

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Condensed consolidated financial statements as
of March 31, 2022**

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(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 March 31, 2022
(All amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

		Current period	Prior period
Assets	Notes	Mach 31, 2022	December 31, 2021
Current assets		10.119.481	9.757.601
Cash and cash equivalents	4	5.279.493	9.179.190
Financial investments	5	4.068.791	-
Trade receivables			
- Due from third parties		35.130	27.626
Other receivables	6		
- Due from third parties		78.385	56.129
Inventories		552.004	450.990
Biological assets		13.820	13.177
Prepaid expenses		89.642	28.438
Assets related to current period tax		186	142
Other current assets		2.030	1.909
Assets held for sale			-
Non-current assets		3.142.948	2.527.469
Financial investments	5	869.464	293.543
Other receivables			
- Due from related parties	16	175.856	160.955
- Due from third parties		3.458	3.281
Investment property	7	220.271	221.882
Right of use assets		31.948	36.953
Property, plant and equipment	8	1.442.084	1.429.593
Intangible assets			
- Goodwill	9	11.232	11.232
- Other intangible assets	9	3.851	4.046
Prepaid expenses		3.581	12.418
Deferred tax assets	14	250.050	219.537
Other non-current assets		131.153	134.029
Total assets		13.262.429	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 statement of financial position as of March 31, 2022
(All amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Current period	Prior period
Liabilities	Notes	March 31, 2022	December 31, 2021
Current liabilities		1.158.360	1.193.322
Short term liabilities			
- Lease liabilities		23.527	19.470
Trade payables			
- Due to third parties		166.496	215.803
Payables related to employee benefits		39.244	21.212
Other payables			
- Due to related parties			-
- Due to third parties		18.081	17.957
Deferred income		6.308	1.147
Current income tax liabilities	14	302.618	426.361
Short-term provisions			
- Provisions for employee benefits	10	35.108	38.913
- Other short-term provisions	10	560.119	446.252
Other short-term liabilities		6.859	6.207
Non-current liabilities		452.127	415.955
Long term liabilities			
- Lease liabilities		12.013	20.667
Other payables			
- Due to related parties		1.329	-
- Due to third parties		80.423	72.513
Deferred Revenues (Excluding Liabilities Arising from Customer Agreements)		185	224
Long-term provisions			
- Provisions for employee benefits	10	63.301	48.952
- Other long-terms provisions	10	294.876	273.599
Equity		11.651.942	10.675.793
Equity holders of the parent		2.347.502	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		(7.678)	(3.854)
Restricted reserves	11	49.204	49.204
Retained earnings		1.834.165	1.173.656
Net profit for the period		211.786	660.509
Non-controlling interests		9.304.440	8.536.253
Total liabilities and equity		13.262.429	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 statement of financial position as of March 31, 2022
(All amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	January 1 – March 31, 2022	January 1 – March 31, 2021
Revenue	12	1.465.148	879.371
Cost of sales (-)	12	(527.333)	(361.731)
Gross profit		937.815	517.640
Research and development expenses (-)		(2.259)	(1.910)
Marketing, sales and distribution expenses (-)		(69.370)	(81.261)
General administrative expenses (-)		(97.337)	(60.278)
Other operating income		73.104	2.430
Other operating expenses (-)		(51.038)	(5.023)
Operating profit		790.915	371.598
Income from investing activities	13	475.041	504.715
Expenses from investing activities (-)	13	(48.117)	-
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9		(5.299)	-
Operating profit before financial income and expense		1.212.540	876.313
Financial income / expense (-)		(2.057)	-
Profit before tax from continued operations		1.210.483	876.313
Tax expense from continuing operations		(225.096)	(165.259)
- Current tax expense	14	(253.301)	(193.502)
- Deferred tax income / (expense)	14	28.205	28.243
Net profit for the period		985.387	711.054
Other comprehensive income / (expense)			
Not to be reclassified to profit or loss			
Gains / (losses) on remeasurements of defined benefit plans		(11.547)	(3.542)
Gains / (losses) on remeasurements of defined benefit plans, tax effect		2.309	708
Total comprehensive income		976.149	708.220
Attribution of Profit / (Loss) for the period:			
Non-controlling interests		773.601	530.684
Equity holders of the parent		211.786	180.370
Attribution of Comprehensive Income for the period:			
Non-controlling interests		768.187	528.945
Equity holders of the parent		207.962	179.275
Earnings per 100 share	15	0,801	0,690

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 March 31, 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 share capital	Share premium	Actuarial gain / (loss) fund for employee benefits	Fair value losses and gains	Restricted reserves	Retained earnings	Net profit for the period	Equity holders of the parent	Non- controlling interests	Total equity
Balance 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	-	-	-	-	-	-	180.370	180.370	530.684	711.054
Other comprehensive income/(loss)	-	-	(1.095)	-	-	-	-	(1.095)	(1.739)	(2.834)
Total comprehensive income/(loss)	-	-	(1.095)	-	-	-	180.370	179.275	528.945	708.220
Transfers	-	-	-	-	-	362.163	(362.163)	-	-	-
Balance as of March 31, 2021	259.786	239	(4.832)	-	49.204	1.173.656	180.370	1.658.423	6.813.955	8.472.378
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	-	-	-	-	-	-	211.786	211.786	773.601	985.387
Other comprehensive income/(loss)	-	-	(3.824)	-	-	-	-	(3.824)	(5.414)	(9.238)
Total comprehensive income/(loss)	-	-	(3.824)	-	-	-	211.786	207.962	768.187	976.149
Transfers	-	-	-	-	-	660.509	(660.509)	-	-	-
Balance as of March 31, 2022	259.786	239	(7.678)	-	49.204	1.834.165	211.786	2.347.502	9.304.440	11.651.942

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Condensed consolidated statements of cash flows

for the period ended March 31, 2022

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

	Notes	January 1 – March 31, 2022	January 1 – March 31, 2021
A. Cash flows from operating activities		367.663	528.130
Profit for the period from continuing operations		985.387	711.054
Adjustments to reconcile profit for the period			
Adjustments for depreciation and amortisation		72.574	39.114
Adjustments for impairments			
- Adjustments for impairment / (cancellation) of receivables		1.697	942
- Adjustments for recognition impairment of inventory	6	(48.913)	-
Adjustments for provisions			
- Adjustments for provisions for employee benefits (cancellation)	10	(1.726)	15.130
- Adjustment for debt provisions	10	(11.396)	-
- Adjustments for ot provisions		-	5.863
- Adjustments for rehabilitation and state rights provision	10	152.601	96.046
Adjustments for tax (income) / expense	14	225.096	165.259
Adjustments for interest income		(462.194)	(238.411)
Adjustments for interest expenses		4.320	1.331
Adjustments for losses (gains) from disposal of fixed assets		6	(1)
Adjustments for losses (gains) on sale of non-current assets classified as held for sale		-	(81.289)
Total adjustments		(67.935)	3.984
Increase in trade receivables		(9.201)	(9.579)
Increase in other receivables related to activities		(22.431)	(9.639)
Increase in inventories	6	(52.101)	(8.854)
Decrease/ (increase) in biological assets		(642)	1.395
Increase in prepaid expenses		(52.366)	(13.040)
Decrease in trade payables		(49.307)	(3.411)
(Decrease) / increase in payables related to employee benefits		18.032	(6.989)
Increase in other liabilities related to activities		8.034	7.378
Decrease in other receivables from related parties related to activities		(13.572)	-
Increase in deferred income		5.070	2.286
(Increase) / decrease in other assets related to activities		2.709	(12.693)
Increase in other liabilities		951	1.424
Payments of employee retirement benefits	10	(1.860)	(1.716)
Payments related to other provisions	10	(6.061)	(2.517)
Taxes paid		(377.044)	(130.953)
Net cash from operating activities		(549.789)	(186.908)
B. Cash flows from investing activities		(4.278.440)	220.935
Cash inflows from the sales of tangible assets		15.569	3
Cash outflows from the purchase of tangible assets	8	(93.700)	(77.974)
Cash outflows from the purchase of intangible assets	9	(375)	(2.221)
Cash outflows from the purchase of investment property	7	-	(1.438)
Interest received		294.763	211.879
Changes in financial investments		(4.488.360)	(311)
Cash outflows related to lease agreements (-)		(6.337)	(1.010)
Cash inflows from the sale of non-current assets classified as held for sale		-	92.007
C. Net cash from financing activities		-	-
Net increase in cash and cash equivalents (A+B+C)		(3.910.777)	749.065
D. 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	5.227.961	6.914.660

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Condensed consolidated statements of cash flows

for the period ended March 31, 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.

As of 31 March 2022, 62.12% of the Company's shares, including the stocks traded in Borsa İstanbul ("BIST"), belong to Koza İpek Holding A.Ş. İpek Holding A.Ş.), the Company Management was transferred to the Trustee Board, pursuant to the decision of the Ankara 5th Criminal Court of Peace dated October 26, 2015, and the Decree Law No. 674 on Making Some Arrangements Under the State of Emergency, published on September 1, 2016. ("KHK"), all powers of the Company were transferred to the Savings Deposit Insurance Fund ("SDIF") on 22 September 2016. As of March 31, 2021, shares corresponding to 37.72% of the Company's capital (31 December 2021: 37.72%) are traded on the BIST. 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 and 2019 have been approved by the Board of Directors with the board decisions dated April 24, 2018, April 30, 2018, February 28, 2019 and February 27, 2020 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 and 2019, 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 A.Ş., 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 consolidated financial statements, the Group has presented Koza Ltd. under the "Financial Investments" account with a cost value amounting to Thousands TL 218.325.

(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 March 31, 2022

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

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

Group's consolidated participations located in Turkey until December 31, 2015, Bugün Televizyon Radyo ve Perakende A.Ş., Yaşam Televizyon Yayın Hizmetleri A.Ş. ve Koza İpek Basın ve Basım Sanayi ve Ticaret A.Ş. and subsidiaries Koza Prodüksiyon ve Ticaret A.Ş., Rek-Tur Reklam Pazarlama ve Ticaret Ltd. Şti. ve İpek Online Biliřim 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 March 31, 2022, the number of employee is 2.861 (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 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 consolidated financial statements are prepared based on the Turkish Financial Reporting Standards and Interpretations ("TAS/TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA").

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

Foreign currency

Functional and reporting currency

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

Notes to the condensed consolidated interim financial statements

for the interim period ended March 31, 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.

Going concern

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

Declaration of conformity to TFRS

The Group has prepared its consolidated financial statements for the period ending on March 31, 2022, in accordance with the CMB's Communiqué Serial: II-14.1 and its announcements clarifying this communiqué. The consolidated financial statements and notes are presented in accordance with the formats recommended by the CMB and including the required information.

2.2 Consolidation principles

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

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Notes to the condensed consolidated interim financial statements

for the interim period ended March 31, 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 March 31, 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:

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

March 31, 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 March 31, 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.

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended March 31, 2022**

(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

i) The new standards, amendments and interpretations which are effective as at January 1, 2021 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

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

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

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

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

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

iii) Annual Improvements – 2018–2020 Cycle

- TFRS 1 First-time Adoption of International Financial Reporting Standards
- TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities
- TAS 41 Agriculture – Taxation in fair value measurements

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

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

2.5 Summary of significant accounting policies

Interim financial statements for the period ending on March 31, 2022 have been prepared in accordance with TAS 34 standard for the preparation of interim financial statements of TAS / TFRS.

The interim financial statements for the period ending on March 31, 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 interim 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, revising the possible effects of employee benefit obligations, production-based depreciation calculations, and rehabilitation provisions within this scope.

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

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

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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 Property, plant and equipment, 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, 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.

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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 March 31, 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 (March 31, 2022: 0,20 %, 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 Property, plant and equipment. Any reduction in the rehabilitation obligation and hence any reduction in the rehabilitation asset cannot exceed the carried value of that asset. In case of excess, the amount exceeding the carried value is immediately taken to profit or loss.

- d) Deferred tax assets are recorded when it is determined that it is possible to generate taxable income in the coming years. In cases where taxable income is likely to occur, deferred tax assets are calculated over temporary differences. The Group management, as a result of its assessment, has been recognized as a deferred tax asset for financial losses that can be used within a predictable period and within the framework of tax laws. This evaluation is based on the assumptions used that the related subsidiary has taxable profit in the future periods.
- e) As the Group operates in the mining industry, it is exposed to many risks arising from laws and regulations. As of the balance sheet date, The results of current or future legal practices can be estimated within a certain ratio, based on the past experiences of the Group management and as a result of the legal consultancy received. Negative effects of a decision or application that may be taken against the Group may significantly affect the activities of the Group. As of March 31, 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 Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

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3. Segment reporting

The Group's reporting according to the operating segments made as of March 31, 2022 is presented as follows:

	Mine	Transportation	Tourism	Food	Elimination adjustments	Total
Current assets	10.050.146	3.406	8.705	59.062	(1.838)	10.119.481
Non-current assets	5.703.491	429.808	131.405	21.818	(3.143.574)	3.142.948
Total assets	15.753.637	433.214	140.110	80.880	(3.145.412)	13.262.429
Current liabilities	1.250.155	3.706	7.787	68.253	(171.541)	1.158.360
Non-current liabilities	1.333.247	651.584	133	2.008	(1.534.845)	452.127
Equity	13.170.235	(222.076)	132.190	10.619	(1.439.026)	11.651.942
Total liabilities	15.753.637	433.214	140.110	80.880	(3.145.412)	13.262.429
Continuing operations						
Sales	1.443.082	-	1.612	20.459	(5)	1.465.148
Cost of sales (-)	(499.496)	(7.874)	(958)	(19.627)	622	(527.333)
Gross profit / loss	943.586	(7.874)	654	832	617	937.815
Research and development expenses (-)	(97.337)	-	-	-	-	(97.337)
Marketing expenses (-)	(1.438)	-	-	(821)	-	(2.259)
General administrative expenses (-)	(81.151)	(122)	(628)	(937)	13.468	(69.370)
Other operating income	67.568	12.182	1.852	247	(8.745)	73.104
Other operating expenses (-)	(47.719)	(2.522)	(1.027)	(325)	555	(51.038)
Operating profit / loss	783.509	1.664	851	(1.004)	5.895	790.915
Income / expense from investing activities, net	523.747	(77.153)	2.718	28	(22.416)	426.924
Financial income	6.550	-	-	-	(6.550)	-
Financial expenses (-)	(21.935)	(3.191)	-	(1.754)	24.823	(2.057)
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9	(5.299)	-	-	-	-	(5.299)
Profit / loss before tax from continuing operations	1.286.572	(78.680)	3.569	(2.730)	1.752	1.210.483
Tax income /expense from continuing operations	(223.901)	684	(1.899)	20	-	(225.096)
Current period tax expense	(253.301)	-	-	-	-	(253.301)
Deferred tax income / expense	29.400	684	(1.899)	20	-	28.205
Profit / loss for the period	1.062.671	(77.996)	1.670	(2.710)	1.752	985.387

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3. Segment reporting (continued)

The reporting of the Group as of March 31 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
March 31, 2021	Mining	Transportation	Tourism	Food	Elimination adjustments	Total
Continuing operations						
Sales	701.849	2.009	-	12.869	-	716.727
Cost of sales (-)	(257.178)	(5.449)	-	(13.380)	7	(276.000)
Gross profit/(loss)	444.671	(3.440)	-	(511)	7	440.727
Research and development expenses (-)	(39.879)	-	-	-	-	(39.879)
Marketing expenses (-)	(796)	-	-	(875)	-	(1.671)
General administrative expenses (-)	(44.175)	(123)	(1.935)	(676)	4.540	(42.369)
Other operating income	31.692	5.137	1.150	408	(5.706)	32.681
Other operating expenses (-)	(33.821)	(6.672)	(3.035)	(377)	(1.228)	(45.133)
Operating profit/ (loss)	357.692	(5.098)	(3.820)	(2.031)	(2.387)	344.356
Income /expense from investing activities, net	178.025	84	1.261	182	(5.517)	174.035
Financial income	2.148	-	-	-	(2.148)	-
Financial expense (-)	(8.241)	(1.010)	-	(794)	10.045	-
Profit/loss before tax from continuing operations	529.624	(6.024)	(2.559)	(2.643)	(7)	518.391
Tax income /expense from continuing operations	(145.675)	(804)	(1.089)	545	-	(147.023)
Current period tax expense	(137.270)	-	-	-	-	(137.270)
Deferred tax income /expense	(8.405)	(804)	(1.089)	545	-	(9.753)
Profit/ (loss) for the period	383.949	(6.828)	(3.648)	(2.098)	(7)	371.368

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4. Cash and cash equivalents

	March 31, 2022	December 31, 2021
Cash	256	266
Banks		
- Demand deposits	15.152	16.748
- Time deposits	5.263.164	9.162.005
Other cash and cash equivalents	921	171
Total	5.279.493	9.179.190
Less: Interest accruals	(51.532)	(40.452)
Cash and cash equivalents presented in the cash flow statement	5.227.961	9.138.738

The details of the Group's time deposits as of March 31, 2022 are as follows;

Currency	Interest rate	Maturity	Currency amount	TL Equivalent
TL	%18 - %19	30 - 35 Gün	5.263.164	5.263.164
Total				5.263.164

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

The Group's blocked deposits of Thousands TL 79.725 have been presented under financial investments account (December 31, 2021: Thousands TL 75.120).

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5. Financial investments

Financial investments of the Group as of March 31, 2022 and December 31, 2021 are as follows;

	March 31, 2022	December 31, 2021
Shares in subsidiaries (*)	218.423	218.423
Blocked deposits	79.725	75.120
Financial assets measured at amortised cost	4.640.107	-
Total	4.938.255	293.543

Financial assets	Interest Rate	Maturity	Currency	Total Amount
Bond	%18,70 - %23,86	322 – 378 Days	TL	4.014.466
Government Bond	%17,70 - %30,89	32 - 602 Days	TL	625.641
Toplam				4.640.107

(*) 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 consolidated 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.

6. Inventories

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

	March 31, 2022	December 31, 2021
Chemicals and operating materials	160.668	95.046
Ready to be processed mined ore clusters	159.451	141.220
Gold and silver in the production process and gold and silver bars	103.739	144.592
Spare parts (*)	103.052	94.088
Other inventories (**)	25.094	24.957
Provision for inventory impairment (-)	-	(48.913)
Total	552.004	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.

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6. Inventories (continued)

The movements of the provision for inventory impairment is as follows:

	2022	2021
January 1	48.913	-
Additions / (cancellations), net (9,15)	27.595	-
Provisions no longer required	(76.508)	-
Total	-	-

7. Investment properties

Investment properties of the Group as of March 31, 2022 and 202 are as follows;

	January 1, 2022	Additions	Disposals	March 31, 2022
Cost				
Flats	108.478	-	-	108.478
Dormitory buildings	25.625	-	-	25.625
Hotel	180.158	-	(875)	179.283
Total	314.261	-	(875)	313.386
Accumulated depreciation				
Flats	10.985	481	-	11.466
Dormitory buildings	4.593	128	-	4.721
Hotel	76.801	1.002	(875)	76.928
Total	92.379	1.611	(875)	93.115
Net book value	221.882			220.271
	January 1, 2021	Additions	Disposals	March 31, 2021
Cost				
Flats	108.478	-	-	108.478
Dormitory buildings	25.625	-	-	25.625
Hotel	177.655	1.438	-	179.093
Total	311.758	1.438	-	313.196
Accumulated depreciation				
Flats	9.059	539	-	9.598
Dormitory buildings	4.081	129	-	4.210
Hotel	71.409	1.432	-	72.841
Total	84.549	2.100	-	86.649
Net book value	227.209			226.547

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7. Investment properties (continued)

Investment properties amounting of 89.978 Thousands TL in the flats are located in United Kingdom, and members of the İpek Family live in these apartments. Due to the current legal processes, the lease agreement has not been signed. When the legal processes are end, the necessary evaluations will be made by the Group management in accordance with the market practices.

Investment properties amounting of 25.625 Thousands TL in the dormitory buildings consist of the dormitory building in Gümüşhane and Bergama. There isn't any rental agreement.

In 2022, from investment properties owned by Koza Altın, 302 thousand TL rental income has been obtained. (2021: None). 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 1.612 Thousands TL between January 1 – March 31, 2022 (January 1 – March 31, 2021: Thousands TL 1.442). As of March 31, 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 March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022	December 31, 2021
Mining assets	404.066	393.080
Other tangible assets	1.038.018	1.036.513
Total	1.442.084	1.429.593

a) Mining assets

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

	March 31, 2022	December 31, 2021
Lands	14.193	30.889
Mine site development cost	237.686	220.470
Deferred stripping costs	24.072	14.313
Rehabilitation mining facility	67.474	66.764
Mining rights	60.641	60.644
Total	404.066	393.080

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8. Property, plant and equipment (continued)

a) Mining assets (continued)

The movements of mining assets during the period as of March 31, 2022 and 2021 are as follows;

	January 1, 2022	Additions	Disposals	March 31, 2022
Cost				
Lands	73.696	-	(15.569)	58.127
Mine site development cost	584.884	30.205	-	615.089
Deferred stripping costs	278.899	15.941	-	294.840
Rehabilitation mining facility	331.055	17.950	-	349.005
Mining rights	74.005	-	-	74.005
Total	1.342.539	64.096	(15.569)	1.391.066
Accumulated depreciation				
Lands	42.807	1.127	-	43.934
Mine site development cost	364.415	12.989	-	377.404
Deferred stripping costs	264.586	6.182	-	270.768
Rehabilitation mining facility	264.290	17.241	-	281.531
Mining rights	13.361	2	-	13.363
Total	949.459	37.541	-	987.000
Net book value	393.080			404.066

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8. Property, plant and equipment (continued)

a) Mining assets (continued)

	January 1, 2021	Additions	Disposals	March 31, 2021
Cost				
Lands	70.546	2.199	-	72.745
Mine site development cost	451.048	17.234	-	468.282
Deferred stripping costs	263.994	5.102	-	269.096
Rehabilitation of mining facility	231.133	6.547	-	237.680
Mining rights	50.765	-	-	50.765
Total	1.067.486	31.082	-	1.098.568
Accumulated depreciation				
Lands	38.216	1.351	-	39.567
Mine site development cost	328.009	8.006	-	336.015
Deferred stripping costs	252.676	2.195	-	254.871
Rehabilitation of mining facility	209.015	3.787	-	212.802
Mining rights	13.349	3	-	13.352
Total	841.265	15.342	-	856.607
Net book value	226.221			241.961

Depreciation expenses are included in the cost of goods sold.

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

The cost of the lands, mining rights and mine site development cost of the Group, which have been fully depreciated as of March 31, 2022, but in use, are amounting to Thousands TL 115.800 (March 31, 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 March 31, 2022 and December 31, 2021 are as follows;

	January 1, 2022	Additions	Disposals	Transfers	March 31, 2022
Cost					
Land, buildings and land improvements	401.691	3.019	(8)	6.227	410.929
Machinery and equipment	853.220	14.834	(654)	3.988	871.388
Motor vehicles	584.935	266	(746)	-	584.455
Furniture and fixtures	94.542	3.721	(44)	274	98.493
Construction in progress	45.777	7.764	-	(10.489)	43.052
Total	1.980.165	29.604	(1.452)	-	2.008.317
Accumulated depreciation					
Buildings and land improvements	194.436	4.523	(4)	-	198.955
Machinery and equipment	604.819	9.903	(434)	-	614.288
Motor vehicles	89.015	10.603	(746)	-	98.872
Furniture and fixtures	55.382	2.826	(24)	-	58.184
Total	943.652	27.855	(1.208)	-	970.299
Net book value	1.036.513				1.038.018

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

As of March 31, 2022, the insurance amount on the property, plant and equipment and inventories of the Group is amounting to Thousands TL 37.597. (March 31, 2021: Thousands TL 225.194).

The cost of the lands, mining rights and mine site development cost of the Group, which have been fully depreciated as of March 31, 2022, but in use, are amounting to Thousands TL 368.152 (March 31, 2021: Thousands TL 358.732).

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	March 31, 2021
Cost				
Land, buildings and land improvements	367.443	1.211	-	368.654
Machinery and equipment	772.354	13.862	-	786.216
Motor vehicles	103.610	12.190	-	115.800
Furniture and fixtures	74.831	2.436	(5)	77.262
Construction in progress (*)	15.978	17.193	-	33.171
Total	1.334.216	46.892	(5)	1.381.103
Accumulated depreciation				
Buildings and land improvements	175.328	5.035	-	180.363
Machinery and equipment	563.733	9.405	-	573.138
Motor vehicles	56.477	4.300	-	60.777
Furniture and fixtures	46.221	1.894	-	48.115
Total	841.759	20.634	-	862.393
Net book value	492.457			518.710

9. Intangible assets

a) Goodwill

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

	March 31, 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 538 thousand USD and 2.462 thousand USD, 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, 3.000 thousand USD 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 2.500 thousand USD will be paid one year after the second payment.

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9. Intangible assets (continued)

As of March 31, 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 March 31, 2022.

9. Intangible assets (continued)

b) Other intangible assets

	January 1, 2022	Additions	March 31, 2022
Cost			
Rights	17.180	375	17.555
Total	17.180	375	17.555
Accumulated amortization			
Rights	13.134	570	13.704
Total	13.134	570	13.704
Net book value	4.046		3.851
	January 1, 2021	Additions	March 31, 2021
Cost			
Rights	12.572	2.221	14.793
Total	12.572	2.221	14.793
Accumulated amortization			
Rights	11.390	293	11.683
Total	11.390	293	11.683
Net book value	1.182		3.110

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10. Provisions, contingent assets and liabilities

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

a) Short-term provisions

	March 31, 2022	December 31, 2021
State right expense provision	438.819	320.010
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	60.672	54.218
Provisions for lawsuit	56.144	56.144
Other provisions	4.484	15.880
Total	560.119	446.252

b) Long-term provisions

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

	March 31, 2022	December 31, 2021
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	294.876	273.599
Total	294.876	273.599

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

	2022	2021
January 1	327.817	193.703
Paid during the period	(6.061)	(2.517)
Discount effect	(628)	(385)
Effect of changes in estimates and assumptions	36.079	194
Additions / (cancellations), net	(1.659)	25.702
March 31	355.548	216.697

c) Provisions for employee benefits

i- Short-term provisions for employee benefits

	March 31, 2022	December 31, 2021
Provision for unused vacation	24.781	16.034
Provision for personnel bonus	10.327	22.879
Total	35.108	38.913

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10. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits (continued)

i- Short-term provisions for employee benefits (continued)

The movement of provision for unused vacation is as follows;

	2022	2021
January 1	16.034	11.147
Additions	8.747	2.625
March 31	24.781	13.772

ii- Long-term provisions for employee benefits

	March 31, 2022	December 31, 2021
Provision for employee termination benefits	63.301	48.952
Total	63.301	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 10.848,59 (January 1, 2021: TL 7.638,96) as of April 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:

	March 31, 2022	December 31, 2021
Net discount rate	%4,17	%4,17
Turnover rate related the probability of retirement (rate of employees to remain retirement)	%95,03	%93,62

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

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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 March 31, 2022 and March 31, 2021 are as follows:

	2022	2021
January 1	48.952	39.837
Severance paid	(1.860)	(1.716)
Interest cost	2.583	1.117
Service cost	2.079	2.427
Actuarial loss / (gain)	11.547	3.542
March 31	63.301	45.207

Liability of employment termination benefits is not subject to any funding as there isn't an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 “Employee Benefits” requires actuarial valuation methods to be developed to estimate the Company's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability.

The sensitivity analysis of the important assumptions used in the calculation of the provision for employee termination benefits as of March 31, 2022 is as follows:

2022	Discount rate		Rate of retirement	
	%0,50 increase	%0,50 decrease	%0,50 increase	%0,50 decrease
	(7.752)	9.007	1.957	(2.076)

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. As a result, with the decision dated 24.09.2020, the Council of State rejected the appeals of the plaintiffs on the merits in favor of our company, and decided to delivering the file to the local court for a procedural reason that did not affect the merits. The trial has ended and will not affect the company's operations.

For the cancellation of the EIA affirmative decision issued for the Ovacık gold mine in accordance with the provisions of the 2009/7 circular, 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. The Council of State dismissed the appeal requests of the plaintiffs and decided to delivering the file to the local court for a procedural reason that did not affect the merits. In this respect, the trial continues and does not affects the activities of the Company. Therefore, the Company continues activities of production within the scope of the relevant EIA affirmative report.

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

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10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

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 aregistration number of 43539 and 82567. Among these lawsuits, with respect to the lawsuit numbered 2014/760 E. İn Eskisehir 1st Administrative Court filed regarding the field with license number of İR 43539 and the lawsuit numbered 2014/1084 E. regarding the field with license number of İR 82567; the court ordered to the cancellation of proceedings subject to the case, with open appeal. Both cases were concluded in favor of the Company. Upon the appeal of the plaintiffs in both files, the Council of State ordered to suspend the execution of the court decisions. The trial proceedings are ongoing at the stage of rectification.

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 dismissal of the case in favor of the company was given by the Eskiřehir 1st Administrative Court, with the possibility of appeal. The plaintiffs appealed the files and the Council of State upheld both decisions of the Eskiřehir 1st Administrative Court in favor of the company in the files numbered 2020/302 E. and 2020/350 E. of the Eskiřehir 1st Administrative Court

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.

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 act, which is the subject of the lawsuit, and as a result of the appeal examination by the Council of State, the decision of the local court was not correct and reversed the decision in favor of the company. While the trial was continuing at the İzmir 6th Administrative Court on the basis of the 2019/574 basis, the court decided to cancel act with the decision dated 23.02.2021. The decision has been appealed. A lawsuit has been filed in Izmir 6th Administrative Court with file 2019/1120 E. for the stay of execution and cancellation of the Environmental Impact Assessment (EIA) positive Decision given by the Ministry of Environment and Urbanization regarding the 3rd capacity increase 2009/7 project of Çukuralan Gold Mine Enterprise. Our company has been involved in the relevant case alongside the defendant Ministry. The previous case number and court of the relevant file is İzmir 3rd Administrative Court 2019/171 E. and due to its connection with the Çukuralan 3rd Capacity Increase file, the file's main record was closed by the decision of the 4th Administrative Case Division of the İzmir Regional Administrative Court and İzmir 3rd Administrative Court decided to send the file to İzmir 6th Administrative Court. While the related case was continuing with İzmir 6th Administrative Court no. 2019/1120 E., according to the decision of the court, the EIA positive decision, which was the subject of the case, was annulled and an appeal was made. At this point, according to the decision of the Council of State, it has been decided that it is not possible to apply two different EIA Positive decisions related to the same project together, since a second EIA Positive decision was made for the 2019/574 E. file

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10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

iii- Lawsuits related to other mines (continued)

regarding the project in question. It was decided by the Defendant Ministry that the EIA Positive decision, which is the subject of the case, should be accepted as implicitly withdrawn. Since it was concluded that the subject of the pending case was no longer relevant, the İzmir 6th Administrative Court decided that there was definitely no room for reversing the decision numbered 2019/574 E. In terms of the 2019/1120 E. file, it has been decided that there is no legal inaccuracy in the decision of the İzmir 6th Administrative Court regarding the cancellation of the action, which is the subject of the lawsuit, and that the appeal requests of our intervening company as well as the respondent Ministry and the respondent Ministry are rejected.

For the annulment of the decision given by the defendant administration that the EIA is not required, a lawsuit was filed at the Izmir 6th Administrative Court with the number 2020/1479 E for the Çukuralan Gold Mine Crushing and Screening Plant Project planned to be built by Koza Gold Operations Inc. in Çukuralan Site. The trial is ongoing. The trial are ongoing at the appeal process.

Regarding the 3rd capacity increase project of Çukuralan Gold Mine Plant planned to be carried out by our company, some plaintiffs have filed a lawsuit against the Ministry of Environment and Urbanization by some plaintiffs for the stay of execution and cancellation of the Environmental Impact Assessment (EIA) positive Decision given by the Ministry of Environment and Urbanization. A lawsuit was filed with the Administrative Court with the file numbered 2021/1407 E. and 2021/1013 E. Our company has been involved in the relevant case alongside the defendant ministry and the proceedings are still ongoing.

Currently, all of the production activities subject to court decisions regarding the Çukuralan Gold Mine Operation 3rd Capacity Increase Project, mining (production) activities continue in accordance with the relevant legislation within the scope of the new EIA Positive decision.

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 current stage, Çanakkale 1st Administrative Court decided to cancel the act subject to the lawsuit, an appeal was filed against the decision and the appeal process continues.

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

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10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

v- Liability lawsuits filed against former managers

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

vi- Other legal processes

Pursuant to the decision of the 5th Criminal Court of Peace in Ankara, the management of the Company was transferred to the Board of Trustees and then to the Savings Deposit Insurance Fund (“SDIF”) on September 22, 2016. The indictment issued by the Ankara Chief Public Prosecutor’s Office regarding the events that led to the appointment of a trustee was accepted by the Ankara 24th High Criminal Court and their trial was initiated with the file number 2017/44 E. And the case was resolved by the court of first instance. It has been decided by the court of first instance to confiscate the Company shares that belonged to the previous board members who were judged. Until the decision is finalized, it has been decided that the above-described measure of appointing a trustee will be continued. The decision is not finalized yet. In the case file of the Ankara 24th High Criminal Court numbered 2017/44 E., it has been further ordered by the court that the actions be severed with respect to the former members of the board of directors who could not have been tried due to their nonappearance in court and that the judgement to be continued through this new file and the aforementioned measure of the appointment of trustees to be sustained until the end of the trial. The new file severed is registered in the number of 2020/20 E under the Ankara 24th High Criminal Court’s jurisdiction. The trial is ongoing. The trial process continues in the case where Cafer Tekin İpek and Özlem Özdemir are accused in the case file of the Ankara 24th High Criminal Court numbered 2020/157 E.

vi- Employee lawsuits and cases of contract receivables

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

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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 March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022	December 31, 2021
A. CPM's given on behalf of own legal personality	47.945	76.991
- <i>Guarantee</i>	47.945	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	47.945	76.991

ii- Letter of guarantees received

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

	March 31, 2022	December 31, 2021
Guarantee cheques	1.009.441	896.303
Guarantee letters	132.694	120.359
Security bonds	49.937	47.129
Total	1.192.072	1.063.791

iii- Government grants

6% of the income tax calculated on the Employer's Insurance Premium Share for the Group's employees at the mining processing facility in Mastra-Gümüřhane 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 March 31, 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	March 31, 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

The registered (A) and (B) group shares do not have any other privileges. According to the decision of Ankara 5th Criminal Court of Peace dated October 26, 2015, trustees have been appointed to the Company, and a regulation has been made regarding the transfer of the powers of the trustees working in the companies that have been decided to be appointed to the SDIF by the judge or the court with the Decree No.674 on Making Some Regulations under the State of Emergency, published in the Resmi Gazete dated August 15, 2016. With the decision of Ankara 4th Criminal Judgeship dated September 6, 2016 and numbered 2016/4628 D, it was decided to terminate the duties of the trustees on the day the procedures for their trusteeship powers were completed. The board of directors was established by the SDIF with the decision of the SDIF Board dated September 22, 2016 and numbered 2016/206. For this reason, the privileges of the (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.

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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.

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

	March 31, 2022	December 31, 2021
Restricted reserves	49.204	49.204
Total	49.204	49.204

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

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12. Revenue and cost of sales

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

	January 1 – March 31, 2022	January 1 – March 31, 2021
Domestic sales	1.432.141	862.326
Exports	31.998	15.828
Other sales	1.165	1.306
Total sales	1.465.304	879.460
Sales returns	(124)	(89)
Sales discounts and other discounts	(32)	-
Net sales	1.465.148	879.371
Cost of sales	(527.333)	(361.731)
Gross profit	937.815	517.640

The distribution of the Group's revenues by product type as of January 1 – March 31, 2022 and 2021 is as follows:

	January 1 – March 31, 2022	January 1 – March 31, 2021
Sales of gold bullion	1.404.260	844.633
Sales of silver bullion	4.483	4.165
Other	56.561	30.662
Total	1.465.304	879.460

13. Income / (expenses) from investing activities

a) Income from investment activities

	January 1 – March 31, 2022	January 1 – March 31, 2021
Interest income	462.194	242.614
Foreign exchange income	-	179.514
Profit on sale of fixed assets classified for sale	-	81.289
Other	12.847	1.298
Total	475.041	504.715

	January 1 – March 31, 2022	January 1 – March 31, 2021
Foreign exchange expense	48.117	-
Total	48.117	-

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14. 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, tax returns are filed 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 1 January-31 March 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.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between April 24, 2003 and July 22, 2006 is 10% and commencing from July 22, 2006, this rate changed to 15% upon the Council of Minister's Resolution No: 2006/10731. Commencing from December 21, 2021, this rate has been changed to 10% upon the Presidential Decree numbered 31697/4936.. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

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 March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022	December 31, 2021
Current tax expense	1.368.750	1.115.449
Prepaid taxes and funds	(1.066.132)	(689.088)
Current income tax liability	302.618	426.361

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Tax expense details recognized in the income statement as of March 31, 2022 and 2021 are as follows:

	March 31, 2022	March 31, 2021
Current tax expense	(253.301)	(193.502)
Deferred tax expense / (income)	28.205	28.243
Total tax expense	(225.096)	(165.259)

Deferred taxes

The Company recognizes deferred tax assets and liabilities for temporary differences arising from differences between its tax base legal financial statements and its condensed 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 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.

	March 31, 2022		December 31, 2021	
	Cumulative temporary differences	Deferred tax	Cumulative temporary differences	Deferred tax
Tangible and intangible fixed assets	703.141	140.675	628.662	138.367
Provision for employee termination benefits	438.819	100.928	320.010	73.602
Provisions for doubtful receivables	63.301	12.660	48.952	10.754
State right provision	51.635	10.327	51.635	11.584
Provision for personnel bonuses	29.398	5.880	26.115	5.799
Lawsuit provision	24.781	4.956	16.034	3.673
Provision for unused vacation	10.327	2.065	22.879	5.262
IFRS 9 provision	9.105	1.821	5.365	1.234
Leasing transactions	5.552	1.110	5.330	1.226
Deferred tax assets		280.422		251.501
Deferred tax liabilities				-
Provision for deferred tax		(30.372)		(31.964)
Deferred tax assets, net		250.050		219.537

Movement of deferred tax is as follows::

	2022	2021
January 1	219.536	143.950
Deferred tax expense recognized in income statement	28.205	28.243
Deferred tax expense recognized in equity	2.309	708
March 31	250.050	172.901

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14. Income taxes (continued)

The reconciliation of the tax is as follows:

	2022	2021
Profit before tax	1.201.593	876.313
Effective tax rate	23%	%20
Tax calculated using effective tax rate	276.366	175.263
Financial losses on not subject to tax	4.040	1.670
Different tax rate effect	1.395	-
Temporary differences not subject to deferred tax	(69.043)	(8.076)
Effect of non-deductible expenses	17.194	420
Effect of tax deductible losses	(4.856)	(4.018)
Corporate tax provision	225.096	165.259

15. 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 March 31, 2022 and 2021 are as follows:

	January 1 – March 31, 2022	January 1 – March 31, 2021
Net profit attributable to the owners of the Group	211.786	180.370
Weighted average number of share certificates	25.978.556	25.978.556
Earnings per 100 share	0,815	0,694
Total comprehensive income attributable to the owners of the Group	207.962	179.275
Earnings per 100 shares from total comprehensive income	0,801	0,690

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16. Related party disclosures

The other trade payables and other receivables of the Company consist of the payables and receivables given and received in order to meet the financing needs of the Company and its related parties during the year. Other payables and other receivables do not have a certain maturity, and the Company 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 Company management and the developments in the markets. In this context, the current interest for March 2022 was applied as 18,37% per year (December 31, 2021: 17,98%).

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 March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022	December 31, 2021
Koza İpek Holding A.Ş. (1)	175.480	160.081
Other (3)	376	874
Total	175.856	160.955

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

	March 31, 2022	December 31, 2021
Koza İpek Sigorta Aracılık Hizmetleri A.Ş. (2)	-	-
Other (3)	1.329	-
Total	1.329	-

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16. Related party disclosures (continued)

b) Transactions with related parties

The purchases of the Group from related parties between January 1 – March 31, 2022 and 2021 are as follows;

	January 1 – March 31, 2022			January 1 – March 31, 2021		
	Interest	Service	Other	Interest	Service	Other
Koza İpek Holding A.Ş. (1)	277	-	1.223	2.200	-	2.434
	277	-	1.223	2.200	-	2.434

Sales of the Group to related parties between January 1 – March 31, 2022 and 2021 are as follows;

	January 1 – March 31, 2022			January 1 – March 31, 2021		
	Interest	Service	Other	Interest	Service	Other
Koza İpek Holding A.Ş. (1)	7.612	-	133	27.173	-	148
Other (3)	-	-	50	-	-	61
	7.612	-	183	27.173	-	209

c) Compensations provided to key management; The Group’s key management consist of the general manager and assistant general managers. Compensations provided to senior management include benefits such as wages and bonuses. Total amount of wages and similar benefits paid to key management between January 1 – March 31, 2022 is amounting to TL 3.695 thousand. The entire amount consists of the wages. (January 1 – March 31, 2021: TL 1.762 thousand).

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17. 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 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.

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 other 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 Company considers that there is no significant risk of receivables.

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

a) Credit risk (continued)

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

March 31, 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)*	-	35.130	175.856	81.843	5.278.316
<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	-	35.130	175.856	81.843	5.278.316
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 (-)	-	92.547	-	-	-
The part of net value under guarantee with collateral, etc	-	(92.547)	-	-	-
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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17. 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)	-	-	-	-	-
Impairment (-)	-	90.850	-	-	-
The part of net value under guarantee with collateral, etc	-	(90.850)	-	-	-
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 operations, the Group is exposed to financial risks related to changes in exchange rates and gold price. Market risks encountered at the Group level are measured on the basis of sensitivity analysis. In the current year, there is’nt 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.

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17. 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:

March 31, 2022	TL Equivalent	Usd	Euro	Gbp
Cash and cash equivalents	13.836	107	744	7
Trade receivables	26.871	1.221	549	1
Prepaid expenses	33.617	336	1.110	552
Current assets	74.324	1.664	2.403	560
Total assets	74.324	1.664	2.403	560
Trade payables	63.074	1.134	1.801	890
Other payables	80.423	5.492	-	-
Current liabilities	143.497	6.626	1.801	890
Total liabilities	143.497	6.626	1.801	890
Net foreign currency asset / (liability) position	(69.173)	(4.962)	602	(330)

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

	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
March 31, 2022				
In case of 10% appreciation / depreciation of USD against TL				
1- USD net asset/liability	(8.091)	8.091	(8.091)	8.091
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(8.091)	8.091	(8.091)	8.091
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	882	(882)	882	(882)
5- Portion protected from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	882	(882)	882	(882)
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	(634)	634	(634)	634
8- Portion protected from GBP risk (-)	-	-	-	-
9- GBP Net effect (7+8)	(634)	634	(634)	634
Total (3+6+9)	(7.843)	7.843	(7.843)	7.843
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
December 31, 2021				
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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17. 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.

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.

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

Fair value of the financial instruments

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

- First level: Quotation prices (unadjusted prices) in active markets for identical assets and liabilities that the entity can reach at the measurement date.
- Second level: These are directly or indirectly observable inputs for the asset or liability and other than quoted prices within Level 1.
- Third level: These are unobservable inputs to the asset or liability.

Level classifications of financial assets measured at their fair values:

March 31, 2022	Level 1	Level 2	Level 3	Total
Assets:	-	-	218.423	218.423
Measured at fair value through other comprehensive income	-	-	218.423	218.423
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

19. Subsequent events after balance sheet date

None.

20. 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 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, February 28, 2019, February 27, 2020, March 1, 2021 and March 1, 2022. respectively. Independently audited 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 financial statements of the relevant periods were not submitted to the approval of the General Assembly.