

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Interim condensed consolidated financial statements as of June 30, 2021 together with limited review report

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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of İpek Doğal Enerji Kaynakları Araştırma ve Üretim Anonim Şirketi (the Company) and its subsidiaries (the Group) as of June 30, 2021 and the interim condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and explanatory notes. Group management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Turkish Accounting Standard 34, Interim Financial Reporting (TAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

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



**Building a better
working world**

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

Emphasis of Matter

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

Qualified Conclusion

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

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



Mehmet Can Altıntaş, SMMM
Partner

August 9, 2021
Ankara

Table of contents	Pages
Condensed consolidated statement of financial position	1-2
Condensed consolidated statement of profit or loss and other comprehensive income.....	3
Condensed consolidated statement of changes in equity.....	4
Condensed consolidated cash flow statement	5
Explanatory notes to the condensed consolidated financial statements.....	6-48

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Condensed consolidated statement of financial position
as of June 30, 2021**

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

Assets	Notes	Reviewed June 30, 2021	Audited December 31, 2020
Current assets		8.172.108	7.010.863
Cash and cash equivalents	4	7.535.139	6.190.196
Trade receivables			
- Due from third parties		29.575	21.030
Other receivables			
- Due from third parties		31.536	32.622
Inventories	6	481.239	423.787
Biological asset		11.274	11.761
Prepaid expenses		75.431	316.202
Other current assests		7.914	4.547
Non-current assets classified for sale		-	10.718
Non-current assets		2.223.581	1.624.940
Financial investments	5	278.364	312.521
Other receivables			
- Due from related parties	16	140.050	115.472
- Due from third parties		2.925	1.874
Investment properties	7	226.172	227.209
Right-of-use assets		36.311	4.483
Property, plant and equipment	8	1.227.378	718.678
Intangible assets			
- Goodwill	9	11.232	11.232
- Other intangible assets	9	3.070	1.182
Prepaid expenses		2.684	4.974
Deferred tax assets	14	187.008	144.200
Other non-current assets		108.387	83.115
Total assets		10.395.689	8.635.803

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

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Condensed consolidated statement of financial position
as of June 30, 2021**

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

Liabilities	Notes	Reviewed June 30, 2021	Audited December 31, 2020
Current liabilities		934.152	670.428
Short-term lease liabilities			
- Lease liabilities		16.195	3.598
Trade payables			
- Due to third parties		165.901	109.823
Payables related to employee benefits		27.566	26.374
Other payables			
- Due to related parties	16	2.016	1.217
- Due to third parties		17.775	17.830
Deferred income		3.587	613
Current income tax liabilities	14	270.295	119.473
Short-term provisions			
- Provisions for employment benefits	10	34.861	11.147
- Other short-term provisions	10	389.835	378.005
Other current liabilities		6.121	2.348
Non-current liabilities		230.991	201.217
Long-term lease liabilities			
- Lease liabilities		25.593	1.329
Other payables		48.909	40.309
Deferred income		131	-
Long-term provisions			
- Provisions for employment benefits	10	49.021	39.837
- Other long-term provisions	10	107.337	119.492
Deferred tax liabilities		-	250
Equity		9.230.546	7.764.158
Equity of parent company		1.857.223	1.479.148
Paid-in share capital	11	259.786	259.786
Share premium		239	239
Other comprehensive income / expense not to be reclassified to profit or loss			
- Actuarial gain / (loss) fund for employee benefits		(5.154)	(3.737)
Other comprehensive income / expense to be reclassified to profit or loss			
Restricted reserves	11	49.204	49.204
Retained earnings		1.173.656	811.493
Profit for the period		379.492	362.163
Non-controlling interests		7.373.323	6.285.010
Total liabilities and equity		10.395.689	8.635.803

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

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Condensed consolidated statements of profit or loss and other comprehensive income
for the period ended June 30, 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)**

		Reviewed January 1 – June 30, 2021	Reviewed January 1 – June 30, 2020	Reviewed April 1 – June 30, 2021	Reviewed April 1 – June 30, 2020
	Notes				
Revenue	12	2.044.486	1.456.644	1.165.114	739.917
Cost of sales (-)	12	(685.540)	(520.668)	(323.808)	(244.668)
Gross profit		1.358.946	935.976	841.306	495.249
Research and development expenses (-)		(127.610)	(50.787)	(67.333)	(10.908)
Marketing, sales and distribution expenses (-)		(3.904)	(3.886)	(1.993)	(2.215)
General administrative expenses (-)		(286.621)	(98.122)	(203.007)	(55.753)
Other operating income		114.382	56.990	109.597	24.338
Other operating expenses (-)		(12.221)	(69.263)	(7.196)	(24.157)
Operating profit		1.042.972	770.908	671.374	426.554
Income from investing activities	13	860.652	327.070	355.937	149.288
Expenses from investing activities (-)		-	(3.747)	-	-
Operating profit before financial income and expense		1.903.624	1.094.231	1.027.311	575.842
Financial income		-	-	-	-
Financial expense (-)		-	(570)	-	(570)
Profit before tax from continued operations		1.903.624	1.093.661	1.027.311	575.272
Tax expense from continuing operations		(433.929)	(260.925)	(268.670)	(113.902)
- Current tax expense	14	(476.000)	(253.429)	(282.499)	(116.159)
- Deferred tax income / (expense)	14	42.071	(7.496)	13.829	2.257
Net profit for the period		1.469.695	832.736	758.641	461.370
Other comprehensive income / (expense)					
Total other comprehensive income not to be classified to profit or loss in subsequent years					
Gains / (losses) on remeasurements of defined benefit plans		(4.294)	(502)	(752)	(2.553)
Gains / (losses) on remeasurements of defined benefit plans, tax effect		987	100	279	510
Total other comprehensive income to be reclassified to profit or loss in subsequent years					
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		1.466.388	826.796	758.168	459.327
Attributable to:					
Non-controlling interests		1.090.203	647.443	559.518	356.623
Equity of parent company		379.492	185.293	199.123	104.747
Comprehensive income					
Non-controlling interests		1.088.313	647.170	559.368	355.227
Equity of parent company		378.075	179.626	198.800	104.100
Earnings per 100 share	15	1,461	0,713	1,151	0,403

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

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Condensed consolidated statements of changes in equity

for the period ended June 30, 2021

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

			Other comprehensive income/expense not to be reclassified to profit or loss	Other comprehensive income/expense to be reclassified to profit or loss			Retained earnings			
	Paid in capital	Share premium	Actuarial (loss) / gain fund for employment termination benefit	Gains / (losses) on financial assets at fair value through other comprehensive income	Restricted reserves	Retained earnings	Net profit for the period	Equity of parent company	Non-controlling interests	Total equity
Balances as of January 1, 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	-	-	-	-	-	-	185.293	185.293	647.443	832.736
Other comprehensive income/(loss)	-	-	(129)	(5.538)	-	-	-	(5.667)	(273)	(5.940)
Total comprehensive income/(loss)	-	-	(129)	(5.538)	-	-	185.293	179.626	647.170	826.796
Transfers	-	-	-	-	-	406.558	(406.558)	-	-	-
Balance as of June 31, 2020	259.786	239	(3.516)	-	49.204	811.493	185.293	1.302.499	5.600.903	6.903.402
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	-	-	-	-	-	-	379.492	379.492	1.090.203	1.469.695
Other comprehensive income/(loss)	-	-	(1.417)	-	-	-	-	(1.417)	(1.890)	(3.307)
Total comprehensive income/(loss)	-	-	(1.417)	-	-	-	379.492	378.075	1.088.313	1.466.388
Transfers	-	-	-	-	-	362.163	(362.163)	-	-	-
Balances as of June 31, 2021	259.786	239	(5.154)	-	49.204	1.173.656	379.492	1.857.223	7.373.323	9.230.546

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

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Condensed consolidated statements of cash flows
for the period ended June 30, 2021**

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

		<i>Reviewed</i>	<i>Reviewed</i>
	<i>Note</i>	January 1 – June 30, 2021	January 1 – June 30, 2020
A. Cash flows from operating activities		1.023.065	762.552
Profit for the period from continuing operations		1.469.695	832.736
Adjustments to reconcile profit for the period			
Adjustments for depreciation and amortization		88.609	95.595
Adjustments for derecognition of property, plant and equipment	8	-	1.399
Adjustments for gains arising from the sale of fixed assets classified for sale		(81.290)	-
Adjustments for recognition/ (derecognition) impairment of trade receivables		4.554	506
Adjustments for provisions			
- Adjustments for provisions for employee benefits	10	28.425	3.652
- Adjustment for lawsuits and / or penalty provision	10	-	11.254
- Adjustment for other provisions (cancellations)	10	59.381	13.198
- Adjustments for rehabilitation and state rights provision	10	(57.044)	128.254
Adjustments for tax expense	14	433.929	260.925
Adjustments for interest income	13	(526.584)	(228.752)
Adjustments for interest expenses		4.055	3.930
Adjustment for impairment in inventories	6	28.883	-
Other adjustments related to loss reconciliation		-	19
Adjustments for gains arising from disposal of fixed assets		(3)	-
Total adjustments		(17.085)	289.980
Increase in trade receivables		(13.098)	(1.166)
Decrease in other receivables		(144.027)	(113.055)
Adjustment for increase in inventories	6	(86.335)	(33.804)
Decrease/ (increase) in biological assets		487	2.070
Increases in prepaid expenses		(24.262)	(8.063)
Decrease in trade payables		56.078	(4.943)
Increase in liabilities within the scope of employee benefits		1.192	(2.549)
Increase in other assets		(68.556)	(30.139)
Increase decrease in other liabilities		9.343	4.960
Increase in deferred income		3.104	2.747
Decrease in other liabilities		47.286	1.088
Taxes paid		(205.705)	(154.338)
Payments of employee retirement benefits	10	(2.390)	(1.024)
Payments related to other provisions	10	(2.662)	(21.948)
Net cash from operating activities		(429.545)	(360.164)
B. Cash flows from investing activities		291.491	124.527
Cash inflows from the sales of property, plant and equipment		49	124
Cash outflows from the purchase of tangible assets	8	(317.695)	(145.455)
Cash outflows from the purchase of intangible assets	9	(2.585)	(39)
Cash outflows from the purchase of investment properties	7	(2.503)	(2.401)
Cash inflows from the sale of fixed assets classified for sale		92.007	-
Interest received		496.197	242.289
Changes in financial investments		34.157	36.160
Cash outflows related to lease agreements (-)		(8.136)	(6.151)
C. Net cash from financing activities		-	-
Net increase in cash and cash equivalents		1.314.556	887.079
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	4	7.480.151	5.487.142

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

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Notes to the condensed consolidated financial statements for the period ended June 30, 2021

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

1. Group's organization and nature of operations

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

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

The Group is registered with the Capital Markets Board (CMB) and 37,72% of its shares are publicly traded on the Borsa İstanbul ("BIST") since June 27, 2000. The shareholders of the Group and share rates as of June 30, 2021 and December 31, 2020 are explained in Note 11.

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

As of this date, all the powers of the management have been transferred to the trustees appointed to the Group Management and it has been decided to establish new management by these trustees.

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

The Group's consolidated financial statements for the years ended December 31, 2016, 2017, 2018, 2019 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 AŞ, a subsidiary of the Group, has established UK-based Koza Ltd., which owns 100%, in order to establish abroad mining ventures on March 31, 2014. The control of Koza Ltd, which the Company was consolidated until September 11, 2015, was lost as a result of the General Assembly held on September 11, 2015. The legal process initiated by the CMB regarding loss of control pursuant to decision dated February 4, 2016 continues as of the date of the consolidated financial statements. Under condensed consolidated financial statements, the Group has presented Koza Ltd. under the "Financial Investments" account with a cost value amounting to Thousand TL 218.325 (December 31, 2020: Thousand TL 218.325).

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

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

As of June 30, 2021, the number of employee is 2.906 (December 31, 2020: 2.620 people).

Approval of condensed consolidated financial statements

The condensed consolidated financial statements dated June 30, 2021 were approved by the Board of Directors and authorized to be published on August 9, 2021.

2. Basis of presentation of condensed consolidated financial statements

2.1 Basis of presentation

Financial reporting standards

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

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

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

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

Foreign currency

Functional and reporting currency

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

2.1 Basis of presentation (continued)

Foreign currency transactions and balances

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

Going concern

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

Declaration of conformity to TFRS

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

2.2 Consolidation principles

- (a) Consolidated financial statements include the accounts of the Company and its subsidiaries prepared according to the principles stated below. During the preparation of the financial statements of the companies included in the scope of consolidation, necessary corrections and classifications were made in terms of compliance with TFRS and the accounting policies and presentation styles applied by the Group.
- (b) The subsidiaries controlled by the company has been included in the consolidated financial statements by full consolidation method. Control is provided only when all of the following indicators are present on the enterprise in which the Company invests;
 - a) has power over the enterprise in which it invests,
 - b) is exposed to or is entitled to varying returns due to its relationship with the investee,
 - c) has the ability to use its power over the investee to influence the amount of returns it will generate.

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

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

2.2 Consolidation principles (continued)

Subsidiaries

As of June 30, 2021 and December 31, 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:

June 30, 2021		
Title	Business segments	Nature of business
Koza Anadolu Metal Madencilik İşletmeleri A.Ş.	Mining	Mining
ATP İnşaat ve Ticaret A.Ş.	Construction and mining	Mining
Koza Altın İşletmeleri A.Ş.	Mining	Mining
Özdemir Antimuan Madenleri A.Ş.	Mining	Mining
ATP Havacılık Ticaret A.Ş.	Air transportation	Transportation
	Tourism and hotel management	
ATP Koza Turizm Seyahat Ticaret A.Ş.		Tourism
ATP Koza Gıda Tarım Hayvancılık Sanayi ve Ticaret A.Ş.	Food and farming	Food
Konaklı Metal Madencilik Sanayi Ticaret A.Ş.	Mining	Mining
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
	Tourism and hotel management	
ATP Koza Turizm Seyahat Ticaret A.Ş.		Tourism
ATP Koza Gıda Tarım Hayvancılık Sanayi ve Ticaret A.Ş.	Food and farming	Food
Konaklı Metal Madencilik Sanayi Ticaret A.Ş.	Mining	Mining

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

2.2 Consolidation principles (continued)

As of June 30, 2021 and December 31, 2020 titles, capitals, effective ownership rates and minority rates of the subsidiaries of the Group are as follows:

June 30, 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.

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

2.3. Accounting policies, changes in accounting estimates and errors

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

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

2.4 The new standards, amendments and interpretations

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

- 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
- Additional disclosures
- Amendments to TFRS 16 – Covid-19 Rent Related Concessions
- Annual Improvements – 2018–2020 Cycle

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

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

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

- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

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

iv) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

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

- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

2.5 Summary of significant accounting policies

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

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

2.6 Significant accounting judgments estimates and assumptions

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

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

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

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

2.6 Significant accounting judgments estimates and assumptions (continued)

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

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

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

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

2.6 Significant accounting judgments estimates and assumptions (continued)

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

As of June 30, 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 (June 30, 2021: 0,08 %, 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.

- d) Deferred tax assets are recorded when it is determined that it is possible to generate taxable income in the coming years. In cases where taxable income is likely to occur, deferred tax assets are calculated over temporary differences. The Group management, as a result of its assessment, has been recognized as a deferred tax asset for financial losses that can be used within a predictable period and within the framework of tax laws. This evaluation is based on the assumptions used that the related subsidiary has taxable profit in the future periods.
- e) As the Group operates in the mining industry, it is exposed to many risks arising from laws and regulations. As of the balance sheet date, The results of current or future legal practices can be estimated within a certain ratio, based on the past experiences of the Group management and as a result of the legal consultancy received. Negative effects of a decision or application that may be taken against the Group may significantly affect the activities of the Group. As of June 30, 2021, there is no legal risk expected to significantly affect the activities of the Group.
- f) At the stage of determining the amount of the provision for the lawsuits, the management consider the possibility of the ongoing lawsuits to be concluded against the Group and the legal advisors' evaluation of the consequences that may arise in case these lawsuits are concluded against the Group. The Group management makes the best estimate based on the information provided.
- g) The gold in circuit inventory amount, which is followed as a semi-finished product and has not yet turned into finished gold during the production process, is evaluated separately for each production facility by making technical production calculations and estimations. The gold in circuit process, which is common for both tank leaching and heap leach production plants, ends after finished gold is obtained. Since the production processes of tank leaching and heap leaching facilities are different from each other, the amount of gold stock in the circuit differs on the basis of facilities, and the estimated amount of gold that can be obtained from the gold in circuit stocks of each facility at the end of the production process and the life of mine is analyzed based on technical calculations.

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

2.7 Comparative information and correction of previous period financial statements

The financial statements of the Group are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when necessary and significant differences are explained.

3. Segment reporting

The Group's reporting according to the operating segments made as of June 30, 2021 is presented as follows:

	Mine	Transportation	Tourism	Food	Elimination adjustments	Total
Current assets	8.613.303	4.866	893	55.469	(502.423)	8.172.108
Non-current assets	3.723.617	441.310	142.027	20.004	(2.103.377)	2.223.581
Total assets	12.336.920	446.176	142.920	75.473	(2.605.800)	10.395.689
Current liabilities	1.625.710	401.566	9.076	54.254	(1.156.454)	934.152
Non-current liabilities	237.572	222	48	1.456	(8.307)	230.991
Equity	10.473.638	44.388	133.796	19.763	(1.441.039)	9.230.546
Total liabilities	12.336.920	446.176	142.920	75.473	(2.605.800)	10.395.689
Continuing operations						
Sales	2.015.943	-	2.862	25.681	-	2.044.486
Cost of sales (-)	(648.036)	(11.543)	(2.005)	(23.536)	(420)	(685.540)
Gross profit / loss	1.367.907	(11.543)	857	2.145	(420)	1.358.946
Research and development expenses (-)	(127.610)	-	-	-	-	(127.610)
Marketing expenses (-)	(2.189)	-	-	(1.715)	-	(3.904)
General administrative expenses (-)	(285.248)	(1.001)	(1.847)	(2.063)	3.538	(286.621)
Other operating income	33.303	64.660	264	1.215	14.940	114.382
Other operating expenses (-)	5.870	(3.063)	(1.524)	(804)	(12.700)	(12.221)
Operating profit / loss	992.033	49.053	(2.250)	(1.222)	5.358	1.042.972
Income / expense from investing activities, net	832.978	75.910	80	229	(48.545)	860.652
Financial income	-	-	-	-	-	-
Financial expenses (-)	(38.565)	(1.499)	(32)	(3.268)	43.364	-
Profit / loss before tax from continuing operations	1.786.446	123.464	(2.202)	(4.261)	177	1.903.624
Tax income /expense from continuing operations	(427.100)	(10.708)	3.379	500	-	(433.929)
Current period tax expense	(476.000)	-	-	-	-	(476.000)
Deferred tax income / expense	48.900	(10.708)	3.379	500	-	42.071
Profit / loss for the period	1.359.346	112.756	1.177	(3.761)	177	1.469.695

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

3. Segment reporting (continued)

The reporting of the Group as of June 30 and December 31, 2020 according to the operating segments is presented as follows:

December 31, 2020	Mining	Transportation	Tourism	Food	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	137.338	18.356	(2.063.055)	1.624.940
Total assets	10.714.289	309.461	144.535	63.044	(2.595.526)	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
January 1 – June 30, 2020	Mining	Transportation	Tourism	Food	Elimination adjustments	Total
Continuing operations						
Sales	1.429.196	2.009	-	25.439	-	1.456.644
Cost of sales (-)	(487.473)	(8.924)	-	(24.284)	13	(520.668)
Gross profit / (loss)	941.723	(6.915)	-	1.155	13	935.976
Research and development expenses (-)	(50.787)	-	-	-	-	(50.787)
Marketing expenses (-)	(1.713)	-	-	(2.173)	-	(3.886)
General administrative expenses (-)	(98.509)	(181)	(2.434)	(1.549)	4.551	(98.122)
Other operating income	54.017	9.646	1.236	727	(8.636)	56.990
Other operating expenses (-)	(49.847)	(14.989)	(4.092)	(300)	(35)	(69.263)
Operating profit/ (loss)	794.884	(12.439)	(5.290)	(2.140)	(4.107)	770.908
Income /expense from investing activities, net	331.125	115	2.509	351	(10.777)	323.323
Financial income	4.088	-	-	-	(4.088)	-
Financial expense (-)	(16.021)	(1.983)	(19)	(1.519)	18.972	(570)
Profit /loss before tax from continuing operations	1.114.076	(14.307)	(2.800)	(3.308)	-	1.093.661
Tax income /expense from continuing operations	(260.839)	248	(882)	548	-	(260.925)
Current period tax expense	(253.429)	-	-	-	-	(253.429)
Deferred tax income /expense	(7.410)	248	(882)	548	-	(7.496)
Profit/ (loss) for the period	853.237	(14.059)	(3.682)	(2.760)	-	832.736

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

4. Cash and cash equivalents

	June 30, 2021	December 31, 2020
Cash	245	245
Banks		
- Demand deposits	6.190	7.911
- Time deposits	7.528.553	6.181.873
Other cash and cash equivalents	151	167
Total	7.535.139	6.190.196
Less: Interest accruals	(54.988)	(24.601)
Cash and cash equivalents presented in the cash flow statement	7.480.151	6.165.595

The details of the Group's time deposits as of June 30, 2021 are as follows;

Currency	Interest rate	Maturity	Currency amount	TL Equivalent
TL	%18,00 - %19,40	1 - 44 Day	5.990.665	5.990.665
USD	%1,60 - %2,02	1 - 35 Day	176.663	1.537.888
Total				7.528.553

The details of the Groups time deposits as of December 31, 2020 are as follows;

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

The Group's blocked deposits of Thousands TL 59.941 have been presented under financial investments account (December 31, 2020: Thousands TL 94.098).

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

5. Financial investments

Financial investments of the Group as of June 30, 2021 and December 31, 2020 are as follows;

	June 30, 2021	December 31, 2020
Shares in subsidiaries (*)	218.423	218.423
Blocked deposits	59.941	94.098
Total	278.364	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 consolidated financial statements at cost since the date the control has ended. As of the report date, fair value measurement could not be calculated due to uncertainties arising from the ongoing legal processes about Koza Ltd.

6. Inventories

The inventories of the Group as of June 30, 2021 and December 31, 2020 are as follows;

	June 30, 2021	December 31, 2020
Gold and silver in the production process and gold and silver bars	83.380	166.094
Ready to be processed mined ore clusters	116.629	100.520
Chemicals and operating materials	127.639	74.587
Spare parts (*)	193.960	101.465
Other inventories (**)	25.112	17.719
Provision for inventory impairment (-)	(65.481)	(36.598)
Total	481.239	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 movements of the provision for inventory impairment within the accounting periods of June 30, 2021 and 2020 are as follows:

	2021	2020
January 1	36.598	-
Additions	48.494	-
Disposals / Cancellations	(19.612)	-
June 30	65.480	-

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

7. Investment properties

Investment properties of the Group as of June 30, 2021 and 2020 are as follows;

	January 1, 2021	Additions	Disposals	June 30, 2021
Cost				
Flats	108.478	-	-	108.478
Dormitory buildings	25.625	-	-	25.625
Hotel	177.655	2.503	-	180.158
Total	311.758	2.503	-	314.261
Accumulated depreciation				
Flats	9.059	859	-	9.918
Dormitory buildings	4.081	477	-	4.558
Hotel	71.409	2.204	-	73.613
Total	84.549	3.540	-	88.089
Net book value	227.209			226.172
	January 1, 2020	Additions	Disposals	June 30, 2020
Cost				
Flats	86.415	-	-	86.415
Dormitory buildings	29.187	-	-	29.187
Hotel	175.534	2.401	(56)	177.879
Total	291.136	2.401	(56)	293.481
Accumulated depreciation				
Flats	7.111	892	-	8.003
Dormitory buildings	3.568	257	-	3.825
Hotel	66.709	2.575	(56)	69.228
Total	77.388	3.724	(56)	81.056
Net book value	213.748			212.425

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

Investment properties amounting of Thousand TL 25.625 of the in the dormitory buildings consist of the dormitory building in Gümüşhane and Bergama. The group also has a dormitory building in Turhal, but there isn't any rental agreement.

Within the scope of the lease contract of Angel's Hotel and Royal Garden Hotel, which are owned by Koza Turizm, the Group has obtained a rental income of Thousand TL 2.811 between January 1 – June 30, 2021 (January 1 – June 30, 2020: Thousand TL 2.833). As of March 31, 2021, there are annotations placed by the General Directorate of National Real Estate on the Group's real estates in Turkey.

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

8. Property, plant and equipment

The property, plant and equipment of the Group as of June 30 31, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Mining assets	260.373	226.221
Other tangible assets	967.005	492.457
Total	1.227.378	718.678

a) Mining assets

As of June 30 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.

	June 30, 2021	December 31, 2020
Lands	32.391	32.330
Mine site development cost	153.724	123.039
Deferred stripping costs	13.081	11.318
Rehabilitation mining facility	23.769	22.118
Mining rights	37.408	37.416
Total	260.373	226.221

The movements of mining assets during the period as of June 30, 2021 and 2020 are as follows;

	January 1, 2021	Additions	June 30, 2021
Cost			
Lands	70.546	2.674	73.220
Mine site development cost	451.048	47.535	498.583
Deferred stripping costs	263.994	6.323	270.317
Rehabilitation mining facility	231.133	9.819	240.952
Mining rights	50.765	-	50.765
Total	1.067.486	66.351	1.133.837

Accumulated depreciation

Lands	38.216	2.613	40.829
Mine site development cost	328.009	16.850	344.859
Deferred stripping costs	252.676	4.560	257.236
Rehabilitation mining facility	209.015	8.168	217.183
Mining rights	13.349	8	13.357
Total	841.265	32.199	873.464
Net book value	226.221		260.373

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

8. Property, plant and equipment (continued)

a) Mining assets (continued)

	January 1, 2020	Additions	Disposals	June 30, 2020
Cost				
Lands	60.607	5.151	-	65.758
Mine site development cost	415.548	11.972	-	427.520
Deferred stripping costs	246.609	15.619	-	262.228
Rehabilitation of mining facility	184.922	31.328	-	216.250
Mining rights	40.895	433	(105)	41.223
Total	948.581	64.503	(105)	1.012.979
Accumulated depreciation				
Lands	32.647	2.097	-	34.744
Mine site development cost	310.853	5.394	-	316.247
Deferred stripping costs	229.963	9.509	-	239.472
Rehabilitation of mining facility	140.131	23.905	-	164.036
Mining rights	12.932	178	-	13.110
Total	726.526	41.083	-	767.609
Net book value	222.055			245.370

Depreciation expenses are included in the cost of goods sold.

There isn't any mortgage on mining assets as of June 30, 2021 (December 31, 2020: None).

The cost of the lands, mining rights and mine site development cost of the Group, which have been fully depreciated as of June 30, 2021, but in use, are amounting to Thousands TL 105.635 (June 30, 2020: Thousands TL 67.192).

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

8. Property, plant and equipment (continued)

b) Other tangible assets

Movements of other tangible assets during the period as of June 30, 2021 and December 31, 2020 are as follows;

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

(*) The additions in the related account are due to the gaining inventory of the aircraft purchased by ATP Havacılık.

Depreciation expenses amounting to Thousands TL 41.141 (2020: Thousands TL 42.539) have been accounted under cost of the goods sold, and amounting to Thousands TL 2.945 (2020: Thousands TL 3.045) under general administrative expenses.

There isn't any mortgage on other property, plant and equipment as of June 30, 2021 (December 31, 2020: None).

As of June 30, 2021, the insurance amount on the property, plant and equipment and inventories of the Group is amounting to Thousands TL 225.676 (June 30, 2020: Thousands TL 173.151).

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

8. Property, plant and equipment (continued)

b) Other tangible assets (continued)

	January 1, 2020	Additions	Disposals	June 30, 2020
Cost				
Land, buildings and land improvements	321.592	2.575	-	324.167
Machinery and equipment	683.770	33.299	-	717.069
Motor vehicles	137.661	27.114	(240)	164.535
Furniture and fixtures	61.859	2.560	(3)	64.416
Construction in progress (*)	12.899	15.404	(1.294)	27.009
Total	1.217.781	80.952	(1.537)	1.297.196
Accumulated depreciation				
Buildings and land improvements	145.697	13.721	-	159.418
Machinery and equipment	514.126	19.764	-	533.890
Motor vehicles	91.424	8.977	(97)	100.304
Furniture and fixtures	39.501	3.122	(3)	42.620
Total	790.748	45.584	(100)	836.232
Net book value	427.033			460.964

(*) As of June 30, 2021, disposals from construction in progress account consists of the investments made by Group related to the canceled Söğüt project.

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

9. Intangible assets

a) Goodwill

The details of the Group's intangible assets as of June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Goodwill related to Newmont Altın purchase	11.232	11.232
Total	11.232	11.232

Purchase of Newmont Altın:

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

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

As of June 30, 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 June 30, 2021.

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

9. Intangible assets (continued)

b) Other intangible assets

	January 1, 2021	Additions	June 30, 2021
Cost			
Rights	12.572	2.585	15.157
Total	12.572	2.585	15.157
Accumulated amortization			
Rights	11.390	697	12.087
Total	11.390	697	12.087
Net book value	1.182		3.070
	January 1, 2020	Additions	June 30, 2020
Cost			
Rights	11.727	39	11.766
Total	11.727	39	11.766
Accumulated amortization			
Rights	10.196	541	10.737
Total	10.196	541	10.737
Net book value	1.531		1.029

10. Provisions, contingent assets and liabilities

As of June 30, 2021 and December 31, 2020, the details of the Group's provisions, contingent assets and liabilities are as follows:

a) Short-term provisions

	June 30, 2021	December 31, 2020
State right expense provision (*)	161.773	255.413
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	120.300	74.211
Provisions for lawsuit	47.321	47.321
Other provisions (**)	60.441	1.060
Total	389.835	378.005

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

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

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

10. Provisions, contingent assets and liabilities (continued)

b) Long-term provisions

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

	June 30, 2021	December 31, 2020
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	107.337	119.492
Total	107.337	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	(2.662)	(21.948)
Discount effect	200	14.469
Currency effect (*)	36.028	25.957
Effect of changes in estimates and assumptions	712	7.166
Additions / (cancellations), net	(344)	(2.188)
June 30	227.637	194.397

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

c) Provisions for employee benefits

i- Short-term provisions for employee benefits

	June 30, 2021	December 31, 2020
Provision for unused vacation	15.831	11.147
Provision for personnel bonus	19.030	-
Total	34.861	11.147

The movement of provision for unused vacation is as follows;

	2021	2020
January 1	11.147	10.641
Additions	4.684	(945)
June 30	15.831	9.696

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

10. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits (continued)

ii- Long-term provisions for employee benefits

	June 30, 2021	December 31, 2020
Provision for employee termination benefits	49.021	39.837
Total	49.021	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.

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the real rate net of expected effects of inflation. The severance pay ceiling is revised in every six months, and the ceiling amount of TL 8.284,51 (July 1, 2020: TL 7.117,17) as of July 1, 2021 was taken into consideration in the calculation of the provision for severance pay. TFRS requires actuarial valuation methods to be developed to estimate the provision for severance pay. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	June 30, 2021	December 31, 2020
Net discount rate	%3,67	%3,67
Turnover rate related the probability of retirement (rate of employees to remain retirement)	%97,74	%96,62

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

10. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits (continued)

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

The movements of the provision for severance pay within the accounting periods of June 30, 2021 and June 30, 2020 are as follows:

	2021	2020
January 1	39.837	29.382
Interest cost	(2.390)	(1.024)
Service cost	2.569	1.762
Actuarial loss / (gain)	4.711	4.597
Severance paid	4.294	502
June 30	49.021	35.219

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

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

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

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

Notes to the condensed consolidated interim financial statements for the interim period ended June 30, 2021

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

10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases

i- Lawsuits related to the Ovacık mine

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

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

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

ii- Lawsuits related to Kaymaz mine

The Company has filed lawsuits in Eskisehir 1st Administrative Court numbered 2014/1084 E. and Eskişehir 1st Administrative Court numbered 2014/760 E. Requesting cancellation and stay of execution against the operations related to the cessation of operations in the agricultural lands of the Kaymaz gold mine located in the field bearing a registration number of 43539 and 82567. Among these lawsuits, with respect to the lawsuit numbered 2014/760 E. İn Eskisehir 1st Administrative Court filed regarding the field with license number of İR 43539 and the lawsuit numbered 2014/1084 E. regarding the field with license number of İR 82567; the court ordered to the cancellation of proceedings subject to the case, with open appeal. Both cases were concluded in favor of the Company. Upon the appeal of the plaintiffs in both files, the Council of State ordered to suspend the execution of the court decisions. 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 trial is ongoing in Eskişehir 1st Administrative Court in the cases filed with the number 2020/302 E. and 2020/350 E.

iii- Lawsuits related to other mines

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

iii- Lawsuits related to other mines (continued)

Lawsuits related to Çukuralan mine:

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

Regarding the 3rd capacity increase 2009/7 project of Çukuralan Gold Mine, İzmir 6th Administrative Court has been sued for the suspension of execution and cancellation of the Environmental Impact Assessment (EIA) positive Decision issued by the Ministry of Environment and Urbanization with the 2019/1120 E. file. has been opened. Our company intervenes in the relevant case together with the defendant Ministry. The previous base number and court of the relevant file is İzmir 3rd Administrative Court 2019/171 E. Due to the connection with the Çukuralan 3. Capacity Increase file, the main record of the file was closed by the decision of the İzmir Regional Administrative Court 4th Administrative Law Department and it was decided by the İzmir 3rd Administrative Court to send it to the İzmir 6th Administrative Court due to the relevant connection. While the relevant case continued with the number 2019/1120 of the İzmir 6th Administrative Court, the EIA affirmative decision, which was subject to the court decision, was annulled and an appeal was filed and the trial is ongoing before the Council of State.

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. The trial is ongoing.

iv- Lawsuits regarding the Group's subsidiary abroad

Legal actions has been initiated against the amendment in the main contract and establishment of privileged share as well as the board change with respect to London-based Koza Ltd., in which the Group owns 100% shares, and the legal process is ongoing before London courts. On the date of January 23, 2019, it has been decided by the 10th Commercial Court of First Instance of Ankara (case file number 2017/349 E) with an open appeal within two weeks from the notification date that 60.000.000 British Pounds shall be taken from the defendants to Koza Altın İşletmeleri A.Ş. as of September 1, 2015, together with the interest to be accrued according to the article 4 / a of the law numbered 3095. Following an appeal filed by the defendants against this court decision, the 21st Civil Chamber of Ankara Regional Court of Justice, 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 has been filed by the defendants against this decision, and the appeal process continues.

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

v- Liability lawsuits filed against former managers

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

vi- Other legal processes

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

vi- Employee lawsuits and cases of contract receivables

As of June 30, 2021, the provision amount accounted for ongoing employee and other lawsuits against the Company is amounting to Thousands TL 47.321 (December 31, 2020: Thousands TL 47.321).

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

10. Provisions, contingent assets and liabilities (continued)

e) Commitments and contingent liabilities

i- Letter of guarantees given

The details of the letter of guarantees given by the Group as of June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
A. CPM's given on behalf of own legal personality	56.729	66.172
- <i>Guarantee</i>	56.729	66.172
- <i>Pledges</i>	-	-
B. CPM's given given in favor of partnerships which are fully consolidated	-	-
C. CPM's given for assurance of third parties debts in order to conduct usual business activities	-	-
D. Total amount of other CPM's given	-	-
i. Total amount of CPM's given in favor of the parent company	-	-
ii. Total amount of CPM's given in favor of the group companies which are not in scope of B and C	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-
Total	56.729	66.172

ii- Letter of guarantees received

The details of the Group's letter of guarantees received as of June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Guarantee cheques	192.758	514.000
Guarantee letters	96.390	92.354
Security bonds	26.705	37.711
Total	315.853	644.065

iii- Government grants

The 80% percentage of the income tax calculated on the social security employer's share and wages calculated for the Group's employees in the mine processing facility in Mastra-Gümüşhane, is covered by the Treasury within the scope of the Law No. 5084 on "Incentives for Investments and Employment and Making Amendments to Certain Laws". The Group also benefits from 5% insurance premium on employer's share incentive at all workplaces within the scope of "Social Insurance and General Health Insurance Law" numbered 5510.

The Group benefits from the investment incentive in the Çukuralan - İzmir. The Group benefits from the 80% and 40% corporate tax reduction rate and investment contribution rate, respectively, within the scope of incentive.

An incentive certificate was obtained for Himmetdede on May 8, 2018. The aforementioned document has a duration of 3 years as of December 21, 2017 and expired on December 21, 2020. Time extension will be requested.

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

11. Equity

a) Share capital

As of June 30, 2021, the Group's paid-in capital is amounting to Thousand TL 259.786 (December 31, 2020: Thousand TL 259.786) and 25.978.556.100 shares with a nominal share value of 1 Kuruş (December 31, 2020: 25.978.556.100). The registered capital ceiling of the Group is Thousand TL 400.000 (December 31, 2020: Thousand TL 400.000).

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

The breakdown of shareholders holding capital is as follows:

Capital	June 30, 2021		December 31, 2020	
	Share percentage (%)	Share amount	Share percentage (%)	Share amount
Koza İpek Holding A.Ş.	62,12	161.383	62,12	161.383
Publicly traded	37,72	98.003	37,72	98.003
Other	0,16	400	0,16	400
Paid-in capital	100	259.786	100	259.786

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

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

(*)Concession Type:

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

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

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

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

11. Equity (continued)

a) Share capital (continued)

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

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

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

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

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

b) Restricted reserves

Group's restricted reserves are as follows:

	June 30, 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.

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

12. Revenue and cost of sales

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

	January 1 – June 30, 2021	January 1 – June 30, 2020	April 1 – June 30, 2021	April 1 – June 30, 2020
Sales	2.000.677	1.443.543	1.138.351	734.382
Exports	41.472	12.724	25.644	5.262
Other sales	2.606	879	1.300	495
Total sales	2.044.755	1.457.146	1.165.295	740.139
Sales returns	(177)	(456)	(89)	(191)
Sales discounts and other discounts	(92)	(46)	(92)	(31)
Net sales	2.044.486	1.456.644	1.165.114	739.917
Cost of sales	(685.540)	(520.668)	(323.808)	(244.668)
Gross profit	1.358.946	935.976	841.306	495.249

The distribution of the Group's revenues by product type as of January 1 – June 30, 2021 and 2020 is as follows:

	January 1 – June 30, 2021	January 1 – June 30, 2020	April 1 – June 30, 2021	April 1 – June 30, 2020
Sales of gold bullion	1.963.249	1.411.005	1.118.616	718.401
Sales of silver bullion	7.324	6.029	3.159	3.040
Other	74.182	40.112	43.520	18.698
Total	2.044.755	1.457.146	1.165.295	740.139

13. Income / (expenses) from investing activities

a) Income from investment activities

	January 1 – June 30, 2021	January 1 – June 30, 2020	April 1 – June 30, 2021	April 1 – June 30, 2020
Interest income	526.584	228.752	283.970	115.129
Foreign exchange income	249.494	93.309	69.980	31.673
Profit on sale of fixed assets classified for sale	81.462	-	173	-
Other	3.112	5.009	1.814	2.486
Total	860.652	327.070	355.937	149.288

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

14. Income taxes

Current income tax

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

The effective tax rate applied in 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.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between April 1-25 following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five 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 June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Current tax expense	476.000	553.852
Prepaid taxes and funds	(205.705)	(434.379)
Current income tax liability	270.295	119.473

Notes to the condensed consolidated interim financial statements

for the interim period ended June 30, 2021

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

14. Income taxes (continued)

Tax expense details recognized in the income statement as of June 30, 2021 and 2020 are as follows:

	June 30, 2021	June 30, 2020
Current tax expense	(476.000)	(253.429)
Deferred tax expense / (income)	42.071	(7.496)
Total tax expense	(433.929)	(260.925)

Deferred taxes

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

	June 30, 2021		December 31, 2020	
	Cumulative temporary differences	Deferred tax	Cumulative temporary differences	Deferred tax
Tangible and intangible fixed assets	488.061	115.685	461.891	92.378
Provision for employee termination benefits	49.021	12.298	39.837	7.967
State right provision	3.043	761	255.413	51.083
Provisions for doubtful receivables	18.057	3.754	14.136	2.827
Provision for unused vacation	15.831	3.958	11.147	2.229
Lawsuit provision	42.813	10.703	39.028	7.806
Expense accruals	7.267	1.817	2.049	410
Other	505	205	215	43
Donations and Aids	102.255	23.519	-	-
State right expense provision	161.773	40.443	-	-
Deferred tax assets		213.143		164.993
Deferred tax liabilities		-		(250)
Provision for deferred tax		(26.135)		(20.793)
Deferred tax assets, net		187.008		143.950

Movement of deferred tax is as follows:

	2021	2020
January 1	143.950	153.970
Deferred tax expense recognized in income statement	42.071	(7.496)
Deferred tax expense recognized in equity	987	1.662
June 30	187.008	148.136

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Notes to the condensed consolidated interim financial statements

for the interim period ended June 30, 2021

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

14. Income taxes (continued)

The reconciliation of the tax is as follows:

	2021	2020
Profit before tax	1.903.624	1.093.661
Effective tax rate	25%	%22
Tax calculated using effective tax rate	475.906	240.605
Effect of investment incentive allowance	-	(886)
Different tax rate effect	(14.727)	13.861
Temporary differences not subject to deferred tax	(12.690)	2.313
Financial losses on not subject to tax	4.505	-
Effect of non-deductible expenses	6.409	675
Effect of tax deductible losses	(9.907)	4.471
Exemptions and discounts	(13.388)	-
Other	(2.178)	(114)
Corporate tax provision	433.930	260.925

15. Earnings per share

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

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

The earnings per share of the Group as of June 30, 2021 and 2020 are as follows:

	January 1 – June 30, 2021	January 1 – June 30, 2020	April 1 – June 30, 2021	April 1 – June 30, 2020
Net profit attributable to the owners of the Group	379.492	185.293	299.001	104.747
Weighted average number of share certificates	25.978.556.100	25.978.556.100	25.978.556.100	25.978.556.100
Earnings per 100 share	1,461	0,713	1,151	0,403
Total comprehensive income attributable to the owners of the Group	378.075	179.626	302.604	104.100
Earnings per 100 shares from total comprehensive income	1,455	0,691	1,165	0,401

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Notes to the condensed consolidated interim financial statements

for the interim period ended June 30, 2021

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

16. Related party disclosures

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

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

The other trade payables and other receivables of the Group consist of the payables and receivables given and received in order to meet the financing needs of the Group and its related parties during the year. Other payables and other receivables do not have a certain maturity, and the Group accrues interest on the related payables and receivables at the end of the period, using the current interest rate determined monthly, taking into account the evaluations made by the Group management and the developments in the markets. In this context, the current interest for June 2021 was applied as % per year (June 30, 2020: %).

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

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

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

a) Related party balances

Other receivables of the Group from related parties as of June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Koza İpek Holding A.Ş. (1)	139.558	115.014
Other (3)	492	458
Total	140.050	115.472

Other payables of the Group to related parties as of June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Koza İpek Sigorta Aracılık Hizmetleri A.Ş. (2)	1.173	193
Other (3)	843	1.024
Total	2.016	1.217

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

16. Related party disclosures (continued)

b) Transactions with related parties

The purchases of the Group from related parties between January 1 – June 30, 2021 and 2020 are as follows;

	January 1 – June 30, 2021			January 1 – June 30, 2020		
	Interest	Service	Other	Interest	Service	Other
Koza İpek Holding A.Ş. (1)	1.221	-	1.470	570	-	433
Koza İpek Sigorta Aracılık Hizmetleri A.Ş. (2)	-	-	-	-	-	1.997
	1.221	-	1.470	570	-	2.430

Sales of the Group to related parties between January 1 – June 30, 2021 and 2020 are as follows;

	January 1 – June 30, 2021			January 1 – June 30, 2020		
	Interest	Service	Other	Interest	Service	Other
Koza İpek Holding A.Ş. (1)	12.725	-	54	5.263	-	120
Koza İpek Sigorta Aracılık Hizmetleri A.Ş.	-	-	71	-	-	26
Other (3)	-	-	22	-	-	22
	12.725	-	147	5.263	-	168

c) Compensations provided to key management; The group's key management consist of the general manager and assistant general managers. Compensation provided to senior management include short-term benefits such as wages and bonuses. Total amount of wages and similar benefits paid to key management between January 1 – June 30, 2021 is amounting to Thousand TL 5.088 (January 1 – June 30, 2020: Thousand TL 5.767).

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

Notes to the condensed consolidated interim financial statements for the interim period ended June 30, 2021

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

17. Nature and level of risks arising from financial instruments

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

The Group is exposed to market risk, which consists of currency, cash flow and interest rate risks, capital risk, credit risk and liquidity risk, due to its operations. Risk management policy is to focus on unexpected changes in the financial markets.

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

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

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

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

a) Credit risk:

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

The Group has cash and cash equivalents in various financial institutions. The Group manages this risk by continuously evaluating the reliability of the financial institutions.

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

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

The Company 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 effectively manages the receivable risk, taking into account the past experiences.

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

a) Credit risk (continued)

The analysis of the Group's credit risk as of June 30, 2021 and December 31, 2020 is as follows:

June 30, 2021	Trade receivables		Other receivables		Cash and cash equivalents
	Related party	Third party	Related party	Third party	Deposits in banks
Maximum credit risk exposure as of the reporting date (A + B + C + D + E)*	-	29.575	140.050	34.461	7.534.743
<i>Portion of the maximum risk that is guaranteed with a collateral, etc</i>	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	-	29.575	140.050	34.461	7.534.743
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)	-	85.760	-	-	-
Impairment (-)	-	(85.760)	-	-	-
The part of net value under guarantee with collateral, etc	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral, etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

a) Credit risk (continued)

December 31, 2020	Trade receivables		Other receivables		Cash and cash equivalents
	Related party	Third party	Related party	Third party	Deposits in banks
Maximum credit risk exposure as of the reporting date (A + B + C + D + E)*	-	21.030	115.472	34.496	6.189.784
<i>Portion of the maximum risk that is guaranteed with a collateral, etc</i>	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	-	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)	-	81.525	-	-	-
Impairment (-)	-	(81.525)	-	-	-
The part of net value under guarantee with collateral, etc	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral, etc	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

b) Market risk

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

Currency risk

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

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

b) Market risk (continued)

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

June 30, 2021	TL Equivalent	Usd	Euro	Gbp
Cash and cash equivalents	1.541.863	176.604	432	1
Trade receivables	6.951	203	499	1
Other receivables	-	-	-	-
Prepaid expenses	73.733	501	6.014	585
Current assets	1.622.547	177.308	6.945	587
Total assets	1.622.547	177.308	6.945	587
Trade payables	80.967	679	6.430	699
Other payables	45.053	5.529	(297)	-
Current liabilities	126.020	6.208	6.133	699
Total liabilities	126.020	6.208	6.133	699
Net foreign currency asset / (liability) position	1.496.527	171.100	812	(112)
December 31, 2020	TL Equivalent	Usd	Euro	Gbp
Cash and cash equivalents	554.311	75.415	31	45
Other 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 asset / (liability) position	503.935	70.195	(1.216)	(38)

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

b) Market risk (continued)

Sensitivity analysis:

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

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

June 30, 2021	Profit / Loss		Equity	
	Appreciation of oreign 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	148.946	(148.946)	148.946	(148.946)
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	148.946	(148.946)	148.946	(148.946)
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	842	(842)	842	(842)
5- Portion protected from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	842	(842)	842	(842)
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	(135)	135	(135)	135
8- Portion protected from GBP risk (-)	-	-	-	-
9- GBP Net effect (7+8)	(135)	135	(135)	135
Total (3+6+9)	149.653	(149.653)	149.653	(149.653)
December 31, 2020				
December 31, 2020	Profit / Loss		Equity	
	Appreciation of oreign 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)

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

Price risk

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

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

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

c) Capital risk management:

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

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

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

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

	June 30, 2021	December 31, 2020
Financial liabilities	41.788	4.927
Less: Cash and cash equivalents (Note 4)	(7.535.139)	(6.190.196)
Net debt	(7.493.351)	(6.185.269)
Total equity	9.230.546	7.764.158
Net debt / equity ratio	(%81)	(%80)

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

İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

Fair value of the financial instruments

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

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

Level classifications of financial assets measured at their fair values:

June 30, 2021	Level 1	Level 2	Level 3	Total
Assets:	-	-	218.753	218.753
Measured at fair value through other comprehensive income	-	-	218.753	218.753
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

19. Subsequent events after balance sheet date

Regarding the ongoing legal process of Koza Ltd. in the English courts, the decision of the hearing held on 17 and 18 May has been determined. It has been stated by the English courts that the appointments of trustees and members of the board of directors concern the Turkish domestic legal order, that the relevant appointments are valid appointments under Turkish law, and that this is by no means a matter to be considered by the English courts under English Law.

In addition, it has been accepted by the English courts that these powers of trustees or members of the board of directors representing Koza Altın will be determined in accordance with Turkish law and that the relevant persons are undisputedly authorized under Turkish Law.

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

İpek Dođal Enerji Kaynakları Arařtırma ve Üretim A.Ş.

**Notes to the condensed consolidated interim financial statements
for the interim period ended June 30, 2021**

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

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

The Group's independently audited 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, 28 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 10, in accordance with the decision of the Ankara 5th Criminal Court of Peace, dated October 26, 2015, the management of the Group, the Board of Trustees, followed by the Board of Trustees on September 22, 2016. was transferred to the Savings Deposits Insurance Fund ("SDIF"). As of the date of the report, due to the fact that various examinations and studies are ongoing by the Prosecutor's Office, the Police Department of Financial Crimes and the CMB, the consolidated financial statements of the relevant periods were not submitted to the approval of the General Assembly.