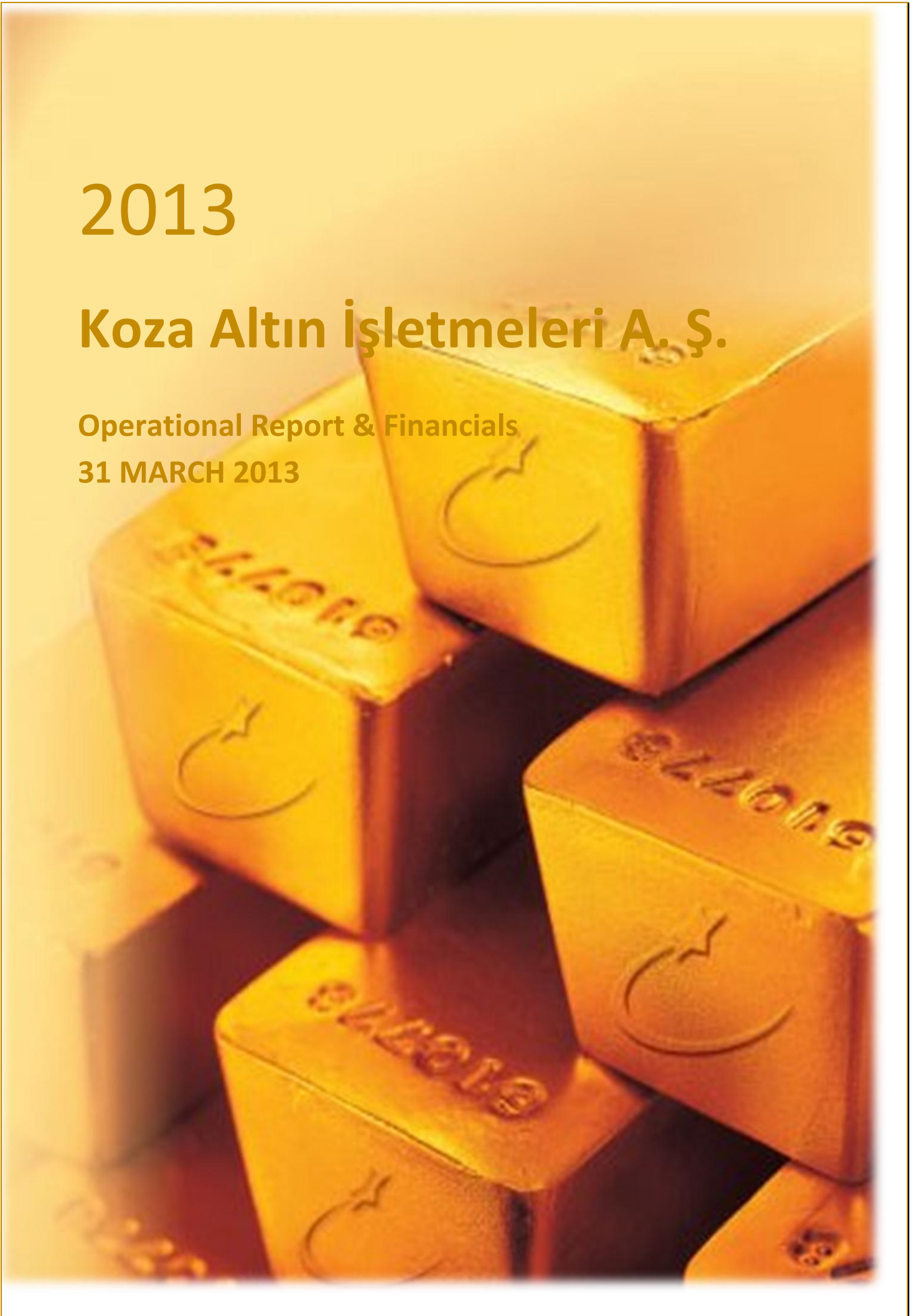


2013

Koza Altın İşletmeleri A. Ş.

Operational Report & Financials

31 MARCH 2013



Our Strategy

Our goal is to develop our portfolio of existing gold assets and find, develop and selectively acquire gold projects in Turkey to grow our resource base and maximise profitable production.

This goal aims to capitalize on our position as the leading gold producer in Turkey, our hub operating strategy and our track record of successfully growing resources and production.

We also seek to provide leadership in safety, stewardship

of the environment, including responsible rehabilitation of the completed areas, and social responsibility to local communities.

Koza Gold is a leading Turkish gold mining company with a track record of sustained profitability underpinned by low costs. We produced 72 koz of gold in the first three months of 2013 and generated revenues of TL 185.7 million.



Our Performance

2013 Jan-Mar

2012 Jan-Mar

Production	72 koz of gold (5.47g/t) 34 koz of silver (3.94g/t)	98 koz of gold (7.27g/t) 41 koz of silver (4.35g/t)
Cash Costs	\$539/oz	\$308/oz
Revenue	TL 185.7 million	TL 303.6 million
EBITDA	TL 120.9 million	TL 245.1 million
EBIT	TL 101.7 million	TL 226.5 million



About Us

A leading Turkish Gold producer

We are a leading Turkish gold mining company based on our gold production of approximately 72.164 ounces in the first three months of 2013. As at 31 March 2013, we had 51 operating licenses and 419 exploration licenses throughout Turkey in the Aegean and Marmara regions, the Black Sea region and Central and Eastern Anatolia.

We currently own six operating mines: an underground mine at Ovacık, a mine at Mastra where we utilise both underground and open pit mining methods, a mine in Çukuralan where we utilise both underground and open pit mining methods, an open pit mine at Kaymaz. Open pit production at Söğüt and Çoraklıktepe has started in the first quarter of 2013. We have started construction works on Himmetdede project and production is expected to be commenced 4th quarter of 2013.



We have a feasibility stage project, Mollakara, located near Ağrı in the north-east of Turkey. In addition, our properties also include 14 exploration projects in Turkey, ranging from early-stage to advanced exploration prospects with resource estimations completed in 2012. At most of our exploration prospects, mapping and sampling programmes are ongoing or completed and drilling and geophysical surveys have already commenced or are planned for 2012. Additionally, we have identified several target exploration sites where the nature of the mineralised deposits suggests that there is potential for resource development.

Exposure to the gold price and gold fundamentals

Substantially all of our revenues are generated from the production and sale of gold, and as a result our financial performance is, and will continue to be, influenced by the market price of gold. Between 1 January 2013 and 31 March 2013, the price of gold as quoted on the London Bullion Market ranged between a low of \$1.574,00 and a high of \$1.693,75 per ounce, based on the P.M. fixing price.



We are a leading Turkish gold mining company

We are a leading Turkish gold mining company producing approximately 72.164 ounces of gold in the first three months of 2013. Turkey has a rich mining history which dates back thousands of years and today is one of the few underexplored developed countries in the world. According to SRK, as of 2006 Turkey’s gold endowment was estimated at 31.5 million ounces of gold contained in 51 deposits. SRK believes that there is promising potential for green field exploration in Turkey because over half of the known gold resources in Turkey are in relatively recent discoveries. “As of 2006, Turkey’s gold endowment was estimated at 31.5moz gold contained in 51 deposits ... Since over half of the known gold resources in Turkey are in recent discoveries, there is great potential for greenfield exploration within Turkey.” (SRK)

Sector

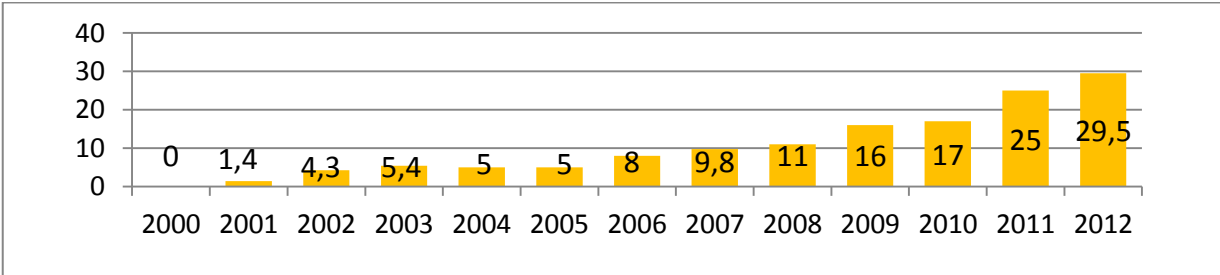
Changes in mining law Turkey, increasing gold price trend and developments in technology have led to the increase in gold potential in Turkey. Studies indicate that there are approximately 6500 tones of gold in Turkey. (Resource: Turkey’s Gold Potential and Mining Resources Cutting Methods, Ayhan Erler, METU, Geology Department,1997) Only 10% of this, which is 650 tones, is classified as reserves. Therefore, when market’s current situation is examined, it is seen that priority is given to gold exploration. “As per previous procedure, exploration license was to be issued for 3 years and extended for 2 years. It was required that this license was then to be changed to operational license. Under the new legal arrangements, total exploration period has been increased to 7 years. It covers 1 year for pre-exploration, 2 years for general exploration and 4 years for detailed exploration respectively.”

With foregoing reasons, the competition in this sector has intensified on exploration activities. Koza Gold has been pursuing these two activities in parallel. In next three years, competition will be from domestic and foreign companies and intensify at West Anatolia. In the production areas, competition is expected to be from Eldorado (Tuprag, which is currently in production and Anatolia minerals (Alacer Gold, Cukurdere), currently in permitting stage. Domestic companies who are involved in exploration activities are thought to be starting production at later stages. Despite 6,500 tonnes of gold potential and 650 tonnes of reserves, Turkey only produces between 10 and 20 tonnes of gold and 250 -300 tonnes of gold need to be imported to meet the demand.

Company

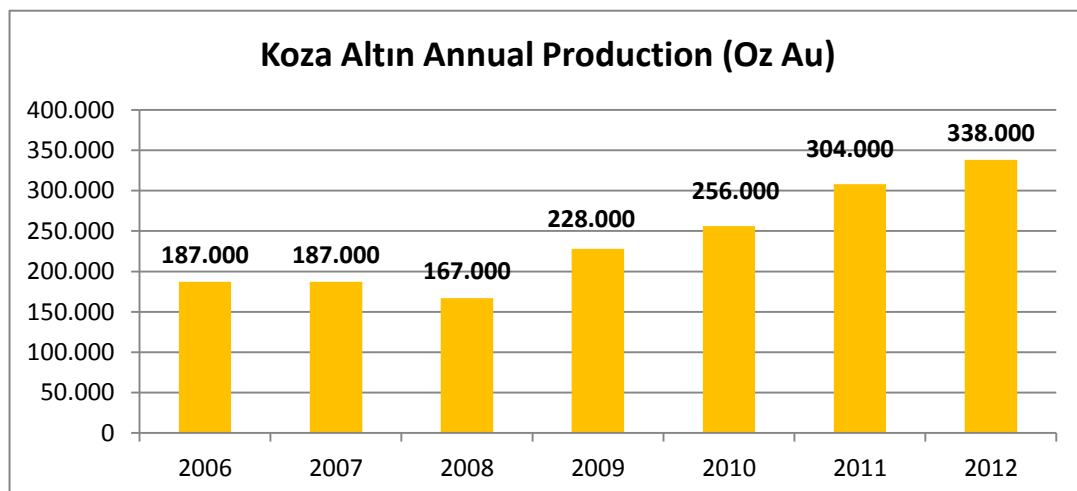
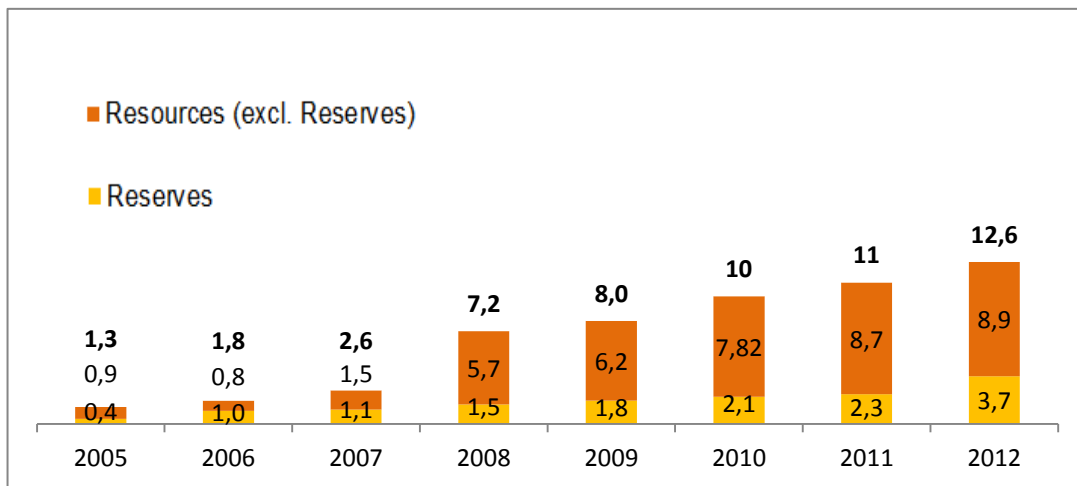
Koza Gold Operations Company is a Turkish company formed by 100% Turkish capital to explore and operate gold mines in our country. ATP Construction and Trade A.Ş. and Koza-Ipek Holding A.Ş. have acquired all the shares of from Normandy Mining A.Ş. and Newmont Mining Corporation Limited in 3 March 2005 thus becoming first Turkish company in the history of Republic of Turkey to realize gold production in this country. Company’s Ovacik Gold Mine situated at Bergama, Izmir has been a key factor in turning the country’s big gold potential into economical gain and it is the first gold mine operated in the Republic of Turkey.

TURKEY GOLD PRODUCTION (TONNES)



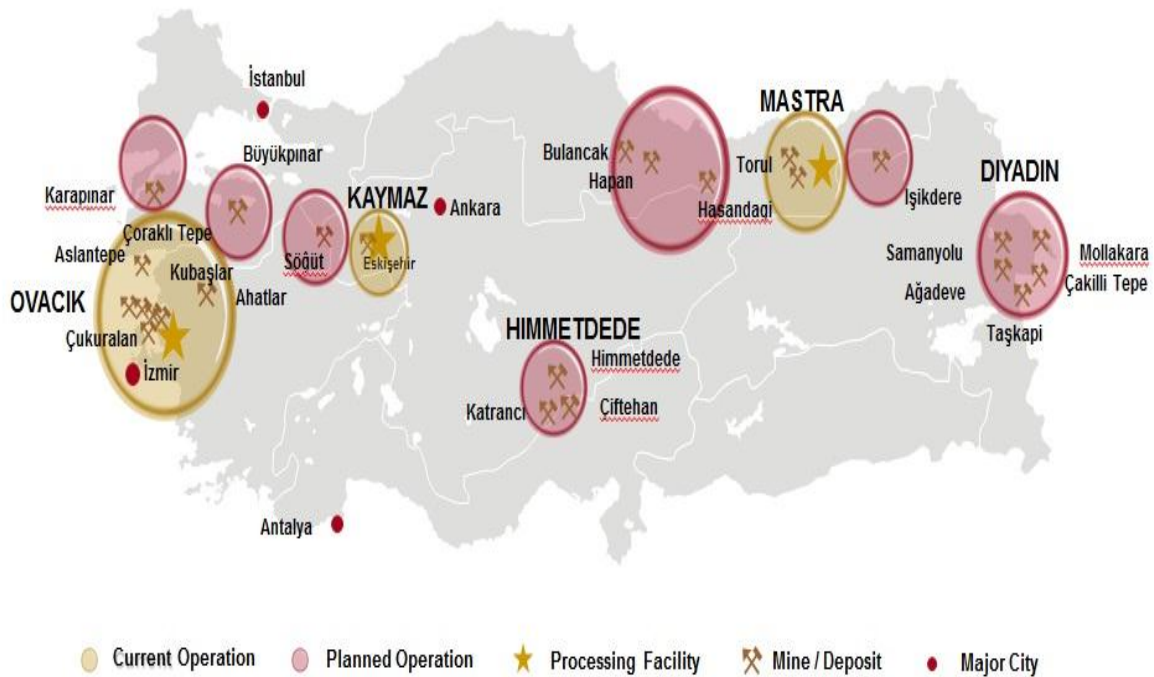
We have a track record of growing production, reserves and resources

We have demonstrated an overall trend of growing production levels since our inception in 2005, and we believe that our mines, development projects and exploration prospects provide significant potential for continued growth. In 2005, we successfully restarted ore production at the Ovacık mine after acquiring it. We developed and brought into full production the Kucukdere mine in 2006, the Mastra mine in 2008, the Gıcık mine in 2009, Çukuralan mine in 2010 and Kaymaz mine in 2011. Kaymaz open pit facilities, which has 511,000 ounces of gold reserves, commenced the production in March 2011. As shown from the figure below, our gold production came from Ovacık between 2006 and 2008, Ovacık and Mastra between 2009-2010 and Ovacık, Mastra and Kaymaz from 2011 and 2012. Since March 2005, we have successfully increased both our reserve and resource base as a result of acquisitions, exploration activities and the increase in gold prices. As at 31 December 2012, our total measured, indicated and inferred resource base had increased to 12,6 million ounces of gold from 1.8 million ounces, and our total proven and probable reserve base had increased to 3,72 million ounces of gold from 0,4 million ounces. As of 31 December 2007, 30 September 2009, 31 December 2010, 31 December 2011 and 31 December 2012, all of our reserves and resources were audited by SRK. It is planned to have an audit by SRK for the reserves and resources as of 31 December 2013.



Our business model focuses on a regional hub strategy to maximise profitable production.

We are pursuing a strategy of using our processing facilities as hubs to process ore from regional deposits. We expect that this centralised processing will minimise our capital expenditure requirements, enabling us to develop relatively smaller deposits in each hub area that are high grade but not of sufficiently large scale to justify the construction of dedicated processing facilities. Our first application of this business model has been the development of the Ovacık hub and the Küçükdere deposit, located 80 km by road from the Ovacık processing plant. We plan to replicate this model for other deposits located in the vicinity of Ovacık, such as Çoraklık Tepe. In addition, we established a second processing hub at Mastra in 2009, third processing plant at Kaymaz in 2011. Our fourth process plant construction, Himmetdede, has started in 4th quarter of 2012.



Cash costs

Our unit cash costs derived from our accounts for the first three months of 2013 and the first three months of 2012 amounted to 959 TL (\$539) and 552 TL (\$308) respectively. Compared to the previous year, the reason of this increase is mainly because of the temporary decrease of the average processed gold grade at Ovacik and Mastra process plants and escalation of the cost elements due to inflation.



Turkey Highly Prospective: We have a significant pipeline of development and exploration assets in Turkey

We believe that our growth opportunities include the expansion of existing operations through discovery of additional resources adjacent to currently delineated deposits as well as the development of our pipeline of projects and greenfield exploration.



Health and Safety

We are committed to the highest standards of safety and continuously seek to develop, improve and implement new safety programmes and procedures to protect the safety of our employees. We continuously improve the safety of our working conditions by implementing practices such as monthly workplace inspections and weekly safety committee meetings. We regularly conduct safety audits and assessment programmes to ensure the adequacy of our health and safety policies. We also strive to improve our employees' response to emergencies by maintaining an underground and a mine rescue team for each site. For example, at Ovacik we have two emergency response teams, an underground rescue team comprising 13 employees and a mine rescue team comprising 22 employees. We believe we are currently in material compliance with all health and safety regulations. We pay specific attention to include in our subcontractor agreements clauses regarding health and safety measures and guidelines that are required to be followed by the contracting parties.



Environment

Our environmental department is responsible for filing EIA reports with the MEF and ensuring that our operations comply with all applicable environmental laws and regulations.

The MEF considers several categories of environmental factors and compares the projected impact of the proposed mining activities to previously set environmental thresholds.

We ensure that our employees and contractors understand and comply with our environmental policies and management plans as well as our high level of commitment to environmental management. Our Environment Department at the same time has been providing training program since March 2007 on environmental awareness to all employees and as well as on environmental policies and implementations for newly recruited personnel at the mine site.

We have timely made all required emissions payments in full and have not faced any fines or penalties.

According to the Competent Person's Report, in the seven years since the mining of ore began at Ovacik, no claims have been made against us by any governmental entity in respect of environmental non-compliances. We believe that we are in material compliance with all relevant environmental laws and regulations.



Board & Management Structure



Board of Directors

Hamdi Akın İpek	Chairman
Cafer Tekin İpek	Vice Chairman
Melek İpek	Board member
Pelin Zenginler	Board member
İsmet Kasapoğlu	Independent Member
Yusuf Köyce	Independent Member

Board of Supervisor

Enver İman	Auditor
İsmail Kökbulut	Auditor

Company Management

İsmet Sivrioğlu	General Manager
Zafer Kara	Assistant General Manager-Mining and Geology
Özlem Özdemir	Assistant General Manager-Finance and Commercial
Serhan Umurhan	Assistant General Manager-Technical
Hayrettin Ögüt	Assistant General Manager-Administration
Okan Bayrak	Assistant General Manager-Investor Relations
Cemalettin Çetin	Assistant General Manager-Security
Feridun Akyol	Operation Manager
Ahmet Deniz	Operation Manager
Deniz Beşir	Project Manager
Süleyman Akşit	Project Manager

Management

İsmet Sivriođlu

General Manager

Chemical Engineer with more than 40 years of experience in several production plants and management positions. Between 1970 and 1983, Mr.Sivriođlu worked at the sulphuric acid, borax, asitboric and perborate plants of Etibank where he held numerous positions, including, as shift engineer, chief engineer and assistant general manager, technical. In 1984, he was appointed the general manager of Kütahya Silver Mine where he worked until 1994, supervising the plant's construction, commissioning and operational stages. He was promoted to Etibank Corporate and served as its assistant general manager between 1994 and 1998. During this time he also served as the chairman of the Board of Directors of Çayeli Copper Operations Inc. He served as the advisor to the Minister of State during 1997 and 1998. He joined Koza Gold in 1999 as the General Manager for community relations and government relations. Since 2005 he served as the General Manager of Koza Gold.

Zafer Kara

Assistant General Manager, Mining and Geology

He has served as Assistant General Manager responsible for Mining and Geology since march 2007, but has worked for all of our predecessor entities since 1988. He has more than 20 years of mining experience, including from Newmont and Normandy, as a mine and exploration geologist. Additionally, he has been involved in exploration projects in Iran, Kazakhstan, Ghana and Australia. He is a member of Australian Institute of Geoscientists.

Özlem Özdemir

Assistant General Manager, Finance and Commercial

She has Bachelor's degree in Business Administration and serves the Company as CFO since 2007. She has worked for all of the predecessor entities since 1996. She served Newmont as the Financial Controller being responsible for the preparation of the budgets, forecasts and financial reports in accordance with US GAAP and Turkish Accounting Standards.

Serhan Umurhan

Assistant General Manager, Technical

He serves as Assistant General Manager, Technical, and is responsible for gold processing facilities, maintenance, environmental compliance and the assay laboratory. Between 2001 and 2005 he served in various positions with Normandy and Newmont during their respective ownership of Ovacık, including as project and infrastructure manager. He graduated in 1997 with a B.Sc. degree in Electrical and Electronical Engineering.

Hayrettin Öđüt

Assistant General Manager, Administration

He serves as Assistant General Manager of human resources, public relations and administration. Between 1993 and 2005, he worked for Newmont and Normandy as their respective public relations manager. He obtained a B.Sc. degree in Chemistry.

Cemalettin Çetin

Assistant General Manager, Security

He serves as the Assistant General Manager in charge of security. He has held various management positions in the public and private sectors. He has held senior management positions at İpek since 2001. He obtained a Bachelor's degree in Mechanics.

Okan Bayrak

Assistant General Manager, Investor Relations

Okan Bayrak, an Assistant General Manager in charge of Investor Relations in our Company has graduated from the Department of Economics of Middle East Technical University in 1995. He joined the Capital Market Board as an Expert in the same year. He has held an office as an Expert at CMB Partnership Finance Department in May 1999. Between 2002 - 2003, he has participated in the training programs covering US stock exchange arrangements, financial institutions and capital markets at the Wharton School of the University of Pennsylvania. On December, 2007, he started to work as a Deputy Head at the Department of Capital Market Board.

Okan Bayrak joined Koza Gold Operations as an Assistant General Manager in May 2010.

Financial Review

- Production decreased to 72 koz in the first three months of 2013 by 26.2% when compared to 98 koz in the first three months of 2012. There is 8 koz of gold available for sale in our stock as of 31 March 2013.
- Revenue decreased to TL 185.7 million in the first three months of 2013 by 38.8% when compared to TL 303.6 million in the first three months of 2012.
- EBIT decreased to TL 101.7 million in the first three months of 2013 by 55.1% when compared to TL 226.5 million in the first three months of 2012.

Production

We are a leading Turkish Gold Mining Company based on gold production of approximately 72.164 ounces in the first three months of 2013. As at March 31, 2013 we had 51 operating licences and 419 exploration licences throughout Turkey.

We currently have three processing plants. Our first processing plant at Ovacık has been operating since 2001. The plant is currently processing 900,000 tpa. In the first three months of 2013 we produced 27,7 koz of gold and 11,3 koz of silver from Ovacık processing plant. Our second processing plant at Mastra has been commissioned in 2009 and has been operating since March 2009. It is currently processing around 480,000-540,000 tonnes per year. In the first three months of 2013 we produced 17,7 koz of gold and 6,0 koz of silver from Mastra processing plant. Our third processing plant, Kaymaz, started production in September 2011. In the first three months of 2013 we produced 26,8 koz of gold and 17,0 koz of silver from Kaymaz processing plant. We produced 72 koz of gold in total in the first three months of 2013 with a decrease of 26,2% from 98 koz of gold in the twelve months of 2012.

The temporary decrease in gold production in 2013 resulted principally from the fact that the average processed gold grade at Ovacık and Mastra processing plants has diminished.

Revenues

Our revenues decreased by TL 117.9 million, or 38.8% to TL 185.7 million for the first three months ended 31 March 2013 from TL 303.6 million for the first three months ended 31 March 2012. We sold 63.916 ounces of gold in the first three months of 2013 compared to 99.392 ounces of gold in the first three months of 2012, a 35,7% decrease. Attributable production of 72koz was lower than the first three months of previous year, 98koz. The average realized price per ounce for gold sold was TL 2,898.88 (\$1,626.31) in the first three months of 2013 compared to TL 3,033.37 (\$1,692.33) in the first three months of 2012. Furthermore, there is 8 koz of gold available for sale in our stock as of 31 March 2013.

Cost of sales

Our cost of sales increased by TL 2.1 million or 3.9% to TL 56.9 million from TL 54.8 million in the first three months of 2013. Royalty costs decreased by TL 0.8 million, to TL 5.3 million in the first three months of 2013 from TL 6.1 million in the first three months of 2012. The royalty costs decreased because of the declining gold prices. Staff costs increased by TL 1.8 million, or 26.2% to TL 8.6 million in the first three months of 2013 from TL 6.8 million in the first three months of 2012. This increase was mainly attributable to additional employees hired by us in connection with the commencement of operations at our production facilities and to a lesser extent an overall increase in wages which was generally in line with inflation. Direct material costs decreased by TL 0.1 million, or 2.1% to TL 7.1 million in the first three months of 2013 from TL 7.2 million in the first three months of 2012. Maintenance costs increased by TL 0.7 million, or 13.8% to TL 5.7 million in the first three months of 2013 from TL 5.0 million in the first three months of 2012. Utilities increased by TL 1.1 million, or 31.7% to TL 4.5 million in the first three months of 2013 from TL 3.4 million in the first three months of 2012. Increases in energy expenditures has been mainly due to the escalating unit prices of energy in 2013.

Cash cost was 959 TL (US\$539) per ounce in the first three months of 2013, and 552TL (US \$308) per ounce in the first three months of 2012. The reason of this increase is mainly because of the rising of cost elements due to inflation and decrease of the production according to the lower processed gold grade.

Selling and Marketing Costs

Our selling and marketing costs decreased by TL 0,21 million or 38.7% to TL 0.32 million from TL 0.53 million in the first three months of 2012. The reason of this decline is mainly because of the decrease in sales figures.

General Administrative Expenses

Our general administrative expenses increased by TL 3.7 million, or 30.9% to TL 16.1 million in the first three months of 2013 from TL 12.4 million in the first three months of 2012. Our personnel costs increased by TL 1.7 million, or 29.6% to TL 7.3 million in the first three months of 2013 from TL 5.6million in the first three months of 2012.

These increases are mainly because of the expanding production facilities throughout the Turkey and escalating personnel and other cost elements.

Exploration Costs

Exploration costs decreased by TL 0.7 million, or 9.3% to TL 7.1 million in the first three months of 2013 from TL 7.8 million.

Net Profit for the Period

As a result of the foregoing, our net profit for the first three months of 2013 decreased by TL 79.6 million, or 41.8% to TL 110.8 million from TL 190.4 million in the first three months of 2012. Our profit margin for the first three months of 2013 decreased to 59.7% from 62.7% in the first three months of 2012. This is mainly because of the decrease in production (2013 3m: 72koz, 2012 3m: 98koz) and gold price decrease (2013 3m: \$1,626.31/oz –2012 3m: \$1,692.33/oz) in 2013.

Capital Expenditures

We primarily incur capital expenditures to build new mines and processing plants, expand, upgrade and improve existing mines, processing plants, and related infrastructure, purchase mining and processing equipment to replace aged, inefficient, or obsolete machines and explore our licence areas for new resources. Furthermore, during 2012 we have performed land acquisitions related to Himmetdede project that we are planning to commence production at 4th quarter of 2013. Our mining and non-mining capital expenditures for the first three months of 2013 are as below with comparison the first three months of 2012. As operation has started in Çukuralan, there is an increase in the capital expenditure.

Thousands of TRY	2013 – 3m	2012 – 3m
Ovacık	460	5,433
Mastra	15,804	5,288
Kaymaz	13,815	5,644
Çukuralan	16,419	11,150
Himmetdede	40,094	-
Söğüt	374	-
Other	162	1,918
Total	87,128	29,433

Cash flow

Net cash generated from operating activities increased by TL 184.0 million or 24.3% to TL 940.9 million for the first three months ended 31 March 2013 from TL 756.9 million for the first three months ended 31 March 2012. Earnings before tax decreased by TL 119.6 million mainly because of decreased gold sales resulting from decreased gold production and gold price in the first quarter of 2013. Our corporate tax for the first three months of 2013 has decreased to 7.0 M TL from 37.8M TL due to the lower revenue in the first three months of 2013 when compared to the twelve months of 2012. The decrease resulted from the lower production and low level of gold prices. (Average gold price for the first three months of 2013 was (TL 2.898,88 - \$1.626,31); average gold price for the first three months of 2012 was TL 3.033,37 (\$1.692,33) Currently, we are financing our capital expenditures from cash that we are generating from operations.

RATIOS	31 March 2013	31 March 2012
Net Sales	185,674	303,569
EBIT	101,738	226,469
EBITDA	120,936	245,109
Net profit	110,837	190,443
EBITDA Margin	65.1%	80.7%
Liquidity Ratios		
Current Ratio	13.1	3.6
Quick Ratio	12.1	3.4
Cash ratio	11.6	3.2
Financial Leverage Ratios		
Debt Ratio	0.1	0.2
Debt-to-Equity Ratio	0.1	0.3
Profitability Ratios		
Return On Equity	0.1	0.2
Return On Assets	0.1	0.2
EBIT/Sales	0.5	0.7
Net profit/Sales	0.6	0.6

Investment Policy

Exploration activities of the Company consist of exploring new gold and silver deposits, calculating resources by sampling and modelling; and directing the pre-production process for the areas that are economically feasible. Company's exploration team is continuously exploring the potential areas. In case of any positive result, the Company applies for an exploration licence, and the exploration team is sampling and modelling the licenced area. All the samples taken are analyzed by the Company and by the international consultants for resource calculation. If any economically feasible resource deposit is explored, the production is planned by a construction of a new process plant or by processing the ore in the nearest hub.

Dividend Policy

Our company firstly aims to grow in present areas of production and operational facilities, to make strategic investments in new gold fields and to weigh on exploration activities within current exploration licenses. Within this framework, our Company has been targeting to meet all these investments by cash inflow derived from production areas

Within the framework of strategically targets, growth trend, investment policies, profitability and cash status and the provisions of Turkish Trade Act, Capital Market Regulations, Taxation Regulation and relevant clause of our principal contract related to the distribution of profit, Our Company will pay the dividend in the form of cash and/or unpaid shares in minimum proportion of it as basically specified by the Capital Market Board. The dividend, which will be distributed in pursuant to the decision to be taken at General Board meeting may be paid in full or in the form of unpaid shares or be determined to be as partially in cash and unpaid shares.

In parallel with the profit distribution policy of the recent years, it is always possible for the Board of Directors to decide proportion of profit distribution to be above the minimum ratio and submit this to the General Board for the approval.

Payments of dividend will be effected within the legal period based on the articles of associations and the decisions taken at the General Board Meeting which will be held on 10 May 2013.

Financial Risk Management

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, existing and prospective debt requirements, the Group treasury aims to maintain flexibility in funding by keeping committed credit lines available. The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

In addition, the Group's liquidity management policy involves projecting cash flows, considering the level of liquid asset, monitoring balance sheet liquidity ratios against the budgets, maintaining debt financing plans. Cash flow forecasting is performed for each operating mines and aggregated by the Group treasury and finance. Such forecasting takes into consideration the Group's financing plans.

Foreign exchange risk

As the Group's trade receivables and bank borrowings are mainly denominated in USD, foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. The price in global gold market predominately is USD which also exposes the Group to the foreign exchange risk. The Group is exposed to foreign exchange risk through the impact of rate changes on translation into TL of foreign currency denominated assets and liabilities. These risks are monitored by analysis of the foreign currency position.

Price risk

The main operational risk is derived from gold price risk. Gold price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the price of gold. The profitability of the Group's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold, such that a fall in the price of gold relative to the Group's operating cost of production for any period may lead to a decrease in operational profitability of the Group. The Group does not anticipate that prices in global gold markets will decrease significantly in the foreseeable future, and therefore, has not entered into derivative or other contracts to manage the risk of a decline in prices in global gold markets. Furthermore, the Group reviews its outlook for the market prices regularly in considering need for active financial risk management. This risk is closely monitored by analysis of the prices in global gold markets.

Interest rate risk

The Group's interest rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates and other interest bearing liabilities expose the Group to cash flow interest rate risk which is partially offset by interest bearing assets. The interest rate risk is partially managed through the balancing of assets and liabilities that are responsive to the fluctuations in interest rates.

Credit risk

Credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. As the Group sells the doros to only refineries, one in Turkey other in Europe, with a maturity of less than one month, the credit risk for the Group is very low. The Group management, in line with the past experiences, there were never defaults or delays in payments, thus, believes that the credit risk is well managed and monitored effectively and credit risk is limited to carrying amounts of the financial assets.

Personnel

Personnel details are below:

Location	2011	2012	2013-1Q
Ovacık Exploration	46	78	72
Ovacık Production	116	106	105
Ovacık Other	169	176	180
Head Office	106	130	130
Mastra Mine Geology	22	25	14
Mastra Production	136	144	177
Mastra Other	119	128	107
Küçükdere Mine Geology	-	-	-
Küçükdere Production	-	-	-
Küçükdere Other	-	-	-
Kaymaz Mine Geology	17	16	22
Kaymaz Production	40	50	55
Kaymaz Other	84	110	115
Cukuralan Mine Geology	18	18	20
Cukuralan Production	79	83	78
Cukuralan Other	72	90	90
Himmetdede	-	-	21
Söğüt	-	-	12
TOTAL	1.024	1.154	1.198

Incentives

The Province of Gumushane where Mastra Gold Mine is situated has been one of the provinces which are covered under Investment and Employment Incentive Act 5084. 80% of the income tax is borne by the Treasury. The amount met by the Treasury must not exceed 80% of the sum as calculated by multiplying number of employees with income tax commuted on the minimum wage. Minimum living reduction total for the personnel calculated should be deducted from this amount. We also benefit from Employer incentive premium applied within the same Act.

For our workplaces other than Gumushane, we also benefit 5% employer premium incentive based on the Act 5510.

Incentive certificates, by which we benefited from reduced corporate tax in the year 2013 are as follow:

As 10% of the investment has been completed as at 31.12.2010 for investment granted with Incentive Certificate at Çukuralan, contribution rate to investment is 20% and corporate tax reduction rate is 50%.

As 10% of the investment has been completed as at 31.12.2010 for investment granted with Incentive Certificate at Kaymaz, contribution rate to investment is 20% and corporate tax reduction rate is 50%.

The application of Investment Incentive certificate for Himmetdede project has been made.

In addition to the above mentioned incentive certificates, the Company has been working on the new incentive certificates within "Decree on Investment Grants by State" which came into force on 15 June 2012 by decree of the Cabinet of Ministers no:2012/3305.

Events after date of Balance Sheet

No further events have taken place.

Changes in the Articles of Association

The Company's Board of Directors has taken a decision at their meeting held on 18.03.2013 to make following amendments on the articles of association

- Article 3 titled "Purpose and Scope",
- Article 4 titled "Head Office and Branches of Company"
- Article 6 titled "Capital and Type of Shares",
- Article 7.2 titled "Corporate Management Committee",
- Article 10 titled "Auditors and Duties thereof",
- Article 11 titled "General Assembly",
- Article 12 titled "Attendance of a Government Commissioner at Meeting",
- Article 13 titled "Announcement",
- Article 14 titled "Accounting Period",
- Article 15 titled "Determining and Distributing of Profit",
- Article 16 titled "Reserve Fund",
- Article 17 titled "Termination and Dissolution Company"

Application will be submitted to the Capital Market Board and Ministry of Customs and Trade to obtain necessary permissions and upon receiving required permissions, amendments in the Articles of Association will be brought to General Board Meeting for approval.

BALANCE SHEETS

AT 31 MARCH 2013 AND 31 DECEMBER 2012

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

	31 March 2013	31 December 2012
ASSETS		
Current assets:	1,064,125	1,026,792
Cash and cash equivalents	940,935	927,526
Trade receivables	752	646
Trade receivables from related parties	6	433
Other trade receivables	746	213
Other receivables	23,691	17,375
Inventories	78,769	70,913
Other current assets	19,978	10,332
Non-current assets:	597,156	541,940
Trade Receivables	53,725	62,968
Trade receivables from related parties	53,725	62,968
Investment properties	10,577	10,630
Property, plant and equipment	506,690	445,770
Intangible assets	1,295	1,400
Goodwill	14,017	14,017
Other non-current assets	10,852	7,155
TOTAL ASSETS	1,661,281	1,568,732

BALANCE SHEETS**AT 31 MARCH 2013 AND 31 DECEMBER 2012**

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

	31 March 2013	31 December 2012
LIABILITIES		
Current liabilities:	81,165	86,963
Borrowings	3,502	6,905
Trade payables	25,604	33,099
Trade payables to related parties	1,717	6,648
Trade payables to other parties	23,887	26,451
Other payables	16,829	1,835
Other payables to related parties	14,748	10
Other payables	2,081	1,825
Current income tax liabilities	6,976	20,746
Provisions	19,463	19,132
Other Current liabilities	8,791	5,246
Non-current liabilities:	69,273	81,763
Other Liabilities	9,947	24,543
Other payables to related parties	-	14,738
Other payables	9,947	9,805
Provisions	46,131	45,102
Deferred tax liability	10,220	9,363
Provision for employment benefits	2,975	2,755
TOTAL LIABILITIES	150,438	168,726
EQUITY	1,510,843	1,400,006
Share capital	152,500	152,500
Adjustment to share capital	3,579	3,579
Legal reserves	73,044	73,044
Actuarial Loss on Employee Benefits	(177)	(177)
Accumulated losses/Retained earnings	1,171,060	528,972
Net period income	110,837	642,088
TOTAL LIABILITIES AND EQUITY	1,661,281	1,568,732

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 31 MARCH 2013 AND 31 MARCH 2012**

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

	1 Jan - 31 Mar 2013	1 Jan - 31 Mar 2012
Revenue	185,674	303,569
Cost of sales	(56,947)	(54,795)
Gross profit	128,727	248,774
General administrative expenses	(16,124)	(12,319)
Exploration costs	(7,082)	(7,807)
Selling and marketing costs	(323)	(527)
Other operating income	775	1,375
Other operating expenses	(4,235)	(3,027)
Operating profit	101,738	226,469
Finance income	22,062	28,971
Finance expense	(5,129)	(17,194)
Profit before taxation on income	118,671	238,246
Taxation on income	(7,834)	(47,803)
Income tax Expense	(6,977)	(37,816)
Deferred Tax Income	(857)	(9,987)
Profit for the year	110,837	190,443
Other comprehensive income for the period/year, net of tax		
Total comprehensive income for the period/year	110,837	190,443
Earnings per share	0.7268	1.2488

STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 31 MARCH 2013 AND 31 MARCH 2012

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

	1 January - 31 March 2013	1 January - 31 March 2012
Cash flows from operating activities:		
Profit before taxation on income	118,671	238,246
Adjustments to reconcile profit to net cash generated from operating activities:		
Depreciation and amortisation	26,308	16,243
Interest and other financial income	(16,898)	(17,139)
Interest and other financial expense	259	299
Provision for employment benefits	461	374
Provision for royalty and state mining right	17,615	24,396
Exploration costs	7,082	7,807
Provision for environmental rehabilitation, reclamation of mining areas and mine closure	570	449
Gain from sales of property, plant and equipment and intangible assets- net	44	(752)
Taxes paid	(20,747)	(39,816)
Unrealized foreign exchange expenses	249	(3,465)
Net cash generated before changes in assets and liabilities	133,614	226,642
Changes in assets and liabilities:		
Increase in trade receivables	(533)	1,745
Increase/(decrease) in inventories	(7,856)	1,041
Increase/(decrease) in due from the related parties- trade receivables	9,670	43
Increase/(decrease) in other assets and receivables	(17,735)	1,459
(Decrease)/increase in trade payables	(2,946)	(12,264)
Increase/(decrease) in due to the related parties- trade receivables	(4,931)	1,270
Decrease in other short and long term liabilities	(13,484)	(17,980)
Payment for rehabilitation activities	(73)	(34)
Payment for exploration activities	(6,700)	(6,710)
Payment for employment benefits	(241)	(70)
Foreign exchange (losses)/gains on cash and cash equivalents	527	(4,074)
Net cash generated from operating activities	89,312	191,068
Cash flows from investing activities:		
Interest received	18,671	15,862
Purchases of property, plant and equipment and order advances given	(90,376)	(31,539)
Proceeds from sales of property, plant and equipment and intangibles	11	2,875
Collect form the non-trade receivables from the related parties	-	(1,562)
Net cash used in investing activities	(71,694)	(14,364)
Cash flows from financing activities:		
Redemption of bank borrowings	(3,398)	(3,375)
Interest paid	(284)	(335)
Loans granted by the related parties – non-trade payables	-	441
Net cash used in financing activities	(3,682)	(3,269)
Net increase in cash and cash equivalents	13,936	173,435
Cash and cash equivalents as of 01 January	927,526	579,356
Foreign exchange gains/(losses) on cash and cash equivalents	(527)	4,074
Cash and cash equivalents as of 31 March	940,935	756,865

**STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 31 MARCH 2013 AND 31 MARCH 2012**

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

	Share Capital	Adjustment to Share Capital	Legal Reserves	Acquisition of Businesses Under Common Control	Actuarial Loss on Employee Benefits	(Accumulated losses)/ Retained Earnings	Net Period Income	Total Equity
1 January 2012	152,500	3,579	57,923	(3,647)	(213)	198,603	460,707	869,452
Transfer of prior year net period income to accumulated losses	-	-	-	-	-	460,494	(460,494)	-
Separation of legal reserve	-	-	16,795	-	-	(16,795)	-	-
Dividend payment	-	-	-	-	-	(111,570)	-	(111,570)
Total Comprehensive Income	-	-	-	-	-	-	190,443	190,443
31 March 2012	152,500	3,579	74,718	(3,647)	(213)	530,945	190,443	948,325
1 January 2013	152,500	3,579	73,044	-	-	528,972	642,088	1,400,006
Transfer of prior year net period income to retained earnings	-	-	-	-	-	642,088	(642,088)	-
Total Comprehensive Income	-	-	-	-	-	-	110,837	110,837
31 March 2013	152,500	3,579	73,044	-	(177)	1,171,060	110,837	1,510,843

Operational Review

- 98 koz gold production in the first three months of 2012, 72 koz gold production in the first three months of 2013.

We currently own six operating mines: an Underground mine at Ovacık, a mine at Mastra where we utilise both underground and open pit mining methods, a mine at Çukuralan where we utilise both underground and open pit mining methods and an open pit mine in Kaymaz. Open pit production at Söğüt and Çoraklıktepe mines has been started in the first quarter of 2013. Himmetdede project construction has started in 4th quarter of 2012. Our mining operations at Küçükdere, an open pit mine located 80 km from the Ovacık Mine, completed in March 2010. Rehabilitation works has been completed and the area has been returned to Ministry of Forestry.

As feasibility, we have Mollakara Project near city of Ağrı which is in the North east of Turkey. In addition to this, and within our own properties, we have 14 projects ranging from early developed to exploration stages with resources estimates have been completed. We are currently focused on developing our resources in the exploration areas at Ovacık, Mastra, Kaymaz, Çukuralan, Himmetdede, Söğüt, and Diyadin.



Mining Operations

Ovacık

The Ovacık mine is located near Ovacık village in western Turkey, approximately 100 km north of İzmir. It is an underground complex. Material from the open pit operation was depleted in September 2007. The open pit has been partially backfilled and no further production is currently planned. The current underground ore reserves give operations at Ovacık an expected lifespan through the end of January 2018; however drilling is currently being undertaken with the aim of increasing the ore reserve at depth to extend the mine life.

The table below presents an overview of our mining operations at the Ovacık mine:

	2013 Jan-Mar	2012 Jan-Mar
Ore mined (t)	41.179	44.241
Underground (t)	41.179	44.241
Au average head grade (g/t)	2,83	5,08
Ag average head grade (g/t)	2,36	4,33

The table below presents an overview of our processing operations at Ovacık (including processing ore from Çukuralan):

	2013 Jan - Mar	2012 Jan - Mar
Ore milled (t)	212.410	210.801
Recovery rate, Au %	95,10%	95,00%
Au Grade (g/t)	4,37	5,95
Au poured (oz)	27.701	39.287
Ag poured (oz)	11.338	16.146

The Ovacık processing plant is our regional processing hub for ore located in the Ovacık area. It is currently operating mainly on feed from the Çukuralan ore stockpile along with some materials from the Ovacık underground mine. Ore production at Çukuralan project's open pit and underground site commenced in the last quarter of 2010 and in August 2011 respectively.



Mastra

Our mining operations at Mastra are located 80 km south of the Black Sea, in northeastern Turkey. Mastra comprises both open pit and underground mining operations. Mining operations at the Mastra main open pit was completed in December 2011. New open pit activities have been started in 2012. In 2012, second underground mining operation started with an underground contractor.

The table below presents an overview of our mining operations at the Mastra mine:

	2013 Jan-Mar	2012 Jan-Mar
Ore mined (t)	104.930	42.532
Open pit (t)	22.538	-
Underground (t)	82.392	42.532
Au average head grade (g/t)	5,85	7,12
Ag average head grade (g/t)	4,52	3,04

The table below presents an overview of our processing operations at Mastra:

	2013 Jan-Mar	2012 Jan-Mar
Ore milled (t)	123.273	130.355
Recovery rate, Au %	92,19%	92,36%
Au Grade (g/t)	4,76	8,89
Au poured (oz)	17.659	35.888
Ag poured (oz)	5.978	5.589

Plant throughput is currently around 40,000-45,000 tpm.



Çukuralan

Çukuralan is in the Ovacık area and is located approximately 40km northwest of the Ovacık mine. This exploration property is low sulfidation, epithermal gold vein system. Since 2005, we performed extensive work on the project, including detailed mapping, stream sediment and soil sampling, resulting in identification of a vein system. Open pit mining ore at Çukuralan started in last quarter of 2010. Underground activities started on February 2011 and ore production began on August 2011. The ore is transported 40 km on trucks to the Ovacık processing plant. The project Environmental Impact Assessment(EIA) report was issued in September 2009 and the relevant EIA affirmative certificate has been granted to begin deforestation of the pit area. We are following the Küçükdere model for grade control, contract mining and stockpile management.

	2013 Jan-Mar	2012 Jan-Mar
Ore mined (t)	175.060	159.469
Open pit (t)	138.779	127.730
Underground (t)	36.281	31.739
Au average head grade (g/t)	5,18	5,54
Ag average head grade (g/t)	2,77	2,94

We are transporting high grade and run-of-mine ores to the Ovacık processing plant based on demand and stockpiling surplus low grade material for processing at a later date. The current production schedule is based on a 50,000 tpm total mining rate with a stripping ratio of 13:1 (waste:ore). Also, 16.000 tpm production is planned from underground operations.

Kaymaz

The Kaymaz project is located in north western Turkey, approximately 150 km from Ankara. The Kaymaz deposits comprise a number of different mineralisation styles, including manto-type mineralisation, quartz stock works, quartz veinlets and episodic brecciation adjacent to the granite dike. Open Pit mining at our Kaymaz Project started in March 2011. Kaymaz operation has 4 different open pit areas, that are Damdamca, Mainzone, Mermerlik and Kızılağıl. The construction of our third processing plant at Kaymaz has been completed and test production has commenced in September 2011. We have elected to use a processing plant flowsheet and design almost identical to those installed at Ovacık and Mastra. It is envisaged that after the test period the Kaymaz processing plant will be able to process around 50 tph and this will result in an annual nominal treatment rate of around 400,000 tpy. We are currently targeting gold recoveries of around 88.0%.

The table below presents an overview of our mining operations at the Kaymaz mine:

	2013 Jan-Mar	2012 Jan-Mar
Ore mined (t)	156.565	72.025
Open pit (t)	156.565	72.025
Au average head grade (g/t)	7,59	7,36
Ag average head grade (g/t)	6,61	6,08

The table below presents an overview of our processing operations at Kaymaz:

	2013 Jan-Mar	2012 Jan-Mar
Ore milled (t)	120.409	112.754
Recovery rate, Au %	84,34%	88,57%
Au Grade (g/t)	8,12	7,87
Au poured (oz)	26.804	24.632
Ag poured (oz)	17.029	18.924

Söğüt

About 70.000 tonnes of **ore trial pit production** will be done in Söğüt project in 2013. According to this plan, open pit trial production has started in March 2013 and it is expected to be completed until the end of 2013. Ore will be transferred to the Kaymaz site and will be processed at Kaymaz mill.

The table below presents an overview of our mining operations at the Söğüt mine:

	2013 Jan-Mar	2012 Jan-Mar
Ore mined (t)	7.763	-
Open pit (t)	7.763	-
Au average head grade (g/t)	3,77	-
Ag average head grade (g/t)	1,58	-

Çoraklıktepe

Çoraklıktepe open pit production has started in March 2013 and it is expected to be completed at the end of 2013. Planned production will be about 151.000 tonnes of ore and about 45.000 oz Au. The ore will be transferred to the Ovacık site and will be processed at the Ovacık mill.

The table below presents an overview of our mining operations at the Çoraklıktepe mine:

	2013 Jan-Mar	2012 Jan-Mar
Ore mined (t)	15.680	-
Open pit (t)	15.680	-
Au average head grade (g/t)	5,93	-
Ag average head grade (g/t)	3,82	-

Construction Projects

Himmetdede

The Himmetdede project was discovered by Koza. The property is identified as thrust related low sulfidation epithermal mineralization. Drilling works are underway for testing the proven areas which were found by geophysical methods carried on the region. All of the required technical performances and ensuring the permits have come to an end. Also, open pit production equipments have been ordered.

Operations for possible ore enrichment methods on gold extraction according to the deposit's tenor and mineralogy are still in progress. As in Mollakara project, Himmetdede project will also have a central processing plant to cover nearby deposits. In 2010, first phase operations of the rock mechanics for Himmetdede Project has been completed. Required metallurgical tests and process designing have been completed by McClelland company in USA. The pre-feasibility works of the Heap Leach facility has been completed by SRK, and final phase design studies are in progress. The EIA report has been granted in March 2012 and about 90% of the land acquisitions have been completed. As a result of the detailed prefeasibility performances, which were prepared by Koza and approved by SRK, Himmetdede reserve studies were completed in December 2012.

The anticipated reserve quantity is 27 million tons of gold mine ore, an average of 0,68 g/t gold grade and an estimation of 583.000 ounces of gold. Process plant and leach pad constructions started in 4th quarter of 2012 and the production is expected to start in 4th quarter of 2013.

Himmetdede ore deposit offers very suitable conditions in terms of its location, land conditions and logistic capabilities and other mining activities.

Feasibility Projects

Mollakara

The Mollakara Project is approximately 55 km southeast of Ağrı adjacent to the village of Mollakara and is located in Diyadin area in Eastern Anatolia. The Mollakara Project was held by Newmont between 2005 and 2008 but now it is fully held by Koza. Mineralisation at Mollakara is both structurally and lithologically controlled. This project is made up of two regions which are oxide and sulfate.

This is currently a focus for our exploration activities at Mollakara because there is a huge amount of expanding and improving potential of this site which is currently constituting most of our reserves. Even with the recent explorations, the ore quantity in the area is still not certain. That basically means the deposit may be suitable for expanding on every side. Exploration at Mollakara will include deeper drilling, additional mapping and resource modeling.

Depending on the grade and mineralogy of the deposit, heap leaching is likely to be used for gold extraction. We plan to set up heap leach facility at Mollakara to serve as a central processing plant for other nearby deposits as well. We have already started the works on Mollakara project including pre-feasibility. The works carried out by SGS and the first stage of rock mechanics were completed.

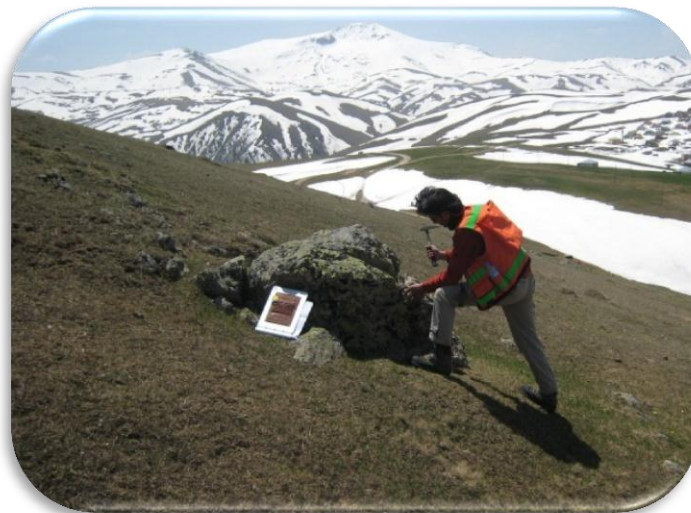
At the end of 2012, Mollakara oxide reserve studies have been completed. Calculated reserve is 14,9 mt @ 0,78 g/t Au and 0,20 g/t Ag and containing gold is 373.000 oz.

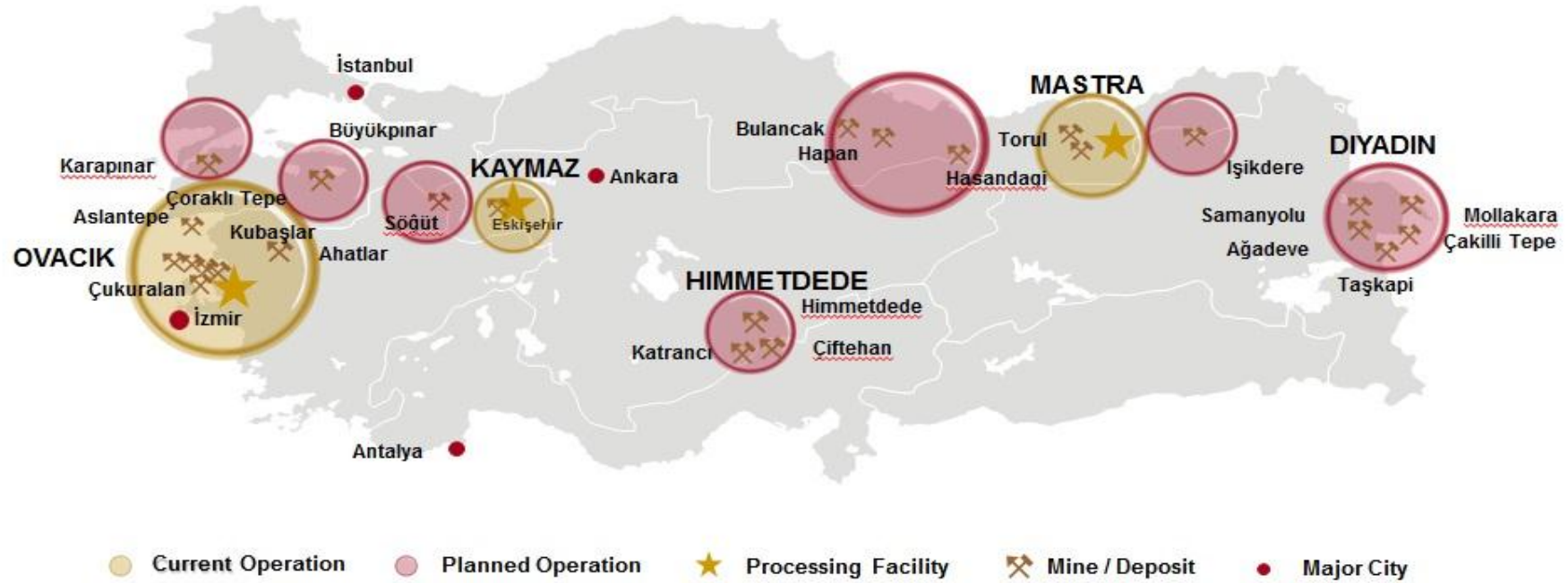
Reserves and Resources

As 31 March 2013, we had 51 operating licences and 419 exploration licences throughout Turkey in the Aegean and Marmara regions, the Black Sea region and Central and Eastern Anatolia.

We have a feasibility stage project, Mollakara, located near Ağrı in the north-east of Turkey. In addition our properties also include 14 exploration projects in Turkey, ranging from early-stage to advanced exploration prospects with resource estimations completed in 2009. At most of our exploration prospects, mapping and sampling programmes are ongoing or completed and drilling and geophysical surveys have already commenced or are planned for 2012. Currently our exploration activities are focused on the expansion of resources surrounding our current and planned mining operations in Ovacık, Mastra and Kaymaz mine areas and in the Diyadin and Himmetdede exploration areas.

As a result of acquisitions and exploration activities, from our inception in March 2005 to 31 December 2011 our total gold resource base increased more than sixfold to 12.6 million ounces from 1.3 million ounces. Over the same period, our total reserve base increased to 3.7 million ounces from 0.4 million ounces, also benefiting from increasing gold prices. Almost half of the resources consist of inferred material. Therefore, Koza is planning to utilize 8 rigs during the year to continue exploration programme and to convert the inferred resources into the higher confidence categories of measured and indicated allowing economic assessments to be made on the resources.





- ☺ A Hub strategy = a central processing plant, surrounded by satellite mining operations
- ☺ A Hub strategy is central to Koza Gold achieving its production and resource objectives
 - Enables profitable acquisition and development of smaller, high-grade deposits, Significantly reduces capital costs
- ☺ Turkey remains largely untapped relative to regions with similar gold resource endowments
 - Combination of high-grade small deposits (e.g. epithermal veins) and lower grade large deposits (e.g. Porphyry)
- ☺ Koza Gold's local operating expertise is a distinct competitive advantage
 - The Ovacık Hub currently has one processing plant with two mining operations.
 - Our second processing plant is in operation at the Mastra Hub.
 - The third processing plant at Kaymaz started production on September 2011.
 - Construction of 4th processing plant Himmetdede was started in 4th quarter of 2012, and production will be commenced in 4th quarter of 2013.
 - 2 other potential areas for hubs have been identified – Diyardin, Hapan.
- ☺ Our current operations are supported by a significant pipeline of development and exploration projects
- ☺ Proven track record of discovering resources, with the intention of continuing to explore our large portfolio and advanced projects

RESERVES

31 December 2012	Tonnage	Grade Au		Ounces	
Proven Reserve	kt	g/t	Ag g/t	(Au Toz)	(Ag Toz)
Ovacık Underground	633.5	3.72	2.49	76	51
Çukuralan Underground	3,988.0	4.25	1.75	545	224
Open Pit	2,550.0	5.21	2.25	427	184
Mastra Underground	392.6	5.32	3.37	67	43
Open Pit	19.0	11.73	9.88	7	6
Kaymaz	1,454.0	4.07	4.98	190	233
Çoraklık Tepe	41.5	9.40	12.65	13	17
Ovacık Stockpile	26.5	4.00	4.46	3	4
Kaymaz Stockpile	190.0	8.13	6.79	50	41
Mastra Stockpile	21.0	5.86	7.43	4	5
Çukuralan Stockpile	113.5	3.96	2.56	14	9
Ovacık Tesis Stockpile	23.0	4.94	4.10	4	3
Kaymaz Tesis Stockpile	24.0	8.50	6.69	7	5
Mastra Tesis Stockpile	19.0	5.94	4.29	4	3
Kubaslar	0.0	0.00	0.00	0	0
Himmetdede	7,485.0	0.61	0.00	147	0
Mollakara	3,529.0	0.87	0.24	99	27
Sogut	0.0	0.00	0.00	0	0
Total Proven Reserve	20,510	2.51	1.30	1,656	856

31 December 2012	Tonnage	Grade Au		Ounces	
Probable Reserve	kt	g/t	Ag g/t	(Au Toz)	(Ag Toz)
Ovacık Underground	191.5	2.90	1.25	18	8
Çukuralan Underground	4,274.0	4.46	1.48	613	203
Open Pit	1,090.0	5.59	2.14	196	75
Mastra Underground	315.1	3.68	5.47	37	55
Open Pit	120.0	3.08	6.75	12	26
Kaymaz	1,960.0	4.90	5.49	309	346
Çoraklık Tepe	109.9	9.21	12.35	33	44
Ovacık LG Stockpile	122.0	1.39	1.45	5	6
Kaymaz LG Stockpile	71.3	0.91	3.05	2	7
Küçükdere LG Stockpile	389.1	1.36	6.28	17	79
Mastra LG Stockpile	196.3	1.10	2.98	7	19
Çukuralan LG Stockpile	375.6	0.85	1.12	10	14
Kubaslar	1,061.8	2.22	14.28	76	488
Himmetdede	19,325.0	0.70	0.00	436	0
Mollakara	11,387.0	0.75	0.19	275	70
Sogut	69.5	8.43	1.53	19	3
Total Probable Reserve	41,058	1.56	1.09	2,064	1,441

Total Proven and Probable Reserve	61,568	1.88	1.16	3,720	2,297
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Mineral Resources (Inclusive of Reserves)

MINERAL RESOURCES

31 December 2012	Tonnage	Grade		Ounces	
Measured Resources	kt	Au g/t	Ag g/t	(Au Toz)	(Ag Toz)
Ovacık	2,310.50	4.90	3.29	364.00	244.00
Çukuralan Open Pit	4,519.20	5.76	2.49	837.00	362.00
Çukuralan Underground	2,842.90	3.94	1.70	360.00	155.00
Çoraklık Tepe	41.60	9.40	12.65	13.00	17.00
Gelintepe	0.00	0.0	0.0	0.00	0.00
Narlıca	0.00	0.0	0.0	0.00	0.00
Kiratlı	0.00	0.0	0.0	0.00	0.00
Kubaşlar	0.00	0.0	0.0	0.00	0.00
Kaymaz	1,589.10	3.95	4.86	202.00	248.00
Mastra Open Pit	21.70	10.45	9.09	7.00	6.00
Mastra Underground	647.30	7.42	4.40	154.00	92.00
Mastra North	0.00	0.0	0.0	0.00	0.00
Himmetdede Oxide	7,160.20	0.66	0.0	152.00	0.00
Himmetdede Sulfide	26.30	0.74	0.0	1.00	0.00
Mollakara Oxide	2,941.90	0.80	0.21	76.00	20.00
Mollakara Transition	606.65	1.21	0.36	24.00	7.00
Mollakara Sulfide	9,682.20	1.09	0.18	340.00	55.00
Işıkdere	0.00	0.0	0.0	0.00	0.00
Söğüt	0.00	0.0	0.0	0.00	0.00
Ovacık Rom	26.50	4.00	4.46	3.00	4.00
Çukuralan RoM	113.50	3.96	2.56	14.00	9.00
Mastra Rom	21.00	5.86	7.43	4.00	5.00
Kaymaz Rom	160.40	9.05	7.09	47.00	37.00
Ovacık Mill	23.30	4.94	4.10	4.00	3.00
Mastra Mill	18.80	5.94	4.29	4.00	3.00
Kaymaz Mill	24.30	8.50	6.69	7.00	5.00
Ovacık LG	0.00	0.0	0.0	0.00	0.00
Çukuralan LG	0.00	0.0	0.0	0.00	0.00
Küçükdere LG	0.00	0.0	0.0	0.00	0.00
Mastra LG	0.00	0.0	0.0	0.00	0.00
Kaymaz LG	0.00	0.0	0.0	0.00	0.00
Total Measured Resources	32,807.0	2.48	1.21	2,615.0	1,278.0

MINERAL RESOURCES

31 December 2012	Tonnage	Grade		Ounces	
Indicated Resources	kt	Au g/t	Ag g/t	(Au Toz)	(Ag Toz)
Ovacik	1,070.90	3.13	1.82	108.00	63.00
Çukuralan Open Pit	1,763.30	5.85	2.27	332.00	129.00
Çukuralan Underground	4,618.70	5.23	1.84	777.00	273.00
Çoraklik Tepe	110.40	9.21	12.34	33.00	44.00
Gelintepe	0.00	0.0	0.0	0.00	0.00
Narlica	428.40	2.44	10.61	34.00	146.00
Kiratli	0.00	0.0	0.0	0.00	0.00
Kubaşlar	3,121.70	1.45	11.82	146.00	1,186.00
Kaymaz	2,169.60	4.65	5.36	324.00	374.00
Mastra Open Pit	22.20	7.04	6.45	5.00	5.00
Mastra Underground	625.30	4.77	7.76	96.00	156.00
Mastra North	296.70	2.02	5.72	19.00	55.00
Himmetdede Oxide	30,066.70	0.64	0.0	619.00	0.00
Himmetdede Sulfide	2,849.20	1.23	0.0	113.00	0.00
Mollakara Oxide	9,619.70	0.72	0.19	224.00	59.00
Mollakara Transition	2,869.10	0.82	0.22	75.00	20.00
Mollakara Sulfide	35,251.60	0.96	0.21	1,093.00	234.00
Söğüt	3,469.90	10.61	1.04	1,184.00	116.00
Işıkdere	103.50	1.59	9.49	5.00	32.00
Ovacik Rom	0.00	0.0	0.0	0.00	0.00
Çukuralan RoM	0.00	0.0	0.0	0.00	0.00
Mastra Rom	0.00	0.0	0.0	0.00	0.00
Kaymaz Rom	0.00	0.0	0.0	0.00	0.00
Ovacik Mill	0.00	0.0	0.0	0.00	0.00
Mastra Mill	0.00	0.0	0.0	0.00	0.00
Kaymaz Mill	0.00	0.0	0.0	0.00	0.00
Ovacik LG	122.00	1.39	1.45	5.00	6.00
Çukuralan LG	375.60	0.85	1.12	10.00	14.00
Küçükdere LG	389.10	1.36	6.28	17.00	79.00
Mastra LG	196.30	1.10	2.98	7.00	19.00
Kaymaz LG	60.10	0.91	3.11	2.00	6.00
Total Indicated Resource	99,611.30	1.63	0.94	5,227.0	3,015.0

MINERAL RESOURCES

31 December 2012	Tonnage	Grade		Ounces	
Inferred Resources	kt	Au g/t	Ag g/t	(Au Toz)	(Ag Toz)
Ovacik	315.90	3.61	1.76	37.00	18.00
Çukuralan Open Pit	271.70	5.12	2.23	45.00	19.00
Çukuralan Underground	3,492.50	5.45	2.14	612.00	240.00
Çoraklık Tepe	54.20	8.74	11.70	15.00	20.00
Gelintepe	59.80	3.12	5.99	6.00	12.00
Narlica	140.50	3.02	11.01	14.00	50.00
Kiratli	2,016.40	2.13	37.42	138.00	2,426.00
Kubaşlar	422.40	1.51	10.38	21.00	141.00
Kaymaz	1,394.90	3.50	4.30	157.00	193.00
Mastra Open Pit	0.30	3.35	11.53	0.00	0.00
Mastra Underground	558.40	5.94	6.21	107.00	111.00
Mastra North	25.10	2.33	5.34	2.00	4.00
Himmetdede Oxide	4,631.60	0.64	0.00	95.00	0.00
Himmetdede Sulfide	221.90	0.68	0.00	5.00	0.00
Mollakara Oxide	7,928.80	0.45	0.10	115.00	24.00
Mollakara Transition	5,361.30	0.65	0.12	113.00	21.00
Mollakara Sulfide	98,438.80	0.81	0.14	2,572.00	450.00
Işıkdere	430.70	1.61	5.49	22.00	76.00
Söğüt	3,053.50	6.40	0.52	628.00	51.00
Hasandağ	7,799.40	0.41	0.24	103.00	60.00
Total Inferred Resources	136,617.90	1.09	0.89	4,805.0	3,918.0

Corporate Governance Report

Corporate Governance Statement

Our Company in principal adopts “Principles of Corporate Governance” accepted by the resolution 35/385 of Capital Market Board on 04 July 2003. Company is aware that implementation of these principles will derive benefit for our company, stakeholders and ultimately our country. Therefore, our Company has initiated implementation of Corporate Governance principles.

SECTION I – SHAREHOLDERS

1. Relationship Unit with Shareholders

Our Company has set up an investor’s relations unit to reach the investors. This section will be operated under the coordination of Okan Bayrak, Assistant General Manager, Investor Relations. It is full-time position for promoting it to domestic and international corporates and individuals, to inform them accurately, fully and correctly, to answer questions immediately. Interviews conducted for a position to assume responsibilities of this section are underway and appropriate candidate will soon be recruited for related position. This section will be available for individual and corporate investors by telephone, fax, e-mail at all times. Any significant developments in connection with company’s business affairs if required will be shared with the public via press releases. It is planned the copies of press bulletins released and presentations shared by the research experts and all documents not in nature of trade secret of the company’s affairs will be available on the internet. This section can be accessed at yatirimciiliskileri@kozagold.com and telephone no: 0312 587 1000 or fax no: 0312 587 1100

2. Right of receiving information of the investors

A section is reserved in the internet website under the heading of “Investors Relations”. Without any prejudice, all information publicly disclosed are available on the website for shareholders who will have easily and equally access to company information. An internal operating system was set up to quickly reply any queries directed to Investors Relations Unit verbally or written within the information disclosed to the public.

3. Information on General Board Meeting

Following decisions were taken at the General Assembly held on 4 May 2012;

1. The Activity Report and Auditor’s Report prepared by the Company’s Board of Directors for the year 2011 were presented to the General Assembly and both reports were unanimously accepted.
2. The Balance of Statement and Profit/Loss accounts prepared by the Company’s Board of Directors for the year 2011 were unanimously accepted.
3. Each member of the Board of Directors and the auditors were separately and unanimously acquitted.
4. Discussion was held on the distribution of the profits for the year 2011. Following decisions were reached by the majority of votes :

- to pay shareholders first cash dividend gross 94,834,452.36 TL and distribute cash dividend of net 14,225,167.85 to the members of the Board of Directors, elected to represent Group A,

- to set aside the amount of 10,143,462.02 TL as 2nd Tranche legal reserve and the amount of 334,890,486.24 TL as the extraordinary legal reserve fund and,

- to set the commencement date to be 15.05.2012 for distribution of dividends.

5. It was accepted by the majority of votes that Hamdi Akin İpek, Cafer Tekin İpek, Melek İpek and Pelin Zenginler, who were elected at the 2009 Annual General Assembly held on 07 May 2010 for period of 3 years to continue to hold offices and in addition to them, İsmet Kasapođlu and Yusuf Kyce to be elected as the independent members to the Board of Directors for a period of 1 year and election of İsmail Kkbulut and Enver İman to serve as the members of the Auditing Committee for one year each.

4. Voting Rights

The holders of Group A shares have right of privilege to nominate candidates for the Board of Directors and Auditor.

5. Profit Distribution Policy

Our company firstly aims to grow in present areas of production and operational facilities, to make strategic investments in new gold fields and to weigh on exploration activities within current exploration licenses. Within this framework, our Company has been targeting to meet all these investments by cash inflow derived from production areas

Within the framework of strategically targets, growth trend, investment policies, profitability and cash status and the provisions of Turkish Trade Act, Capital Market Regulations, Taxation Regulation and relevant clause of our principal contract related to the distribution of profit, Our Company will pay the dividend in the form of cash and/or unpaid shares in minimum proportion of it as basically specified by the Capital Market Board. The dividend, which will be distributed in pursuant to the decision to be taken at General Board meeting may be paid in full or in the form of unpaid shares or be determined to be as partially in cash and unpaid shares.

In parallel with the profit distribution policy of the recent years, it is always possible for the Board of Directors to decide proportion of profit distribution to be above the minimum ratio and submit this to the General Board for the approval.

According to the decisions taken at the General Board Meeting on 04 May 2012, payments of dividend will be distributed within the legal period to the members of the board representing Group A shareholders for the Company's performance, if net term profit as the result of Company's 2012 activities according to financial report prepared by IFRS is,

- under 400 million TL, 2% of net distributable profit;
- between 401 million TL and 450 million TL, 3% of net distributable profit;
- between 451 million TL and 500 million TL, 4% of net distributable profit;
- over 500 million TL, 5% of net distributable profit.

6. Transfer of Shares

Clause 6 of the Company's Articles of Association states: "Transfer of share certificates of the company is allowed provided that the provisions of Turkish Trade Code, Capital Market legislation and these articles of association are reserved".

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

7. Company's Information Policy

Koza Gold will observe and fulfill corporate governance principles mainly Capital Market Act and the arrangements related with this legislation and all kinds financial information and other explanations and announcements and generally accepted accounting principles within frameworks of Turkish Trade Act and its related procedures and follow a detailed Information and Public Disclosure Policy within this scope.

Basic aim of information policy is to ensure shareholders, employees, customers, creditors and stakeholders are disclosed information and explanations, not in the nature of trade secret, through easily accessible at low cost, accurate, complete, comprehensible at equal condition.

In connection with all practices of public informing, it complies with Capital Market procedures and arrangements of ISE and aims to implement most effective communication policy within CMB Corporate Governance Principles.

8. Disclosing Significant Events

21.01.2013 11:28:49

Special Event(s) to be disclosed):

DISCLOSURE:

The results of our total resources and reserves as at 31.12.2012 produced in accordance with International JORC standards and audited by an international institution SRK Consulting USA are disclosed to the investors as follow:-

The samples of 130.755 meter core drilling carried out in 2012 and other geological works have been analyzed by the laboratories of an international ALS Chemex (Australian Laboratory Service)

Our Company's reserves and total resources have shown a record increase in 2012.

As at 31.12.2012, our resources have reached 12.6 million ounces and reserves 3.7 million ounces.

At the end of 2011, our resources had been 11million ounces and reserves 2.3 million ounces. Taking into account of production of 338.000 ounces in 2012, our reserves indicate 76% increases. Annual increase in our total resources is 20%.(measured and indicated)

In addition to current resources mentioned, around 50% of potential increase has been reported by SRK.

Information on the resources, reserves and potential increase outlined in the said report is related to 14 licensed areas owned by our Company. The report does not cover more than 400 licensed areas with high gold potential scattered various parts of Turkey.

13.03.2013 15:50:11

Special Event(s) to be disclosed:

DISCLOSURE:

Financial reports for the period of 31.12.2102 and onward of East Anatolia Mining Exploration and Drilling Inc which were consolidated in our previous finance reports as per decision of Board of Directors on 17.12.2012 will now be arranged in non-consolidation form due to take over by our Company.

18.03.2013 15:15:33

Special Event Disclosure (General)

DISCLOSURE:

Special Event(s) to be disclosed:

The Company's Board of Directors has taken a decision at their meeting held on 18.03.2013 to make following amendments on the articles of association

- Article 3 titled "Purpose and Scope",
- Article 4 titled "Head Office and Branches of Company"
- Article 6 titled "Capital and Type of Shares",
- Article 7.2 titled "Corporate Management Committee",
- Article 10 titled "Auditors and Duties thereof",
- Article 11 titled "General Assembly",
- Article 12 titled "Attendance of a Government Commissioner at Meeting",
- Article 13 titled "Announcement",
- Article 14 titled "Accounting Period",
- Article 15 titled "Determining and Distributing of Profit",
- Article 16 titled "Reserve Fund",
- Article 17 titled "Termination and Dissolution Company"

Application will be submitted to the Capital Market Board and Ministry of Customs and Trade to obtain necessary permissions and upon receiving required permissions, amendments in the Articles of Association will be brought to General Board Meeting for approval

9. Company's web site and contents

Our company's web site is www.kozaaltin.com.tr A section is included for Investor Relations on the web site and preparations are on the way to have dialog box and constant information service to be provided on the web site. Various information is comprehensively placed open the internet website, updated in line with developments. And there is a section "investors relations" which has minimum matters as outlined by CMB.

10. Statement for Real Personalities Final Dominant Shareholder(s)

December 2010	Share Group	TL	%
ATP İnşaat ve Ticaret A.Ş.	(A,B)	68.636	45,01
Koza İpek Holding A.Ş.	(A,B)	38.114	24,99
Halka Arz-Other	(B)	45.750	30,00
Melek İpek	(A)	-	Less than 1
Hamdi Akın İpek	(A)	-	Less than 1
Cafer Tekin İpek	(A)	-	Less than 1
Pelin Zenginer	(A)	-	Less than 1
İsmet Kasapoğlu	(B)	-	Less than 1
Total		152.500	100,00

11. Public Disclosure of Persons who provide information from inside

The persons who can reach to the information, which may be in the nature of effecting the value of company's capital market instruments may be identified in Activity Report as the persons holding offices in Board of Management, Members of Auditing Committee and executives therefore who can be in position to learn from inside. In order to maintain balance between transparency policies and protecting investors' interests with informing public fully and accurately, it should be significantly emphasized that all company employees and directors must comply with legal arrangements in using information obtained from inside. All employees and directors should not directly or indirectly use the company related inside information and they are fully aware of all the limitations to the legal arrangements and the nature of information and they act in accordance with these limitations and prohibitions.

SECTION III – STAKEHOLDERS

12. Informing the Stakeholders

Koza corporate governance practices secure the stakeholders of the procedures, monthly arrangements and their rights arranged by mutual agreements. Company employees, partners and third person or institutions that have business relations can directly communicate with company directors any proposals or violations on this matter.

Stakeholders are being informed through e-mail or telephone on the matters related to themselves or company-related issues.

13. Stakeholders' Participation in the Management

Employees' participation in the management is realized through the periodic meetings conducted within the Company and target defining and performance assessment meetings held each year.

14. Human Relations Policy

Company's Recruitment policy is defined with priority given to development of local region. There is a recruitment process starting from nearest village neighboring the mine site. When there is need to recruit a personnel, according to the nature of position required, candidates are assessed from the nearest village then to nearest towns and provinces. If no suitable local candidates are selected, nation-wide candidates are sought.

As the gold mining industry is new sector in Turkey, it is sometimes difficult to find qualified personnel. Newly graduated personnel who are possessed with required qualifications are selected and when they are employed, on the job training occupational training have been provided.

As Koza respects the people in gold mining sector, it has been a choice and priority of those who received training in this sector.

Considering the mining industry, the workforce recycle has been on low levels, is a clear indication of employee satisfaction as well as good implementation of company's human resources policy.

15. Information on Customer and Suppliers Relations

As part of our Company's main business activity, doré, which contains gold and silver are produced and sent to refineries to be refined. All marketing and sales works are carried out by the refineries.

16. Social Responsibility

Our Company, while operating, shows great care for the principles of transparency, values its employees and locals and continuously develops itself and follows and implements technological changes. The company has been involved in to concentrate on the problems of local communities and has produced and continues to produce number of projects to assist their economical as well as social developments. As a part of its "Social Responsibility", Koza Altın İşletmeleri A.Ş has adopted attitude which will provide local region with highest economical and social contribution.

SECTION IV – BOARD OF DIRECTORS

17. Structure, Formation and Independent Members

Company's Board of Directors consists of 5 members, elected by General Board.

Hamdi Akın İpek	Chairman
Cafer Tekin İpek	Vice Chairman
Melek İpek	Member
Pelin Zenginer	Member
İsmet Kasapoğlu	Independent Member
Yusuf Köyce	Independent Member

18. Qualifications of Members of Board of Directors

Entire members of the Board of Directors have vast knowledge backed with education and experience and exemplifying professionals in the sector as well in the world of business.

19. Company's Mission and Vision and Strategic Goals

Our Vision

To be the first Turkish international company in gold mining sector.

Our Mission

To carry out gold mining operations by using best available technology and displaying highest environmental performance and showing respect to local people in a mutual trust.

Our Strategies

- To be one of the most important international gold producer in world's gold market.
- To further develop current Environment and Job Safety standards.
- To increase annual gold production to 1 million ounces.

20. Risk Management and Internal Control Mechanism

An auditing Committee will be formed within the Board of Directors. After formation of Auditing Committee, works will begin on setting up an Internal Auditing Department. In pursuant to the Capital Market Board's Circular and provisions for Determining and Practicing the Principles of Corporate Management, dated 11.10.2011 and serial :IV no: 54, timing will be determined to effectively implement internal auditing and procedures will be prepared and practiced.

21. Authorities and Responsibilities of the Board of Directors

Company's management rights and authorities of representation are defined in the Articles of Association.

22. Activities of Board of Directors

Our Board of Directors have held number of meetings to discuss several issues and have taken decisions during the first six months of 2010. All kinds of opinions were raised in those meetings and no different opinions were expressed against the member of the Board of Directors during these meetings in 2010.

23. Committees

The amendments about our company's Articles of Association's 7/B titled "Committees attached to Board Management", have been approved by the CMB dated 10.04.2012 with resolution no. B.02.6.SPK.0.13.00-110.03.02-1023-4021. The changes to the article 7/B has also been permitted by the General Directorate of Internal Trade of the Customs and Trade Ministry of Republic of Turkey with their reference letter no. 2592.

24. Code of Ethics

Procedure, which contains the code of ethics, has been finalized and is in the process of being used.

25. Financial Rights provided to the Board of Directors

Attendance fee to be paid to Company's Board of Directors is determined by General Board. The members of the Board receive attendance fee of net 30.000TL.

Decision was taken at the General board meeting held on 4 May 2012, to include into profit distribution policy, a proposal to be made to general assembly to distribute to the members of the board representing Group A shareholders for the Company's performance, if net term profit as the result of Company's 2012 activities according to financial report prepared by IFRS is,

- under 400 million TL, 2% of net distributable profit;
- between 401 million TL and 450 million TL, 3% of net distributable profit;
- between 451 million TL and 500 million TL, 4% of net distributable profit;
- over 500 million TL, 5% of net distributable profit.