

(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 September 30, 2022**



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(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 September 30, 2022

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

Assets	Notes	Not Reviewed September 30, 2022	Audited December 31, 2021
Current assets		11.270.909	9.757.601
Cash and cash equivalents	4	982.644	9.179.190
Financial investments	5	9.315.360	-
Trade receivables			
- Due from third parties		19.462	27.626
Other receivables			
- Due from third parties		121.892	56.129
Inventories	6	786.000	450.990
Biological asset		16.754	13.177
Prepaid expenses		26.919	28.438
Current tax-related assets		412	142
Other current assets		1.466	1.909
Non-current assets		2.623.385	2.527.469
Financial investments	5	284.750	293.543
Other receivables			
- Due from related parties	17	-	160.955
- Due from third parties		3.645	3.281
Investment properties	7	217.122	221.882
Right-of-use assets		21.853	36.953
Property, plant and equipment	8	1.571.757	1.429.593
Intangible assets			
- Goodwill	9	11.232	11.232
- Other intangible assets	9	3.588	4.046
Prepaid expenses		110.585	12.418
Deferred tax assets	15	264.996	219.537
Other non-current assets		133.857	134.029
Total assets		13.894.294	12.285.070

The accompanying notes form an integral part of these financial statements.

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

Condensed consolidated statement of financial position

as of September 30, 2022

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

Liabilities	Notes	Not Reviewed September 30, 2022	Audited December 31, 2021
Current liabilities		1.317.291	1.193.322
Short-term lease liabilities			
- Lease liabilities		24.884	19.470
Trade payables			
- Due to third parties		196.628	215.803
Payables related to employee benefits		41.536	21.212
Other payables			
- Due to third parties		18.308	17.957
Deferred income		2.703	1.147
Current income tax liabilities	15	283.186	426.361
Short-term provisions			
- Provisions for employment benefits	10	70.379	38.913
- Other short-term provisions	10	669.754	446.252
Other current liabilities		9.913	6.207
Non-current liabilities		502.249	415.955
Long-term lease liabilities			
- Lease liabilities		781	20.667
Other payables			
- Due to related parties		5.539	-
- Due to third parties		101.608	72.513
Deferred income		185	224
Long-term provisions			
- Provisions for employment benefits	10	84.922	48.952
- Other long-term provisions	10	309.214	273.599
Equity		12.074.754	10.675.793
Equity of parent company		2.754.798	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		(17.025)	(3.854)
Restricted reserves	11	312.256	49.204
Retained earnings		1.580.904	1.173.656
Profit for the period		618.638	660.509
Non-controlling interests		9.319.956	8.536.253
Total liabilities and equity		13.894.294	12.285.070

The accompanying notes form an integral part of these financial statements.

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Condensed consolidated statements of profit or loss and other comprehensive income
for the period ended September 30, 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)**

	Notes	Not Reviewed January 1 – September 30, 2022	Not Reviewed January 1 – September 30, 2021	Not Reviewed July 1 – September 30, 2022	Not Reviewed July 1 – September 30, 2021
Revenue	12	4.805.634	2.970.511	2.016.770	926.025
Cost of sales (-)	12	(1.907.939)	(1.088.889)	(821.761)	(403.349)
Gross profit		2.897.695	1.881.622	1.195.009	522.676
Research and development expenses (-)		(197.392)	(207.553)	(59.257)	(79.943)
Marketing, sales and distribution expenses (-)		(9.559)	(6.206)	(4.370)	(2.302)
General administrative expenses (-)		(328.446)	(227.529)	(121.288)	59.092
Other operating income	14	176.147	119.044	23.460	4.662
Other operating expenses (-)	14	(520.607)	(181.581)	(136.251)	(169.360)
Operating profit		2.017.838	1.377.797	897.303	334.825
Income from investing activities	13	1.782.855	1.191.846	681.393	331.194
Expenses from investing activities (-)	13	(179.281)	-	(33.428)	-
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9		4.808	-	1.469	-
Operating profit before financial income and expense		3.626.220	2.569.643	1.546.737	666.019
Financial expense (-)		-	(5.382)	(2.178)	(5.382)
Profit before tax from continued operations		3.626.220	2.564.261	1.544.559	660.637
Tax expense from continuing operations		(725.463)	(613.076)	(279.895)	(179.147)
- Current tax expense	15	(763.416)	(670.412)	(288.703)	(194.412)
- Deferred tax income / (expense)	15	37.953	57.336	8.808	15.265
Net profit for the period		2.900.757	1.951.185	1.264.664	481.490
Other comprehensive income / (expense)					
Total other comprehensive income not to be classified to profit or loss in subsequent years		(30.028)	1.405	(11.579)	4.712
Gains / (losses) on remeasurements of defined benefit plans		(37.535)	1.824	(14.474)	6.118
Gains / (losses) on remeasurements of defined benefit plans, tax effect		7.507	(419)	2.895	(1.406)
Total comprehensive income		2.870.729	1.952.590	1.253.085	486.202
Attributable to					
Non-controlling interests		2.282.119	1.468.166	986.911	377.963
Equity of parent company		618.638	483.019	277.753	103.527
Comprehensive income					
Non-controlling interests		2.265.262	1.469.061	981.017	380.748
Equity of parent company		605.467	483.529	272.068	105.454
Earnings per 100 share					
- common stock (TL)	16	2,381	1,859	1,069	0,399
Earnings per 100 shares from total comprehensive income					
- common stock (TL)					
Earnings per 100 share	16	2,331	1,859	1,098	0,399

The accompanying notes form an integral part of these financial statements.

(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 September 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	-	-	-	-	-	-	483.019	483.019	1.468.166	1.951.185
Other comprehensive income/(loss)	-	-	510	-	-	-	-	510	895	1.405
Total comprehensive income/(loss)	-	-	510	-	-	-	483.019	483.529	1.469.061	1.952.590
Transfers	-	-	-	-	-	362.163	(362.163)	-	-	-
Balance as of September 30, 2021	259.786	239	(3.227)	-	49.204	1.173.656	483.019	1.962.677	7.754.071	9.716.748
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	-	-	-	-	-	-	618.638	618.638	2.282.119	2.900.757
Other comprehensive income/(loss)	-	-	(13.171)	-	-	-	-	(13.171)	(16.857)	(30.028)
Total comprehensive income/(loss)	-	-	(13.171)	-	-	-	618.638	605.467	2.265.262	2.870.729
Transfers	-	-	-	-	263.052	407.248	(660.509)	9.791	(9.791)	-
Dividend payment (*)	-	-	-	-	-	-	-	-	(1.471.768)	(1.471.768)
Balances as of September 30, 2022	259.786	239	(17.025)	-	312.256	1.580.904	618.638	2.754.798	9.319.956	12.074.754

(*) 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 Company'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 gross profit distribution of TL 2,676.271,299.60 for the years 2016-2021 will be made on 7 July 2022.

The accompanying notes form an integral part of these financial statements.

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

Condensed consolidated statements of cash flows

for the period ended September 30, 2022

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

		Not Reviewed	Not Reviewed
		January 1 –	January 1 –
		September 30,	September 30,
	Note	2022	2021
A. Cash flows from operating activities		1.221.992	1.487.808
Profit for the period from continuing operations		2.900.757	1.951.185
Adjustments to reconcile profit for the period			
Adjustments for depreciation and amortization		235.461	144.193
Adjustments for fair value loss (gains) of financial assets		(338.735)	-
Adjustments for recognition/ (derecognition) impairment of trade receivables		12.372	4.527
Adjustments for provisions			
- Adjustments for provisions for employee benefits	10	37.164	31.735
- Adjustment for lawsuits and / or penalty provision	10	161.823	70.286
-Adjustments to provisions set aside in line with sectoral requirements	10	495.121	237.657
Adjustments for tax expense	14	725.463	613.076
Adjustments for interest income	13	(1.308.567)	(826.547)
Adjustments for interest expenses		12.300	7.256
Adjustment for impairment in inventories	6	(48.913)	(7.853)
Adjustments for gains arising from disposal of fixed assets		(20.353)	(11)
Adjustments for losses arising from the sale of fixed asset classified for sale		-	(81.290)
Total adjustments		(36.864)	193.029
Increase in trade receivables		(4.208)	(13.671)
Decrease in other receivables		26.342	(131.582)
Adjustment for increase in inventories	6	(286.097)	(66.940)
Decrease/ (increase) in biological assets		(3.577)	6.229
Increases in prepaid expenses		(96.648)	283.705
Decrease in trade payables		(19.175)	39.721
Increase in liabilities within the scope of employee benefits		20.324	3.241
Increase in other assets		335	(60.069)
Increase decrease in other liabilities		29.447	9.403
Other receivables related to activities from related parties decrease (increase)		5.539	(35.249)
Increase in deferred income		1.464	321
Decrease in other liabilities		3.784	27.364
Taxes paid		(906.591)	(490.364)
Payments of employee retirement benefits	10	(15.013)	(2.861)
Payments related to other provisions		(397.827)	(225.654)
Net cash from operating activities		(1.641.901)	(656.406)
B. Cash flows from investing activities		(7.980.963)	176.679
Cash inflows from the sales of property, plant and equipment		52.146	164
Cash outflows from the purchase of tangible assets	8	(387.661)	(710.387)
Cash outflows from the purchase of intangible assets	9	(1.420)	(3.079)
Cash outflows from the purchase of investment properties	7	(15)	(2.502)
Cash inflows from the sale of fixed assets classified for sale		-	92.007
Interest received		888.947	781.454
Changes in financial investments		(8.513.918)	32.388
Cash outflows related to lease agreements (-)		(19.042)	(13.366)
C. Net cash from financing activities		(1.403.281)	-
Net increase in cash and cash equivalents		(8.162.252)	1.664.487
Cash and cash equivalents at the beginning of the year	4	9.138.738	6.165.595
Cash and cash equivalents at the end of the year	4	976.486	7.830.082

The accompanying notes form an integral part of these financial statements.

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Notes to the condensed consolidated financial statements for the period ended September 30, 2022

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

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.

The Group is registered with the Capital Markets Board (CMB) and 37,72% of its shares are publicly traded on the Borsa İstanbul ("BIST") since June 27, 2000. The shareholders of the Group and share rates as of September 30, 2022 and December 31, 2021 are explained in Note 11.

Within the scope of the investigations initiated throughout the country, a trustee has been appointed to the İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. management pursuant to the decision of the Ankara 5th Criminal Judgeship of Peace dated October 26, 2015.

As of this date, all the powers of the management have been transferred to the trustees appointed to the Group Management and it has been decided to establish new management 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 Group on the basis of the article 19/1 of the aforementioned Decree and transfer the Group 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, 2021: Thousand TL 218.325).

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Notes to the condensed consolidated interim financial statements for the interim period ended September 30, 2022

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

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

Main activity of the group is the operation of gold mines in Ovacık-Bergama-İzmir, Çukuralan-İzmir, Kaymaz-Eskişehir, Mastra-Gümüşhane and Himmetdede-Kayseri; gold mine exploration and ongoing projects across Turkey including gold mine field development.

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 September 30, 2022, the number of employee is 2.809 (December 31, 2021: 2.912 people).

2. Basis of presentation of condensed consolidated financial statements

2.1 Basis of presentation

Financial 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/IFRS") 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 Company's status according to TAS and IFRS. These adjustments generally consist of deferred taxes, provisions, depreciation of tangible assets and intangible asset amortization on economic life and pro-rata basis, and the valuation of buildings, investment properties and some financial assets. These adjustments generally consist of deferred taxes, severance pay, depreciation of tangible fixed assets and amortization of intangible fixed assets based on their economic lives and on a pro-rata basis.

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.

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended September 30, 2022**

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

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 September 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 September 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 September 30, 2022, 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.

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended September 30, 2022**

(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

- (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.
- (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.

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended September 30, 2022**

(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)

Subsidiaries

As of September 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:

September 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
	Tourism and hotel management	
ATP Koza Turizm Seyahat Ticaret A.Ş.		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
	Tourism and hotel management	
ATP Koza Turizm Seyahat Ticaret A.Ş.		Tourism
ATP Koza Gıda Tarım Hayvancılık Sanayi ve Ticaret A.Ş.	Food and farming	Food
Konaklı Metal Madencilik Sanayi Ticaret A.Ş.	Mining	Mining

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended September 30, 2022**

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

September 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.

(**) It is not included in the scope of consolidation due to its lack of significant impact. Ratio of total assets, revenue and net profit of the subsidiary not included in the scope of consolidation to consolidated total assets, revenue and net profit 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.

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

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 September 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 Group is in the process of assessing the impact of the amendments / improvements on 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 is in the process of assessing the impact of the amendments / improvements on financial position or performance of the Group.

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İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

Notes to the condensed consolidated interim financial statements for the interim period ended September 30, 2022

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

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

2.4 The new standards, amendments and interpretations (continued)

iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to existing IFRS 16 are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, the amendments are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments are issued and become effective under TFRS.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

In September 2022, the Board issued amendments to IFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback

transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of IFRS 16 under “Subsequent measurement of the lease liability” heading after the commencement date in a sale and leaseback transaction, the seller lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.5 Summary of significant accounting policies

Consolidated financial statements for the period ending on September 30, 2022 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 September 30, 2022 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, 2021. Therefore, these consolidated financial statements should be evaluated together with the financial statements for the year ended December 31, 2021.

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, 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.

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

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

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 lives 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.

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.6 Significant accounting judgments estimates and assumptions (continued)

- 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.

As of September 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 (September 30, 2022: 2,58 %, December 31, 2021: 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 Tangible Assets. 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 September 30, 2022, 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.

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İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.6 Significant accounting judgments estimates and assumptions (continued)

- 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.

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İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
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3. Segment reporting

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

September 30, 2022	Mine	Transportation	Tourism	Food	Elimination adjustments	Total
Current assets	11.190.871	2.928	9.474	70.235	(2.599)	11.270.909
Non-current assets	4.505.328	426.485	127.120	1.889	(2.437.437)	2.623.385
Total assets	15.696.199	429.413	136.594	72.124	(2.440.036)	13.894.294
Current liabilities	1.319.069	6.119	8.789	12.372	(29.058)	1.317.291
Non-current liabilities	599.092	822.658	48	2.582	(922.131)	502.249
Equity	13.778.039	(399.364)	127.758	57.168	(1.488.847)	12.074.754
Total liabilities	15.696.200	429.413	136.595	72.122	(2.440.036)	13.894.294
January 1 – September 30, 2022	Mine	Transportation	Tourism	Food	Elimination adjustments	Total
Continuing operations						
Sales	4.752.696	-	4.837	42.827	5.274	4.805.634
Cost of sales (-)	(1.848.871)	(19.883)	(2.878)	(39.455)	3.148	(1.907.939)
Gross profit / loss	2.903.825	(19.883)	1.959	3.372	8.422	2.897.695
Marketing expenses (-)	(6.434)	-	-	(3.125)	-	(9.559)
General administrative expenses (-)	(344.237)	(520)	(3.269)	(3.175)	22.755	(328.446)
Research and development expenses (-)	(197.392)	-	-	-	-	(197.392)
Other operating income	213.749	(29.614)	(390)	4.456	(12.054)	176.147
Other operating expenses (-)	(497.040)	(13.942)	(3.080)	(7.589)	1.044	(520.607)
Operating profit / loss	2.072.471	(63.959)	(4.780)	(6.061)	20.167	2.017.838
Income / expense from investing activities, net	3.063.716	(161.955)	3.187	36.601	(1.337.975)	1.603.574
Financial income	16.798	-	-	-	(16.798)	-
Financial expenses (-)	(53.886)	(32.837)	(0)	(6.938)	93.661	-
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9	4.808	-	-	-	-	4.808
Profit / loss before tax from continuing operations	5.103.907	(258.751)	(1.593)	23.602	(1.240.945)	3.626.220
Tax income /expense from continuing operations	(736.304)	3.467	(1.168)	242	8.300	(725.463)
Current period tax expense	(763.416)	-	-	-	-	(763.416)
Deferred tax income / expense	27.112	3.467	(1.168)	242	8.300	37.953
Profit / loss for the period	4.367.603	(255.284)	(2.761)	23.844	(1.232.645)	2.900.757

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.

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İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

3. Segment reporting (continued)

The reporting of the Group as of September 30 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 – September 30, 2021	Mining	Transportation	Tourism	Food	Elimination adjustments	Total
Continuing operations						
Sales	2.927.448	-	4.245	44.577	(5.759)	2.970.511
Cost of sales (-)	(1.008.444)	(31.758)	(2.004)	(46.078)	(605)	(1.088.889)
Gross profit / (loss)	1.919.004	(31.758)	2.241	(1.501)	(6.364)	1.881.622
Marketing expenses (-)	(3.612)	-	-	(2.594)	-	(6.206)
General administrative expenses (-)	(234.298)	(1.034)	(3.196)	(3.122)	14.121	(227.529)
Research and development expenses (-)	(207.553)	-	-	-	-	(207.553)
Other operating income	43.328	62.236	(227)	1.520	12.187	119.044
Other operating expenses (-)	(160.590)	(4.162)	(2.444)	(1.976)	(12.409)	(181.581)
Operating profit/ (loss)	1.356.279	25.282	(3.626)	(7.673)	7.535	1.377.797
Income /expense from investing activities, net	1.184.494	81.446	305	264	(74.663)	1.191.846
Financial expense (-)	(58.964)	(10.379)	(103)	(5.421)	69.485	(5.382)
Profit/loss before tax from continuing operations	2.481.809	96.349	(3.424)	(12.830)	2.357	2.564.261
Tax income /expense from continuing operations	(613.171)	(5.713)	3.845	1.963	-	(613.076)
Current period tax expense	(670.412)	-	-	-	-	(670.412)
Deferred tax income /expense	57.241	(5.713)	3.845	1.963	-	57.336
Profit/ (loss) for the period	1.868.638	90.636	421	(10.867)	2.357	1.951.185

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İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Notes to the condensed consolidated interim financial statements

for the interim period ended September 30, 2022

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

4. Cash and cash equivalents

	September 30, 2022	December 31 2021
Cash	246	266
Banks		
- Demand deposits	3.767	16.748
- Time deposits	978.351	9.162.005
Other cash and cash equivalents	280	171
Total	982.644	9.179.190
Less: Interest accruals	(6.158)	(40.452)
Cash and cash equivalents presented in the cash flow statement	976.486	9.138.738

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

Currency	Interest rate	Maturity	Currency amount	TL Equivalent
TL	%14 - %22	30 - 35 Day	977.740	977.740
USD	%0,50	35 Day	33	611
Total				978.351

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 Day	8.360.683	8.360.683
USD	%0,75 - %1,3	1-30 Day	61.747	801.322
Total				9.162.005

The Group's blocked deposits of Thousands TL 66.327 have been presented under financial investments account (December 31, 2021: Thousands TL 75.120).

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

Notes to the condensed consolidated interim financial statements

for the interim period ended September 30, 2022

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5. Financial investments

a. Short term financial investments

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

	September 30, 2022	December 31, 2021
Currency protected time deposits (**)	1.139.998	-
Financial assets accounted at fair value under profit or loss (***)	8.175.362	-
Toplam	9.315.360	-

b. Long term financial investments

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

	September 30, 2022	December 31, 2021
Shares in subsidiaries (*)	218.423	218.423
Blocked deposits	66.327	75.120
Total	284.750	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 deposits is 182 days.

(***) As of September 30, 2022, the Group has 7,983,677,849 mutual fund participation certificates, totaling 8,175,362,334 TL, which are recognized as financial assets measured at the amortized cost.

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Notes to the condensed consolidated interim financial statements

for the interim period ended September 30, 2022

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

6. Inventories

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

	September 30, 2022	December 31, 2021
Gold and silver in the production process and gold and silver bars	142.968	144.592
Ready to be processed mined ore clusters	205.034	141.220
Chemicals and operating materials	147.952	95.046
Spare parts (*)	229.045	94.088
Other inventories (**)	61.001	24.957
Provision for inventory impairment (-)	-	(48.913)
Total	786.000	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 September 30, 2022 and 2021 are as follows:

	2022	2021
January 1	48.913	36.598
Additions	-	48.494
Disposals / Cancellations	(48.913)	(56.347)
September 30	-	28.745

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7. Investment properties

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

	January 1, 2022	Additions	Disposals	September 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	1.554	-	12.539
Dormitory buildings	4.593	274	-	4.867
Hotel	76.801	2.947	(875)	78.873
Total	92.379	4.775	(875)	96.279
Net book value	221.882			217.122
	January 1, 2021	Additions	Disposals	September 30, 2021
Cost				
Flats	108.478	-	-	108.478
Dormitory buildings	25.625	-	-	25.625
Hotel	177.655	2.502	-	180.157
Total	311.758	2.502	-	314.260
Accumulated depreciation				
Flats	9.059	1.444	-	10.503
Dormitory buildings	4.081	383	-	4.464
Hotel	71.409	4.066	-	75.475
Total	84.549	5.893	-	90.442
Net book value	227.209			223.818

Investment properties amounting of thousand TL 89.978 in the buildings are located in United Kingdom and members of the İpek Family live in these apartments. The lease agreement has not been signed due to the current legal processes. When the legal processes are end, the necessary evaluations will be made by the Company management in accordance with the market practices. Investment properties amounting of thousand TL 25.625 in the buildings consist of dormitory buildings in Gümüşhane and Bergama. The dormitory building in Bergama was leased to the Ministry of National Education. There isn't any rental agreement regarding the dormitory buildings in Gümüşhane. As of September 30, 2022, there are annotations placed by the General Directorate of National Real Estate on the Company's domestic real estate properties.

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7. Investment properties (continued)

In 2022, from investment properties owned by Koza Altın, thousand TL 1.461 of rental income has been obtained from investment properties. (January 1 – September 30, 2021: thousand TL 603). 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 4.836 between January 1 – September 30, 2022 (January 1 – September 30, 2021: Thousand TL 4.109). As of September 30, 2022, there are annotations placed by the General Directorate of National Real Estate on the Group's real estates in Turkey.

8. Property, plant and equipment

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

	September 30, 2022	December 31, 2021
Mining assets	449.219	393.080
Other tangible assets	1.122.538	1.036.513
Total	1.571.757	1.429.593

a) Mining assets

As of September 30, 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.

	September 30, 2022	December 31, 2021
Mine sites	36.150	30.889
Mine site development cost	265.538	220.470
Deferred stripping costs	28.607	14.313
Rehabilitation mining facility	58.287	66.764
Mining rights	60.637	60.644
Total	449.219	393.080

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8. Property, plant and equipment (continued)

a) Mining assets

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

	January 1, 2022	Additions	Disposals	September 30, 2022
Cost				
Mine sites	73.696	23.566	(15.569)	81.693
Mine site development cost	584.884	73.631	-	658.515
Deferred stripping costs	278.899	42.443	-	321.342
Rehabilitation mining facility	331.055	48.541	-	379.596
Mining rights	74.005	-	-	74.005
Total	1.342.539	188.181	(15.569)	1.515.151
Accumulated depreciation				
Mine sites	42.807	2.736	-	45.543
Mine site development cost	364.415	28.562	-	392.977
Deferred stripping costs	264.586	28.149	-	292.735
Rehabilitation mining facility	264.290	57.019	-	321.309
Mining rights	13.361	7	-	13.368
Total	949.459	116.473	-	1.065.932
Net book value	393.080			449.219

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8. Property, plant and equipment (continued)

a) Mining assets (continued)

	January 1, 2021	Additions	September 30, 2021
Cost			
Mine sites	70.546	2.674	73.220
Mine site development cost	451.048	94.549	545.597
Deferred stripping costs	263.994	7.443	271.437
Rehabilitation of mining facility	231.133	11.496	242.629
Mining rights	50.765	15.500	66.265
Total	1.067.486	131.662	1.199.148
Accumulated depreciation			
Mine sites	38.216	3.602	41.818
Mine site development cost	328.009	23.686	351.695
Deferred stripping costs	252.676	6.686	259.362
Rehabilitation of mining facility	209.015	11.858	220.873
Mining rights	13.349	10	13.359
Total	841.265	45.842	887.107
Net book value	226.221		312.041

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

The cost of the mine sites, mining rights and mine site development cost of the Group, which have been fully depreciated as of September 30, 2022, but in use, are amounting to Thousands TL 115.807 (September 30, 2021: Thousands TL 105.635).

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8. Property, plant and equipment (continued)

b) Other tangible assets

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

	January 1, 2022	Additions	Disposals	Transfers	September 30, 2022
Cost					
Land, buildings and land improvements	401.691	25.051	(20.271)	6.227	412.698
Machinery and equipment	853.220	79.380	(8.146)	33.614	958.068
Motor vehicles	584.935	63.119	(2.206)	-	645.848
Furniture and fixtures	94.542	12.747	(1.123)	584	106.750
Construction in progress	45.777	19.183	-	(40.425)	24.535
Total	1.980.165	199.480	(31.746)	-	2.147.899
Accumulated depreciation					
Buildings and land improvements	194.436	14.418	(7.225)	-	201.629
Machinery and equipment	604.819	38.502	(5.293)	-	638.028
Motor vehicles	89.015	35.257	(2.115)	-	122.157
Furniture and fixtures	55.382	9.076	(911)	-	63.547
Total	943.652	97.253	(15.544)	-	1.025.361
Net book value	1.036.513				1.122.538

There isn't any mortgage on other property, plant and equipment as of September 30, 2022. (December 31, 2021: None). As of September 30, 2022, the insurance amount on the property, plant and equipment and inventories of the Group is amounting to Thousands TL 439.162 (September 30, 2021: Thousands TL 332.520).

The cost of other tangible assets of the Group, which have been fully depreciated as of September 30, 2022, but are in use, is amounting to thousand TL 367.951. (September 30, 2021: thousand TL 358.729).

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

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8. Property, plant and equipment (continued)

b) Other tangible assets (continued)

	January 1, 2021	Additions	Disposals	Transfers	September 30, 2021
Cost					
Land, buildings and land improvements	367.443	7.338	-	9.802	384.583
Machinery and equipment	772.354	55.322	(270)	230	827.636
Motor vehicles	103.610	475.120	(312)	-	578.418
Furniture and fixtures	74.831	10.416	(22)	-	85.225
Construction in progress (*)	15.978	30.529	-	(10.032)	36.475
Total	1.334.216	578.725	(604)	-	1.912.337
Accumulated depreciation					
Buildings and land improvements	175.328	13.891	-	-	189.219
Machinery and equipment	563.733	29.763	(166)	-	593.330
Motor vehicles	56.477	34.043	(267)	-	90.253
Furniture and fixtures	46.221	6.337	(8)	-	52.550
Total	841.759	84.034	(441)	-	925.352
Net book value	492.457				986.985

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İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

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9. Intangible assets

a) Goodwill

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

	September 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 September 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 September 30, 2022.

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9. Intangible assets (continued)

b) Other intangible assets

	January 1, 2022	Additions	September 30, 2022
Cost			
Rights	17.180	1.420	18.600
Total	17.180	1.420	18.600
Accumulated amortization			
Rights	13.134	1.878	15.012
Total	13.134	1.878	15.012
Net book value	4.046		3.588

	January 1, 2021	Additions	September 30, 2021
Cost			
Rights	12.572	3.079	15.651
Total	12.572	3.079	15.651
Accumulated amortization			
Rights	11.390	1.160	12.550
Total	11.390	1.160	12.550
Net book value	1.182	1.919	3.101

10. Provisions, contingent assets and liabilities

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

a) Short-term provisions

	September 30, 2022	December 31, 2021
State right expense provision (*)	385.587	320.010
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	50.320	54.218
Provisions for lawsuit	86.280	56.144
Other provisions (**)	147.567	15.880
Total	669.754	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 September 30, 2022, TL 146.279 thousand of the balance consists of committed school donations.

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10. Provisions, contingent assets and liabilities (continued)

b) Long-term provisions

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

	September 30, 2022	December 31, 2021
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	309.214	273.599
Total	309.214	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
Discount effect	(27.575)	202
Effect of changes in estimates and assumptions	36.393	1.267
Additions/ (cancellations) during the period, net	109.657	39.343
Paid during the period	(86.758)	(2.980)
September 30	359.534	231.535

(*) 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.

c) Provisions for employee benefits

i- Short-term provisions for employee benefits

	September 30, 2022	December 31, 2021
Provision for unused vacation	25.446	16.034
Provision for personnel bonus	44.933	22.879
Total	70.379	38.913

The movement of provision for unused vacation is as follows;

	2022	2021
January 1	16.034	11.147
Additions	9.412	4.720
September 30	25.446	15.867

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10. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits (continued)

ii- Long-term provisions for employee benefits

	September 30, 2022	December 31, 2021
Provision for employee termination benefits	84.922	48.952
Total	84.922	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:

	September 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)	%94,42	%93,62

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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 September 30, 2022 and September 30, 2021 are as follows:

	2022	2021
January 1	48.952	39.837
Interest cost	7.750	3.853
Service cost	5.698	6.905
Actuarial loss / (gain)	37.535	(1.824)
Severance paid	(15.013)	(2.861)
September 30	84.922	45.910

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 September 30, 2022 is as follows:

	Discount rate		Rate of retirement	
	%0,50 increase	%0,50 decrease	%0,50 increase	%0,50 decrease
2022	(8.713)	10.598	(2.266)	2.084
	Discount rate		Rate of retirement	
	%0,50 increase	%0,50 decrease	%0,50 increase	%0,50 decrease
2021	(4.792)	5.589	1.300	(1.194)

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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. In this respect, the trial continues and does not affect the activities of the Company.

For the cancellation of the EIA affirmative decision issued for the Ovacık gold mine in accordance with the provisions of the 2009/7 circular, İzmir 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. In this respect, the trial continues and does not affect the activities of the Company. 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 Eskiřehir 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, 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 in Eskiřehir 1st Administrative Court in the cases filed with the number 2020/302 E. and 2020/350 E approved both decisions in favor of the Company.

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.

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10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

iii- Lawsuits related to other mines (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 İzmir 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 and the trial is pending before the Council of State.

Regarding the 3rd capacity increase 2009/7 project of Çukuralan Gold Mine, İzmir 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 İzmir 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 İzmir 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.

In addition, our company has been involved in the In the lawsuit filed by some plaintiffs against the İzmir Governor's Office for the annulment of the decision of the Environmental Impact Assessment Required for Çukuralan Gold Mine Crushing and Screening Plant Project which is planned to be made by our company. Trial continues at the 6th Administrative Court of İzmir, in the file 2020/1479 E.

For the cancellation of the affirmative Environmental Impact Assessment decision given by the Ministry of Environment and Urbanization regarding the project Çukuralan Gold Mine Operation 3rd capacity increase planned by our company, some of the plaintiffs have applied to court against the Ministry of Environment and Urbanization with file numbered 2021/1407 E. and 2021/1013 E. of İzmir 4th Administrative Court. Our company has been involved in the relevant case alongside the defendant ministry and the proceedings continues.

All of the production activities subject to the decisions of the court of Çukuralan Gold Mine Operation 3rd Capacity Increase Project, continues in accordance with the relevant legislation within the scope of the new EIA Positive decision.

Lawsuit related to Çanakkale Project:

In the lawsuit filed for the annulment and suspension of the EIA positive decision regarding the S: 201001197 Gold and Silver Mine Project, which is planned to be made in the vicinity of Serçiler and Terziler villages in the central district of Çanakkale, the company intervenes with the Ministry of Environment and Urbanization. At the present stage, Çanakkale 1st Administrative Court has decided to the lawsuit and appeal was filed against the decision. It has been definitively decided to reject the appeals of Company.

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10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

iv- Lawsuits regarding the Group'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 Group 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, 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 has been filed by the defendants against this decision, and 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 Group 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 Group 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. In the case where the accused Cafer Tekin İpek and Özlem Özdemir are tried in the 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 continues.

vi- Employee lawsuits and cases of contract receivables

As of September 30, 2022, the provision amount accounted for ongoing employee and other lawsuits against the Company is amounting to Thousands TL 86.280 (December 31, 2021: Thousands TL 56.144).

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10. Provisions, contingent assets and liabilities (continued)

e) Commitments and contingent liabilities

i- Letter of guarantees given

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

	September 30, 2022	December 31, 2021
A. CPM's given on behalf of own legal personality	68.841	76.991
- <i>Guarantee</i>	68.841	76.991
- <i>Pledges</i>	-	-
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	68.841	76.991

ii- Letter of guarantees received

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

	September 30, 2022	December 31, 2021
Guarantee cheques	1.270.799	896.303
Guarantee letters	15.075	120.359
Security bonds	397.819	47.129
Total	1.683.693	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.

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11. Equity

a) Share capital

As of September 30, 2022, the Group'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 Group 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 Group 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:

Capital	September 30, 2022		December 31, 2021	
	Share percentage (%)	Share amount	Share percentage (%)	Share amount
Koza İpek Holding A.Ş.	62,12	161.383	62,12	161.383
Publicly traded	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:

Group	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 privileges 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 Group 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 groups 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.

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

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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.

According to "Communiqué on Procedures and Principles Regarding the Implementation of Provisional Article 13 of the Turkish Commercial Code No. 6102" published in the Resmi Gazete dated May 17, 2020 and numbered 31130:

- Capital companies will be able to decide to distribute only up to 25 percent of the net profit for the year 2020 in cash until March 31, 2021. Retained earnings and free reserves cannot be included. This limitation will not be applied for capital increase to be made from internal resources in accordance with Article 462 of the Turkish Commercial Code.
- Dividend advance power will not be authorized by the general assembly until June 30, 2021 in capital companies. If the board of directors was authorized by the General Assembly to distribute dividend advance payments, advance payments will be postponed until March 31, 2021.
- If a dividend distribution decision has been taken before April 17, 2020, when the temporary article 13 of the Turkish Commercial Code came into force and the shareholders have not yet been paid or partial payments have been made, all payments regarding the unpaid portion will be postponed until June 30, 2021 if the distribution decision is taken from the free reserves, although the payments exceeding 25% of the net profit of the 2020 period have been lost in the accounting period. No interest will be accrued on deferred payments.

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 communiqué, 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.

b) Restricted reserves

Group's restricted reserves are as follows:

	September 30, 2022	December 31, 2021
Restricted reserves	312.256	49.204
Total	312.256	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.

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.**Notes to the condensed consolidated interim financial statements
for the interim period ended September 30, 2022****(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 – September 30, 2022 and 2021 are as follows:

	January 1 – September 30, 2022	January 1 – September 30, 2021	July 1 – September 30, 2022	July 1 – September 30, 2021
Sales	4.710.185	2.905.436	1.991.955	904.759
Exports	95.630	60.673	24.601	19.201
Other sales	327	4.899	327	2.293
Total sales	4.806.142	2.971.008	2.016.883	926.253
Sales returns	(418)	(380)	(126)	(203)
Sales discounts and other discounts	(90)	(117)	13	(25)
Net sales	4.805.634	2.970.511	2.016.770	926.025
Cost of sales	(1.907.939)	(1.088.889)	(821.761)	(403.349)
Gross profit	2.897.695	1.881.622	1.195.009	522.676

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

	January 1 – September 30, 2022	January 1 – September 30, 2021	July 1 – September 30, 2022	July 1 – September 30, 2021
Sales of gold bullion	4.627.036	2.841.912	1.960.764	878.663
Sales of silver bullion	21.469	13.553	7.535	6.229
Other	157.637	115.543	48.584	41.361
Total	4.806.142	2.971.008	2.016.883	926.253

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13. Income / (expenses) from investing activities

a) Income from investment activities

The details of the Group's income and expenses from investment activities as of January 1 - September 30, 2022 and 2021 are as follows:

	January 1 – September 30, 2022	January 1 – September 30, 2021	July 1 – September 30, 2022	July 1 – September 30, 2021
Interest income	561.240	826.547	150.357	299.963
Interest income from securities	747.327	-	326.769	-
Currency protected time deposit income	338.735	-	102.823	-
Income from investment funds	115.179	-	115.179	-
Profit on sale of fixed assets	20.374	-	(13.735)	-
Other	-	365.299	-	31.231
Total	1.782.855	1.191.846	681.393	331.194

b- Expense from investing activities

	January 1 – September 30, 2022	January 1 – September 30, 2021	July 1 – September 30, 2022	July 1 – September 30, 2021
Foreign exchange expense	179.281	-	33.428	-
Total	179.281	-	33.428	-

14. Other operating incomes and expenses

a- Other operating incomes

The details of the Group's other operating income as of January 1 - September 30, 2022 and 2021 are as follows:

	January 1 – September 30, 2022	January 1 – September 30, 2021	July 1 – September 30, 2022	July 1 – September 30, 2021
Foreign exchange income related to trading activities	125.360	85.529	9.877	(2.830)
Other	50.787	33.515	13.583	7.492
Total	176.147	119.044	23.460	4.662

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14. Other operating incomes and expenses (continued)

b- Other operating expenses

The details of the Group's other operating expense as of January 1 - September 30, 2022 and 2021 are as follows:

	January 1 – September 30, 2022	January 1 – September 30, 2021	July 1 – September 30, 2022	July 1 – September 30, 2021
Lawsuit provision	30.136	-	-	-
Financial leasings transactions	4.550	3.220	1.294	1.919
Other (**)	485.921	178.361	134.957	167.441
Total	520.607	181.581	136.251	169.360

(**) As of 30 September 2022, TL 300.596 thousand of the balance consists of committed school donations, and TL 146.279 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.

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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 September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022	December 31, 2021
Current tax expense	827.230	1.115.449
Prepaid taxes and funds	(544.044)	(689.088)
Current income tax liability	283.186	426.361

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

	September 30, 2022	September 30, 2021
Current tax expense	(763.416)	(670.412)
Deferred tax expense / (income)	37.953	57.336
Total tax expense	(725.463)	(613.076)

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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.

	September 30, 2022		December 31, 2021	
	Cumulative temporary differences	Deferred tax	Cumulative temporary differences	Deferred tax
Tangible and intangible fixed assets	758.531	153.436	628.662	138.367
State right provision	385.587	88.685	320.010	73.602
Provision for employee termination benefits	84.922	16.984	48.952	10.754
Lawsuit provision	81.335	16.267	51.635	11.584
Provisions for personnel bonus	44.933	8.987	22.879	5.262
Provisions for doubtful receivables	34.037	6.807	26.115	5.799
Provision for unused vacation	25.446	5.089	16.034	3.673
Rent	5.574	1.116	5.330	1.226
Provisions for TFRS 9	452	90	5.365	1.234
Deferred tax assets		297.461		251.501
Deferred tax liabilities		-		-
Provision for deferred tax		(32.465)		(31.964)
Deferred tax assets, net		264.996		219.537

Movement of deferred tax is as follows:

	2022	2021
January 1	219.536	143.950
Deferred tax expense recognized in income statement	37.953	57.336
Deferred tax expense recognized in equity	7.507	(419)
September 30	264.996	200.867

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15. Income taxes (continued)

The reconciliation of the tax is as follows:

	2022	2021
Profit before tax	3.626.220	2.564.261
Effective tax rate	23%	25%
Tax calculated using effective tax rate	834.030	641.065
Effect of investment incentive allowance		-
Different tax rate effect	(49.248)	(15.519)
Temporary differences not subject to deferred tax	49.490	(16.395)
Financial losses on not subject to tax	(273.948)	7.163
Effect of non-deductible expenses	119.677	35.278
Effect of tax deductible losses	5.723	(8.029)
Exemptions and discounts	37.701	(28.409)
Other	2.038	(2.078)
Corporate tax provision	725.463	613.076

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.

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

	January 1 – September 30, 2022	January 1 – September 30, 2021	July 1 – September 30, 2022	July 1 – September 30, 2021
Net profit attributable to the owners of the Group	618.638	483.019	277.753	103.527
Weighted average number of share certificates	25.978.556.100	25.978.556.100	25.978.556.100	25.978.556.100
Earnings per 100 share	2,381	1,859	1,069	0,399
Total comprehensive income attributable to the owners of the Group	605.467	483.529	272.068	105.454
Earnings per 100 shares from total comprehensive income	2,331	1,859	1,098	0,399

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17. Related party disclosures

Trade receivables from related parties generally arise from sales transactions. Receivables are unsecured, interest is paid in every 3 months.

Trade payables to related parties generally arise from purchase transactions and their maturity is approximately two months. Payables are not subject to interest.

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 September 2022 was applied as %22,50 per year (September 30, 2021: %18,43).

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

Other receivables of the Group from related parties as of September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022	December 31, 2021
Koza İpek Holding A.Ş. (1)	-	160.081
Other (3)	-	874
Total	-	160.955

Other payables of the Group to related parties as of September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022	December 31, 2021
Koza İpek Sigorta Aracılık Hizmetleri A.Ş. (1)	2.431	193
Other (3)	3.108	1.024
Total	5.539	1.217

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17. Related party disclosures (continued)

b) Transactions with related parties

The purchases of the Group from related parties between January 1 – September 30, 2022 and 2021 are as follows;

	January 1 – September 30, 2022			January 1 – September 30, 2021		
	Interest	Service	Other	Interest	Service	Other
Koza İpek Holding A.Ş. (1)	480	-	3.069	1.757	-	2.185
	480	-	3.069	1.757	-	2.185

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

	January 1 – September 30, 2021			January 1 – September 30, 2020		
	Interest	Service	Other	Interest	Service	Other
Koza İpek Holding A.Ş. (1)	16.408	-	371	19.964	-	110
Other (3)	-	-	118	-	-	45
	16.408	-	489	19.964	-	155

Other transactions of the Company from related parties between January 1 – September 30, 2022 and 2021 are as follows;

	January 1 – September 30, 2022	January 1 – September 30, 2021
	Dividend Payment	Dividend Payment
Koza İpek Holding A.Ş. (1)	668.887	-
Total	668.887	-

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 – September 30, 2022 is amounting to Thousand TL 12.810 (January 1 – September 30, 2021: Thousand TL 8.761).

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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 Group is exposed to market risk, which consists of currency, cash flow and interest rate risks, capital risk, credit risk and liquidity risk, due to its operations. 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 manages this risk by continuously evaluating the reliability of the financial institutions.

The credit risk that may arise from trade receivables is limited due to the high customer volume and the Group management's restriction of the loan amount applied to customers.

In order to measure the expected credit loss, the Group first grouped its trade receivables and contract assets by considering their maturity and credit risk characteristics. The expected credit loss rate for each class of trade receivables and contract assets is calculated by using past credit loss experiences, current conditions and prospective macroeconomic indicators and the expected credit loss allowance is calculated by multiplying the determined rate with the totals of trade receivables and contract assets.

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 Group considers that there is no significant risk of receivables.

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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 September 30, 2022 and December 31, 2021 is as follows:

September 30, 2022	Trade receivables		Other receivables		Cash and cash equivalents
	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)*	-	19.462	-	125.537	982.117
<i>Portion of the maximum risk that is guaranteed with a collateral, etc</i>					
A. Net book value of financial assets that are not overdue or not impaired	-	19.462	-	125.537	982.117
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 (-)	-	103.222	-	-	-
The part of net value under guarantee with collateral, etc	-	(103.222)	-	-	-
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.

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

a) Credit risk (continued)

December 31, 2021	Trade receivables		Other receivables		Cash and cash equivalents
	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
<i>Portion of the maximum risk that is guaranteed with a collateral, etc</i>	-	-	-	-	-
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.

Currency risk

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.

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended September 30, 2022**

(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:

September 30, 2022	TL Equivalent	Usd	Euro	Gbp
Cash and cash equivalents	1.972	41	52	14
Trade receivables	24.085	1.224	79	1
Prepaid expenses	15.027	276	434	107
Current assets	41.084	1.541	565	122
Total assets	41.084	1.541	565	122
Trade payables	95.843	1.462	3.821	15
Other payables	101.608	5.491	-	-
Current liabilities	197.451	6.953	3.821	15
Total liabilities	197.451	6.953	3.821	15
Net foreign currency asset / (liability) position	(156.367)	(5.412)	(3.256)	107

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)

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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.

September 30, 2022	Profit / Loss		Equity	
	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	15.226	(15.226)	15.226	(15.226)
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	15.226	(15.226)	15.226	(15.226)
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	8.116	(8.116)	8.116	(8.116)
5- Portion protected from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	8.116	(8.116)	8.116	(8.116)
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	273	(273)	273	(273)
8- Portion protected from GBP risk (-)	-	-	-	-
9- GBP Net effect (7+8)	273	(273)	273	(273)
Total (3+6+9)	23.615	(23.615)	23.615	(23.615)
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

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İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Notes to the condensed consolidated interim financial statements for the interim period ended September 30, 2022

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

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 does not expect any significant change in gold prices in the near future. Accordingly, the Group has not used any derivative instruments to hedge the risk of falling gold prices and has not made a similar agreement.

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).

The Group management follows the net debt / total capital ratio regularly and updates it when necessary. The Group does not have an Early Detection of Risk Committee.

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.

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İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
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19. Financial instruments (fair value disclosures and disclosures within the framework of hedge accounting) (continued)

Level classifications of financial assets measured at their fair values:

September 30, 2022	Level 1	Level 2	Level 3	Total
Assets:	-	9.315.360	218.423	9.533.783
Measured at fair value through other comprehensive income	-	9.315.360	218.423	9.533.783
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

None.

21. 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 10, 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.