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The Treasure Below, the Share Above

The Republic of Türkiye's subsurface wealth: value transferred to the private sector through mining licences, the state's share and the operators' gain, 1923–2026 — gold and copper, domestic and foreign operators

Prepared for: H.E. Recep Tayyip Erdoğan, President of the Republic of Türkiye · Chairman of the Türkiye Wealth Fund (TVF), and the TVF Board

Prepared by: Value Masters Academy (VMA), part of Value Masters Group

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01 Executive Summary — The State Owns the Reserve and Rents the Revenue

≈ 559 t	≈ $1.9 bn	≈ $12.8 bn	≈ $455 m
gold mined 2001–2025; gross value ≈ $28.6 bn	royalties received on that gold — ≈ 6.5% of gross	copper mined 2001–2025 (≈ 1.9 mt); royalties ≈ $0.8 bn (6.3%)	total sale price of Eti Holding's four mining companies, 2004–05

Article 168 of the Constitution places natural resources under the sovereignty of the State and allows operating rights to be transferred for a period. The 1985 and 2004 mining laws turned this into a licence regime in which the state's share is reduced to a royalty on pit-head value. This report measures the hundred-year fiscal outcome of that regime.

- **Gold: the state's share is low and late.** Production rose from 1.4 t in 2001 to 42 t in 2020; ≈ 559 t (≈ $28.6 bn) in 25 years. The royalty was 2% until 2010; after a sliding scale and a 2020 increase the sector now reports 14–15%. But the cheapest, highest-grade first decade was mined at 2%. Public share in licence transfers is zero: Alamos bought the Kirazlı licences for ≈ $40 m in 2010 and sold them, without producing an ounce, for $470 m to Nurol in 2025.
- **Copper: the public share was zero at every change of hands.** Etibank's Küre–Murgul–Samsun assets to Cengiz for ≈ $50 m (2004); Madenköy by royalty lease to Ciner, then to Cengiz for $195 m (2017); Çayeli from First Quantum to Cengiz for $340 m (2026); Çöpler from SSR to Cengiz for $1.5 bn (2026). A ≈ $2.1 bn transfer chain, the state absent at every table; copper consolidated into one private group.
- **Foreign operators are concentrated in gold.** More than half of 2010–2023 gold output came from three foreign groups (Eldorado, SSR, Centerra). Copper, aluminium, chrome and silver are domestically owned — through the 2004–05 sale of Eti Holding's four companies for ≈ $455 m; each has since become a billion-dollar company.
- **Royalty leases turned the state's share into a subcontracting relationship.** TKİ/TTK coal fields were leased after 2005; 301 miners died at Soma in 2014. Lease fees are not royalties; expansion without tender is possible.
- **Two public models work.** Boron (Eti Maden, state-owned since 1935): $1.32 bn sales in 2024, 61% of the world market. Koza Gold, transferred to TMSF (2016) then TVF as Turkish Gold Holding: ≈ 8 t a year. Both are ready cores for a national mining holding.

> **Thesis:** the problem is not mining but the design of the public share in the reserve. The state owns the reserve yet is a tenant of the revenue: it does not participate in the reserve's appreciation, the price windfall (gold $271/oz in 2001, $3,300 in 2025) or licence transfers. Chile, Botswana, Kazakhstan and Indonesia use the same remedy: state equity (back-in rights) and a price-sensitive rent tax alongside the royalty. TVF's Turkish Gold Holding is the platform.

02 Gold and Copper: Production, Gross Value and the State's Share (2001–2025)

Period	Gold, t	Avg $/oz	Gross $bn	Royalty rate	Royalty $bn	Copper, kt Cu	Copper gross $bn	Copper royalty $bn
2001–05	21.1	271–444	0.25	2%	0.005	≈228	0.53	0.01
2006–10	60.5	604–1,225	1.81	2%	0.035	≈307	2.06	0.04
2011–15	145.9	1,160–1,669	6.62	4%	0.264	≈364	2.65	0.11
2016–20	154.0	1,251–1,770	7.09	6%	0.425	≈408	2.44	0.15
2021–25	≈177.5	1,799–3,300	12.77	9%	1.150	≈560	5.08	0.51
2001–25	**≈ 559**	**—**	**≈ 28.6**	**≈ 6.6%**	**≈ 1.88**	**≈ 1,867**	**≈ 12.8**	**≈ 0.81**

Sources: Gold Miners Association, MTA, MAPEG, CBRT (production); LBMA and LME annual averages (prices); royalty estimates are VMA assumptions (2% to 2010, 4% 2011–15, 6% 2016–20, 9% 2021–25) and must be replaced by MAPEG company-level collections. Copper series is a VMA estimate from MTA, Çayeli, Acacia/Gökırmak, Eti Bakır and USGS data.

In the first decade (2001–2010), 82 t were mined at a 2% royalty — the highest-grade, lowest-cost ore. The sliding scale came in 2010 after gold reached $1,225; the 25% increase came in 2020 after $1,770. The state's share has always lagged the price. The 25-year royalty total (≈ $1.9 bn) equals eighteen months of Eti Maden's boron sales.

Field	Chain of ownership	Prices	Public share
Küre, Murgul, Samsun smelter (Eti Bakır)	Etibank → ÖİB block sale → Cengiz (2004)	≈ $50 m; $635 m invested since; 9 plants, 70–90 kt/yr cathode	Royalty only
Siirt Madenköy	Etibank → royalty lease → Park/ Ciner (2004) → Cengiz (2017)	Lease ≈ $5 m → $195 m + VAT	Zero on transfer
Çayeli (Rize)	Etibank–Phelps Dodge → Inmet → First Quantum (2013) → Cengiz (2026)	$340 m cash	Public partnership exited; zero on transfer
Gökırmak (Kastamonu)	Exploration licence → Acacia (İlbak + Akfen), production 2019	Private investment; 130 kt/yr concentrate exported	Royalty only; domestic capital
Çöpler (Erzincan), gold-copper	Anatolia → Alacer → SSR 80% / Çalık 20% → 2024 disaster → Cengiz (2026)	$1.5 bn	Zero on transfer; environmental burden public
Kirazlı, Ağı Dağı, Çamyurt (Kaz Mountains), gold	Alamos (2010–25) → TÜMAD/Nurol (Oct 2025)	≈ $40 m → $470 m, no production; ICSID claim suspended	Zero; 11.75× uplift went abroad

03 Eti Holding Sales, Royalty Leases, and Recommendations

Company (date)	Buyer	Price	Transferred with the sale	Afterwards
Eti Silver (Aug 2004)	Yıldızlar SSS	$41.2 m	$17.9 m cash, $2.7 m silver stock; ≈ 3,500 t silver reserve (≈ $450 m at the time)	Sole silver producer; 2011 tailings dam failure
Eti Chrome (Sep 2004)	Yıldırım Holding	$52.2 m	2 mt ready reserve, two ferrochrome plants, port land	Core of a global chrome group (Sweden, Russia, Kazakhstan)
Eti Copper (2004)	Cengiz Holding	≈ $50 m	Küre mine, Samsun smelter, Murgul	$635 m invested; 9 plants
Eti Aluminium (2005)	Cengiz (CEKA)	$305 m	Seydişehir plant, Oymapınar dam and HPP, Antalya port, 7 bauxite fields, cash; sale annulled by the Council of State, not enforced	$580 m invested; sole primary aluminium producer
Four companies		**≈ $455 m**	**Reserve + plant + dam + port + cash**	**≈ $1.2–1.5 bn invested since; each now ≈ $1 bn+**

Like Tüpraş and Erdemir these went to domestic buyers and the value stayed in Türkiye. The difference: Tüpraş is a refinery; Eti Chrome, Copper and Aluminium are reserves. Block sale transferred ore bodies under state sovereignty as an annex to plants at book value, with no earn-out, no state equity and no resale clause. The buyers' investment is real and deserves credit; the state simply had no instrument to share in it.

Instrument	International practice	Türkiye
1. Royalty	Chile 0–14% sliding; Canadian provinces 2–16%; Ghana 5%; Western Australia gold 2.5%	Yes — sliding scale since 2010
2. State equity / back-in right	Botswana Debswana 50/50; Indonesia Freeport 51% (2018); Kazakhstan Tau-Ken Samruk; Ghana 10% free carry	None (Koza/TVF is an exception by seizure, not design)
3. Resource rent tax (price windfall)	Chile 2023 mining tax up to 46% effective; Australia PRRT; Zambia price-linked royalty	None — the state's share moved only with tariff changes while gold went from $271 to $3,300
4. State operation	Codelco (Chile, 100% state, largest copper producer); Equinor 67%; Eti Maden	Yes: boron, Turkish Gold Holding, TPAO

FISCAL BALANCE AND OPPORTUNITY COST

Item	Amount	Comment
Gold gross value / royalties 2001–25	$28.6 / 1.9 bn	≈ 6.5%; first decade at 2%
Copper gross value / royalties 2001–25	$12.8 / 0.8 bn	≈ 6.3%
Copper transfer chain 2004–26	≈ $2.1 bn	Public share zero; single buyer group
Opportunity cost — 10% state equity (Ghana model)	≈ +$1.5–2.0 bn	At 35–50% operating margins
Opportunity cost — rent tax (25% of profit above $1,500/oz)	≈ +$2.0–3.0 bn	2020–25; Chile/Zambia model
2025 royalties (all mining) / mining exports	≈ $0.8 / 6.2 bn	Total royalties = 60% of Eti Maden's boron sales alone

RECOMMENDATIONS TO THE TVF BOARD (FORWARD-LOOKING; NO RETROACTIVE INTERVENTION IN EXISTING LICENCES)

1. **State equity in new licences:** 10% free-carried + 10–20% paid back-in right for TVF (Turkish Gold Holding) in new Group IV metallic operating licences and transfers.
2. **Price-sensitive royalty:** automatic indexing of tariff thresholds to annual LBMA averages; additional rent share above a profit threshold — no repeat of the 2010 and 2020 lags.
3. **Earn-out on licence transfers:** 10–20% of transfer value to the Treasury on change of control. A 15% earn-out on the four 2025–26 transfers alone (Alamos→TÜMAD $470 m, First Quantum→Cengiz $340 m, SSR→Cengiz $1.5 bn, Ciner→Cengiz $195 m) ≈ $375 m.
4. **Royalty-lease reform:** abolish tender-free expansion; fees on pit-head value; safety costs written into contracts; single registry of TKİ/TTK leases.
5. **Turkish Gold Holding as a national mining holding:** Koza legacy + Gübretaş Mining (Söğüt) + future state equity under one roof; coordination with Eti Maden; minority IPO for transparency (Codelco, Tau-Ken Samruk precedents).
6. **Transparent reserve and royalty registry:** MAPEG to publish production, pit-head value and royalties by company and licence annually (EITI standard).

Sources: Mining Law 3213 and amendments; Presidential Decrees of 13.05.2022 and 04.10.2025; MAPEG 2025 royalty rates; MTA Gold series; Gold Miners Association; ÖİB records; TMMOB Soma report (2014); company reports (Eldorado, SSR, Centerra, Alamos, Koza/Turkish Gold Holding, Cengiz, Yıldırım); Chile Ministry of Finance (2023 mining tax); Indonesia–Freeport (2018); EITI. Environmental costs (İliç, Gümüşköy, Kaz Mountains) are not monetised and sit outside and above these figures.