(Convenience translation of the independent auditor's report and consolidated financial statements originally issued in Turkish)

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Financial statements as at December 31, 2021 and independent auditor's report

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(Convenience translation of a report and financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

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

A) Report on the Audit of the Financial Statements

1) Qualified opinion

We have audited the financial statements of İpek Doğal Enerji Kaynakları Araştırma ve Üretim Anonim Şirketi (the Company) and its subsidiaries (the Group) which comprise the statement of consolidated financial position as at December 31, 2021, and the statement of consolidated comprehensive income, statement of consolidated changes in equity and statement of consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for qualified opinion

i. As explained in detail in detail in Note 18, pursuant to the decision of the Ankara 5th Criminal Court of Peace dated October 26, 2015, the management of the Group was transferred to the Board of Trustees and then to the Savings Deposit Insurance Fund ("SDIF") on September 22, 2016 and various examinations and studies are continuing before the Group by the Prosecutor's Office, the Police Financial Crimes Branch and the CMB as of the balance sheet date. Regarding the reports that will constitute the basis of the relevant decision and the status of the ongoing legal process, we could not obtain sufficient and appropriate audit evidence as to whether any correction is required in the financial statements of the Group.

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

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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3) Emphasis of Matter

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

4) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How key matters addressed in the audit
Capitalized Mining Assets	
The Group capitalizes the expenses made in the following cases; - Where the development costs incurred in the mine sites are highly likely to obtain an economic benefit in the future from the mine in question, can be defined for certain mining areas and the cost can be measured reliably, - When there are direct costs incurred during stripping work that facilitates access to the defined part of the ore in each open pit ore deposit and overhead costs associated with stripping - When the provision for expenses that are likely to be spent during the closure and rehabilitation of mines are reduced cost values as of the balance sheet date, reclamation, rehabilitation and closure costs according to the current conditions of the mine fields that arise due to the open pit mine development activities and the production in the open pit Due to the share of the capitalized development costs in the consolidated financial statements dated December 31, 2021 and the management judgments applied during the capitalization of the related costs, this issue has been identified as a key audit matter. The complexity and significant judgments these assumptions of these capitalized mining assets contains are important to our audit and have therefore been identified as a key audit matter by us. Detailed explanations about the capitalized mining assets can be found in Note 2.5 and Note 14.	The following audit procedures have been applied for the mining assets capitalized during our audit: - Evaluation of the content of development costs capitalized for each mine site, - Meeting with the managers of the group's departments responsible for mining sites, - Detail testings on development, stripping and rehabilitation costs, - Checking the compliance of management evaluations with the independent valuation report on mineral reserves of expected future economic benefit, - Testing the capitalized rehabilitation, land and rights costs by comparing them with the actualized ones. Within the scope of the above-mentioned specific accountings, we have questioned the appropriateness of the information in the financial statements and explanatory footnotes.

5) Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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6) Auditor's Responsibilities for the Audit of the Financial Statements

In an independent audit, our responsibilities as the auditors are:

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

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- In order to give an opinion on the consolidated financial statements, sufficient and appropriate audit evidence is obtained on financial information for businesses or business segments within the group. We are responsible for directing, supervising and conducting group supervision. We are solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) It was decided to appoint a trustee to the Group in accordance with the decision of Ankara 5th Criminal Judgeship of Peace dated October 26, 2015 and paragraph 1 of Article 133 of the Criminal Procedure Code. Since there is no regulation in the capital market legislation regarding the issue, it has been decided not to seek the provisions regarding the structuring of the board of directors in accordance with the Capital Market legislation. Therefore, the Group does not have an Early Detection of Risk Committee.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities for the period January 1 - December 31, 2020 and financial statements are not in compliance with laws and provisions of the Group's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Mehmet Can Altıntaş.

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

Mehmet Can Altıntaş, SMMM
Partner

March 1, 2022
Ankara, Türkiye

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Statement of consolidated financial position as at December 31, 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

		Audited	*Audited*
		Current period	*Prior period*
Assets	**Notes**	**December 31, 2021**	December 31, 2020
Current assets		**9.757.601**	7.010.863
Cash and cash equivalents	4	**9.179.190**	6.190.196
Trade receivables	5		
- Due from third parties		**27.626**	21.030
Other receivables	6		
- Due from third parties		**56.129**	32.622
Inventories	7	**450.990**	423.787
Bological assets	8	**13.177**	11.761
Prepaid expenses	9	**28.438**	316.202
Assets related to current period tax		**142**	-
Other currents assets	10	**1.909**	4.547
Assets held for sale		**-**	10.718
Non-current assets		**2.527.469**	1.624.940
Financial investments	11	**293.543**	312.521
Other receivables			
- Due from related parties	6, 26	**160.955**	115.472
- Due from third parties		**3.281**	1.874
Investment property	12	**221.882**	227.209
Right of use assets	13	**36.953**	4.483
Property, plant and equipment	14	**1.429.593**	718.678
Intangible assets			
- Goodwill	15	**11.232**	11.232
- Other intangible assets	15	**4.046**	1.182
Prepaid expenses	9	**12.418**	4.974
Deferred tax assets	19	**219.537**	144.200
Other non-current assets	10	**134.029**	83.115
Total assets		**12.285.070**	8.635.803

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Statement of consolidated financial position as at December 31, 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

		Audited	*Audited*
		Current period	*Prior period*
Liabilities	**Notes**	**December 31, 2021**	December 31, 2020
Current liabilities		**1.193.322**	670.428
Short term liabilities			
- Lease liabilities	16	**19.470**	3.598
Trade payables			
- Due to third parties	5	**215.803**	109.823
Payables related to employee benefits	17	**21.212**	26.374
Other payables			
- Due to related parties	26	**-**	1.217
- Due to third parties	6	**17.957**	17.830
Deferred income		**1.147**	613
Current income tax liabilities	19	**426.361**	119.473
Short-term provisions			
- Provisions for employee benefits	18	**38.913**	11.147
- Other short-term provisions	18	**446.252**	378.005
Other short-term liabilities		**6.207**	2.348
Non-current liabilities		**415.955**	201.217
Long term liabilities			
- Lease liabilities	16	**20.667**	1.329
Other payables	6	**72.513**	40.309
Deferred Revenues (Excluding Liabilities Arising from Customer Agreements)		**224**	-
Long-term provisions			
- Provisions for employee benefits	18	**48.952**	39.837
- Other long-terms provisions	18	**273.599**	119.492
Deferred tax liabilities	19	**-**	250
Equity		**10.675.793**	7.764.158
Equity holders of the parent		**2.139.540**	1.479.148
Paid-in share capital	20	**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		**(3.854)**	(3.737)
Restricted reserves	20	**49.204**	49.204
Retained earnings		**1.173.656**	811.493
Net profit for the period		**660.509**	362.163
Non-controlling interests		**8.536.253**	6.285.010
Total liabilities and equity		**12.285.070**	8.635.803

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

(Convenience translation of the independent auditor's report and consolidated financial statements originally issued in Turkish)

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Statement of profit or loss and other comprehensive income for the year ended December 31, 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

		Audited	*Audited*
		Current period	*Prior period*
	Notes	**January 1 – December 31, 2021**	January 1 – December 31, 2020
Revenue	21	**4.156.232**	3.329.590
Cost of sales (-)	21	**(1.641.775)**	(1.273.431)
Gross profit		**2.514.457**	2.056.159
Research and development expenses (-)	22	**(295.682)**	(131.332)
Marketing, sales and distribution expenses (-)	22	**(8.266)**	(8.466)
General administrative expenses (-)	22	**(281.407)**	(261.236)
Other operating income	23	**272.747**	41.286
Other operating expenses (-)	23	**(207.114)**	(89.206)
Operating profit		**1.994.735**	1.607.205
Income from investing activities	24	**1.974.342**	645.719
Expenses from investing activities (-)		**-**	(3.747)
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9		**(6.018)**	-
Operating profit before financial income		**3.963.059**	2.249.177
Financial income		**-**	9.891
Financial expenses		**(11.342)**	-
Profit before tax from continued operations		**3.951.717**	2.259.068
Tax expense from continuing operations		**(1.039.913)**	(565.543)
- Current tax expense (-)	19	**(1.115.449)**	(553.852)
- Deferred tax income / (expense) (-)	19	**75.536**	(11.691)
Net profit for the period		**2.911.804**	1.693.525
Other comprehensive income /(expense)			
Not to be reclassified to profit or loss			
Gains / (losses) on remeasurements of defined benefit plans		**(220)**	(544)
Gains / (losses) on remeasurements of defined benefit plans, tax effect		**51**	109
Other gains and losses		**-**	-
To be reclassified to profit or loss			
Gains / (losses) on financial assets at fair value through other comprehensive income		**-**	(7.100)
Gains / (losses) on financial assets measured at fair value through other comprehensive income, tax effect		**-**	1.562
Total comprehensive income		**2.911.635**	1.687.552
Attribution of Profit / (Loss) for the period:			
Non-controlling interests		**2.251.295**	1.331.362
Equity holders of the parent		**660.509**	362.163
Attribution of Comprehensive Income for the period:			
Non-controlling interests		**2.251.243**	1.331.277
Equity holders of the parent		**660.392**	356.275
Earnings per 100 share	25	**2,543**	1,394

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

Consolidated statements of changes in equity for the period ended December 31, 2021
(All amounts are expressed in thousandss 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
Balances as of January 1, 2020	259.786	239	(3.387)	5.538	49.204	404.935	406.558	1.122.873	4.953.733	6.076.606
Net profit for the period	-	-	-	-	-	-	362.163	362.163	1.331.362	1.693.525
Other comprehensive income/(loss)	-	-	(350)	(5.538)	-	-	-	(5.888)	(85)	(5.973)
Total comprehensive income/(loss)	-	-	(350)	(5.538)	-	-	362.163	356.275	1.331.277	1.687.552
Transfers	-	-	-	-	-	406.558	(406.558)	-	-	-
Balance as of December 31, 2020	259.786	239	(3.737)	-	49.204	811.493	362.163	1.479.148	6.285.010	7.764.158
Previously reported balances as of January 1, 2021										
Restatement effect (*))										
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	**-**	**-**	**-**	**-**	**-**	**-**	**660.509**	**660.509**	**2.251.295**	**2.911.804**
Other comprehensive income/(loss)	**-**	**-**	**(117)**	**-**	**-**	**-**	**-**	**(117)**	**(52)**	**(169)**
Total comprehensive income/(loss)	**-**	**-**	**(117)**	**-**	**-**	**-**	**660.509**	**660.392**	**2.251.243**	**2.911.635**
Transfers	**-**	**-**	**-**	**-**	**-**	**362.163**	**(362.163)**	**-**	**-**	**-**
Balance as of December 31, 2021	**259.786**	**239**	**(3.854)**	**-**	**49.204**	**1.173.656**	**660.509**	**2.139.540**	**8.536.253**	**10.675.793**

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Statement of consolidated cash flows
for the year ended December 31, 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

		Audited	*Audited*
		Current period	*Prior period*
	Notes	**January 1 – December 31, 2021**	January 1 – December 31, 2020
A. Cash flows from operating activities		**2.375.950**	1.343.081
Profit for the period from continuing operations		**2.911.804**	1.693.525
Adjustments to reconcile profit for the period			
Adjustments for depreciation and amortisation	12,13,14,15	**236.427**	237.543
Adjustments for derecognition of tangible assets	14	**3.309**	1.814
Adjustments for impairments			
- Adjustments for impairment / (cancellation) of receivables	5	**9.644**	10.266
- Adjustments for recognition impairment of goodwill		**-**	4.541
- Adjustments for recognition impairment of inventory	7	**12.315**	36.598
Adjustments for provisions			
- Adjustments for provisions for employee benefits (cancellation)	18	**38.019**	9.087
- Adjustments for lawsuits and/ or penalty provisions	18	**8.823**	34.349
- Adjustment for debt provisions	18	**14.820**	(2.754)
- Adjustments for rehabilitation and state rights provision	18	**424.926**	316.854
Adjustments for tax (income) / expense	19	**1.039.913**	565.543
Adjustments for interest income	24	**(1.146.783)**	(556.702)
Adjustments for interest expenses	16	**12.133**	5.094
Adjustments for losses (gains) from disposal of fixed assets		**(13)**	174
Adjustments for losses (gains) on sale of non-current assets classified as held for sale	24	**(81.290)**	-
Total adjustments		**572.243**	662.407
Increase in trade receivables	5	**(16.240)**	(4.727)
Increase in other receivables related to activities		**(144.394)**	(120.858)
Increase in inventories	7	**(39.518)**	(60.081)
Decrease/ (increase) in biological assets	8	**(1.416)**	1.759
Increase in prepaid expenses		**(28.759)**	(238.984)
Decrease in trade payables	5	**105.980**	35.437
(Decrease) / increase in payables related to employee benefits	17	**(5.162)**	6.492
Increase in other liabilities related to activities		**31.114**	7.369
Decrease in other receivables from related parties related to activities	26	**(45.483)**	(18.600)
Increase in deferred income		**811**	(741)
(Increase) / decrease in other assets related to activities		**(97.250)**	(48.208)
Increase in other liabilities	16	**54.018**	10.974
Payments of employee retirement benefits	18	**(6.495)**	(2.155)
Payments related to other provisions	18	**(226.215)**	(146.149)
Taxes paid	24	**(689.088)**	(434.379)
Net cash from operating activities		**(1.108.097)**	(1.012.851)
B. Cash flows from investing activities		**597.193**	222.451
Cash inflows from the sales of tangible assets		**201**	237
Cash outflows from the purchase of tangible assets	14	**(615.869)**	(302.095)
Cash outflows from the purchase of intangible assets	15	**(4.608)**	(835)
Cash outflows from the purchase of investment property	12	**(2.503)**	(20.677)
Interest received	4,24	**1.130.932**	559.353
Changes in financial investments	11	**18.978**	(2.287)
Cash outflows related to lease agreements (-)	16	**(21.945)**	(11.245)
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)		**2.973.143**	1.565.532
D. Cash and cash equivalents at the beginning of the year	4	**6.165.595**	4.600.063
Cash and cash equivalents at the end of the year (A+B+C+D)	4	**9.138.738**	6.165.595

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 December 2021, 62.12% of the Company's shares, including the stocks traded in Borsa Istanbul ("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 September 30, 2021, shares corresponding to 37.72% of the Company's capital (31 December 2020: 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, 2019 and 2020 have been approved by the Board of Directors with the board decisions dated April 24, 2018, April 30, 2018, February 28, 2019, February 27, 2020 and March 1, 2021 respectively and published by excluding the possible cumulative effects of the works and transactions belonging to the previous financial periods, whose judgment process continues, in accordance with the provisions of Article 401/4 of the Turkish Commercial Code No. 6102 ("TCC"). Audited consolidated financial statements for the year ended December 31, 2015 were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Group for the years 2015, 2016, 2017, 2018, 2019 and 2020, 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.

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

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

As of December 31, 2021, the number of employee is 2.912 (December 31, 2020: 2.620 people).

Approval of consolidated financial statements:

The consolidated financial statements dated December 31, 2021 were approved by the Board of Directors and authorized to be published on March 1, 2022.

2. Basis of presentation of consolidated financial statements

2.1 Basis of presentation

Financial reporting standards

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

The accompanying condensed consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Resmi Gazete No:28676 on June 13, 2013. The accompanying condensed consolidated financial statements are prepared based on the Turkish Financial Reporting Standards and Interpretations ("TAS/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.

2. Basis of presentation of 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 condensed consolidated financial statements according to the going concern principle.

Declaration of conformity to TFRS

The Group has prepared its interim consolidated financial statements for the period ending on December 31, 2020, 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.

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

2.2 Consolidation principles (continued)

Subsidiaries

As of December 31, 2021 and 2020, 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:

December 31, 2021

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

December 31, 2020

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

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

2.2 Consolidation principles (continued)

As of December 31, 2021 and 2020 titles, capitals, effective ownership rates and minority rates of the subsidiaries of the Group are as follows:

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**

December 31, 2020

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

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

(**) It is not included in the scope of consolidation due to its lack of significant impact. Ratio of total assets, revenue and net profit of the subsidiary not included in the scope of consolidation to consolidated total assets, revenue and net profit is below 1%.

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

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

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

2.2 Consolidation principles (continued)

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

2.3. Accounting policies, changes in accounting estimates and errors

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

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

2.4. The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2021. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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

- Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16
- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Separately identifiable risk components
- Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

The amendments did not have an impact on the financial position or performance of the the Group

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

2.4. The new standards, amendments and interpretations (continued)

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

The new standards, interpretations and changes that were published as of the approval date of the consolidated financial statements but not yet effective for the current reporting period and not early adopted by the Group are as follows. Unless otherwise stated, the Group will make the necessary changes that will affect the consolidated financial statements and notes after 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
- 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
- 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 IAS 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 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

Improvements are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted for all.

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

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

2.5 Summary of significant accounting policies

Significant accounting policies adopted in the preparation of consolidated financial statements are summarized below:

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term time deposits. Short-term time deposits are highly liquid that can be easily converted into cash without a risk of losing its value. Cash and cash equivalents are presented in the statement of financial position with the sum of acquisition cost and accured interest. Deposits from which interest income is obtained despite being blocked are classified under long-term financial investments.

Trade receivables

Group sales of the product, the content of dore bars of gold pre-emptive right with a bank on the domestic as consignment to be sold to the Central Bank of Turkey, while the sale of silver on domestic refinery is still done on a consignment basis.

The "simplified approach" is applied within the scope of the impairment calculations of trade receivables originating from other activities of the Group, which are accounted at amortized cost in the financial statements and do not contain a significant financing component (with a term of less than 1 year). With the application of this approach, in cases where the trade receivables are not impaired for certain reasons (except for the realized impairment losses), the loss allowance for trade receivables is measured at an amount equal to "lifetime expected credit losses". Following the allocation of a provision for impairment, if all or a portion of the impaired receivable is collected, the collected amount is deducted from the provision for the impairment allocated and recorded in other operating income.

Inventories

The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. The components of the cost included in inventories are material, labor and overhead costs. The cost of inventories is determined on the weighted average basis. Inventories are stated at the lower of cost and net realizable value.

The Group's inventories consists of mining inventories, chemicals, operating materials and spare parts. Mining inventories consists of ready to be processed and mined ore clusters, solution obtained by treating mining inventories through tank leaching (heap leach) and gold and silver bars in the production process or ready for shipment. The ore clusters ready to be processed and the costs of gold and dore bars made ready for shipment in the production process are calculated by taking into account the amount of gold they contain on an ounce basis and the recycling rate calculated based on the processing in the facility.

The quantities of ready-to-work, mined ore clumps and dore bars made of gold and silver are determined by periodic counts. Depreciation and amortization of mineral assets and other fixed assets related to production are included in the costs of the inventory at the relevant production location and stage.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

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

2.5 Summary of significant accounting policies (continued)

Related parties

If one of the below listed criteria exists the party is regarded as related with the Group:

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment defined benefit plan for the benefit of employees of either thereporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Transaction with related parties is the transfer of resources, services or obligations between related parties, regardless of whether they are for a price.

Leases

a) Group – as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the above mentoned assessments.

i. Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the following:

a) the amount of the initial measurement of the lease liability,
b) any lease payments made at or before the commencement date, less any lease incentives received,

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

2.5 Summary of significant accounting policies (continued)

c) any initial direct costs incurred by the Company, and
d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

Useful lives of right-of-use assets are as follows:

Buildings	4 years
Motor vehciles	2-4 years

Right-of-use assets are subject to impairment.

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) Fixed payments, less any lease incentives receivable,
b) ariable lease payments that depend on an index or a rate, initially measured using the index orrate as at the commencement date
c) amounts expected to be paid under residual value guarantees
d) exercise price of a purchase option reasonably certain to be exercised by the Group
e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, Group measures the lease liability by:

a) increasing the carrying amount to reflect interest on the lease liability,
b) reducing the carrying amount to reflect the lease payments made, and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Significant judgement in determining the lease term of contracts with renewal options

Group assesses the contractual options to extend or to terminate the lease when determining the lease liability. Most of the options to extend and terminate are exercisable both by the Group and the respective lessor. Group determines the lease term of a lease considering the periods covered by options to extend and terminate the lease if the options are exercisable by the Group and the Group is reasonably certain to exercise those options. If a significant change in circumstances takes place, related lease term assessment is revisited by the Group.

Practical expedients

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

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

2.5 Summary of significant accounting policies (continued)

Leases (continued)

The Group applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group applies a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment).

Variable lease payments

Some lease contracts of the Group contain variable payment terms. Variable lease payments are recognised in the statement of profit or loss in the related period.

b) Group – as a lessor

All the leases that Group is the lessor are operating leases. Assets leased out under operating leases are classified under investment properties or operating leases in the financial position. Rental income is recognised in the statement of income on a straight-line basis over the lease term.

Investment properties

Properties those are held for long term rental yields or capital appreciation or both, rather than in the production of supply of goods and services or administrative purposes or for the sale in the ordinary course of business are classified as "Investment property". Investment properties are carried at cost less accumulated depreciation. Depreciation is provided for investment properties on a straight-line basis over their estimated useful lives.

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of the estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or fair value less costs of disposal.

Property, plant and equipment

Tangible fixed assets are based on the adjusted acquisition costs expressed in the purchasing power of TL at December 31, 2004 for items acquired before January 1, 2005, and accumulated depreciation and, if any, on the acquisition costs for items acquired after January 1, 2005. They are accounted in the financial statements with its net value after deducting the impairment.

Property, plant and equipments are depreciated with the linear depreciation method in accordance with the useful life principle. The useful lives of buildings, machinery, facilities and devices are limited by the useful life of the respective mines. Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation commences when the assets are ready for their intended use.

The cost of the property, plant and equipment consists of acquisition cost, import taxes, non-refundable taxes, and expenses incurred to make the asset ready for use.

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

2.5 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

After the asset is started to be used, expenses such as repair and maintenance are recognized as an expense in the period they occur. If the expenditures provide an economic value increase for the related asset in its future use, these expenses are added to the cost of the asset.

Assets in the construction phase are shown by deducting the impairment loss, if any, from their cost. When these assets are built and ready for use, they are classified into the relevant fixed asset item. Such assets are subject to depreciation when they are ready for use, as in the depreciation method used for other fixed assets.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Useful lives
Land improvements	(During the useful life of the relevant mine) 2-15 years
Buildings	(During the useful life of the relevant mine) 2-50 years
Machinery and equipments	(During the useful life of the relevant mine) 2-20 years
Motor vehicles	2-15 years
Furniture and fixtures	3-20 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Repair and maintenance expenses are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits more than the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/losses from investing activities" in the current period.

Mining assets

Mining assets consist of mine site development, mining rights, mining plots, deferred mining costs and discounted costs associated with the rehabilitation, rehabilitation and closure of mine sites. For items acquired before January 1, 2005, mineral assets are reflected in the financial statements with the accumulated depreciation over the adjusted acquisition costs expressed by the purchasing power of TL on December 31, 2004 and the net value after deducting the permanent impairment, if any. For items acquired after January 1, 2005, they are reflected in the financial statements with their net value after deducting the accumulated depreciation and permanent impairment, if any, over their acquisition costs.

Mining assets begin to be amortized 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.

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

2.5 Summary of significant accounting policies (continued)

Mining Assets (continued)

The mine site development costs include the evaluation and development of new ore veins, as well as the opening of underground galleries, excavation and construction of roads for the continuation and development of existing ore seams. Mine development costs are capitalized in cases where it is highly likely to obtain an economic benefit in the future from the mine in question, can be identified for specific mining areas and the cost can be measured reliably. Costs incurred during production are capitalized as long as they are directly related to the development of the mine site. Production-related costs are reflected as expense in the statement of profit or loss and other comprehensive income.

In cases where mining site development expenses cannot be distinguished from research and evaluation expenses, the said expenses are recorded as expense in the profit or loss and other comprehensive income statement in the period they occur.

Mining assets are depreciated when their capacity is ready to be used fully and their physical conditions meet the production capacity determined by the Group management. Mine development costs are capitalized in cases where it is highly probable to obtain economic benefit in the future and are subject to depreciation considering the economic benefit. Mine development costs are distributed to the departments to the extent that they can be defined on the basis of the relevant mining areas as soon as they are first recorded, and the departments in each mine area are subjected to depreciation by using the units of production method, taking into account the economic benefits separately.

The large-scale and important revision works carried out at the said mine, which will increase the economic benefits to be obtained during the life of the relevant mine, are capitalized. Maintenance and repair expenses, excluding large-scale and significant revisions, that can be evaluated within this scope are recorded as expense in the profit or loss and other comprehensive income statement of the period in which they occur.

The mine development costs at each mine site are depreciated over the redemption rate found by dividing the total amount of gold in ounce mined from the relevant mine by the total ounce of visible and possible workable remaining gold reserves in the said mine during the period. The visible and possible reserve amounts in each mine site indicate the known and measurable resource that can be extracted and processed economically in the foreseeable future.

Apart from the land on which the production facilities are built and where the wastes are stored, the Group also paurchases land for mining exploration activities. These lands are followed in mineral assets and are reflected in the financial statements over their acquisition costs. These lands begin to be depreciated over the depreciation rate found by dividing the total ounce of visible and possible workable reserve in the said mine by the remaining gold reserve amount as soon as the ore is started to be extracted in the relevant mine site.

The deferred mining costs consist of the direct costs incurred during stripping, which facilitates access to the defined part of the ore in each open pit ore deposit during the period, and the general production costs associated with the stripping work. It is subject to depreciation taking into account the deferred extraction rate, which is calculated based on the usable remaining life of each open pit.

The production costs corresponding to the part of the benefit generated in the stripping work realized in the form of manufactured products are accounted for by including the cost of inventories. The removal costs of each open pit ore deposit and, as long as it is measurable, for phases related to each ore deposit are accounted by taking into account the calculated rates.

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

2.5 Summary of significant accounting policies (continued)

Mining assets (continued)

Deferred mining costs are depreciated over the amortization rate found by dividing the total ounce of gold mined from the relevant mine by the total ounce of visible and possible workable remaining gold reserves in the said mine. The visible and possible reserve amounts in each mine site indicate the known and measurable resource that can be extracted and processed economically in the foreseeable future.

The actual mineral extraction rate is calculated by proportioning the amount of waste and ore extracted from each open pit until the balance sheet date. The estimated mineral extraction rate, which is calculated by taking into account the remaining useful life of each open pit, is calculated by proportioning the estimated cumulative pass and ore amounts to each other in tonnes to be prospectively extracted from each open pit connected to the reserve.

Accordingly, if the actual extraction rate is higher than the estimated extraction rate calculated by taking into account the useful life of each related open pit, part of the estimated cumulative passage during the year and the cost incurred for ore extraction is capitalized in line with the said rates.

If the estimated mineral extraction rate calculated considering the useful life of the mine is higher than the actual extraction rate, the related costs are accounted as production expense in the profit or loss and other comprehensive income statement, taking into account the depreciation rate stated above. The useful life of the mine is reviewed annually and changes in the deferred extraction rate are accounted for prospectively.

Mining rights are accounted in the financial statements at the acquisition cost. It is amortized by using the lower of the depreciation rate found by dividing the remaining economic lives of the relevant mine or the ounce amount of gold extracted from underground and open pit during the period by the amount of visible and possible workable remaining ounce of gold reserves.

Reclamation, rehabilitation and closure costs according to the current conditions of the mine fields that arise due to the open pit mine development activities and the production in the open pit; Provision for expenses that are likely to be spent during the closure and rehabilitation of mines is reflected in the financial statements at their reduced cost values as of the balance sheet date.

These provisions are reduced to their values at the balance sheet date, taking into account the risk of interest and liability in the markets, with a pre-tax discount rate that does not include the risk of future cash flow estimates, and the calculations are reviewed in each balance sheet period. Changes resulting from changes in management estimates used in the computation of the reclamation, rehabilitation and closure provision of mine sites are reflected in the cost of rehabilitation, rehabilitation and closure of mine sites.

On the other hand, for each mine, the costs of rehabilitation, rehabilitation and closure of the respective mine sites; It is amortized by using the lower of the depreciation rate found by dividing the remaining economic lives of the relevant mine or the ounce amount of gold extracted from the relevant open pit during the period by the remaining visible and possible workable reserve amount in ounce. The costs incurred in relation to the prevention of environmental pollution and protection of the environment within the scope of the existing programs are reflected in the profit or loss and other comprehensive income statement as expense in the period they occur.

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

2.5 Summary of significant accounting policies (continued)

Mineral exploration, evaluation and development expenses

Pre-license costs are expensed in the period in which they occur.

After the license acquisition, mineral exploration and evaluation expenses include all kinds of technical services from the initial prospecting and exploration stages of a mine site to the realization of a mining project. These technical services; All kinds of geological studies from mining activities to reserve calculation, all kinds of ore production planning from exploitable reserve calculation to production method, optimization and organization, construction and implementation of ore enrichment projects for determination of complete flow chart, from process mineralogy to market analysis, necessary financing It includes activities such as feasibility studies in every scope up to its source.

Mine site development costs are capitalized in cases where it is highly likely that an economic benefit will be obtained from the mine in question in the future, can be identified for specific mine sites and the costs can be measured reliably. The costs incurred during the research and evaluation are capitalized as long as they are directly related to the development of the mine site.

At the point where production is decided at the mine site, all costs incurred are transferred to the mining assets account. However, when it is decided that there is no future economic benefit, all costs incurred are reflected in the income statement. As the production starts after the preparation period, mineral assets begin to be depreciated.

For the capitalized valuation costs, the Group management evaluates on each balance sheet date whether there is any indication of depreciation, such as a significant decrease in the reserve amount, expiration of the rights acquired for mining sites, and failure to renew or cancel. If there is such an indicator, the relevant recoverable value, which is determined as the higher of the amount to be recovered through sale after deducting the expenses required for the use or sale of the said asset, is estimated and the impairment losses are reflected as expense in the profit or loss and other comprehensive income statement. the carried value is reduced to its recoverable value.

Intangible assets

Intangible assets are comprised of rights, computer software. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Intangible assets are based on adjusted acquisition costs expressed in the purchasing power of TL at December 31, 2004 for items acquired before January 1, 2005, and accumulated amortization over acquisition costs for items acquired after January 1, 2005. and, if any, the net value after deduction of the impairment and amortized linearly over their estimated useful lives. Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount and the impairment loss is recognised as an expense.

Any gain or loss arising on the disposal of an item of intangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss as "gains from investment activities".

Computer software and rights

Computer software and rights are recognized at their acquisition cost. They are amortized on a straightline basis over their estimated useful lives and carried at cost less accumulated amortization. Their estimated useful lives are between 3 and 5 years.

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

2.5 Summary of significant accounting policies (continued)

Business combination and goodwill

Business combinations are accounted for by using the purchase method in the scope of TFRS 3 "Business combinations". Any excess of the cost of acquisition over the acquirer's interest in the (i) net fair value of the acquiree's identifiable assets and contingent liabilities as of the acquisition date, (ii) amount of any non-controlling interest in the acquired entity and (iii) fair value of any equity interest previously held by acquirer is accounted for as goodwill. If those amounts are less than fair value of the net identifiable assets of the business acquired, the difference is recognised directly in "Gains from investment activities" as a gain from bargain purchase.

Under this method, the cost of an acquisition is measured over the fair value of cash and other assets given as of the acquisition date, equity instruments issued or liabilities incurred. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after the acquisition date; in case the adjustment is measurable and more probable than not, than the cost of business combination at acquisition date is adjusted. Costs related to the purchase are recognized as expense in the period in which they are incurred.

Identifiable assets, liabilities and contingent liabilities of the business acquired are measured initially at their fair values at the acquisition date in the scope of TFRS 3.

Goodwill recognised in business combinations is tested for impairment annually (as of December 31) or more frequently if events or changes in circumstances indicate impairment, instead of amortisation. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Legal mergers between entities controlled by the Group are not considered within the scope of TFRS 3. Therefore, goodwill is not recognized in such transactions.

In business combinations involving entities under common control, assets and liabilities subject to a business combination are recognised at their carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognised. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted under "transactions under common control" in "prior years' income".

Impairment on non-financial assets

At each financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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

2.5 Summary of significant accounting policies (continued)

Impairment on non-financial assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

When an impairment loss subsequently reversed, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. A provision is recognised for the current period tax liability based on the period results of the Group at the financial position date.

Deferred income tax is provided for in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences (including unused incentive amounts and carried forward tax losses of prior years) are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

The parent company recognizes deferred tax asset for all deductible temporary differences arising from investments in Subsidiaries, only to the extent that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

The parent company recognizes deferred tax liability for all taxable temporary differences associated with investments in Subsidiaries except to the extent that both of the following conditions are satisfied:

- the parent is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Government grants allowing reduced corporate tax payment are evaluated within the scope of TAS 12 Income Taxes standard and are recognised as deferred tax asset by the qualified tax advantage amount, to the extent it is highly probable that future taxable profits will be available against which the unused investment tax credits can be utilised.

The tax effects of the transactions that are accounted directly in the equity are also reflected to the equity.

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

2.5 Summary of significant accounting policies (continued)

Taxes on income (continued)

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority with the condition of being same taxpayer entity and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

Environmental rehabilitation, rehabilitation of mining sites and mine closure provision

The Group records the present value of the estimated costs of legal and constructive obligations required to restore the operating places in the period in which the obligation occurred (Note 18 b). These restoration activities include the dismantling and removal of structures, the rehabilitation of mines and waste dams, the dismantling of operating facilities, the closure and restoration of factories and waste areas, and the remediation and greening of the affected areas. The requirement usually occurs when the asset is set up or the place / environment in the production area is adversely affected. When the liability is first recorded, the present value of the estimated costs is capitalized by increasing the net book value of the relevant mining assets up to the amount at which the development / construction of the mine will take place. The liability that is discounted over time is increased by the change in the present value, which depends on the discount rates reflecting the market evaluations in the current period and the risks specific to the liability.

The periodic fluctuation of the discount is recognized as a financial cost in the income statement. Additional disruptions or changes in rehabilitation costs are reflected in the respective assets and rehabilitation liabilities as purchase or expense as they occur.

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

2.5 Summary of significant accounting policies (continued)

Provisions for employee benefits

a) Provision for employment termination benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Group arising from the retirement of its employees based on the actuarial projections.

TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains / losses and recognised under other comprehensive income.

b) Defined benefit plans

The Group has to pay contributions to the Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. These contributions are recognised as an employee benefit expense when they are accrued.

c) Unused vacation rights

Kullanılmamış izin haklarından doğan yükümlülükler, hak kazanıldıkları dönemlerde tahakkuk edilir.

Paid in capital

Ordinary shares are classified in equity. Costs related to the issuance of new shares and options are recognized in equity with an amount equal to collected amount less tax effects.

Earnings per share

Earnings per share disclosed in the income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

Revenue from contracts with customers

In accordance with TFRS 15 "Revenue from Customer Contracts", effective from January 1, 2018, the Group has started to use the five-step model below to recognize revenue.

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

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

2.5 Summary of significant accounting policies (continued)

Revenue from contracts with customers (continued)

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations.

According to this model, firstly, the goods or services in the contract with the customers are assessed and each commitment for transfering the goods or services is determined as a separate performance obligation. Then it is assessed whether the performance obligations will be fulfilled at a point in time or over time. When the Group transfers control of a good or service over time, and therefore fulfilles a performance obligation over time, then the revenue is recognised over time by measuring the progress of completion. Revenue is recognized when control of the goods or services is transferred to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

a) presence of Group's collection right of the consideration for the goods or services,
b) customer's ownership of the legal title on goods or services,
c) physical transfer of the goods or services,
d) customer's ownership of significant risks and rewards related to the goods or services,
e) customer's acceptance of goods or services.

The main activities of the Group are operating seven mines in five regions which are Ovacık-Bergama-İzmir, Çukuralan-İzmir, Kaymaz-Eskişehir, Mastra- Gümüşhane and Himmetdede-Kayseri, searching for gold mines generally in Turkey regions and improving the mine fileds of on going projects. The Group sales consist gold dore bars with a right of first refusal to domestic banks on consignment to be sold to the Central Bank of the Republic of Turkey and silver to a domestic refinery on consignment. Due to the fact that the sales are made on demand and the customer is corporate, the Group effectively manages the receivable risk, taking into account the past experiences.

At contract inception, if the Group expects that the period between the transfer of the promised good or service and the payment is one year or less, the Group applies the practical expedient and does not make any adjustment for the effect of a significant financing component on the promised amount of consideration. On the other hand, when the contract effectively constitutes a financing component, the transaction price for these contracts is discounted, using the interest rate implicit in the contract. The difference between the discounted value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Interest income

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash fows through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense

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

2.5 Summary of significant accounting policies (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement

At initial recognition Group classifies its financial assets in three categories as; financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement and classification

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

a. Financial assets measured at amortized cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit of loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- it is its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes cash and cash equivalents, trade receivables and other receivables.

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

2.5 Summary of significant accounting policies (continued)

i. Financial assets (continued)

b. Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they are not held for trading. The classification is determined on an instrument-by instrument basis. The Group elected to classify irrevocably its non-listed equity investments under this category .

The accounting policies below apply to gains and losses from subsequent measurements:

Debt instruments measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Equity instruments measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

c. Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

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

2.5 Summary of significant accounting policies (continued)

i. Financial assets (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The contractual rights to receive cash flows from the asset have expired, or

- The Group has transferred its contractual rights to receive cash flows from the asset, or retains the contractual rights to receive the cash flows of the financial asset but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group transfers a financial asset, it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. When the Group has transferred its contractual rights to receive cash flows from an asset and neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognised in two stages:

- 12-month ECL: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months,

- Lifetime ECL: For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure.

For trade receivables, other receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The expected credit losses were calculated based on a provision matrix that is based on the Group's historical credit loss experience, considering for forward-looking factors.

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

2.5 Summary of significant accounting policies (continued)

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- ***Financial liabilities at fair value through profit or loss***

This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by TFRS 9. Gains and losses are recognised in the statement of profit or loss.

- ***Financial liabilities at amortised cost***

After initial recognition, borrowings and trade and other payables are subsequently measured at amortised cost using the effective inerest rate method. Gains and losses are recognised in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of consolidated financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

2.5 Summary of significant accounting policies (continued)

Government grants

Government grants along with investment, research and development grants are accounted on accrual basis with their fair values when the application of grants is approved. These grants are accounted for as deferred income in the statement of financial position and are credited to income statement on a straightline basis over the expected lives of related assets. Government grants allowing reduced corporate tax practice are evaluated within the scope of TAS 12 Income Taxes standard.

Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decisionmaker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The sectors reported under "Other" do not meet the required minimum quantitative thresholds to be a reportable segment; hence they have been merged for segment reporting.

For an operating segment to be identified as a reportable segment it has to meet any of the following quantitative thresholds:

i. its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments
ii. the absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.
iii. its assets are 10 per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered as reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Events after financial position date

The Group adjusts the amounts recognised in its financial statements to reflect the adjusting events after the financial position date. If non-adjusting events after the financial position date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the financial statements.

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

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 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, 2020, 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.

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

- Changes in the amount of visible and possible gold reserves as a result of the work done,
- The reserve's tenor ("grade") ratio, which can vary significantly from time to time,
- The actual gold price and the estimated gold price taken into account in reserve valuation and tenor determination studies,
- Other matters that may occur in the mine sites and cannot be predicted in advance and may affect the activities,

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

2.6 Significant accounting judgments estimates and assumptions (contuined)

- Unpredictable changes in mining, processing and rehabilitation costs, discount rates, exchange rate changes,
- The effects of changes in mineral life on the useful life of tangible assets depreciated with the straight-line method and whose useful life are limited to the mine life.

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

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

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

As of December 31, 2021, 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 (December 31, 2021: 0.07%, December 31, 2020: 0.08%). 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.

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

2.6 Significant accounting judgments estimates and assumptions (contuined)

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 December 31, 2021, there is no legal risk expected to significantly affect the activities of the Group.

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

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

3. Segment reporting

The Group's reporting according to the operating segments as of December 31, 2021 is presented as follows:

	Mine	Transportation	Tourism	Consumer	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**
Continuing operations						
Sales	4.101.117	-	5.758	60.593	(11.236)	4.156.232
Cost of sales (-)	(1.559.964)	(25.639)	(2.004)	(56.671)	2.503	(1.641.775)
Gross profit / loss	**2.541.153**	**(25.639)**	**3.754**	**3.922**	**(8.733)**	**2.514.457**
Research and development expenses (-)	(295.682)	-	-	-	-	(295.682)
Marketing expenses (-)	(4.944)	-	-	(3.322)	-	(8.266)
General administrative expenses (-)	(303.599)	(1.061)	(3.935)	(3.564)	30.752	(281.407)
Other operating income	203.868	75.594	(980)	2.281	(8.016)	272.747
Other operating expenses (-)	(238.248)	(11.381)	(2.574)	(2.035)	47.124	(207.114)
Operating profit / loss	**1.902.548**	**37.513**	**(3.735)**	**(2.718)**	**61.127**	**1.994.735**
Income / expense from investing activities, net	2.149.298	(93.490)	434	294	(82.194)	1.974.342
Financial income	19.816	-	-	-	(19.816)	-
Financial expenses (-)	(79.306)	(10.477)	(175)	(7.714)	86.330	(11.342)
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9	(6.018)	-	-	-	-	(6.018)
Profit / loss before tax from continuing operations	**3.986.338**	**(66.454)**	**(3.476)**	**(10.138)**	**45.447**	**3.951.717**
Tax income /expense from continuing operations	**(1.019.622)**	**(9.257)**	**1.857**	**476**	**(13.367)**	**(1.039.913)**
Current period tax expense	(1.115.449)	-	-	-	-	(1.115.449)
Deferred tax income / expense	95.827	(9.257)	1.857	476	**(13.367)**	75.536
Profit / (loss) for the period	**2.966.716**	**(75.711)**	**(1.619)**	**(9.662)**	**32.080**	**2.911.804**

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

3. Segment reporting (continued)

The Group's reporting according to the operating segments as of December 31, 2020 is presented as follows:

	Mine	Transportation	Tourism	Consumer	Elimination adjustments	Total
Current assets	7.210.071	281.378	7.197	44.688	(532.471)	7.010.863
Non-current assets	3.504.218	28.083	137.339	18.356	(2.063.056)	1.624.940
Total assets	10.714.289	309.461	144.536	63.044	(2.595.527)	8.635.803
Current liabilities	1.389.572	376.823	11.868	38.234	(1.146.069)	670.428
Non-current liabilities	207.378	1.007	48	1.016	(8.232)	201.217
Equity	9.117.339	(68.369)	132.619	23.794	(1.441.225)	7.764.158
Total liabilities	10.714.289	309.461	144.535	63.044	(2.595.526)	8.635.803
Continuing operations						
Sales	3.276.201	2.009	-	51.380	-	3.329.590
Cost of sales (-)	(1.208.640)	(15.893)	-	(48.911)	13	(1.273.431)
Gross profit / loss	2.067.561	(13.884)	-	2.469	13	2.056.159
Research and development expenses (-)	(131.332)	-	-	-	-	(131.332)
Marketing expenses (-)	(4.796)	-	-	(3.670)	-	(8.466)
General administrative expenses (-)	(258.380)	(307)	(4.053)	(2.839)	4.343	(261.236)
Other operating income	62.250	(17.389)	(6)	1.907	(5.476)	41.286
Other operating expenses (-)	(73.461)	(8.351)	(7.735)	(628)	969	(89.206)
Operating profit / loss	1.661.842	(39.931)	(11.794)	(2.761)	(151)	1.607.205
Income / expense from investing activities, net	689.085	267	5.461	667	(53.508)	641.972
Financial income	9.891	-	-	-	-	9.891
Financial expenses (-)	(42.163)	(7.436)	(268)	(3.640)	53.507	-
Profit / loss before tax from continuing operations	2.318.655	(47.100)	(6.601)	(5.734)	(152)	2.259.068
Tax income /expense from continuing operations	(563.345)	1.435	(4.188)	555	-	(565.543)
Current period tax expense	(553.852)	-	-	-	-	(553.852)
Deferred tax income / expense	(9.493)	1.435	(4.188)	555	-	(11.691)
Profit / (loss) for the period	1.755.310	(45.665)	(10.789)	(5.179)	(152)	1.693.525

4. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	**266**	245
Banks		
- Demand deposits	**16.748**	7.911
- Time deposits	**9.162.005**	6.181.873
Credit card slips	**171**	167
Total	**9.179.190**	6.190.196
Less: Interest accruals	**(40.452)**	(24.601)
Cash and cash equivalents presented in the cash flow statement	**9.138.738**	6.165.595

The details of the Group's 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**	**8.360.680**	**8.360.680**
USD	**%0,75 - %1,3**	**1-30 Gün**	**61.747**	**801.322**
Total				**9.162.002**

The details of the Group's time deposits as of December 31, 2020 are as follows;

Currency	Interest rate	Maturity	Currency amount	TL Equivalent
TL	%15 - %18	1-35 Days	5.627.783	5.627.783
USD	%3 - %4	1-35 Days	75.484	554.090
Total				6.181.873

The Group's blocked deposits of TL 75.120 have been presented under financial investments account (December 31, 2020: TL 94.098).

5. Trade receivables and payables

a- Trade receivables

	December 31, 2021	December 31, 2020
Trade receivables	**108.878**	96.115
Notes receivable	**9.917**	6.440
Provision for doubtful trade receivables (-)	**(91.169)**	(81.525)
Trade receivables from related parties (Note 26)		-
Toplam	**27.626**	21.030

The movement of provision for doubtful trade receivables is as follows;

	2021	2020
January 1	**81.525**	71.259
Additions / (cancellations), net (Note 18)	**9.644**	10.266
December 31	**91.169**	81.525

b- Trade payables

	December 31, 2021	December 31, 2020
Trade payables	215.803	109.823
Total	**215.803**	109.823

6. Other receivables and payables

a. Other receivables

I. Short-term other receivables

i. Other receivables from third parties

	December 31, 2021	December 31, 2020
VAT refund receivables	**54.473**	32.542
Deposits and guarantees given	**44**	53
Other receivables due from personnel	**8**	8
Other	**1.604**	19
Total	**56.129**	32.622

6. Other receivables and payables (continued)

a. Other receivables (continued)

II. Long-term other receivables

ii. Long-term receivables from related parties

	December 31, 2021	December 31, 2020
Other receivables	**160.955**	115.472
Total	**160.955**	115.472

b. Other payables

I. Short-term other payables

i. Short-term other payables from third parties

	December 31, 2021	December 31, 2020
Other	**344**	17.615
Deposits and guarantees received	**17.613**	215
Total	**17.957**	17.830

II. Long-term other payables

i. Long-term other payables from third parties

	December 31, 2021	December 31, 2020
Other payables (*)	72.513	40.309
Total	**72.513**	40.309

(*) The relevant balance arises from the purchase of Newmont Altın by the Group in 2010.

7. Inventories

The inventories of the Group as of December 31, 2021 and 2020 are as follows;

	December 31, 2021	December 31, 2020
Gold and silver in the production process and gold and silver bars	**144.592**	166.094
Spare parts (*)	**141.220**	101.465
Ready to be processed and mined ore clusters	**95.046**	100.520
Chemicals and operating materials	**94.088**	74.587
Other inventories (**)	**24.957**	17.719
Provision for inventory impairment (-)	**(48.913)**	(36.598)
Total	**450.990**	423.787

(*) Spare parts are used for the ongoing operations of the gold mines that continue their operations.

(**) Other inventories consist of food and concentrated antimony stocks.

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

	2021	2020
January 1	**36.598**	-
Additions (+)	**105.474**	36.598
Provisions no longer required	**(93.159)**	
December 31	**48.913**	36.598

8. Biological assets

Biological assets of the Group as of December 31, 2021 and 2020 are as follows;

	December 31, 2021	December 31, 2020
Biological assets	**13.177**	11.761
Total	**13.177**	11.761

9. Prepaid expenses

The Group's prepaid expenses as of December 31, 2021 and 2020 are as follows:

i. Short-term prepaid expenses

	December 31, 2021	December 31, 2020
Advances given (*)	**25.184**	309.180
Prepaid expenses	**3.254**	7.022
Total	**28.438**	316.202

(*) As of December 31, 2021, 267.323 thousands TL of the balance consists of the advance given by ATP Havacılık Ticaret A.Ş., one of the subsidiaries of the Group, for the aircraft ordered in 2014 and delivered in June 2021.

ii. Long-term prepaid expenses

	December 31, 2021	December 31, 2020
Advances given	**374**	357
Other	**12.044**	4.617
Total	**12.418**	4.974

10. Other current and non-current assets

The details of other current and non-current assets of the Group as of December 31, 2021 and 2020 are as follows:

a) Other current assets

	December 31, 2021	December 31, 2020
VAT receivables	**980**	1.479
Job advances given	**527**	2.349
Other	**402**	719
Total	**1.909**	4.547

b) Other non-current assets

	December 31, 2021	December 31, 2020
VAT receivables	134.029	83.115
Total	**134.029**	83.115

11. Financial investments

Financial investments of the Group as of December 31, 2021 and 2020 are as follows;

	December 31, 2021	December 31, 2020
Shares in subsidiaries (*)	**218.423**	218.423
Blocked deposits	**75.120**	94.098
Total	**293.543**	312.521

(*) 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 Group has lost the control over Koza Ltd. and Koza Ltd. was excluded from the scope of consolidation. It has been accounted in the financial statements at cost since the date the control has ended. As of the report date, fair value measurement could not be calculated due to uncertainties arising from the ongoing legal processes about Koza Ltd.

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

12. Investment properties

Investment properties of the Group as of December 31, 2021 and 2020 are as follows;

	January 1, 2021	**Additions**	**Disposals**	**December 31, 2021**
Cost				
Flats	**108.478**	**-**	**-**	**108.478**
Dormitory buildings	**25.625**	**-**	**-**	**25.625**
Hotel	**177.655**	**2.503**	**-**	**180.158**
Total	**311.758**	**2.503**	**-**	**314.261**
Accumulated depreciation				
Flats	**9.059**	**1.926**	**-**	**10.985**
Dormitory buildings	**4.081**	**512**	**-**	**4.593**
Hotel	**71.409**	**5.392**	**-**	**76.801**
Total	**84.549**	**7.830**	**-**	**92.379**
Net book value	**227.209**			**221.882**

	January 1, 2020	Additions	Disposals	December 31, 2020
Cost				
Flats	89.978	18.500	-	108.478
Dormitory buildings	25.625	-	-	25.625
Hotel	175.534	2.177	(56)	177.655
Total	291.137	20.677	(56)	311.758
Accumulated depreciation				
Flats	7.545	1.514	-	9.059
Dormitory buildings	3.135	946	-	4.081
Hotel	66.709	4.756	(56)	71.409
Total	77.389	7.216	(56)	84.549
Net book value	213.748			227.209

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. In 2021, from investment properties owned by Koza Altın, 861 thousand TL rental income has been obtained. (2020: 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 5.669 Thousands TL between January 1 – December 31, 2021 (January 1 – December 31, 2020: Thousands TL 4.890). As of December 31, 2021, there are annotations placed by the General Directorate of National Real Estate on the Group's real estates in Turkey.

13. Right of use assets

The right of use assets of the Group as of December 31, 2021 and 2020 are as follows;

	January 1, 2021	Additions	Muhasebe politakası değişikliği	December 31, 2021
Cost				
Buildings	**1.762**	**-**	**(1.102)**	**660**
Motor vehicles	**17.939**	**52.115**	**(2.234)**	**67.820**
Total	**19.701**	**52.115**	**(3.336)**	**68.480**
Accumulated amortization				
Buildings	**659**	**-**	**-**	**659**
Motor vehicles	**14.559**	**16.309**	**-**	**30.868**
Total	**15.218**	**16.309**	**-**	**31.527**
Net book value	**4.483**			**36.953**

	January 1, 2020	Additions	December 31, 2020
Cost			
Buildings	-	1.762	1.762
Motor vehicles	10.143	7.796	17.939
Total	10.143	9.558	19.701
Accumulated amortization			
Buildings	-	659	659
Motor vehicles	5.637	8.922	14.559
Total	5.637	9.581	15.218
Net book value	4.506		4.483

14. Property, plant and equipment

The property, plant and equipment of the Group as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Mining assets	**393.080**	226.221
Other tangible assets	**1.036.513**	492.457
Total	**1.429.593**	718.678

a) Mining assets

As of December 31, 2021 and December 31, 2020, 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.

	December 31, 2021	December 31, 2020
Lands	**30.889**	32.330
Mine site development cost	**220.470**	123.039
Deferred stripping costs	**14.313**	11.318
Rehabilitation of mining facility	**66.764**	22.118
Mining rights	**60.644**	37.416
Total	**393.080**	226.221

The movements of mining assets are as follows;

	January 1, 2021	**Additions**	**Disposals**	**December 31, 2021**
Cost				
Lands	**70.546**	**3.150**	**-**	**73.696**
Mine site development cost	**451.048**	**133.836**	**-**	**584.884**
Deferred stripping costs	**263.994**	**14.905**	**-**	**278.899**
Rehabilitation of mining facility	**231.133**	**99.922**	**-**	**331.055**
Mining rights	**50.765**	**23.515**	**(275)**	**74.005**
Total	**1.067.486**	**275.328**	**(275)**	**1.342.539**
Accumulated depreciation				
Lands	**38.216**	**4.591**	**-**	**42.807**
Mine site development cost	**328.009**	**36.406**	**-**	**364.415**
Deferred stripping costs	**252.676**	**11.910**	**-**	**264.586**
Rehabilitation of mining facility	**209.015**	**55.275**	**-**	**264.290**
Mining rights	**13.349**	**12**	**-**	**13.361**
Total	**841.265**	**108.194**	**-**	**949.459**
Net book value	**226.221**			**393.080**

14. Property, plant and equipment (continued)

a) Mining assets (continued)

	January 1, 2020	Additions	Disposals	December 31, 2020
Cost				
Lands	60.607	9.939	-	70.546
Mine site development cost	415.548	35.500	-	451.048
Deferred stripping costs	246.609	17.385	-	263.994
Rehabilitation of mining facility	184.922	46.211	-	231.133
Mining rights	40.895	9.975	(105)	50.765
Total	948.581	119.010	(105)	1.067.486
Accumulated depreciation				
Lands	32.647	5.569	-	38.216
Mine site development cost	310.853	17.156	-	328.009
Deferred stripping costs	229.963	22.713	-	252.676
Rehabilitation of mining facility	140.131	68.884	-	209.015
Mining rights	12.932	417	-	13.349
Total	726.526	114.739	-	841.265
Net book value	222.055			226.221

Depreciation expenses are accounted under the cost of goods sold.

There isn't any mortgage on mining assets as of December 31, 2021 (December 31, 2020: None).

The costs of the lands, mining rights and mine site development costs of the Group, which have been fully depreciated as of December 31, 2021, but are in use, are amounting to thousands TL 105.635 (December 31, 2020: thousands TL 102.593).

14. Property, plant and equipment (continued)

b) Other tangible assets

Movements of other tangible assets during the year as of December 31, 2021 and 2020 are as follows;

	January 1, 2021	Additions	Disposals	Transfers	December 31, 2021
Cost					
Land, buildings and land improvements	367.443	15.089	-	19.159	401.691
Machinery and equipment	772.354	73.322	(304)	7.848	853.220
Motor vehicles (**)	103.610	481.637	(312)	-	584.935
Furnitures and fixtures	74.831	18.935	(21)	797	94.542
Construction in progress (*)	15.978	60.637	(3.034)	(27.804)	45.777
Total	**1.334.216**	**649.620**	**(3.671)**	-	**1.980.165**
Accumulated depreciation					
Buildings and land improvements	175.328	19.108	-	-	194.436
Machinery and equipment	563.733	41.251	(165)	-	604.819
Motor vehicles	56.477	32.822	(284)	-	89.015
Furnitures and fixtures	46.221	9.169	(8)	-	55.382
Total	**841.759**	**102.350**	**(457)**	**-**	**943.652**
Net book value	**492.457**				**1.036.513**

(*) As of December 31, 2021, 2.669 thosuand TL of the disposals from construction in progress account consist of the cancellation of the investments made by the Company related to the 2nd Waste Storage facility for Mastra mining site.

(**) As of December 31, 2021, 428,503 thousand TL of the additions to the vehicles account originates from the aircraft purchased by ATP Havacılık on 3 June 2021.

Depreciation expenses amounting to TL 95.368 (2020: TL 98.090) have been accounted under cost of the goods and amounting to TL 6.982 (2020: TL 6.733) under general administrative expenses.

There isn't any mortgage on other tangible assets as of December 31, 2021 (December 31, 2020: None). As of December 31, 2021, the insurance amount on the tangible assets and inventories of the Company is TL 254.399 (December 31, 2020: TL 184.773).

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

14. Property, plant and equipment (continued)

b) Other tangible assets

	January 1, 2020	Additions	Disposals	Transfers	December 31, 2020
Cost					
Land, buildings and land improvements	321.592	7.357	(69)	38.563	367.443
Machinery and equipment	683.770	84.771	(89)	3.902	772.354
Motor vehicles	137.661	30.633	(405)	(64.279)	103.610
Furnitures and fixtures	61.859	9.468	(99)	3.603	74.831
Construction in progress (*)	12.899	50.856	(1.709)	(46.068)	15.978
Total	1.217.781	183.085	(2.371)	(64.279)	1.334.216
Accumulated depreciation					
Buildings and land improvements	145.697	29.638	(7)	-	175.328
Machinery and equipment	514.126	49.617	(10)	-	563.733
Motor vehicles	91.424	18.799	(185)	(53.561)	56.477
Furnitures and fixtures	39.501	6.769	(49)	-	46.221
Total	790.748	104.823	(251)	(53.561)	841.759
Net book value	427.033				492.457

(*) As of December 31, 2020, the disposals from construction in progress account consist of the investments made by the Group related to the canceled Söğüt project.

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

15. Intangible assets

a) Goodwill

As of December 31, 2021 and 2020 the details of the Group's intangible assets are as follows:

	December 31, 2021	December 31, 2020
Goodwill related to Newmont Altın purchase	**11.232**	11.232
Total	**11.232**	11.232

15. Intangible assets (continued)

a) Goodwill (continued)

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 thousands USD and 2.462 thousands USD, which constitute part of the total purchase price of 8.500 thousands US dollars, for 99.84% Newmont Altın shares, on June 28, 2010 and July 2, 2010, respectively. The remaining 5.500 thousands USD of the purchase price, 3.000 thousands 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 thousands USD will be paid one year after the second payment.

As of December 31, 2021, 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 December 31, 2021.

b) Other intangible assets

The details of the Group's other intangible assets as of December 31, 2021 and 2020 are as follows:

	January 1, 2021	**Additions**	**December 31, 2021**
Cost			
Rights	**12.572**	**4.608**	**17.180**
Total	**12.572**	**4.608**	**17.180**
Accumulated depreciation			
Rights	**11.390**	**1.744**	**13.134**
Total	**11.390**	**1.744**	**13.134**
Net book value	**1.182**		**4.046**

	January 1, 2020	Additions	December 31, 2020
Cost			
Rights	11.737	835	12.572
Total	11.737	835	12.572
Accumulated depreciation			
Rights	10.206	1.184	11.390
Total	10.206	1.184	11.390
Net book value	1.531		1.182

16. Lease liabilities

	December 31, 2021	December 31, 2020
Short-term lease liabilities	**19.470**	3.598
Long-term lease liabilities	**20.667**	1.329
Total	**40.137**	4.927

Movement of lease liabilities for the year ended on December 31, 2021 and 2020 is as follows:

	2021	2020
January 1	**4.927**	4.447
Additions	**50.159**	10.116
Paid during the period	**(21.945)**	(11.245)
Interest accrued	**6.996**	1.609
December 31	**40.137**	4.927

17. Payables related to employee benefits

	December 31, 2021	December 31, 2020
Social security premium payables	**12.890**	12.745
Payables due to personnel	**638**	3.015
Other	**7.684**	10.614
Total	**21.212**	26.374

18. Provisions, contingent assets and liabilities

As of December 31, 2021 and 2020, the details of the Group's provisions, contingent assets and liabilities are as follows:

a) Short-term provisions

	December 31, 2021	December 31, 2020
State right expense provision	**320.010**	255.413
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	**54.218**	74.211
Provisions for lawsuit	**56.144**	47.321
Other provisions (*)	**15.880**	1.060
Total	**446.252**	378.005

(*) As of 31 December 2021, 13.120 thousand TL of the balance consists of committed school construction donations.

18. Provisions, contingent assets and liabilities (continued)

a) Short-term provisions (continued)

The movement table of state right expense provision is as follows;

	2021	2020
January 1	**255.413**	107.470
Paid during the period	**(222.674)**	(113.735)
Effect of changes in estimates and assumptions	**(32.739)**	6.265
Additions	**320.010**	255.413
December 31	**320.010**	255.413

The movement table provision for lawsuit is as follows;

	2021	2020
January 1	**47.321**	12.972
Paid during the period	**-**	(13.516)
Effect of changes in estimates and assumptions	**-**	544
Additions	**8.823**	47.321
December 31	**56.144**	47.321

b) Long-term provisions

	December 31, 2021	December 31, 2020
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	**273.599**	119.492
Total	**273.599**	119.492

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

	2021	2020
January 1	**193.703**	170.941
Paid during the period	**(3.541)**	(32.414)
Discount effect	**235**	15.928
Effect of changes in estimates and assumptions	**(5.166)**	5.098
Additions / (cancellations), net	**142.586**	34.150
December 31	**327.817**	193.703

18. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits

i- Short-term provisions for employee benefits

	December 31, 2021	December 31, 2020
Provision for unused vacation	**16.034**	11.147
Personnel bonus provision	**22.879**	
Total	**38.913**	11.147

The movement of provision for unused vacation is as follows;

	2021	2020
January 1	**11.147**	10.641
Additions / (cancellations), net	**4.887**	506
December 31	**16.034**	11.147

ii- Long-term provisions for employee benefits

	December 31, 2021	December 31, 2020
Provision for employee termination benefits	**48.952**	39.837
Total	**48.952**	39.837

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.

Severance pay provision 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 TL (January 1, 2021: TL 7.638,96) as of Januray 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:

	December 31, 2021	December 31, 2020
Net discount rate	**%4,17**	%3,67
Turnover rate related the probability of retirement (rate of employees to remain to retirement)	**%93,62**	%96,62

18. 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 December 31, 2021 and 2020 are as follows:

	2021	2020
January 1	**39.837**	29.382
Interest cost	**5.137**	3.485
Service cost	**10.253**	8.581
Actuarial loss / (gain)	**220**	544
Severance paid	**(6.495)**	(2.155)
December 31	**48.952**	39.837

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 December 31, 2021 is as follows:

	Discount rate		**Rate of retirement**	
	%0,50 increase	**%0,50 decrease**	**%0,50 increase**	**%0,50 decrease**
2021	(4.839)	5.828	1.189	(1.119)

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, Izmir 6th Administrative Court's case numbered 2017/1317 E. was filed against the Ministry of Environment and Urbanization and the Company intervened to the case. İzmir 6th Administrative Court rejected the case in favor of the Company in the case file numbered 2017/1317 E. 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. The results of other lawsuits regarding the Ovacık gold mine are not such as to affect the Company's activities.

18. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

ii- Lawsuits related to Kaymaz mine

The Company has filed lawsuits in Eskisehir 1st Administrative Court numbered 2014/1084 E. and Eskişehir 1st Administrative Court numbered 2014/760 E. Requesting cancellation and stay of execution against the operations related to the cessation of operations in the agricultural lands of the Kaymaz gold mine located in the field bearing 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. Substantial examination of the appeal continues in terms of both files and the trial is ongoing.

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 Eskişehir 1st Administrative Court, with the possibility of appeal. The plaintiffs appealed the files and the Council of State upheld both decisions of the Eskişehir 1st Administrative Court in favor of our company in the files numbered 2020/302 E. and 2020/350 E. of the Eskişehir 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 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 definitly no room for reversing the decision numbered 2019/574 E.

18. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

iii- Lawsuits related to other mines (continued)

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.

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.

18. 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.

vii- Employee lawsuits and cases of contract receivables

As of December 31, 2021, the provision amount accounted for ongoing employee and other lawsuits against the Group is amounting to Thousands TL 56.144 (December 31, 2020: Thousands TL 47.321).

18. 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 December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
A. CPM's given on behalf of own legal personality	**76.991**	66.172
- Guarantee	***76.991***	*66.172*
- Pledges	**-**	-
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	**76.991**	66.172

ii- Letter of guarantees received

The details of the Group's letter of guarantees received as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Guarantee cheques	**896.303**	514.000
Guarantee letters	**120.359**	92.354
Security bonds	**47.129**	37.711
Total	**1.063.791**	644.065

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-Gümüşhane is covered by the Treasury within the scope of the "Regional Insurance Premium Incentive" numbered 56486. The company also benefits from the 5% employer's insurance premium incentive within the scope of the "Social Insurance and General Health Insurance Law" No. 5510 in all workplaces.

19. 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 2021 is 25% (2020: 22%).

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 2021 is 25% (2020: 22%). 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 December 2021; 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 22% 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 has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. 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 December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2021	December 31, 2020
Current tax expense	**1.115.449**	553.852
Prepaid taxes (-)	**(689.088)**	(434.379)
Current income tax liability	**426.361**	119.473

19. Income taxes (continued)

Tax expense details recognized in the income statement as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Current income tax expense	**(1.115.449)**	(553.852)
Deferred tax income / (expense)	**75.536**	(11.691)
Total tax expense	**(1.039.913)**	(565.543)

Deferred taxes

The Group recognizes deferred tax assets and liabilities for temporary differences arising from differences between its tax base legal financial statements and its consolidated financial statements prepared in accordance with TMS / TFRS. The aforementioned differences are generally due to the fact that some income and expense items are included in different periods in the financial statements subject to tax and the consolidated financial statements prepared in accordance with TMS / TFRS, and these differences are stated below. In the calculation of deferred tax assets and liabilities, the tax rates expected to be applied in the periods when assets are converted into income or debts are paid are taken into account. (December 31, 2020: 22%).

Deferred taxes

	December 31, 2021		December 31, 2020	
	Cumulative temporary differences	Deferred tax	Cumulative temporary differences	Deferred tax
Tangible and Intangible assets	**628.662**	**138.367**	461.891	92.378
State right provision	**320.010**	**73.602**	255.413	51.083
Lawsuit provision	**51.635**	**11.584**	39.028	7.806
Provision for employee termination benefits	**48.952**	**10.754**	39.837	7.967
Provisions for doubtful receivables	**26.115**	**5.799**	14.136	2.827
Personnel bonus provision	**22.879**	**5.262**		
Provision for unused vacation	**16.034**	**3.673**	11.147	2.229
TFRS 9 provision	**5.365**	**1.234**		
Lease activities	**5.330**	**1.226**	2.049	410
Other	**-**	**-**	215	43
Deferred tax assets		**251.501**		164.993
Deferred tax liabilities		**-**		(250)
Deferred tax provision		**(31.964)**		(20.793)
Deferred tax assets, net		**219.537**		143.950

Movement of deferred tax is as follows:

	2021	2020
January 1	**143.950**	153.970
Deferred tax expense recognized in income statement	**75.536**	(11.691)
Deferred tax expense recognized in equity	**51**	1.671
December 31	**219.537**	143.950

19. Income taxes (continued)

The reconciliation of the tax is as follows:

	2021	2020
Profit before tax	**3.951.717**	2.259.068
Effective tax rate	**25%**	22%
Tax calculated using effective tax rate	**987.929**	496.995
Effect of investment incentive allowance	**-**	(19.533)
Different tax rate effect	**(23.519)**	26.887
Temporary differences not subject to deferred tax	**62.732**	45.022
Effect of non-deductible expenses	**21.783**	4.249
Other	**(9.012)**	11.923
Corporate tax provision	**1.039.913**	565.543

20. Equity

a) Share capital

As of December 31, 2021, the Group's paid-in capital is amounting to thousands TL 259.786 (December 31, 2020: thousands TL 259.786) and consists of 25.978.556.100 shares (December 31, 2020: 25.978.556.100 shares) with a nominal share value of 1 Kuruş, fully paid. The registered capital ceiling of the Group is thousands TL 400.000 (December 31, 2020: thousands 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 registered a registered capital ceiling of Thousands TL 400.000 has increased its issued capital from Thousands TL 129.893 to Thousands TL 259.786.

Sermayeye sahip ortakların dökümü aşağıdaki gibidir:

	December 31, 2021		December 31, 2020	
Capital	**Share rate**	**Share amount**	Share rate	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

20. Equity (continued)

a) Share capital (continued)

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 priviliges 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.

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.

20. Equity (continued)

b) Restricted reserves

The Group's restricted reserves are as follows:

	December 31, 2021	December 31, 2020
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.

21. Revenue and cost of sales

The details of the Group's revenue and cost of sales as of January 1 – December 31, 2021 and 2020 are as follows:

a) Revenue

	January 1 – December 31, 2021	January 1 – December 31, 2020
Domestic sales	**4.060.908**	3.301.937
Exports	**91.040**	25.784
Other sales	**4.976**	2.720
Total sales	**4.156.924**	3.330.441
Sales returns	**(692)**	(849)
Sales and other discounts	**-**	(2)
Net sales	**4.156.232**	3.329.590
Cost of sales	**1.641.775**	1.273.431
Gross profit	**2.514.457**	2.056.159

The distribution of the Group's revenues by product type as of January 1 – December 31, 2021 and 2020 is as follows:

	January 1 – December 31, 2021	January 1 – December 31, 2020
Sales of gold bullion	**3.971.036**	3.233.348
Sales of silver bullion	**20.079**	16.291
Other	**165.809**	80.802
Total	**4.156.924**	3.330.441

21. Revenue and cost of sales (continued)

b- Cost of sales

	January 1 – December 31, 2021	January 1 – December 31, 2020
Personnel expenses	**327.384**	256.981
State right, fees and other taxes	**284.499**	260.345
Direct materials used	**280.974**	196.485
Depreciation and amortisation expense	**212.288**	213.518
Repair and maintenance expenses	**165.018**	108.714
Electricity and fuel expenses	**139.409**	103.652
Transportation costs	**38.080**	22.417
Rehabilitation expenses	**37.734**	8.965
Rent expenses	**25.733**	16.728
Stripping and crusher feeding expenses	**12.760**	17.331
Other	**101.352**	76.143
Change in work-in-progress and finished good inventory	**(11.091)**	(25.322)
Total	**1.614.140**	1.255.957
Cost of services rendered	**27.635**	17.474
Total	**1.641.775**	1.273.431

22. Expenses by nature

Research and development, marketing, sales and distribution and general administrative expenses

	January 1 – December 31, 2021	January 1 – December 31, 2020
Research expenses	**286.960**	127.574
Personnel expenses	**119.529**	93.373
Advertising and marketing expenses	**37.716**	21.885
Depreciation and amortisation expense	**24.139**	15.276
Legal expenses	**21.801**	12.373
Dues, donations and aids	**13.577**	53.010
State right, fees and other taxes	**12.662**	8.042
Outsourced security expenses	**10.615**	10.231
Electricity and fuel expenses	**8.465**	5.375
Marketing, sales, distribution expenses	**4.786**	4.551
Audit and consultancy expenses	**4.574**	2.867
Gold sales and refinery expenses	**3.478**	3.916
Insurance expenses	**2.676**	2.335
Communication expenses	**2.074**	1.667
Travel expenses	**1.789**	770
Rent expenses	**1.408**	703
Other	**29.106**	37.086
Total	**585.355**	401.034

23. Other operating income and expenses

The details of the Group's other operating income as of January 1 – December 31, 2021 and 2020 are as follows:

	January 1 – December 31, 2021	January 1 – December 31, 2020
Foreign exchange income related to trading activities	**222.371**	1.636
Other (*)	**50.376**	39.650
Total	**272.747**	41.286

(*) 16,229 thousand TL of the other balance is from the other income and profits of Koza Altın İşletmeleri A.Ş. and 7,724 thousand TL consists of commission income earned by ATP Havacılık Ticaret A.Ş.

The details of the Group's other operating expenses as of January 1 – December 31, 2021 and 2020 are as follows:

	January 1 – December 31, 2021	January 1 – December 31, 2020
Lawsuit provision expenses	**8.823**	34.349
Doubtful receivable expenses	**9.644**	10.266
Other (**)	**188.647**	44.591
Total	**207.114**	89.206

(**) As of 31 December 2021, 166.841 thousand TL of the balance consists of committed school donations.

24. Income from investing activities

	January 1 – December 31, 2021	January 1 – December 31, 2020
Interest income	**1.146.783**	556.702
Foreign exchange income	**739.491**	78.804
Profit from sales of tangible asset (*)	**81.706**	
Other	**6.362**	10.213
Total	**1.974.342**	645.719

(*) Due to the aircraft sold by ATP Havacılık Ticaret A.Ş.

25. Earnings per share

Earnings per share is calculated by dividing the current year net profit of the parent " 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 December 31, 2021 and 2020 are as follows:

	January 1 – December 31, 2021	January 1 – December 31, 2020
Net profit fattributable to the owners of the Group	**660.509**	362.163
Weighted average number of shares certificates	**25.978.556.100**	25.978.556.100
Earnings per 100 share	**2,543**	1,394
Total comprehensive income attributable to the owners of the Group	**660.392**	356.275
Earnings per 100 shares from total comprehensive income	**2,542**	1,371

26. Related party disclosures

The other trade payables and other receivables of the Group consist of the payables and receivables given and received in order to meet the financing needs of the Group and its related parties during the year. Other payables and other receivables do not have a certain maturity, and the Group accrues interest on the related payables and receivables at the end of the period, using the current interest rate determined monthly, taking into account the evaluations made by the Group management and the developments in the markets. In this context, the current interest for December 2021 was applied as 17,98% per year (December 31, 2020: 11,01%).

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

26. Related party disclosures (continued)

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 December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2021	December 31, 2020
Koza İpek Holding A.Ş. (1)	**160.081**	115.014
Other (3)	**874**	458
Total	**160.955**	115.472

Other payables of the Group to related parties as of December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2021	December 31, 2020
Koza İpek Sigorta Aracılık Hizmetleri A.Ş. (2)	**-**	193
Other (3)	**-**	1.024
Total	**-**	1.217

b) Transactions with related parties

Expense balances from related parties between January 1 – December 31, 2021 and 2020 are as follows;

	January 1 – December 31, 2021			January 1 – December 31, 2020		
	Interest	**Service**	**Other**	Interest	Service	Other
Koza İpek Holding A.Ş. (1)	**2.200**	**-**	**2.434**	-	-	1.696
Koza İpek Sigorta Aracılık Hizmetleri A.Ş. (2)	**-**	**-**	**-**	-	-	3.682
Other				-	-	-
	2.200	**-**	**2.434**	-	-	5.378

Income balances from related parties between January 1 – December 31, 2021 and 2020 are as follows;

	January 1 – December 31, 2021			January 1 – December 31, 2020		
	Interest	**Service**	**Interest**	Service	Interest	Service
Koza İpek Holding A.Ş. (1)	**27.173**	**-**	**148**	11.537	-	134
Koza İpek Sigorta Aracılık Hizmetleri A.Ş.	**-**	**-**	**-**	-	-	31
Other (3)	**-**	**-**	**61**	-	-	27
	27.173	**-**	**209**	11.537	-	192

c) Compensations provided to key management; The group's key management consist of the general manager and assistant general managers. Compensation provided to senior management include short-term benefits such as wages and bonuses. Total amount of wages and similar benefits paid to key management between January 1 – December 31, 2021 is amounting to Thousands TL 12.650 (January 1 – December 31, 2020: Thousands TL 9.348).

27. 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. The Group manages this risk by continuously evaluating the reliability of the financial institutions.

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

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

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

a) Credit risk (continued)

The analysis of the Group's credit risk as of December 31, 2021 and December 31, 2020 is as follows:

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

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

a) Credit risk (continued)

	Trade receivables		Other receivables		Cash and cash equivalents
December 31, 2020	**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)*	-	21.030	115.472	34.496	6.189.784
Portion of the maximum risk that is guaranteed with a collateral, etc	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	-	21.030	115.472	34.496	6.189.784
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 (-)	-	81.525	-	-	-
The part of net value under guarantee with collateral, etc	-	(81.525)	-	-	-
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.

c) 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.

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

c) Market risk (continued)

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

December 31, 2021	**TL Equivalent**	**US Dollar**	**Euro**	**Gbp**
Cash and cash equivalents	**828.704**	**63.120**	**650**	**1**
Trade 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 position	**(265.037)**	**(16.525)**	**(3.069)**	**(317)**

December 31, 2020	TL Equivalent	US Dollar	Euro	Gbp
Cash and cash equivalents	554.311	75.415	31	45
Trade receivables	37	-	3	1
Prepaid expenses	24.496	534	1.995	262
Current assets	578.844	75.949	2.029	308
Total assets	578.844	75.949	2.029	308
Trade payables	34.602	263	3.245	346
Other payables	40.307	5.491	-	-
Current liabilities	74.909	5.754	3.245	346
Total liabilities	74.909	5.754	3.245	346
Net foreign currency position	503.935	70.195	(1.216)	(38)

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

c) Market risk (continued)

Sensitivity analysis;

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

The table below shows the sensitivity of the Group to 10% increase and decrease in US Dollar and Euro exchange rates. The sensitivity analysis includes only 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**	
December 31, 2021	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case of 10% appreciation / depreciation of USD against TL				
1- USD net asset/liability	(21.445)	21.445	(21.445)	21.445
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(21.445)	21.445	(21.445)	21.445
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(4.506)	4.506	(4.506)	4.506
5- Portion protected from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(4.506)	4.506	(4.506)	4.506
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	(553)	553	(553)	553
8- Portion protected from GBP risk (-)	-	-	-	-
9- GBP Net effect (7+8)	(553)	553	(553)	553
TOTAL (3+6+9)	(26.504)	26.504	(26.504)	26.504

	Profit / Loss		**Equity**	
December 31, 2020	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case of 10% appreciation / depreciation of USD against TL				
1- USD net asset/liability	51.527	(51.527)	51.527	(51.527)
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	51.527	(51.527)	51.527	(51.527)
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(1.095)	1.095	(1.095)	1.095
5- Portion protected from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(1.095)	1.095	(1.095)	1.095
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	(38)	38	(38)	38
8- Portion protected from GBP risk (-)	-	-	-	-
9- GBP Net effect (7+8)	(38)	38	(38)	38
TOTAL (3+6+9)	**50.394**	**(50.394)**	**50.394**	**(50.394)**

27. 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.

d) 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.

28. 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:

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

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets:	-	-	218.423	218.423
Measured at fair value through other comprehensive income	-	-	218.423	218.423

29. Subsequent events after balance sheet date

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", the proposal of which was submitted on January 13, 2022 and accepted in the Grand National Assembly of Turkey on January 20, 2022, the Turkish Lira assets, which converts foreign currencies or various gold resources into Turkish Lira, and obtained in this way, has at least three Various foreign exchange differences, interest, dividends and other incomes of companies that invest in one-month deposits and participation accounts are exempted from corporate tax.

As a result of the decision taken by the Company, approximately 63,800,000 TL expected corporate tax exemption advantage from withholding tax in 2021 within the scope of the Temporary Article 14 of the Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734. Changes made in tax laws after the reporting date are within the scope of "non-adjusting event after the reporting period" in accordance with TAS 10.

30. Fees for services received from independent auditor/independent audit firm

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

	January 1– December 31, 2021	January 1– December 31, 2020
Independent audit fee for the reporting period	**688**	534
	688	534

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

The Group's independently audited consolidated financial statements for the years ended December 31, 2016, 2017, 2018, 2019 and 2020, 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 and March 1, 2021 respectively. Independently audited consolidated financial statements for the year ended December 31, 2015, on the other hand, were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Group for the years 2015, 2016, 2017, 2018, 2019 and 2020, as explained in detail in footnote number 17, in accordance with the decision of the Ankara 5th Criminal Court of Peace, dated October 26, 2015, the management of the Group, the Board of Trustees, followed by the Board of Trustees on September 22, 2016. was transferred to the Savings Deposits Insurance Fund ("SDIF"). As of the date of the report, due to the fact that various examinations and studies are ongoing by the Prosecutor's Office, the Police Department of Financial Crimes and the CMB, the consolidated financial statements of the relevant periods were not submitted to the approval of the General Assembly.