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

Koza Altın İşletmeleri Anonim Şirketi

Interim financial statements as of March 31, 2020 together with limited review report

Table of contents **Pages**

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

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the **Board** of Directors of
Koza Altın işletmeleri Anonim Şirketi

Introduction

We have reviewed lhe accompanying inlerim condensed slatemenl of financial position of Koza Altın işletmeleri Anonim Şirketi (lhe Company) as of March 31, 2020 and the interim condensed statemenl of profil or loss and other comprehensive income, stalemenl of changes in equily and the stalemenl of cash flows far the three-month period then ended, and explanatory noles. Company management is responsible far the preparation and presentation of these interim condensed financial slalements in accordance with Turkish Accounting Standard 34, inlerim Financial Reporting (TAS 34). Our responsibility is to express a conclusion on lhese inlerim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with lhe Standard on Review Engagemenls (SRE) 2410 "Review of inlerim Financiat Information Performed by lhe Independent Audilor of the Entity". A review of inlerim financial information consisls of making inquiries, primarily of persons responsible far financial and accounting matters, and applying analytical and other review procedures. A review of inlerim financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Slandards and the objeclive of which is to express an opinion on the financial statements. Consequently, a review of the inlerim financial information does not provide assurance that the audit firm will be aware of ali 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 9, pursuant to the decision of the Ankara 5th Criminal Court of Peace dated October 26, 2015, the managemenl of the Company 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 Company 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 ta whether any correction is required in the financial statements of the Company.

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2) As explained in detail in Note 4, the control over the Company'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. Oue to the fact that the Cornpany 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 fınancial assets and TFRS 1O - Consolidated Financial Staternents Standard after loss of control, we could not obtain sufficient appropriate audit evidence as to whether any adjustments to the financial statements are necessary.

Other Matter

Thefınancial statements of thecompany as of December 31, 2019 were audited by another independent audit company and a qualifıed opinion was given in the independent audit report dated February 27, 2020 regarding these financial statements. The Company's fınancial statements prepared as of March 31, 2019 were reviewed by another independent audit company, anda qualifıed opinion was given in the review report dated May 9, 2019 regarding these financial statements.

Emphasis of Matter

We draw attention to Note 19 explaining that the independently audited financial statements of the Company 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 fınancial periods on the tables in accordance with the provisions of Article 401/4 of the Turkish Commercial Code No. 6102 ("TCC"). Independently audited financial statements for the year ended December 31, 2015, on the other hand, were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Company for the years 2015, 2016, 2017, 2018 and 2019 could not be hekf due to the reasons stated in the paragraph of the basis far qualifıed conclusion and the fınancial 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 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 me nst & Young Global Limited

Mehmet Can Altıntaş, SMMM
Partner

November 24, 2020
Ankara

Koza Altın İşletmeleri Anonim Şirketi

Condensed statement of financial position as of March 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

			Reclassified (Note 2.6)
		Reviewed	*Audited*
Assets	**Notes**	**March 31, 2020**	December 31, 2019
Current assets		**5.661.907**	5.188.958
Cash and cash equivalents	3	4.813.152	4.383.735
Trade receivables			
- Due from third parties		161	317
Other receivables			
- Due from related parties	15	405.645	371.809
- Due from third parties		26.019	29.166
Inventories	5	385.677	380.930
Prepaid expenses		28.364	20.714
Other current assets		2.889	2.287
Non-current assets		**1.146.315**	1.159.656
Financial investments	4	250.878	302.118
Other receivables			
- Due from third parties		757	738
Right-of-use assets		14.659	4.506
Investment property	6	101.237	101.794
Property, plant and equipment	7	582.504	571.383
Intangible assets			
- Goodwill	8	14.017	14.017
- Other intangible assets	8	1.195	1.440
Prepaid expenses		61.189	38.175
Deferred tax assets	13	95.275	102.181
Other non-current assets		24.604	23.304
Total assets		**6.808.222**	6.348.614

Koza Altın İşletmeleri Anonim Şirketi

Condensed statement of financial position as of March 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

			Reclassified (Note 2.6)
		Reviewed	*Audited*
Liabilities	**Notes**	**March 31, 2020**	December 31, 2019
Current liabilities		**458.447**	405.977
Short-term lease liabilities			
- Lease liabilities		5.379	3.902
Trade payables			
- Due to third parties		62.818	67.591
Payables related to employee benefits		12.649	17.742
Other payables			
- Due to related parties	15	5.422	657
- Due to third parties		103	92
Deferred income		390	331
Current income tax liabilities	13	118.623	139.425
Short-term provisions			
- Provisions for employee benefits	9	9.396	9.653
- Other short-term provisions	9	242.462	165.402
Other current liabilities		1.205	1.182
Non-current liabilities		**201.812**	184.212
Long-term lease liabilities			
- Lease liabilities		10.597	545
Other payables			
- Due to third parties		35.781	32.619
Long-term provisions			
- Provisions for employee benefits	9	26.770	25.689
- Other long-term provisions	9	128.664	125.359
Equity		**6.147.963**	5.758.425
Paid-in share capital	10	152.500	152.500
Adjustment to share capital	10	3.579	3.579
Other comprehensive income / expense not to be reclassified to profit or loss			
- Actuarial gain / (loss) fund for employee benefits		(2.956)	(4.094)
Other comprehensive income / expense to be reclassified to profit or loss			
- Fair value losses and gains	10	-	5.538
Restricted reserves	10	137.390	137.390
Retained earnings		5.463.512	3.696.220
Net profit for the period		393.938	1.767.292
Total liabilities and equity		**6.808.222**	6.348.614

Koza Altın İşletmeleri Anonim Şirketi

Condensed statements of profit or loss and other comprehensive income for the period ended March 31, 2020

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

	Notes	*Reviewed* January 1 – March 31, 2020	*Reviewed* January 1 – March 31, 2019
Revenue	11	695.593	467.841
Cost of sales (-)	11	(249.593)	(182.858)
Gross profit		446.000	284.983
Research and development expenses (-)		(32.329)	(15.730)
Marketing, sales and distribution expenses (-)		(690)	(613)
General administrative expenses (-)		(40.542)	(36.947)
Other operating income		23.266	10.086
Other operating expenses (-)		(28.266)	(7.842)
Operating profit		367.439	233.937
Income from investing activities	12	174.099	171.941
Expenses from investing activities (-)	12	(3.747)	-
Operating profit before financial income and expense		**537.791**	405.878
Financial income / (expenses)		-	-
Profit before tax from continued operations		**537.791**	405.878
Tax expense from continuing operations		**(143.853)**	(86.372)
- Current tax expense (-)	13	(135.670)	(90.938)
- Deferred tax income / (expense) (-)	13	(8.183)	4.566
Net profit for the period		**393.938**	319.506
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		1.423	(1.137)
Gains / (losses) on remeasurements of defined benefit plans, tax effect		(285)	250
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)	8.858
Gains / (losses) on financial assets measured at fair value through other comprehensive income, tax effect		1.562	(1.949)
Total comprehensive income		389.538	325.528
Earnings per 100 share			
- common stock (TL)	14	2,583	2,095

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

Koza Altın İşletmeleri Anonim Şirketi

Condensed statements of changes in equity
for the period ended March 31, 2020
(Amounts 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	Adjustment to capital	Actuarial (loss) / gain fund for employment termination benefit	Gains / (losses) on financial assets at fair value through other comprehensive income	Restricted reserve	Retained earnings	Net profit for the period	Total equity
Balances as of January 1, 2019	152.500	3.579	(2.013)	-	137.390	2.522.473	1.173.747	3.987.676
Net profit for the period	-	-	-	-	-	-	319.506	319.506
Other comprehensive income/ (loss)	-	-	(887)	6.909	-	-	-	6.022
Total comprehensive income/ (loss)	-	-	(887)	6.909	-	-	319.506	325.528
Transfers	-	-	-	-	-	1.173.747	(1.173.747)	-
Balance as of March 31, 2019	152.500	3.579	(2.900)	6.909	137.390	3.696.220	319.506	4.313.204
Balance as of January 1, 2020	**152.500**	**3.579**	**(4.094)**	**5.538**	**137.390**	**3.696.220**	**1.767.292**	**5.758.425**
Net profit for the period	-	-	-	-	-	-	393.938	**393.938**
Other comprehensive income/ (loss)	-	-	1.138	(5.538)	-	-	-	**(4.400)**
Total comprehensive income/ (loss)	-	-	1.138	(5.538)	-	-	393.938	**389.538**
Transfers	-	-	-	-	-	1.767.292	(1.767.292)	**-**
Balances as of March 31, 2020	**152.500**	**3.579**	**(2.956)**	**-**	**137.390**	**5.463.512**	**393.938**	**6.147.963**

Koza Altın İşletmeleri Anonim Şirketi

Condensed statements of cash flows
for the period ended March 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	**Reviewed** **Current year** **January 1 – March 31, 2020**	Reviewed Prior year January 1 – March 31, 2019
A. Cash flows from operating activities		**329.896**	237.193
Profit for the period from the continuing operations		393.938	319.506
Adjustments to reconcile profit for the period			
Adjustments to depreciation and amortization		44.938	26.558
Adjustments for derecognition of tangible assets	8	1.247	--
Adjustments for recognition/ (derecognition) impairment of other financial assets or investments		-	(5.249)
Adjustments for recognitiıon/ (derecognition) impairment of receivables		105	(124)
Adjustments for provisions		94.551	46.491
- Adjustment for lawsuits and/ or penalty provisions		18.610	89
- Adjustments for rehabilitation and state rights provision		65.791	37.863
- Adjustments for debt provisions		7.532	4.996
- Adjustments for provisions for employee benefits	9	2.618	3.543
Adjustments for tax expense	13	143.853	86.372
Adjustments for interest expenses		998	-
Adjustments for interest income		(112.457)	(123.741)
Adjustments for loss / (gains) arising from disposal of tangible assets		6	(1.999)
Adjustments for fair value gain		-	(638)
Total adjustments		173.241	27.670
Decrease in trade receivables		76	1.468
Increase in other receivables from related parties		(33.836)	(23.904)
Increase in other receivables		(136.322)	(36.283)
Increase in inventories	5	(4.747)	(23.824)
Increase in prepaid expenses		(30.664)	(13.991)
Decrease in trade payables		(4.773)	(7.135)
Increase in other payables		7.996	1.874
(Decrease) / increase in payables related to employee benefits		(5.093)	323
(Increase) / decrease in other assets related to activities		(2.376)	4.434
Increase in other liabilities related to activities		1.442	5.275
Payments for employee retirement benefits	9	(371)	(666)
Payments related to other provisions	9	(11.568)	(3.408)
Tax paid	13	(17.047)	(14.146)
Net cash from operating activities		(237.283)	(109.983)
B. Cash flows from investing activities		108.094	78.335
Cash outflows from purchase of tangible assets	6, 7, 8	(54.311)	(47.408)
Cash outflows from purchase of intangible assets	8	(34)	
Cash inflows from the sale of tangible and intangible assets	6, 7, 8	124	2.002
Interest received		121.030	123.741
Changes in financial investments		44.140	-
Cash outflows related to lease liabilities (-)		(2.855)	-
C. Net cash from financing activities		-	-
Net increase in cash and cash equivalents		437.990	315.528
Cash and cash equivalents at the beginning of the year		4.358.257	2.558.718
Cash and cash equivalents at the end of the year		4.796.247	2.874.246

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

1. Company's organization and nature of the operations

Koza Altın İşletmeleri A.Ş. ("Koza Altın" or the "Company") was established on September 6, 1989 under the name of Eurogold Madencilik A.Ş. for the operation of the gold mine in Ovacık-Bergama, İzmir. Its name was changed to Normandy Madencilik A.Ş. ("Normandy Madencilik") with regard to the purchase of all shares of Eurogold Madencilik A.Ş. by Normandy Mining Ltd.

The name of the Company was registered as Koza Altın İşletmeleri A.Ş. on August 29, 2005 after ATP İnşaat ve Ticaret A.Ş. ("ATP"), a subsidiary of Koza İpek Holding A.Ş. ("Koza İpek Holding") acquired all shares of Normandy Madencilik from Autin Investment on March 3, 2005.

As of March 31, 2020, including the stocks traded in Borsa Istanbul ("BIST"), 45.01% of the Company's shares owned by ATP and 24.99% owned by Koza İpek Holding (December 31, 2019: 45.01% owned by ATP and 24.99% by Koza İpek Holding), the Company management was transferred to the Board of Trustees, pursuant to the decision of Ankara 5th Criminal Court of Peace, dated October 26, 2015, and subsequently transferred to the Savings Deposit Insurance Fund ("SDIF") on September 22, 2016. As of March 31, 2020, shares corresponding to 30% of the Company's shares (December 31, 2019: 30%) are traded on BIST.

Within the scope of the investigations initiated throughout the country, a trustee has been appointed to the Koza Altın İşletmeleri 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 authories of the management have been transferred to the trustees appointed to the management of Koza Altın İşletmeleri A.Ş. 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 Koza Altın İşletmeleri A.Ş. on the basis of the article 19/1 of the aforementioned Decree and transfer Koza Altın İşletmeleri A.Ş. to the SDIF.

The Company's financial statements for the years ended December 31, 2016, 2017, 2018 and 2019 have been approved by the Board of Directors with the board decisions dated April 24, 2018, April 30, 2018, February 28, 2019 and February 27, 2020 respectively and published by excluding the possible cumulative effects of the works and transactions belonging to the previous financial periods, whose judgment process continues, in accordance with the provisions of Article 401/4 of the Turkish Commercial Code No. 6102 ("TCC"). Audited 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 Company for the years 2015, 2016, 2017, 2018 and 2019, as explained in detailed in Note 9, 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 financial statements of the Company could not be submitted to the approval of the General Assembly.

The main activities of the Company are operating seven mines in five regions which are Ovacık-Bergama-İzmir, Çukuralan-İzmir, Kaymaz-Eskişehir, Mastra- Gümüşhane and Himmetdede-Kayseri, searching for gold mines generally in Turkey regions and improving the mine fileds of ongoing projects.

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.

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

The Company 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 this financial statements. Under condensed financial statements, the Company has presented Koza Ltd. under the "Financial Investments" account with a cost value amounting to 218.325 thousand TL (December 31, 2019: 218.325 thousand TL).

As of March 31, 2020, the number of employees is 2.166 people (December 31, 2019: 2.127).

The registered address of the Company is below:
Uğur Mumcu Mahallesi, Fatih Sultan Mehmet Bulvarı, İstanbul Yolu 10. Km, No: 310, 06370, Yenimahalle - Ankara, Türkiye.

Approval of condensed financial statements

The condensed financial statements dated 31 March 30, 2020 were approved by the Board of Directors and authorized to be published on May 28, 2020.

2. Basis of presentation of condensed 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 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 financial statements are prepared based on the Turkish Financial Reporting Standards and Interpretations (“TAS/TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

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

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

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

2.1 Basis of presentation

Foreign currency

Functional and reporting currency

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

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 Company has prepared its condensed financial statements according to the going concern principle.

Declaration of conformity to TFRS

The Company has prepared its interim condensed financial statements for the period ending on March 31, 2020, in accordance with the CMB's Communiqué Serial: II-14.1 and its announcements clarifying this communiqué. The condensed financial statements and notes are presented in accordance with the formats recommended by CMB and including the required information.

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

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at March 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows:

Definition of a Business (Amendments to TFRS 3)

In May 2019, the PAO issued amendments to the definition of a business in TFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:
- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively.

The amendments are not applicable for the Company and did not have an impact on the financial position or performance of the.

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide certain reliefs for 4 fundamental matters in connection with interest rate benchmark reform. These reliefs are related to hedge accounting as follows:

- Highly probable requirement
- Prospective Assessments
- Retrospective Assessments
- Separately identifiable risk components

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

The amendments are not applicable for the Company and did not have an impact on the financial position or performance of the Company.

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

2.3 The new standards, amendments and interpretations (continued)

i) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows:

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the PAO issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

The amendments are not applicable for the Company and did not have an 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 financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting 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)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Company will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

The PAO issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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

2.3 The new standards, amendments and interpretations (continued)

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

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On March 12, 2020, the PAO issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2022, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

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

2.4 Summary of significant accounting policies

Interim financial statements for the period ending on March 31, 2020 have been prepared in accordance with TAS 34 standard for the preparation of interim financial statements of TAS / TFRS.

The interim financial statements for the period ending on March 31, 2020 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, 2019. Therefore, these interim financial statements should be evaluated together with the financial statements for the year ended December 31, 2019.

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

2.5 Significant accounting judgments, estimates and assumptions

In the preparation of condensed financial statements, the Company 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.

The main evaluations, estimates and assumptions made are as follows:

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 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 Company 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 Company management reviews the estimates made in relation to the visible and probable mineral reserves in each balance sheet period. In certain periods, the Company 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, 2019, the aforementioned reserve and resource amounts were updated by the independent professional valuation company "SRK Consulting" in line with the "JORC" standards.

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

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

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

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

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

2.5 Significant accounting judgments estimates and assumptions (continued)

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

As of March 31, 2020, the Company reassessed the provision amounts due to changes in discount rates, costs, production areas subject to rehabilitation and reserve lifetimes. The Company evaluates the mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation due to the large number of factors that may affect the final liability to be paid. These factors include estimates of the scope and cost of rehabilitation activities, technological changes, changes in regulations, cost increases proportional to inflation rates and changes in net discount rates (March 31, 2020: 1,58%, December 31, 2019: 2%). These uncertainties may cause future expenditures to differ from the amounts estimated today.

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

d) Deferred tax assets are recorded when it is determined that it is possible to generate taxable income in the coming years. In cases where taxable income is likely to occur, deferred tax assets are calculated over temporary differences. The Company 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.

As of March 31, 2020, the Company reflected the deferred tax assets amounting to TL 7.121 arising from investment incentive certificates to its condensed financial statements as it is considered highly likely to be utilized in the future through taxable profits estimated according to its medium-term plan.

e) As the Company 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 Company management and as a result of the legal consultancy received. Negative effects of a decision or application that may be taken against the Company may significantly affect the activities of the Company. As of March 31, 2020, there is no legal risk expected to significantly affect the activities of the Company.

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 Company and the legal advisors' evaluation of the consequences that may arise in case these lawsuits are concluded against the Company. The Company management makes the best estimate based on the information provided.

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

2.6 Comparative information and correction of previous period financial statements

The financial statements of the Company 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.

- The VAT refund receivables amounting to TL 29.166, which were recognized under other current assets in the statement of financial position as of December 31, 2019, were classified into other receivables from third parties.

- Deposits and guarantees accounted under other non-current assets in the statement of financial position dated December 31, 2019, amounting to TL 738 were classified into other long-term receivables from third parties.

- Tax payable amounting to TL 8.084, which was accounted under other short-term liabilities in the statement of financial position dated December 31, 2019, was classified into payables related to employee benefits.

- Deposits and guarantees taken, amounting to TL 92, which were accounted under other short-term liabilities in the statement of financial position dated December 31, 2019, were classified under other payables to the third parties.

- Advances received, amounting to TL 331, which were accounted under other short-term liabilities in the statement of financial position as of December 31, 2019, were classified into deferred income.

- Blocked deposits amounting to TL 71.296, which were accounted under cash and cash equivalents in the statement of financial position dated December 31, 2019, were classified into financial investments.

- Deferred VAT amounting to 23.304, which was accounted under other current assets in the statement of financial position dated December 31, 2019, was classified into other non-current assets.

- Other receivables amounting to TL 371.809 which were accounted under short-term other receivables from related parties in the statement of financial position dated December 31, 2019 were classified into long-term other receivables from related parties.

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

3. Cash and cash equivalents

	March 31, 2020	December 31, 2019
Cash	287	143
Banks		
- Demand deposits	414	3.203
- Time deposits	4.812.451	4.380.389
Total	4.813.152	4.383.735
Less: Interest accruals	(16.905)	(25.478)
Cash and cash equivalents presented in the cash flow statement	**4.796.247**	4.358.257

The details of the Company's time deposits as of March 31, 2020 are as follows;

Currency	**Interest rate**	**Maturity**	**Currency amount**	**TL Equivalent**
TL	%9,50 –%10,50	35 Day	4.128.973	4.128.973
USD	%1,00 - %1,40	32-35 Day	104.892	683.478
Total				**4.812.451**

The details of the Company's time deposits as of December 31, 2019 are as follows;

Currency	Interest rate	Maturity	Currency amount	TL Equivalent
TL	%10,25-%12,00	1-35 Day	3.721.567	3.721.567
USD	%2,00-%2,10	1-35 Day	110.909	658.822
Total				4.380.389

The Company's blocked deposits of 32.126 TL have been presented under financial investments account (December 31, 2019: 71.295 TL).

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

4. Financial investments

The financial investments of the Company as of March 31, 2020 and December 31, 2019 are as follows;

	March 31, 2020	December 31, 2019
Shares in subsidiaries (*)	218.753	218.753
Blocked deposits	32.125	71.296
Bonds and bills (**)	-	12.069
Total	**250.878**	302.118

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

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

(**) As of December 31, 2019, the bonds and bills are in US Dollars and the average interest rate of the said bonds and bills are 3.94%. There isn't any bonds and bills as of March 31, 2020.

5. Inventories

The inventories of the Company as of March 31, 2020 and December 31, 2019 are as follows;

	March 31, 2020	December 31, 2019
Gold and silver in the production process and gold and silver bars	124.273	122.980
Ready to be processed and mined ore clusters	117.938	117.667
Chemicals and operating materials	58.265	60.571
Spare parts (*)	85.201	79.712
Total	**385.677**	380.930

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

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

6. Investment properties

The investment properties of the Company as of March 31, 2020 and 2019 are as follows;

	January 1, 2020	**Additions**	**Disposals**	**March 31, 2020**
Cost				
Buildings	112.040	-	-	112.040
Total	**112.040**	**-**	**-**	**112.040**
Accumulated depreciation				
Buildings	10.246	557	-	10.803
Total	**10.246**	**557**	**-**	**10.803**
Net book value	**101.794**			**101.237**

	January 1, 2019	Additions	Disposals	March 31, 2019
Cost				
Buildings	112.040	-	-	112.040
Total	112.040	-	-	112.040
Accumulated depreciation				
Buildings	8.020	574	-	8.594
Total	8.020	574	-	8.594
Net book value	104.020			103.446

Depreciation expenses are accounted under general administrative expenses.

No rental income was earned from investment properties in 2020 (2019: None).

Investment properties amounting of thousand TL 89.978 in the buildings are located in United Kingdom and members of the İpek Family live in these apartments. The lease agreement has not been signed due to the current legal processes. When the legal processes are end, the necessary evaluations will be made by the Company management in accordance with the market practices. Investment properties amounting of thousand TL 22.062 in the buildings consist of dormitory buildings in Gümüşhane and Bergama. There isn't any rental agreement. As of March 31, 2020, there are annotations placed by the General Directorate of National Real Estate on the Company's domestic real estate properties.

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

7. Property, plant and equipment

The property, plant and equipment of the Company as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
Mining assets	228.719	222.055
Other tangible assets	353.785	349.328
Total	**582.504**	571.383

a) Mining assets

As of March 31, 2020 and December 31, 2019, mining assets consists of mining rights, mine site development costs, deferred stripping costs, mining lands, and closing and rehabilitation of mines, and the net book values of these mining assets are as follows.

	March 31, 2020	December 31, 2019
Lands	28.726	27.960
Mine site development cost	106.890	104.695
Deferred stripping costs	18.539	16.646
Rehabilitation of mining facility	46.307	44.791
Mining rights	28.257	27.963
Total	**228.719**	222.055

The movements of mining assets are as follows;

	January 1, 2020	**Additions**	**March 31, 2020**
Cost			
Lands	60.607	1.960	62.567
Mine site development cost	415.548	5.455	421.003
Deferred stripping costs	246.609	5.795	252.404
Rehabilitation of mining facility	184.922	15.678	200.600
Mining rights	40.895	433	41.328
Total	**948.581**	**29.321**	**977.902**
Accumulated depreciation			
Lands	32.647	1.194	33.841
Mine site development cost	310.853	3.260	314.113
Deferred stripping costs	229.963	3.902	233.865
Rehabilitation of mining facility	140.131	14.162	154.293
Mining rights	12.932	139	13.071
Total	**726.526**	**22.657**	**749.183**
Net book value	**222.055**		**228.719**

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

7. Property, plant and equipment (continued)

a) Mining assets (continued)

	January 1, 2019	Additions	March 31, 2019
Cost			
Lands	60.321	28	60.349
Mine site development cost	452.565	628	453.193
Deferred stripping costs	223.389	16.067	239.456
Rehabilitation of mining facility	142.728	21.109	163.837
Mining rights	28.235	-	28.235
Total	907.238	37.832	945.070
Accumulated depreciation			
Lands	27.027	1.457	28.484
Mine site development cost	290.777	1.208	291.985
Deferred stripping costs	186.388	3.544	189.932
Rehabilitation of mining facility	73.095	2.401	75.496
Mining rights	12.404	94	12.498
Total	589.691	8.704	598.395
Net book value	317.547		346.675

Depreciation expenses are accounted under the cost of goods sold.

There isn't any mortgage on mining assets as of March 31, 2020 (December 31, 2019: None).

The costs of the lands, mining rights and mine site development costs of the Company, which have been fully depreciated as of March 31, 2020, but are in use, are amounting to TL 67.192 (March 31, 2019: TL 10.035).

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

7. Property, plant and equipment (continued)

b) Other tangible assets

Movements of other tangible assets during the period as of March 31, 2020 and 2019 are as follows;

	January 1, 2020	Additions	Disposals	March 31, 2020
Cost				
Land, buildings and land improvements	253.466	2.392	-	255.858
Machinery and equipment	654.327	10.399	-	664.726
Motor vehicles	71.281	5.298	(158)	76.421
Furnitures and fixtures	52.903	1.377	-	54.280
Construction in progress (*)	12.637	5.524	(1.247)	16.914
Total	**1.044.614**	**24.990**	**(1.405)**	**1.068.199**
Accumulated depreciation				
Buildings and land improvements	127.859	6.106	-	133.965
Machinery and equipment	492.741	9.039	-	501.780
Motor vehicles	41.044	2.550	(28)	43.566
Furnitures and fixtures	33.642	1.461	-	35.103
Total	**695.286**	**19.156**	**(28)**	**714.414**
Net book value	**349.328**			**353.785**

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

Depreciation expenses amounting to TL 17.609 (2019: TL 15.161) have been accounted under cost of the goods and amounting to TL 1.547 (2019: TL 1.585) under general administrative expenses.

There isn't any mortgage on other tangible assets as of March 31, 2020 (December 31, 2019: None). As of March 31, 2020, the insurance amount on the tangible assets and inventories of the Company is TL 173.016 (March 31, 2019: TL 201.654).

The cost of other tangible assets of the Company, which have been fully depreciated as of March 31, 2020, but are in use, is amounting to TL 311.382 (March 31, 2019: TL 302.975).

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

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

7. Property, plant and equipment (continued)

b) Other tangible assets (continued)

	January 1, 2019	Additions	Disposals	March 31, 2019
Cost				
Land, buildings and land improvements	226.960	885	-	227.845
Machinery and equipment	610.945	6.379	-	617.324
Motor vehicles	67.755	1.747	-	69.502
Furnitures and fixtures	45.528	1.838	(16)	47.350
Construction in progress	20.996	1.128	-	22.124
Total	972.184	11.977	(16)	984.145
Accumulated depreciation				
Buildings and land improvements	104.637	4.125	-	108.762
Machinery and equipment	455.812	8.181	-	463.993
Motor vehicles	29.584	2.865	-	32.449
Furnitures and fixtures	26.839	1.575	(13)	28.401
Total	616.872	16.746	(13)	633.605
Net book value	355.312			350.540

8. Intangible assets

a) Goodwill

As of March 31, 2020 and December 31, 2019, the details of the Company's intangible assets are as follows:

	March 31, 2020	December 31, 2019
Goodwill related to Newmont Altın purchase	11.232	11.232
Goodwill related to Mastra purchase	2.785	2.785
Total	**14.017**	14.017

Purchase of Newmont Gold:

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

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

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

8. Intangible assets (continued)

a) Goodwill (continued)

As of March 31, 2020, it is highly probable that a sufficient amount of visible and probable reserves will be found in the mentioned mine sites in the coming years according to the estimates of the gold price made by the management, geological and geochemical studies and expert reports. As a result of these evaluations, no impairment is expected in the goodwill arising from the acquisition of Newmont Altın as of March 31, 2020.

Purchase of Mastra Madencilik:

The Company has acquired 50.43% of Mastra Madencilik, which previously owned 49.57% of its founding shares, to Dedeman Holding A.Ş. and Dedeman Family for TL 4.241 thousand in exchange of USD 3.217 thousand on August 12, 2005. The difference of TL 2.785 thousand between the fair value of the net assets obtained in return for the purchase is reflected in the financial statements as goodwill. Mastra Madencilik has legally merged under Koza Altın as of September 15, 2005 in parallel with the Turkish Commercial Code and the Corporate Tax Law.

As a result of the impairment tests performed over the fair value after the costs required for sales, no impairment was detected in the goodwill generated by the acquisition of Mastra Madencilik as of March 31, 2020. Since the price of gold on an ounce basis is an independent market data, the Company uses the impairment test by deducting the net book value of the mining assets and other tangible and intangible assets in the site from the amount of visible and probable workable reserve amount valued at current market prices by comparing the value of the possible workable net reserve with the carried value of the goodwill.

Since the net value of the visible and probable net reserve after deducting the cost of the relevant investments is higher than the carried value of the goodwill, no impairment was detected.

b) Other intangible assets

The details of the Company's other intangible assets as of March 31, 2020 and 2019 are as follows:

	January 1, 2020	Additions	March 31, 2020
Cost			
Rights	10.286	34	10.320
Total	**10.286**	**34**	**10.320**
Accumulated depreciation			
Rights	8.846	279	9.125
Total	**8.846**	**279**	**9.125**
Net book value	**1.440**		**1.195**

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

8. Intangible assets (continued)

b) Other intangible assets (continued)

	January 1, 2019	Additions	March 31, 2019
Cost			
Rights	9.478	-	9.478
Total	9.478	-	9.478
Accumulated depreciation			
Rights	7.111	534	7.645
Total	7.111	534	7.645
Net book value	2.367		1.833

9. Provisions, contingent assets and liabilities

As of March 31, 2020 and December 31, 2019, the details of the Company's provisions, contingent assets and liabilities are as follows:

a) Short-term provisions

	March 31, 2020	December 31, 2019
State right expense provision	146.025	107.470
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	57.945	45.582
Provisions for lawsuit	27.191	8.581
Other provisions	11.301	3.769
Total	**242.462**	165.402

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

9. Provisions, contingent assets and liabilities (continued)

b) Long-term provisions

	March 31, 2020	December 31, 2019
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	128.664	125.359
Total	**128.664**	125.359

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

	2020	2019
January 1	170.941	133.385
Paid during the period	(11.568)	(3.408)
Discount effect	3.471	5.258
Currency effect	16.570	9.315
Effect of changes in estimates and assumptions	(4.052)	8.730
Additions / (cancellations), net	11.247	3.461
March 31	**186.609**	156.741

c) Provisions for employee benefits

i- Short-term provisions for employee benefits

	March 31, 2020	December 31, 2019
Provision for unused vacation	9.396	9.653
Total	**9.396**	9.653

The movement of provision for unused vacation is as follows;

	2020	2019
January 1	**9.653**	6.147
Additions / (cancellations), net	**(257)**	1.677
March 31	**9.396**	7.824

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

9. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits (continued)

ii- Long-term provisions for employee benefits

	March 31, 2020	December 31, 2019
Provision for employee termination benefits	26.770	25.689
Total	**26.770**	25.689

Under the Turkish Labour Law, the Company 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 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 6.730,15 (April 1, 2019: TL 6.017,60) as of April 1, 2020 was taken into consideration in the calculation of the provision for severance pay. TFRS requires actuarial valuation methods to be developed to estimate the provision for severance pay. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	March 31, 2020	December 31, 2019
Net discount rate	%3,70	%1,29
Turnover rate related the probability of retirement (rate of employees to remain to retirement)	%97,16	%92,62

The movements of the provision for severance pay within the accounting periods of March 31, 2020 and 2019 are as follows:

	2020	2019
January 1	**25.689**	20.913
Interest cost	(371)	(666)
Service cost	771	35
Actuarial loss / (gain)	2.104	1.831
Severance paid	(1.423)	1.137
March 31	**26.770**	23.250

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

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

9. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits (continued)

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

The sensitivity analysis of the important assumptions used in the calculation of the provision for employee termination benefits as of March 31, 2020 is as follows:

	Discount rate		Rate of retirement	
	0,50% increase	0,50% decrease	0,50% increase	0,50% decrease
2020	(1.834)	2.069	391	(568)

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.

For the cancellation of the EIA affirmative decision issued for the Ovacık gold mine in accordance with the provisions of the 2009/7 circular, Izmir 6th Administrative Court's case numbered 2017/1317 E. was filed against the Ministry of Environment and Urbanization and the Company intervened to the case. İzmir 6th Administrative Court rejected the case in favor of the Company in the case file numbered 2017/1317 E., and 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 Havran mine

Regarding Havran 28237, the license was canceled with the decision of the Balıkesir Administrative Court from the file 2017/1313 E., 2017/2594 K. The results of the lawsuits are of a nature that will not affect the activities of the Company.

iii- Lawsuits related to Kaymaz mine

The Company has filed lawsuits in Eskisehir 1st Administrative Court numbered 2014/1084 E. and Eskişehir 1st Administrative Court numbered 2014/760 E. requesting cancellation and stay of execution against the operations related to the cessation of operations in the agricultural lands of the Kaymaz gold mine located in the field bearing aregistration number of 43539 and 82567. Among these lawsuits, in the case numbered E.2014 / 760 of the Eskişehir 1st Administrative Court filed for the field with the license numbered İR 43539, the court rejected the request for a stay of execution, and this decision was objected to the Regional Administrative Court. In the case numbered E.2014 / 1084 regarding the field with the license numbered IR 82567, it has been decided to examine the request for "suspension of execution" after the discovery and expert examination and the examination of the expert report to be prepared, and to make the discovery and expert examination in the file. Both cases were concluded in favor of the Company. Upon the appeal of the other party, the Council of State decided to suspend the execution of the court decision until the defense. The substantive examination of the request for a stay of execution continues.

9. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

iv- Lawsuits related to other mines

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

Lawsuits related to Çukuralan mine:

A lawsuit numbered 2017/1656 E. was filed against the Ministry of Environment and Urbanization in İzmir 6th Administrative Court for the cancellation of the EIA affirmative report issued for the 3rd capacity increase project of Çukuralan mining facility, and the Company intervened in the case. In the file, an exploratory examination was carried out by the expert and court committee on April 4, 2018. On August 9, 2018, the court ordered to a stay of execution and the transaction in question was canceled with the court decision dated September 28, 2018. As a result of the appeal review by the Council of State, the decision of the local court was overturned by the decision numbered 2018/5434 E. and 2019/1606 K. dated March 5, 2019 in favor of the Company on grounds that it was inappropriate. The file continues in Izmir 6th Administrative Court over the 2019/574 Basis number. The trial continues. The company continues its activities with the EIA positive report received within the scope of the second capacity increase.

Lawsuits related to Kayseri-Himmetdede mine:

Two lawsuits were filed for the cancellation of the EIA positive report dated July 14, 2016, which was issued upon the previous annulment decision, and the Company intervened. Kayseri 2nd Administrative Court 2016/814 E. and Kayseri 1st Administrative Court 2016/756 E. Lawsuits were filed. The case was rejected by the local court in favor of the Company, the court decision was reversed due to incomplete review as a result of the appeal of the plaintiff. As a result of the re-trial made by the local court, the file numbered 2016/814 E was decided by the decision of Kayseri 2nd Administrative Court dated May 8, 2019 and numbered E: 2018/526, K: 2019/332 and 2016/756 E numbered Kayseri 1st Administrative Court on 08 May 2019. The lawsuits in favor of our company were dismissed with the decision numbered E: 2018/501, K: 2019/394 dated 2019. The decision of the Kayseri 2nd Administrative Court's file numbered 2018/526 E., as a result of the appeal made by the plaintiff's attorney, was rejected by the decision of the 6th Department of the Council of State dated October 23, 2019 and numbered E: 2019/15818, K: 2019/9919 and the appeal application was rejected. It has been absolutely confirmed. The decision of the 1st Administrative Court of Kayseri, numbered 2018/501 E., as a result of the appeal made by the plaintiff's attorney, the decision of the 6th Department of the Council of State, dated October 23, 2019 and numbered E: 2019/15830, K: 2019/9920, was rejected and the appeal application was rejected. It has been absolutely confirmed. The relevant EIA positive report does not affect the Himmetdede mine activities, and the Company continues its activities with the EIA positive report dated October 27, 2016.

v- Lawsuits regarding the Company's subsidiary abroad

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

9. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

vi- Lawsuits related to Söğüt Project

It is the lawsuit numbered 2015/1344 E. of the Istanbul 6th Civil Court of Peace, which was opened in 2015 for the cancellation of the royalty contract of the fields in Söğüt district owned by the Gübre Fabrikaları T.A.Ş. 27. In December 2018, the court decided to evacuate the defendant Company from the mining operation area in Bilecik province, Söğüt district, Kızılsaray village, which is the subject of the lawsuit and the contract number ER 1151632, registration number 5534, license number IR 3141, and its delivery to the defendant Gübre Fabrikaları TAŞ. The request for the registration of the operating licenses on behalf of the plaintiff was rejected since it was an administrative act. The decision was concluded within 2 weeks from the notification to the defendant and the plaintiff parties, with an appeal open to the regional court. On 29 January 2019, the company filed an appeal to the Istanbul Regional Court of Justice against the aforementioned decision. It has been decided by the court of appeal that the company's appeal application is rejected on the merits. In addition, it was decided to abolish the decision of the court of first instance and register the license on behalf of the plaintiff.

vii- Liability lawsuits filed against former managers

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

viii- Lawsuits related to collective license cancellations

With the approval of the Ministry dated 20 July 2016, it was decided to cancel 162 mineral exploration and operation licenses of the Company, and various lawsuits were filed against the Ministry of Energy and Natural Resources in various courts against the annulment decisions. While the judicial process was ongoing, a settlement protocol was signed between the Ministry of Energy and Natural Resources and the Company in accordance with the provisions of the Decree Law No. 659 and entered into force. Accordingly, operating projects were revised and submitted to the ministry by the company about 142 of the canceled licenses, and the ministry continued to investigate, and a settlement protocol was made for the applications that were previously decided to be canceled, the lawsuits were waived and the files were closed.

vi- Employee lawsuits and cases of contract receivables

As of March 31, 2020, the provision amount accounted for ongoing employee and other lawsuits against the Company is amounting to TL 27.191 Thousand (December 31, 2019: TL 8.581 Thousand).

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

9. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

vii- 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. .

e) Commitments and contingent liabilities

i- Letter of guarantees given

The details of the letter of guarantees given by the Company as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
A. CPM's given on behalf of own legal entity	25.837	28.972
- Guarantee	*25.837*	*28.972*
- Mortgage	-	-
B. CPM's 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 other 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	25.837	28.972

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

9. Provisions, contingent assets and liabilities (continued)

e) Commitments and contingent liabilities (continued)

ii- Letter of guarantees received

The details of the Company's letter of guarantees received as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
Guarantee cheques	334.068	304.613
Guarantee letters	146.404	136.694
Security bonds	1.537	1.537
Total	**482.009**	442.844

iii- Government grants

The 80% percentage of the income tax calculated on the social security employer's share and wages calculated for the Company'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 Company 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 Company benefits from the investment incentive in the Çukuralan - İzmir. The Company 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.

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

10. Equity

a) Capital

As of March 31, 2020, the Company's paid-in capital is amounting to TL 152.500 Thousand (December 31, 2019: TL 152.500 Thousand) and consists of 15.250.000.000 shares with a nominal share value of 1 Kuruş (December 31, 2019: 15.250.000.000 units).

	March 31, 2020			December 31, 2019	
Equity	**Share Group**	**Share Rate**	**Share amount**	Share Rate	Share amount
ATP İnşaat ve Ticaret A.Ş.	A, B	45,01	68.636	45,01	68.636
Koza İpek Holding A.Ş.	A, B	24,99	38.114	24,99	38.114
Other	A	30,00	45.750	30,00	45.750
Total		**100**	**152.500**	100	152.500
Capital adjustment differences			3.579		3.579
Paid-in capital			**156.079**		156.079

The Board of Directors of the Company consists of six members and four of these six persons are elected by the general assembly from among the candidates nominated by (A) group registered shareholders, and two independent members from among the candidates nominated in the general assembly. At its meeting after each ordinary general assembly or each general assembly where members are elected, the board of directors elects a chairman and a vice chairman among the members representing the (A) group registered shareholders. Apart from this, (A) and (B) group shares do not have any other privileges. According to the decision of Ankara 5th Criminal Court of Peace dated October 26, 2015, trustees have been appointed to the Company, and a regulation has been made regarding the transfer of the powers of the trustees working in the companies that have been decided to be appointed to the SDIF by the judge or the court with the Decree No.674 on Making Some Regulations under the State of Emergency, published in the Resmi Gazete dated August 15, 2016. With the decision of Ankara 4th Criminal Judgeship dated September 6, 2016 and numbered 2016/4628 D, it was decided to terminate the duties of the trustees on the day the procedures for their trusteeship powers were completed. The board of directors was established by the SDIF with the decision of the SDIF Board dated September 22, 2016 and numbered 2016/206. For this reason, the privileges of the (A) and (B) share groups cannot be used.

Capital adjustment differences amounting to TL 3.579 Thousand (December 31, 2019: TL 3.579 Thousand), from the difference between the total amount of the Company's capital adjusted for inflation and the capital amount before the inflation correction of the Company, offsetting accumulated losses in 2006 and remaining after the transfer to the paid-in capital refers to the amount.

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 the "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 2019 in cash until September 30, 2020. 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.

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

10. Equity (continued)

a) Capital (continued)

- Dividend advance power will not be authorized by the general assembly until September 30, 2020 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 September 30, 2020.

- 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 September 30, 2020 if the distribution decision is taken from the free reserves, although the payments exceeding 25% of the net profit of the 2019 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.

The Company's restricted reserves are as follows:

	March 31, 2020	December 31, 2019
Restricted reserves	137.390	137.390
Total	**137.390**	137.390

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.

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

11. Revenue and cost of sales

The details of the Company's revenue and cost of sales as of January 1 – March 31, 2020 and 2019 are as follows:

	January 1 – March 31, 2020	January 1 – March 31, 2019
Domestic sales	695.593	467.841
Total sales	**695.593**	467.841
Cost of sales	**(249.593)**	(182.858)
Gross profit	**446.000**	284.983

The distribution of the Company's revenues by product type as of January 1 – March 31, 2020 and 2019 are as follows:

	January 1 – March 31, 2020	January 1 – March 31, 2019
Sales of gold bars	692.604	465.476
Sales of silver bars	2.989	2.365
Total	**695.593**	467.841

12. Income / (expenses) from investing activities

a) Income from investment activities

	January 1 – March 31, 2020	January 1 – March 31, 2019
Interest income	112.457	123.741
Foreign exchange income	61.613	46.033
Other	29	2.167
Total	**174.099**	171.941

b) Expenses from investment activities

	January 1 – March 31, 2020	January 1 – March 31, 2019
Loss from sales of Financial asset	3.747	-
Total	**3.747**	-

13. 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 2020 is 22% (2019: 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 2020 is 22% (2019: 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 1-25 April 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.

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

13. Income taxes (continued)

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 March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
Current tax expense	135.670	512.452
Prepaid taxes (-)	(17.047)	(373.027)
Current income tax liability	**118.623**	139.425

Tax expense details recognized in the income statement as of March 31, 2020 and 2019 are as follows:

	March 31, 2020	March 31, 2019
Current tax expense	(135.670)	(90.938)
Deferred tax expense / (income)	(8.183)	4.566
Total tax expense	**(143.853)**	(86.372)

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

13. Income taxes (continued)

Deferred taxes

The Company recognizes deferred tax assets and liabilities for temporary differences arising from differences between its tax base legal financial statements and its condensed financial statements prepared in accordance with TMS / TFRS. The aforementioned differences are generally due to the fact that some income and expense items are included in different periods in the financial statements subject to tax and the condensed financial statements prepared in accordance with TMS / TFRS, and these differences are stated below. In the calculation of deferred tax assets and liabilities, the tax rates expected to be applied in the periods when assets are converted into income or debts are paid are taken into account. (December 31, 2019:22%).

	March 31, 2020			December 31, 2019
	Cumulative temporary differences	**Deferred tax**	Cumulative temporary differences	Deferred tax
Tangible and intangible assets	177.781	35.556	151.047	33.230
Employee termination benefit	26.770	5.354	25.096	5.521
Lawsuit provision	16.970	3.394	8.581	1.888
Provision for unused vacation	9.396	1.879	9.653	2.124
Investment incentives	7.121	7.121	24.539	24.539
Provisions for doubtful receivables	60.809	12.162	57.240	12.593
State right provision	146.025	29.205	107.470	23.643
Fair value differences	--	--	(7.100)	(1.562)
Expense accruals	1.706	341	3.501	770
Leasing transactions	1.317	263	(59)	(13)
Interest income from bonds	--	--	(2.507)	(552)
Total deferred tax assets		**95.275**		102.181
Deferred tax assets, net		**95.275**		102.181

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

13. Income taxes (continued)

Movement of deferred tax is as follows:

	2020	2019
January 1	102.181	81.886
Deferred tax expense recognized in equity	1.277	(1.697)
Deferred tax income recognized in income statement	(8.183)	4.566
March 31	**95.275**	84.755

The reconciliation of the tax is as follows:

	2020	2019
Profit before tax	**537.791**	405.878
Effective tax rate	%22	%22
Tax calculated using effective tax rate	118.314	89.293
Effect of investment incentive allowance	14.195	(43.776)
Different tax rate effect	7.251	-
Temporary differences not subject to deferred tax	3.606	-
Effect of non-deductible expenses	340	2.497
Other	147	38.358
Current tax expense	**143.853**	86.372

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

14. 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 Company as of March 31, 2020 and 2019 are as follows:

	January 1 – March 31, 2020	January 1 – March 31, 2019
Net profit attributable to the owners of the Company	393.938	319.506
Weighted average number of share certificates	15.250.000.000	15.250.000.000
Earnings per 100 share	**2,583**	2,095
Total comprehensive income attributable to the owners of the Company	389.538	325.528
Earnings per 100 shares from total comprehensive income	**2,554**	2,135

15. 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 Company consist of the payables and receivables given and received in order to meet the financing needs of the Company and its related parties during the year. Other payables and other receivables do not have a certain maturity, and the Company accrues interest on the related payables and receivables at the end of the period, using the current interest rate determined monthly, taking into account the evaluations made by the Company management and the developments in the markets. In this context, the current interest for March 2020 was applied as 10.11% per year (March 31, 2019: 20.50%).

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 Company and other related parties are explained as below.

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

15. Related party disclosures (continued)

a) Related party balances

Other receivables of the Company from related parties as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
ATP İnşaat ve Ticaret A.Ş. (1)	293.255	264.587
Koza İpek Holding A.Ş.(1)	110.124	105.018
Other (3)	2.266	2.204
Total	**405.645**	371.809

Other payables of the Company to related parties as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. (2)	5.101	117
ATP Koza Turizm Seyahat ve Ticaret A.Ş. (2)	255	255
Other (3)	66	285
Total	**5.422**	657

b) Transactions with related parties

The purchases of the Company from related parties between January 1 – March 31, 2020 and 2019 are as follows;

	January 1 – March 31, 2020			January 1 – March 31, 2019		
	Rent	**Service**	**Other**	Rent	Service	Other
İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. (2)	4.115	-	106	3.741	-	107
Koza İpek Sigorta A.Ş. (2)	-	1.428	-	-	-	755
Other (3)	-	-	150	-	-	139
Total	**4.115**	**1.428**	**256**	3.741	-	1.001

Sales of the Company to related parties between January 1 – March 31, 2020 and 2019 are as follows;

	January 1 – March 31, 2020			January 1 – March 31, 2019		
	Interest	**Service**	**Other**	Interest	Service	Other
ATP İnşaat ve Ticaret A.Ş. (1)	5.517	-	2	7.666	-	6
Koza İpek Holding A.Ş. (1)	2.756	-	12	4.030	-	-
Other (3)	-	16	78	-	-	73
Total	**8.273**	**16**	**92**	11.696	-	79

c) **Compensations provided to key management;** The Company's key management consist of the general manager and assistant general managers. Compensations provided to senior management include benefits such as wages and bonuses. Total amount of wages and similar benefits paid to key management between January 1 – March 31, 2020 is amounting to TL 935 thousand. The entire amount consists of the wages. (January 1 – March 31, 2019: TL 873 thousand).

16. Nature and level of risks arising from financial instruments

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

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

The management policy of financial risks should be made by the Company'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 Company does not have an Early Risk Detection Committee.

The purpose that the Company 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 Company, 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 Company 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 Company 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 Company 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 Company may be exposed to is up to the amounts reflected in the financial statements.

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

In order to measure the expected credit loss, the Company 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.

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

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

The analysis of the Company's credit risk as of March 31, 2020 and December 31, 2019 are as follows:

	Trade receivables		Other receivables		Cash and cash equivalents
March 31, 2020	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits in banks**
Maximum credit risk exposure as of the reporting date (A+B+C+D+E) *	**-**	**161**	**405.645**	**26.776**	**4.812.865**
Portion of the maximum risk that is guaranteed with a collateral, etc		-	-	-	
A. Net book value of financial assets that are not overdue or not impaired		161	405.645	26.776	4.812.865
B. The book value of financial assets whose conditions have been renegotiated or that would be deemed overdue or impaired		-	-	-	-
C. Net book value of assets that are overdue but not impaired		-	-	-	-
D. Net book values of impaired assets		-	-	-	-
Overdue (gross book value)		-	-	-	-
Impairment (-)		69.691	-	-	-
The part of net value under guarantee with collateral, etc		(69.691)	-	-	-
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.

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

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

	Trade receivables		Other receivables		Cash and cash equivalents
December 31, 2019	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) (*)	-	317	371.809	29.904	4.383.592
Portion of the maximum risk that is guaranteed with a collateral, etc	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	-	317	371.809	29.904	4.383.592
B. The book value of financial assets whose conditions have been renegotiated or that would be deemed overdue or impaired	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-
Overdue (gross book value)	-	-	-	-	-
Impairment (-)	-	69.586	-	-	-
The part of net value under guarantee with collateral, etc	-	(69.586)	-	-	-
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.

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

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

b) Market risk

Due to operations, the Company is exposed to financial risks related to changes in exchange rates and interest rates. Market risks encountered by the Company are measured on the basis of sensitivity analysis. In the current year, there isn't any change in the market risk that the Company 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 Company controls this risk through a natural precaution that occurs by netting foreign currency assets and liabilities.

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

March 31, 2020	**TL Equivalent**	**Usd**	**Euro**	**Gbp**
Cash and cash equivalents	683.365	104.864	7	2
Trade receivables	-	-	-	-
Other receivables	64.347	9.575	271	-
Prepaid expenses	47.524	853	5.593	200
Current assets	795.236	115.292	5.871	202
Total assets	**795.236**	**115.292**	**5.871**	**202**
Trade payables	16.389	156	1.881	224
Other payables	35.779	5.491	-	-
Current liabilities	52.168	5.647	1.881	224
Total liabilities	**52.168**	**5.647**	**1.881**	**224**
Net foreign currency position	**743.068**	**109.645**	**3.990**	**(22)**

December 31, 2019	TL Equivalent	Usd	Euro	Gbp
Cash and cash equivalents	660.888	110.761	15	366
Other receivables	58.383	9.525	271	-
Prepaid expenses	2.302	79	272	3
Current assets	721.573	120.365	558	369
Total assets	721.573	120.365	558	369
Trade payables	10.158	165	1.311	59
Other payables	85	12	2	-
Current liabilities	10.243	177	1.313	59
Total liabilities	10.243	177	1.313	59
Net foreign currency position	711.330	120.188	(755)	310

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

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

Sensitivity analysis;

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

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

March 31, 2020	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation / depreciation of USD against TL				
1- USD net asset/liability	71.445	(71.445)	71.445	(71.445)
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	**71.445**	**(71.445)**	**71.445**	**(71.445)**
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	2.879	(2.879)	2.879	(2.879)
5- Portion protected from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	**2.879**	**(2.879)**	**2.879**	**(2.879)**
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	(18)	18	(18)	18
8- Portion protected from GBP risk (-)	-	-	-	-
9-GBP Net effect (7+8)	**(18)**	**18**	**(18)**	**18**
Total (3+6+9)	**74.306**	**(74.306)**	**74.306**	**(74.306)**

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

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

b) Market risk (continued)

	Profit / Loss		Equity	
December 31, 2019	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation / depreciation of USD against TL				
1- USD net asset/liability	71.394	(71.394)	71.394	(71.394)
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	71.394	(71.394)	71.394	(71.394)
In case of 10% appreciation / depreciation of EUR against TL				
4-EUR net asset/liability	(502)	502	(502)	502
5- Portion protected from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(502)	502	(502)	502
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	241	(241)	241	(241)
8- Portion protected from EUR risk (-)	-	-	-	-
9-GBP net effect (7+8)	241	(241)	241	(241)
Total (3+6+9)	71.133	(71.133)	71.133	(71.133)

Price risk

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

The operational profitability of the Company 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 Company and continue in this way for a certain period, the operational profitability of the Company may decrease.

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

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

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

c) Capital risk management:

While managing the capital, the Company's objectives are to maintain the most appropriate capital structure in order to benefit its shareholders and reduce the cost of capital and to ensure the continuity of the Company's activities.

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

The Company uses the net financial debt / equity ratio to monitor the capital structure. Net debt is calculated by deducting cash and cash equivalents from the total debt amount (including loans and other payables to related parties as shown in the balance sheet).

Company management should follow the net debt / equity ratio regularly and update it when necessary. The Company does not have an Early Detection of Risk Committee.

Net debt / equity ratios as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
Financial liabilities	15.976	4.447
Less: Cash and cash equivalents (Note 3)	(4.813.152)	(4.383.735)
Net debt	**(4.797.176)**	(4.379.288)
Total equity	6.147.963	5.758.425
Net debt / equity ratio	**(%78)**	(%76)

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

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

Fair value of the financial instruments

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

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

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

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

Level classifications of financial assets measured at their fair values:

March 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:	**-**	**-**	**218.325**	**218.325**
Measured at fair value through other comprehensive income	-	-	218.325	218.325

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets:	12.069	-	218.753	230.822
Measured at fair value through other comprehensive income	12.069	-	218.753	230.822

18. Subsequent events after balance sheet date

The recent outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections originating in China and spreading in various jurisdictions, may negatively affect economic conditions regionally as well as globally, disrupt operations situated in countries particularly exposed to the contagion. The ultimate severity of the Coronavirus outbreak is uncertain at this time and therefore the Company cannot reasonably estimate the impact on Company’s operations.

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

The Company's independently audited financial statements for the years ended December 31, 2016, 2017, 2018 and 2019, 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 and February 27, 2020, respectively. Independently audited financial statements for the year ended December 31, 2015, on the other hand, were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Group for the years 2015, 2016, 2017, 2018 and 2019, as explained in detail in footnote number 10, in accordance with the decision of the Ankara 5th Criminal Court of Peace, dated October 26, 2015, the management of the Group, the Board of Trustees, followed by the Board of Trustees on September 22, 2016. was transferred to the Savings Deposits Insurance Fund ("SDIF"). As of the date of the report, due to the fact that various examinations and studies are ongoing by the Prosecutor's Office, the Police Department of Financial Crimes and the CMB, the financial statements of the relevant periods were not submitted to the approval of the General Assembly.

Uncertainties Regarding the Covid-19 Outbreak

The necessary actions have been taken by the Company management to minimize the possible effects of COVID-19, which originates in China, spreads to various countries around the world, and causes potentially fatal respiratory infections, on the Company's activities and financial status.

The Company evaluated the possible effects of the COVID-19 outbreak on the financial statements and reviewed the estimates and assumptions used in the preparation of the financial statements, while preparing the interim financial statements dated March 31, 2020, In this context, no impairment has been identified in the amounts of the assets included in the interim financial statements dated March 31, 2020. Due to the uncertainty of the duration of the impact of the Covid-19 epidemic on the economy, the impairment tests will be updated again as part of the annual financial statements dated December 31, 2020.