

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

KOZA ALTIN İŐLETMELERİ A.Ő.

**INTERIM FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 together with limited review report**

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the Board of Directors of
Koza Altın İşletmeleri Anonim Şirketi

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Koza Altın İşletmeleri Anonim Şirketi (the Company) as of June 30, 2024 and the interim condensed statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the six-month period then ended, and explanatory notes. Company management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with Turkish Accounting Standard 34, Interim Financial Reporting (TAS 34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

- 1) As explained in detail in note 10, pursuant to the decision of the Ankara 5th Criminal Court of Peace dated October 26, 2015, the management of the 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 to whether any correction is required in the financial statements of the Company.
- 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. Due to the fact that the Company could not present the fair value determination work to be done in accordance with the provisions of TFRS 9 - Financial Instruments Standard, since the shares of the Company are accounted as financial assets and TFRS 10 - Consolidated Financial Statements Standard after loss of control, we could not obtain sufficient appropriate audit evidence as to whether any adjustments to the financial statements are necessary.



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Emphasis of Matters

We draw attention to Note 21 explaining that the independently audited financial statements of the Company for the years ended December 31, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 were approved and published by the Board of Directors with the resolutions dated April 24, 2018, April 30, 2018, February 28, 2019, February 27, 2020, March 1, 2021, March 1, 2022, March 1, 2023 and May 9, 2024 respectively by excluding the possible cumulative reflections of the works and transactions belonging to the previous financial periods on the tables in accordance with the provisions of Article 401/4 of the Turkish Commercial Code No. 6102 ("TCC"). Independently audited financial statements for the year ended December 31, 2015, on the other hand, were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Company for the years 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 could not be held due to the reasons stated in the paragraph of the basis for qualified conclusion and the financial statements of the relevant periods could not be submitted to the approval of the General Assembly. However, this issue does not affect the result announced by us.

In addition, following the decision of the 3rd Criminal Chamber of the Supreme Court of Appeals dated April 14, 2023 and numbered 2023/2215 regarding the transfer of the Company's shares to the treasury through confiscation, without prejudice to the rights of bona fide shareholders and third parties, the transfer of the Company's shares belonging to the treasury to the Türkiye Varlık Fonu Yönetimi Anonim Şirketi, while preserving the parent company-affiliate structures, was published in the Official Gazette dated August 20, 2024 and numbered 32638, with the Presidential Decree numbered 8857. We draw attention to footnotes 11 and 20, which contain explanations on these issues.

However, the above-mentioned matters do not affect our conclusion.

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 member firm of Ernst & Young Global Limited

Mehmet Can Altıntaş, SMMM
Partner

September 20, 2024
Ankara

KOZA ALTIN İŞLETMELERİ A.Ş.

Condensed statement of financial position as of June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

	Notes	<i>Current period Reviewed June 30, 2024</i>	<i>Prior period Audited December 31, 2023</i>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1.049.104	324.423
Financial investments	4	9.616.042	11.703.425
Trade receivables			
- Due from third parties		2.593	508
Other receivables			
- Due from third parties		53.563	191.152
Inventories	5	1.405.058	1.693.527
Prepaid expenses	6	135.286	361.239
Assets related to current period tax		234.215	-
Other current assets	7	4.703	2.380
TOTAL CURRENT ASSETS		12.500.564	14.276.654
NON-CURRENT ASSETS			
Financial investments	4	3.095.445	2.943.615
Other receivables			
- Due from related parties	17	817.132	959.353
- Due from third parties		3.293	3.905
Right-of-use assets		12.305	26.700
Property, plant and equipment	8	7.402.739	6.051.605
Intangible assets			
- Goodwill	9	118.814	118.814
- Other intangible assets	9	61.043	15.216
Prepaid expenses	6	1.572.624	2.427.774
Deferred tax assets	15	1.579.867	1.264.807
Other non-current assets	7	627.451	711.025
TOTAL NON-CURRENT ASSETS		15.290.713	14.522.814
TOTAL ASSETS		27.791.277	28.799.468

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

KOZA ALTIN İŞLETMELERİ A.Ş.

Condensed statement of financial position as of June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

		<i>Current period Reviewed</i>	<i>Prior period Audited</i>
	Notes	June 30, 2024	December 31, 2023
LIABILITIES			
CURRENT LIABILITIES			
Short-term lease liabilities			
- Bank credits		-	478.152
- Lease liabilities		6.492	10.096
Trade payables			
- Due to third parties		196.156	373.056
Payables related to employee benefits		118.279	147.515
Other payables			
- Due to related parties	17	15.374	666
- Due to third parties		561.162	406
Deferred Revenues (Excluding liabilities arising from customer agreements)		901	260
Current income tax liabilities		-	188.634
Short-term provisions			
- Provisions for employee benefits	10	44.164	32.844
- Other short-term provisions	10	900.162	1.035.415
Other current liabilities		20.239	21.277
TOTAL CURRENT LIABILITIES		1.862.929	2.288.321
NON-CURRENT LIABILITIES			
Long-term lease liabilities			
- Lease liabilities		2.809	7.817
Other payables			
- Due to third parties		180.256	201.636
Long-term provisions			
- Provisions for employee benefits	10	195.573	173.237
- Other long-term provisions	10	658.951	408.730
TOTAL NON-CURRENT LIABILITIES		1.037.589	791.420
EQUITY		24.890.759	25.719.727
Paid-in share capital	11	3.202.500	3.202.500
Adjustment to share capital	11	4.822.668	4.822.668
Withdrawn shares (-)		(2.315.961)	(1.804.134)
Other comprehensive income / expense not to be reclassified to profit or loss			
- Actuarial gain / (loss) fund for employee benefits		(231.741)	(152.198)
Restricted reserves	11	2.721.791	2.721.791
Reserves for withdrawn shares	11	2.315.961	1.804.134
Retained earnings		14.613.139	14.618.431
Net profit / loss for the period		(237.598)	506.535
TOTAL LIABILITES AND EQUITY		27.791.277	28.799.468

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

KOZA ALTIN İŞLETMELERİ A.Ş.**Condensed statement of profit or loss and other comprehensive income
for the period ended June 30, 2024**

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL")
as of June 30, 2024, unless otherwise stated.)

		<i>Reviewed</i>	<i>Reviewed</i>	<i>Not reviewed</i>	<i>Not reviewed</i>
		January 1- June 30, 2024	January 1- June 30, 2023	April 1- June 30, 2024	April 1- June 30, 2023
	Notes				
Revenue	12	5.263.157	5.602.014	2.087.466	2.529.784
Cost of sales (-)	12	(3.580.844)	(4.394.127)	(1.438.612)	(1.722.186)
GROSS PROFIT		1.682.313	1.207.887	648.854	807.598
Research and development expenses (-)		(479.700)	(477.896)	(171.509)	(190.876)
Marketing, sales and distribution expenses (-)		(84.068)	(154.986)	(80.989)	(151.514)
General administrative expenses (-)		(487.143)	(542.164)	(234.279)	(161.993)
Other operating income	14	94.153	92.858	50.852	67.649
Other operating expenses (-)	14	(420.942)	(1.152.381)	(246.094)	(525.421)
OPERATING PROFIT		304.613	(1.026.682)	(33.165)	(154.557)
Income from investing activities	13	2.117.116	5.664.234	824.754	2.925.358
Expense from investing activities		-	-	-	165
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9		-	106	-	(21)
OPERATING PROFIT BEFORE FINANCIAL INCOME		2.421.729	4.637.658	791.589	2.770.945
Financial expenses (-)		(4.554)	(28.071)	-	(19.183)
Monetary loss (-)		(2.943.318)	(3.377.737)	(1.706.397)	(1.267.578)
PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS		(526.143)	1.231.850	(914.808)	1.484.184
- Current tax expense (-)	15	-	(688.277)	247.396	(452.168)
- Deferred tax income / (expense) (-)	15	288.545	186.715	628.003	91.932
NET LOSS FOR THE PERIOD		(237.598)	730.288	(39.409)	1.123.948
Other comprehensive expense (-)		(79.543)	(65.009)	(34.693)	(72.127)
Total other comprehensive income not to be classified to profit or loss in subsequent years					
Gains / (losses) on remeasurements of defined benefit plans		(106.058)	(81.261)	(46.257)	(90.159)
Gains / (losses) on remeasurements of defined benefit plans, tax effect	15	26.515	16.252	11.564	18.032
TOPLAM COMPREHENSIVE EXPENSE		(317.141)	665.279	(74.102)	1.051.821
Earnings per 100 share					
- common stock (TL)		(0,074)	0,228	(0,012)	0,351
Earnings per 100 shares from total comprehensive income					
- common stock (TL)		(0,099)	0,208	(0,023)	0,328

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

KOZA ALTIN İŞLETMELERİ A.Ş.

Condensed statement of changes in equity for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

			Other comprehensive income/expense not to be reclassified to profit or loss			Retained earnings		
	Paid in capital	Adjustment to capital	Treasury Shares	Actuarial (loss) / gain fund for employment termination benefit	Restricted reserve	Retained earnings	Net profit for the period	Total equity
Balances as of January 1, 2023	152.500	2.174.075	-	(115.895)	2.231.868	28.709.720	(4.122.328)	29.029.940
Net profit for the period	-	-	-	-	-	-	730.288	730.288
Other comprehensive income/ (loss)	-	-	-	(65.009)	-	-	-	(65.009)
Total comprehensive income/ (loss)	-	-	-	(65.009)	-	-	730.288	665.279
Capital increase (*)	3.050.000	2.648.593	-	-	-	(5.698.593)	-	-
Increase (Decrease) through Treasury Share Transactions	-	-	(1.804.134)	-	1.804.134	(1.804.134)	-	(1.804.134)
Transfers	-	-	-	-	-	(4.122.328)	4.122.328	-
Balance as of June 30, 2023	3.202.500	4.822.668	(1.804.134)	(180.904)	4.036.002	17.084.665	730.288	27.891.085
Balance as of January 1, 2024	3.202.500	4.822.668	(1.804.134)	(152.198)	4.525.925	14.618.431	506.535	25.719.727
Net loss for the period	-	-	-	-	-	-	(237.598)	(237.598)
Other comprehensive loss	-	-	-	(79.543)	-	-	-	(79.543)
Total comprehensive income/ (loss)	-	-	-	(79.543)	-	-	(237.598)	(317.141)
Capital increase	-	-	(511.827)	-	511.827	(511.827)	-	(511.827)
Increase (Decrease) through Treasury Share Transactions(**)	-	-	-	-	-	506.535	(506.535)	-
Transfers	-	-	-	-	-	-	-	-
Balance as of June 30, 2024	3.202.500	4.822.668	(2.315.961)	(231.741)	5.037.752	14.613.139	(237.598)	24.890.759

(*) In 2023, The Company's issued capital, which is 152,500 Thousand TL (One Hundred Fifty Two Million Five Hundred Thousand Turkish Liras) within the registered capital ceiling of 5,000,000 Thousand TL (Five Billion Turkish Lira), is fully covered by internal resources of 3,050,000 Thousand TL (Three Billion Fifty Million Turkish Liras) by 2000% and it was increased to 3,202,500 Thousand TL (Three Billion Two Hundred Two Million Five Hundred Thousand Turkish Liras).

(**) It is related to the repurchased shares of the Company within the scope of share purchase and sale transactions initiated by the decision of the Company's Board of Directors. During the period, total of 20.750.000 shares were bought for Thousand TL 511,827.

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

KOZA ALTIN İŞLETMELERİ A.Ş.

Condensed statement of cash flows for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of June 30, 2024, unless otherwise stated.)

	Notes	Current period Reviewed January 1 – June 30, 2024	Prior period Reviewed January 1 – June 30, 2023
A. Cash flows from operating activities		3.525.331	(257.354)
Profit for the period from the continuing operations		(237.598)	730.288
Adjustments to reconcile profit for the period			
Adjustments to depreciation and amortization		818.511	421.741
Adjustments for Fair Value Loss (Gains) of Financial Assets	13	(1.628.750)	(4.132.779)
Adjustments for provisions			
- Adjustments for sectoral provisions		868.045	516.870
- Adjustments for debt provisions	10	(12.488)	(95.674)
- Adjustments for lawsuits and/ or penalty provisions	14	107.502	127.030
- Adjustments for provisions for employee benefits	10	37.227	23.804
Adjustments for tax expense	15	(288.545)	501.562
Adjustments for interest expenses		22.528	47.802
Adjustments for interest income	13	(488.360)	(150.531)
Adjustments for loss / (gains) arising from disposal of tangible assets	13	(6)	(68.830)
Adjustments for impairment (cancellation) of receivables	13	-	(1.310.088)
Adjustments for losses (gains) on disposal of investment property		2.161.939	3.099.644
Monetary loss			
Total adjustments		1.597.603	(1.019.449)
Decrease / (increase) in trade receivables		(2.085)	23.811
Decrease / (increase) in other receivables		138.201	3.482
Increase in other payables		15.462	3.916
Increase in inventories	5	288.469	395.530
Increase in prepaid expenses		2.425.092	30.066
Decrease in trade payables		(176.900)	(101.652)
Increase in other receivables from related parties related to activities		142.221	(54.163)
(Decrease) / increase in payables related to employee benefits		(29.236)	89.100
(Increase) / decrease in other assets related to activities		81.251	110.574
Increase in other liabilities related to activities		8.500	2.167
Payments of employee retirement benefits	10	(93.506)	(34.843)
Payments related to other provisions		(202.970)	(37.508)
Taxes paid	15	(429.173)	(398.673)
Net cash from operating activities		2.165.326	31.807
B. Cash flows from investing activities		(1.658.005)	1.770.211
Cash outflows from purchase of tangible assets	8	(2.057.449)	(408.307)
Cash outflows from purchase of intangible assets	9	(1.504)	(10.422)
Cash inflows from the sale of investment properties		-	1.218.261
Cash advances and debts given (-)	6	(1.343.989)	-
Cash inflows related to sale of tangible assets	8,13	19.543	126.409
Interest received		481.853	151.187
Cash related to financial investments, net		1.243.541	692.477
Cash outflows from the purchase of fixed assets classified for sale (-)		-	606
C. Net cash from financing activities		(996.670)	(1.227.970)
Cash outflows related to withdrawn transactions (-)		(511.827)	(1.804.134)
Cash outflows related to lease liabilities (-)		(6.691)	(22.979)
Cash outflows due to borrowing		(478.152)	-
Cash inflows due to borrowing		-	599.143
D. Monetary loss on cash and cash equivalents		(152.481)	(111.008)
Net increase in cash and cash equivalents (A+B+C+D)		718.175	173.879
E. Cash and cash equivalents at the beginning of the year	3	322.700	289.076
F. Cash and cash equivalents at the end of the year (A+B+C+D+E)	3	1.040.875	462.955

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

KOZA ALTIN İŞLETMELERİ A.Ş.

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

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 June 30, 2024, 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, 2023: 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 June 30, 2024, shares corresponding to 30% of the Company's shares (December 31, 2023: 30%) are traded on BIST.

As of this date, all the authorities 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 accordance with the "reservation of the rights of bona fide shareholders and third parties" stipulated in the decision of the 3rd Criminal Chamber of the Supreme Court of Appeals dated April 14, 2023, numbered 2022/18087 Principles, Decision no. 2023/2215, the Company and other Koza İpek Group companies are in a way that protects the rights of bona fide shareholders and third parties, the parent company-subsiary structure in group companies continues as it is, and the rights of investors in companies traded on BIST are protected, and the registration and announcement of the shares of real persons other than these on behalf of the Treasury are carried out by the Trade Registry Office. It was held in July 2023.

The Company's financial statements for the years ended December 31, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 have been approved by the Board of Directors with the board decisions dated April 24, 2018, April 30, 2018, February 28, 2019, February 27, 2020, March 1, 2021, March 1, 2022, March 1, 2023 and May 9, 2024 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, 2019, 2020, 2021, 2022 and 2023 as explained in detailed in Note 10, could not be carried out due to various examinations and works by the Prosecutor's Office, the Police Financial Crimes Branch and the CMB, and these 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 Himmethede-Kayseri, searching for gold mines generally in Turkey regions and improving the mine fields of on going 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.

KOZA ALTIN İŞLETMELERİ A.Ş.

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

1. Company's organization and nature of the 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 2,134,910 thousand TL (December 31, 2023: 2,134,910 thousand TL).

As of June 30, 2024, the number of employees is 2.160 people (December 31, 2023: 2.491).

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 the consolidated financial statements

The condensed financial statements dated June 30, 2024 were approved by the Board of Directors and authorized to be published on September 20, 2024.

2. Basis of presentation of 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 "2024 TAS Taxonomy" announced by the POA with the principle decision dated July 3, 2024. The condensed 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.

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.

KOZA ALTIN İŞLETMELERİ A.Ş.

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of June 30, 2024, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

Adjustment of Financial Statements in High Inflation Periods

Entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after December 31, 2023 with the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23, 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

The accompanying condensed financial statements are prepared on a historical cost basis, except for financial investments measured at fair value measured at revalued amounts.

The re-arrangements made in accordance with TAS 29 were made using the correction coefficient obtained from the Consumer Price Index (“CPI”) in Turkey published by the Turkish Statistical Institute (“TÜİK”). As of June 30, 2024, the indexes and correction coefficients for the current and comparative periods used in the correction of the financial statements are as follows:

Period end	Index	Index, %	Three-year cumulative inflation rates
June 30, 2024	2.139,29	1,00000	%324
December 31, 2023	1.859,38	1,24734	%268
June 30, 2023	1.351,59	1,71597	%190

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of June 30, 2024, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

Adjustment of Financial Statements in High Inflation Periods (continued)

Assets and liabilities were separated into those that were monetary and non-monetary, with non-monetary items were further divided into those measured on either a current or historical basis to perform the required restatement of financial statements under TAS 29. Monetary items (other than index-linked monetary items) and non-monetary items carried at amounts current at the end of the reporting period were not restated because they are already expressed in terms of measuring unit as of June 30, 2024. Non-monetary items which are not expressed in terms of measuring unit as of June 30, 2024 were restated by applying the conversion factors. The restated amount of a non-monetary item was reduced, in accordance with appropriate TFRSs, in cases where it exceeds its recoverable amount or net realizable value. Components of shareholders' equity in the statement of financial position and all items in the statement of profit or loss and other comprehensive income have also been restated by applying the conversion factors.

Non-monetary items measured at historical cost that were acquired or assumed and components of shareholders' equity that were contributed or arose before the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e before January 1, 2005, were restated by applying the change in the CPI from January 1, 2005 to June 30, 2024.

The application of TAS 29 results in an adjustment for the loss of purchasing power of the Turkish lira presented in Net Monetary Position Gains (Losses) item in the profit or loss section of the statement of profit or loss and comprehensive income. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. This gain or loss on the net monetary position is derived as the difference resulting from the restatement of non-monetary items, owners' equity and items in the statement of profit or loss and other comprehensive income and the adjustment of index linked assets and liabilities.

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 condensed financial statements for the period ending on June 30, 2024, 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.

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of June 30, 2024, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

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.

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the condensed financial statements as of June 30, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2024 and thereafter. 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 of January 1, 2024 are as follows:

- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 16- Lease Liability in a Sale and Leaseback
- Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

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

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

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

- Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 21 - Lack of exchangeability

Overall, the Company expects no significant impact on its balance sheet and equity.

iii) The amendments which are effective immediately upon issuance

- Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

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

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

The following amendments to IAS 21 and IFRS 18 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the amendments and new Standard are issued and become effective under TFRS.

- Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments
- IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

IFRS 19 is not valid for the Company and the effects of other Standards and amendments on the Company's financial position and performance are being evaluated.

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies

Interim financial statements for the period ending on June 30, 2024 have been prepared in accordance with the TAS 34 standard for the preparation of interim summary condensed financial statements of TAS / TFRS.

The condensed interim financial statements for the period ending on June 30, 2024 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, 2023. Therefore, these financial statements should be evaluated together with the financial statements for the year ended December 31, 2023.

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.

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

Within the scope of long-term plan studies, which are regularly updated, the Company conducts studies to determine the remaining reserves of mining assets, 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. The reserves and resource amounts in question have been audited and approved by the independent professional valuation company "SRK Consulting" in line with the "JORC" standards as of December 31, 2023. Inspection of reserves and resources according to UMREK standards has been completed and approved.

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.5 Significant accounting judgments estimates and assumptions (continued)

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

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

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

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.5 Significant accounting judgments estimates and assumptions (continued)

- c) Amount of provisions reflected in consolidated 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 June 30, 2024, 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 (June 30, 2024: 5.34%, December 31, 2023: 4.07%). These uncertainties may cause future expenditures to differ from the amounts estimated today.

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

- d) 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 June 30, 2024, there is no legal risk expected to significantly affect the activities of the Company.
- e) 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.
- f) The gold in circuit inventory amount, which is followed as a semi-finished product and has not yet turned into finished gold during the production process, is evaluated separately for each production facility by making technical production calculations and estimations. The gold in circuit process, which is common for both tank leaching and heap leach production plants, ends after finished gold is obtained. Since the production processes of tank leaching and heap leaching facilities are different from each other, the amount of gold stock in the circuit differs on the basis of facilities, and the estimated amount of gold that can be obtained from the gold in circuit stocks of each facility at the end of the production process and the life of mine is analyzed based on technical calculations.

KOZA ALTIN İŞLETMELERİ A.Ş.

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

3. Cash and cash equivalents

	June 30, 2024	December 31, 2023
Cash	108	190
Banks		
- Demand deposits	13.705	316.197
- Time deposits	1.035.291	8.036
Total	1.049.104	324.423
Less: Interest accruals	(8.229)	(1.723)
Cash and cash equivalents presented in the cash flow statement	1.040.875	322.700

The details of the Company's time deposits as of June 30, 2024 are as follows;

Currency	Interest rate	Maturity	Currency amount	TL Equivalent
TL	%41,00-%55,00	1-30 Days	1.035.291	1.035.291
Total				1.035.291

The details of the Company's time deposits as of December 31, 2023 are as follows;

Currency	Interest rate	Maturity	Currency amount	TL Equivalent
TL	%35,00-%45,00	1-30 Days	8.036	8.036
Total				8.036

The Company's blocked deposits of 74,340 Thousands TL have been presented under financial investments account (December 31, 2023: 94,482 Thousands TL).

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Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

4. Financial investments

i- Short term financial investments

The short term financial investments of the Company as of June 30, 2024 and December 31, 2023 are as follows;

	June 30, 2024	December 31, 2023
Currency protected time deposits (**)	1.506.025	1.758.587
Financial assets accounted at fair value under profit or loss (***)	8.050.231	9.944.838
Time deposits	59.786	-
Total	9.616.042	11.703.425

ii- Long term financial investments

The long term financial investments of the Company as of June 30, 2024 and December 31, 2023 are as follows;

	June 30, 2024	December 31, 2023
Shares in subsidiaries (*)	2.139.197	2.139.197
Blocked deposits	956.248	804.418
Total	3.095.445	2.943.615

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

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

(**) Currency protected time deposits are accounted as financial assets at fair value under profit or loss. The Company has converted foreign exchange deposit accounts amounting to 63,824 Thousand USD into "Currency protected time deposits accounts". The maturity of currency protected time deposits is between 92 and 182 days. The Company's blocked deposits in the 'Currency protected time deposits accounts' of 881,908 Thousands TL have been presented under financial investments account (December 31, 2023: 709,936 Thousands TL).

(***) The Company has 13,732,427,577 investment fund participation certificates worth 5,945,263 thousand TL in total, 37,872,597 Mint Gold Certificates worth 927,879 thousand TL in total, and 24,486,605 shares worth 1,174,029 thousand TL in total, 3,060 thousand TL worth private sector bonds and the fair value of the fund accounts is are accounted for as financial assets recognized in profit or loss.

KOZA ALTIN İŞLETMELERİ A.Ş.

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

5. Inventories

The inventories of the Company as of June 30, 2024 and December 31, 2023 are as follows;

	June 30, 2024	December 31, 2023
Ready to be processed and mined ore clusters	851.945	464.610
Gold and silver in the production process and gold and silver bars	285.346	992.787
Chemicals and operating materials	267.767	236.130
Total	1.405.058	1.693.527

6. Prepaid expenses

The prepaid expenses of the Company as of June 30, 2024 and December 31, 2023 are as follows;

i- Short-term prepaid expenses

	June 30, 2024	December 31, 2023
Advances given	83.182	288.224
Prepaid expenses (*)	52.104	73.015
Total	135.286	361.239

ii- Long-term prepaid expenses

	June 30, 2024	December 31, 2023
Advances given (**)	1.567.795	2.426.749
Other (*)	4.829	1.025
Total	1.572.624	2.427.774

(*) The company's expenses consist of rental fees and insurance costs for the coming years.

(**) Under the Mollakara Gold Mine Project in Diyadin district of Ağrı Province, the company has made an investment decision for the production of gold and silver. In this context, Fernas Construction Inc. has been determined as the contractor company to establish the facility through a tender, and an advance payment of 1,343,989 TL has been made to them.

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Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of June 30, 2024, unless otherwise stated.)

7. Other current and non-current assets

i- Other current assets

The other current assets of the Company as of June 30, 2024 and December 31, 2023 are as follows;

	June 30, 2024	December 31, 2023
Advances given to personnel	2.554	1.288
Job advances given	2.149	1.092
Total	4.703	2.380

ii- Other non-current assets

	June 30, 2024	December 31, 2023
Other tangible assets (*)	627.451	711.025
Total	627.451	711.025

(*) It consists of spare parts, materials and operating materials that are generally consumed over a period of more than one year.

KOZA ALTIN İŞLETMELERİ A.Ş.

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of June 30, 2024, unless otherwise stated.)

8. Property, plant and equipment

The property, plant and equipment of the Company as of June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
Mining assets	1.906.753	1.941.001
Other tangible assets	5.495.986	4.110.604
Total	7.402.739	6.051.605

a) Mining assets

As of June 30, 2024 and December 31, 2023, mining assets consists of mining rights, mine site development costs, deferred stripping costs, mining sites, and closing and rehabilitation of mines, and the net book values of these mining assets are as follows.

	June 30, 2024	December 31, 2023
Mining sites	169.588	123.786
Mine site development cost	1.316.658	1.258.312
Deferred stripping costs	-	123.523
Rehabilitation of mining facility	-	93.690
Mining rights	420.507	341.690
Total	1.906.753	1.941.001

The movements of mining assets are as follows;

	January 1, 2024	Addition	Disposal	Inflation effect (*)	June 30, 2024
Cost					
Mining sites	635.838	61.305	(1.568)	-	695.575
Mine site development costs	6.010.635	129.361	-	-	6.139.996
Deferred stripping costs	2.219.050	-	-	-	2.219.050
Rehabilitation of mining facility	547.373	190.355	-	(108.543)	629.185
Mining rights	514.180	79.046	-	-	593.226
Total	9.927.076	460.067	(1.568)	(108.543)	10.277.032
Accumulated depreciation					
Mining sites	512.052	13.935	-	-	525.987
Mine site development costs	4.752.323	71.015	-	-	4.823.338
Deferred stripping costs	2.095.527	123.523	-	-	2.219.050
Rehabilitation of mining facility	453.683	265.466	-	(89.964)	629.185
Mining rights	172.490	229	-	-	172.719
Total	7.986.075	474.168	-	(89.964)	8.370.279
Net book value	1.941.001				1.906.753

KOZA ALTIN İŞLETMELERİ A.Ş.

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

8. Property, plant and equipment (continued)

a) Mining assets (continued)

	January 1, 2023	Addition	Disposals	Inflation effect (*)	June 30, 2023
Cost					
Mining sites	635.654	184	-	-	635.838
Mine site development costs	5.896.794	44.381	-	-	5.941.175
Deferred stripping costs	2.122.495	14.824	-	-	2.137.319
Rehabilitation of mining facility	773.128	147.027	-	(127.639)	792.516
Mining rights	553.703	36.171	-	-	589.874
Total	9.981.774	242.587	-	(127.639)	10.096.722
Accumulated depreciation					
Mining sites	483.991	3.603	-	-	487.594
Mine site development costs	4.642.894	55.716	-	-	4.698.610
Deferred stripping costs	2.036.748	17.178	-	-	2.053.926
Rehabilitation of mining facility	674.418	39.089	-	(111.343)	602.164
Mining rights	249.127	159	-	-	249.286
Total	8.087.178	115.745	-	(111.343)	8.091.580
Net book value	1.894.596				2.005.142

(*) The reclamation, rehabilitation and closure costs of the mine sites resulting from open pit mining site development activities and open pit production, according to their current conditions, are not indexed and are evaluated in US Dollar values.

All depreciation expenses are included in the cost of goods produced.

There isn't any mortgage on mining assets as of June 30, 2024 (December 31, 2023: None).

The costs of the mine sites, mining rights and mine site development costs of the Company, which have been fully depreciated as of June 30, 2024, but are in use, are amounting to thousand TL 3,583,367. (December 31, 2023: TL 2,999,877).

KOZA ALTIN İŞLETMELERİ A.Ş.

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

8. Property, plant and equipment (continued)

b) Other tangible assets

Movements of other tangible assets during the period as of June 30, 2024 and 2023 are as follows;

	January 1, 2024	Addition	Disposals	Transfers (*)	June 30, 2024
Cost					
Land, buildings and land improvements	3.361.201	65.553	(2.534)	50.905	3.475.125
Machinery and equipment	8.315.228	226.812	(34.827)	4.683	8.511.896
Motor vehicles	1.566.706	135.094	(1.618)	(151.466)	1.548.716
Furnitures and fixtures	624.743	5.127	(285)	2.275	631.860
Construction in progress(**)	526.333	1.355.151	(3.577)	(121.653)	1.756.254
Total	14.394.211	1.787.737	(42.841)	(215.256)	15.923.851
Accumulated depreciation					
Buildings and land improvements	2.019.120	81.425	-	-	2.100.545
Machinery and equipment	6.849.432	89.350	(23.726)	-	6.915.056
Motor vehicles	925.505	128.096	(861)	(151.466)	901.274
Furnitures and fixtures	489.550	21.725	(285)	-	510.990
Total	10.283.607	320.596	(24.872)	(151.466)	10.427.865
Net book value	4.110.604				5.495.986

There isn't any mortgage on other tangible assets as of June 30, 2024 (December 31, 2023: None).

There are annotations on the Gümüşhane dormitory building (net value of 100,606 Thousand TL as of June 30, 2024) by the General Directorate of National Real Estate. As of June 30, 2024, the insurance paid on the tangible assets of the Company is thousand TL 5,967 (December 31, 2023: thousand TL 2,728).

The cost of other tangible assets of the Company, which have been fully depreciated as of June 30, 2024, but are in use, is amounting to thousand TL 8,256,851 (December 31, 2023: TL 5,167,274).

Except for the ongoing fixed expenses related to the Mastra field, the operations of which have been discontinued, all depreciation expenses are included in the cost of goods produced. There is no capitalized financing expense in tangible fixed assets.

(*) As of June 30, 2024, the capitalized license software expenses (63,790 thousand TL) have been transferred to other intangible assets, and the vehicles (cost of 151,466 thousand TL) of which net book value of zero have been transferred to assets held for sale.

(**) The company has made an investment decision for Mollakara Project for gold and silver production within the scope of Mollakara Gold Mine Project in Diyadin District of Ağrı Province. The investments made during the year are related to the project in question.

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Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

8. Property, plant and equipment (continued)

b) Other tangible assets (continued)

	January 1, 2023	Addition	Disposals	Transfers (*)	June 30, 2023
Cost					
Land, buildings and land improvements	3.305.143	26.262	(126.518)	-	3.204.887
Machinery and equipment	8.693.959	121.734	-	192	8.815.885
Motor vehicles	1.153.922	53.305	(3.907)	-	1.203.320
Furnitures and fixtures	727.312	11.180	(6.412)	1.400	733.480
Construction in progress	147.838	100.266	-	(1.592)	246.512
Total	14.028.174	312.747	(136.837)	-	14.204.084
Accumulated depreciation					
Buildings and land improvements	2.076.836	39.311	(70.651)	-	2.045.496
Machinery and equipment	7.219.388	128.212	-	-	7.347.600
Motor vehicles	772.356	64.556	(3.907)	-	833.005
Furnitures and fixtures	572.409	25.726	(4.700)	-	593.435
Total	10.640.989	257.805	(79.258)	-	10.819.536
Net book value	3.387.185				3.384.548

9. Intangible assets

a) Goodwill

As of June 30, 2024 and December 31, 2023 the details of the Company's intangible assets are as follows:

	June 30, 2024	December 31, 2023
Goodwill related to Newmont Altın purchase	118.814	118.814
Total	118.814	118.814

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Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of June 30, 2024, unless otherwise stated.)

9. Intangible assets (continued)

a) Goodwill (continued)

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.

As of June 30, 2024, it is highly probable that a sufficient amount of visible and probable reserves will be found in the mentioned mine sites in the coming years according to the estimates of the gold price made by the management, geological and geochemical studies and expert reports. As a result of these evaluations, no impairment is expected in the goodwill arising from the acquisition of Newmont Altın as of June 30, 2024.

b) Other intangible assets

The details of the Company’s other intangible assets as of June 30, 2024 and 2023 are as follows:

	January 1, 2024	Additions	Disposals	Transfers	June 30, 2024
Costs					
Rights	129.239	1.504	(82)	63.790	194.451
Total	129.239	1.504	(82)	63.790	194.451
Accumulated depreciation					
Rights	114.023	19.467	(82)	-	133.408
Total	114.023	19.467	(82)	-	133.408
Net book value	15.216				61.043
	January 1, 2023	Additions	Disposals	Transfers	June 30, 2023
Costs					
Rights	144.034	10.422	-	-	154.456
Total	144.034	10.422	-	-	154.456
Accumulated depreciation					
Rights	134.641	6.184	-	-	140.825
Total	134.641	6.184	-	-	140.825
Net book value	9.393				13.631

All depreciation expenses are included in the cost of goods produced.

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10. Provisions, contingent assets and liabilities

As of June 30, 2024 and December 31, 2023, the details of the Company's provisions, contingent assets and liabilities are as follows:

a) Short-term provisions

	June 30, 2024	December 31, 2023
State right expense provision	506.117	684.755
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	247.001	174.004
Provisions for lawsuit	139.289	156.413
Other provisions (*)	7.755	20.243
Total	900.162	1.035.415

b) Long-term provisions

	June 30, 2024	December 31, 2023
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	658.951	408.730
Total	658.951	408.730

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

	2024	2023
January 1	565.143	753.081
Paid during the period	(192.784)	(37.508)
Discount effect	21.637	8.620
Effect of changes in estimates and assumptions	530.164	194.979
Monetary gain	(125.920)	(122.177)
June 30 (**)	798.240	796.995

(*) The state right liability for the year 2023 activities of TL 539,264 thousand was recognized in the other payables to unrelated parties account in the financial position statement dated June 30, 2024, and the related payment was made on July 1, 2024.

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

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10. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits

i- Short-term provisions for employee benefits

	June 30, 2024	December 31, 2023
Provision for unused vacation	44.164	32.844
Total	44.164	32.844

The movement of provision for unused vacation is as follows;

	2024	2023
January 1	32.844	65.194
Additions / (cancellations), net	17.834	48.890
Monetary gain	(6.514)	(10.763)
June 30	44.164	103.321

ii- Long-term provisions for employee benefits

	June 30, 2024	December 31, 2023
Provision for employee termination benefits	195.573	173.237
Total	195.573	173.237

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Notes to the condensed financial statements for the period ended June 30, 2024

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10. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits (continued)

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 35,058.58 (2023: TL 23,489.83) was taken into consideration in the calculation of the provision for severance pay. TFRS requires actuarial valuation methods to be developed to estimate the provision for severance pay. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	June 30, 2024	December 31, 2023
Net discount rate	%3,00	%2,00
Probability of qualifying for seniority	%95,35	%94,41

The movements of the provision for severance pay within the accounting periods of June 30, 2024 and 2023 are as follows:

	2024	2023
January 1	173.237	219.129
Interest cost	20.319	20.839
Service cost	19.394	11.052
Severance paid	(93.506)	(34.843)
Actuarial loss / (gain)	106.058	81.261
Monetary gain	(29.929)	(30.348)
June 30	195.573	267.090

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

The sensitivity analysis of the important assumptions used in the calculation of the provision for employee termination benefits as of June 30, 2024 and 2023 is as follows:

	Discount rate		Rate of retirement	
	0,50% increase	0,50% decrease	0,50% increase	0,50% decrease
2024	(27.800)	34.423	8.249	(7.557)
2023	(23.792)	29.254	6.897	(6.282)

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(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases

i- Lawsuits related to Kaymaz mine

About the Kaymaz Gold and Silver Mine Third Capacity Increase and Additional Mine Waste Storage Facility (Art.-3) project planned to be built by Koza Altın İşletmeleri A.Ş. within the boundaries of the field with operating license numbers S: 82567 and S: 43539, located in Eskişehir province, Sivrihisar district, Kaymaz District. requesting the cancellation of the "Environmental Impact Assessment Positive" decision made by the Ministry of Environment, Urbanization and Climate Change, Eskişehir Metropolitan Municipality; A lawsuit was filed against the Ministry of Environment, Urbanization and Climate Change with file number 2023/858 E. of the Eskişehir 1st Administrative Court, and the relevant case was also notified to Koza Altın İşletmeleri A.Ş. requested intervention in the case and it was decided to accept the request to intervene in the case alongside the defendant. An expert report dated February 15, 2024 was submitted to the file. The company objected to the relevant expert report and requested an additional report. A number of documents have been requested from the Ministry of Environment, Urbanization and Climate Change. The court stated that the request for stay of execution will be evaluated after the documents are sent. The court ruled to stay the execution with its decision dated April 30, 2024. A petition for declaration dated May 17, 2024 was submitted to the file with the request to waive the stay of execution decision ex-officio and to dismiss the case.

In the relevant petition; attention was drawn to the fact that the client company made the EIA application on April 11, 2022, the EIA Regulation, which was used as a basis in the decision to stay the execution, entered into force on July 29, 2022, and it was stated that the EIA Regulation dated July 29, 2022 should not be implemented. A hearing was held in the file on June 12, 2024, and all our statements and objections, including our declaration petition, were expressed once again at the hearing. At the final stage; It was evaluated that the "Environmental Impact Assessment Positive" decision given by the Eskişehir 1st Administrative Court dated June 13, 2024, numbered 2023/858 E., 2024/651 K. was not in compliance with the law, and it was ruled that the transaction in question be annulled, with the right to appeal to the Council of State. The relevant decision was appealed by the Ministry of Environment, Urbanization and Climate Change and the company for a stay of execution. The file is seen in the file number 2024/2766 E. of the Council of State 4th Chamber. The trial of the file continues in the appeal phase and a final decision has not yet been made by the Council of State 4th Chamber.

ii- 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 at the İzmir 6th Administrative Court for the cancellation of the positive EIA report given for the Çukuralan Operation 3rd Capacity Increase Project, and the Company intervened in the lawsuit. The court decided to cancel the transaction in question, and as a result of the appeal review, the Council of State found the decision of the local court to be incorrect and overturned the decision in favor of the Company. While the trial is continuing at the İzmir 6th Administrative Court on the basis of case number 2019/574, the court decided to cancel the said transaction with its decision dated February 23, 2021. The decision has been appealed. A lawsuit numbered 2019/1120 E. was filed at the İzmir 6th Administrative Court for the stay of execution and cancellation of the positive Environmental Impact Assessment (EIA) Decision given by the Ministry of Environment and Urbanization regarding the Çukuralan Gold Mine Operation 3rd capacity increase 2009/7 project. The company has intervened in the relevant case alongside the defendant Ministry. The previous main file number and court of the relevant case is İzmir 3rd Administrative Court 2019/171 E. and due to the connection with the relevant case Çukuralan 3rd Capacity Increase file, the main file record was closed by the decision of İzmir Regional Administrative Court 4th Administrative Litigation Department and due to the connection, İzmir 3rd Administrative Court decided to send it to İzmir 6th Administrative Court. While the relevant case continues with İzmir 6th Administrative Court number 2019/1120 E., according to the decision given by the court, the positive EIA decision in question was annulled and an appeal was filed.

10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

Lawsuits related to Çukuralan mine (continued)

At this point, according to the Council of State decision, for the file 2019/574 E., it was concluded that due to the fact that a second positive EIA decision was given regarding the project in question, it was not possible to apply two different positive EIA decisions regarding the same project together, that the defendant Ministry should accept that the EIA positive decision in question was implicitly withdrawn, and that the subject of the ongoing case was no longer a subject, therefore, it was definitely decided that the decision numbered 2019/574 E. of the İzmir 6th Administrative Court should be overturned and that there was no need to give a decision; and for the file 2019/1120 E., it was definitely decided that there was no legal error in the part of the decision of the İzmir 6th Administrative Court regarding the cancellation of the transaction in question, and that the appeal requests of the defendant Ministry and the intervening company as well as the defendant Ministry should be rejected.

In addition, the company intervened in the lawsuit filed by some plaintiffs against the Governorship of Izmir for the annulment of the Environmental Impact Assessment Not Required decision given for the Çukuralan Gold Mine Crushing and Screening Facility Project planned to be built by the company in the Izmir 6th Administrative Court file numbered 2020/1479 E., and it was decided to partially accept and partially reject the appeal requests of the intervening company.

The company intervened in the relevant case alongside the defendant ministry in both files, and in both files, the court ruled to reject the case on the grounds that the EIA positive decision was in accordance with the law. The decision given in the file numbered 2021/1407 E. of the Izmir 4th Administrative Court and the file numbered 2021/1013 E. of the Izmir 4th Administrative Court was appealed by the plaintiffs, and as a result of the appeal trial, the plaintiffs' appeal request was accepted, and since a more detailed examination was required procedurally, the first instance court decision was overturned by a majority vote against the company, and the file was sent to the first instance court for a more detailed examination. The file numbered 2021/1407 E. of the Izmir 4th Administrative Court has received the number 2023/1278 E. of the Izmir 4th Administrative Court, and the file numbered 2021/1013 E. of the Izmir 4th Administrative Court has received the number 2023/1294 E. of the Izmir 4th Administrative Court.

In both files, the court decided to cancel the transaction in question. The defendant administration and the company appealed the decision given in file numbered 2023/1294 E. of the İzmir 4th Administrative Court. The file is being viewed through the Council of State 4th Chamber Presidency file numbered 2024/1085 E. The defendant administration and the company requested a stay of execution during the appeal period, and the request for a stay of execution was rejected by the Council of State 4th Chamber Presidency with its decision dated March 28, 2024. The appeal hearing is ongoing. The decision given in file numbered 2023/1278 E. of the İzmir 4th Administrative Court was notified to the parties and the company applied for an appeal. The file is being viewed through the Council of State 4th Chamber Presidency file numbered 2024/1769 E. The defendant administration and the company requested a stay of execution during the appeal period, and the request for a stay of execution was rejected by the 4th Chamber of the Council of State with its decision dated May 16, 2024. The company objected to the decision in question, and our request for a stay of execution was definitely rejected on July 4, 2024. The trial continues at the appeal stage.

Lawsuits related to Çanakkale project:

In the lawsuit filed for the annulment and suspension of the EIA positive decision regarding the S: 201001197 Gold and Silver Mine Project, which is planned to be made in the vicinity of Serçiler and Terziler villages in the central district of Çanakkale, the company intervenes with the Ministry of Environment and Urbanization within the case number 2020/763 E. At the current stage, Çanakkale 1st Administrative Court decided to cancel the act subject to the lawsuit, an appeal was filed against the decision. It has been decided to definitely reject the appeal requests of the intervening company.

10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

iii- Lawsuits regarding the Company's subsidiary abroad

Legal proceedings have been initiated against the amendment of the articles of association, establishment of privileged shares and change of board of directors of Koza Ltd., headquartered in London, in which the Company has 100% shares, and the legal proceedings are ongoing in the London courts. In the decision taken on January 23, 2019 in the file numbered 2017/349 E. of the Ankara 10th Commercial Court of First Instance, it was decided that 60,000,000 British Pounds Sterling be collected from the defendants and paid to Koza Altın İşletmeleri A.Ş. together with the interest accrued as of September 1, 2015 in accordance with Article 4/a of Law No. 3095, with the right to appeal within two weeks from the notification of the decision. Against this decision, the defendants appealed, and the Ankara Regional Court of Justice 21st Civil Chamber ruled with its decision numbered 2019/699 E. and 2019/1189 K. that the defendants' appeal application should be deemed not to have been made due to procedural reasons. The defendants appealed against this decision. The Supreme Court of Appeals ruled to quash the file due to procedural reasons. The Ankara 10th Commercial Court of First Instance ruled with its additional decision that the defendants' appeal application should be deemed not to have been made. The defendants appealed the decision. The Ankara Regional Court of Justice 21st Civil Chamber ruled to reject the appeal application made by the defendants in the file numbered 2022/727 E. on the merits. The defendants appealed against the relevant decision. Koza Altın İşletmeleri A.Ş. submitted a response petition to the appeal petition submitted by the defendants. The appeal process is ongoing.

iv- 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.

v- Other legal processes

Based on the decision of the Ankara 5th Criminal Court of Peace dated October 26, 2015, the management of the Company was transferred to the Board of Trustees, and subsequently to the Savings Deposit Insurance Fund ("SDIF") on September 22, 2016. The indictment prepared 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 began with the file numbered 2017/44 E. and the case was concluded by the first instance court. In the decision of the first instance court; it was decided to confiscate the company shares belonging to the previous board members who were on trial. It was decided that the above-mentioned measure of appointing a trustee would continue until the decision was finalized. The appeal review of the Ankara 24th High Criminal Court regarding the file numbered 2017/44 E. has been completed and the decision of the appeal court has been announced on the Public Disclosure Platform. Following the decision of the Court of Cassation, the transfer and registration procedures of all Koza Group companies to the Ministry of Treasury and Finance have been carried out. Upon the objection made in the file in question, the Office of the Chief Public Prosecutor of the Court of Cassation has conducted an examination and as a result of the examination, no objection was filed as there was no material or legal reason requiring an objection.

With the Presidential Decree No. 8857 published in the Official Gazette dated August 20, 2024 and numbered 32638, it was decided that all of the shares belonging to the Treasury in the capitals of the Koza Group companies mentioned in the confiscation decision would be transferred to the Turkey Wealth Fund as a whole, while preserving the parent company-subsidiary relations.

In the Ankara 24th High Criminal Court case numbered 2017/44 E., it was also decided that the files of the previous board members, whose trials could not be held because they did not come to court, be separated and recorded on a new basis, the trials continue on this file, and the measure of appointing a trustee, as explained above, be continued until the end of the trial. The separated file received the Ankara 24th High Criminal Court number 2020/20 E. and the trial continues on the relevant file.

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10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

v- Other legal processes (continued)

In the case where the defendants Cafer Tekin İpek and Özlem Özdemir are tried, which is a case file numbered 2021/157 E. of the Ankara 24th High Criminal Court, it was decided that the defendants would be punished with the appeal being open, and as a result of the appeal trial, the file was partially returned (overturned) by the appeal and it was decided that the file be sent to the first instance court, where the verdict was overturned, to be reexamined and ruled on behalf of the defendant Cafer Tekin İpek.

The trial process continued with the defendant Cafer Tekin İpek with the file number 2022/193 E. of the Ankara 24th High Criminal Court. The relevant file was decided on January 10, 2024, and the case was rejected based on the prosecutor's opinion; because the same defendant was sentenced for the same crimes in the file number 2022/133 E. of the Ankara 24th High Criminal Court. The company and the Revenue Administration Presidency appealed against this decision. With the decision numbered 2024/464 E., 2024/464 K. of the Ankara Regional Court of Justice, 4th Criminal Chamber, dated May 28, 2024, it was decided to reject our appeal on the merits. An objection was filed against this decision on June 14, 2024, and the Ankara Regional Court of Justice 4th Criminal Chamber decided that there was no need to correct the decision and that the file be sent to the Ankara Regional Court of Justice 5th Criminal Chamber for evaluation. The Ankara Regional Court of Justice 5th Criminal Chamber's decision dated July 3, 2024 definitively ruled to reject the objection.

The file numbered 2022/133 E. heard at the Ankara 24th High Criminal Court is the file that was separated from the main file numbered 2017/44 E. heard at the Ankara 24th High Criminal Court in terms of the crime of contravention of the Tax Procedure Law against the defendants Ali Serdar Hasırcıoğlu, Orhan Selçuk Hasırcıoğlu, Şaban Aksöyek and Cafer Tekin İpek.

In the relevant file, a decision was made regarding the punishment of all defendants, including the defendant Cafer Tekin İpek, and the relevant decision was annulled by the decision numbered 2024/26 D.İş of the Ankara 25th High Criminal Court dated February 5, 2024, as a result of the objections made by the defendants and the participating Revenue Administration Presidency. Following the aforementioned annulment decision, the file was sent back to the Ankara 24th High Criminal Court and received the number 2024/115 E. and the trial continues on the relevant file. In the relevant file, a reversal in the interest of law was sought regarding the decision numbered 2024/26 D.İş of the Ankara 25th High Criminal Court dated February 5, 2024, and at the hearing dated May 14, 2024, it was decided to await the result of the relevant reversal in the interest of law and to postpone the next hearing to September 10, 2024. The trial continues.

vi- Employee lawsuits and cases of contract receivables

As of June 30, 2024, the provision amount accounted for ongoing employee and other lawsuits against the Company is amounting to TL 247,001 Thousand (December 31, 2023: TL 174,004 Thousand)

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10. Provisions, contingent assets and liabilities (continued)

e) Commitments and contingent liabilities

i- Letter of guarantees given

The details of the letter of guarantees given by the Company as of June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
A. CPM's given on behalf of own legal entity	191.770	224.010
- <i>Guarantee</i>	191.770	224.010
- <i>Mortgage</i>	-	-
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	191.770	224.010

ii- Letter of guarantees received

The details of the Company's letter of guarantees received as of June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
Guarantee cheques	2.205.212	2.466.861
Guarantee letters	2.460.541	3.162.255
Security bonds	127	159
Total	4.665.880	5.629.275

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10. Provisions, contingent assets and liabilities (continued)

e) Commitments and contingent liabilities (continued)

iii- Government grants

6% of the income tax calculated on the Employer's Insurance Premium Share for the employees of the Company's mining processing facility in Mastra-Gümüşhane is covered by the Treasury within the scope of the "Regional Insurance Premium Incentive" numbered 56486. The company also benefits from the 5% employer's insurance premium incentive within the scope of the "Social Insurance and General Health Insurance Law" No. 5510 in all workplaces.

The company benefits from investment incentives in İzmir Çukuralan, Kayseri-Himmetdede, Eskişehir-Kaymaz, Ağrı-Mollakara enterprises and Ankara Central Solar Power Plant (Electricity Generation, Transmission and Distribution). Within the scope of the investment incentive certificates in question, the Company's contribution to investment rate is 40% in İzmir Çukuralan, Kayseri-Himmetdede, Eskişehir-Kaymaz enterprises and 80% as corporate tax reduction rate, 50% as contribution to investment rate in Ağrı-Mollakara and 50% as corporate tax reduction rate. 90%, Ankara Central Solar Power Plant (Electricity Generation, Transmission and Distribution) investment incentive Contribution to Investment rate is 30% and corporate tax reduction rate is 70%. Within the scope of the incentive used in the İzmir Çukuralan region, on March 27, 2018, within the scope of the incentive used for the Himmetdede region, on December 21, 2017, within the scope of the incentive used in the Ağrı-Mollakara region, on October 06, 2022, within the scope of the incentive used in the Kaymaz region, on May 08, 2023, within the scope of the incentive used in the Ankara Central Solar Power Plant. Within the scope of the incentive, investment started on March 17, 2023.

11. Equity

a) Share capital

As of June 30, 2024, the Company's paid-in capital is amounting to TL 3,202,500 Thousand (December 31, 2023: TL 3,202,500 Thousand) and consists of 320,250,000,000 shares with a nominal share value of 1 Kuruş (December 31, 2023: 320,250,000,000 units).

It has been decided to increase the Company's issued capital, which is TL 152,500,000 (One Hundred Fifty Two Million Five Hundred Thousand Turkish Liras), within the registered capital ceiling of TL 5,000,000,000 (Five Billion Turkish Lira), to TL 3,202,500,000 (Three Billion Two Hundred Two Million Five Hundred Thousand Turkish Liras), by an increase of TL 3,050,000,000 (Three Billion Fifty Million Turkish Liras) and 2000%, by being covered by internal resources. The permission and approval for the amendment of Article 6, titled "Type of Capital and Shares", was given by the Capital Markets Board on February 02, 2023, registered on February 15, 2023 and announced in the Trade Registry Gazette dated February 15, 2023 and numbered 10770. In accordance with the "reservation of the rights of bona fide shareholders and third parties" stipulated in the decision of the 3rd Criminal Chamber of the Supreme Court of Appeals dated April 14, 2023, numbered 2022/18087 Principles, Decision no. 2023/2215, the Company and other Koza İpek Group companies are In a way that protects the rights of bona fide shareholders and third parties, the parent company-subsidary structure in group companies continues as it is, and the rights of investors in companies traded on BIST are protected, and the registration and announcement of the shares of real persons other than these on behalf of the Treasury are carried out by the Trade Registry Office. It was held in July 2023.

Equity	Share Group	June 30, 2024		December 31, 2023	
		Share Rate	Share Amount	Share Rate	Share Amount
ATP İnşaat ve Ticaret A.Ş.	A, B	45,01	1.441.343	45,01	1.441.343
Koza İpek Holding A.Ş.	A, B	24,99	800.407	24,99	800.407
Other	B	30,00	960.750	30,00	960.750
Paid-in capital		100	3.202.500	100	3.202.500
Capital adjustment differences			4.822.668		4.822.668
Total			8.025.168		8.025.168

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11. Equity (continued)

a) Share capital (continued)

The company's board of directors consists of six people, and four of these six members are elected by the general assembly among the candidates nominated by the (A) group registered shareholders, and two independent members are among the candidates nominated at the general assembly. The Board of Directors elects the chairman and vice chairman among the members representing the (A) group registered shareholders at each ordinary general assembly meeting or after each general assembly where the members are elected. Apart from this, Group (A) shares do not have any other privileges. A trustee has been appointed to the Company pursuant to the decision of Ankara 5th Criminal Court of Peace dated October 26, 2015, and with the Decree Law No. 674 on President decision published in the Official Gazette dated August 15, 2016, the powers of trustees working in companies that have been decided to appoint trustees have been determined. A regulation has been introduced regarding the transfer of funds to the SDIF by a judge or court. Ankara 4th Criminal Judgeship dated September 6, 2016 and 2016/4628 D. Job. With the Decision No., it has been decided that the duties of trustees will end on the day when the procedures of trusteeship powers are completed. With the SDIF Board's decision dated September 22, 2016 and numbered 2016/206, a board of directors was established by the SDIF. For this reason, the privileges of (A) share groups cannot be used.

Capital adjustment differences amounting to TL 4,822,668 Thousand (December 31, 2023: TL 4,822,668 Thousand), the remaining amount after the deduction of accumulated losses realized in 2006 from the difference between the inflation-adjusted total amount of the Company's capital and the capital amount before the inflation adjustment and the transfer to the paid-in capital means. Publicly traded companies make their dividend distributions in accordance with the CMB's "Dividend Communiqué No. II19.1", which came into effect as of February 1, 2014.

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.

Within the scope of the share buyback transactions initiated with the decision of the Company's Board of Directors, 70,750,000 shares were repurchased for TL 2,315,961 thousand.

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Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

11. Equity (continued)

b) Restricted reserves

The Company's restricted reserves as of June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
Restricted reserves	2.721.791	2.721.791
Reserves for withdrawn shares	2.315.961	1.804.134
Total	5.037.752	4.525.925

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.

According to the Turkish Commercial Code, the Company allocates reserves for its own shares acquired in an amount that meets the acquisition value. These reserves can be dissolved in an amount that meets their acquisition value if the aforementioned shares are transferred or destroyed. In accordance with the legislation related to the revaluation fund, other funds in the liabilities can be dissolved if they are converted into capital and the reassessed assets are amortized or transferred.

It was published in the Official Gazette dated December 30, 2023 and numbered 32415 (Second Extraordinary) pursuant to the Tax Procedure Law. According to the relevant Communiqué, the balance sheet dated December 31, 2023, prepared in accordance with the Tax Procedure Law, has been corrected by using the Producer Prices General Indices (PPI) published by the Turkish Statistical Institute within the scope of inflation accounting application. The attached financial statements have been subjected to inflation adjustment using the Consumer Price Indices (CPI) published by the Turkish Statistical Institute in accordance with TAS 29, and ultimately the amounts for the current and previous reporting period are expressed in terms of purchasing power as of June 30, 2024. Due to the use of distinct indices in the Tax Procedural Law and TAS 29 inflation accounting differences have emerged between The amounts included in the balance sheet prepared in accordance with the Tax Procedure Law regarding the items "Inflation Adjustment on Capital" and " Restricted reserves appropriated from profits" the amounts included in the financial statements prepared in accordance with TAS / TFRS.

These differences are accounted in the "Retained Earnings or Losses" item in the TAS/TFRS financial statements, and these differences are given in detail below:

	June 30, 2024	
	Adjustment to capital	Restricted reserve
To TAS/TFRS Financial Reports	4.822.668	5.037.752
To Tax Procedure Law	4.203.277	2.876.895
Differences	619.391	2.160.857

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Notes to the condensed financial statements for the period ended June 30, 2024

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12. Revenue and cost of sales

The details of the Company's revenue and cost of sales as of January 1 – June 30, 2024 and 2023 are as follows:

	January 1 – June 30, 2024	January 1 – June 30, 2023	April 1 – June 30, 2024	April 1 – June 30, 2023
Domestic sales	5.263.157	5.602.014	2.087.466	2.529.784
Total sales	5.263.157	5.602.014	2.087.466	2.529.784
Cost of sales	(3.580.844)	(4.394.127)	(1.438.612)	(1.722.186)
Gross profit	1.682.313	1.207.887	648.854	807.598

The distribution of the Company's revenues by product type as of January 1 – June 30, 2024 and 2023 are as follows:

	January 1 – June 30, 2024	January 1 – June 30, 2023	April 1 – June 30, 2024	April 1 – June 30, 2023
Sales of gold bars	5.247.181	5.571.098	2.080.317	2.510.985
Sales of silver bars	15.976	30.916	7.149	18.799
Total	5.263.157	5.602.014	2.087.466	2.529.784

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Notes to the condensed financial statements for the period ended June 30, 2024

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13. Income from investing activities

The details of the Company's income from investing activities as of January 1 – June 30, 2024 and 2023 are as follows:

	January 1 - June 30, 2024	January 1 – June 30, 2023	April 1 – June 30, 2024	April 1 – June 30, 2023
Investment fund and stock fair value increases	1.173.005	3.778.725	590.218	2.583.856
Interest income	488.360	150.531	258.222	108.973
Currency-protected deposit fair value increases	455.745	354.054	(21.018)	274.108
Income from fixed asset sales	6	68.830	(2.668)	40.855
Income from investment property sales	-	1.310.088	-	(84.440)
Other	-	2.006	-	2.006
Total	2.117.116	5.664.234	824.754	2.925.358

14. Other operating incomes and expenses

a- Other operating incomes

The details of the Company's other operating incomes as of January 1 – June 30, 2024 and 2023 are as follows:

	January 1 – June 30, 2024	January 1 – June 30, 2023	April 1 – June 30, 2024	April 1 – June 30, 2023
Scrap sales income	9.574	11.531	3.967	4.325
Foreign exchange income related to trading activities	-	-	-	(522)
Other	84.579	81.327	46.885	63.846
Total	94.153	92.858	50.852	67.649

b- Other operating expenses

The details of the Company's other operating expenses as of January 1 – June 30, 2024 and 2023 are as follows:

	January 1 – June 30, 2024	January 1 – June 30, 2023	April 1 – June 30, 2024	April 1 – June 30, 2023
Lawsuit provision	107.502	127.030	107.502	127.030
Foreign exchange expense related to trading activities	12.426	126.431	(8.306)	126.431
Rent expense	2.208	4.641	(14.635)	2.061
Other (*)	298.806	894.279	161.533	269.899
Toplam	420.942	1.152.381	246.094	525.421

(*) As of June 30, 2024 TL 75,642 thousand of the balance consists of VAT receivables that are expensed, TL 65,158 thousand of the balance consists of ongoing fixed expenses of the Mastra facility that have been discontinued, and TL 46,183 thousand of the balance consists of donations and aid.

As of June 30, 2023, TL 646,832 thousand of the balance consists of earthquake donations, and TL 209,803 thousand of the balance consists of the cost incurred for school donations.

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Notes to the condensed financial statements for the period ended June 30, 2024

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15. Income tax

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.

As of June 30, 2024, the effective tax rate applied is 25% (December 31, 2023: 25%).

In Türkiye, tax returns are filed on a quarterly basis. 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.

Income Withholding Tax

In addition to corporate tax, income tax withholding must be calculated separately on dividends, excluding those distributed to full-fledged corporations and foreign companies' branches in Turkey, which receive dividends in case of distribution and declare these dividends by including them in corporate income. Income tax withholding was applied as 10% in all companies between April 24, 2003 and July 22, 2006. As of December 22, 2021, this rate is applied as 10% with the President's decision numbered 4936. Dividends that are not distributed and added to the capital are not subject to income tax withholding.

Corporate tax liabilities / (assets) recognized in the balance sheet as of June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
Current tax expense	-	858.952
Prepaid taxes (-)	(234.215)	(670.318)
Current income tax liability	(234.215)	188.634

Tax expense details recognized in the income statement as of June 30, 2024 and 2023 are as follows:

	June 30, 2024	June 30, 2023
Current tax expense	-	(688.277)
Deferred tax expense / (income)	288.545	186.715
Total tax expense	288.545	(501.562)

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.

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15. Income tax (continued)

	June 30, 2024		December 31, 2023	
	Cumulative temporary differences	Deferred tax	Cumulative temporary differences	Deferred tax
Mining assets	3.298.233	824.558	1.629.758	407.439
State right provision	1.045.381	261.345	684.755	171.189
Financial investments	730.977	182.744	557.594	139.398
Tangible and intangible assets	739.426	184.856	1.798.582	449.647
Lawsuit provision	241.550	60.388	167.205	41.801
Employee termination benefit	195.573	48.893	173.237	43.309
Provision for unused vacation	44.164	11.041	32.844	8.211
Inventories	7.773	1.943	16.514	4.128
Provisions for doubtful receivables	5.061	1.265	8.117	2.029
IFRS 9 provision	59	15	74	19
Leasing transactions	(3.005)	(751)	(8.788)	(2.197)
Bank loans	-	-	(655)	(166)
Other	14.280	3.570	-	-
Total deferred tax assets		1.579.867		1.264.807
Deferred tax assets, net		1.579.867		1.264.807

Movement of deferred tax is as follows:

	2024	2023
January 1	1.264.807	(258.319)
Deferred tax recognized in profit or loss	288.545	186.715
Deferred tax recognized in equity	26.515	16.252
June 30	1.579.867	(55.352)
	2024	2023
Profit Before Tax	(526.143)	1.231.850
Effective tax rate	%25	%20
Tax calculated using effective tax rate	131.536	(246.370)
Non-taxable inflation adjustments	(813.005)	(852.897)
Effect of non-deductible expenses	(16.785)	(172.652)
Exemptions and discounts (*)	450.983	870.683
Effect of indexing legal accounts	536.400	-
Additional tax within the scope of Law No. 7440	-	(110.136)
Effect of investment incentive allowance	-	724
Tax rate change impact	-	9.086
Other	(584)	-
Current tax expense	288.545	(501.562)

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Notes to the condensed financial statements for the period ended June 30, 2024

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16. Earnings per share

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

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

The earnings per share of the Company as of June 30, 2024 and 2023 are as follows:

	January 1 -June 30, 2024	January 1 – June 30, 2023	April 1 – June 30, 2024	April 1 – June 30, 2023
Net profit / loss attributable to the owners of the Company	(237.598)	730.288	(39.409)	1.123.948
Weighted average number of share certificates (*)	320.204.943.305	320.226.379.117	320.197.084.219	320.208.111.211
Earnings per 100 share	(0,074)	0,228	(0,012)	0,351
Total comprehensive income attributable to the owners of the Company	(317.141)	665.279	(74.102)	1.051.821
Earnings per 100 shares from total comprehensive income	(0,099)	0,208	(0,023)	0,328

The Company's issued capital, which is 152,500,000 TL (One Hundred Fifty Two Million Five Hundred Turkish Liras) within the registered capital ceiling of 5,000,000,000 TL (Five Billion Turkish Liras), is fully covered by internal resources of 3,050,000,000 TL (Three Billion Fifty Million Turkish Liras) by 2000% and it was increased to 3,202,500,000 TL (Three Billion Two Hundred Two Million Five Hundred Thousand Turkish Liras).

(*) If the number of ordinary or potential ordinary shares outstanding increases as a result of capitalization, bonus issue or share split, or decreases as a result of a share merger, the calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are approved for issue, the calculations per share in the financial statements of the current period and prior periods presented are based on the number of new shares outstanding. It is disclosed to the public that the calculations per share reflect the changes in the number of shares. In addition, for all periods presented, basic and diluted earnings per share figures are adjusted for the effects of retrospectively corrected errors and changes in accounting policies.

The average number of shares in the current period was determined by calculating on a daily basis according to the repurchased shares.

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17. Related party disclosures

The other trade payables and other receivables of the Group consist of the payables and receivables given and received in order to meet the financing needs of the Group and its related parties during the year. Other payables and other receivables do not have a certain maturity, and the Group accrues interest on the related payables and receivables at the end of the period, using the current interest rate determined monthly, taking into account the evaluations made by the Group management and the developments in the markets. In this context, the current interest for June 2024 was applied as %61,50 per year (December 31, 2023: 52,07%).

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.

a) Related party balances

Other receivables of the Company from related parties as of June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
Koza İpek Holding A.Ş. (1) (*)	778.857	921.096
Konaklı Metal Madencilik San. Tic. A.Ş. (2) (**)	21.283	26.282
ATP Koza Gıda Tarım Hay. A.Ş. (2)	1.471	2.427
ATP Havacılık ve Ticaret A.Ş. (2)	51	64
ATP İnşaat ve Ticaret A.Ş. (1)	15	52
Other (3)	15.455	9.432
Total	817.132	959.353

(*) The majority of the related amount is related to the sale of investment properties to Koza-İpek Holding A.Ş. For the sales price, a maturity difference invoice will be issued with the CBRT monthly average commercial loan interest rate for 18 months.

(**) A large part of the related amount consists of personnel and consultancy services given to the company.

Other payables of the Company to related parties as of June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
Koza İpek Sigorta	15.374	482
Koza İpek Holding A.Ş. (1)	-	184
Total	15.374	666

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17. Related party disclosures (continued)

b) Transactions with related parties

The purchases of the Company from related parties between January 1 – June 30, 2024 and 2023 are as follows;

	January 1 - June 30, 2024			January 1 - June 30, 2023		
	Rent	Service	Other	Rent	Service	Other
İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. (2)	8.467	-	-	12.164	-	-
Koza İpek Holding A.Ş. (1)	-	-	7.372	-	-	-
ATP Koza Gıda Tarım Hay. A.Ş. (2)	-	-	2.992	-	-	8.499
Other (3)	-	-	479	-	-	3.337
Total	8.467	-	10.843	12.164	-	11.836

Sales of the Company to related parties between January 1 – June 30, 2024 and 2023 are as follows;

	January 1 - June 30, 2024			January 1 - June 30, 2023		
	Interest	Service	Other	Interest	Service	Other
Koza İpek Holding A.Ş. (1)	266.758	-	1.901	49.655	-	1.610.594
Özdemir Antimuan Madenleri A.Ş.	-	-	7.645	-	-	2.159
ATP Koza Gıda Tarım Hay. A.Ş. (2)	-	-	1.436	-	-	1.037
ATP Koza Turizm Seyahat Ticaret A.Ş.	-	-	652	-	-	540
Koza Anadolu Metal Maden İşletmeleri A.Ş.	360	-	631	-	-	991
Other (3)	135	-	1.927	2.610	-	2.046
Total	267.253	-	14.192	52.265	-	1.617.367

- 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 – June 30, 2024 is amounting to TL 24,746 thousand. The entire amount consists of the wages. (January 1 – June 30, 2023: TL 29,501 thousand)

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18. Nature and level of risks arising from financial instruments

The Company's main financial instruments consist of cash, short-term deposits, currency protected deposits and funds. The main purpose of financial instruments is to finance the activities of the Company. 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 sales consist gold dore bars with a right of first refusal to domestic banks on consignment to be sold to the Central Bank of the Republic of Turkey and silver to a domestic refinery on consignment. Due to the fact that the sales are made on demand and the customer is corporate, the Company considers that there is no significant risk of receivables.

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

a) Credit risk (continued)

The analysis of the Company's credit risk as of June 30, 2024 and December 31, 2023 are as follows:

	Trade receivables		Other receivables		Cash and cash equivalents
	June 30, 2024	Related party	Third party	Related party	Third party
Maximum credit risk exposure as of the reporting date (A+B+C+D+E) *	-	2.593	817.132	56.856	1.048.996
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	-	2.593	817.132	56.856	1.048.996
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)	-	60.300	-	-	-
Impairment (-)	-	(60.300)	-	-	-
The part of net value under guarantee with collateral, etc	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral, etc	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

	Trade receivables		Other receivables		Cash and cash equivalents
	December 31, 2023	Related party	Third party	Related party	Other party
Maximum credit risk exposure as of the reporting date (A+B+C+D+E) *	-	508	959.353	195.057	324.233
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	-	508	959.353	195.057	324.233
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)	-	77.760	-	-	-
Impairment (-)	-	(77.760)	-	-	-
The part of net value under guarantee with collateral, etc	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral, etc	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

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18. 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.

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:

June 30, 2024	Foreign exchange position table TL equivalent (functional currency)			
	Usd	Euro	Gbp	
Cash and cash equivalents	8.968	2	1	214
Other receivables	3.498	35	2	55
Current assets	12.466	37	3	269
Total assets	12.466	37	3	269
Trade payables	85.355	690	1.555	195
Other payables	180.249	5.491	-	-
Current liabilities	265.604	6.181	1.555	195
Total liabilities	265.604	6.181	1.555	195
Net foreign currency position	(253.138)	(6.144)	(1.552)	74

As of June 30, 2024, the Company has foreign currency protected deposits amounting to thousand TL 1,506,025.

December 31, 2023	Foreign exchange position table TL equivalent (Functional currency)		Foreign exchange position table TL equivalent (functional currency) (Historical values)		
	Usd	Euro	Gbp		
Cash and cash equivalents	4.658	3.734	146	2	7
Other receivables	3.701	2.967	39	1	67
Current assets	8.359	6.701	185	3	75
Total assets	8.359	6.701	185	3	75
Trade payables	291.284	233.523	2.488	4.035	2.313
Other payables	201.627	161.645	6.849	-	-
Current liabilities	492.911	395.168	9.338	4.035	2.313
Total liabilities	492.911	395.168	9.338	4.035	2.313
Net foreign currency position	(484.552)	(388.467)	(9.153)	(4.031)	(2.238)

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Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

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

b) Market risk (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.

June 30, 2024	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	(20.168)	20.168	(20.168)	20.168
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(20.168)	20.168	(20.168)	20.168
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(5.452)	5.452	(5.452)	5.452
5- Portion protected from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(5.452)	5.452	(5.452)	5.452
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	307	(307)	307	(307)
8- Portion protected from GBP risk (-)	-	-	-	-
9-GBP Net effect (7+8)	307	(307)	307	(307)
Total (3+6+9)	(25.313)	25.313	(25.313)	25.313

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Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

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

b) Market risk (continued)

December 31, 2023	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	(27.379)	27.379	(27.379)	27.379
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(27.379)	27.379	(27.379)	27.379
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(13.134)	13.134	(13.134)	13.134
5- Portion protected from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(13.134)	13.134	(13.134)	13.134
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	(7.652)	7.652	(7.652)	7.652
8- Portion protected from GBP risk (-)	-	-	-	-
9-GBP Net effect (7+8)	(7.652)	7.652	(7.652)	7.652
Total (3+6+9)	(48.165)	48.165	(48.165)	48.165

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 and silver 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.

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.

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Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

19. 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:

June 30, 2024	Level 1	Level 2	Level 3	Total
Assets:	8.050.231	1.506.025	-	9.556.256
Measured at fair value through profit or loss	8.050.231	1.506.025	-	9.556.256
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:	9.944.838	1.758.587	-	11.703.425
Measured at fair value through profit or loss	9.944.838	1.758.587	-	11.703.425

20. Subsequent events after balance sheet date

- The transfer of the treasury shares to the Türkiye Wealth Fund, while preserving the parent company-affiliate structure, was published in the Official Gazette dated August 20, 2024 and numbered 32638, with the Presidential Decree numbered 8857. Considering the strategic importance of the sectors in which the company and all group companies operate in terms of the country's economy, the decision was made to transfer the treasury shares to the Türkiye Wealth Fund Management Inc., without disrupting the partnership structure and group company integrity, parent company-affiliate relations, and by protecting the rights of bona fide beneficiaries and stock market investors.
- With the decision of the Savings Deposit Insurance Fund (SDIF) Fund Board dated September 12, 2024 and numbered 2024/406 and the decision of the Board of Directors dated September 12, 2024, the transfer of the treasury shares of the companies to the Turkey Wealth Fund Management Joint Stock Company was recorded in the share ledger.
- There are ongoing lawsuits and legal applications in London for the registration of the management of the subsidiary named Koza Limited (Koza Ltd) domiciled in the United Kingdom, in which the company has a 99.99% share, back to the company. The company has informed the public about the stages of the lawsuits and applications at various times. Up to this stage, although the issues of authority, the restriction of expenses and their being subject to Koza Altın's approval, and the possibility of Koza Altın making special decisions have been paved; due to the long and costly litigation processes, the company having only limited efficiency over Koza Ltd. process, and the fact that all shares of the company have been registered with the Ministry of Treasury and Finance of the Republic of Turkey (to protect bona fide shareholders and stock market investors), it was decided to liquidate the subsidiary named Koza Ltd domiciled in London in order to minimize all costs and prevent uncertainties, and the liquidation procedures have been initiated before the London Courts as of August 16, 2024.

Notes to the condensed financial statements for the period ended June 30, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of June 30, 2024, unless otherwise stated.)

20. Subsequent events after balance sheet date (continued)

On the one hand, the liquidation procedures of the company named Koza Ltd have been initiated, and on the other hand, as a result of the investment made from time to time in 2018 and afterwards with Great American Minerals Exploration Inc. ("GAME"), a special decision was taken on August 16, 2024 regarding the liquidation of the company's shares in the joint venture in which the company has an indirect share of 70.61% in the Sam Alaska project through Koza Ltd and Koza Ltd's US-based subsidiary Koza Inc ("Koza USA"), by selling them to GAME.

The joint venture agreement signed between GAME and Koza Ltd. regarding Sam Alaska ("LLC Agreement") grants GAME the right of first refusal and therefore, if the shares subject to the sale are to be sold to a third party, the requirement that GAME first waives its right of first refusal and approves this sale is against Koza Altın,

- Koza Ltd. has various causes of action including the determination that Koza Ltd.'s right to manage has ended due to its transfer of Sam Alaska shares to Koza USA without GAME's approval and its behavior regarding Sam Alaska management, and if an agreement is not reached, it is faced with the risk of exercising its right to sue,

- The Committee on Foreign Investment in The United States (CFIUS); The company, as a result of the negotiations it conducted with GAME, decided to liquidate its shares in the joint venture in which it holds an indirect share of 70.61% in the Sam Alaska project through Koza Ltd and Koza Inc. ("Koza USA"), a subsidiary of Koza Ltd established in the USA, by selling its shares in the project for a sales price of 30.5 million USD and a net smelting royalty of 1% to be paid up to 14.5 million USD after the project becomes operational, in short, for a total of 45 million USD.

- iv- On the statement dated May 10, 2024 on the Public Disclosure Platform, it was announced that in the file numbered 2023/858 E. of the Eskişehir 1st Administrative Court, which was filed with the request for the cancellation of the positive EIA decision given regarding the Kaymaz Gold Mine 3rd Mine Waste Storage Facility and Kızılağıl Field Capacity Increase Project, a stay of execution of the positive EIA decision was ruled. With the decision numbered 2023/858 E., 2024/651 K. of the Eskişehir 1st Administrative Court; "While a single EIA application file should be prepared for the projects in question, which are subject to the Annex-1 list of the EIA Regulation, and the environmental impacts of these projects should be evaluated cumulatively and within the same EIA process by applying to the defendant administration, the integrated project has been separated into parts, which will eliminate the possibility of evaluating all impacts of an integrated project as a whole at the outset and determining the measures to be taken accordingly, and the Kaymaz Gold and Silver Mine Third Capacity Increase and Additional Mine Waste Storage Facility (Article-3) Project, which is the subject of the lawsuit, was planned separately from the Gold-Silver Mine Open Pit Operation Project planned to be established by the intervening company in the vicinity of Serçiler and Terziler villages of the Merkez district of Çanakkale province. In the Environmental Impact Assessment Positive Decision dated August 15, 2023 and numbered 7210, given by the Ministry of Environment, Urbanization and Climate Change, it has been assessed that there is no compliance with the law and it has been ruled that the transaction in question be annulled, with the right to appeal to the Council of State. The relevant decision has not been finalised and the trial is ongoing.

21. 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 financial statements for the years ended December 31, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 have been approved by the Board of Directors with the board decisions dated April 24, 2018, April 30, 2018, February 28, 2019, February 27, 2020, March 1, 2021, March 1, 2022, March 1, 2023 and May 9, 2024 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, 2019, 2020, 2021, 2022 and 2023 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.