**	**8**
Trade receivables	**35.518**	**1.194**	**898**	**1**
Prepaid expenses	**31.169**	**93**	**436**	**1.093**
Current assets	**89.138**	**1.684**	**2.236**	**1.102**
Total assets	**89.138**	**1.684**	**2.236**	**1.102**
Trade payables	**135.037**	**4.779**	**2.323**	**746**
Other payables	**1.306.979**	**77.885**	**536**	**-**
Current liabilities	**1.442.016**	**82.664**	**2.859**	**746**
Total liabilities	**1.442.016**	**82.664**	**2.859**	**746**
Net foreign currency asset / (liability) position	**(1.352.878)**	**(80.980)**	**(623)**	**356**

December 31, 2021	TL Equivalent	Usd	Euro	Gbp
Cash and cash equivalents	828.704	63.120	650	1
Other receivables	8.487	26	554	1
Prepaid expenses	22.057	249	612	564
Current assets	859.248	63.395	1.816	566
Total assets	859.248	63.395	1.816	566
Trade payables	111.765	2.504	4.350	882
Other payables	1.012.520	77.416	535	-
Current liabilities	1.124.285	79.920	4.885	882
Total liabilities	1.124.285	79.920	4.885	882
Net foreign currency asset / (liability) position	(265.037)	(16.525)	(3.069)	(316)

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

18. Nature and level of risks arising from financial instruments (continued)

b) Market risk (continued)

Sensitivity analysis;

The Group is exposed to currency risk mainly in US Dollars and Euro.

The table below shows the sensitivity of the Group to 10% increase and decrease in US Dollar and Euro exchange rates. The sensitivity analysis includes only monetary items in open foreign currency at the end of the year and shows the effects of the 10% exchange rate change at the end of the year. Positive value indicates an increase in profit / loss and other equity items.

	Profit / Loss		**Equity**	
June 30, 2022	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case of 10% appreciation / depreciation of USD against TL				
1- USD net asset/liability	(140.664)	140.664	(140.664)	140.664
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	**(140.664)**	**140.664**	**(140.664)**	**140.664**
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(1.038)	1.038	(1.038)	1.038
5- Portion protected from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	**(1.038)**	**1.038**	**(1.038)**	**1.038**
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	719	(719)	719	(719)
8- Portion protected from GBP risk (-)	-	-	-	-
9- GBP Net effect (7+8)	**719**	**(719)**	**719**	**(719)**
Total (3+6+9)	**(140.983)**	**140.983**	**(140.983)**	**140.983**

	Profit / Loss		Equity	
December 31, 2021	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation / depreciation of USD against TL				
1- USD net asset/liability	(21.445)	21.445	(21.445)	21.445
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(21.445)	21.445	(21.445)	21.445
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(4.506)	4.506	(4.506)	4.506
5- Portion protected from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(4.506)	4.506	(4.506)	4.506
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	(553)	553	(553)	553
8- Portion protected from GBP risk (-)	-	-	-	-
9- GBP Net effect (7+8)	(553)	553	(553)	553
Total (3+6+9)	(26.504)	26.504	(26.504)	26.504

18. Nature and level of risks arising from financial instruments (continued)

Price risk

The most important operational risk of the Group is the gold price risk.

The operational profitability of the Group and the cash flows it provides from its operations are affected by the changes in gold prices in the markets. If the gold prices decrease comparing under the cash-based operational production costs of the Group and continue in this way for a certain period, the operational profitability of the Group may decrease.

The Group reviews the market prices regularly in terms of active financial and operational risk management. The Group does not have an Early Risk Detection Committee..

c) Capital risk management:

While managing the capital, the goals of the Group are to ensure the continuation of the Group's activities with the most appropriate capital structure in order to provide return and benefit to its partners and to reduce the cost of capital.

In order to return capital to shareholders, the Group could maintain or reorganize its capital structure, issue new shares, and sell assets to reduce borrowing.

The Group monitors capital by using the ratio of net debt / total equity, parallel to other companies in the industry. Net debt is calculated by deducting cash and cash equivalents from the total debt amount (including loans and other debts to related parties as shown in the balance sheet).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

19. Financial instruments (fair value disclosures and disclosures within the framework of hedge accounting)

Fair value of the financial instruments

The Group classifies the fair value measurements of the financial instruments measured at their fair values in the consolidated financial statements according to the source of the inputs of each financial instrument class, using a three-level hierarchy as follows.

- First level: Quotation prices (unadjusted prices) in active markets for identical assets and liabilities that the entity can reach at the measurement date.

- Second level: These are directly or indirectly observable inputs for the asset or liability and other than quoted prices within Level 1.

- Third level: These are unobservable inputs to the asset or liability.

Level classifications of financial assets measured at their fair values:

June 30, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:	-	1.537.175	218.423	1.755.598
Measured at fair value through other comprehensive income	-	1.537.175	218.423	1.755.598

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:	-	-	218.423	218.423
Measured at fair value through other comprehensive income	-	-	218.423	218.423

20. Subsequent events after balance sheet date

With the decision of the SDIF Fund Board, dated 1 July 2022 and numbered 2022/304, all necessary works and transactions regarding profit distribution between the years 2016-2021 are subject to the decision of the Koza Altın İşletmeleri A.Ş.'s Board of Directors, dated 30 June 2022 and numbered 2022/77. In accordance with the legislation that Company is subject to, the Board of Directors of the Company has decided that as of July 1, 2022, a net profit distribution of TL 2,676.271,299.60 for the years 2016-2021 will be made on 7 July 2022.

891,774 thousand TL owed to Koza Altın İşletmeleri A.Ş. by ATP İnşaat ve Ticaret A.Ş., which is a 99% subsidiary of Koza Anadolu Metal Madencilik İşletmeleri A.Ş., has been paid after Koza Gold's dividend distribution. In addition, the dept of ATP Havacılık ve Ticaret A.Ş. which is a 99% subsidiary of ATP İnşaat ve Tic. A.Ş. amoting to 115,878 thousand was transferred to ATP İnşaat ve Tic. A.Ş

In the lawsuit filed for the cancellation and stay of execution of the EIA positive decision regarding the Gold Silver Mine Project numbered S:20101197, which is planned to be built around the Serçiler and Terziler villages of the Merkez district of Çanakkale, the Company is involved in the file 2020/763 E., alongside the defendant Ministry of Environment and Urbanization. At this stage, Çanakkale 1st Administrative Court decided to cancel the action subject to the lawsuit and appeal was filed against the decision. It has been definitively decided to reject the intervening Company's appeals.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

21. Fees related to services received from the independent auditor/independent audit firm

The Company's explanation regarding the fees for services rendered by independent audit firms, which is prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the KGK letter dated August 19, 2021 are as follows:

	January 1 – June 30, 2022	January 1 – December 31, 2021
Independent audit fee for the reporting period	**980**	850
	980	850

22. Other matters that significantly affect the consolidated financial statements or are required to be disclosed for the consolidated financial statements to be clear, interpretable and understandable

The Group's independently audited consolidated financial statements for the years ended December 31, 2016, 2017, 2018, 2019, 2020 and 2021 the possible cumulative reflections of the business and transactions of the previous financial periods, the judgment process of which are ongoing, on the statements of the Turkish Commercial Code No.6102 ("TCC"). ") Excluding the provisions of article 401/4, it has been approved and published by the Board of Directors with the resolutions dated April 24, 2018, April 30, 2018, 28 February 28, 2019, February 27, 2020, March 1, 2021 and March 1, 2022 respectively. Independently audited consolidated financial statements for the year ended December 31, 2015, on the other hand, were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Group for the years 2015, 2016, 2017, 2018, 2019, 2020 and 2021 as explained in detail in footnote number 11, in accordance with the decision of the Ankara 5th Criminal Court of Peace, dated October 26, 2015, the management of the Group, the Board of Trustees, followed by the Board of Trustees on September 22, 2016. was transferred to the Savings Deposits Insurance Fund ("SDIF"). As of the date of the report, due to the fact that various examinations and studies are ongoing by the Prosecutor's Office, the Police Department of Financial Crimes and the CMB, the consolidated financial statements of the relevant periods were not submitted to the approval of the General Assembly.